Annual report.

2021

Translation for information purpose only

Eidsiva.

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English translation: Språkverkstaden AS

Key figures

Profit or loss		2021	2020	2019	2018	2017
Operating revenue	NOKm	8 343	8 255	4 407	4 430	3 956
EBITDA	NOKm	2 503	3 202	1 722	1 380	1 492
Operating profit	NOKm	919	1 752	944	865	1 034
Profit before tax	NOKm	633	1 887	651	412	720
Profit for the year	NOKm	632	1 598	4 982	234	506
Material non-recurring items [1]	NOKm	-	431	4 085	-247	-
Profit for the year excluding material non-recurring items	NOKm	632	1 167	896	481	506

Financial position		2021	2020	2019	2018	2017
Total assets	NOKm	46 832	46 430	44 627	19 718	18 895
Equity	NOKm	24 073	24 209	23 990	7 558	5 942
Capital employed	NOKm	38 750	38 607	37 765	15 798	14 934
Average capital employed	NOKm	38 679	38 186	26 782	15 366	13 824
Unrestricted liquidity	NOKm	3 500	4 874	3 200	1 778	1 694
Debt maturing within one year	NOKm	2 013	1 919	5 491	1 346	542
Interest-bearing debt	NOKm	14 677	14 399	13 775	8 240	8 992
Cash and bank deposits	NOKm	557	2 408	1 492	367	291
Net interest-bearing debt	NOKm	14 121	11 985	12 268	7 889	8 740

Cash flows		2021	2020	2019	2018	2017
Net cash flows from operating activities	NOKm	1 576	2 898	2 062	1 086	1 691
Dividends paid to shareholders	NOKm	-1 026	-1 049	-243	-150	-175
Provision for dividends for the financial year	NOKm	-758	-1 020	-650	-243	-150
Investments in property, plant and equipment	NOKm	-2 491	-2 755	-1 916	-1 291	-1 206

Ratios [2]		2021	2020	2019	2018	2017
EBITDA margin	%	30	39	39	31	38
Return on assets (before tax)	%	2.3	5.1	3.1	5.2	5.9
Return on equity (after tax) [2]	%	2.6	6.6	31.6	6.6	8.0
Return on average capital employed [2]	%	2.4	4.6	19.1	3.2	5.1
Equity/assets	%	51	52	54	38	39
Funds from operations	NOKm	2 073	2 561	1 220	877	1 068
Funds from operations/net interest-bearing debt	%	15	21	10	11	15
Net interest-bearing debt/EBITDA		5.6	3.7	7.1	5.7	4.8
EBITDA/interest expense		5.9	7.3	5.1	5.6	5.9
Funds from operations/interest expense		4.9	5.8	3.6	1.5	3.0

[1] 2020: Gain on sale of Innlandskraft AS: NOK 423m. Gain on sale of Åsnes Fjernvarme AS: NOK 8m.

[1] 2019: Gain on sale of Eidsiva Vannkraft AS: NOK 4 060m. Gain on sale of Laje Entreprenør AS: NOK 25m.

[2] Including gains on disposals.

Definitions

In the key figures through to 2017, the whole of the subordinated loan to shareholders has been treated as equity, and finance expense has been reduced by interest on the loan (adjusted for tax).

In the financial statements for 2018, the payment of a share premium of NOK 247m on the conversion of the subordinated loan back to equity has been classified as a non-recurring item.

EBITDA:	Operating profit plus depreciation, amortisation and impairment
Interest-bearing debt:	Debt that yields interest recognised in financial expense, with the exception of net pension liability and lease liabilities (IFRS 16)
Net interest-bearing debt:	Interest-bearing debt less cash and bank deposits
Return on assets:	Profit before tax on continuing operations plus interest expense past 12 months, divided by average total assets past 12 months
Return on equity:	Profit after tax past 12 months (including gains on disposals) divided by average equity past 12 months
Capital employed:	Equity plus net interest-bearing debt
Return on average capital employed:	Operating profit plus gains on disposals, divided by average capital employed
Funds from operations:	EBITDA less net financial expense (excluding interest on subordinated loan to shareholders) and tax payable (excluding tax effect of interest on subordinated loan to shareholders)

Eidsiva.

Eidsiva Energi group

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Eidsiva Energi group

Management report

Eidsiva is an infrastructure group which was organised into three business areas in 2021: Power Distribution, Broadband and Bioenergy. The group also has a significant shareholding (42.8%) in Hafslund Eco Vannkraft, which is Norway's second-largest power producer. As the owner of critical infrastructure for power, telecommunications and heating in large parts of south-eastern Norway, including the capital city Oslo, Eidsiva plays a key role in society and has a significant social responsibility.

The group's ambition is to be a leading and sustainable infrastructure group, and an active industrial owner of fully and partly owned companies defined as part of its core business.

2021 brought operating revenue of NOK 8.3bn, operating profit of NOK 919m and profit for the year of NOK 632m.

As an owner of hydropower and bioenergy production, Eidsiva's income was boosted significantly by high power prices. On the other hand, extremely high power prices led to unusually high costs for network losses. Network tariffs for customers were kept stable, and together this meant a much lower profit for the year for Eidsiva than 2020's NOK 1 598m. It is important for an understanding of the financial results, however, that costs for network losses provide a basis for future regulated revenue, which means that low earnings in 2021 will result in higher earnings in other years.

Eidsiva's power distribution company Elvia had 949 000 customers at the end of 2021, an increase of 16 000 from the end of 2020. This growth was due mainly to people moving into the region, higher construction activity and increased electrification. Elvia made investments in the network of NOK 2 022m in 2021.

High power prices led to Elvia's costs for network losses increasing sevenfold, from NOK 159m in 2020 to NOK 1 166m in 2021. Transmission charges paid to grid operator Statnett also rose as a result of higher energy prices. Altogether, this meant that Elvia's accumulated over-recovery of revenue for the purposes of revenue cap regulation decreased by NOK 918m in 2021.

(NOK m)	2021	2020
Accumulated under-recovery (over-recovery) at 1 January	-1 187	-874
Prior-year adjustments	47	107
Under-recovery (over-recovery) for the year	871	-411
Interest on over-recovery	-5	-10
Accumulated under-recovery (over-recovery) at 31 December	**-274**	**-1 187**

Due to resistance in power lines, some electrical energy is lost in the form of heat between where it is produced and where it is consumed. Distribution companies have to pay the current spot market price for the energy that is lost, which is in the region of 4-5%. These are known as network losses and are paid for by customers over time through their network charge.

High power prices led to Elvia's costs for network losses increasing sevenfold from 2020 to 2021. Photo: Jens Haugen.

Elvia has for many years boasted high and market-leading levels of efficiency. When the revenue caps for 2022 were published, Elvia was given a lower efficiency score and is no longer the market leader, although it remains well above average.
The power industry is currently subject to particular scrutiny and increased political and regulatory risks. The final regulation on a new network charge model was presented together with the white paper on energy resources in spring 2021, and was due to come into force on 1 January 2022. The white paper also led to the appointment of a new public commission charged with presenting proposals for faster and more effective development of the power network as a key factor in achieving Norway's climate targets.

The change of government in October 2021 brought some changes to energy policy in areas such as electrification and energy efficiency, as well as a plan to appoint an energy commission in 2022. The high power prices at the end of 2021 brought an increased focus on both the energy market and the power distribution companies, which were tasked with administering the power price compensation scheme for consumers.

Following pressure from stakeholder organisations, and as part of the government's work on power price compensation, the deadline for introducing the new network charge model was put back just before it was due to come into effect. Elvia, like most other power distributors, opted to delay its introduction. Elvia lobbies actively for a sound regulatory framework, mainly targeting the regulator and the Ministry of Petroleum and Energy, partly through collaboration with the trade body Energy Norway and other power distributors. The situation during the winter meant that Elvia stepped up this activity.

The aim is to ensure that distributors have an appropriate role in the power system and can put their expertise and the power network's key role to the best possible use for customers and society.

Eidsiva's bioenergy company Eidsiva Bioenergi supplies green energy to communities and industry, and statutory final disposal of residual waste. By reducing the pressure on the power network, district heating also contributes to the electrification of the economy. The total amount of energy supplied by Eidsiva Bioenergi and its subsidiaries in 2021 was 474 GWh. New customers with a normal consumption of 12 GWh were connected during the year.

2021 was a record year for Eidsiva Bioenergi in terms of maximum output and volume of district heating supplied.

The company introduced a compensation scheme in December for its customers, including business customers, based on the model for the government's power price compensation for household customers.

High-speed fibre broadband is a necessity for living and working in all parts of the country. Eidsiva continues to work on making fibre a universal right on a par with the supply of electricity. Heavy investment in rolling out fibre connections in Innlandet county continued in 2021, and more than 86 000 customers, including 76 000 fibre customers, were connected at the end of the year.

Eidsiva's broadband company Eidsiva Bredbånd delivered record revenue and earnings in 2021, with strong growth in both the household and professional segments. Most expansion of the fibre network for household customers will now be in sparsely populated areas, and market penetration in developed areas is increasing.

Other important events in 2021

Organisation

A number of changes to the group's management team were announced in September after Kristin Lian stepped down as CEO of Elvia. Trond Skjellerud moved from Eidsiva Bredbånd to Elvia, and Ola Børke from Eidsiva Bioenergi to Eidsiva Bredbånd, and Marit Storvik was made the new CEO of Eidsiva Bioenergi. Anne Mette Askvig began as Chief Organisational Development and Corporate Services Officer in June, while Petter Myrvold took over as Chief Financial Officer at the beginning of the year.

Eidsiva launched a new common visual identity for the parent company and the broadband and bioenergy subsidiaries in August.

Projects

A number of Elvia's major multi-year projects came into operation in 2021, including the 132 kV link from Kråkerøy in Fredrikstad municipality out to Hvaler. The project attracted considerable media coverage and ran for more than a decade.

The development of a new district heating plant in Kongsvinger with an investment budget of around NOK 100m was completed at the beginning of 2021. The plant is housed in a striking and sustainable wooden building.

Structural development

Eidsiva Bioenergi purchased district heating company Mistberget Biovarme AS of Råholt in Eidsvoll in July, thus acquiring its first district heating plant outside Innlandet county.

Eidsiva Energi is negotiating with Stange Energi on taking over its power distribution business and its stake in Nedre Vinstra hydropower plant. If the talks with Stange Energi are successful, its power distribution business will become part of Elvia, giving households and businesses in Stange municipality the best possible basis for a reliable power supply.

Financing

Scope Ratings GmbH published an issuer rating for Eidsiva of BBB+ on 23 March 2021. This rating was affirmed on 24 February 2022.

New green bonds with a combined value of NOK 1 200m were issued in May 2021. The bonds have maturities of between seven and ten years.

The Nordic Investment Bank paid out new loans with a combined value of NOK 1 000m and a maturity of ten years to finance power distribution and fibre network infrastructure in Innlandet county.

The group redeemed a NOK 600m bond and repaid a bank loan of NOK 1 100m early.

A new long-term syndicated and sustainability-linked credit facility of NOK 2 500m was established.

The Covid-19 pandemic

2021 was another year dominated by the national effort to keep the Covid-19 pandemic under control. We also worked systematically to manage Eidsiva's own infection-related risks. The pandemic particularly affected critical personnel, who were subject to special requirements, and audits of our facilities were more demanding as we were dependent on hiring in staff from abroad.

The number of employees infected and self-isolating in 2021 was limited. The authorities' pandemic guidelines were applied in all parts of the group throughout the period.

Preparedness, the safety of staff and others, and financial controls were all prioritised. The group carried out regular risk analyses of key functions and had good control of the situation. It will remain important in the coming period to make the most of what the pandemic taught us – including the value of digital solutions and remote working.

Sustainability – driving new opportunities

Renewable energy is vital for the climate and the environment, and efficient infrastructure is critical for society to function properly. Our vision is therefore "Driving new opportunities". We want to create value for all of our stakeholders by offering well-functioning infrastructure and services, and new, smart and sustainable solutions. Financial returns and industrial solutions will continue to guide us in terms of our shareholders' intentions. Rational and efficient operation is expected to bring returns that provide a basis for paying dividends to shareholders while ensuring that the group maintains its investment-grade credit rating. All business areas in the Eidsiva group are to deliver good, competitive products and services that contribute to the green transition. This includes innovative start-ups, new partnerships and structural opportunities for the group's companies.

Sustainability and our role in the climate solution are key elements of Eidsiva's strategy. Our approach to sustainability builds on the UN's definition of the term: meeting the needs of people and communities while protecting the climate and the environment and ensuring economic growth. Sustainable Development Goal No. 11 "Sustainable cities and communities" is particularly relevant to Eidsiva. The group's sustainability plan sets out four focus areas: clear green speech, responsible supply chain management, employees as agents of change, and driving partnerships.

Eidsiva follows the revised recommendation in the Norwegian Code of Practice for Corporate Governance that value creation should be sustainable and take account of financial, social and environmental considerations.

Eidsiva published its first sustainability report in 2021. The reporting is based on a recognised standard. Read more about sustainability at Eidsiva in the group's sustainability report for 2021, which can be found at www.eidsiva.no.

Key elements of the sustainability plan are being integrated into Eidsiva's strategic plan, group policies and reporting.

The EU taxonomy

The EU taxonomy is a classification system for what can be considered sustainable activities. To be defined as sustainable, an economic activity must contribute substantially to at least one of six specific environmental objectives without significantly harming any of the others. They must also meet minimum social standards.

Most of Eidsiva's activities fall into the sectors "Electricity, gas, steam and air conditioning supply" and "Buildings", through its construction and operation of infrastructure and ownership of hydropower and wind power assets. At present, Eidsiva's ordinary fibre and broadband activities are not defined as a specific sub-activity in the EU taxonomy. Assessments on Do No Significant Harm and Minimum Social Safeguards are not therefore included in our provisional guidance.

Eidsiva screened its activities during the year against the criteria for eligibility under the EU taxonomy. We published provisional guidance on the proportion of our business that can be considered covered by the taxonomy's various activities in the third and fourth quarters of 2021. The analysis was based on Eidsiva's understanding of the rules and is to be considered provisional because it goes beyond current minimum requirements.

Health and safety (H&S)

A safe and healthy workplace every day

At Eidsiva, we aim to provide a safe and healthy workplace every day so that everyone thrives at work and gets home safe and sound. To achieve our goal of zero work-related sickness absence and zero injuries, accidents or losses, we work systematically on health, safety and both the working environment and the external environment. Everyone at Eidsiva must have a fundamental belief that all incidents have a cause and can therefore be prevented. We care about both our own safety and wellbeing at work and that of others.

The sickness absence rate was 3.87% in 2021, which is 0.3pp less than in 2020 and below the group's target of 4.0%.

The lost-time injury rate (LTIR) was 4.2 per million working hours, down from 5.8 in 2020. The parent company and the subsidiaries Eidsiva Bioenergi, Eidsiva Bredbånd and Elsikkerhet Norge recorded no lost-time injuries in 2021. Our target is zero lost-time injuries.

The total recordable injury rate (TRIR) was 5.6 per million working hours, down from 7.8 in 2020 but still above our target of 5.0. Both the LTIR and the TRIR include injuries at suppliers.

The actual number of occupational injuries in 2021 was 23, including 18 at suppliers. Of these, 17 were lost-time injuries. The total number of injuries in 2020 was 31.

To ensure further improvements, it is crucial to continue to work on strengthening H&S management with a focus on safe behaviour among operational staff. It is also important to further develop our systematic work on improving suppliers' H&S performance.

Based on a management review of all companies and developments in H&S, Eidsiva will continue to work on improving its H&S culture. These strategic efforts will help ensure a focused and systematic approach to H&S. The group is therefore continuing to strengthen H&S management at every level in the group. Good H&S management with engaged and visible leaders is a success factor for safe behaviour.

Another key requirement for a good H&S culture is a good balance between employees' personal responsibility for H&S and the companies' responsibility for providing good working conditions. To improve attitudes to H&S and ensure safe behaviour, we need to focus more on changing mindsets. At the heart of this work is raising awareness around the responsibility that each individual has for a safe and healthy workplace, and the importance of everyone looking after both their own safety and wellbeing and that of others.

The group will also continue to work more closely with suppliers on attitudes with the aim of ensuring safe behaviour.

Human resources

Securing the right skills

The Eidsiva group has been through a transformation in recent years. In 2021, we launched Project Identity to bring together the Eidsiva group and build pride around our shared values and identity. A wide range of people across the group have been involved in the project, which has generated insights into who we are at Eidsiva and is due to be completed in spring 2022. Eidsiva believes in a relational approach to its employees, which means focusing more on learning and development. A first cohort started on our Spark talent development programme in 2021, with participants throughout the group. As a collaboration between the Eidsiva group and associated company Hafslund Eco, the programme will not only further the personal and professional development of those taking part but also strengthen relations across the group and with Hafslund Eco.

To realise our strategic goals and vision, it is essential to develop the group's leaders. 2021 brought leadership team development activities for a number of teams, as well as leadership training at Elvia. In 2022, we will continue to build on our leadership principles and launch a new leadership development programme for the group.
The planning of a new head office has involved staff across the group, including employee representatives. Together they have laid down principles for the design of the group's new premises, which are to be future-proofed for the workplace of tomorrow and so meet the Eidsiva group's needs for many years to come.

2021 showed once again that the Eidsiva group has an adaptable and flexible workforce capable of doing a good job whether working from the office or from home. A pulse survey was carried out in the group to get feedback from employees on how they experienced the working situation during the pandemic. There were also a number of online social initiatives across the group.

Eidsiva's employees

The Eidsiva group has adopted a human resources policy and a code of ethics to promote a corporate culture that is diverse, develops and stimulates, and encourages employees and their managers to collaborate, engage and get results.

Everyone at Eidsiva is to contribute to an inclusive working environment which reflects our core values – Open, Honourable, Bold – and to us all respecting and valuing one another's opinions and perspectives. The group's code of ethics states that discrimination and harassment are unacceptable and must not occur. Eidsiva is to be a group that looks after its people throughout their careers, providing professional development and necessary workplace adaptations.

Eidsiva took a structured approach to equality and diversity in 2021, building on a solid set of policies, rules and procedures. Active use of our core values and sound leadership principles will encourage high levels of compliance.

Sustainability has been a priority area for the group, and there has been a conscious effort to increase the organisation's maturity in terms of equality and diversity. For example, all employees were encouraged during the year to complete online training on ethical issues. We also launched a new ethics poster for the group based on our updated code of ethics. The group's work on diversity and equality is discussed briefly in our sustainability report and more extensively in a separate equality report.

The Eidsiva group has a total of 1 165 employees, of whom 242, or 21%, are women. 32% of senior managers are women. Women's pay averages 92.2% of men's pay. For detailed pay information, see the group's equality report for 2021, which can be found on our website.

45% of employees are aged 30-50, 43% are over 50, and 12% are under 30. 67% of senior managers are aged 40-49, 17% are aged 50-59, and 17% are over 60.

We took on 104 new employees during the year, of whom 29 were women and 75 were men. Employee turnover in the group was 7.65%, down from 2020. This figure includes all those leaving an Eidsiva company regardless of reason.

Business areas

Power Distribution

Elvia is Norway's largest regional power distributor, serving nearly two million people in south-eastern Norway. The company builds, operates, maintains and upgrades a network of 66 000 km of power lines. At the end of 2021, Elvia's distribution network delivered power to customers in a total of 52 municipalities in Oslo, Viken and Innlandet counties.

2021 began as 2020 ended, with heavy snow in large parts of Elvia's supply area, causing numerous outages and presenting a challenge for the company in January. The landslide in Gjerdrum also affected operations at the beginning of the year. There was more thunderstorm activity in 2021 than in previous years, leading to more supply disruptions.

November brought a storm with particularly strong winds that caused numerous outages at every level of the network in the supply area, with parts of Innlandet county worst affected. All in all, though, 2021 was a better year than 2020. The cost of energy not supplied (CENS) was NOK 208m, down from NOK 291m in 2020.

Elvia continued its work on integration during the year to realise synergies from the merger of Hafslund Nett and Eidsiva Nett and future-proof the combined company. The emphasis is on establishing new, common working processes and associated system support.

There was a generally high level of construction activity in Elvia's supply area. For example, 132 kV lines were taken into operation in Viken county between Kråkerøy and Hvaler, Stangeberget and Strupe (Halden), and Tunby and Spydeberg, and in Innlandet county between Kjølberget and Lutufallet. Spydeberg substation was also substantially upgraded.

22/11 kV transformer capacity was increased at a number of substations to connect more customers.

Together with grid operator Statnett, Elvia is working on a new substation at Hamang in Sandvika. In Oslo, Lillo substation is being upgraded from 50 to 132 kV. In Asker, Heggedal substation is being upgraded, while the upgrade of Kjellerholen substation in Lillestrøm municipality will be completed in 2022. Planning is under way for a new power line in Ås and Nordre Follo municipalities and cables to Fornebu in Bærum and Fredrikstad municipalities. New substations are also planned at Liåsen in Oslo and at Koksa in Fornebu.

To contribute to efficient electrification of society, Elvia has a sharp focus on innovation, the use of smart technology, and solutions that ensure energy efficiency and good use of the power network.

Elvia is helping by connecting increased consumption and production, gearing up for new vehicle charging stations, and supplying power to new industry. The electrification of the Nesodden ferries is one of a number of initiatives to make transport in Oslo kinder on the environment and the climate, and Elvia is delivering power for the ferries right to the quayside. The company has also contributed to the electrification of Oslo's buses in partnership with Ruter.

Broadband

Eidsiva Bredbånd develops, sells and operates high-speed fibre broadband, mainly for the household and business market in Innlandet county. Eidsiva Bredbånd is owned by nine regional energy companies. Eidsiva Energi AS is the largest shareholder with a 90.1% stake.

The company has co-operation agreements with nine network owners on developing and advancing the fibre infrastructure. The largest of these is Eidsiva Fiberinvest AS, which is a wholly owned subsidiary of Eidsiva Energi AS and forms part of the Broadband business area.

Demand for high-speed broadband in Innlandet county remains strong. There has been considerable growth in traffic as a result of so many people working from home, and our provision of high-speed broadband has played a key role in keeping everyday life going.

Eidsiva Bredbånd saw net growth of 7 500 fibre customers in 2021, giving the company a total of 86 000 customers at the end of the year, including 76 000 fibre customers.

Bioenergy

Eidsiva Bioenergi plans, develops and operates district heating networks fed by nine wholly or partly owned bioenergy plants in Innlandet and Viken counties. The company controls the entire value chain from the purchase of the raw material through to delivery to the customer. It is Norway's third-largest supplier of district heating and delivered 474 GWh of energy in 2021 in the form of heat, steam or electricity.

Eidsiva Bioenergi saw further strong growth in district heating customers in 2021 and is growing both organically and through strategic acquisitions and new ventures. High power prices and a cold winter had positive effects on the company's sales volumes and financial results. A new district heating plant at Kongsvinger was taken into operation in early 2021, and boiler capacity has been successfully ramped up to 105% of installed capacity when there is a need in the network.

Eidsiva Bioenergi stepped up its work on decentralised energy solutions through the company Svalun AS, a joint venture with Akershus Energi and Stokke Energi. The company also increased staffing in business and project development, which contributed to new contracts for 3.4 GWh.

District heating began to be supplied to Stange municipality in 2021 through a pipeline from Hamar running through Åkersvika.

Eidsiva Bioenergi won gold in the Urban Innovation competition at District Heating Norway's 2021 congress.

Other activities

Besides the group's three main business areas, Eidsiva has a number of other interests closely related to the group's core purpose.

Through the subsidiary Eidsiva Vekst, Eidsiva has a 68% holding in electrical safety company Elsikkerhet Norge AS.

Eidsiva also has the following industrial holdings in energy companies:

42.8% of Hafslund Eco Vannkraft
35% of Hafslund Ny Energi
33% of Rakkestad Energi
33.33% of Svalun

The holding in Hafslund Eco Vannkraft is a significant asset for Eidsiva, equivalent to hydropower production of around 6.3 TWh. The sharp rise in power prices in 2021 brought a substantial increase in revenue for Hafslund Eco Vannkraft, which had good, stable operations and delivered strong earnings. Note that the share of the company's profit recognised in Eidsiva's financial statements is after interest and tax, as well as the amortisation of fair value adjustments arising from the transactions in 2019. For 2021, the share of profit under IFRS also reflects relatively large negative changes in market value relating to power sold on a forward basis under Hafslund Eco Vannkraft's hedging mandate.

The group's remaining 34% stake in contractor Laje Nettservice AS was sold to Ringerikskraft Entreprenør in March 2021.

Innovation and business development

The main aim for innovation and business development outside Eidsiva's current core businesses is to create and develop a portfolio of growth opportunities of varying risk and maturity, and to be in the process of establishing a new business area by 2025. Opportunities in electrification and the green transition are a priority.

We are working primarily along three dimensions: business development, concept development and innovation investments.

Autumn 2021 saw the launch of a project to establish a start-up supplying mobile batteries to the power network industry. The project is the result of thorough insight work and is an example of an internal concept.

Eidsiva has been working actively on preparing for the establishment of large-scale battery cell production in Innlandet county. This work has involved close collaboration with the Bellona Foundation and with Hamar and Løten municipalities. Heggvin is now considered one of Norway's prime locations for such a venture, and work there will continue while also looking at options in Vardal and elsewhere in Elvia's supply area. Eidsiva has stepped up its collaboration with the Bellona Foundation's battery company BEBA by entering into a three-year co-operation agreement. Eidsiva has also played a leading role in the Innlandet Battery Initiative cluster.

In autumn 2021, a letter of intent was signed with solar energy company Energeia on a partnership to develop ground-mounted solar farms on rough grazing land in non-development areas.

Social and environmental issues

Integrated corporate social responsibility

Corporate social responsibility is integrated into Eidsiva's business activities in the form of work on human rights, labour rights, social issues, environmental protection and anticorruption.

Eidsiva's work on social responsibility is guided by applicable laws and regulations and by the group's code of ethics. As part of the group's governance documents, separate group policies have been prepared in important areas such as human resources, communication, health and safety, procurement and sustainability.

The group's code of ethics covers personal conduct, whistleblowing and the response to any breaches of the code, and good business practices for employees and those acting on behalf of the group. The group revised its internal whistleblowing procedures in 2021 and established a new external channel through BDO. The whistleblowing channel can be accessed both through the intranet and from the group's website, and guarantees anonymity for whistleblowers. One report was received through the external channel in 2021; the case was dealt with in accordance with procedures and has been closed.

Game-based training in sustainability and ethics was rolled out across the group during the year. All employees have had access to the game, and the aim is to familiarise them with sustainability work in the group and raise awareness around sustainability and ethics in the workplace.

Eidsiva has extensive procurement activities and aims to be a skilled and professional buyer with good business practices. The group's contract terms include requirements for ethical business conduct, health and safety, quality and the environment. Systematic work on improving supply chain management continued, and Eidsiva's general terms for suppliers were updated in 2021.

Eidsiva's important role in the transition to a low-carbon economy has been highlighted as a key element in its shareholders' overall intentions.

UN Sustainable Development Goal No. 11 "Sustainable cities and communities" is particularly relevant to Eidsiva. Sustainability is a fast-moving field, and we are working actively on building skills in the workforce while integrating relevant considerations and priorities into the group's processes and value chains. See the group's sustainability report for a more detailed presentation of our goals and our progress towards them.

Emergency preparedness at Eidsiva

Every single day, Eidsiva ensures that two million Norwegians have access to electricity, district heating and broadband through its own infrastructure for the household and business market.

These are critical services which demand high levels of uptime. The Eidsiva group therefore maintains continuous emergency preparedness for the transmission and distribution of electrical power, district heating and broadband to ensure a reliable supply to customers and protect lives and property.

The Eidsiva group is defined as a critical player in Norway's power supply and must at the very least meet the requirements set out in laws and regulations. Both the power distribution and fibre businesses are subject to security-of-supply requirements, while the bioenergy business must safeguard both production and supply.

We must work systematically on emergency preparedness to make sure that Eidsiva Energi is well-prepared to deal with both minor incidents under normal operations and extraordinary situations.

Good contingency planning, high levels of expertise and reliable access to materials and equipment are important for ensuring adequate preparedness.

Eidsiva conducts regular exercises at various levels, both internally and together with other parties. Along with sound evaluation processes and risk analyses, this helps develop our emergency preparedness.

Human rights

Eidsiva's code of ethics, ethical policy and human resources policy help ensure that the group's business practices respect human rights. The code of ethics sets out our corporate social responsibility, with the emphasis on labour rights, human rights and sustainability. Eidsiva is working on increased diversity by prioritising gender balance and different ethnicities and cultural backgrounds in its recruitment processes.

Purchases of goods and services from outside Norway are mentioned specifically in Eidsiva's code of ethics. The group aims to further international human rights as set out in the UN's declaration, conventions and Global Compact principles. It is also to combat social dumping by supporting the ILO's conventions.

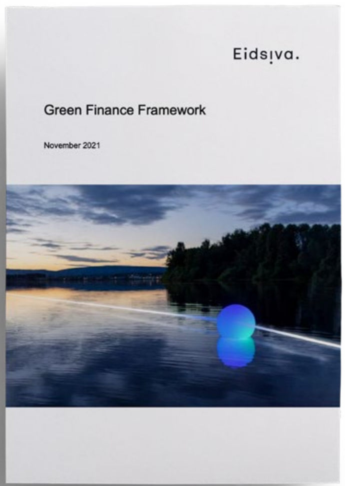
Employee rights and codetermination

Employee rights are governed by laws, regulations and both national and local collective agreements. Collaboration and negotiations between employers and employees take place at group level and within the businesses. Employees' right to codetermination, terms of employment, pay and working conditions are safeguarded through established collaboration processes.

Much of Eidsiva's workforce is unionised. All business areas have their own liaison committees which meet at least four times a year. The group's companies also have works councils. The emphasis is on healthy collaboration and involving the group's employees and their representatives. The board's remuneration and leadership development committee had three meetings in 2021.

Sustainability report 2021

Green finance report 2021



Green finance framework

Equality report 2021

Environment

Eidsiva impacts on the environment primarily through its work on the development, operation and maintenance of critical infrastructure. The group's activities contribute to UN Sustainable Development Goal No. 11 "Sustainable cities and communities". Systematic preventive work reduces the risk of environmental harm from Eidsiva's activities.

We strive actively to reduce consumption of materials, emissions and energy use in every part of our operations, for example by electrifying company vehicles and using building techniques that are kind on the climate and the environment.

Eidsiva Bioenergi's development and distribution of renewable energy makes a significant contribution to achieving the authorities' climate goals. The company is certified to ISO 14001 and has a well-established environmental management system.

Eidsiva Bioenergi has emission permits for incinerating clean fuels at Børstad in Hamar municipality, waste at Trehørningen in Hamar municipality, and reclaimed timber in Gjøvik, Kongsvinger and Elverum. These permits require reporting of registered emissions.

The Trehørningen incinerator in Hamar municipality accepted around 79 000 tons of residual waste from Innlandet county in 2021. The heat generated is used to produce electricity, steam for industrial use, and the base load for the district heating network in and around the town of Hamar. While burning waste results in emissions of exhaust gases, these are greatly reduced by using modern treatment technology and requiring waste to be sorted before delivery.

Eidsiva Bredbånd aims to give all households, firms and public bodies access to high-speed broadband to further the region's digital development.

For Elvia, delivering a reliable supply of power to all customers in the network is part of its corporate social responsibility. The company also aims to keep network losses at low levels. The ongoing upgrading of the transmission network to 132 kV will reduce relative losses of energy in the network from current levels.

Elvia is working hard to making the operation and development of the power network environmentally-friendly. SF6 gas and cable oil are used as insulating materials in a number of components in the high-voltage network, but Elvia is monitoring technological advances and testing alternatives. Holdings and emissions of SF6 are reported annually to the Norwegian Environment Agency. Elvia purchased 80.3 kg of SF6 for refills in 2021.

The refill volume of cable oil was 2 198 litres, up from 1 421 litres in 2020. Elvia's transmission network cables accounted for 25% of refills in 2021. Ownership of these cables is due to be transferred to grid operator Statnett, which is working on upgrades which will allow these cables to be taken out of operation. We are working continuously on replacing oil cables with PEX-insulated cables throughout the network on the basis of both lifetime considerations and capacity requirements.

Anticorruption

Eidsiva has zero tolerance of corruption. The group's code of ethics is intended to encourage good business practices and responsible conduct by all employees and those acting on behalf of Eidsiva. The ethics survey carried out in the group at the end of 2020 revealed a need for better communication with employees in this area. In 2021, therefore, we developed an ethics poster and launched a game-based training programme. This covered topics such as corruption, impartiality, gifts and conflicts of interest, and provided extensive training in the group's attitude to ethics and expectations of its employees. An additional module in the programme covering whistleblowing and internal control will be rolled out in 2022.

The code of ethics contains requirements not only for our employees but also for our suppliers and other partners. The group is particularly keen to reduce the risk of corruption in procurement and dealings with suppliers, but also to promote a culture that rejects corruption.

The code also covers the importance of transparency and how employees can report wrongdoing. The group established a new external whistleblowing channel and performed an audit of its whistleblowing procedures during the year.

Research and development (R&D)

R&D and innovation are important to ensure the Eidsiva group's development and strategic value, and the group has a particular focus on using new digital technologies in its activities.

Eidsiva’s business areas are participating actively in a number of R&D projects. Some are owned and run by Eidsiva’s business areas, while others are collaborations with the likes of Energy Norway and SINTEF. Our R&D activities run the full spectrum from early-phase competence and research-based projects to innovation projects piloting concrete components and solutions. Elvia’s R&D work aims to strengthen its position as an efficient power distributor and help develop the power network of the future to the benefit of consumers and society. As Norway’s largest power distributor, Elvia will play a key role in developing solutions for tomorrow’s rational, climate-friendly energy systems.

R&D work at Elvia is co-ordinated by a dedicated R&D department but is largely carried out by the various technical departments.

Elvia aims to be Norway’s most efficient power distributor, and R&D will be crucial in achieving this. Its wide-ranging portfolio of around 40 projects is divided into the following themes: consumer flexibility, implementation of distributed energy resources (DER), network operation, asset management, and DSO/TSO. Many of these activities look at how we can play our role in society robustly and sustainably, using new technology to monitor and manage the infrastructure better.

We paid considerable attention to our interface with customers in 2021. As part of the “Active homes” pilot scheme for its new network charge model, Elvia launched an API which enables third parties to access network charges. The API will be developed further in Digin, the Norwegian power distribution companies’ co-ordination scheme for digital solutions.
Collaboration with customers is also essential in the IDE-BattFlex project, where Elvia has installed smart immersion heaters with a number of customers. The heaters measure the local voltage in their power supply, enabling them to adjust to heavy loads in the neighbourhood. Another major project in 2021 was ECoDiS, led by grid operator Statnett. Elvia is building two digital stations (Raa and Heggedal) where we are evaluating five different types of low-power instrument transformer (LPIT). Advanced condition monitoring is being installed for 132 kV gas-insulated switchgear and transformers with systems for trending and predicting component health.

Governance and risk management

Governance principles and internal control

Eidsiva’s corporate governance is guided by both official recommendations and internal rules. The group’s corporate governance principles are based on the rules in the Norwegian Code of Practice for Corporate Governance, modified to reflect the terms of the shareholder agreement on a comply-or-explain basis.

The principles are updated annually and were last approved at the general meeting on 6 May 2021. The next update will be put before the general meeting on 11 May 2022. The Norwegian Code of Practice for Corporate Governance was revised in October 2021, but this will require only limited changes to Eidsiva’s governance principles. The revised recommendations include new requirements for the board’s rules of procedure and guidelines on executive remuneration. Eidsiva will consider a number of adjustments in 2022 to comply with the revised code of practice.
The shareholder agreement contains provisions on shareholder meetings and shareholder committees. Åmot municipality is not party to the shareholder agreement and does not take part in these meetings, but all three shareholders attend general meetings.

The operational management of the businesses is based on the group’s overall strategy, each company’s code of ethics, and each company’s rules of procedure for the board and management. The group has set out Eidsiva’s most important principles in the group’s governance documents, and drawn up policies in areas where a uniform approach across the group is considered most important.

Eidsiva’s performance management system is used to manage the execution of the group’s strategies. The system is based on the premise that profitability and competitiveness are determined by both financial and non-financial factors, and focuses on the value that the businesses create both within the organisation and in the market.

The work of the board of directors

The board’s supervisory responsibilities are addressed by reporting on developments in governance parameters. In addition, financial information is reported in more detail in connection with the publication of quarterly data. The board has established an audit committee, a remuneration and leadership development committee, and an employee safety and ethics committee. The last of these has four members, while the first two have three members. Their members are elected by and from the members of the board. The audit committee has operated since 2011, while the other two committees were created in 2015. All are preparatory and advisory working committees for the board of Eidsiva Energi AS.

The board held eight meetings in 2021, while the audit committee held seven, the employee safety and ethics committee four, and the remuneration and leadership development committee three. Attendance of both board and committee meetings was good.

The company has taken out directors' and officers' liability insurance for the board and CEO on standard market terms. The policy covers claims for financial losses arising from acts and omissions on the part of the board or management.

Risk management and internal control

As well as operational risks, Eidsiva's operations are exposed to other important types of risk, such as climate, regulatory, political, legal, licensing, market and financial risks. Responsibility for risk management and internal control rests with the individual business area and is an integral part of its business activities. Group management and the boards of the group's companies participate in processes for strategic risk analysis and monitor other risk categories.

The group issues limits and guidelines for internal control of its businesses, which are to comply with these limits, potentially with approved company-specific modifications. The group monitors internal control at group level via the corporate control department and outsourced internal auditing where necessary. A framework agreement on internal auditing services was entered into with KPMG in 2021.

The group's finance strategy sets limits for the loan portfolio's maturity, fixed-interest exposure and the balance between fixed and variable interest.

All of the group's business areas are exposed to risks associated with climate change. Climate risk is viewed in conjunction with other risks and the frameworks used to manage risk in general at Eidsiva. Climate risk will materialise in the same way as other risk factors, through changes in prices, market conditions and regulatory conditions. Eidsiva has always had exposure to climate risk, but climate change is exacerbating this risk.
The group includes climate risk in the same framework as other operational and strategic risks. To date, we have not defined climate change as a separate risk event, but as a factor that impacts on other risk events. Eidsiva's analysis shows that climate change could have particular effects in the following operational and strategic areas: security of supply, cost effectiveness, earnings in the event of lower power prices, and reputation.

Simulations of the effects of different alternatives on the group's financial strength, key figures, investments, costs and financing are conducted regularly. The group has exposure to credit risk, as all sales are on credit. A subordinated loan has also been issued to Hafslund Eco Vannkraft Innlandet AS. The investment of surplus liquidity is governed by established limits. Taken together, this is considered to result in low credit risk.

The group's liquidity risk is considered to be low, even though bank deposits were significantly reduced in the course of 2021. The group has a solid equity/assets ratio and stable operating cash flows. Financial institutions and investors consider the group's creditworthiness to be good, ensuring access to liquidity in both the short and the long term.

The group has a financing strategy with a relatively long investment horizon and liquidity reserves in the form of committed bilateral credit facilities. The group's syndicated credit facility was expanded from NOK 2bn to NOK 2.5bn in 2021, and the term of the facility was increased. This gives the group satisfactory financial flexibility.

The group is also exposed to risks relating to regulatory conditions for its businesses and the impact of political decisions. As the owner of Norway's largest power distributor, Elvia, Eidsiva has particular exposure to changes in the design of the revenue cap regulation system. It is therefore particularly important for Eidsiva to work proactively on ensuring that revenue cap regulation is stable and predictable, and that it supports and contributes efficient development and operation of the power network over time. Eidsiva lobbies actively on relevant regulatory developments. The trade body Energy Norway is also used as an observer and mouthpiece on matters concerning the industry.

Operational risks are assessed continuously. One of the group's most important roles is to ensure efficiency and quality at every level. This is achieved through long-term investment plans, the highest possible standards of operation and maintenance, a strong customer focus, and a skilled and motivated workforce. Security of supply in our infrastructure is considered particularly important. Considerable work and expense go into the group's contingency management and exercises to prevent or minimise the consequences of major unwanted incidents affecting the group's employees, service and reputation. This helped put the group in a position to continue to provide critical services satisfactorily in a challenging year with further pandemic restrictions.

The group's financial position and results

Financial statements for 2021

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The parent company Eidsiva Energi AS applies the Norwegian rules for simplified IFRS.

The group recorded operating revenue of NOK 8 343m in 2021 (2020: 8 255m).

Operating profit came to NOK 919m (1 752m). This includes a 42.8% share of associated company Hafslund Eco Vannkraft's profit, as power production is defined as part of the group's core business. This share, which is measured after tax, was NOK 654m (168m). Once adjusted for amortisation of fair value adjustments arising from the transactions in 2019, the amount recognised is NOK 605m (119m).

The tax expense for 2021 was NOK 1m (289m). The group is no longer directly affected by special taxes on hydropower.
The board confirms that the company is a going concern. The annual financial statements for 2021 have been prepared accordingly.

Profit for the year was NOK 632m (1 598m).

Cash flows and capital

The group had total assets of NOK 47bn at 31 December 2021. Equity amounted to NOK 24bn, or 51% of assets.

The profit for the year of NOK 632m and items defined as other comprehensive income have been taken to equity.

Under the terms of the shareholder agreement, Eidsiva is to pay dividends quarterly. Accordingly, the board has been authorised by the general meeting to decide and pay dividends after each quarter based on the group's previously submitted and audited financial statements. A total of NOK 1 026m was paid out in quarterly dividends in 2021. The dividends for the third and fourth quarters of 2021 will be paid in 2022.

The statement of cash flows shows net cash flows from operating activities of NOK 1 689m. Investments in property, plant and equipment came to NOK 2 472m, and dividends from associated companies totalled NOK 384m. New borrowings amounted to NOK 2 200m, while repayments came to NOK 1 924m.

Cash and cash equivalents were NOK 557m at 31 December 2021, a substantial reduction on a year earlier, which should be seen in the context of a managed reduction in cash holdings, expanded credit facilities and a substantial decrease in accumulated over-recovery of revenue at Elvia. The group had overdraft facilities of NOK 500m at the end of the year, and Eidsiva had a further NOK 2.5bn in unused credit facilities. 2021 was a year of extraordinary market conditions and unusually large fluctuations in liquidity. The group had to have its overdraft temporarily increased on one occasion during the year.

Treatment of profit

Eidsiva's management of its capital and industrial assets, together with earnings growth and structural initiatives, is to generate a satisfactory return in terms of annual dividends and increased shareholder value. Shareholders are to benefit from at least as good a return as on alternative financial investments. Dividends from Eidsiva Energi AS are regulated by the shareholder agreement.

Dividends are paid quarterly during the year to avoid an accumulation of capital in the holding structure.

For the 2021 financial year, the general meeting authorised the board to make quarterly dividend payments on the basis of the statement of financial position at 31 December 2020. Altogether, dividends of NOK 1 308m were approved for 2021, reducing the group's equity at 31 December 2021. When it comes to the annual financial statements for 2021, it is considered that there is a basis for dividends corresponding to the minimum dividend.
In the parent company financial statements for Eidsiva Energi, dividends are measured under different rules to the consolidated financial statements, giving total dividends for the 2021 financial year of NOK 758m.

Treatment of Eidsiva Energi AS's profit for the year	
Dividends paid or provided for	758
Transferred to/from retained earnings	-130
Total	**628**

Financial platform

The primary objective for the Eidsiva group's management of its capital structure is for it to have a solid financial position which enables rational operation and development of the group in line with its plans and shareholders' expectations.

Eidsiva Energi and its subsidiaries manage critical infrastructure. As a result, a substantial share of the group's revenue is regulated and so predictable. Regulated activities are considered financially safer than production activities, where there is more uncertainty about volumes and prices.

The Eidsiva group's business risk is limited and rated A by Scope Ratings. The group's overall issuer rating from Scope was affirmed in February 2022 as BBB+ with a stable outlook, unchanged from 2021. Eidsiva Energi aims always to have an investment-grade credit rating.

The average maturity of Eidsiva's loan portfolio was maintained in 2021 by replacing maturing loans. The group is considered to have acceptable access to capital in the bond and bank markets. Eidsiva is one of Norway's largest issuers of green bonds to finance sustainable projects.

The group had an unused long-term syndicated credit facility of NOK 2.5bn in addition to bank deposits at the end of the year.

Financial flexibility in terms of achieving strategic and operational targets is considered to be good in both the short and the long term.
Although the EU's new taxonomy for sustainable activities was not part of Norwegian law in 2021, the Ministry of Finance has recommended that Norwegian companies include this information in their annual reports for 2021. Eidsiva has carried out a provisional screening of its businesses areas and holdings. This showed that the Power Distribution and Bioenergy business areas have extensive eligible activities, as do the associated companies Hafslund Eco Vannkraft and Hafslund Ny Energi. Fibre and broadband are not, however, covered by the taxonomy at present. The provisional screening indicates that more than 80% of Eidsiva's revenue, operating expenses and investments relate to activities included in the taxonomy.

From the third quarter of 2021, Eidsiva has provided information on the group's work on the taxonomy on its website. This information will be updated in connection with each annual report and second-quarter report.

Bank agreements require Eidsiva to have a value-adjusted equity/assets ratio of 35% and at least two-thirds public ownership. These conditions are not considered to affect the group's financial flexibility.

Eidsiva will continue to make substantial investments in profitable infrastructure projects. These will increase the group's earnings and dividend capacity as the assets come into operation. The group's debt will rise somewhat in the coming years as a result of these investments.

A substantial part of the group's invested capital is in the Power Distribution business area, where returns are linked to revenue cap regulation. These include a notional return on capital which makes the group less exposed to fluctuations in interest rates. The current cap expires in 2023.

Through its holding in Hafslund Eco Vannkraft, the group is indirectly exposed to risks linked to movements in power prices and the associated currencies. Persistently lower power prices would reduce the share of profit recognised in Eidsiva's financial statements and impact on Hafslund Eco Vannkraft's dividend capacity. Revenue from the group's district heating business is also affected by changes in power prices and volumes.

The Eidsiva group is robust and has solid finances. At 31 December 2021, the group had equity of NOK 24bn, or 51% of assets.

Outlook

Elvia was Norway's largest power distributor at the end of 2021, with a clear ambition also to be the country's most efficient. This is an industrial position that provides a good basis for further consolidation and development of new businesses. Realising this ambition of regaining the status of Norway's most efficient power distributor will require extensive efficiency gains, digital improvements and appropriate prioritisation of investment budgets. Elvia has launched a specific project for this: "Back to the Front".

In the short term, Elvia's costs for network losses will remain unusually high, and this is affecting Eidsiva's short-term earnings and liquidity again at the beginning of 2022. Now that Statnett has decided to reduce its grid tariffs substantially in 2022, however, the balance between allowable revenue and actual tariff revenue at Elvia will even out.

The situation in the energy market in 2021 and going into 2022 has sparked a debate on the design of energy systems and market mechanisms. This is a discussion in which Eidsiva is keen to play an active role, so as to ensure good, sustainable regulatory conditions that benefit our businesses and society. Both consumers and firms in Norway will be putting growing pressure on the authorities and the power industry to reduce power prices. As a producer and distributor of power and heat, Eidsiva will also need to take a position on how this challenge is to be met, and how the company can be part of the solution to maintain Norway's competitive advantage in the form of a cheap and stable supply of renewable energy for both households and businesses.

The Bioenergy business area will also see high prices in 2022, although Eidsiva has adjusted its prices to customers in line with guidance from the regulator and to ensure the long-term competitiveness of district heating.

Urbanisation, population growth and electrification spell an increased need for energy, and district heating is an important part of a future green energy mix. This provides a basis for further growth at Eidsiva Bioenergi, both organically around today's infrastructure and through acquisitions. To keep district heating competitive, we must be able to offer stable and competitive prices and a product that is viewed as relevant and future-proof. It will be natural to work on new products and services for customers. The introduction of an incineration charge on waste and an increased focus on the circular economy will require an active position to be taken on Eidsiva's footprint as a district heating supplier.

Eidsiva Bredbånd will continue to operate in a fiercely competitive market. The company's key competitive advantage will be a strong and local brand combined with high levels of reliability, good personal customer service, and a good working environment with a positive corporate culture. One strength in our marketing will be in-depth knowledge of the local area. The expansion of the fibre network is expected to slow after 2024. To ensure continued growth, we are looking at new service areas, ideally combined with existing core products and skills.

Besides further developing and optimising its businesses, Eidsiva will work on developing new, profitable activities building on the advantages we have as a leading infrastructure player in a situation where the production and consumption of renewable energy in Norway is expected to grow strongly. Developing and preparing for battery cell production in south-eastern Norway based on renewable energy could be one such opportunity, and solar power production another.

Hamar, 23. mars 2022

Styret i Eidsiva Energi AS

Pål Egil Rønn Styreleder	Finn Bjørn Ruyter Styrets nestleder	Øystein Løseth
Monica Haugan	Heidi Ulmo	Toril Benum
John Renngård	Per Luneborg	Alf Inge Tunheim
Martin Lutnæs		Øistein Andresen Konsernsjef

Consolidated statement of profit or loss

(NOKm)	Notes	2021	2020
Sales revenue	4	8 343	8 255
Purchases of goods and energy		-4 196	-3 096
Personnel expenses	20, 22	-1 152	-1 068
Capitalised own investment work	6	430	422
Depreciation, amortisation and impairment	6, 7, 8	-1 584	-1 451
Income from investments in associates	9	602	117
Other gains/losses, net	24	46	-8
Other operating expenses	12, 22	-1 570	-1 419
Operating profit		**919**	**1 752**
Finance income	24	134	135
Finance expense	24	-429	-456
Net finance expense		**-295**	**-321**
Income from investments in associates and joint ventures	9	9	456
Profit before tax		**633**	**1 887**
Tax expense	25	-1	-289
Profit after tax		**632**	**1 598**
Discontinued operations		0	0
Profit for the year		**632**	**1 598**
Profit for the year attributable to			
Parent company shareholders		620	1 594
Non-controlling interests		12	4
Total		**632**	**1 598**
Earnings per share attributable to parent company shareholders (NOK per share)			
Basic/diluted earnings per share		0.90	2.30

Consolidated statement of comprehensive income

(NOKm)	2021	2020
Profit for the year	**632**	**1 598**
Fair value changes for hedging instruments at associates (net after tax)	-83	20
Translation differences at associates	-8	10
Total other income or expense that will be reclassified to profit or loss	**-91**	**30**
Changes in pension estimates (net after tax)	232	-208
Total other income or expense that will not be reclassified to profit or loss	**232**	**-208**
Total comprehensive income for the year	**773**	**1 420**
Total comprehensive income for the year attributable to		
Parent company shareholders	760	1 416
Non-controlling interests	13	4
Total comprehensive income for the year	**773**	**1 420**

Consolidated statement of financial position

Assets (NOKm)	**Notes**	**31.12.2021**	**31.12.2020**
Non-current assets			
Property, plant and equipment	6	25 940	24 936
Right-of-use assets	7	2 699	2 169
Intangible assets	8	1 097	1 049
Investments in associates	9	11 882	11 906
Other financial assets	10, 11, 13, 14	2 718	2 373
Total non-current assets		**44 337**	**42 434**
Current assets			
Inventories	15	86	73
Trade and other receivables	10, 12	1 852	1 516
Cash and cash equivalents	10, 16	557	2 408
Total current assets		**2 495**	**3 997**
Total assets		**46 832**	**46 430**

Equity and liabilities (NOKm)	**Notes**	**31.12.2021**	**31.12.2020**
Equity			
Equity attributable to parent company shareholders			
Share capital	17	1 037	1 037
Share premium account	17	22 767	22 767
Retained earnings		177	325
Total equity attributable to parent company shareholders		**23 981**	**24 128**
Non-controlling interests		93	80
Total equity		**24 073**	**24 209**
Liabilities			
Non-current liabilities			
Loans	10, 18	12 665	12 480
Deferred tax	19	2 109	2 020
Pensions	20	199	387
Derivatives	13	82	94
Lease liabilities	7	2 735	2 207
Total non-current liabilities		**17 789**	**17 189**
Current liabilities			
Trade and other payables	10, 21	2 739	2 667
Lease liabilities	7	196	194
Derivatives	13	18	52
Tax payable	25	3	202
Loans	10, 18	2 013	1 919
Total current liabilities		**4 970**	**5 033**
Total liabilities		**22 759**	**22 222**
Total equity and liabilities		**46 832**	**46 430**

Hamar, 23. mars 2022

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Toril Benum

John Renngård

Per Luneborg

Alf Inge Tunheim

Martin Lutnæs

Øistein Andresen
Konsernsjef

Consolidated statement of changes in equity

(NOKm)	Notes	Share capital	Share premium account	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2020		**1 037**	**22 767**	**105**	**23 909**	**81**	**23 990**
Profit for the year:							
Ordinary profit for the period				1 594	1 594	4	1 598
Other comprehensive income				-180	-180	-1	-181
Other changes:							
Difference between equity value and enterprise value				83	83		83
Other changes				31	31	-4	27
Transactions with shareholders:							
Dividends	17			-1 308	-1 308		-1 308
Equity at 31 December 2020		**1 037**	**22 767**	**325**	**24 128**	**80**	**24 209**
Profit for the year:							
Ordinary profit for the period				620	620	12	632
Other comprehensive income				140	140	1	141
Other changes:							
Other changes				-30	-30	0	-30
Transactions with shareholders:							
Dividends	17			-878	-878	0	-878
Equity at 31 December 2021		**1 037**	**22 767**	**177**	**23 981**	**93**	**24 073**

Consolidated statement of cash flows

(NOKm)	Notes	2021	2020
Cash generated from operations	26	1 825	2 901
Taxes paid		-250	-3
Net cash flows from operating activities		**1 576**	**2 898**
Investing activities			
Purchase of property, plant and equipment	6	-2 491	-2 755
Sale of property, plant and equipment	26	14	8
Purchase of shares etc		-201	-21
Payments made on loans and collateral		-15	-15
Payments received on non-current receivables		0	185
Sale of shares in partly-owned companies		36	1 112
Dividends received from associates	9	384	370
Finance income received		136	135
Net cash flows from investing activities		**-2 137**	**-981**
Financing activities			
Change in overdraft balances		-3	-11
New loans raised	18	2 200	6 300
Repayments on borrowings	18	-1 913	-5 668
Lease payments IFRS 16	7	-120	-117
Finance expense paid		-349	-378
Interest expense IFRS 16	7	-80	-78
Dividends paid to shareholders		-1 026	-1 049
Net cash flows from financing activities		**-1 290**	**-1 001**
Net change in cash and cash equivalents		**-1 851**	**916**
Cash and cash equivalents at 1 January	16	2 408	1 492
Cash and cash equivalents at 31 December [1)]	16	557	2 408
Cash and cash equivalents at 31 December		**557**	**2 408**

[1)] Bank deposits at 31 December 2021 include NOK 57m in withholding taxes (2020: NOK 50m).

Eidsiva.

Notes to the financial statements

Note 1 **General information**

Eidsiva Energi AS (the parent company) and its subsidiaries, associates and joint ventures (the group) produce, distribute and sell mainly energy and broadband services. Following the transaction with Hafslund Eco in 2019, the group's hydropower and wind power production was transferred from a wholly-owned subsidiary to Hafslund Eco Vannkraft, in which Eidsiva has a 42.8% holding.

At the same time, Hafslund Nett was transferred to Eidsiva and then merged with Eidsiva Nett to form Norway's largest power distributor, Elvia AS.

Eidsiva Energi AS has its headquarters at Vangsveien 73, Hamar.

The company has bonds listed on the Oslo stock exchange.

The consolidated financial statements were approved by the company's board on 23 March 2022.

Note 2 **Summary of accounting policies**

The following presents the most important accounting policies applied in the preparation of the consolidated financial statements. These policies have been applied in the same way in all accounting periods presented unless otherwise stated.

2.1. Basis of preparation

The consolidated financial statements for Eidsiva Energi AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC) as adopted by the EU.

The consolidated financial statements have been prepared on a modified historical cost basis. The main exceptions are:

- Financial assets which are equity instruments are measured at fair value through profit or loss
- Financial assets held for trading and financial derivatives are measured at fair value through profit or loss

Preparation of financial statements in accordance with IFRS requires the use of estimates. The application of the company's accounting policies also requires management to make judgements. Areas that rely heavily on such judgements or have a high degree of complexity, and areas where assumptions and estimates are material to the consolidated financial statements, are presented in Note 3.

The consolidated financial statements have been prepared on a going-concern basis.

a) Changes to accounting policies and disclosures

The following new standards and amendments apply to the 2021 financial year:

- Amendments to IFRS 16 – Covid-19-related rent concessions
- Amendments to IFRS 7, IFRS 9 and IFRS 16 – Reliefs in connection with interest rate benchmark reform

These amendments have not had a material impact on the consolidated financial statements.

b) Changes to standards and interpretations not yet effective

The following standards and interpretations had been issued but were not compulsory for the financial year ended 31 December 2021:

- Amendments to IAS 16 – Proceeds before intended use of property, plant and equipment
- Amendments to IFRS 3 – Minor changes to update references to the conceptual framework
- Amendments to IAS 37 – Cost of fulfilling onerous contracts
- Amendments to IAS 1 – Classification of liabilities as current or non-current
- Annual improvements to IFRS standards 2018-2020
- Amendments to IAS 1 – Disclosure of material accounting policies
- Amendments to IAS 8 – Clarification of distinction between changes in accounting policies and changes in accounting estimates
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

The group intends to implement relevant amendments from the effective date, provided that the EU adopts the amendments prior to the submission of the consolidated financial statements.

2.2. Basis of consolidation and accounting treatment of associates and joint ventures

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. Control over an entity arises when the group is exposed to variable returns from the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date control is gained until the date control ceases.

The group also assesses whether it has control when it does not have more than 50% of the voting rights but is still in a position in practice to govern the entity's financial and operational policies (de facto control). De facto control can arise in situations where other voting rights are dispersed across a large number of shareholders who are not realistically in a position to act collectively. A deciding factor in the assessment of de facto control is whether the group can elect the board of its choosing. Acquisitions are accounted for using the acquisition method. The consideration transferred is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued. Also included in the consideration is the fair value of any assets and liabilities resulting from a conditional consideration arrangement. Identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date. Non-controlling interests in the acquired entity are measured either at fair value or at their share of the acquired entity's net assets.

Acquisition-related costs are expensed as they are incurred.

Where an acquisition takes place in stages, the previously held interest in the acquired entity is remeasured to fair value at the acquisition date, and the gain or loss is recognised.

Contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognised in accordance with IFRS 9 if the contingent consideration is classified as an asset or liability.

Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for in equity.

If the sum of the consideration, the fair value of any previously held interest and the fair value of any non-controlling interests exceeds the fair value of the identifiable net assets of the acquired company, the difference is recognised as goodwill. If it is less than the company's net assets, the gain is recognised in profit or loss.

Intragroup transactions, balances, revenue and expenses are eliminated. Gain and loss components of recognised assets arising as a result of an intragroup transaction are also eliminated. The financial statements of subsidiaries are restated where necessary to ensure consistency with the group's accounting policies.

b) Changes in interests in subsidiaries without loss of control

Transactions with non-controlling interests in subsidiaries that do not result in loss of control are accounted for as equity transactions. Where further purchases are made, the difference between the consideration paid and the shares' proportionate share of the carrying amount of the subsidiary's net assets is recognised in equity attributable to the parent company's shareholders. Gains or losses on sales to non-controlling interests are recognised in equity correspondingly.

c) Disposals of subsidiaries

Where there is a loss of control, any remaining interest is measured at fair value, and the change is recognised in profit or loss. This fair value is then treated as the cost of the interest in subsequent accounting as an investment in an associate, joint venture or financial asset. The gain realised on disposal from the group is recognised in profit or loss. Unrealised gains are deducted from the investment and recognised at the same rate that the fair value adjustments in the underlying entity are expensed. Amounts previously recognised in other comprehensive income in relation to the entity are accounted for as though the group had sold the underlying assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Associates

Associates are entities where the group has significant influence but not control. Significant influence normally exists where the group has between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. The investment is recognised at cost at the acquisition date, and the group's share of its profit or loss in subsequent periods is recognised in profit or loss. The amount recognised includes any implicit goodwill identified at the acquisition date, reduced by any subsequent impairment losses.

Where the group reduces its interest in an associate but retains significant influence, only a proportionate share of amounts previously recognised in other comprehensive income is reclassified to profit or loss.

The group's share of the profit or loss of associates is recognised in profit or loss and added to the carrying amount of the investment. The group's share of other comprehensive income at the associate is recognised in the group's other comprehensive income and also added to the carrying amount of the investment. The group does not recognise a share of an associate's losses if this means that the carrying amount of the investment (including unsecured claims on the associate) turns negative, unless the group has incurred obligations or made payments on behalf of the associate.

At the end of each reporting period, the group determines whether there is a need to recognise an impairment loss with respect to its investment in each associate. If so, the loss is calculated as the difference between the recoverable amount and the carrying amount of the investment, and recognised in profit or loss under "Income from investments in associates".

Where a gain or loss arises on transactions between the group and its associates, only the proportion attributable to shareholders outside the group is recognised. Unrealised losses are eliminated unless there is a need to recognise an impairment loss for the asset that was the subject of the transaction. The financial statements of associates are restated where necessary to maintain consistency with the group's accounting policies.

Gains and losses on the dilution of interests in associates are recognised in profit or loss.

In the statement of financial position, the group presents its interests in associates under "Investments in associates".

In the statement of profit or loss, the group presents them in two parts. Because associates account for a significant share of the group's business, its share of the profits of associates with a strong connection to the group's core business is included in operating profit under "Income from investments in associates". Other interests in associates are part of the group's investing activities and are presented after net finance expense under "Income from investments in associates and joint ventures". The group's share of associates' other comprehensive income is accounted for in the statement of comprehensive income.

e) Joint arrangements

The group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are to be classified either as joint operations or as joint ventures, depending on each investor's contractual rights and obligations.

Joint arrangements are characterised by a contractual arrangement which gives two or more parties joint control. The criterion of joint control is met when the relevant activities require the unanimous consent of the parties sharing control.

The chief difference between joint operations and joint ventures is that parties to a joint operation have rights and obligations to the underlying assets and liabilities, whereas parties to a joint venture have rights to the net assets of the arrangement.

Joint ventures are accounted for using the equity method. This means that a joint venture is initially recognised at cost, and the carrying amount is subsequently adjusted to include a share of its profit and other comprehensive income. If the group's share of losses in a joint venture exceeds its carrying amount (including any other long-term interests that, in substance, form part of the group's net investment in the entity), further losses are not recognised unless the group has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and joint ventures are eliminated in line with the group's ownership interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of a reduction in the value of the asset transferred. Amounts reported by joint ventures are restated where necessary to maintain consistency with the group's accounting policies.

In the statement of financial position, the group presents its interests in joint ventures under "Investments in associates and joint ventures".

2.3. Segment reporting

Operating segments are reported in the annual financial statements in the same way as in internal reporting to the company's chief operating decision maker. The company's chief operating decision maker, who is responsible for allocating resources to operating segments and assessing their performance, is defined as the group management.

2.4. Foreign currency translation

a) Functional currency and presentation currency

The financial statements of the individual entities in the group are measured in the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Norwegian kroner (NOK), which is both the functional currency of the parent company and the presentation currency for the group.

b) Transactions and balances

Transactions in foreign currency are translated to the functional currency at the exchange rate at the transaction date. Exchange differences arising on the settlement and translation of monetary items (assets and liabilities) in foreign currency at the exchange rate at the reporting date are recognised in profit or loss.

Exchange differences relating to loans, cash and cash equivalents are presented (net) as finance income or finance expense. All other exchange differences are presented under "Other gains and losses, net".

The currency effect on non-monetary items measured at fair value is included as part of the assessment of fair value. Exchange differences arising on non-monetary items, such as shares measured at fair value through profit or loss, are recognised as part of the overall gain and loss.

2.5. Property, plant and equipment

Infrastructure assets comprise heating plants, the district heating network and power distribution assets. Power distribution assets comprise lines, cables and substations for the transmission of power in the regional and distribution networks.

Property, plant and equipment are carried at cost less depreciation. Cost includes costs directly related to the acquisition of the asset.

Construction in progress is carried at cost less any impairment losses but is not subject to depreciation. Once the asset is available for use, it is reclassified to property, plant and equipment or intangible assets. Available for use means that the asset is in the location and condition necessary for it to be able to operate in the manner intended by management.

Subsequent costs are added to the asset's carrying amount or capitalised separately where it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably. The carrying amount of replaced parts is recognised in profit or loss. Other repair and maintenance costs are expensed in the period in which they are incurred.

"Capitalised own investment work" consists of wage costs and direct costs for own work on investment projects.

Borrowing costs attributable to qualifying assets are included in the cost of the asset.

Land is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis such that the cost of the assets is written off over their expected useful lives:

Category	Depreciation period
Power distribution assets	10-45 years
Buildings	20-50 years
Machinery	10-15 years
Vehicles	8 years
Fixtures and fittings	3-8 years

The useful life and residual value of assets are assessed at each reporting date and adjusted where necessary. Where the carrying amount of an asset is higher than the estimated recoverable amount, it is written down to the recoverable amount, see Note 2.7.

Gains on disposals are recognised in operating revenue, and losses on disposals in other operating expenses.

2.6. Intangible assets

a) Goodwill

Goodwill is the difference between the cost of an entity and the fair value of the group's share of the net identifiable assets of the entity at the acquisition date. Goodwill arising on the acquisition of subsidiaries is classified as an intangible asset. Goodwill is tested annually for impairment and is carried at cost less impairment losses. Impairment losses on goodwill are not reversed. The gain or loss on the disposal of an entity includes the carrying amount of goodwill in respect of that entity.

In subsequent impairment tests, goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition.

b) Other intangible assets

Other intangible assets consist of fair value adjustments arising on the acquisition of power distribution and bioenergy activities.

Fair value adjustments on the acquisition of power distribution activities are carried at cost less amortisation. The group's power distribution business is a regional monopoly regulated by the Norwegian Water Resources and Energy Directorate (NVE). Expected future regulatory conditions provide for increased value creation over a long time horizon, and so these fair value adjustments are being amortised over the same period of 35 years that is being used for the depreciation of other investments in the power distribution network.

Fair value adjustments are amortised on a straight-line basis.

2.7. Impairment of non-financial assets

Intangible assets with an indefinite useful life and goodwill are not amortised but tested annually for impairment. Property, plant and equipment and amortisable intangible assets are tested for impairment when there is an indication that their future economic performance may not justify their carrying amount.

The difference between carrying amount and recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of fair value less costs of disposal, and value in use. When assessing impairment, assets are grouped at the lowest level at which it is possible to identify independent cash flows (cash-generating units). In the district heating business, each district heating plant is considered a separate cash-generating unit. In the power distribution business, the entire distribution network is considered a single cash-generating unit. At each reporting date, the group considers whether there are grounds to reverse previous impairment losses on non-financial assets, with the exception of those on goodwill which cannot be reversed.

2.8. Financial assets

Classification and measurement

Under IFRS 9, financial assets are to be classified into three measurement categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost. This classification is based on whether the instruments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and whether the contractual cash flows are solely payments of principal and interest on specified dates.

2.9. Impairment of financial assets

Assets carried at amortised cost

Where financial assets are measured at amortised cost, a loss allowance is recognised for expected credit losses. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at each subsequent reporting date at an amount equal to 12-month expected credit losses, i.e. losses expected to occur over the lifetime of the asset but linked to events within the first 12 months. If the financial instrument's credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to expected credit losses over its lifetime. Trade receivables are measured on the basis of lifetime expected credit losses. Cumulative changes in lifetime expected credit losses are recognised in profit or loss at each reporting date as a gain or loss.

2.10. Derivatives and hedging

Derivatives are measured at fair value at the time the contracts are entered into and subsequently at fair value. Eidsiva does not hold derivatives that are subject to hedge accounting. Interest rate derivatives entered into are classified as held for trading. Changes in the fair value of these derivatives are recognised under "Other gains/losses, net".

2.11. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price less variable costs for completion and sale.

2.12. Trade receivables

Trade receivables arise on the sale of goods or services that are part of the ordinary operating cycle, and are classified as current assets.

For the measurement of loss allowances, see Note 2.9.

2.13. Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits, overdraft balances and other short-term, readily convertible investments with a maximum original maturity of three months. Overdraft balances are included in the statement of financial position under "Loans" in current liabilities.

The statement of cash flows been prepared using the indirect method and shows cash flows from operating, investing and financing activities to explain the period's change in cash and cash equivalents.

2.14. Share capital and share premium account

Ordinary shares are classified as equity.

Costs directly related to the issuance of new shares, net of tax, are recognised in equity as a reduction in the consideration received.

2.15. Trade payables

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. They are classified as current liabilities.

Trade payables are measured at fair value on initial recognition and subsequently recognised at amortised cost using the effective interest method.

2.16. Loans

Loans are measured at fair value when paid out, net of transaction costs. In subsequent periods, they are carried at amortised cost using the effective interest method. The difference between the initial amount paid out (net of transaction costs) and the amount repayable on maturity is amortised over the life of the loan as part of the effective interest.

Loans are classified as current liabilities unless there is an unconditional right to defer payment of the debt for more than 12 months from the reporting date.

2.17. Current and deferred income tax

Tax expense consists of current tax and changes in deferred tax. Tax is recognised in profit or loss unless it relates to items accounted for in other comprehensive income or directly in equity. Where this is the case, the tax is also accounted for in other comprehensive income or directly in equity.

The current tax for the period is calculated on the basis of the tax laws and rules enacted or substantively enacted by the tax authorities at the reporting date.

Deferred tax is calculated on all temporary differences between the tax bases and carrying amounts of assets and liabilities.

Deferred tax is calculated using the tax rates enacted or substantively enacted at the reporting date which are assumed to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax liability is calculated for temporary differences associated with investments in subsidiaries and associates except where the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities.

2.18. Pensions, performance pay and other employee benefits

a) Pension obligations

The group's employees accumulate pension entitlements through defined-benefit or defined-contribution pension schemes. The group has closed its defined-benefit schemes and introduced defined-contribution schemes for all new employees.

The main features of the two schemes are presented below.

Defined-contribution pensions

The group has introduced defined-contribution pensions for all new employees and closed its defined-benefit pension schemes. With a defined-contribution pension, a fixed contribution is paid to a fund where the group has no legal or constructive obligation to pay further contributions. No further liability is therefore recognised in the financial statements. Contributions are recognised in profit or loss under personnel expenses as they are incurred.

Defined-benefit pensions

These pension plans are funded through payments to a life insurer or separate pension fund, with the exception of a few unfunded plans.

In a defined-benefit pension plan, the employee receives a pre-determined pension benefit on retirement. The size of this benefit is normally dependent on one or more factors, such as age, years of service, life expectancy adjustments, and salary. With full accumulation, the company pays a pension of 66% of final salary.

The recognised liability/receivable for defined-benefit plans is the present value of the defined benefits at the reporting date less the fair value of plan assets.

Defined-benefit obligations are calculated annually by an actuary on the basis of linear accumulation. The present value of defined benefits is determined by discounting estimated future payments. Where there is a deep market for high-quality corporate bonds with a term and currency consistent with the pension obligation, IAS 19 requires the discount rate to be based on the market yield on such bonds. Where there is not a deep market for such bonds, the discount rate is to be based on the market yield on long-term government bonds. The group considers that Norwegian covered bonds rated AA or higher satisfy the requirement for high-quality corporate bonds.

Changes to defined-benefit obligations as a result of changes and adjustments to actuarial assumptions (actuarial gains and losses) are recognised directly in other comprehensive income.

Improvements, curtailments and other changes to existing defined-benefit plans also result in changes to defined-benefit obligations. Where an improvement has been earned at the reporting date, it is expensed immediately. Where new schemes or changes to existing schemes are introduced with retroactive effect, such that employees immediately have a vested entitlement, this is recognised immediately in profit or loss. Gains and losses relating to curtailments and withdrawals of pension plans are recognised in profit or loss as they occur. From 1 January 2020, members of the defined-benefit scheme born in 1963 or later were transferred to the new notional defined-contribution model at the statutory accumulation rates. These employees, along with those on private defined-benefit plans born in 1963 or later, were transferred to defined-contribution pensions from 1 January 2021.

b) Termination benefits

Termination benefits are payable when the employment relationship is terminated by the group before normal retirement age or when employees agree voluntarily to downsizing in return for benefits. The group recognises termination benefits at the earlier of the following dates: a) when the offer of termination benefits can no longer be withdrawn; and b) when the group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In cases where the offer of termination benefits is made to encourage voluntary redundancy, the obligation is measured on the basis of the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the reporting date are discounted to present value.

c) Performance pay

Most senior managers at Eidsiva are remunerated partly on the basis of performance against the group's performance management principles (see also Note 22 "Personnel expenses").

2.19. Provisions

The group recognises provisions for environmental and other improvements, restructuring and legal claims when:

- there is a legal or constructive obligation arising from past events
- it is probable that an outflow of economic resources will be required to settle the obligation, and
- a sufficiently reliable estimate can be made of the amount of the obligation. Provisions for restructuring costs include termination benefits for employees. No provisions are made for future operating losses.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision may therefore be recognised even if the likelihood of an outflow for any one item may be small.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation.

2.20. Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grant will be received and the group will comply with the conditions attaching to the grant.

Grants related to purchases of property, plant and equipment are recognised as deductions from the cost of the asset, and then recognised in profit or loss on a straight-line basis over the expected useful life of the asset.

The group receives government grants from ENOVA to invest in and expand the infrastructure for district heating.

2.21. Revenue recognition

Revenue from the sale of goods and services is measured at the fair value of the consideration net of value-added tax, returns, discounts and refunds. Intra-group sales are eliminated. Operating revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer, at the amount the group expects to receive for the goods or services. The group controls goods and services until they are transferred to the customer.

a) Network charges

The amount recognised as revenue each year corresponds to volume of power delivered during the period plus a fixed sum, and is billed on the basis of the price tariff in force. The network charges recognised for the year may depart from the revenue cap issued by the monopoly regulator, the Norwegian Water Resources and Energy Directorate (NVE). The difference between billed network charges and the revenue cap is referred to as over-/under-recovered revenue but does not qualify for recognition as an asset under IFRS. The price tariffs applied by Elvia are designed to keep annual revenue in line with allowable revenue. A substantial share of billing to customers is indirect via electricity retailers. Agreements on combined billing have been entered into with these retailers, with payment terms of 20 days from the billing date. The retailers have provided bank guarantees to the distribution company to ensure payment.

b) Connection charges

Norwegian regulations allow the power distribution company to collect connection charges for connecting new customers and making customer-requested network improvements. These connection charges are paid by the customers in question and cover the actual cost of establishing the new network connection or improving the connection to an existing customer.

The actual cost of establishing or improving the connection to the individual customer is to be met in full, without any mark-up, by the customer in question through the connection charge. The company has determined that the work covered by the connection charge is a separate performance obligation. This performance obligation is recognised as revenue as the network connection progresses.

Costs covered by the connection charge are not included in network capital and so do not provide a basis for a return in subsequent periods. These costs are not therefore considered to qualify as an asset. They are classified instead as cost of sales.

c) Sales of energy

The group has sales of energy through its Bioenergy business area, which produces, supplies and sells energy in the form of district heating, steam and electricity generated from the incineration of biomass and waste. District heating and steam are sold to local end-customers, while electricity is sold on the Nordic power exchange, Nord Pool. The performance obligation is the supply of district heating and power, and the transaction price is the consideration that the group expects to receive. The performance obligation is satisfied over time, which means that revenue is recognised at the prices achieved when the district heating and electricity are delivered. The right to payment arises once the district heating or electricity has been supplied, and the right to payment will normally correspond to the value to the customer.

Sales are recognised on the basis of prices achieved, which are either contractually agreed or spot prices. There are not considered to be any financing components in these contracts. The payment terms are 14 and 30 days.

d) Sales of broadband services

Sales of broadband services consist primarily of revenue from contracts for the use of broadband infrastructure and TV services for the household and business market. Besides fibre infrastructure, other forms of access are also offered, such as coaxial (cable network) and xDSL.

Contracts in the business market are billed quarterly in advance with payment terms of 30 days. From December 2020, fibre contracts for household customers have been billed monthly with payment terms of 14 days. This revenue is earned over time and is recognised in the period in which the service is supplied.

Non-recurring revenue in the form of connection charges is recognised when new customer connections are installed. Major new connections in the business market are recognised as revenue over the term of the contract.

e) Interest income

Interest income is recognised proportionally over time using the effective interest method. When receivables are impaired, the carrying amount of the receivable is reduced to fair value. Fair value is the present value of estimated future cash flows discounted using the original effective interest rate. After impairment, interest income is recognised on the basis of amortised cost and the original effective interest rate.

f) Dividend income

Dividend income is recognised when the right to receive payment arises, i.e. when the dividend is decided by the company's general meeting.

2.22. Dividends

Dividend payments to the company's shareholders are classified as a liability from the time the dividend is decided by the general meeting or by the board under an authorisation from the general meeting. Dividends that have not been formally determined or decided are classified as part of equity.

2.23. Leases

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of low-value assets and short-term leases where the risks and rewards incidental to ownership are not substantially transferred to the lessee are classified as operating leases and are expensed on a straight-line basis over the lease term.

a) Separating the components of a contract

For a contract that is, or contains, a lease, the group separates out the lease components if it can benefit from the use of an underlying asset on its own or together with other resources that are readily available to the group, and the underlying asset is not highly dependent on, or highly interrelated with, other underlying assets in the contract. The group then accounts for each individual lease component within the contract as a lease separately from non-lease components of the contract.

b) Recognition of leases and recognition exemptions

At the commencement date, the group recognises a lease liability and a corresponding right-of-use asset for all leases with the following exceptions:

- Short-term leases (term of 12 months or less)
- Assets of low value

For these leases, the group recognises lease payments in the statement of profit or loss under "Other operating expenses" as they are incurred.

c) Lease liabilities

The group measures lease liabilities at the commencement date at the present value of lease payments that are not paid at that date. The lease term is the non-cancellable period of the contract plus any periods covered by an option to extend the lease if the group is reasonably certain to exercise that option, or an option to terminate the lease if the group is reasonably certain not to exercise that option.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any amounts receivable in the form of lease incentives
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- The exercise price of a purchase option if the group is reasonably certain to exercise that option

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect changes to lease payments resulting from a change in the index or rate used.

The group does not include variable lease payments in the lease liability. Instead, the group recognises these payments in profit or loss.

The group presents its lease liabilities on separate lines in the statement of financial position.

d) Right-of-use assets

The group measures right-of-use assets at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The cost of right-of-use assets comprises:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs for obtaining the lease incurred by the group

The group applies the depreciation requirements in IAS 16 "Property, plant and equipment" in depreciating right-of-use assets, except that the asset is depreciated from the commencement date until the earlier of the end of the lease term and the end of the asset's useful life.

The group applies IAS 36 "Impairment of assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

2.24. Events after the reporting period

New information after the reporting date on the company's financial position at the reporting date is reflected in the financial statements. Events after the reporting date that do not affect the company’s financial position at the reporting date, but will affect the company’s position in the future, are disclosed where material.

Note 3 **Significant accounting estimates and judgements**

Estimates and judgements are evaluated regularly and are based on historical experience and other factors, including expectations for future events that are considered probable. The group prepares estimates and makes judgements relating to the future. By definition, the resulting accounting estimates will, by definition, seldom correspond fully to the actual outcome.

Estimates and judgements that represent a significant risk of material changes to the carrying amounts of assets and liabilities during the next financial year are discussed below.

Estimated impairment of tangible and intangible assets
The group carries out annual impairment testing of the carrying amounts of goodwill and other intangible assets, see Note 2.6. Significant acquired intangible assets in the group consist of goodwill. Impairment losses are recognised where the carrying amount exceeds the recoverable amount. The recoverable amount of a cash-generating unit is the higher of its fair value less costs of disposal, and its value in use. Value in use is determined by discounting cash flows over an infinite horizon. These calculations require the use of assumptions that are assumed to be reasonable but are inherently uncertain, which may mean that actual results deviate from these calculations.

The group has carried out goodwill impairment testing for its business areas. See Note 8 for information on these tests. The group also assesses the carrying amounts of property, plant and equipment against the estimated recoverable amounts. Where the carrying amount is higher, it is written down to the recoverable amount. See Note 8 for information on impairment testing and Note 6 for the results of the year's tests,

Property, plant and equipment
The Power Distribution business area always has major projects under construction. Investments affect the revenue cap because compensation is made for capital costs.

Ongoing projects are recognised as construction in progress until the asset is ready for use, at which point it is reclassified to property, plant and equipment. Available for use means that the asset is in the location and condition necessary for it to be able to operate in the manner intended by management. With power distribution assets, available for use means that the asset is ready to be taken into use in the power network.

New investments are investments in new assets and the expansion of capacity to supply new customers. In cases where expenditures enhance an asset, the improvement is also counted as a new investment. Reinvestments are the replacement of an entire asset or expenditures made to maintain the standard and capacity of an existing asset. Other expenses are recognised in profit or loss.

Property, plant and equipment are depreciated over their estimated useful life. Expected useful life is estimated on the basis of historical experience and judgements about the future technical usage and profitability of the assets. The depreciation schedules are amended if there any changes in these estimates. See Note 6 for the depreciation periods applied by the group.

Pensions
The gross pension liability is determined using estimates and prepared by an actuary. These estimates are based on the company's specific circumstances and are based on the recommended assumptions in the guidelines from the Norwegian Accounting Standards Board on the use of calculation assumptions for defined-benefit pension plans under IAS 19 "Employee benefits". Changes to the assumptions used could have a considerable impact on the estimated pension liability and equity. Note 20 shows the assumptions applied by the group and sensitivity analyses.

Fair value of derivatives and other financial instruments
The fair value of financial instruments that are not traded on an active market, such as unlisted derivatives, is determined using valuation techniques. The group evaluates and selects methods and assumptions which are based, as far as possible, on market conditions at the reporting date. For financial assets that are not traded on active markets, the group uses a model with discounted future cash flows as the valuation method. See Note 5 for further information on these valuations.

Deferred income
The transfer of Eidsiva Vannkraft to Hafslund Eco Vannkraft in 2019 resulted in a gain of more than NOK 7bn. 57.2% of this gain was recognised in profit or loss. This corresponded to the economic ownership interest transferred to Hafslund Eco, which owns 57.2% of Hafslund Eco Vannkraft.

The remainder of the gain was recognised as deferred income. Eidsiva's 42.8% holding in Hafslund Eco Vannkraft was measured at fair value, and an acquisition analysis was performed. Fair value adjustments identified in the acquisition analysis were allocated across property, plant and equipment. Fair value adjustments attributed to depreciable assets will result in additional amortisation in future. The deferred income was distributed proportionally in the same way as the fair value adjustments. The share of deferred income attributed to depreciable assets will be reversed over the same period as the depreciation of these assets. This will reduce the effect of the additional amortisation.

Note 4 **Segment information**

Segment information is presented on the basis of reporting to group management (the chief operating decision maker). The segment reporting is consistent with the financial information used by group management to allocate resources and assess performance. Eidsiva's operating segments are its three business areas. The segments are managed on the basis of operating results, as financing and tax optimisation are managed centrally in the group.

The bulk of the group's revenue comes from energy customers in Innlandet, Oslo and parts of Viken, which are also where most of the group's assets are located. No single external customer accounts for more than 10% of operating revenue.

Key figures for operating segments

Power Distribution

Elvia owns, operates, maintains and upgrades the regional and distribution networks in large parts of Innlandet, Oslo and Viken counties. The company has 949 000 customers. Its operations are regulated by the Norwegian Water Resources and Energy Directorate (NVE). Financial regulation involves setting revenue caps which give power distributors an incentive to operate efficiently. Profits reflect how costs at each company move relative to the average for the industry. Revenue in the Power Distribution business area consists primarily of amounts billed for the transmission of electricity. Just over half of revenue comes from household customers, with the remainder split between businesses and the public sector.

Key figures – Power Distribution		2021	2020	2019	2018	2017
EBITDA	NOKm	1 248	2 700	1 152	430	486
Network customers at 31 December		949 000	933 000	921 000	165 000	159 000
Energy supplied [1)]	GWh	24 076	22 177	23 037	4 379	4 345
Network capital (NVE) at 31 December	NOKm	21 017	19 804	17 894	4 903	4 580
NVE efficiency (distribution network) [1)]	%	111	110	109	113	108
Cost of energy not supplied (CENS) [1)]	NOKm	212	266	90	114	63

[1)] Figures for 2017 and 2018 refer to the former Eidsiva Nett.

Bioenergy

Eidsiva Bioenergi has built up a substantial portfolio of district heating plants in Innlandet county. In 2021, the company also acquired a district heating plant in Eidsvoll municipality in Viken county. Revenue breaks down into 75% from district heating, 14% from waste management, 7% from steam and 4% from sales of electricity, the remainder being other revenue. The company's principal task is to operate the district heating plants efficiently, further develop sustainable district heating infrastructure and supply, and provide environmentally friendly final disposal of residual waste. The company is working actively on developing new business around thermal and decentralised energy solutions and supplying new products and services linked to existing infrastructure.

Key figures – Bioenergy		2021	2020	2019	2018	2017
EBITDA	NOKm	291	84	177	182	146
Volume supplied	GWh	474	397	425	419	410
Share of renewable fuels	%	97	99	99	98	99

Broadband

The Broadband business area mainly sells and operates broadband services for households and businesses in Innlandet county. Eidsiva Bredbånd became an Altibox partner from June 2019. 79% of the business area's revenue comes from the household market and 19% from the professional market. Expansion of the fibre network is a strategic focus area for Eidsiva. Up to and including 2017, it was the group's power distribution business that worked on developing the fibre infrastructure in Eidsiva's network area. From 1 January 2018, the fibre infrastructure and development activities were transferred to Eidsiva Fiberinvest AS. Since then, the Broadband business area has consisted of Eidsiva Bredbånd AS and Eidsiva Fiberinvest AS. Eidsiva Bredbånd AS leases fibre infrastructure from Eidsiva

Fiberinvest AS. Eidsiva Bredbånd AS also leases fibre infrastructure from other local power distributors in Innlandet county that still own fibre infrastructure.

Key figures – Broadband		2021	2020	2019	2018	2017
EBITDA	NOKm	398	343	280	168	114
EBITDA margin	%	46	46	44	31	23
Number of customers		86 600	81 100	75 400	64 500	62 900

Parent company and other activities

The parent company provides administrative services for the group, including accounting, asset management, information technology, human resources, health and safety, and administrative procurement. The parent company bills subsidiaries based on their use of services. Ownership costs and other joint costs for the group are not passed on.

Elsikkerhet Norge, in which the group has a 68% interest, is included in the column for the parent company. The company generated revenue of NOK 70m and operating profit of NOK 5m in 2021.

The group has a 42.8% stake in Norway's second-largest power producer, Hafslund Eco Vannkraft. The group's share of the company's profit for 2021 was NOK 641m, which is shown under "Income from investments in associates" in the column "Parent". This share is based on profit after tax and is included in operating profit because the holding in Hafslund Eco Vannkraft is part of the group's core business. The same applies to the group's 35% holding in Hafslund Ny Energi AS, which contributed a loss of NOK 6m.

The group's 50% holding in electricity retailer Innlandskraft was sold to Fjordkraft with effect from 22 September 2020. The share of the company's profit up until disposal is included in the gain on the sale, which is shown under "Income from investments in associates and joint ventures" in the column "Group" for 2020.

Profit or loss 2021

(NOKm)	Power Distribution	Bioenergy	Broadband	Parent	Eliminations	Group
Gross operating revenue	**6 901**	**555**	**857**	**203**	**-173**	**8 343**
- of which intersegment sales	5	0	-1	170	-173	0
Cost of sales	-3 888	-82	-227	0	1	-4 196
Personnel expenses	-404	-64	-108	-145	0	-721
Depreciation, amortisation and impairment	-1 230	-86	-259	-16	7	-1 584
Other operating expenses	-1 362	-118	-125	-138	173	-1 570
Other gains/losses, net	0	0	0	46	0	46
Income from investments in associates	2	0	0	599	0	602
Operating profit	**19**	**205**	**139**	**549**	**7**	**919**
Finance income						134
Finance expense						-429
Net finance expense						**-295**
Income from investments in associates and joint ventures						9
Profit before tax						**633**
Tax expense						-1
Profit after tax						**632**
Profit for the year						**632**
EBITDA	**1 248**	**291**	**398**	**566**	**0**	**2 503**

Profit or loss 2020

(NOKm)	Power Distribution	Bioenergy	Broadband	Parent	Eliminations	Group
Gross operating revenue	**7 173**	**294**	**745**	**209**	**-166**	**8 255**
- of which intersegment sales	7	0	0	159	-166	0
Cost of sales	-2 850	-52	-184	0	-10	-3 096
Personnel expenses	-363	-56	-101	-137	11	-646
Depreciation, amortisation and impairment	-1 153	-78	-210	-17	7	-1 451
Other operating expenses	-1 264	-103	-118	-100	165	-1 419
Other gains/losses, net	0	0	0	-8	0	-8
Income from investments in associates	4	1	0	113	0	117
Operating profit	**1 546**	**6**	**133**	**60**	**7**	**1 752**
Finance income						135
Finance expense						-456
Net finance expense						**-321**
Income from investments in associates and joint ventures						456
Profit before tax						**1 887**
Tax expense						-289
Profit after tax						**1 598**
Profit for the year						**1 598**
EBITDA	**2 700**	**84**	**343**	**76**	**0**	**3 202**

Financial position 2021

(NOKm)	Power Distribution	Bioenergy	Broadband	Parent	Eliminations	Group
Intangible assets	941	153	2	42	-41	1 097
Property, plant and equipment	21 321	1 815	2 783	21	0	25 940
Right-of-use assets	1 935	2	743	19	0	2 699
Investments in associates and joint ventures	32	22	0	11 828	0	11 882
Financial fixed assets	530	10	6	35 152	-32 980	2 718
Current assets	1 428	272	565	615	-386	2 495
Total assets	**26 187**	**2 274**	**4 100**	**47 677**	**-33 407**	**46 832**
Equity	16 868	1 280	1 619	32 902	-28 596	24 073
Deferred tax	1 943	122	85	0	-41	2 109
Non-current liabilities	5 135	626	2 010	12 647	-4 737	15 681
Current liabilities	2 241	247	387	2 128	-33	4 970
Total equity and liabilities	**26 187**	**2 274**	**4 100**	**47 677**	**-33 407**	**46 832**
Investments in property, plant and equipment	1 989	148	399	6	-50	2 491

Financial position 2020

(NOKm)	Power Distribution	Bioenergy	Broadband	Parent	Eliminations	Group
Intangible assets	943	100	6	54	-53	1 049
Property, plant and equipment	20 480	1 792	2 640	23	1	24 936
Right-of-use assets	1 376	1	754	38	0	2 169
Investments in associates and joint ventures	33	21	0	11 852	0	11 906
Financial fixed assets	304	10	6	33 835	-31 781	2 373
Current assets	1 911	150	657	1 976	-699	3 997
Total assets	**25 047**	**2 074**	**4 064**	**47 778**	**-32 532**	**46 430**
Equity	16 672	1 255	1 541	32 913	-28 173	24 209
Deferred tax	1 864	116	94	0	-53	2 020
Non-current liabilities	3 690	636	2 020	12 690	-3 868	15 169
Current liabilities	2 821	66	410	2 175	-439	5 033
Total equity and liabilities	**25 047**	**2 074**	**4 064**	**47 778**	**-32 532**	**46 430**
Investments in property, plant and equipment	2 204	170	434	7	-65	2 750

Note 5 **Financial risk management in the group**

Risks

As a result of the Covid-19 pandemic, the group carried out regular risk analyses of key functions and had good control of the situation. It will remain important in the coming period to make the most of what the pandemic taught us – including the value of digital solutions and remote working. The number of employees infected and self-isolating in 2021 was limited.

The 42.8% holding in Hafslund Eco Vannkraft gives Eidsiva exposure to both price and volume risks in respect of power production. In terms of volume, Eidsiva's exposure to power prices is around 6.3 TWh/year. The risk of shortfalls in inflows into hydropower plants is moderate, as they cover a wide geographical area. This reduces the consequences of temporary local annual variations in inflows. Dependence on individual power stations is moderate, as the group has stakes in 74 plants.

Power price risk is the greatest source of uncertainty in Eidsiva's underlying performance. Eidsiva does not itself carry out any hedging transactions in relation to its ownership of Hafslund Eco Vannkraft.

Events in the Power Distribution business area are a significant risk, as this business area accounts for a large part of Eidsiva's activities and earnings. NVE capital, which is one of several elements in the revenue cap, is around NOK 21bn. The distribution business serves a large geographical area with a large number of customers. This means that individual events in the form of extreme weather, changes to regulatory conditions in terms of geography and topography, and defaults at individual customers affect Eidsiva only moderately. The business area's revenue is regulated in a way that ensures stability over time, but also includes mechanisms that reward efficient power distributors such as Elvia with higher returns. The Eidsiva group has significant exposure to risks related to changes in the application of regulatory mechanisms covering power distribution.

When it comes to financing, Eidsiva is exposed to interest rate risk, currency risk and liquidity risk.

Overall risk is analysed at group level, based on reports from the companies together with strategic assessments by group management and technical assessments from the central risk management function. Risk assessments form part of quarterly reporting to the board, where financial risk is one of a number of risk factors.

Credit ratings

Eidsiva Energi aims to be an investment-grade company. In February 2022, Scope Ratings AG affirmed its long-term rating of Eidsiva Energi of BBB+ with a stable outlook. The short-term credit rating was also unchanged at S-2. Portfolio management, scenario analyses and long-term capital prioritisation are used to ensure optimal use of capital in the group over time and an investment-grade long-term credit rating. Analyses with projections of credit ratings are an integral part of all management reporting. To maintain its long-term credit rating, Eidsiva also needs to have a satisfactory short-term rating. This is achieved by maintaining sufficient liquidity and committed credit/overdraft facilities at banks.

Market risk from power prices

Eidsiva Bioenergi is exposed to changes in power prices through the determination of prices for district heating under the Norwegian Energy Act. A change in the price of electricity of NOK 0.01/kWh will increase/decrease Eidsiva Bioenergi's profit after tax in a given year by around NOK 3m before contributions from fixed-price contracts. The power price compensation scheme introduced in December 2021 also has implications for district heating prices and means that the company's earnings are much less sensitive to changes in power prices beyond NOK 0.70/kWh.

As part of their operation of the power network, power distributors incur costs for network losses, where electrical energy is lost between leaving the power producer and reaching the consumer as a result of resistance in the lines. Power distributors must purchase power to cover these losses, and the cost of this is included in the calculation of the revenue cap.

When setting revenue caps, the Norwegian Energy Regulatory Authority calculates the cost of network losses as the transmission loss in MWh multiplied by a benchmark power price. The benchmark price is linked to spot prices in the different price zones in Norway. Power prices thus impact on power distributors' revenue caps, and so also on the network charges that their customers pay.

The revenue cap for a power distributor in any given year will never be exactly the same as the network charges that its customers pay that year. There is, however, a clear relationship between the revenue cap and network charges when viewed over several years. Tariffs are generally set before customers draw energy from the network. Elvia decided in 2021 to keep its network tariffs stable and not to increase prices during the year.

Movements in energy prices can therefore have a major impact on profit in any given year, but much less of an effect viewed over several years.

Currency risk

Eidsiva has exposure to mismatch risks in relation to financing in foreign currency. The group has a loan denominated in EUR to finance the development of bioenergy assets. The loan helps reduce exposure to a weaker NOK when supplying district heating. The loan can be viewed as a financial hedge but does not meet the criteria for an accounting hedge.

The Bioenergy business area's revenue is also dependent on the pricing of alternative energy sources, and the benchmark price for electrical power is traded in EUR. A change in the NOK/EUR exchange rate of NOK 0.10 per EUR will increase/decrease the business area's profit and cash flow in any given year by around NOK 1m after tax.

Effect on earnings of fair value adjustment of liabilities due to movements in exchange rates

	Change in exchange rate	
(NOKm)	-10%	+10%
Effect on loans in foreign currency	10	-10
Total change in profit before tax	**10**	**-10**

The table above summarises how the group's profit before tax is affected by changes in the value of liabilities as a result of a parallel shift of 10% in the NOK/EUR exchange rate. A change of this size is not considered likely in a period of one year. The effect is shown before tax. This analysis covers only assets and liabilities measured at fair value under IFRS 9.

Outstanding borrowings in EUR totalled EUR 14m at 31 December 2021, unchanged from a year earlier.

Limits have been set for maximum borrowings in currencies other than NOK.

Interest rate risk

Eidsiva's loan portfolio has considerable exposure to movements in interest rates, with associated consequences for net finance expense. Interest rate risk relates partly to general movements in interest rates and partly to how lenders view Eidsiva's capacity to meet its future obligations.

General movements in interest rates are linked to the level of Nibor and swap rates and are determined by general macroeconomic conditions. The credit margin is company-specific and relates to lenders' assessment of Eidsiva's ability to service its debt in future.

To reduce the impact of interest rate movements on the group's finance expense (interest rate risk), Eidsiva's financing comprises a mix of variable and fixed rates with different maturities.

The group has built up a portfolio of long-term interest swaps where Eidsiva pays/receives a pre-agreed fixed rate and receives/pays a pre-agreed variable rate for the term of the contract. Fixed-rate periods and contractual terms vary over the life of the portfolio and mean that Eidsiva's interest rate risk in the loan portfolio is reduced.

The allowable return on power distribution activities under the current revenue cap regime is based partly on the average five-year swap rate during the year. Interest rate risk at Eidsiva is managed by using the natural interest rate hedge in the revenue cap system that arises from interest exposure relating to power distribution being included in the management of interest rate risk for financing. In isolation, an increase in the five-year swap rate of half a percentage point will increase the revenue cap for power distribution by around NOK 63m. Interest rate movements that impact on the revenue cap are accounted for in Eidsiva's operating profit, while other interest rate movements are accounted for in net finance expense.

Movements in short-term interest rates in the form of the three-month Nibor (loan portfolio) relative to long-term interest rates in the form of the five-year swap rate (power distribution activities) impact on the effectiveness of interest rate risk management in relation to the group's underlying profit and cash flow in any given year.

A substantial part of the group's loan portfolio is quoted with Nibor as the benchmark rate. The lease payments paid by Eidsiva Bredbånd to external fibre network owners also have Nibor as their benchmark rate. This means that the withdrawal of Nibor as a benchmark rate could impact on the group's interest rate exposure and lease costs.

Eidsiva aimed for fixed-rate periods in the loan portfolio of between one and four years in 2021.

Effect on earnings of movements in interest rates

	Change in interest rate	
(NOKm)	-1pp	+1pp
Effect on interest swaps	-3	3
Total change in profit before tax	**-3**	**3**

The table above summarises how the group's profit before tax is affected by a parallel shift in the interest rate curve of one percentage point. A change of this size is not considered likely in a period of one year. The effect is shown before tax. The analysis covers only assets and liabilities carried at fair value under IFRS 9. The group is also exposed to changes in interest rates through its variable-rate borrowings. At the end of 2021, Eidsiva had variable-rate loans with a nominal value of NOK 8.1bn. A change in interest rates of half a percentage point would have increased/decreased the interest on these loans by NOK 40m.

Fixed-rate periods in the loan portfolio

(NOKm)	0-1 years	1-3 years	4-5 years	>5 years	Total
Loans in NOK	4 650	3 400	1 907	4 600	14 557
Loans in EUR	0	100	0	0	100

The table above shows the time until fixed rates expire for bank loans, bonds, certificates and interest swaps. Both the nominal value of fixed-rate loans and the nominal value of floating-to-fixed interest swaps are included in the table.

At 31 December 2021, 55% of the portfolio attracted interest at variable rates. The loan portfolio had a modified duration of 2.7 years.

Liquidity risk

Eidsiva is exposed to liquidity risk because the maturity of its financial liabilities does not match the cash flows generated by its assets.

Eidsiva aims to have an average remaining maturity in the loan portfolio of at least five years to ensure predictability for reinvestments and maturities.

Eidsiva has two syndicated revolving credit facilities, each of NOK 1 250m, maturing in September 2024 and 2025 respectively. The facility expiring in 2024 comes with extension options until 2026. These facilities can be used as a backstop when loans mature and as a general liquidity reserve. Both were unused at 31 December 2021. Eidsiva also has an agreement on a bank overdraft facility with a limit of NOK 500m. The group thus had total unused credit facilities of NOK 3 000m at the end of the year.

The average remaining maturity of the overall loan portfolio was 5.5 years at 31 December 2021 (5.2 years at 31 December 2020). Eidsiva's target is an average remaining maturity of more than five years.

Maturity analysis of liabilities

(NOKm)	2022	2023	2024	2025	After 2025
Repayments on bank loans	1 510	468	148	128	3 003
Repayments on bonds/certificates	500	750	500	1 200	8 450
Repayments on bank loans at subsidiaries	11	1	1	1	4
Interest payments	285	260	240	224	751
Interest rate derivatives	18	13	8	7	45
Other current liabilities	1				
Total	**2 326**	**1 492**	**898**	**1 560**	**12 253**

The table above shows undiscounted values broken down into the periods in which the liabilities mature, and includes loans at subsidiaries.

Credit risk

Credit risk is the risk of a counterparty causing a financial loss for Eidsiva by failing to discharge its obligations. Eidsiva is exposed to credit risk through lending, sales of bioenergy, distribution of power (network charges), sales of broadband services, and other transactions where settlement takes place later than the transfer of ownership.

Eidsiva has issued an unsecured subordinated loan to Hafslund Eco Vannkraft Innlandet (a subsidiary of Hafslund Eco Vannkraft) of NOK 1 917m. The debtor's repayment capacity is monitored through representation on its board. The parent company Hafslund Eco Vannkraft has also issued a guarantee to Eidsiva in respect of the loan to Hafslund Eco Vannkraft Innlandet.

With both power distribution and sales of broadband services, customers are in both the household and the business market. The number of customers and segmentation of the customer base mean that the group's credit risk is reduced and is not considered to be significant. Electricity retailers providing combined billing for end-customers have provided bank guarantees to the distribution company, further reducing the credit risk.

Limits have been set for the investment of surplus liquidity with a number of institutions and counterparties with high credit ratings.

To reduce the credit risk associated with investments, bank guarantees are used in some cases when entering into a contract.

Note 6 **Property, plant and equipment**

(NOKm)	Telecommunications assets	Infrastructure assets	Buildings and land	Machinery, equipment, fixtures and fittings	Construction in progress	Total
At 1 January 2020						
Cost	3 183	29 561	1 934	4 184	1 852	40 714
Accumulated depreciation and impairment	-910	-13 942	-417	-1 905	0	-17 173
Carrying amount at 1 January 2020	**2 273**	**15 619**	**1 517**	**2 279**	**1 852**	**23 540**
2020 financial year						
Carrying amount at 1 January 2020	2 273	15 619	1 517	2 279	1 852	23 540
Prior-year adjustments, cost	0	19	179	-247	-10	-58
Disposals, cost	0	-22	-7	0	0	-28
Additions	340	2 255	23	233	-101	2 750
Retirements	-60	-154	-1	-133	0	-348
Depreciation for the year	-168	-827	-50	-264	0	-1 308
Disposals, accumulated depreciation	0	4	1	0	0	5
Prior-year adjustments, accumulated depreciation	0	-116	3	170	0	57
Retirements, accumulated depreciation	57	153	0	124	0	334
Impairment losses for the year	0	0	0	-8	0	-8
Carrying amount at 31 December 2020	**2 442**	**16 932**	**1 667**	**2 153**	**1 741**	**24 936**
At 31 December 2020						
Cost	3 463	31 660	2 128	4 037	1 741	43 029
Accumulated depreciation and impairment	-1 021	-14 728	-461	-1 884	0	-18 094
Carrying amount at 31 December 2020	**2 442**	**16 932**	**1 667**	**2 153**	**1 741**	**24 936**
2021 financial year						
Carrying amount at 1 January 2021	2 442	16 932	1 667	2 153	1 741	24 936
Prior-year adjustments, cost	0	-33	0	0	0	-33
Acquisitions	0	12	1	0	1	15
Additions	408	1 556	105	151	270	2 491
Retirements	-4	-244	-17	-143	0	-407
Depreciation for the year	-191	-833	-51	-338	0	-1 412
Retirements, accumulated depreciation	2	237	8	142	0	389
Impairment losses for the year	-32	-6	0	0	0	-38
Carrying amount at 31 December 2021	**2 626**	**17 622**	**1 714**	**1 966**	**2 013**	**25 940**
At 31 December 2021						
Cost	3 867	32 952	2 217	4 045	2 013	45 095
Accumulated depreciation and impairment	-1 242	-15 330	-504	-2 079	0	-19 154
Carrying amount at 31 December 2021	**2 626**	**17 622**	**1 714**	**1 966**	**2 013**	**25 940**
Depreciation period (years)	6-25	2.5-10	2-5	7-30		

Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line

The carrying amount of infrastructure assets breaks down into NOK 16 363m (2020: NOK 15 714m) in the Power Distribution business area and NOK 1 259m (2020: NOK 1 218m) in the Bioenergy business area.

The carrying amount of construction in progress breaks down into NOK 1 849m (2020: NOK 1 473m) in the Power Distribution business area, NOK 14m (2020: NOK 78m) in the Bioenergy business area and NOK 150m (2020: NOK 191m) in the Broadband business area.

Capitalised own investment work amounted to NOK 430m (2020: NOK 422m). Capitalised interest on construction loans amounted to NOK 17m (2020: NOK 22m).

Government investment grants from ENOVA totalled NOK 13m (2020: NOK 27m).

Impairment losses were recognised for property, plant and equipment in the Bioenergy and Broadband business areas. Impairment losses for Bioenergy totalled NOK 6m and related to residual values in connection with the start-up of a new district heating plant at Kongsvinger. Impairment losses at Broadband totalled NOK 32m and related to systems and equipment in connection with the migration to Altibox and the planned fibre overbuild of the HFC network.

A number of adjustments were made in 2021 to the depreciation schedule for cables and overhead lines in Elvia's high-voltage and regional network. These changes meant that depreciation was reduced by around NOK 26m.

Note 7 **Leases**

The group has applied IFRS 16 from 1 January 2019. Leases with a significant impact on accounting for lease liabilities and right-of-use assets under the standard are for office premises, power distribution assets and broadband infrastructure.

At the commencement date of a lease, the group as lessee measures the lease liability at the present value of future lease payments. The corresponding right-of-use asset reflects the right to use the underlying asset during the lease term.

Depreciation of right-of-use assets and interest expense on lease liabilities are recognised in profit or loss. Where leases contain non-lease components, the value of the non-lease components is separated out so that they are not included in the amounts recognised in the statement of financial position.

For practical reasons, the group also applies the recognition exemptions for leases ending within 12 months and leases for low-value assets. The group regularly assesses whether options to extend leases will be exercised.

Right-of-use assets are shown on a separate line in the statement of financial position, and lease liabilities are shown on separate lines under non-current and current liabilities.

The group's right-of-use assets are broken down into fibre, power distribution, and property and other assets.

(NOKm)	Fibre assets	Power distribution assets	Property and other assets	Total
At 1 January 2020				
Cost	421	927	131	1 479
Accumulated depreciation and impairment	-25	-13	-20	-58
Carrying amount at 1 January 2020	**396**	**914**	**111**	**1 421**
2020 financial year				
Carrying amount at 1 January 2020	396	914	111	1 421
Prior-year adjustments, cost	361	38	16	416
Additions	9	22	486	517
Retirements	0	0	-26	-26
Depreciation for the year	-25	-52	-48	-125
Additions, accumulated depreciation	0	0	-8	-8
Prior-year adjustments	6	-38	-19	-51
Carrying amount at 31 December 2020	**748**	**884**	**537**	**2 169**
At 31 December 2020				
Cost	791	987	607	2 385
Accumulated depreciation and impairment	-43	-103	-70	-216
Carrying amount at 31 December 2020	**748**	**884**	**537**	**2 169**
2021 financial year				
Carrying amount at 1 January 2021	748	884	538	2 170
Additions	53	648	1	702
Retirements	-48	0	-4	-52
Depreciation for the year	-25	-52	-48	-125
Retirements, accumulated depreciation	0	0	4	4
Carrying amount at 31 December 2021	**727**	**1 480**	**491**	**2 699**
At 31 December 2021				
Cost	795	1 635	605	3 035
Accumulated depreciation and impairment	-68	-155	-113	-337
Carrying amount at 31 December 2021	**727**	**1 480**	**491**	**2 699**

Recognised in profit or loss

(NOKm)	2021	2020
Expense relating to short-term leases and leases for low-value assets	-12	-12
Depreciation of right-of-use assets	-125	-125
Interest expense on lease liabilities	-80	-78
Total	**-216**	**-215**

The total cash outflow related to lease liabilities in 2021 was NOK 200m, breaking down into cash payments of NOK 120m for the principal portion of the lease liability and cash payments of NOK 80m for the interest portion of the lease liability. An agreement was entered into with real estate company Utstillingsplassen during the year on the construction of new office premises, which will significantly increase the right-of-use asset and lease liability in time.

Lease liabilities

(NOKm)	2021	2020
Years 0-1	205	199
Years 2-5	1 111	1 119
After 5 years	2 873	1 907
Total	**4 189**	**3 224**
Effect of discounting	-1 257	-823
Present value of lease payments	**2 932**	**2 401**

Breakdown of present value

(NOKm)	2021	2020
Years 0-1	196	194
Years 2-5	1 017	1 060
After 5 years	1 718	1 147
Total	**2 932**	**2 401**

(NOKm)	Lease liabilities
2020 financial year	
Carrying amount at 1 January 2020	1 657
Additions due to change of lease term	353
New liabilities	507
Repayments for the year	-117
Carrying amount at 31 December 2020	**2 401**
2021 financial year	
Carrying amount at 1 January 2021	2 401
Additions due to change of lease term	641
New liabilities	60
Retirements	-50
Repayments for the year	-120
Carrying amount at 31 December 2021	**2 932**

Note 8 **Intangible assets**

(NOKm)	Difference between nominal and present value of deferred tax in business combinations	Goodwill	Definite intangible assets	Total
At 1 January 2020				
Cost	267	712	111	1 090
Accumulated amortisation and impairment			-38	-38
Carrying amount at 1 January 2020	**267**	**712**	**73**	**1 052**
2020 financial year				
Carrying amount at 1 January 2020	267	712	73	1 052
Additions		2	4	6
Amortisation for the year			-9	-9
Carrying amount at 31 December 2020	**267**	**714**	**68**	**1 049**
At 31 December 2020				
Cost	267	714	115	1 096
Accumulated amortisation and impairment			-47	-47
Carrying amount at 31 December 2020	**267**	**714**	**68**	**1 049**
2021 financial year				
Carrying amount at 1 January 2021	267	714	68	1 049
Prior-year adjustments, cost		-11	23	12
Acquisitions		46	10	57
Amortisation for the year			-9	-9
Prior-year adjustments, accumulated amortisation			-12	-12
Carrying amount at 31 December 2021	**267**	**749**	**81**	**1 097**
At 31 December 2021				
Cost	267	749	149	1 165
Accumulated amortisation and impairment			-68	-68
Carrying amount at 31 December 2021	**267**	**749**	**81**	**1 097**

Impairment testing of intangible and tangible assets
Goodwill and other intangible assets have almost exclusively been acquired in business combinations and have been allocated to the group's cash-generating units in each business. Goodwill and waterfall rights break down by business area as follows:

(NOKm)	2021	2020	2019	2018
Hydropower				
- Goodwill	0	0	0	239
- Waterfall rights	0	0	0	152
Power Distribution	901	901	901	263
Bioenergy	114	73	68	68
Broadband	0	6	10	0
Parent	1	1	0	0
Group	**1 016**	**981**	**980**	**722**

Basis for impairment testing

Carrying amounts are tested for impairment. The recoverable amount of a cash-generating unit is calculated on the basis of the value the asset will have for the business (value in use). In the Bioenergy business area, each district heating plant is treated as a separate cash-generating unit. In the Power Distribution business area, the entire distribution network is treated as a single cash-generating unit. To test the reasonableness of these amounts, comparisons are made with external valuations and multiples for comparable companies in the energy sector.

Key assumptions

The calculations below are based on forecasts approved by management. Cash flows beyond the forecast period are estimated using steady growth rates. Future cash flows are based on a number of assumptions. The group bases its assessments on internal historical data and information, but maximises the use of external observable data where available. Key assumptions for the calculation of value in use in the various business areas are as follows:

Power Distribution

Profitability in this business area is dependent on the revenue cap model, including long-term developments in efficiency, investments, cost of capital and NVE rate of return. Profitability is calculated with a forecast period of 30 years and thereafter an estimated terminal value equal to the present value of NVE capital in 2051. It is assumed that the current revenue cap model is retained up until the terminal year, but that the weighting of standardised costs is increased to 70% from 2023. The calculations assume that efficiency gradually deteriorates from 109% to 108% from 2022 to 2031, and from 108% to 105% over the period from 2032 to 2051.

Bioenergy

The key assumptions for this business area are production volumes, new customer connections, power prices, network charges (including the energy and power components), reinvestments and waste prices. A forecast period of five years has been used, after which cash flows are projected for 50 years without adding a terminal value.

Associates

The factors presented in Note 5 on financial risks result in a wide range of potential outcomes for income from Eidsiva's holding in Hafslund Eco Vannkraft. In terms of value, the shareholding is considered as a whole, and its fair value is still believed to be much higher than its carrying amount.

Discount rates

Discount rates are based on a weighted average cost of capital (WACC) method. The discount rate used is post-tax and reflects the risks specific to the individual asset. The post-tax discount rate ranges from 4.3% to 6.1%.

Impairment losses

No impairment of intangible assets was recognised in 2021. Goodwill arising on mergers and acquisitions has been allocated to specific district heating plants and power distribution assets and is thus included in the impairment testing of each cash-generating unit.

Sensitivity analysis

An increase in the discount rate of half a percentage point after tax, or a reduction in the power price curve of 10%, will not result in the impairment of intangible assets. The same applies to the district heating plants, which are considered independent cash-generating units.

Note 9 **Investments in associates**

(NOKm)	2021	2020
Breakdown of amounts recognised in statement of financial position		
Associates included in operating profit	11 872	11 869
Other associates	10	37
Carrying amount at 31 December	**11 882**	**11 906**
Breakdown of amounts recognised in income, associates included in operating profit		
Associates	602	117
Ordinary profit	**602**	**117**
Share of other comprehensive income	-83	30
Total comprehensive income for the year	**518**	**147**
Breakdown of amounts recognised in income, other associates/joint ventures		
Share of ordinary profit/gains on disposal	9	456
Ordinary profit	**9**	**456**
Total comprehensive income for the year	**9**	**456**

See Note 28 for a list of associates. Investments in associates and investment companies are accounted for using the equity method.

Investments in associates

The table below presents condensed financial information for significant associates included in operating profit.

The figures are taken from the companies' financial statements. Where they have been adjusted to be consistent with the group's accounting policies, this is stated.

There are no contingent liabilities related to the group's investments in associates.

The group has holdings in Hafslund Eco Vannkraft AS, Hafslund Ny Energi AS, Rakkestad Energi AS and Oplandske Bioenergi AS. In the consolidated financial statements, these are accounted for as associates using the equity method and included in operating profit.

Breakdown of associates included in operating profit

2021 (NOKm)	**Hafslund Eco Vannkraft AS**	**Hafslund Ny Energi AS**	**Rakkestad Energi AS**	**Oplandske Bioenergi AS**	**Total**
At 1 January	**11 801**	**17**	**33**	**19**	**11 869**
Additions		34			34
Share of profit	654	-6	2	1	651
Dividends	-548		-3		-551
Deferred income	18				18
Amortisation of fair value adjustments	-67				-67
Other comprehensive income	-83				-83
Prior-year adjustments	1	0	1	0	1
At 31 December	**11 775**	**45**	**32**	**20**	**11 872**

2020 (NOKm)	**Hafslund Eco Vannkraft AS**	**Hafslund Ny Energi AS**	**Rakkestad Energi AS**	**Oplandske Bioenergi AS**	**Total**
At 1 January	**11 996**	**0**	**29**	**18**	**12 044**
Additions		24			24
Share of profit	168	-7	4	1	166
Dividends	-346		-1	0	-347
Deferred income	18				18
Amortisation of fair value adjustments	-67				-67
Other comprehensive income	30				30
Prior-year adjustments	2			0	2
At 31 December	**11 801**	**17**	**33**	**19**	**11 869**

2021 (NOKm)	**Hafslund Eco Vannkraft AS**	**Hafslund Ny Energi AS**	**Rakkestad Energi AS**	**Oplandske Bioenergi AS**
Operating revenue	9 270	8	50	58
Profit after tax	1 527	-16	6	3
Current assets	8 023	12	27	18
Non-current assets	34 045	129	92	130
Current liabilities	6 794	8	17	10
Non-current liabilities	26 418	3	7	84

2020 (NOKm)	Hafslund Eco Vannkraft AS	Hafslund Ny Energi AS	Rakkestad Energi AS	Oplandske Bioenergi AS
Operating revenue	2 722	9	61	46
Profit after tax	392	-19	13	2
Current assets	2 097	-11	36	14
Non-current assets	34 170	63	87	136
Current liabilities	1 696	2	15	10
Non-current liabilities	25 768		11	88

Breakdown of other associates

2021 (NOKm)	Laje Nettservice AS	Other associates	Total
At 1 January	**28**	**9**	**37**
Additions		1	1
Disposals	-28		-28
At 31 December	**0**	**10**	**10**

The sale of Laje Nettservice AS generated a gain of NOK 9m.

2020 (NOKm)	Laje Nettservice AS	Other associates	Total
At 1 January	**11**	**6**	**17**
Additions	0	3	3
Share of profit	3	0	3
Dividends	-3	0	-3
Prior-year adjustments	16	0	16
At 31 December	**28**	**9**	**37**

2021 (NOKm)	Other associates
Operating revenue	28
Profit after tax	2
Current assets	27
Non-current assets	10
Current liabilities	4
Non-current liabilities	3

2020 (NOKm)	Laje Nettservice AS	Other associates
Operating revenue	357	0
Profit after tax	8	0
Current assets	121	20
Non-current assets	11	0
Current liabilities	64	4
Non-current liabilities	2	0

Investments in joint ventures

Eidsiva previously had a 50% interest in electricity retailer Innlandskraft AS. The holding was sold to Fjordkraft in September 2020.

Eidsiva's share of the company's profit for the first half of 2020 was NOK 22m, and this is included along with the gain on the sale of NOK 422m under "Share of profit/gains" in the breakdown of income from other associates and joint ventures above.

(NOKm)	Total 2020
At 1 January	159
Discontinued operations	-161
Share of profit	22
Dividends	-20
At 31 December	**0**

Note 10 **Financial instruments by category**

The following policies have been applied in the measurement of financial instruments in the statement of financial position subsequent to initial recognition. The policies are presented in more detail in Note 2.

(NOKm)	Note	Assets at amortised cost	Total
At 31 December 2021			
Other financial assets	11	2 718	2 718
Trade and other receivables	12	1 852	1 852
Cash and cash equivalents	16	557	557
Total assets		**5 127**	**5 127**

(NOKm)	Note	Financial liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
At 31 December 2021				
Loans	18		14 677	14 677
Trade and other payables	21		2 739	2 739
Lease liabilities	7		2 932	2 932
Derivatives	13	100		100
Total liabilities		**100**	**20 348**	**20 448**

(NOKm)	Note	Assets at amortised cost	Total
At 31 December 2020			
Other financial assets	11	2 373	2 373
Trade and other receivables	12	1 516	1 516
Cash and cash equivalents	16	2 408	2 408
Total assets		**6 297**	**6 297**

(NOKm)	Note	Financial liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
At 31 December 2020				
Loans	18		14 399	14 399
Trade and other payables	21		2 667	2 667
Lease liabilities	7		2 401	2 401
Derivatives	13	146		146
Total liabilities		**146**	**19 466**	**19 612**

Note 11 **Other financial assets**

(NOKm)	2021	2020
Non-current receivables from associates	2 009	2 011
Capital in pension fund	516	289
Other receivables	138	17
Investments in shares etc	56	56
Total other financial assets	**2 718**	**2 373**

Loans to associates, non-current receivables from service purchasers and non-current lending
For more detailed information on financial assets related to associates and joint ventures, see Note 27 "Related parties".

Investments in shares etc

(NOKm)	2021	2020
Unlisted securities:		
- Capital contributions to municipal insurer KLP	47	47
- Other shareholdings	9	9
Total	**56**	**56**

Investments in shares etc are denominated in the following currencies:

(NOKm)	2021	2020
NOK	56	56

(NOKm)	2021	2020
Carrying amount at 1 January	56	47
Additions	0	9
Carrying amount at 31 December	**56**	**56**

Note 12 **Trade and other receivables**

(NOKm)	2021	2020
Trade receivables	468	663
Loss allowances	-24	-21
Trade receivables, net	**444**	**642**
Other receivables	1 409	873
Total trade and other receivables	**1 852**	**1 516**

All trade and other receivables are denominated in NOK. The carrying amounts are equal, or virtually equal, to fair value.

At 31 December 2021, trade receivables of NOK 221m (2020: NOK 136m) were overdue but not considered impaired. These relate to a number of independent customers with no history of default. The age profile of these receivables is as follows:

(NOKm)	2021	2020
Up to three months	178	100
Three to six months	43	14
More than six months	0	21
Total	**221**	**136**

Loss allowances for trade receivables have moved as follows:

(NOKm)	2021	2020
At 1 January	**21**	**27**
Receivables written off during the year	-25	-29
Recovered against receivables previously written off	6	4
New loss allowances recognised during the year	23	19
At 31 December	**24**	**21**

Receivables written off during the year, amounts recovered against receivables previously written off, and changes to loss allowances are recognised in "Other operating expenses" in the statement of profit or loss. Other classes within trade receivables and other receivables did not contain impaired assets. Loss allowances are not recognised for expected credit losses on other receivables as they are not considered material.

Note 13 **Derivatives**

(NOKm)	Note	2021	2020
Liabilities			
Interest swaps		82	94
Total non-current liabilities		**82**	**94**
Interest swaps		18	52
Total current liabilities		**18**	**52**

Note 14 **Fair value of financial assets and liabilities**

Fair value measurement and disclosures by level
The tables below use the following classification:

Level 1: Fair value measurement based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value measurement based on (1) quoted prices in active markets for identical assets with deferred settlement that need to be discounted, (2) directly or indirectly observable prices for identical assets or liabilities in markets that are not active, (3) models that use prices and variables derived entirely from observable markets or transactions, and (4) pricing in active markets of similar but not identical assets or liabilities.

Assets and liabilities measured at fair value at 31 December 2021

(NOKm)	Note	Level 1	Level 2	Total
Financial liabilities at fair value through profit or loss				
Derivatives held for trading	13		100	100
Total			**100**	**100**

Assets and liabilities measured at fair value at 31 December 2020

(NOKm)	Note	Level 1	Level 2	Total
Financial liabilities at fair value through profit or loss				
Derivatives held for trading	13		146	146
Total			**146**	**146**

Instruments with disclosure of fair value only in the notes at 31 December 2021

(NOKm)	Note	Level 1	Level 2	Total
Financial liabilities				
Loans	18		12 686	12 686
Total			**12 686**	**12 686**

Instruments with disclosure of fair value only in the notes at December 2020

(NOKm)	Note	Level 1	Level 2	Total
Financial liabilities				
Loans	18		12 762	12 762
Total			**12 762**	**12 762**

Valuation techniques for Level 2 instruments

Derivatives

The fair value of interest swaps is obtained from trading counterparties and reconciled against expected discounted cash flows.

Loans

The company's loans are measured at amortised cost in the statement of financial position. The fair value of the company's loans is presented in Note 18. The fair value is calculated on the basis of prices for tax purposes from the Norwegian Securities Dealers Association and reconciled against expected discounted cash flows.

Note 15 **Inventories**

(NOKm)	2021	2020
Goods	86	73

Note 16 **Cash and cash equivalents**

(NOKm)	2021	2020
Cash and bank deposits with positive balances within/outside cash pool	557	2 408
Total cash and cash equivalents in the statement of financial position	**557**	**2 408**

Guarantees given totalled NOK 25m. Other restricted funds, including collateral for payment of withholding taxes, totalled NOK 57m (2020: NOK 50m). The group's parent company and its wholly owned subsidiaries are part of a cash pool. Companies participating in the pool have joint and several liability for overdraft balances on the account up to NOK 500m, which is also the overdraft limit. The credit risk is considered to be low.

Note 17 **Share capital and share premium account**

Eidsiva Energi AS's share capital comprises:

(NOKm)	Share capital	Share premium account	Total
At 31 December 2019	1 037	22 767	23 804
At 31 December 2020	1 037	22 767	23 804
At 31 December 2021	1 037	22 767	23 804

Following the transaction with the Hafslund Eco group on 30 September 2019, Eidsiva Energi AS had three shareholders at 31 December 2021. The company has only one class of share. 28 of the 29 municipalities and counties that were previously shareholders in the company have pooled their interests in the company Innlandet Energi Holding AS. Hafslund AS and Åmot municipality are direct shareholders.

Hafslund AS is wholly owned by the Hafslund Eco group.

Ownership restrictions

Under the terms of the shareholder agreement entered into as part of the transaction with Hafslund Eco in 2019, no shareholder may, directly or indirectly, alone or together with other shareholders with which it has an understanding (for example shareholders which have entered into such an agreement, such as the Innlandet municipalities), hold more than 50% of the shares in Eidsiva Energi without the consent of Innlandet Energi Holding and Oslo municipality.

Lock-up period

Under the terms of the shareholder agreement, no shareholder may, directly or indirectly, through the sale of shares, through new issues or in any other way, dispose of any of its shares until the end of 2023. This does not, however, preclude transfers of shares (i) between the shareholders, (ii) in Innlandet Energi Holding between the Innlandet municipalities, including consolidation of shareholdings as a result of the merger of municipalities, or (iii) from Hafslund AS to another company in the Hafslund Eco group, a company owned by Oslo municipality, or Oslo municipality directly, provided that (a) the acquirer accedes to the shareholder agreement and (b) certain other criteria in the shareholder agreement are satisfied.

	2021	2020
Total dividends (NOKm)	1 026	1 049
Dividends per share (NOK)	1.48	1.52

Under the terms of the shareholder agreement, quarterly dividends are to be paid from 2020 onwards. The dividends paid in 2021 comprise dividends paid for the 2020 financial year of NOK 621m and dividends for the first and second quarters of 2021 totalling NOK 405m.

List of shareholders in Eidsiva Energi AS at 31 December 2021:

	No. of shares	Percentage holding
Hafslund AS	345 709 508	50.0%
Innlandet Energi Holding AS	341 600 129	49.4%
Åmot municipality	4 109 379	0.6%
Total number of NOK 1.50 shares	**691 419 016**	**100.0%**

Note 18 **Loans**

(NOKm)	2021	2020
Non-current loans		
Bank loans, variable rate	3 747	4 261
Bonds, fixed rate	5 650	5 550
Bonds, variable rate	3 250	2 650
Loans at subsidiaries	17	20
Total non-current loans	**12 665**	**12 480**
Current loans		
Bank loans, variable rate	1 510	1 313
Bonds, fixed rate	500	0
Bonds, variable rate	0	600
Loans at subsidiaries	2	2
Other current liabilities	1	4
Total current loans	**2 013**	**1 919**
Total loans	**14 677**	**14 399**

Maturity profile of interest-bearing loans:

(NOKm)	2022	2023	2024	2025	2026	2027 on	Total
Amount	2 024	1 219	649	1 329	629	8 826	**14 677**

The first year's repayments on non-current liabilities are classified as current liabilities.

Certificates and bonds at 31 December 2021

ISIN (NOKm)	Ticker	Type	Interest	Maturity	Amount
NO0010736572	EIEN14	Bond	Fixed	27.05.2022	500
NO0010806862	EIEN24 ESG	Bond	Variable	05.10.2023	750
NO0010792849	EIEN23	Bond	Fixed	23.05.2024	500
NO0010737109	EIEN15	Bond	Fixed	27.05.2025	150
NO0010894637	EIEN33 ESG	Bond	Variable	02.10.2025	900
NO0010751274	EIEN19	Bond	Fixed	06.11.2025	150
NO0010866619	EIEN28 ESG	Bond	Fixed	22.10.2026	500
NO0010874472	EIEN30	Bond	Variable	12.02.2027	1 000
NO0010874480	EIEN31	Bond	Fixed	12.08.2027	800
NO0010704414	EIEN11	Bond	Fixed	26.02.2029	500
NO0010866627	EIEN29 ESG	Bond	Fixed	22.10.2029	1 000
NO0010874498	EIEN32	Bond	Fixed	12.02.2030	300
NO0010736580	EIEN16	Bond	Fixed	11.06.2030	150
NO0010894645	EIEN34 ESG	Bond	Fixed	02.10.2030	1 000
NO0011002610	EIEN35 ESG	Bond	Variable	26.05.2028	600
NO0011002628	EIEN36 ESG	Bond	Fixed	26.05.2031	600
Total					**9 400**

Fixed-rate certificates and bonds have an average coupon of 2.58%.

Eidsiva Energi is subject to a negative pledge clause in several of these contracts. Some also require value-adjusted equity of at least 35%. Loans include secured bank loans of NOK 20m (2020: NOK 22m). Bank loans are secured against parts of the group's leasehold interests (NOK 50m) and trade receivables (NOK 1m). Bank guarantees with a nominal value of NOK 25m have been issued in relation to construction and power distribution activities.

Carrying amount and fair value of non-current loans:

	Carrying amount		Fair value	
(NOKm)	2021	2020	2021	2020
Bank loans	3 765	4 280	3 765	4 280
Bonds	8 900	8 200	8 922	8 482
Total	**12 665**	**12 480**	**12 686**	**12 762**

The fair value of current loans is the same as the carrying amount because the effect of discounting is not material. The fair value of non-current loans is calculated on the basis of prices for tax purposes obtained from the Norwegian Securities Dealers Association. The group has one loan of EUR 14m in foreign currency, while all other loans are denominated in NOK.

At 31 December 2021, the group had unused credit facilities of NOK 3 000m (2020: NOK 2 516m).

(NOKm)	2021	2020
Variable rate		
– Expiring in more than one year	7 015	6 930
Fixed rate		
– Expiring in more than one year	5 650	5 550
Total	**12 665**	**12 480**

Changes in liabilities arising from financing activities

(NOKm)	2019	Additions	Disposals	Other	Foreign exchange effects	2020
Non-current loans	8 284	6 300	-5 666	3 572	-10	12 480
Current loans [1]	5 491			-3 572		1 919
Non-current lease liabilities	1 494	860	-117	-31		2 207
Current lease liabilities	163			31		194
Total liabilities arising from financing activities						**16 800**
Interest payable on interest-bearing liabilities						**69**

(NOKm)	2020	Additions	Disposals	Other	Foreign exchange effects	2021
Non-current loans [2]	12 480	2 200	-1 916	-94	-5	12 665
Current loans [1]	1 919			94		2 013
Non-current lease liabilities	2 207	701	-170	-2		2 735
Current lease liabilities	194			2		196
Total liabilities arising from financing activities						**12 665**
Interest payable on interest-bearing liabilities						**79**

[1] The amount stated in the statement of financial position also includes other current liabilities. The foreign exchange effects are included in cash flows from operating activities under "Net finance expense" in Note 26.

[2] Disposals of non-current loans include a change in overdraft balances of NOK 3m.

Note 19 **Deferred tax**

Deferred tax assets and deferred tax liabilities are offset if the group has a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to the same taxation authority. The following amounts have been offset:

.

(NOKm)	2021	2020
Deferred tax assets:		
– Deferred tax assets reversing in more than 12 months	104	143
– Deferred tax assets reversing within 12 months	174	36
Total deferred tax assets	**279**	**179**
Deferred tax liabilities:		
– Deferred tax liabilities reversing in more than 12 months	2 386	2 198
– Deferred tax liabilities payable within 12 months	1	1
Total deferred tax liabilities:	**2 387**	**2 199**
Deferred tax liabilities, net	**2 109**	**2 020**
Change in recognised deferred tax liabilities:		
Carrying amount at 1 January	2 020	1 829
Recognised in other comprehensive income for the period	65	-59
Other prior-year adjustments	0	3
Recognised in profit or loss for the period	24	247
Carrying amount at 31 December	**2 109**	**2 020**

Change in deferred tax assets and liabilities (without offsetting within the same tax regime):

Deferred tax liabilities (NOKm)	**Property, plant and equipment**	**Intangible assets**	**Receivables**	**Other differences**	**Total**
31 December 2019	**1 943**	**16**	**109**	**1**	**2 069**
Recognised in profit or loss for the period	177	-1	-49	-1	127
Accounted for in equity	3	0	0	0	3
31 December 2020	**2 123**	**15**	**60**	**0**	**2 199**
Recognised in profit or loss for the period	141	-1	48	0	188
31 December 2021	**2 264**	**14**	**109**	**0**	**2 387**

Deferred tax assets (NOKm)	**Provisions for liabilities**	**Pension liabilities**	**Other differences**	**Total**
31 December 2019	**6**	**72**	**162**	**240**
Recognised in profit or loss for the period	-2	-46	-72	-120
Recognised in other comprehensive income for the	0	59	0	59
31 December 2020	**5**	**85**	**89**	**179**
Recognised in profit or loss for the period	0	24	141	164
Recognised in other comprehensive income for the	0	-65	0	-65
31 December 2021	**5**	**44**	**230**	**278**

Deferred tax has been calculated using an ordinary tax rate of 22%.

Elvia AS has received decisions from the Norwegian Tax Administration on changes to its assessments for 2016-2018. The decisions concern the tax treatment of costs for replacing electricity meters with new smart meters and have also been applied to the financial statements for 2020 and 2021.

The Tax Appeal Board ruled in May 2021 that the costs must be capitalised. Elvia AS has appealed against the ruling and opened proceedings at Oslo District Court. A judgement is expected in the course of 2022. Revised tax assessments for 2017 and 2018 were received and paid in 2021, the total payment being NOK 186m. In the light of this, a provision has been recognised for a reduction in deferred tax of NOK 103m at 31 December 2021, together with a receivable of NOK 73m for prepaid current tax. The net effect on the tax expense for 2021 is estimated at NOK -3m.

Note 20 **Pensions and similar obligations**

The companies in the group have a number of different (public-sector) occupational pension schemes under the Norwegian Occupational Pensions Act and collective agreements. There has been a managed, gradual transition from defined-benefit plans to defined-contribution plans. From 1 July 2016, all new employees have been covered by one of the existing defined-contribution schemes. Some of the group's employees chose voluntarily to switch from a defined-benefit plan to a defined-contribution plan. In 2021, it was decided to transfer all employees born after 1 January 1963 from a defined-benefit pension to a defined-contribution pension with effect from 1 January 2021. (This decision did not cover Elsikkerhet Norge AS.) The group also has a number of unfunded plans.

The defined-contribution schemes have the following contribution schedule: 6% of salary up to 7.1 G and 18% of salary between 7.1 and 12 G ("G" being the multiplier used in the Norwegian social insurance system). There are also insurance covers, including waiver of contributions in the event of incapacity to work and a disability pension of 3% of salary up to 12 G. There are no employee contributions in the defined-contribution schemes. Employees in the defined-contribution schemes are entitled to a private-sector early retirement pension. At 1 January 2022, 960 of the group's employees were included in one of the defined-contribution schemes.

In connection with the decision to transfer employees to defined-contribution pensions, a private-sector early retirement pension was set up for those born in 1963, 1964 and 1965 who are at risk of losing their previous early retirement rights under the defined-benefit scheme. This applied to 61 employees at 1 January 2022. The service cost for this scheme was expensed in 2021.

The defined-benefit schemes are funded partly through a multi-employer occupational pension scheme at municipal insurer KLP, and partly through a separate pension fund, both of which give employees rights to defined future benefits. Employee contributions vary from 0% to 3.8%. Employees in the defined-benefit schemes are entitled to a public-sector early retirement pension. At 1 January 2022, 187 of the group's employees were included in one of the defined-benefit schemes. These schemes also covered 1 653 pensioners and a number of members with deferred rights.

The actuarial calculations of pension expense and pension liability for the defined-benefit schemes have been carried out partly by an actuary linked to the pension provider, and partly by an independent actuary, and present the group's proportionate share of defined-benefit pension obligations, plan assets and expenses relating to the pension scheme. The economic assumptions applied for the likes of wage growth, discount rate and rate of return have been assessed against the recommended pension assumptions published by the Norwegian Accounting Standards Board.

The amounts presented for defined-benefit plans in the financial statements have been calculated as follows:

(NOKm)	31.12.2021	31.12.2020
Present value of funded obligations	3 784	3 820
Fair value of plan assets	-4 256	-3 777
Underfunding (overfunding) of funded plans	-472	43
Present value of unfunded plans	155	55
Pension liability recognised	**-317**	**98**

Changes in the net pension liability during the year have been calculated as follows:

(NOKm)	Present value of liability	Fair value of plan assets	Total
Pension liability at 1 January 2020	**3 593**	**-3 748**	**-156**
Service cost for the year including employer contributions	57		57
Interest expense (income)	81	-85	-4
Administration expenses		6	6
Total pension expense	**138**	**-79**	**59**
Impact of recalculation:			
- Actual return on assets in relation to interest income recognised		-56	-56
– Other experience adjustments	325		325
Total	**325**	**-56**	**269**
Payments to/from plans:			
- From employer		-47	-47
– From employees		-7	-7
– Benefits paid	-161	161	0
– Employer contributions	-21		-21
Net payments to/from plans	**-182**	**108**	**-74**
Pension liability at 31 December 2020	**3 873**	**-3 775**	**98**
Service cost for the year including employer contributions	36		36
Interest expense (income)	57	-56	1
Plan amendments	18		18
Administration expenses		5	5
Total pension expense	**111**	**-51**	**60**
Impact of recalculation:			
- Actual return on assets in relation to interest income recognised		-438	-438
– Other experience adjustments	151		151
Total	**151**	**-438**	**-287**
Payments to/from plans:			
- From employer		-161	-161
– From employees		-3	-3
– Benefits paid	-174	174	0
– Employer contributions	-22		-22
Net payments to/from plans	**-196**	**9**	**-187**
Net pension liability at 31 December 2021	**3 939**	**-4 256**	**-317**
Of which:			
Overfunded scheme reclassified to non-current receivables (Note 11)			**516**
Pension liability			**199**

Pension expense in the statement of profit or loss:

(NOKm)	2021	2020
Pension expense, defined-benefit schemes	60	57
Pension expense, defined-contribution schemes, including employer contributions	57	32
Total pension expense included in payroll expenses (Note 22)	**117**	**90**

Accumulated actuarial gains/losses included in pension liability:

(NOKm)	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Accumulated actuarial gains/losses	-120	167	-102	32

Actuarial assumptions applied: [1]	01.01.2022	01.01.2021	01.01.2020
Discount rate	1.70%	1.50%	2.30%
Return on plan assets	1.70%	1.50%	2.30%
Annual wage growth	2.50%	2.00%	2.25%
Annual increase in pensions	1.48%	0.99%	1.23%
Annual increase in social insurance multiplier (G)	2.25%	1.75%	2.00%

[1] The assumptions shown for the two most recent years have been used to calculate the fair value of the pension liability and plan assets in those years, whereas the assumptions shown for the two earliest years have been used to calculate pension expense for those same years.

Sensitivity of the calculations of gross pension liability to changes in weighted assumptions:	Change in assumption	Increase in liability	Decrease in liability
Discount rate	0.5pp	-7.7%	8.8%
Wage growth	0.5pp	1.2%	-1.2%

The table presents sensitivity based on historical data from our pension provider for the group pension scheme to which we belong. The sensitivity analysis above is based on changes to one of the assumptions, with other assumptions kept constant. In practice, this is unlikely to happen, as some assumptions will be correlated.

Breakdown of plan assets at 31 December:	2021	2020
Interest-bearing instruments	54%	63%
Real estate	13%	13%
Equity instruments	34%	24%
Total	**100%**	**100%**

The recognised (realised) return on assets was 8.7% in 2021, 5.9% in 2020, 4.5% in 2019, 3.5% in 2018 and 3.9% in 2017.

Note 21 **Trade payables and other current liabilities**

(NOKm)	2021	2020
Trade payables	819	421
Taxes and withholding taxes	848	1 154
Holiday pay and provisions for salaries	138	131
Other accrued expenses and other non-current liabilities	934	961
Total	**2 739**	**2 667**

Note 22 **Personnel expenses**

(NOKm)	2021	2020
Wages and salaries	898	829
Employer contributions	122	113
Pension expense, defined-contribution and defined-benefit plans (Note 20)	117	90
Other personnel expenses	14	37
Total payroll expenses	**1 152**	**1 068**
Full-time equivalents at 31 December	1 147	1 147
Average full-time equivalents	1 147	1 143

Auditors – breakdown of fees

(NOK thousands)	2021	2020
Statutory audit	2 533	2 378
Other assurance services	152	163
Tax advice	258	192
Other advisory services	366	1 486
Total	**3 309**	**4 219**

The Eidsiva group changed auditor in 2021. Of the fees above, NOK 1 896 thousand concerns work carried out by the previous auditor.

Remuneration of senior officers in 2021

Remuneration of the board and senior management

Board (NOK thousands)		Fees 2021
Pål Egil Rønn	Chair	421
Finn Bjørn Ruyter [1)]	Deputy Chair	278
Monica Haugan	Director	258
Øystein Løseth	Director (from May 2021)	145
Toril Benum [1)]	Director	237
Heidi Ulmo [1)]	Director	236
Martin Lutnæs	Employee representative	236
Alf Inge Thunheim	Employee representative	222
Per Luneborg	Employee representative	218
John Renngård	Employee representative	222
Tomas Holmestad	Director (until May 2021)	76

[1)] Fees paid to Hafslund Eco AS.

Øystein Løseth was elected to the board during the year, replacing Tomas Holmestad from May 2021. The amounts stated in the table are for the period in which each member sat on the board. The fees paid to the board include fees for participating in the audit committee, the employee safety and ethics committee, and the remuneration and leadership development committee. The members of the committees are elected by and from the members of the board.

Remuneration of the Group CEO and other group management

The Group CEO's remuneration is determined by the board. The remuneration of other members of the group management team is determined by the Group CEO.

Remuneration is based on the group's executive remuneration policy. The key principles are "market-based, not market-leading", "performance-motivating" and "understandable and acceptable". With the exception of the Group CEO and the current CEO of Elvia, all members of the group management team were entitled to performance pay over and above their basic salary based on an assessment of their performance against the group's performance management principles for 2021. The former CEO of Elvia was entitled to performance pay of up to 25% of basic salary. The other members of the group management team were entitled to performance pay of up to 10% of basic salary for 2021. From 2022 onwards, individual performance pay has been phased out for all members of the group management team.

November 2021 brought changes to the management of Eidsiva Bioenergi, Eidsiva Bredbånd and Elvia. The salaries and other benefits stated in the table are for the period in which the officer in question held the role at that company.

Members of the group management team have either defined-benefit or defined-contribution pension plans. The amounts stated in the table for the Group CEO, the former CEO of Elvia and the former Chief Organisational Development and Corporate Services Officer are for defined-benefit plans based on 14.4% of salary up to 12 G ("G" being the multiplier used in the Norwegian social insurance system). Service costs over and above 12 G are shown in the text beneath the table. The other amounts shown are the employer's payments into defined-contribution plans.

Group management (NOK thousands)	Position	Salary	Performance pay	Pension	Car (taxable value)	Other
Øistein Andresen	Group CEO	3 045	-	184	131	8
Kristin Lian [1)]	CEO of Elvia until 15 November 2021	2 547	555	184	69	151
Trond Skjellerud	CEO of Eidsiva Bredbånd until 15 November 2021	1 682	125	151	170	6
Trond Skjellerud	CEO of Elvia from 15 November 2021	326		21	34	1
Ola Børke	CEO of Bioenergi until 15 November 2021	1 386	133	119	109	7
Ola Børke	CEO of Eidsiva Bredbånd from 15 November 2021	220		17	22	3
Marit Storvik	CEO of Eidsiva Bioenergi from 15 November 2021	191		22	10	1
Petter Myrvold	Chief Financial Officer	1 699	131	137	118	8
Nils Kristian Myhre	Chief Communications and Regional Development Officer	1 453	119	133	176	8
Anne Mette Askvig	Chief Organisational Development and Corporate Services Officer from 1 June 2021	788		82	27	5
Leif Henning Asla	Chief Organisational Development and Corporate Services Officer until 31 May 2021	680	72	77	52	5

[1)] The column "Car" shows the fixed-rate taxable benefit. The column "Other" includes disability cover, travel allowance, loan benefits, phone and insurance. In the case of the former CEO of Elvia, it also includes the waiver of the outstanding balance of a car loan.

The Group CEO is due to retire at the age of 67 with a pension of 66% of ordinary salary. This pension is to be co-ordinated with other pension arrangements. In the event of termination before the age of 62, pension benefits are to be calculated on a straight-line basis from zero on starting to 16 G on reaching the age of 62. In the event of termination at the age of 62, the pension will be 16 G. In the event of termination after the age of 62 but before the age of 67, pension benefits are to be calculated on a straight-line basis between 16 G and the full pension at 67. A supplementary pension from the age of 67 which is not covered by the group's pension scheme resulted in additional expense of NOK 3m in 2021 (2020: NOK 2.7m). No bonus or profit-sharing agreements have been entered into with the Group CEO. The Group CEO has a notice period of six months and is entitled to 12 months' severance pay in addition to the notice period where employment is terminated by the company, or by the CEO as a result of significant changes in the company's ownership structure or previously agreed main strategy. This right to severance pay applies until the age of 62.

The other members of the group management team have notice periods of three and six months. None has any agreement on severance benefits beyond the notice period.

The former Chief Organisational Development and Corporate Services Officer has a defined-benefit pension plan paying 66% of final salary limited to an amount rising to 16 G with retirement after the age of 65, and a survivor pension amounting to 39.6% of the pension base. The additional expense for pension benefits between 12 G and 16 G not covered by the group's funded pension scheme up until June 2021 was NOK 80 000 (2020: NOK 92 000). Benefits under this unfunded plan are earned from joining at a rate of 1/30 per year.

The former CEO of Elvia had an ordinary public-sector occupational pension. She also had a disability pension of 66% of salary between 12 and 30 G. The additional expense above 12 G in 2021 was NOK 42 000.

Members of the group management team with defined-contribution pensions have a pension base limited to 12 G. The

CEO of Eidsiva Bredbånd has an individual agreement on a supplementary pension with contributions of 8% of salary between 7.1 and 12 G in addition to the company's ordinary defined-contribution scheme.

The former CEO of Elvia had an interest-free loan with a ten-year repayment period. The outstanding balance of NOK 85 000 was waived on the termination of her employment. The loan was secured against real estate. No loans/security have been issued for the Group CEO, Chair or other members of the group management team or other non-corporate related parties.

Remuneration of senior officers in 2020

Remuneration of the board and senior management

Board (NOK thousands)		Fees 2020
Pål Egil Rønn	Chair	421
Finn Bjørn Ruyter [1]	Deputy Chair	262
Monica Haugan	Director	259
Tomas Holmestad	Director	230
Toril Benum [1]	Director (from May 2020)	209
Heidi Ulmo [1]	Director	235
Martin Lutnæs	Employee representative	235
Alf Inge Thunheim	Employee representative	213
Per Luneborg	Employee representative	209
John Renngård	Employee representative	218
Alexandra B. Gjørv	Director (until May 2020)	43

[1] Fees paid to Hafslund Eco AS.

The transaction with Hafslund Eco resulted in changes to the composition of the board in 2019. The amounts stated in the table are for the period in which each member sat on the board. The fees paid to the board include fees for participating in the audit committee, the employee safety and ethics committee, and the remuneration and leadership development committee. The members of the committees are elected by and from the members of the board.

Remuneration of the Group CEO and other group management

The same pay rules, executive remuneration policy and terms applied in 2020 as presented for 2021. The only changes are that the pension expense for executives with a defined-benefit pension in the table below is calculated at a rate of 13.8% for 2020. In addition, the Chief Communication and Regional Development Officer has switched to an ordinary defined-contribution pension plan.

Group management (NOK thousands)	Position	Salary	Performance pay	Pension	Car (taxable value)	Other
Øistein Andresen	Group CEO	2 982	-	167	131	8
Kristin Lian [1]	CEO of Elvia	2 734	442	167	75	73
Ola Børke	CEO of Eidsiva Bioenergi	1 442	114	132	131	8
Trond Skjellerud	CEO of Eidsiva Bredbånd	1 787	158	180	139	6
Leif Henning Asla	Chief Financial Officer	1 469	122	167	125	12
Petter Myrvold	Chief Corporate Development Officer	1 519	119	130	117	8

Nils Kristian Myhre	Chief Communication and Community Officer	1 291	99	167	185	8
Cecilie D. Nyland	Chief Human Resources and Health & Safety Officer (until 29 February)	346	50	48	11	1

[1)] The column “Car” shows the fixed-rate taxable benefit. The column “Other” includes disability cover, travel allowance, loan benefits, phone and insurance.

Note 23 **Auditors' fees**

(NOK thousands)	2021	2020
Statutory audit	2 533	2 378
Other assurance services	152	163
Tax advice	258	192
Other advisory services	366	1 486
Total	**3 309**	**4 219**

Note 24 **Other gains/losses, net finance expense**

2021 (NOKm)	**Financial instruments at fair value through profit or loss**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Other**	**Total**
Interest swaps – loans	46				46
Total other gains/losses	**46**				**46**
Interest expense, loans			-427		-427
Other finance expense				-3	-3
Total finance expense			**-427**	**-3**	**-429**
Interest income		129			129
Foreign exchange effect			5		5
Total finance income		**129**	**5**		**134**
Net finance expense		**129**	**-422**	**-3**	**-295**

2020 (NOKm)	**Financial instruments at fair value through profit or loss**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Other**	**Total**
Change in value of equities	-3				-3
Interest swaps – loans	-5				-5
Total other gains/losses	**-8**				**-8**
Interest expense, loans			-439		-439
Foreign exchange effect			-10		-10
Other finance expense				-7	-7
Total finance expense			**-449**	**-7**	**-456**
Interest income		135			135
Total finance income		**135**			**135**
Net finance expense		**135**	**-449**	**-7**	**-321**

Note 25 **Tax expense**

(NOKm)	2021	2020
Current tax	-23	42
Deferred tax (Note 19)	24	247
Total tax expense	**1**	**289**

The tax on the group's profit before tax differs from the amount that would have resulted from applying the group's weighted average tax rate. This difference can be explained as follows:

(NOKm)	2021	2020
Profit before tax	**633**	**1887**
Tax at expected average tax rate (22% in both years)	139	415
Profit/loss at partly owned entities	-134	-126
Other factors	-4	0
Tax expense	**1**	**289**
Average tax rate	0%	15%

Note 26 **Cash generated from operations**

(NOKm)	Note	2021	2020
Profit before tax		633	1 887
Adjustments for:			
Change in pension liability		-134	4
Depreciation and amortisation	6, 8	1 584	1 451
Gains/losses on disposal of property, plant and equipment		4	-1
Gains on sale of assets, discontinued operations		-	-453
Change in unrealised gains/losses on derivatives	13	-46	5
Change in unrealised gains/losses on other financial assets measured at fair value through profit or loss		-	1
Net finance expense	24	295	321
Income from investments in associates	9	-611	-120
Change in working capital and other changes		100	-193
Cash generated from operations		**1 825**	**2 901**
Income from sales of property, plant and equipment in the statement of cash flows comprises:			
Carrying amount		18	0
Gains/losses on disposal of property, plant and equipment		-4	1
Consideration from disposal of property, plant and equipment		**14**	**1**

Note 27 **Related parties**

All subsidiaries, associates and joint ventures listed in Note 28 are considered related parties of Eidsiva Energi. The group's board and management are also defined as related parties. Further information on payments to these officers is presented in Note 22.

Shareholders

The group's shareholders have agreements on the supply of power distribution services and, in some cases, purchases of power and district heating. These agreements have been entered into on market terms.

Subsidiaries

Eidsiva Energi AS is the parent company and has direct or indirect control over 16 companies. Directly and indirectly owned subsidiaries are listed in Note 28. Activity in the group is reported in the segment information in Note 4. Transactions with subsidiaries are eliminated in the consolidated financial statements and do not constitute transactions with related parties.

Associates

Eidsiva has holdings in the associates listed in Note 28. Sales of services to these associates amounted to NOK 6m (2020: NOK 19m).

The group generates revenue from the sale and distribution of power to associates. These transactions are on normal commercial terms, and details of the transactions are not included in the notes.

(NOKm)	2021	2020
Non-current loan to Hafslund Eco Vannkraft Innlandet AS	1 917	1 917
Interest accrued but not overdue on loan to Hafslund Eco Vannkraft Innlandet AS	92	94

There have been no other material transactions with related parties.

Note 28 **Consolidated entities**

The consolidated financial statements cover the parent company Eidsiva Energi AS and the following subsidiaries, joint ventures and associates, which are presented by business area.

Company name	Registered office	Percentage of shares and votes
The following subsidiaries are part of the group:		
Power Distribution		
Elvia AS	Hamar	100%
Growth		
Eidsiva Vekst AS	Gjøvik	100%
Elsikkerhet Norge AS	Hamar	68.0%
Bioenergy		
Eidsiva Bioenergi AS	Gjøvik	100%
Trysil Fjernvarme AS	Trysil	65.0%
Lena Fjernvarme AS	Østre Toten	51.0%
Broadband		
Eidsiva Bredbånd AS	Lillehammer	90.1%
Eidsiva Fiberinvest AS	Lillehammer	100%
Heggvin Utvikling AS	Hamar	100%
Vardal Utvikling AS	Hamar	100%
Associates included in operating profit:		
Hafslund Eco Vannkraft AS	Oslo	42.8%
Hafslund Ny Energi AS	Oslo	35.0%
Rakkestad Energi AS	Rakkestad	33.0%
Oplandske Bioenergi AS	Gjøvik	36.1%
Svalun AS	Hamar	33.3%
Other associates		
Prevent Systems AS	Lillehammer	20.0%
Celtic Norse AS	Steinkjer	33.3%

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Eidsiva Energi AS

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Parent company statement of profit or loss

(NOKm)	Note	2021	2020
Operating revenue	11	**124**	**151**
Payroll expenses	2, 13	-93	-89
Depreciation, amortisation and impairment	4, 5	-16	-16
Other gains/losses, net	8	46	-5
Other operating expenses	11	-116	-92
Total operating expenses		**-179**	**-202**
Operating loss		**-55**	**-51**
Finance income and expense			
Income from investments in subsidiaries	6	315	572
Income from investments in associates and joint ventures	6	570	772
Interest income from companies in the same group		44	73
Other interest income		26	32
Other finance income	14	100	114
Other interest expense		-348	-375
Other finance expense	14	-4	-30
Net finance income		**705**	**1 157**
Profit before tax		**650**	**1 106**
Tax on ordinary profit	3	-22	-78
Profit after tax		**628**	**1 028**
Profit for the year		**628**	**1 028**
Treatment of the profit for the year:			
Dividends paid or provided for		758	1 020
Transferred to/from retained earnings		-130	8
Total		**628**	**1 028**
Comprehensive income			
Profit for the year		628	1 028
Actuarial gains/losses after tax	13	20	-16
Total other income or expense that will not be reclassified to profit or loss		**20**	**-16**
Total comprehensive income for the year		**648**	**1 012**

Parent company statement of financial position

Assets (NOKm)	Note	31.12.2021	31.12.2020
Non-current assets			
Intangible assets			
Deferred tax assets	3	41	52
Total intangible assets		**41**	**52**
Property, plant and equipment	4	**20**	**22**
Right-of-use assets	5	**19**	**38**
Financial fixed assets			
Investments in subsidiaries	6	28 081	27 912
Investments in shares etc	6, 7, 9	15 026	15 006
Non-current receivables from group companies	7, 11	4 900	5 879
Other non-current receivables	7	2 131	1
Total financial fixed assets		**50 137**	**48 798**
Total non-current assets		**50 217**	**48 909**
Current assets			
Receivables			
Trade receivables	7, 11	0	87
Other receivables	7, 11	505	612
Total receivables		**505**	**699**
Bank deposits	7, 10	**36**	**1 605**
Total current assets		**541**	**2 304**
Total assets		**50 758**	**51 214**

Equity and liabilities (NOKm)	Note	31.12.2021	31.12.2020
Equity			
Contributed equity			
Share capital		1 037	1 037
Share premium account		22 767	22 767
Total contributed equity		**23 804**	**23 804**
Earned equity			
Retained earnings		10 609	10 719
Total earned equity		**10 609**	**10 719**
Total equity	12	**34 412**	**34 523**
Liabilities			
Provisions for liabilities			
Pensions	13	66	95
Derivatives	7, 9	82	94
Total provisions for liabilities		**148**	**189**
Non-current lease liabilities	5	**11**	**30**
Other non-current liabilities			
Bonds	7, 15, 16	9 400	8 200
Payable to credit institutions	7, 15, 16	3 247	4 261
Total other non-current liabilities		**12 647**	**12 461**
Current liabilities			
Current loans	7, 11, 15, 16	2 010	1 913
Current lease liabilities	5	11	10
Trade payables	7	2	3
Tax payable	3	0	4
Group contributions payable		186	86
Dividends payable		353	621
Taxes and duties payable		4	5
Derivatives	7, 9	18	52
Other current liabilities	7, 11	957	1 319
Total current liabilities		**3 539**	**4 011**
Total liabilities		**16 345**	**16 691**
Total equity and liabilities		**50 758**	**51 214**

Hamar, 23. mars 2022
Styret i Eidsiva Energi AS

Pål Egil Rønn Styreleder	Finn Bjørn Ruyter Styrets nestleder	Øystein Løseth
Monica Haugan	Heidi Ulmo	Toril Benum
John Renngård	Per Luneborg	Alf Inge Tunheim
Martin Lutnæs		Øistein Andresen Konsernsjef

Parent company statement of cash flows

(NOKm)	Note	2021	2020
Operating activities			
Profit before tax		650	1 106
Adjustments for:			
- Ordinary depreciation, amortisation and impairment	4, 5	16	16
- Gains/losses on disposal of shares	6	-22	-406
- Income from investments in subsidiaries	6	-863	-941
- Change in value of financial assets and liabilities		-46	5
- Change in pension liability recognised in ordinary profit or loss		-4	2
- Change in unrealised foreign exchange gains/losses		-5	10
Change in trade receivables and payables		102	-75
Change in other accruals		-57	-515
Taxes paid		-4	0
Net cash flows from operating activities		**-232**	**-797**
Investing activities			
Purchase of property, plant and equipment	4	-5	-7
Purchase of shares etc		-155	-27
Sale of shares etc		36	584
Dividends received from subsidiaries and associates		380	369
Payments received on non-current receivables		0	282
Payments made on non-current receivables		94	-1
Payments made on intragroup loans		-1 032	0
Net cash flows from investing activities		**-682**	**1 200**
Financing activities			
New non-current liabilities and overdrafts	15	2 200	6 300
Change in financing of group companies through cash pool		90	1 062
Repayments on non-current loans and other liabilities	15	-1 919	-5 674
Dividends paid		-1 026	-1 049
Net cash flows from financing activities		**-655**	**639**
Net change in cash and cash equivalents		**-1 569**	**1 042**
Bank deposits at 1 January		1 605	563
Bank deposits at 31 December		**36**	**1 605**
Cash at 31 December		36	1 605
Unused revolving credit facilities		2 500	2 000
Unused overdraft facilities		500	500

Notes to the financial statements

Note 1 **Accounting policies**

Eidsiva Energi AS is a limited company registered in Norway and has its headquarters at Vangsveien 73, 2307 Hamar.

The parent company financial statements have been prepared in accordance with Section 3-9 of the Norwegian Accounting Act and the regulations on simplified IFRS issued by the Norwegian Ministry of Finance on 7 February 2022. This means that, in essence, recognition and measurement comply with International Financial Reporting Standards (IFRS) and that the presentation and notes comply with Norwegian accounting law and generally accepted accounting practice.

The annual financial statements were approved by the company's board on 23 March 2022.

Eidsiva Energi AS is the parent company in the Eidsiva Energi group. The consolidated financial statements for the Eidsiva Energi group have been prepared fully in accordance with IFRS as adopted by the EU.

1.1 Simplified IFRS

The company has applied the following simplifications of the recognition and measurement rules in IFRS:

- Contrary to IFRS 1 paragraph 7, investments in subsidiaries and associates continue to be carried at cost.
- Contrary to IAS 10 paragraphs 12 and 13, dividends and group contributions are accounted for as set out in the Norwegian Accounting Act.
- Contrary to IAS 16 section 43, the same decomposition of assets has been used in the parent company financial statements as in the consolidated financial statements.

1.2 Basis of preparation of the annual financial statements

The parent company financial statements have been prepared on a historical cost basis with the following exceptions:

- Financial assets held for trading and financial derivatives are measured at fair value through profit or loss.
- Financial assets which are equity instruments and are not classified as a subsidiary or associate are measured at fair value through profit or loss.

1.3 Use of estimates in the preparation of the annual financial statements

Management has used estimates and assumptions that have affected the carrying amounts of assets, liabilities, revenue and expenses and disclosures on contingent liabilities. This applies particularly to the depreciation of property, plant and equipment, pension obligations and derivatives. Future events may mean that these estimates change. Estimates and the underlying assumptions are evaluated regularly. The effects of changes in accounting estimates are recognised in the period in which the changes are made. Where the changes also affect future periods, the effects are spread across the current period and future periods.

1.4 Foreign exchange

The parent company financial statements are presented in NOK, which is both the functional currency and the presentation currency of the company. Transactions in foreign currency are translated into NOK at the exchange rate at the transaction date. Monetary items in foreign currency are translated into NOK using the exchange rate at the reporting date. Exchange differences are recognised in the period in which they arise.

1.5 Revenue recognition

Revenue from the sale of goods and services is measured at the fair value of the consideration net of value-added tax, discounts and refunds.

Operating revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer, at the amount expected to be received for the goods or services.

(a) Sales of services

Operating revenue reflects the earned value of services, which are primarily provided to other companies in the group.

(b) Interest income

Interest income is recognised proportionally over time using the effective interest method. Income from investments is included in finance income.

(c) Dividends and group contributions

Dividends and group tax-equalisation contributions from subsidiaries are recognised in profit or loss in the year in which the subsidiary makes a provision for the dividend/contribution. This applies whether or not the dividend or contribution relates to earnings generated during the parent company's period of ownership. Such a payout may result in a need for impairment testing.

Dividends from other companies are recognised in profit or loss when the shareholder's right to receive the dividend is decided by the general meeting. Dividends and group contributions are presented under finance income.

Group contributions paid to subsidiaries increase the carrying amount of the investment. Group contributions paid are reported net (after tax). Non-controlling interests' share of group contributions paid to subsidiaries is classified as a distribution of profit.

1.6 Property, plant and equipment

Property, plant and equipment are carried at cost less depreciation. Cost includes costs directly related to the acquisition of the asset. Subsequent costs are added to the asset's carrying amount or capitalised separately where it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably. The carrying amount of replaced parts is recognised in profit or loss. Other repair and maintenance costs are expensed in the period in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis such that the cost of the assets is written off over their expected useful lives:

Vehicles	8 years
Fixtures and fittings	3-12 years
Building improvements	5-10 years
Holiday homes and art	Not depreciated

The useful life and residual value of assets are assessed at each reporting date and adjusted where necessary. Where the carrying amount of an asset is higher than the estimated recoverable amount, it is written down to the recoverable amount.

Gains and losses on disposals are recognised in profit or loss and consist of the difference between the selling price and the carrying amount.

1.7 Investments in associates and joint ventures

Subsidiaries are all entities over which the company has control. Control over an entity arises when the company is exposed to variable returns from the entity and has the ability to affect those returns through its power over the entity.

Shares in subsidiaries are carried at cost less any impairment.

Associates are entities where the company has significant influence but not control. Significant influence exists where the company holds between 20% and 50% of the voting capital. These investments are carried at cost less any impairment losses.

1.8 Financial assets

Under IFRS 9, financial assets are to be classified into three measurement categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost. This classification is based on whether the instruments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and whether the contractual cash flows are solely payments of principal and interest on specified dates.

1.9 Financial liabilities

The company measures most financial liabilities at amortised cost. Financial liabilities measured at amortised cost are liabilities that are not classified as financial instruments at fair value through profit or loss.

Financial liabilities are measured at fair value when paid out, net of transaction costs. In subsequent periods, they are carried at amortised cost using the effective interest method. The difference between the initial amount paid out and the amount repayable on maturity is amortised over the life of the loan as part of the effective interest. The interest element is disregarded if it is insignificant. Financial liabilities are classified as current liabilities unless there is an unconditional right to defer payment of the debt for more than 12 months from the reporting date.

1.10 Impairment of financial assets measured at amortised cost

Where financial assets are measured at amortised cost, a loss allowance is recognised for expected credit losses. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at each subsequent reporting date at an amount equal to 12-month expected credit losses, i.e. losses expected to occur over the lifetime of the asset but linked to events within the first 12 months. If the financial instrument's credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to expected credit losses over its lifetime. Trade receivables are measured on the basis of lifetime expected credit losses. Cumulative changes in lifetime expected credit losses are recognised in profit or loss at each reporting date as a gain or loss.

1.11 Trade receivables

Trade receivables arise on the sale of goods or services that are part of the ordinary operating cycle. They are measured at fair value on initial recognition and subsequently at amortised cost using the effective interest method less loss allowances. The interest element is disregarded if it is insignificant. The main rule is that if settlement is expected within a year, receivables are classified as current assets. If this is not the case, they are classified as non-current assets.

1.12 Bank deposits, cash etc

Cash and cash equivalents comprise cash, bank deposits and other short-term, readily convertible investments with a maximum original maturity of three months.

The statement of cash flows been prepared using the indirect method and shows cash flows from operating, investing and financing activities to explain the period's change in bank deposits.

1.13 Equity

Costs directly related to the issuance of new shares, net of tax, are recognised in equity as a reduction in the consideration received.

1.14 Pensions and other employee benefits

(a) Pension obligations

The company has a group pension scheme providing defined benefits. The recognised liability for defined-benefit plans is the present value of the defined benefits considered to have been accumulated at the reporting date less the fair value of plan assets.

These plans are funded through payments to a life insurer, with the exception of a few unfunded plans.

In a defined-benefit pension plan, the employee receives a pre-determined pension benefit on retirement. The size of this benefit is normally dependent on one or more factors, such as age, years of service, life expectancy adjustments, and salary. With full accumulation, the company pays a pension of 66% of final salary, subject to life expectancy adjustments.

Improvements, curtailments and other changes to existing defined-benefit plans also result in changes to defined-benefit obligations. Where an improvement has been earned at the reporting date, it is expensed immediately. Where new schemes or changes to existing schemes are introduced with retroactive effect, such that employees immediately have a vested entitlement, this is recognised immediately in profit or loss. Gains and losses relating to curtailments and withdrawals of pension plans are recognised in profit or loss as they occur. Plan assets are measured at fair value and deducted from the pension liability in the statement of financial position. Changes to defined-benefit obligations as a result of changes and adjustments to actuarial assumptions (actuarial gains and losses) are recognised directly in other comprehensive income.

The company introduced defined-contribution pensions for all new employees from 1 July 2016 and closed its defined-benefit pension scheme. With a defined-contribution pension, a fixed contribution is paid to a fund where the company has no legal or constructive obligation to pay further contributions. No further liability is therefore recognised in the financial statements. Contributions are recognised in profit or loss under personnel expenses as they are incurred.

(b) Termination benefits

Termination benefits are payable when the employment relationship is terminated by the company before normal retirement age or when employees agree voluntarily to downsizing in return for benefits. The company recognises termination benefits at the earlier of the following dates: a) when the offer of termination benefits can no longer be withdrawn; and b) when the company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In cases where the offer of termination benefits is made to encourage voluntary redundancy, the obligation is measured on the basis of the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the reporting date are discounted to present value.

1.15 Trade payables

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Trade payables are measured at fair value on initial recognition and subsequently at amortised cost using the effective interest method. If the interest element is insignificant, it is disregarded. The main rule is that trade payables are classified as current liabilities if they fall due within a year. If this is not the case, they are classified as non-current liabilities.

1.16 Current and deferred income tax

Tax expense consists of current tax and changes in deferred tax. Tax is recognised in profit or loss unless it relates to items accounted for in other comprehensive income or directly in equity. Where this is the case, the tax is also accounted for in other comprehensive income or directly in equity. Deferred tax is calculated on all differences between the tax bases and carrying amounts of assets and liabilities.

Deferred tax assets are recognised where it is probable that the company will generate sufficient taxable profits in future periods for the asset to be utilised. The company will recognise previously unrecognised deferred tax assets if it becomes probable that the company will be able to utilise them. Similarly, the company will reduce deferred tax assets if the company no longer considers it probable that it will be able to utilise them.

Deferred tax assets and liabilities on temporary differences are calculated in accordance with Norwegian tax laws and rules enacted or substantively enacted by the end of the reporting period in which the temporary difference arises.

Deferred tax assets and liabilities are carried at nominal value and classified as intangible assets or non-current liabilities. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities.

Current tax and deferred tax are accounted for directly in equity to the extent that the tax items relate to equity transactions.

1.17 Other provisions

A provision is recognised where the company has a legal or constructive obligation arising from past events, it is probable that an outflow of economic resources will be required to settle the obligation, and a sufficiently reliable estimate can be made of the amount of the obligation. If the effect is considerable, the provision is calculated by discounting expected future cash flows using a discount rate before tax that reflects market pricing of the time value of money and, where relevant, the risks specific to the liability.

1.18 Leases

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company's leases relate primarily to office premises and vehicles.

At the commencement date, the company recognises a lease liability and a corresponding right-of-use asset for all leases with the following exceptions:

- Short-term leases (term of 12 months or less)
- Assets of low value

For these leases, the company recognises lease payments in the statement of profit or loss under "Other operating expenses" as they are incurred.

The company measures lease liabilities at the commencement date at the present value of lease payments that are not paid at that date. The lease term is the non-cancellable period of the contract plus any periods covered by an option to extend the lease if the company is reasonably certain to exercise that option, or an option to terminate the lease if the company is reasonably certain not to exercise that option.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any amounts receivable in the form of lease incentives
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- The exercise price of a purchase option if the company is reasonably certain to exercise that option

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect changes to lease payments resulting from a change in the index or rate used.

The company presents its lease liabilities on separate lines in the statement of financial position.

The company measures right-of-use assets at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The cost of right-of-use assets comprises:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs for obtaining the lease incurred by the company

The company applies the depreciation requirements in IAS 16 "Property, plant and equipment" in depreciating right-of-use assets, except that the asset is depreciated from the commencement date until the earlier of the end of the lease term and the end of the asset's useful life.

The company applies IAS 36 "Impairment of assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Note 2 **Payroll expenses, employees, fees etc**

(NOKm)	2021	2020
Wages and salaries	64	59
Employer contributions	12	10
Pension expense (Note 13)	17	14
Other benefits	0	6
Total payroll expenses	**93**	**89**
Number of employees (full-time equivalents)	71	76

Auditors – breakdown of fees

(NOK thousands)	2021	2020
Statutory audit	691	802
Tax advice	22	68
Other advisory services	141	464
Total	**854**	**1 334**

See the notes to the consolidated financial statements for information on the remuneration of senior officers.

Note 3 **Tax**

(NOKm)	2021	2020
Tax expense for the year		
Current tax	0	4
Tax on group contributions paid	17	19
Change in deferred tax	5	55
Total tax expense	**22**	**77**
Calculation of the tax base for the year		
Profit before tax	650	1 106
Permanent differences	-550	-754
Change in temporary differences	-48	29
Effect of carrying amount of pensions on changes in temporary differences	26	-21
Group contributions paid	-77	-86
Taxable income in profit or loss	**0**	**274**
Change in tax loss carryforwards	0	-257
Taxable income	**0**	**17**
Current tax rate	22%	22%
Current income tax on profit for the year	**0**	**4**

Overview of temporary differences

(NOKm)	2021	2020	Change
Property, plant and equipment	-4	-4	1
Receivables	-42	-42	0
Capital gains and losses	2	3	1
Derivatives and foreign exchange gains and losses	-97	-136	-39
Pension obligations	-66	-95	-29
Other provisions	-21	-2	18
Total temporary differences in statement of financial position	**-228**	**-276**	**-48**
Receivable on merger	42	42	0
Total basis for deferred tax assets in statement of financial position	**-186**	**-235**	**-48**
Tax rate	22%	22%	
Deferred tax assets at standard rate in statement of financial position	-41	-52	
Deferred tax assets in statement of financial position	**-41**	**-52**	**-11**

Reconciliation of tax expense and standard tax on the profit for the year

(NOKm)	2021	2020
Profit before tax multiplied by tax rate	143	243
Tax expense recognised	22	77
Difference	**121**	**166**

Explanation of difference

(NOKm)	2021	2020
Permanent differences multiplied by tax rate	-121	-166
Total	**-121**	**-166**

Note 4 **Property, plant and equipment**

(NOKm)	Holiday homes, improvements, art etc	Fixtures and fittings	Total property, plant and equipment
Property, plant and equipment			
Cost at 1 January	8	70	79
Additions	0	5	5
Disposals/retirements	0	-6	-6
Cost at 31 December	**8**	**69**	**78**
Accumulated depreciation at 31 December	-1	-57	-58
Carrying amount at 31 December	**7**	**13**	**20**
Depreciation for the year	0	-7	-7
Depreciation rate	0-8.3%	8.3-33%	
Depreciation method	Straight-line	Straight-line	

Note 5 **Leases**

The company has applied IFRS 16 from 1 January 2019. Leases with a significant impact on accounting for lease liabilities and right-of-use assets under the standard are for office premises and vehicles.

At the commencement date of a lease, the company as lessee measures the lease liability at the present value of future lease payments. The corresponding right-of-use asset reflects the right to use the underlying asset during the lease term. The lease liability is measured at the discounted present value of remaining lease payments.

Depreciation of right-of-use assets and interest expense on lease liabilities are recognised in profit or loss. Where leases contain non-lease components, the value of the non-lease components is separated out so that they are not included in the amounts recognised in the statement of financial position.

For practical reasons, the company also applies the recognition exemptions for leases ending within 12 months and leases for low-value assets. The company regularly assesses whether options to extend leases will be exercised.

Right-of-use assets are shown on a separate line in the statement of financial position, and lease liabilities are shown on separate lines under non-current and current liabilities.

The company's right-of-use assets relate to leases of real estate and other assets.

An agreement was entered into with real estate company Utstillingsplassen during the year on the construction of new office premises which will significantly increase the right-of-use asset and lease liability in time.

(NOKm)	Right-of-use assets
At 1 January 2020	
Cost	54
Accumulated depreciation and impairment	-8
Carrying amount at 1 January 2020	**46**
2020 financial year	
Carrying amount at 1 January 2020	46
Additions	8
Depreciation for the year	-8
Additions, accumulated depreciation	-8
Carrying amount at 31 December 2020	**38**
At 31 December 2020	
Cost	62
Accumulated depreciation and impairment	-25
Carrying amount at 31 December 2020	**38**
2021 financial year	
Carrying amount at 1 January 2021	38
Additions, accumulated depreciation	
Depreciation for the year	-8
Carrying amount at 31 December 2021	**19**
At 31 December 2021	
Cost	52
Accumulated depreciation and impairment	-33
Carrying amount at 31 December 2021	**19**

Right-of-use assets comprise premises and a few vehicles.

Lease liabilities

(NOKm)	2021	2020
Years 0-1	11	10
Years 2-5	12	34
Total	**23**	**44**
Effect of discounting	-1	-4
Present value of lease payments	**22**	**40**

Breakdown of present value

(NOKm)	2021	2020
Years 0-1	11	10
Years 2-5	11	30
Total	**22**	**40**

Note 6 **Shares etc**

	Registered office	Share capital (NOKm)	No. of shares	Par value (NOK)	Percentage of shares and votes	Carrying amount (NOKm)
Investments in subsidiaries						
Elvia AS	Hamar	150	1	150 150 000	100.0%	23 637
Eidsiva Vekst AS	Gjøvik	201	201 000	1 000	100.0%	644
Eidsiva Bioenergi AS	Gjøvik	225	225 060	1 001	100.0%	2 049
Eidsiva Bredbånd AS	Lillehammer	177	176 503 000	1	90.1%	766
Eidsiva Fiberinvest AS	Lillehammer	96	4 800 000	20	100.0%	985
Heggvin Utvikling AS	Hamar	0	300	100	100.0%	0
Vardal Utvikling AS	Hamar	0	300	100	100.0%	0
Total						**28 081**

(NOKm)	Registered office	Equity 2021	2021 profit/loss	Percentage of shares and votes	Carrying amount
Investments in associates					
Hafslund Eco Vannkraft AS	Oslo	8 856	1 527	42.8%	14 927
Hafslund Ny Energi AS	Oslo	130	-16	35.0%	57
Celtic Norse AS	Steinkjer	2	0	33.3%	1
Total					**14 985**
Investments in shares etc					
Capital contributions to municipal insurer KLP					41
Total					**41**
Total investments in associates and other shares etc					**15 026**

Income from investments in subsidiaries (NOKm)	Recognised In profit or loss
Group contribution from Eidsiva Bioenergi AS	175
Group contribution from Eidsiva Bredbånd AS	140
Total	**315**

Income from investments in associates and joint ventures (NOKm)	Recognised In profit or loss
Dividend from Hafslund Eco Vannkraft AS	548
Gain on sale of Laje and contingent consideration from Fjordkraft	22
Total	**570**

Note 7 **Financial instruments in the statement of financial position by category**

The following policies have been applied in the measurement of financial instruments in the statement of financial position subsequent to initial recognition.

At 31 December 2021

Assets (NOKm)	**Assets at amortised cost**	**Total**
Non-current receivables from group companies	4 900	4 900
Other non-current receivables	2 131	2 131
Investments in shares etc	15 026	15 026
Trade and other receivables	505	505
Bank deposits	36	36
Total	**22 597**	**22 597**

Liabilities (NOKm)	**Financial liabilities at fair value through profit or loss**	**Liabilities at amortised cost**	**Total**
Bonds		9 400	9 400
Payable to credit institutions		3 247	3 247
Current loans		2 010	2 010
Dividends		353	353
Taxes and duties payable		4	4
Derivatives	100		100
Trade payables		2	2
Other current liabilities		957	957
Total	**100**	**15 972**	**16 072**

At 31 December 2020

Assets (NOKm)	**Assets at amortised cost**	**Total**
Non-current receivables from group companies	3 868	3 868
Other non-current receivables	2 012	2 012
Investments in shares etc	15 006	15 006
Trade and other receivables	699	699
Bank deposits	1 605	1 605
Total	**23 190**	**23 190**

Liabilities (NOKm)	Financial liabilities at fair value through profit or loss	Liabilities at amortised cost	Total
Bonds		8 200	8 200
Payable to credit institutions		4 261	4 261
Current loans		1 913	1 913
Dividends		621	621
Taxes and duties payable		5	5
Derivatives	146		146
Trade payables		3	3
Other current liabilities		1 319	1 319
Total	**146**	**16 320**	**16 466**

Derivatives are divided into current and non-current liabilities in the statement of financial position.

Note 8 **Financial derivatives and other contracts in the statement of profit or loss**

(NOKm)	2021	2020
Change in value of interest rate hedges	46	-5
Total change in value of financial derivatives and contracts	**46**	**-5**

Note 9 **Fair value of financial instruments**

The tables below show the company's assets and liabilities measured at fair value classified by level as follows:

Level 1: Fair value measurement based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value measurement based on (1) directly or indirectly observable prices for identical assets or liabilities in markets that are not active, (2) models that use prices and variables derived entirely from observable markets or transactions, and (3) pricing in active markets of similar but not identical assets or liabilities.

Methods used to value financial instruments include:

Derivatives

The fair value of interest swaps is calculated as the present value of estimated future cash flows.

Assets and liabilities measured at fair value at 31 December 2021

(NOKm)	Level 1	Level 2	Total
Liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives		100	100
Total liabilities		**100**	**100**

Assets and liabilities measured at fair value at 31 December 2020

(NOKm)	Level 1	Level 2	Total
Liabilities			
Financial liabilities at fair value through profit or loss			
Derivatives		146	146
Total liabilities		**146**	**146**

Note 10 **Bank deposits – restricted funds**

(NOKm)	2021	2020
Restricted funds in relation to withholding taxes	4	4

Note 11 **Related parties**

Eidsiva Energi AS is the parent company in the Eidsiva Energi group. Its shareholders are Innlandet Energi Holding AS, Hafslund AS and Åmot municipality.

See Note 28 to the consolidated financial statements for a breakdown of companies included in the group as subsidiaries, associates and joint ventures.

a) Transactions with related parties

(NOKm)	2021	2020
Sales of goods and services		
To other group companies (administrative services)	104	113
To other group companies (rental income)	8	8
To associated companies (administrative services)	6	26
Total	**119**	**147**

Agreements on the sale of goods and services are entered into on market terms. Sales of administrative services are made at cost plus a profit margin.

(NOKm)	2021	2020
Purchases of goods and services		
From other group companies (administrative services)	3	3
From other group companies (rental expenses)	1	0
From associates (purchases of goods)	0	0
Total	**4**	**3**

Agreements on the purchase of goods and services are entered into on market terms. Purchases of administrative services are made at cost plus a profit margin.

b) Remuneration of senior officers

See the notes to the consolidated financial statements for information on the remuneration of senior officers.

c) Balances with related parties

(NOKm)	2021	2020
Non-current receivables		
Non-current receivables from group companies at 1 January	3 868	4 068
Loans repaid during the year	0	-900
New loans raised during the year	1 032	700
Interest calculated	44	73
Interest received	-44	-73
Change in accrued, unpaid interest	0	0
At 31 December	**4 900**	**3 868**

These receivables relate to transactions on market terms. No repayment plans have been agreed for these receivables.

(NOKm)	2021	2020
Current receivables from group companies		
Current receivables (trade receivables)	16	32
Current receivables (group contributions and dividends)	315	572
Current receivables (cash pool)	0	0
Current receivables (other balances)	0	0
Total	**331**	**604**
Current payables to group companies		
Current payables (cash pool)	836	1 232
Other current payables (other balances)	0	0
Other current payables (group contributions)	186	86
Total	**1 022**	**1 318**

These current receivables and payables result from ordinary commercial transactions between the companies and are based on market terms.

Note 12 **Equity**

(NOKm)	Share capital	Share premium account	Retained earnings	Total
Equity at 31 December 2020	**1 037**	**22 767**	**10 719**	**34 523**
Profit for the year			628	628
Other comprehensive income			20	20
Provisions for dividends			-758	-758
Equity at 31 December 2021	**1 037**	**22 767**	**10 609**	**34 412**

See the notes to the consolidated financial statements for a breakdown of shareholders etc.

Note 13 **Pension expense and obligations**

Employees of the company are entitled to membership of a public-sector occupational pension scheme under collective agreements. From 1 July 2016, all new employees have been included in a defined-contribution scheme. Some of the company's existing employees also chose to switch voluntarily to the defined-contribution scheme from the same date. In 2021, it was decided to transfer all employees born after 1 January 1963 from a defined-benefit pension to a defined-contribution pension with effect from 1 January 2021. There were 57 active members of this scheme at 1 January 2022.

In connection with the decision to transfer employees to defined-contribution pensions, a private-sector early retirement pension was set up for those born in 1963, 1964 and 1965 who are at risk of losing their previous early retirement pension rights under the defined-benefit scheme. This covered three employees at 1 January 2022. The service cost for this scheme was expensed in 2021.

There is also a defined-benefit scheme with 11 remaining active members aged 60-70 which pays 66% of final salary with 30 years' accumulation, subject to life expectancy adjustments. The retirement age is 67. The scheme includes disability and survivor pensions. The defined-benefit scheme had 251 members with deferred rights and 195 pensioners at 1 January 2022. Obligations at 31 December 2021 have been calculated using projections in the K2013BE mortality table, which is based on analyses of mortality for life insurance purposes in Norway.

Breakdown of pension expense for the year

(NOKm)	2021	2020
Service cost	5	7
Interest expense on pension liability	5	7
Expected return on plan assets	-4	-6
Net pension expense	**6**	**9**
Costs	1	1
Plan amendments/curtailments	4	0
Employer contributions	2	1
Pension expense, defined-benefit scheme	**13**	**11**
Defined-contribution pensions including employer contributions	5	3
Pension expense for the year	**17**	**14**
Actuarial gains/losses before tax accounted for in other comprehensive income	-26	21
Pension expense for the year in total comprehensive income for DB and DC schemes	**-8**	**35**

Breakdown of net pension liability in the statement of financial position

(NOKm)	31.12.21	31.12.20
Accumulated pension obligations at 31 December	340	343
Plan assets at 31 December	-282	-259
Net pension liability	**58**	**83**
Employer contributions	8	12
Net pension liability in statement of financial position	**66**	**95**

(NOKm)	2021	2020	Accumulated 2021
Actuarial gains/losses for the year before tax accounted for in equity	-26	21	-3

Financial assumptions

	01.01.2022	01.01.2021	01.01.2020
Discount rate	1.7%	1.5%	2.3%
Expected return on plan assets	1.7%	1.5%	2.3%
Expected wage growth	2.5%	2.0%	2.3%
Expected increase in social insurance multiplier (G)	2.3%	1.8%	2.0%
Expected annual pension growth	1.5%	1.0%	1.2%

The actuarial assumptions are based on commonly used assumptions in insurance when it comes to demographic factors. The percentage of employees drawing an early retirement pension is assumed to be 20% at 62 rising to 70% at 66.

Note 14 **Foreign exchange gains and losses**

The company has long-term loans and bank deposits in foreign currency. At 31 December 2021, both items were translated at the exchange rate at the reporting date. The net foreign exchange gain in 2021 was NOK 5m (2020: net loss of NOK 10m).

Note 15 **Loans**

(NOKm)	2021	2020
Non-current loans		
Bonds	9 400	8 200
Payable to credit institutions	3 247	4 261
Total non-current liabilities	**12 647**	**12 461**
Current loans		
Current portion of non-current liabilities	2 010	1 913
Total current loans	**2 010**	**1 913**
Total loans	**14 657**	**14 373**

Maturity profile of interest-bearing loans

(NOKm)	2022	2023	2024	2025	2026	2027 on	Total
Bonds	500	750	500	1 200	500	5 950	9 400
Payable to credit institutions	1 510	468	148	128	128	2 875	5 257
Total	**2 010**	**1 218**	**648**	**1 328**	**628**	**8 825**	**14 657**

A substantial part of the company's loan portfolio is quoted with Nibor as the benchmark rate. This means that the withdrawal of Nibor as a benchmark rate could impact on the company's interest rate exposure.

Note 16 **Pledges and guarantees**

(NOKm)	2021	2020
Liabilities with negative pledge clause	14 657	14 373

Besides its recognised liabilities, Eidsiva Energi AS is part of a cash pool with an overdraft limit of NOK 500m. The company's wholly owned subsidiaries are the other members of the pool. Companies participating in the pool have joint and several liability for overdraft balances on the account up to NOK 500m, which is also the overdraft limit. In addition, the company has unused credit facilities of NOK 2.5bn. The company has signed a negative pledge clause for these facilities.

Declaration by the board and Group CEO

We confirm that, to the best of our knowledge, the annual financial statements for 1 January to 31 December 2021 have been prepared in accordance with applicable accounting standards, and that the disclosures in the financial statements provide a true and fair picture of the assets, liabilities, financial position and results of the company and the group.

We also confirm that the management report provides a true and fair view of the development, results and position of the company and the group, and presents the most important risks and uncertainties faced by the company and the group.

Hamar, 23. mars 2022
Styret i Eidsiva Energi AS

Pål Egil Rønn Styreleder	Finn Bjørn Ruyter Styrets nestleder	Øystein Løseth
Monica Haugen	Heidi Ulmo	Toril Benum
John Renngård	Per Luneborg	Alf Inge Tunheim
Martin Lutnæs		Øistein Andresen Konsernsjef

Til generalforsamlingen i Eidsiva Energi AS

Uavhengig revisors beretning

Konklusjon

Vi har revidert Eidsiva Energi AS' årsregnskap, som består av:

- selskapsregnskapet, som består av balanse per 31. desember 2021, resultatregnskap, utvidet resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper, og

- konsernregnskapet, som består av balanse per 31. desember 2021, resultatregnskap, utvidet resultatregnskap, oppstilling over endringer i egenkapital og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav,

- gir selskapsregnskapet et rettvisende bilde av selskapets finansielle stilling per 31. desember 2021 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3-9, og

- gir konsernregnskapet et rettvisende bilde av konsernets finansielle stilling per 31. desember 2021 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med International Financial Reporting Standards som fastsatt av EU.

Vår konklusjon er konsistent med vår tilleggsrapport til revisjonsutvalget.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet og konsernet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Vi er ikke kjent med at vi har levert tjenester som er i strid med forbudet i revisjonsforordningen (EU) No 537/2014 artikkel 5 nr. 1.

Vi har vært Eidsiva Energi AS' revisor sammenhengende i 1 år fra valget på generalforsamlingen den 6. mai 2021 for regnskapsåret 2021.

Sentrale forhold ved revisjonen

Sentrale forhold ved revisjonen er de forhold vi mener var av størst betydning ved revisjonen av årsregnskapet for 2021. Disse forholdene ble håndtert ved revisjonens utførelse og da vi dannet oss vår mening om årsregnskapet som helhet. Vi konkluderer ikke særskilt på disse forholdene.

PricewaterhouseCoopers AS, Aslak Boltsgate 42, Postboks 1100, NO-2305 Hamar
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Sentrale forhold ved revisjonen	Hvordan vi i vår revisjon håndterte sentrale forhold ved revisjonen
Anskaffelser av nettanlegg	
Eidsiva Energi gjennomfører utbygging, vedlikehold og oppgradering av nettanlegg i vesentlig omfang. Nettanlegg har per 31. desember 2021 en balanseført verdi på MNOK 16.363 og tilhørende anlegg under utførelse på MNOK 1.849. I 2021 er det anskaffet nettanlegg for MNOK 1.811. For anskaffelser er det skjønnsmessige vurderinger knyttet til hvorvidt de skal aktiveres eller kostnadsføres, regnskaps- og skattemessig. For anlegg under utførelse er det skjønnsmessige vurderinger knyttet til fastsettelse av ferdigstillelsestidspunktet, og dermed tidspunkt for overføring av prosjekter fra anlegg under utførelse til varige driftsmidler. Videre er det ved ferdigstillelsestidspunktet skjønnsmessige vurderinger knyttet til fastsettelse av forventet levetid og til hvorvidt utgifter kostnadsføres eller aktiveres. Inntekter fra nettanlegg reguleres av Norges vassdrags- og energidirektorat. Inntektsrammen er nært knyttet til verdien av anlegg. Ledelsens anvendelse av skjønn knyttet til regnskapsmessig behandling av nettanlegg er en sentral faktor ved beregning av inntektsrammen. På grunn av anskaffelsenes vesentlige størrelse, graden av skjønn som ledelsen må utøve og vurderingenes påvirkning på tillatt inntekt, er dette et sentralt forhold ved revisjonen. Ledelsen har forklart hvordan skjønn benyttes i note 3 og 6.	Vi har gjennomgått Eidsivas retningslinjer og prosess for anskaffelser av nettanlegg, og har vurdert utforming og implementering av kontroller knyttet til prosessen. Vi har kontrollert om sentrale deler av implementert internkontroll fungerte ved å teste nøkkelkontroller knyttet til oppfølging av anskaffelser. Testene avdekket ikke avvik av betydning. Vi har innhentet sentral underdokumentasjon og gjennomført møter og diskusjoner med nøkkelpersoner for å utfordre ledelsens skjønnsmessige vurderinger knyttet til: • hvorvidt kostnader burde aktiveres eller kostnadsføres, regnskaps- og skattemessig, • tidspunkt for overføring av prosjekter fra anlegg under utførelse til varige driftsmidler, og • anslag for forventet levetid. Vi fant at underlagsdokumentasjonen harmonerte med ledelsens vurderinger og at fastsettelse av forventet levetid og kostnadsføring og aktivering var gjort konsekvent fra sak til sak. Vi har kontrollert at informasjonen i notene vedrørende nettanlegg tilfredsstiller kravene etter regnskapsreglene.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen og annen øvrig informasjon som er publisert sammen med årsregnskapet. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker verken informasjonen i årsberetningen eller annen øvrig informasjon.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen og annen øvrig informasjon. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen, annen øvrig informasjon og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen og annen øvrig informasjon ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen eller annen øvrig informasjon fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde, for selskapsregnskapet i samsvar med forenklet anvendelse av internasjonale regnskapsstandarder etter regnskapsloven § 3-9, og for konsernregnskapet i samsvar med International Financial Reporting Standards som fastsatt av EU. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets og konsernets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for selskapsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette. Forutsetningen om fortsatt drift skal legges til grunn for konsernregnskapet med mindre ledelsen enten har til hensikt å avvikle konsernet eller legge ned virksomheten, eller ikke har noe realistisk alternativ til dette.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av årsregnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets og konsernets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet og konsernet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om det konsoliderte regnskapet. Vi er ansvarlige for å lede, følge opp og gjennomføre konsernrevisjonen. Vi alene er ansvarlige for vår revisjonskonklusjon.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Vi gir revisjonsutvalget en uttalelse om at vi har etterlevd relevante etiske krav til uavhengighet, og om at vi har kommunisert og vil kommunisere med dem alle relasjoner og andre forhold som med rimelighet kan tenkes å kunne påvirke vår uavhengighet, og, der det er relevant, om tilhørende forholdsregler.

Av de sakene vi har kommunisert med styret, tar vi standpunkt til hvilke som var av størst betydning for revisjonen av årsregnskapet for den aktuelle perioden, og som derfor er sentrale forhold ved revisjonen. Vi beskriver disse sakene i revisjonsberetningen med mindre lov eller forskrift hindrer offentliggjøring av saken, eller dersom vi, i ekstremt sjeldne tilfeller, beslutter at en sak ikke skal omtales i beretningen siden de negative konsekvensene av en slik offentliggjøring med rimelighet må forventes å oppveie allmennhetens interesse av at saken blir omtalt.

Hamar, 23. mars 2022
PricewaterhouseCoopers AS

Thomas Fraurud
Statsautorisert revisor
(elektronisk signert)

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Fraurud, Thomas Haug	BANKID_MOBILE	2022-04-04 17:45

Eidsiva.

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