



2022

Renew the way the world is powered

ANNUAL REPORT

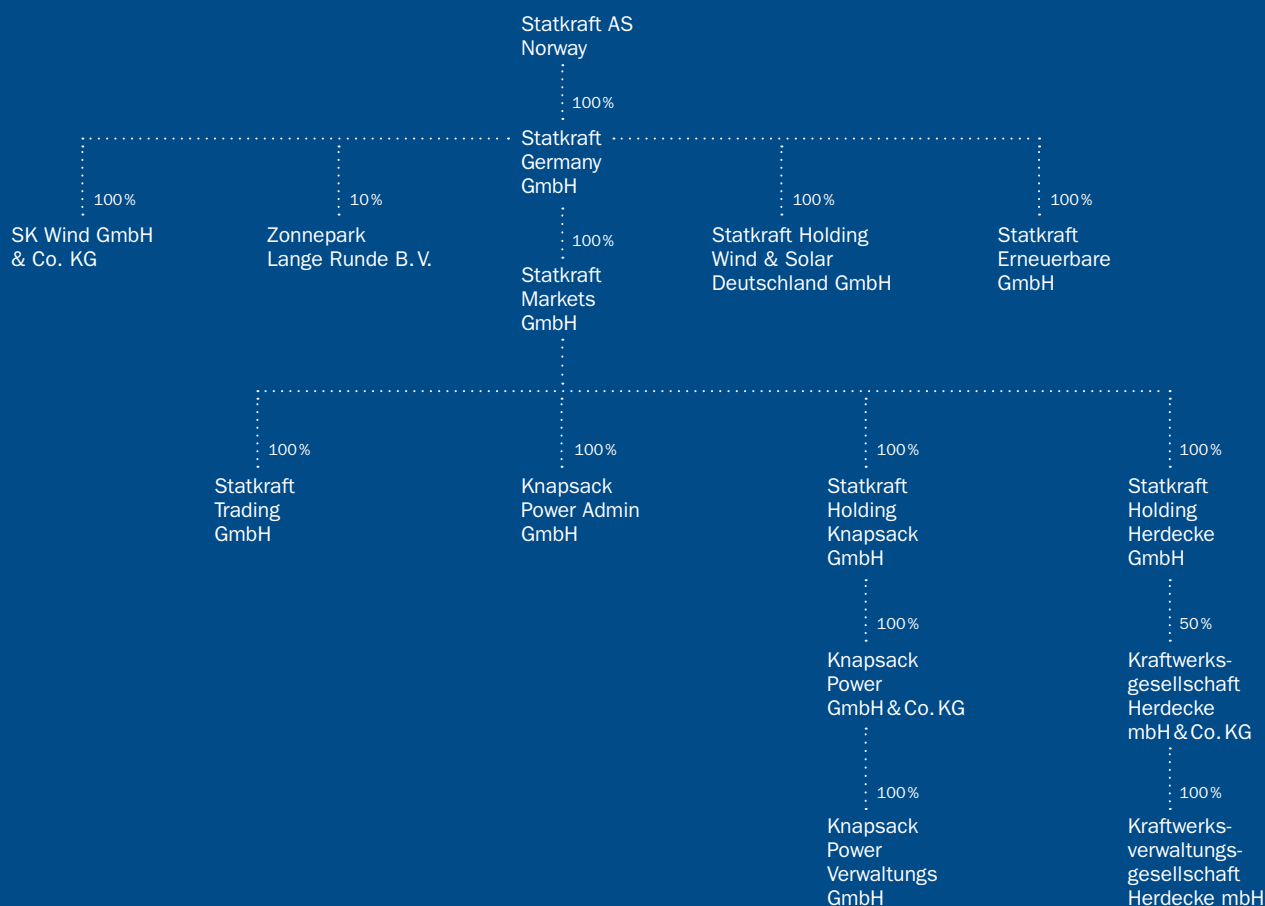
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KEY INDICATORS AND CORPORATE STRUCTURE

Key indicators of Statkraft Markets GmbH

Values in EUR million	2022	2021	2020	2019
Sales revenue	34,239.7	50,851.8	25,385.8	25,224.7
EBIT	345.5	-768.9	131.7	187.0
Profit before taxes	397.2	-783.9	119.3	179.2
Profit after taxes	381.6	-786.7	105.0	179.1
Cash flow from continuous operations	-146.2	362.8	366.3	43.5
Cash and cash equivalents	197.2	112.7	21.1	18.0
Net working capital*	-431.0	416.0	468.6	364.6
Balance sheet total	5,101.7	4,783.3	1,928.4	1,920.6
Equity	844.8	844.8	844.8	670.8
Equity ratio (%)	16.6	17.7	43.8	34.9
Number of employees 31.12.	134	133	144	146

Corporate structure



* Provisions for impending losses from onerous contracts and for valuation units are included in full in the calculation, irrespective of the maturity.

Management report for financial year 2022

COMPANY PROFILE

Business model

Statkraft Markets GmbH is a company of the Statkraft Group (Statkraft AS, Oslo, Norway), the largest European producer of renewable energy. The Group develops, builds and operates hydropower, wind power, solar, gas-fired power and district heating power plants, and is a significant player on the European energy trading exchanges, with particular know-how in physical and financial energy trading as well as in the bilateral electricity market.

Statkraft Markets GmbH is engaged in trading power and fuels in continental Europe as well as emission certificates worldwide. In Germany, Statkraft Markets GmbH generates electricity from its own power plants. Power is generated in environmentally friendly solar, run-of-river, pumped storage, biomass and gas-fired power plants. The most important operating subsidiaries and affiliated companies are Knapsack Power GmbH & Co. KG, Düsseldorf, Statkraft Holding Knapsack GmbH, Düsseldorf, and Kraftwerksgesellschaft Herdecke mbH & Co. KG, Hagen.

Statkraft Markets GmbH, its subsidiaries and affiliated companies have a total installed electricity generation capacity of 1,674 MW from gas-fired power plants, 262 MW from hydroelectric power plants and 43 MW from biomass plants, as well as 750 kWp from a solar park and a battery storage capacity of 3 MW.



The Statkraft Group underwent reorganisation in financial year 2022. The relevant segments of Statkraft Markets GmbH are now divided into Markets, with the Trading & Origination business division, and Europe, with the Continental Assets business division.

The Trading & Origination business division includes both proprietary trading and customer trading. Standard products are traded bilaterally or on the various European energy exchanges. In addition, different structured products are offered that are adapted directly to the customer's requirements. The business division is also responsible for the marketing of electricity, which is generated at the company's power plants, as well as at third-party renewable energy plants, and provides industrial customers with access to the energy exchanges (Market Access).

The Continental Assets business division includes the operation, maintenance, strategic development and long-term value creation associated with the plant portfolio (hydroelectric, gas-fired and biomass plants) in compliance with laws and regulations.

Locations

Statkraft Markets GmbH, whose registered office is located in Düsseldorf, is active at the following locations:

Location	Sales revenue in the financial year (EUR million)	Headcount as of 31.12
Germany	32,399.7	134
United Kingdom	1,818.2	0
Spain	8.1	8
France	6.3	7
Italy	4.2	4
Switzerland	3.1	3
Poland	0.1	1

The operations at the locations outside Germany consist solely of trading activities.

MARKET DEVELOPMENT

Europe

The European Green Deal (EGD) puts the climate at the top of the European Commission's agenda. The unprecedented scope of the EGD aims to transform European economies and societies to become sustainable, without sacrificing their competitiveness. The proposed 55% CO₂ emissions reduction target for 2030 and the enshrinement of the 2050 climate neutrality target in law sets the framework for the future development of all European policy guidelines. In addition to zero emissions, the EGD has set a target for the achievement of zero pollution and a strong focus on biodiversity.

In summer 2021, the EU Commission published "Fit for 55", a package of policies and measures designed to achieve the proposed 55% target, including renewable energies, energy efficiency, emissions trading and a revision of the Energy Tax Directive to support the green transition. Accordingly, the EGD has significant economic consequences for Statkraft's activities, risks and opportunities.

As a consequence of the tense situation on electricity and gas markets resulting from the Russian war of aggression against Ukraine, the EU announced a temporary intervention for both markets in 2022. The measures include revenue caps on inframarginal electricity producers, efforts to jointly buy gas or the introduction of a price cap on gas.

Germany

In its Act on the Reduction and Termination of Coal-fired Power Generation (Gesetz zur Reduzierung und zur Beendigung der Kohleverstromung), which entered into force in 2020, Germany set itself the goal of ceasing the generation of electricity from coal completely by 2038, at the latest. The government's coalition agreement seeks to ideally bring the phase-out forward to 2030. In light of the geopolitical situation, Germany has extended the operating times of the last three nuclear power plants beyond 2022 to 15 April 2023. The operating times for coal-fired reserve power plants have also been extended from April 2023 to March 2024. At the same time, the Bundestag has voiced its support for accelerating the efforts to phase out lignite in the state of North Rhine-Westphalia (NRW) by 2030.

Immediately after the start of the war in February 2022, the German federal government commenced activities aimed at ensuring the supply of energy in Germany while reducing dependency on Russia for energy sources such as gas. The measures include diversifying suppliers, adding LNG terminals, saving energy and expanding renewables on a massive scale. Germany declared the alert level of its gas emergency plan on 23 June 2022 due to the significant decline in gas deliveries from Russia. As of the start of December 2022, filling levels at gas storage facilities were very high. Gas consumption has fallen year on year. Germany has taken over the ownership of previously Russian gas storage companies in order to shore up supply. It has also signed contracts with new gas suppliers. Six LNG terminals are currently under construction, with some having already entered into operation in 2022.

Statkraft Markets GmbH will continue to monitor developments and take them into consideration when assessing its own gas-fired power plants.

In the coalition agreement, the federal government considers the use of natural gas to be indispensable for a transitional period. The government is in favour of constructing modern gas-fired power plants that can be converted to climate-neutral gases to meet the growing demand for electricity and energy at competitive prices. Beyond 2045, gas-fired power plants should only be able to continue to be operated with non-fossil fuels.

The expansion of renewable energies in Germany is set to be massively accelerated. By 2030, 80% of the electricity consumed in Germany is to come from renewable energies, and the electricity supply is to be almost completely covered by renewable energies by 2035. The necessary legislative changes have been initiated. For example, expansion schedules, the schedule for electricity volumes and auction volumes for onshore wind energy and solar energy will be increased. Planning and approval procedures will be shortened and facilitated for renewable installations. In future, the financing needs for renewable energies will be balanced through the federal budget. The EEG subsidy surcharge once paid by consumers has been abolished.

A national Fuel Emissions Trading Act (Brennstoffemissions-handelsgesetz – BEHG) came into force in January 2021, and with it a CO₂ pricing system with a steering effect in sectors

outside the European Emissions Trading System. It obliges companies trading in heating oil, liquid gas, natural gas, petrol, coal and diesel to purchase certificates for the greenhouse gas emissions of their products from 2021 onwards. In turn, they pay a CO₂ price starting at EUR 25 per tonne of CO₂. The price is set to rise incrementally to EUR 55 by the end of 2025. From 2026 onwards, there will be an auction procedure involving a fixed price corridor with a minimum and a maximum price. The proceeds will be used to finance the discontinuation of the EEG surcharge, among other things.

To cushion the impact of the massive price increases for electricity and gas on customers, instruments to limit electricity and gas price spikes were introduced on 1 January 2023 and will remain in place until the end of April 2024. The instruments will be financed by skimming off extraordinary profits from entities such as the producers of electricity from renewable energies. The plan is to limit the measures until 30 June 2023. Under the current draft legislation, the measure can be extended until the end of April 2024. Operators of gas-fired power plants are exempted from this regulation.

Price trend on wholesale markets

During the year under review, electricity prices in Germany were consistently higher than in the previous year.

After continuing to increase throughout nearly the whole calendar year, they reached new heights in autumn before declining somewhat towards the end of the year.

At EUR 231.5/MWh, the average price for spot deliveries (baseload electricity) on the European Energy Exchange (EEX) was EUR 134.9/MWh higher than the average price for 2021 (EUR 96.6/MWh).

Gas prices also rose in 2022 and were, on average, EUR 87.2/MWh above the previous year's prices. At the virtual trading point Trading Hub Europe (THE), prices averaged EUR 132.9/MWh in 2022 (previous year: EUR 45.7/MWh, reported under NetConnect Germany until 30 September 2021).

Prices in the emissions market increased to record levels. The average EUA spot prices in 2022 were EUR 80.32/t, or EUR 27.02/t higher than in the previous year (EUR 53.30/t).

Power plant developments

Due to a combination of various causes, the use of gas-fired power plants in 2022 proved to be extremely robust despite high gas prices and public debate surrounding gas shortages. The shutdown of power plants in Germany, which was agreed to as part of the coal phase-out, led to an extraordinarily low supply of flexible generation capacities in continental Europe over nearly the entire course of the year. Additional contributing factors included the unusually low availability of nuclear power plants in France and continued low generation volumes from hydroelectric power plants in the Alps and in large portions of Scandinavia. Consequently, gas-fired power plants played an indispensable role in meeting demand, as in the years before, especially in periods with little wind or particularly cold temperatures.

German gas storage levels were at a historically low level at the start of winter 2021/2022. Due to concerns of a cold winter coupled with low supply, prices were already extremely high in autumn 2021. In addition, the customary feed-ins failed to materialise, particularly for certain gas storage facilities. Nevertheless, gas prices stabilised initially at the start of 2022 in light of mild weather conditions, albeit at a high level from a historical perspective. Gas prices then rose to an initial high of just under EUR 250/MWh at the start of the Ukraine war, before falling to around EUR 100/MWh by the middle of the year. In the third quarter, gas prices regularly exceeded EUR 150/MWh by a significant margin due to a sustained lack of Russian gas deliveries by way of the Nord Stream 1 pipeline (which ultimately exploded). The amendment to the Germany Law on the Energy Industry (Energiewirtschaftsgesetz) introducing filling-level guidelines for gas storage plants as of 1 May 2022, which led to marked demand that was seemingly independent of prices, also had an impact. Once the desired filling levels were achieved, gas prices fell sharply in October before once again trading at well above EUR 100/MWh during a cold snap in the first half of December.

Accordingly, the high gas prices led to high electricity prices on the spot market that were often set by gas-fired power plants. Statkraft's gas-fired power plants are among the most efficient in the market, resulting in correspondingly high contribution margins, especially in times of high gas prices. From the start of the first quarter to the outbreak of the war, the power plants operated at relatively low margins and rather infrequently, in line with their low system availability. In the second quarter, mild

weather conditions resulted in little demand for gas-fired power plants. That changed dramatically in the relatively low-wind third quarter, with correspondingly high contribution margins. The cold December ultimately led to the highest income.

United Kingdom

From our perspective, the United Kingdom remains a prime location for trading with a highly professional regulatory environment. Despite Brexit, most of the rules for trading in financial instruments and on physical markets remain very much aligned with those of the EU. Both regulatory authorities (the FCA and Ofgem) have vast experience and provide clear guidance for market participants such as Statkraft Markets GmbH. Because market conditions remain favourable for trading, particularly in the City of London, Statkraft Markets GmbH continued to expand its business activities in the United Kingdom in 2022.

Plans are in place to build offshore wind turbines with an electricity generation capacity of 50 GW by 2030 so that every household in the United Kingdom can be supplied with renewable power. Onshore capacity is set to increase to between 22 and 29 GW by the end of the decade.

The United Kingdom has banned the sale of petrol and diesel passenger cars from 2030 and plans to be carbon neutral by 2050. To achieve this objective, the government is providing support for domestic battery production and the expansion of charging infrastructure while also incentivising the purchase of electric cars.

The new British trading system for CO₂ emission rights (UK-ETS) was launched in early 2021 following the United Kingdom's exit from the EU. Since then, the United Kingdom has no longer been part of the EU-ETS. EU Allowances may not be used in the United Kingdom, and UK Allowances (UKAs) are not valid in the EU. UKAs are auctioned off. The regulatory minimum price for which allowances can be sold at auctions is GBP 22 per tonne. Approximately 81 million UKAs were acquired in 2022 at prices ranging from roughly GBP 62.21 to GBP 90.00.

Electricity prices in the United Kingdom developed largely in line with prices in Germany.

British spot prices also started the year at a high of GBP 180/MWh in January, before rising to GBP 250/MWh in March due to the Russian invasion of Ukraine. In August, prices reached an all-time high of GBP 370/MWh due to uncertainty regarding the supply of gas in winter.

All in all, British spot prices stood at GBP 204/MWh on average in 2022 and were therefore 75% higher than in 2021.

BUSINESS DEVELOPMENT

The year 2022 was characterised by an extreme volatility on European energy markets, which led to challenging business development.

The volatility on European energy markets increased due to the influence of the war in Ukraine, which began on 24 February. Volatility was even more intense than in the fourth quarter of the previous year, which itself saw price fluctuations. The hostilities and sanctions resulted in numerous restrictions on gas deliveries from Russia, which culminated in an attack on the Nord Stream 1 pipeline on 26 September 2022. In some cases, gas markets reacted to the various developments with massive swings. The spot price for natural gas at the Dutch trading point TTF, for instance, rose above EUR 200/MWh for the first time on 4 March before hitting a record high of EUR 330/MWh on 26 August. That very same day, the price of futures contracts for 2023 on the European Energy Exchange (EEX) reached EUR 1,130/MWh, in part due to unusually low nuclear power plant availability in France.

The price trends triggered a wide range of different reactions in the European political arena. The measures agreed upon aimed to achieve high gas storage levels, reduce consumption and ease the burden on consumers in a variety of ways. In light of mild weather conditions and high gas storage levels, the market began to settle down towards the end of the year. While the TTF spot price fell to EUR 76/MWh, the EEX futures price plummeted to EUR 240/MWh.

To cover the increased liquidity requirements on account of the high volatility, Statkraft Markets GmbH adjusted the internal Group credit lines dynamically over the course of financial year 2022. In addition, the proper departments monitored liquidity on an ongoing basis.

The Trading & Origination business division saw good business performance in 2022, with both customer trading and proprietary trading contributing high results. Due to price factors, sales revenue from electricity and gas rose, whereas sales revenue from certificates trading fell. The results from this business division exceeded expectations. For example, three new long-term PSAs¹⁾ (Power & Air Solutions) and PPAs²⁾ (Better Energy, Sonnedix) with total capacities of 920 GWh and 396 GWh, respectively, were successfully concluded.

Sales in the Market Access origination business decreased in financial year 2022. However, contracts with new customers that are set to have a positive impact on the results in the years to come were concluded in financial year 2022.

Generation at our gas-fired and hydroelectric power plants in Continental Assets was down significantly year on year. By contrast, the decline in electricity generation at the biomass power plants was down only slightly.

Overall, there was a net gain of EUR 381.6 million for Statkraft Markets GmbH prior to profit transfer to Statkraft Germany GmbH through the existing profit and loss transfer agreement. In the previous year, the company recorded a loss of EUR 786.7 million.

Details of developments in the main business divisions are set out below.

Segment Markets

Trading & Origination

Proprietary trading, which takes place at the locations in Düsseldorf and London, generated considerable profits, unlike in the previous year. The price differences in European markets, which were very high and volatile in some cases and were capitalised on in profitable positions in spread trading, made a substantial contribution to this development. Efficient liquidity management ensured sufficient financing for the trading positions.

Earnings and results in the dynamic asset management portfolio also developed well thanks to the significant reduction in the difference between electricity prices and production costs for gas-powered electricity generation towards the end of the year.

As in the previous year, customer trading was highly successful, mainly engaging in power purchase contracts for wind and solar energy and the structured supply of green electricity to industrial and commercial customers. Further long-term contracts were concluded and electricity successfully marketed in Spain and Poland. In Germany, the portfolio of short-term contracts was successfully managed and made a considerable contribution to the excellent results.

¹⁾Power sale agreement

²⁾Power purchase agreement

In combination with the contracted flexible position of gas engines and batteries, the PPA portfolio in the United Kingdom, with an installed capacity of more than 4GW, grew very successfully in a market environment characterised by price spikes. Short- and long-term purchase and supply contracts were also concluded for the first time in France and Italy, rounding out the corporate strategy of being present and profitable in renewable power trading in all major European markets.

Transactions with globally traded emissions certificates also saw a strong year. Both Trading and Origination activities significantly exceeded expectations in many of these global markets. This applies, in particular, to the income from EU emissions trading. Statkraft has started trading operations in similar certification systems (such as I-RECs) outside of its EU core markets in order to provide higher added value to multinational customers and generate better marketing opportunities for its own assets in countries not covered by the European certificate system.

The high electricity prices had a major influence on direct marketing in Germany this year. On the one hand, higher electricity prices in renewable energy market integration services led to a sharp rise in costs in some cases. On the other hand, the high prices also opened up new marketing opportunities. That allowed Statkraft Markets GmbH to participate in long-term trading with wind and solar power amid electricity prices that were well above the EEG subsidy.

A switch from a fixed risk premium to a relative risk premium based on spot market revenues helped to offset the increased costs in part for the following year in negotiation with customers. In some cases, it became necessary to terminate unprofitable contracts, resulting in a 20% decline in the overall portfolio that Statkraft markets for third parties to 9,200MW of capacity in 2023.

Statkraft Markets GmbH continues to be one of the leading providers of market access services for new wind farms and solar plants in France. Although the portfolio of contracts was further expanded in 2022, portfolio growth decreased year on year due to the slow construction of new wind turbines and solar plants in France. The sharp rise in electricity prices over the course of the year also led to a rise in balancing energy costs, which had a negative impact on the business area's contribution margin.

Statkraft Markets GmbH optimises and markets the two plants owned by the Albanian subsidiary Devoll Hydropower ShA. The past year was once again relatively dry in Albania, compared to the long-term average. Even though hydroelectric power generation volume was rather low as a result, the extremely high electricity prices led to record income from the marketing of electricity in Albania and in neighbouring countries.

The Statkraft Group operates its own hydroelectric power plants in Turkey and offers market access services. In both fields of activity, Statkraft Markets GmbH provides optimisation and marketing services for the local entities. Hydroelectric power generation in Turkey was optimised over the course of the year despite average precipitation. While the larger power plant (Kargi) continues to receive remuneration as defined by feed-in tariffs, the older, smaller power plant (Çakıt) was supposed to have benefited in full from the electricity prices in Turkey, which were also extremely high. However, a cap on revenue was introduced in April 2022 that is approximately equivalent to the fixed feed-in tariff, resulting in solid but not extraordinary revenue overall.

Segment Europe

Continental Assets

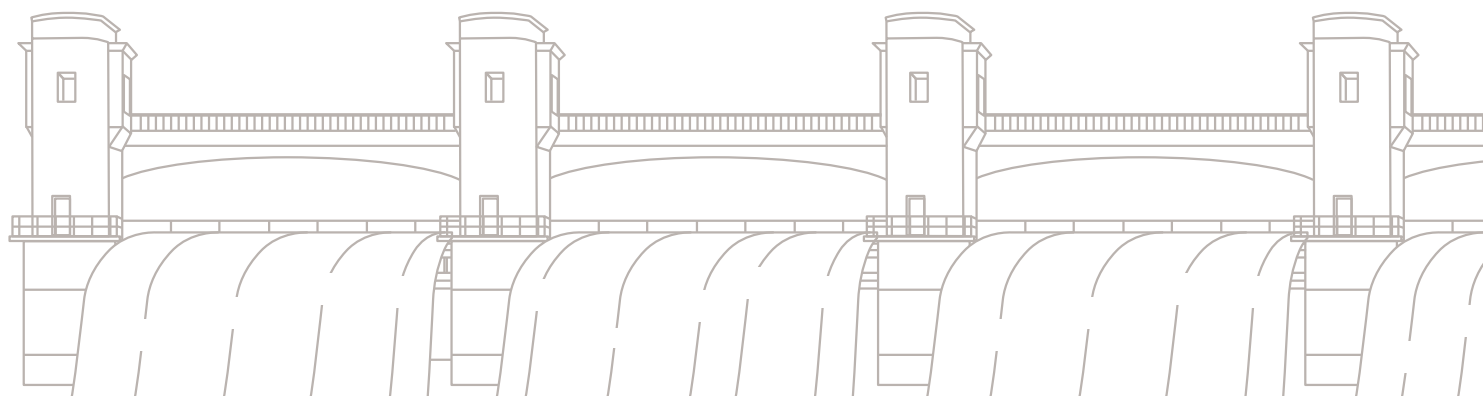
The operating hours and power generated by the gas-fired power plants in Hürth-Knapsack were substantially lower than in the previous year. In 2022, operations were influenced to a significant extent by upgrade measures performed on the gas turbines at Knapsack I with the aim of maintaining the power plant's competitiveness. The optimal dispatch planning for plants continues to have a strong focus in daily operations.

The revenue situation of biomass power plants continues to show a positive trend. Fuel prices for the wood used were at a significantly higher level than in the previous year.

In 2022, the hydroelectric power plants operated without technical problems. Generation was significantly lower year on year (24%, previous year: 31%) due to considerably lower precipitation in 2022 than in 2021, as well as the renovation and conversion of the intake structure in Wahnhausen. As a result, the run-of-river power plant was unable to contribute to generation for a substantial part of the year.

In the period just ended, our focus once again lay on the continuous improvement of fish protection in the run-of-river power plants along the Weser, Werra, Fulda and Eder rivers.

At approximately 0.9TWh, total generation at the German power plants under the immediate ownership of Statkraft Markets GmbH in 2022 was significantly lower than the previous year's level of 1.4TWh. The main reason for this is the much lower level of operation of gas-fired power plants.



POSITION

Financial and non-financial performance indicators

Management systematically reviews segment results in order to make decisions on resource allocations and measure target achievement.

Financial performance indicators

The performance indicators used by management for internal reporting purposes are based on figures under International Financial Reporting Standards (IFRS) and include the fair values of pending transactions (market valuation), which are in principle recognised in profit or loss in the IFRS figures. Statkraft Markets GmbH is managed internally through segments, primarily Markets and Europe, with the Trading & Origination (including Market Access) and Continental Assets business divisions. Compared to the previous year, the performance indicators relate only to Statkraft Markets GmbH, and no longer to Statkraft Markets GmbH, Knapsack Power GmbH & Co. KG and a share in Kraftwerksgesellschaft Herdecke mbH & Co. KG. To enhance comparability, the previous-year figures have been adjusted accordingly. A change was made from EBITDA to EBIT in the year under review, as the latter is used as a performance indicator for internal reporting purposes.

Performance indicators	2022	2021
Net operating revenue in million EUR	948.0	21.4
EBIT in million EUR	636.0	278.9
Production volume in GWh	910.2	1,418.3

Net operating revenue (defined as such according to IFRS) and EBIT increased significantly compared to the previous year, mainly due to volatile prices as well as positive effects from the dynamic asset management portfolio. Despite the decline in utilisation of the gas-fired power plants and the negative contribution to earnings from Market Access, the company generated a very satisfactory net operating revenue and EBIT in 2022, alongside increased income from the power plants.

The main difference between the net operating revenue according to IFRS and HGB derives from the non-recognition of positive earnings effects from the fair value measurement of financial instruments. On the one hand, positive earnings surpluses from the fair value measurement of financial instruments under HGB are not recognised in the provisions recognised for valuation units. On the other hand, provisions for impending losses are recognised for hedging transactions with a negative fair value that have been concluded for pending transactions and which do not form part of a valuation unit, while those with a positive fair value are not taken into account.

In the trading business, it is difficult to make a reliable forecast due to the complex situation on the various energy markets. With net operating revenue for 2022 of EUR 948.0 million and EBIT of EUR 636.0 million, we considerably exceeded the forecast amount due to the volatile market developments.

In Continental Assets, the actual electricity generated by all power plants in 2022 stood at 0.9 TWh due to the higher than planned operating hours of the Knapsack II gas-fired power plant. This amount was slightly higher than the forecast volume of 0.8 TWh. At 1.4 TWh, the production volume of all power plants was nevertheless lower in 2022 than in the previous year.

The net operating revenue and EBIT of Trading & Origination were positively influenced mainly by a positive earnings contribution from trading involving European and international emission certificates, as well as the establishment of long-term power purchase and supply contracts in several countries. In addition, both proprietary trading and the dynamic asset management portfolio contributed with significant results.

Total production in Continental Assets fell in 2022 in comparison with 2021. Nevertheless, net operating revenue and EBIT increased in 2022. This is due in particular to the increased market prices compared to the previous year.

We also refer to the explanations on business development.

Non-financial performance indicators

Health & Safety

The Statkraft Group and Statkraft Markets GmbH place great emphasis on occupational safety and have set themselves the clear goal of preventing serious industrial accidents and violations of occupational safety requirements. Measures to develop a safety-conscious environment, clear requirements and tight controls in all operational processes and project stages are crucial to guarantee safe workplaces and achieve good results in occupational safety. The continuous implementation of these principles leads to a constant improvement in occupational safety statistics. A particular focus of our current occupational health and safety activities is to learn lessons from injuries, near-accidents and unsafe conditions and to introduce measures to prevent mistakes from being repeated.

In the course of 2022, six incidents occurred that required medical treatment (previous year: four). All of them remained without serious consequential damage. An investigation into the incidents was carried out, and appropriate measures were derived and implemented to prevent repetition.

The work on our Health & Safety management system is also a priority to ensure continuous improvement. To this end, we comply with the provisions of the OHSAS 18001 standard as well as other international best practice approaches.

Personnel

As of 31 December 2022, there were 134 employees (previous year: 133). Statkraft Markets GmbH employed an average of 132 people during the year (previous year: 141).

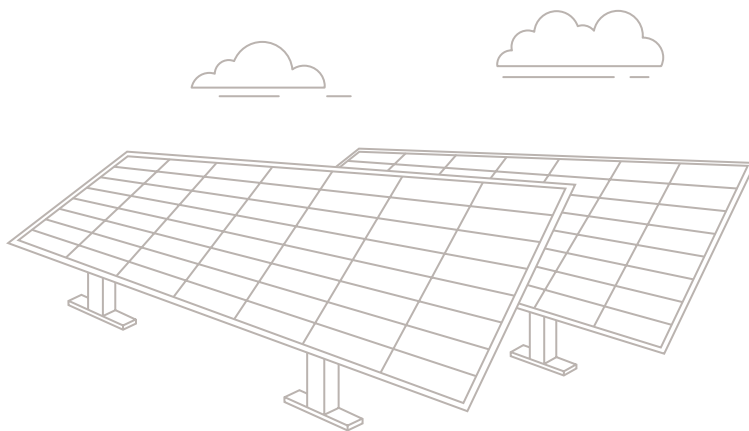
The Statkraft Group and Statkraft Markets GmbH strive for a diverse working environment and promote equal treatment in the recruitment of new employees and in personnel policy. Statkraft Markets GmbH, together with its subsidiaries, operates throughout Europe and employs personnel from different countries. This international environment is very attractive for new employees and has a positive effect on the development potential of new European markets.

The management would like to take this opportunity to thank all employees for their excellent performance in 2022.

Climate and environmental impact

Statkraft Markets GmbH applies internationally proven environmental practices, and the Group's environmental management system is based on ISO 14001.

In 2022, no serious environmental incidents were recorded at Statkraft Markets GmbH (previous year: none).



PROFIT POSITION

This year's sales revenue amounted to EUR 34.2 billion and was therefore markedly lower than last year's figure of EUR 50.9 billion. The electricity trading business accounted for EUR 19.1 billion (previous year: EUR 8.5 billion) and was characterised by higher prices for electricity, especially in the second half of the year. Gas trading contributed EUR 3.4 billion to revenues (previous year: EUR 3.1 billion) and saw a slight, mainly pricerelated increase as compared to the previous year. Revenues from emissions and green certificates trading fell from EUR 39.3 billion in 2021 to EUR 11.6 billion in 2022 due to prices and volumes. In regional terms, the largest revenues – of EUR 18.9 billion (previous year: EUR 34.6 billion) and EUR 7.0 billion (previous year: EUR 11.9 billion) – was generated in the UK and Germany respectively.

The cost for purchased services fell by a slightly higher margin than sales revenue, from EUR 51.7 billion to EUR 33.8 billion.

In total, however, net operating revenue as defined by the German Commercial Code (HGB; sales revenue less cost of materials) rose from EUR –831.2 million in the previous year to EUR +452.5 million in 2022. This was mainly due to the profitably traded electricity items, which benefited from the high level of volatility on the electricity market.

Under the HGB, high allocations to other provisions of EUR +275.4 million had a negative effect on the result (previous year: EUR +228.2 million). These are mainly due to provisions from valuation units (EUR +28.9 million) and provisions for impending losses raised for hedges (EUR +242.0 million), which were concluded for pending transactions and do not form part of a valuation unit.

Details on the volume and price development in the business areas are presented in the previous section.

The sharp decline in other operating income by EUR 125.5 million to EUR 114.2 million was primarily due to non-recurring items in the previous year, mainly affecting income from the reversal of provisions for impending losses of EUR 128.0 million (compared with EUR 5.3 million in the year under review). This is

offset by income from impairment reversals of EUR 15.6 million affecting the Erzhausen pumped-storage power plant, as the reasons for the impairment loss no longer apply due to a more positive long-term price expectation than originally expected.

Personnel expenses increased by EUR 20.1 million to EUR 41.6 million (previous year: EUR 21.5 million). This is largely due to the increased expenditure on employee bonuses, especially following the positive operating income contributions from the branches of the company.

Depreciation and amortisation of intangible fixed assets and property, plant and equipment amount to EUR 14.9 million (previous year: EUR 14.9 million).

Other operating expenses rose from EUR 141.2 million in 2021 to EUR 165.0 million in 2022, largely due to a EUR 17.0 million increase in exchange rate losses.

At EUR 51.7 million, the financial result of Statkraft Markets GmbH was positive in 2022, compared with EUR 15.0 million in the previous year. This development was mainly due to interest on receivables from Statkraft Germany GmbH resulting from previous year's loss transfer in the amount of EUR 38.6 million.

The balance of income from profit transfer and expenses from assumption of losses was EUR 7.0 million in financial year 2022, compared to EUR 2.2 million in the previous year. Interest expenses of EUR 25.7 million (previous year: EUR 17.5 million) mainly concern EUR 12.7 million (previous year: EUR 9.6 million) in fees for parent company guarantees.

At EUR 12.5 million, income tax expenses were substantially higher than the previous year's figure of EUR 2.5 million, mainly due to higher foreign corporate income taxes.

The positive result after taxes of EUR 384.6 million will be transferred net of other taxes (EUR 3.0 million) to the sole shareholder, Statkraft Germany GmbH, based on a profit and loss transfer agreement in effect since 1 January 2009.

ASSET AND FINANCIAL POSITION

Cash flow for 2022 and 2021 was as follows:

	2022 EUR million	2021 EUR million
Cash flow from operating activities	-146.2	362.8
Cash flow from investment activities	-5.8	-51.3
Cash flow from financing activities	2.2	-103.6
Net increase / (decrease) in cash	-149.8	207.9
Cash and cash equivalents as of 1 Jan	816.2	608.3
Cash and cash equivalents as of 31 Dec	666.4	816.2

Cash flow from operating activities amounted to EUR -146.2 million in financial year 2022 (previous year: EUR 362.8 million).

An initial margin is due on exchange-traded derivatives at the start of the transaction. Depending on how their market values develop, Statkraft Markets GmbH additionally either receives or pays variation margins during the contract term of such derivatives. Collateral must be provided for over-the-counter (OTC) derivative transactions. In the year under review, Statkraft Markets GmbH paid high initial margins and collateral. By the time this report was prepared, however, these amounts had decreased.

Due to the continued volatility and high prices on the market, such initial margin payments were offset by cash flow from variation margins. By the time this report was prepared, however, these amounts had fallen somewhat. Collateral received rose sharply year on year.

These net cash flows are reflected in the change in other assets and other liabilities and are included in the cash flow from operating activities. In addition to these payments, said cash flow also included a high, offsetting net profit before profit and loss transfer as well as an increase in provisions.

Cash flow from investment activities amounted to EUR -5.8 million (previous year: EUR -51.3 million) and mainly comprised investments in tangible fixed assets.

Cash flow from financing activities includes cash inflows and outflows from the previous year's results through profit and loss

transfer agreements totalling EUR 2.2 million (previous year: EUR 103.6 million). The receivable from Statkraft Germany GmbH due to the loss transfer from the previous year's results had no cash effect.

The financing needs are covered primarily by the company's inclusion in the cash pool of Statkraft AS, Oslo, Norway. Despite high levels of volatility, there were no liquidity shortages.

As a result, this led to a change in cash and cash equivalents in the amount of EUR -149.8 million. Considering the positive cash and cash equivalents of EUR 816.2 million at the beginning of 2022, this resulted in positive cash and cash equivalents of EUR 666.4 million as of 31 December 2022. As of 31 December 2022, cash and cash equivalents consisted of cash and cash equivalents of EUR 197.2 million and the net positive cash pool balance from Statkraft AS, Oslo, Norway, of EUR 469.2 million as well as current bank liabilities of EUR 0 million.

Depreciation and amortisation of intangible fixed assets and property, plant and equipment amounted to EUR 14.9 million in 2022. Investments in property, plant and equipment stood at EUR 5.8 million. The rise in long-term financial assets was mainly due to the conversion of the receivable due to the loss transfer from 2021 into a loan to Statkraft Germany GmbH, Düsseldorf, of EUR 825.5 million.

Total assets rose from EUR 4,783.3 million as of 31 December 2021 to EUR 5,101.7 million as of 31 December 2022. On the assets side, this was resulting from the increase in long-term financial assets, other assets and cash and cash equivalents.

This was primarily offset by the fall in receivables from affiliated companies.

Other assets increased by a total of EUR 434.5 million, in particular due to higher security deposits paid (initial margins).

The increase in cash and cash equivalents is due to the cash flows in 2022 presented above.

The decline in receivables from affiliated companies by a total of EUR 928.8 million is mainly due to the receivable from the loss transfer from the shareholder Statkraft Germany GmbH in the previous year, which is now reported under loans to affiliated companies following its conversion to a loan.

On the liabilities side, other provisions and liabilities to affiliated companies in particular increased, which was offset by a decrease in other liabilities.

The rise in other provisions mainly comprises provisions for impending losses and the provision for valuation units.

Liabilities to affiliated companies rose by EUR 500.6 million in total, which was largely due to the liability under the profit and loss transfer agreement with the shareholder Statkraft Germany GmbH.

The other liabilities increased mainly due to the lower security deposits from the settlement of open items traded on the stock exchange.

In total, the equity ratio (equity divided by balance sheet total) in the year under review was 16.6% (previous year: 17.7%).

In addition to liquid funds of EUR 666.4 million at the end of the year, the company has sufficient external credit lines as well as a credit line of EUR 1,483.9 million to the parent company's cash pool. In our assessment, the company therefore has sufficient cash and cash equivalents to secure the independent financing of its operating activities in 2023 and the following years.



OUTLOOK

The forecasts are based on the figures under International Financial Reporting Standards (IFRS) used for internal reporting.

For internal reporting purposes, and based on the figures under International Financial Reporting Standards, Statkraft Markets GmbH forecasts a year-on-year decrease in net operating revenue to approximately EUR 500 million for 2023. The EBIT figure is expected to be approximately EUR 250 million for 2023.

The forecasts are based on the following assumptions: The Trading & Origination division will continue to benefit from higher prices in the markets for power and gas as well as emissions certificates compared to previous years, and make a positive but presumably lower contribution to the net operating revenue and EBIT than in the previous year. Business with long-term power purchase and supply agreements is to be further expanded in Germany, Spain and Poland and is expected to result in positive contributions for 2023.

In Continental Assets, the predicted longer operating times of the power plants will lead to increased net operating revenue and EBIT. Production volume of all power plants of Statkraft Markets GmbH is forecast to total 1.7 TWh in 2023. The revenue skimming adopted by the German government as part of the electricity price brake will affect sales revenue at the biomass power plants in Emden and Landesbergen and the run-of-river power plants on the Weser and Werra rivers, and will have a significant impact on EBIT in these areas. The Knapsack

gas and steam power plant, the Erzhausen pumped storage power plant and our photovoltaic system in Dörverden are not affected by this. In the long term, however, management expects a stable and improved market environment going forward.

Many conventional power generation plants were taken off the market back in 2021 as a result of the coal phase-out. However, due to the strained situation on the energy markets, many coalfired power plants earmarked for decommissioning returned to the electricity market in 2022. These plants will continue to contribute fully to a stable power supply in the coming heating period in 2023. In addition, legislators have decided to extend the operating times of the last three nuclear power plants until 15 April 2023 to ensure security of supply. Due to the phase-out of coal and nuclear power, the importance of the remaining conventional plants for meeting electricity demand has increased. Nevertheless, lower generation capacity in the German electricity market is still expected in the near future.

As far as non-financial performance indicators are concerned, the company makes every effort to prevent accidents at work and environmental incidents of any kind. The number of employees is scheduled to grow moderately by a single-digit figure in financial year 2023.

RISK MANAGEMENT

Statkraft Markets GmbH is engaged in trading activities and the operation of gas-fired, hydroelectric and biomass power plants, which are exposed to a number of risks. In particular, those risks include market price, liquidity and default risks, as well as operating, legal and regulatory risks. Risk management therefore has the greatest priority at Statkraft Markets GmbH.

The business activities of Statkraft Markets GmbH include, in particular, trading and sales of standardised forward contracts, power profiles and other structured products. A large part of the profiles and structured products are hedged with corresponding futures contracts. Other parts of the derivative position are concluded for trading purposes, usually through short-term deals to offset open positions. In total, the sum of the transactions should produce a positive arbitrage. Statkraft Markets GmbH is subject to financial risks, which can lead to fluctuations in profits and cash flow. In order to identify these risks on a timely basis and to address them, the company has drawn up appropriate risk management guidelines, which form an active part of the management of the company.

Statkraft also sees itself as a leading provider of market access and hedging products for producers on the one hand and green electricity supplies and hedging transactions for industrial and commercial customers on the other. As part of this business strategy, Statkraft Markets GmbH is exposed to significant electricity price and/or volume risks in relation to the contracted long-term electricity purchase and supply volumes on the generation and consumption side.

In addition, there are significant credit default and regulatory risks due to the long-term nature of the contracts. These risks are monitored on an ongoing basis by the risk management department. The internal guidelines for controlling the relevant portfolios are applied here in the usual way and are constantly reviewed. For example, credit default risks are assessed by Risk Management and, if necessary, reduced by requiring collateral from the contractual partners. Regulatory risks are limited as far as possible by means of appropriate contractual arrangements and change-in-law clauses.

The management determines the risk policy with regard to the individual areas of business. The middle office plays a decisive role in risk management. It supervises daily business within the risk management system and delivers independent, professional assessments. The middle office managers systematically

analyse all new business opportunities and prepare risk assessments to support the company management in making decisions. This increases risk awareness and ensures risks are effectively limited. Furthermore, the middle office draws up daily and weekly risk reports regarding Statkraft Markets GmbH's market positions. These are analysed and discussed weekly by management.

In addition to the risks arising from the trading and market access activities of Statkraft Markets GmbH, the operation and maintenance of the power plants also entail risks that need to be evaluated and managed. These risks mainly include hazards to persons, damage to property and the non-fulfilment of contractual obligations, especially in the area of electricity generation. The consideration of risks and their consequences is therefore an elementary component of all power plant processes, in particular maintenance planning, investment planning and the planning and evaluation of technical changes (management of change). The processes are described in the rules and regulations for the operation and maintenance of the power plants, and their correct implementation is monitored and supervised. The company strives to have a high degree of redundancy for all core operations. Following this philosophy, multiple staff members are trained in key processes, and backup routines are aligned in order to ensure that essential skills are always available. The risk management system is monitored by internal auditing.

The risk management system of the Statkraft Group and Statkraft Markets GmbH also addresses operational information security risks. Internal and external threat scenarios (such as cyberattacks) are systematically considered. For critical infrastructures pursuant to the German Ordinance on the Designation of Critical Infrastructures, the management of Statkraft Markets GmbH receives an annual report on the performance of the information security management systems (ISMS) and current information and cybersecurity risks.

OPPORTUNITIES AND RISKS

Overall assessment of risk and opportunity situation

Management does not view the development of the company as being endangered by the opportunities and risks mentioned below. Instead, it continues to project positive development for the company.

Opportunities and risks from commodity price fluctuations

For the Trading & Origination division, risks and opportunities exist in the development of the market. False estimates of future price developments can have negative effects on the individual portfolios. At the same time, new and innovative products offer the opportunity to create added value.

Risk is managed by means of a limit system. Trades can only be concluded if they are within the permissible trading limits. The limit system is divided according to limits for the price change risk and the (credit) default risk (see below). The market price risks that appear in the volatile power and gas market will be measured using the value-at-risk method (VaR) and profit-at-risk analyses (PaR). The middle office monitors the open positions on the portfolios and the company's total risk position. If the risk positions are exceeded, the middle office ensures that open positions are closed and risks from unsecured positions are minimised.

The risks in the sale of green power certificates and proof of origin, which are included in the inventories on the balance sheet date, are regarded as being low, since, in the experience of the management, these certificates are requested by power suppliers in the summer of the following year in order to fulfil their regulatory obligations.

Opportunities exist in the expected market consolidation and Statkraft Markets GmbH's leadership in innovation.

The costs for the balancing management of renewables increased considerably in many markets in 2022. The main reason for this was the rising fuel costs and higher margins for flexible generation, which meant that the provision of power to supply reserve energy entailed high opportunity costs. Even though prices dipped at the start of 2023, the price level – and therefore also the costs for the balancing management – remains high. In addition, the remuneration for balancing energy was

changed in Germany in mid-2023 to “marginal pricing”, meaning that the most expensive activated unit sets the price for all activated power plants. These higher prices are passed on to the balancing energy price and led to greater volatility in balancing energy prices. It is not yet possible to predict how great the long-term impact on the costs of balancing management will be.

In the following years, more and more European countries are to gradually start participating in the harmonised procurement and coordinated activation of reserve capacity (“MARI” and “PICASSO”). In principle, this should lead to more competition and correspondingly lower costs in the provision of reserve energy. Nevertheless, price spikes are still a possibility in extreme situations. These price spikes are useful to stimulate further flexibilities. For those in charge of balancing management, they also represent extreme risks to which they can be exposed through no fault of their own (for example, due to power plant outages or unavoidable forecast errors for renewables). Therefore, the current price cap of EUR 15,000/MWh for balancing energy markets remains important, but it is currently only transitional (until 2026).

Liquidity and credit risks

Statkraft Markets GmbH does not face significant financing or default risks due to the long-term secured financing by an affiliated company and the outstanding receivables and liabilities owed from and to affiliated companies. Like all of its affiliated companies, the company is included in the cash pooling of the Statkraft Group.

Risks arising from the fluctuation of liquidity resulting from the use of financial instruments such as forward contracts are managed by Statkraft Markets GmbH through regular monitoring of medium- and long-term cash flows and daily cash management.

Credit and default risk is managed by means of an internal rating process. The credit limit of every counterparty is monitored and periodically checked, while the credit position is reported and discussed with individual counterparties on a regular basis. The rating and limit system allows the company to focus on counterparties with very good creditworthiness. Default risks exist for the derivative financial instruments in the amount of the positive market values. Besides evaluating potential counterparty risks, all products, business opportunities

and counterparties are assessed with regard to the principles of corporate social responsibility (CSR), which all middle office risk assessments related to the change of mandates or products must take into account.

The ongoing Russian invasion of Ukraine continues to impact global energy prices as well as electricity and gas prices for the European continent and the United Kingdom. 2022 saw an unusual situation on the global energy markets, with the shortage of gas supplies from Russia leading to an increased level of risk and uncertainty. In the course of the year, electricity prices in the liquid and operational segments rose to record highs and were extremely volatile. This gives rise to greater uncertainty in estimates and a risk of adjustments to the book value of non-financial assets and long-term energy contracts in subsequent periods. The elevated risk relating to volatile energy prices resulted in significant margin requirements on exchanges. We mitigated this liquidity risk by reducing positions on the fuel and futures markets and took precautionary measures to secure liquidity by maintaining higher levels of cash and cash equivalents.

For the Trading & Origination business, there is currently increased volatility in the various markets, with a significant increase in the price level for electricity derivatives and emission certificates. Because the trading department was well prepared for this development, no negative effect on the trading business is expected. However, the current situation leads to increased default risks for the customers of Statkraft Markets GmbH. A default of trading partners and customers could have a negative impact on trading business.

The current higher volatilities and the significantly increased price level are leading to high initial margin payments, cash collaterals and variation margin payment flows. However, due to the inclusion in the parent company's cash pool and the credit line granted, we do not see any increased risk from this.

Operational risks

Statkraft Markets GmbH defines operational risks as the possibility that losses could arise due to inadequate processes, procedures and systems, as well as due to human error or other external factors.

In view of the mild and windy winter 2022/2023, as well as very high gas storage levels and the additional LNG regas infrastructure already put into operation, a gas shortage next winter currently appears unlikely. However, there is still the risk that the situation could suddenly escalate considerably if pipeline gas supplies from Norway were to decrease significantly as a result of technical problems. In the event of an actual shortage, the gas emergency plan for the Federal Republic of Germany could be activated, which would prevent gas-fired power plants from being operated on a commercial basis.

Under normal circumstances, however, gas-fired power plants are currently expected to have lower operating hours and a less profitable year than in 2022 because of the coal-fired power stations that have now come back on stream and the greater availability of French nuclear power plants. In the longer term, though, the accelerated expansion of wind and solar energy will lead to an additional need for flexible power generation, and the significance of flexible gas-fired power plants for supply security will continue to grow.

Additional revenue is anticipated from the marketing of gas-fired power plants in the control reserve markets, in which the power plants were not able to participate in the recent past. In early 2023, Statkraft prequalified a reserve capacity pool and will regularly offer power plant capacity in the future.

In the third year of the coronavirus pandemic, tried-and-tested measures were maintained, assessed and adjusted to best reduce risks to operations. Compared to the previous year, the existing measures were gradually eased in line with the legal situation.

The economic upturn after the lifting of pandemic restrictions resulted in rising demand for energy and significant price hikes on the energy markets starting in 2021. Financial risks (credit and counterparty risk) due to lower contribution margins from underutilised power plants or lower margins from customer contracts with minimum price guarantees are not expected at present.

Information and communication technologies are crucial for the management and handling of Statkraft Markets GmbH's business processes. The Statkraft Group and Statkraft Markets GmbH have defined policies and processes that ensure the availability, integrity and confidentiality of business-critical

information. The increasing threats to the IT environment and process control technology are monitored and analysed centrally within the Group, and countermeasures are taken if necessary.

Statkraft faced a number of cyberattacks in 2022, which were curbed in good time without causing any financial or reputational damage, or any damage to the energy supply system. Several attacks on business partners in our supply chain were also detected in the past year. In such cases, our cybersecurity team (CISRT) communicates directly with the business partner in question so that we can take the necessary measures at our end.

The company's IT department was awarded ISO/IEC 27001 certification, which guarantees extensive information security management. Awareness of cybersecurity was a major topic in the past year. A large number of virtual events were held on various internal platforms with the aim of making our staff more alert to cyber-risks.

Statkraft Markets GmbH is a critical infrastructure operator according to the German Ordinance on the Designation of Critical Infrastructures (BSI-Kritisverordnung – BSI-KritisV). Due to the threshold values updated on 18 May 2021, the Erzhausen pumped storage power plant now also falls under this category in addition to the Statkraft virtual power plant and the Knapsack II gas and steam power plant. As the operator of these critical infrastructures, Statkraft Markets GmbH is obliged to set up an information security management system. It is required to provide proof for the virtual power plant in accordance with Section 8a of the BSI Act and certification for the Knapsack II and Erzhausen power plants in accordance with Section 11 (1b) of the German Energy Industry Act (Energiewirtschaftsgesetz – EnWG). Statkraft is in constant contact with the German Federal Office for Information Security (BSI) and is obliged to report security incidents. A KRITIS audit was conducted in March and April of the past year. The audit report was sent to the BSI as proof that the statutory requirements are complied with in full.

In addition, the company has a variety of technical tools designed to minimise the risk to critical infrastructures, such as an intrusion detection system, endpoint detection and response, security information and event management. Other enhancement measures include internal projects such as cybersecurity assessments, emergency exercises, the assessment of the current network security monitoring system and vulnerability management. The company also works together with various authorities, including KraftCERT, NorCERT and the BSI, to share

information on threats. Threat warnings are regularly received. No critical risks are currently identified in information processing.

Legal and regulatory risks

Statkraft's activities are influenced by legal and regulatory conditions. Regulatory interventions could give rise to risks and uncertainties for Statkraft Markets GmbH.

Authorities in several European countries have issued price regulations at various levels and with various durations that could lead to changes on the energy markets. These regulations did not/will not have any significant effects on our business activities or on the company's situation in 2022 and 2023.

As a result of the war in Ukraine, Statkraft Markets GmbH has decided not to enter into any new business transactions with Russian persons or companies. Statkraft Markets GmbH has no direct ties to Russian persons or to companies based in Russia.

For the opportunities and risks arising from the coal phase-out, please refer to the explanation in the section on market development.

It is evident that a lack of flexibility regarding additional generation is not the only issue affecting the electricity system. Surprisingly, the costs of curtailing output from plants are also frequently high. This is a clear sign that the potential for using short-term flexibility offered by renewable energies – which should be available in sufficient quantities, in particular for curtailment purposes – is not being fully exploited. In line with European regulation, technical and regulatory hurdles must therefore continue to be reduced so that market participants can offer the available flexibility in full to the market.

The accelerated expansion of renewable energies will require further regulatory changes in the short-term and control reserve markets in order to incentivise the necessary flexibility. The resulting market design could have a material effect on the opportunities and risks relating to balance sheet management services.

2022 was also a challenging year in terms of compliance. While the previous year was still heavily influenced by the implications of COVID-19 (in particular the switch to working from home and monitoring trading remotely), the dominant factors in 2022 were

liquidity management to meet margin calls, the monitoring of trading activities in increasingly volatile and illiquid markets, and changes in financial regulation, as well as discussions and decisions on market intervention and tax rules at EU level and in individual countries.

Statkraft Markets GmbH is governed by the financial market regulations of the revised MIFID II. In 2022, Statkraft Markets GmbH once again utilised the non-core activity exemption in accordance with the new RTS 20a (Commission Delegated Regulation of 14 July 2021). Position limit monitoring was simplified in the course of the year and adapted to reflect the new rules of the Commission Delegated Regulation of 20 April 2022. Relevant positions with regard to critical or significant derivatives continue to be monitored on ongoing basis.

In order to meet the behavioural requirements of the EU Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) and the Market Abuse Regulation (MAR), employees were comprehensively trained in the calendar year 2022. Moreover, further instructions and guidelines were issued, and additional monitoring measures were introduced. All trading activities in financial products are checked by means of an automated trade monitoring system. Despite the highly volatile and increasingly illiquid markets, the monitoring of trading activities did not reveal any signs of potential market abuse. Furthermore, the decision was made in the course of 2022 to also monitor physical trading using an automatic trade monitoring system, which is scheduled to be implemented in 2023.

Statkraft Markets GmbH is subject to the reporting requirements set out in the EU Regulation on OTC derivatives, central counterparties and trade repositories (EMIR). Processes for coordinating portfolios and clarifying differences, as well as processes for confirming trade exchanges, are agreed and implemented with trading partners. The annual review of the systems and processes by auditors raised no objections for 2021.

Düsseldorf, 5 June 2023

The management



Charbel Abi Daher



Stefan-Jörg Göbel



Henrik Møistad



Petrus Schipper



Dr. Malte Schwoon



Maik Thalmann

BALANCE SHEET

as at 31 December 2022

Assets	31. 12. 2022 EUR	Previous year EUR '000
A. Fixed assets		
I. Intangible fixed assets		
Purchased Software	2,733,928.15	3,074
II. Property, plant and equipment		
1. Land, property rights and buildings	21,056,762.74	22,141
2. Technical equipment and machinery	181,524,451.61	178,061
3. Other equipment, plant and office equipment	3,016,989.43	3,374
4. Assets under construction	7,879,258.42	3,215
	213,477,462.20	206,791
III. Long-term financial assets		
1. Shares in affiliated companies	220,508,854.00	220,508
2. Loans to affiliated companies	825,313,310.95	0
3. Loans to associated companies	4,500,000.00	4,750
4. Long-term investments	2,925,445.09	2,736
	1,053,247,610.04	227,994
	1,269,459,000.39	437,859
B. Current assets		
I. Inventories		
1. Raw materials and supplies	1,745,567.89	1,909
2. Commercial goods	329,319,856.91	264,493
	331,065,424.80	266,402
II. Receivables and other assets		
1. Trade receivables	792,404,642.15	978,922
2. Receivables from affiliated companies	734,379,794.04	1,663,171
3. Other assets	1,750,166,707.17	1,315,648
	3,276,951,143.36	3,957,741
III. Cash and cash equivalents		
	197,182,052.40	112,678
	3,805,198,620.56	4,336,821
C. Prepaid expenses		
	27,042,625.54	8,574
	5,101,700,246.49	4,783,254

Equity and Liabilities	31. 12. 2022 EUR	Previous year EUR '000
A. Equity		
I. Subscribed capital	4,000,000.00	4,000
II. Capital reserves	832,104,558.71	832,104
III. Retained earnings		
Other retained earnings	45,978.68	46
IV. Profits carried forward	8,663,853.54	8,664
	844,814,390.93	844,814
B. Provisions		
1. Provisions for pensions and similar liabilities	20,686,132.90	17,632
2. Other provisions	986,058,104.38	710,648
	1,006,744,237.28	728,280
C. Liabilities		
1. Received prepayments	10,599,650.02	618
2. Trade payables	1,308,862,279.51	1,350,613
3. Liabilities to affiliated companies	603,183,574.51	102,602
4. Other liabilities		
thereof taxes: EUR 265,846.50 (previous year: EUR 265 thousand)	1,327,496,114.24	1,756,327
	3,250,141,618.28	3,210,160
	5,101,700,246.49	4,783,254

INCOME STATEMENT

for the period 1 January to 31 December 2022

	2022 EUR	Previous year EUR '000
1. Sales revenue	34,239,707,439.23	50,851,784
2. Other own work capitalised	298,949.07	204
3. Other operating income	114,242,914.85	239,723
4. Cost of materials		
a) Cost of raw materials and supplies	142,722,655.97	105,710
b) Cost of purchased services	33,644,502,704.76	51,577,241
5. Personnel expenses		
a) Salaries	34,577,242.37	14,896
b) Social security, post-employment and other employee benefit costs thereof pensions: EUR 638,767.96 (previous year: EUR 4,283 thousand)	7,063,551.18	6,649
6. Depreciation and amortisation of intangible fixed assets and property, plant and equipment	14,888,977.14	14,929
7. Other operating expenses	165,000,074.76	141,194
8. Income from profit transfer agreements	7,000,697.17	2,232
9. Other interest and similar income thereof from affiliated companies: EUR 42,353,134.78 (previous year: EUR 137 thousand)	70,398,669.26	351
10. Expenses from assumption of losses	27,443.69	21
11. Interest and similar expenses thereof to affiliated companies: EUR 17,242,838.41 (previous year: EUR 13,298 thousand)	25,697,520.53	17,546
12. Income taxes thereof tax allocations to group companies: EUR 1,017,490.79 (previous year: EUR 2,536 thousand)	12,520,943.56	2,543
13. Result after taxes	384,647,555.62	-786,435
14. Other taxes	3,023,748.90	220
15. Profit (-)/ loss (+) transfer to the parent company (based on a profit transfer agreement)	-381,623,806.72	786,655
16. Net income for the financial year	0.00	0

Notes for the financial statements 2022

GENERAL REMARKS

Statkraft Markets GmbH is based in Düsseldorf. The company is listed in the register of the Local Court Düsseldorf under no. HRB 37885.

The annual financial statements have been prepared in compliance with Sections 242 et seq. and Sections 264 et seq. of the German Commercial Code (HGB) as well as with the relevant provisions of the German Limited Liability

Company Act (GmbHG). The regulations for large companies apply.

The income statement was prepared according to the total expenditure format.

Unless otherwise stated, the accounting and valuation rules applied thus far remain unchanged from the previous year.

ACCOUNTING AND VALUATION RULES

The following accounting and valuation rules were applied when preparing these annual financial statements.

Intangible assets are recognised at acquisition cost and **property, plant and equipment** are recognised at acquisition or production cost. Production costs include both direct attributable costs (primarily personnel costs) as well as a proportionate share of overheads. **Borrowing costs**, which are incurred on the financing of the production of an asset, are

capitalised as long as these arise during the construction period. Assets that are subject to wear and tear are depreciated in accordance with their useful life using the straightline and declining balance method. Impairment losses are recognised when a decrease in value is probably permanent. Impairment reversals are recognised when the cause of the impairment loss is no longer apparent. The following useful economic lives and depreciation methods are predominantly applied for **fixed assets**:

Balance sheet items	Useful life in years	Depreciation / amortisation method
Intangible assets	3–25	straight-line
Property rights and buildings	6–33	straight-line
Technical equipment and machinery	1–40	straight-line and declining balance
Other equipment, plant and office equipment	3–13	straight-line and declining balance

Since financial year 2018, **low-value assets** with a net value of up to EUR 250.00 have been directly expensed in the income statement. A collective item for low-value assets with a net value of more than EUR 250.00 and up to EUR 1,000.00 is recognised in tangible fixed assets and depreciated over a five-year period using the straightline method. The item is, in its totality, of only minor importance.

Long-term financial assets are recognised at the lower of cost of acquisition or fair value, if the fair value is likely to be permanently lower.

Inventories are recognised at weighted average or individual cost of acquisition. Write-downs to net realisable value are recognised when necessary. Emission certificates for own use and green certificates are reported under commercial goods.

Receivables and other assets are capitalised at nominal value. Provisions are raised to cover any positions at risk.

Other assets in **foreign currency** are translated at the average spot exchange rate according to Section 256 a HGB. For positions in foreign currency with a maturity of one year or less, the cost of acquisition principles according to Section 253 (1) sentence 1 HGB and the imparity principles of Section 252 (1) no. 4 half-sentence 2 HGB are not applied. Positions with a maturity of over one year did not exist at the balance sheet date.

Cash and cash equivalents are recognised at nominal value.

Expenses incurred before the balance sheet date are disclosed as **prepaid expenses** on the assets side to the extent that these constitute expenditures for a certain time after this date.

Direct **pension obligations** were measured according to the projected unit credit method, applying actuarial principles, and are based on Prof Klaus Heubeck's 2018 G mortality tables published in 2018. These obligations were discounted at the average market interest rate of the past ten years as published by the Deutsche Bundesbank, which applies to an assumed remaining term of 15 years (Section 253 (2) sentence 2 HGB). The difference between the calculation of the provisions taking the corresponding market interest rate from the previous ten years compared to the calculation of the provisions with the corresponding market interest rate from the previous seven years amounts to EUR 3,785 thousand in the current financial year (previous year: EUR 6,092 thousand) (Section 253 (6) HGB). The valuation is based on the following parameters:

	2022 in %	Previous year in %
Discount rate	1.79* / 1.45**	1.87* / 1.35**
Salary increases	3.00 p.a.	3.00 p.a.
Pension increases	3.00 p.a.	3.00 p.a.
Fluctuation	0.00–6.00 p.a.	0.00–6.00 p.a.

* ten-year average

** seven-year average

The valuation of bond-secured pension obligations is carried out in accordance with Section 253 (1) sentence 3 HGB. The amount of the pension obligations is completely based on the fair value of the reinsurance policies. To fulfil these employee

pension obligations, capital is deposited in special funds, which, in the case of bond-secured pension obligations, is derived solely from salary sacrifice and is therefore employee financed.

Reinsurance policies have been concluded to secure pension obligations. These are not accessible to creditors. They are measured at fair value and offset against pension obligations. Fair value is determined based on the policy reserves projected by the insurance company. The discount rate changes are reported under EBIT. The effect from the offset of plan assets is recognised in the interest expenses.

According to Section 246 (2) sentence 2 HGB, the **fair value of reinsurance policies** is offset for balance sheet presentation.

Other provisions cover all contingent liabilities as well as impending losses from executory contracts. They are calculated based on the expected settlement amount including future price increases common to normal business undertakings. Other provisions with a residual term of more than one year are discounted according to the average market interest rate of the past seven years as published by Deutsche Bundesbank.

Valuation units in accordance with Section 254 HGB: Statkraft Markets GmbH's commercial activities include physical and financial trading and optimisation activities in electricity, gas, emission rights and other commodities relating to the energy industry. Among other things, futures contracts are concluded for this purpose.

Within the Trading & Origination business division, Statkraft Markets GmbH makes the following distinction between the two areas of business: While standard products are used in the Trading business to achieve margins with a short-term horizon, the Origination business also involves long-term optimisation activities with structured products and inventories. Both operating units are divided into different mandates in order to ensure adequate risk monitoring and management of trading/ optimisation activities. A strict functional separation between trading and risk management is implemented. The definition of the individual mandates is generally based on the region traded, the products and commodities traded, the time horizon or the trading strategies.

Risk limits for the trading mandates are determined by the Value-at-Risk (VaR) calculations, which are performed for each trading date by the risk management team. Defined procedures for reducing risk are initiated if specified limits are breached.

Risk limits for the origination mandates are based on Profit-at-Risk (PaR) calculations, which are also carried out on each trading day by the risk management team. If limits are breached in Origination mandates, risk reduction measures are taken.

In principle, transactions concluded in Trading & Origination are combined in macro valuation units in which the risk-compensating effect of comparable risks is taken into consideration. A macro valuation unit exists if the risk-compensating effect of whole groups of underlying transactions is evaluated at an aggregated level and these groups are jointly hedged against the (net remaining) risk and this is in accordance with the risk management practice.

In each of the macro valuation units, financial and economic risks – in the form of price and foreign exchange risks – are

hedged through traded commodities within their mandate frame. The balance sheet presentation of the effective parts of the valuation units is prepared in accordance with the freezing method, according to which the changes in value in underlying and hedging transactions that offset each other and can be traced back to the particular risk hedged are not reported in the balance sheet.

The hedging intention of the macro valuation units exists continuously for the periods that are in accordance with the risk guidelines for trading transactions. As of 31 December 2022, opposite cash flow streams exist for the period up to 2034. A documented, appropriate, working risk management system exists to determine the expected effectiveness. The scope of actions, responsibilities and controls according to internal guidelines are determined and binding. Trading in commodity derivatives is permitted within predefined limits. The limits are defined by independent organisational units and monitored on each trading day.

The assets, liabilities and executory contracts are included in the valuation units with the following nominal values (book values):

	Positive fair value of executory contracts (EUR '000)	Negative fair value of executory contracts (EUR '000)	Assets included on assets side (EUR '000)	Assets included on liabilities side (EUR '000)
Asset Exposure	142,909	-172,521	0	0
Certificate Trading	213,578	-280,138	147,067	-204
Continental Trading	6,201,139	-5,990,629	5,850	-46,218
Structured Origination	6,678,726	-6,200,091	230,798	-80
	13,236,351	-12,643,378	383,715	-46,502

The value of the risks hedged through valuation units is EUR 12,540,495 thousand. The assets and liabilities included comprise inventories, variation margins, option premiums and prepayments.

The macro valuation units are tested for ineffectiveness on the balance sheet values at the end of the year by looking at the current fair values of the particular valuation unit to which they relate. If the balance of the fair values of the transactions included is negative, taking into account any assets and liabilities included in the valuation units, a provision for the valuation units is recognised. Any positive balances are not accounted for.

In addition, anticipatory valuation units are formed. The underlying transactions described below are generally highly probable forecast transactions that are not recognised as such in the balance sheet.

The Asset Exposure valuation unit category includes transactions through which Statkraft Markets GmbH optimises physical power plant positions in Germany ("Continental Assets" business division). The power plant positions comprise power plants owned by the company or where the economic risk lies with the company on the basis of long-term contracts. The underlying transactions mainly comprise expected spot sales from the generation of electricity. The hedging instruments mainly comprise derivative financial instruments via marketing.

The hedging transactions included in these valuation units have a nominal volume of EUR 442,120 thousand. The negative fair value is offset by compensation income from the underlying transactions.

The amount of hedged risk corresponds to the nominal volume and is differentiated by transaction type and the associated hedging strategy in accordance with the applicable policies and procedures as follows:

In the forward marketing of electricity generated from our own power plant output, the focus is on securing the margin between the costs of electricity generation (fuel costs and emission certificates) and the earnings from the marketing of electricity. In line with internal risk management, the associated forecast future cash flows are hedged using standardised forward products. This also requires the conclusion of adjustment and

profiling transactions. The high probability of the expected transactions results from the fact that transactions of the same type have been made regularly in the past, the contract negotiations are almost completed on the reporting date or the conclusion of the transaction represents the only economically reasonable alternative from the company's point of view. As of the reporting date, there were no indications that these transactions would not occur.

Liabilities are recognised at the amounts at which they will be settled. Present values of long-term liabilities are calculated by applying market interest rates to match the maturities. Received prepayments are recognised at the amounts at which they will be settled.

Income received before the balance sheet date is disclosed as **deferred income** on the liabilities side to the extent that this constitutes income for a certain time after this date.

Receivables and credits or liabilities denominated in **foreign currencies** are posted at the rates in effect at the date of initial posting and are remeasured at the balance sheet date applying the average spot exchange rate. The losses from exchange rate changes on the balance sheet date are recognised in profit or loss. In contrast, unrealised profits from exchange rate changes are only recognised if they relate to receivables and liabilities with a remaining term of up to one year.

Affiliated companies are all those companies which are included in the consolidated financial statements of Statkraft SF, Oslo, Norway, and those in which Statkraft SF, Oslo, Norway, either directly or indirectly holds the majority interest, but which are not included in the consolidated financial statements according to the choice of accounting policy.

Sales revenue from trading is disclosed as a gross figure.

The energy and certificates procured in Trading & Origination and Market Access are reported under expenses for purchased services, while the energy and certificates procured for Continental Assets are reported under expenses for raw materials, consumables and supplies.

Other own work capitalised mainly comprises personnel costs for own employees.

EXPLANATORY COMMENTS ON THE BALANCE SHEET

Fixed assets

The movements in fixed assets and their depreciation and amortization for the financial year are presented in the statement of fixed assets movements (Appendix to the Notes).

Borrowing costs were not capitalised in the financial year.

List of shareholdings

Statkraft Windpark Oedelsheim GmbH & Co. KG was renamed Statkraft Windpark Rappenhagen GmbH & Co. KG during the financial year and received an increase in equity of EUR 1,600 thousand from the 99% shareholder Statkraft Windpark Rappenhagen Verwaltungs GmbH.

Unless stated otherwise, this information relates to 31 December 2022.

Name and registered office	Investment held at 31/12 (%)	Results for financial year (EUR '000)	Share capital / limited liability capital (EUR '000)	Equity (EUR '000)
Knapsack Power Admin GmbH, Düsseldorf	100	0 ¹⁾	25	25
Statkraft Holding Herdecke GmbH, Düsseldorf	100	0 ¹⁾	25	5,270
Statkraft Holding Knapsack GmbH, Düsseldorf	100	0 ¹⁾	25	215,192
Knapsack Power GmbH & Co. KG, Düsseldorf ²⁾	100	29,534	25	192,640
Knapsack Power Verwaltungs GmbH, Düsseldorf ²⁾	100	0 ¹⁾	25	270
Kraftwerksgesellschaft Herdecke mbH & Co. KG, Hagen ²⁾	50	100	10,000	31,089
Kraftwerksverwaltungsgesellschaft Herdecke mbH, Hagen ²⁾	50	1	25	46
Statkraft Trading GmbH, Düsseldorf	100	0 ¹⁾	25	25
Statkraft Windpark Rappenhagen GmbH & Co. KG, Düsseldorf	1	-315	199	1,442

¹⁾Result after transfer of profit/ loss

²⁾Indirectly held investments

Loans to affiliated companies

The additions to loans to affiliated companies are attributable to transactions with the parent company, Statkraft Germany GmbH.

Receivables and other assets

As in the previous year, all receivables and other assets have a residual term of up to one year. In 2022, a lump sum valuation allowance of EUR 8,001 thousand (previous year: EUR 10,046 thousand) was posted, which is measured as one percent of net receivables.

Receivables from affiliated companies are comprised as follows:

	2022 EUR '000	Previous year EUR '000
Receivables from cash pool with Statkraft AS, Oslo, Norway	496,670	708,527
Trade receivables	227,677	107,184
Receivables from profit transfer agreements	7,001	2,232
Trade receivables from shareholder Statkraft Germany GmbH, Düsseldorf	2,782	58,573
Receivables from short-term loans to subsidiaries	250	0
Receivables from shareholder Statkraft Germany GmbH in connection with loss transfer	0	786,655
Total receivables from affiliated companies	734,380	1,663,171

Receivables from the shareholder (EUR 2,782 thousand) Statkraft Germany GmbH, Düsseldorf, are mainly input tax refund claims.

Other assets mainly include paid security deposits of EUR 1,634,299 thousand (previous year: EUR 1,235,440 thousand) from paid option premiums of EUR 4,071 thousand (previous year: EUR 28,464 thousand), and CO2 certificates of EUR 70,072 thousand (previous year: EUR 39,511 thousand).

Prepaid expenses

The prepaid expenses of EUR 27,043 thousand (previous year: EUR 8,574 thousand) mainly concern power purchase agreements of EUR 24,431 thousand (previous year: EUR 7,612 thousand) and certificates of EUR 312 thousand (previous year: EUR 301 thousand).

Deferred taxes

Deferred tax assets are not recognised because a possible disclosure must now be made at the level of Statkraft Germany GmbH, Düsseldorf, in its capacity as the tax group holding company (since 1 January 2009).

A separate calculation of income taxes is performed for foreign operations. If there is an additional tax burden overall in the future, this is recognised as a liability, while future tax relief is not capitalised in accordance with Section 274 (1) sentence 2 HGB. No temporary differences arose in the financial year in relation to the foreign operations.

Equity

As a consequence of the controlling and profit and loss transfer agreement with Statkraft Germany GmbH, Düsseldorf, in force since 1 January 2009, the company's equity remained unchanged from the previous year at EUR 844,814 thousand.

Provisions for pensions and similar obligations

Reinsurance policies have been concluded to secure direct and bond-secured **pension obligations**. The acquisition costs as well as the fair values of the reinsurance policies relating to pensions are shown in the following table:

	Acquisition costs EUR '000	Fair value EUR '000
Pension reinsurance policies	33,090	36,732

In the year under review, a deficit of EUR 20,686 thousand (previous year: EUR 17,632 thousand) was determined and recognised in pension provisions, based on the ten-year average rate. Applying the seven-year average rate would have resulted in pension obligations of EUR 24,471 thousand (previous year: EUR 23,724 thousand). The difference according to Section 253 (6) HGB thus amounts to EUR 3,785 thousand (previous year: EUR 6,092 thousand), but is not subject to a payment restriction. Prior to offsetting the reinsurance coverage claims of EUR 36,732 thousand (previous year: EUR 35,415 thousand), pension obligations in financial year 2022 amounted to EUR 60,378 thousand (previous year: EUR 53,047 thousand).

The difference between the fair value and the acquisition cost of the pension reinsurance policies is subject to a payment and distribution restriction in accordance with Section 268 (8) HGB and amounts to EUR 3,642 thousand (previous year: EUR 4,681 thousand). As a result of the amount of the profit carried forward there is, in principle, no payment restriction for the annual net profit as of 31 December 2022.

The net interest result includes gains of EUR 353 thousand (previous year: EUR 91 thousand) resulting from plan assets.

It also includes expenses due to discounting of pension obligations of EUR 1,081 thousand (previous year: EUR 1,162 thousand). Expenses of EUR 57 thousand (previous year: EUR 47 thousand) were netted against the interest from plan assets.

Other provisions

Other provisions amount to EUR 986,058 thousand (previous year: EUR 710,648 thousand). Other provisions mainly consist of the following:

	2022 EUR '000	Previous year EUR '000
Provisions from valuation units	519,239	490,310
Provisions for impending losses	378,379	136,343
Decommissioning costs	31,966	27,533
Employee bonuses	14,182	5,947
Provisions for outstanding balances	10,091	6,099
Provisions for anniversary and death payment benefits	752	818
Contributions to employer's liability insurance association	263	357
Others	31,186	43,241
Total other provisions	986,058	710,648

The company has concluded long-term power purchase contracts, which do not form part of the valuation units and, as in preceding years, have been examined for possible risks of expected losses from future power purchase obligations, including interest and foreign currency risks. The valuation showed a possible loss over the total term of the contracts, with the result that provisions for impending losses in the amount of EUR 378,379 thousand were recognised. Most of this provision (EUR 277,498 thousand) primarily relates to long-term electricity items. The increase in the provision for valuation units is due to an increase in the categories reported as "Structured Origination" and "Certificate Trading", which is partially offset by an opposing effect in the "Asset Exposure" category.

Liabilities

As in the previous year, liabilities are due within one year.

The prepayments received contain prepayments for green certificates of EUR 4,197 thousand (previous year: EUR 618 thousand).

Liabilities due to affiliated companies are as follows:

	2022 EUR '000	Previous year EUR '000
Liabilities from profit and loss transfer agreements due to shareholder Statkraft Germany GmbH	381,624	0
Trade payables	190,923	94,118
Liabilities from cash pool due to Statkraft AS, Oslo	27,426	5,004
Trade payables to shareholder Statkraft Germany GmbH	3,184	3,459
Liabilities from the obligations for loss compensation	27	21
Total liabilities to affiliated companies	603,184	102,602

Other liabilities

The following table shows the breakdown of other liabilities as of the balance sheet date:

	2022 EUR '000	Previous year EUR '000
Security deposits received	1,283,690	1,722,878
Liabilities from option premiums	34,968	27,393
Tax liabilities	266	266
Miscellaneous	8,572	5,790
Total other liabilities	1,327,496	1,756,327

As in the previous year, the security deposits received comprise payments in connection with bilaterally concluded contracts including security deposits from the settlement of open positions on the stock exchange in the amount of EUR 1,026,101 thousand (previous year: EUR 721,839 thousand). The latter had a positive balance in the previous year and were reported under other assets. There was a write-down of EUR 154,273 thousand (previous year: EUR 18,588 thousand) on security deposits from the settlement of open positions on the stock exchange.

Contingent liabilities

As in the previous year, there were no contingent liabilities from bank guarantees and other guarantees or other acceptance of liability as of the balance sheet date.

Other financial obligations

The tolling agreement in place with Knapsack Power GmbH & Co. KG was renewed in the financial year and extended to 2035 in accordance with the anticipated life of the power plant. Future obligations of EUR 673,568 thousand arise from this agreement. This increase from the previous year (EUR 140,512 thousand) is partly because the new agreement covers future new investments by the company.

As of 31 December 2022, obligations relating to long-term power purchase agreements in place until 2035 and 2037 total EUR 296,979 thousand; obligations in connection with a long-term service agreement in place until 2028 amount to EUR 13,191 thousand.

As of 31 December 2022, obligations from rental and leasing agreements amount to a total of EUR 12,548 thousand (previous year: EUR 11,629 thousand), of which EUR 1,695 thousand (previous year: EUR 1,409 thousand) is due within one year and EUR 6,291 thousand (previous year: EUR 5,630 thousand) is due after five years. The rental and leasing properties are used according to their normal purpose. No significant opportunities or risks exist from the rental and leasing agreements.

EXPLANATORY COMMENTS ON THE INCOME STATEMENT

Sales revenue

Sales revenue in the past financial year amounted to EUR 34,239,707 thousand (previous year: EUR 50,851,784 thousand) and is distributed across the business divisions as follows:

	2022 EUR '000	Previous year EUR '000
Power trading	19,136,051	8,455,359
Emissions and green certificates trading	11,584,934	39,296,654
Gas trading	3,431,804	3,077,838
Other services to customers	86,918	21,933
Total sales revenue	34,239,707	50,851,784

Classified by regional markets, sales revenue is distributed as follows:

	2022 EUR '000	Previous year EUR '000
United Kingdom	18,930,178	34,578,290
Germany	7,035,947	11,871,335
EU	7,671,321	4,092,967
Other Europe	592,395	307,041
World	9,866	2,151
Total sales revenue	34,239,707	50,851,784

Other operating income

Other operating income amounts to EUR 114,243 thousand (previous year: EUR 239,723 thousand) and consists of the following:

	2022 EUR '000	Previous year EUR '000
Currency exchange rate gains ¹⁾	93,245	99,307
Impairment reversals of fixed assets	15,638	0
Gains from the release of provisions/ other liabilities ²⁾	5,304	128,031
Other	56	1,260
Gains from sale of shares in affiliated companies	0	11,125
Total other operating income	114,243	239,723

¹⁾ Thereof EUR 0 thousand (previous year: EUR 2,499 thousand) unrealised currency exchange rate gains from valuation of bank balances

²⁾ Thereof EUR 5,304 thousand (previous year: EUR 128,031 thousand) from other periods

Cost of materials

Cost of materials amounted to EUR 33,787,225 thousand (previous year: EUR 51,682,951 thousand) and consists of the following:

	2022 EUR '000	Previous year EUR '000
Cost of raw materials and supplies	142,722	105,710
Cost of purchased services	33,644,503	51,577,241
Total cost of materials	33,787,225	51,682,951

Depreciation and amortisation of intangible fixed assets and property, plant and equipment

The depreciation and amortisation of tangible fixed assets and intangible assets comprise solely planned depreciation and amortisation.

Other operating expenses

Other operating expenses comprise the following:

	2022 EUR '000	Previous year EUR '000
Currency exchange rate losses ¹⁾	115,438	97,625
Rent, repair and similar costs	20,375	18,442
Legal and consultancy fees	11,904	8,142
IT related expenses	3,765	1,945
Expenses for telephone and data transmission	1,013	1,600
Services for power plants	842	1,085
Guarantee costs	620	446
Marketing and information costs	550	268
Membership fees	483	315
Travel expenses	310	101
Expenses for external employees	90	75
Other	9,610	11,150
Total other operating expenses	165,000	141,194

¹⁾ Thereof EUR 7,342 thousand (previous year: EUR 0 thousand) unrealised currency exchange rate losses from valuation of bank balances

Other interest and similar income

Interest income of EUR 70,399 thousand includes interest income from interest on receivables from Statkraft Germany GmbH in relation to the previous year's loss transfer over the period from 1 January to 22 December 2022 of EUR 38,459 thousand.

Interest and similar expenses

Interest expenses for financial year 2022 of EUR 25,698 thousand (previous year: EUR 17,546 thousand) include expenses from the interest cost on pension provisions of EUR 1,081 thousand (previous year: EUR 1,162 thousand) and expenses from the interest cost on other provisions of EUR 154 thousand (previous year: EUR 300 thousand).

Income taxes

Taxes on income amount to EUR 12,521 thousand (previous year: EUR 2,543 thousand) and mainly comprise foreign corporate income taxes for the operations in the United Kingdom.

Issues relating to other periods

The other operating income includes EUR 5,304 thousand of income from other periods, which mainly results from the release of provisions.

OTHER INFORMATION

Derivative financial instruments not recognised at fair value

The market values of derivative financial instruments are calculated from the difference between the hedging transactions at the hedging rate (nominal values) and the hedging transactions at the closing rate (fair values).

Forward exchange transactions

Forward exchange transactions are used to hedge against foreign currency risks that are not attributable to the trading business and are included in the valuation units.

As of the balance sheet date, the following forward exchange transactions existed:

	Nominal value EUR '000	Fair value EUR '000
Positive market values		
Sale of GBP	209,495	212,177
Sale of USD	131,084	131,150
Sale of PLN	147,064	147,315
	487,643	490,642
Negative market values		
Sale of GBP	55,205	54,535
	55,205	54,535

Unrealised losses from these transactions of EUR 670 thousand were recognised in other provisions.

Interest rate hedging transactions

The following interest rate hedging transactions to hedge interest rate risk existed as of the balance sheet date:

	Nominal value EUR '000	Fair value EUR '000
Positive market values	225,497	245,816
Negative market values	0	0
	225,497	245,816

Auditor fees

The total fee charged by the auditor for financial year 2022 amounts to EUR 405 thousand (previous year: EUR 359 thousand). Of this, EUR 383 thousand relates to the audit of the financial statements and EUR 22 thousand to other audit services.

Management

The following managing directors have joint powers of representation:

- **Charbel Abi Daher**
(Senior Vice President Trading),
Meerbusch (since 1 June 2023)
- **Dr. Gundolf Dany**
(Vice President Strategic Asset Ownership Continental),
Düsseldorf (until 31 December 2022)
- **Stefan-Jörg Göbel**
(Senior Vice President Country Manager Germany),
Düsseldorf (since 1 January 2023)
- **Henrik Møistad**
(Vice President Finance Global Market Operations),
Oslo / Norway
- **Dr. Carsten Poppinga**
(Senior Vice President Trading & Origination),
Düsseldorf (until 27 March 2023)
- **Dr. Christian Redeker**
(Regional Director), Brühl (until 31 December 2022)
- **Petrus Schipper**
(Vice President Northwestern European & US Origination),
Amsterdam
- **Dr. Malte Schwoon**
(Vice President Energy Management Continent), Düsseldorf
- **Maik Thalmann**
(Vice President Operation & Maintenance Germany),
Dörverden (since 1 January 2023)

The managing directors perform the duties and responsibilities of the business divisions shown above as their full-time occupation within the Statkraft Group.

Total remuneration paid to the management

Only one managing director received remuneration from the company in financial year 2022. The remuneration of the other managing directors was recharged to the company by affiliated companies on the basis of the existing service agreements with these affiliated companies. The total remuneration paid to the members of the management for 2022 amounts to EUR 4,116 thousand (previous year: EUR 1,246 thousand).

Employees

In the year under review, the company had an average of 26 salaried employees (previous year: 25) and 107 hourly paid workers (previous year: 116).

Subsequent events

There were no events of special significance occurring after the balance sheet date that would have resulted in a different presentation of the net assets, financial position and results of operations if they had occurred earlier.

Group affiliation

The company's annual financial statements are included in the consolidated financial statements of Statkraft AS, Oslo, Norway, as of 31 December 2022 (smallest group of consolidated entities). The largest group of consolidated entities in which the company is included is the consolidated financial statements of Statkraft SF, Oslo, Norway.

The consolidated financial statements for Statkraft AS are available from the register court (Regnskapsregisteret) in Oslo, Norway, under register number 987 059 699.

The consolidated financial statements for Statkraft SF are available from the register court (Regnskapsregisteret) in Oslo, Norway, under register number 962 986 277.

The management intends to file the consolidated financial statements and the consolidated management report of Statkraft AS, prepared in accordance with the International Financial Reporting Standards (IFRS), in English with the

online version of the Bundesanzeiger (German Federal Gazette) according to the relevant provisions for consolidated financial statements and consolidated management reports pursuant to Section 291 HGB under Statkraft Markets GmbH, Düsseldorf/HRB 37885/Düsseldorf District Court. In this case, Statkraft Markets GmbH will not be obligated to prepare its own consolidated financial statements and a consolidated management report according to Section 290 HGB.

Deviations from German legal requirements with respect to the consolidated financial statements of Statkraft Markets GmbH may arise in the area of fixed assets due to different definitions of useful life, different valuations of pension provisions and executory contracts, as well as the recognition of deferred taxes due to these different accounting and valuation methods.

Proposal for distribution of profits/losses

The annual net profit will be transferred by the sole shareholder, Statkraft Germany GmbH, Düsseldorf, pursuant to the existing controlling and profit and loss transfer agreement. The net result that will be disclosed for the year therefore amounts to EUR 0 thousand.

Düsseldorf, 5 June 2023

The management



Charbel Abi Daher



Stefan-Jörg Göbel



Henrik Møistad



Petrus Schipper



Dr. Malte Schwoon



Maik Thalmann

FIXED ASSETS MOVEMENTS

Historical acquisition and production cost

	As at 1.1.2022 EUR	Additions EUR	Transfers EUR	Disposals EUR	As at 31.12.2022 EUR
I. Intangible fixed assets					
1. Purchased software	13,118,204.99	0.00	0.00	247,500.00	12,870,704.99
2. Goodwill	11,779,877.84	0.00	0.00	0.00	11,779,877.84
	24,898,082.83	0.00	0.00	247,500.00	24,650,582.83
II. Tangible fixed assets					
1. Land, property rights and buildings	98,317,905.28	0.00	0.00	0.00	98,317,905.28
2. Technical equipment and machinery	688,382,459.53	262,679.11	87,965.04	0.00	688,733,103.68
3. Other equipment, plant and office equipment	21,294,072.84	831,120.57	2.60	152,245.50	21,972,950.51
4. Assets under construction	10,284,834.64	4,751,919.65	-87,967.64	0.00	14,948,786.65
	818,279,272.29	5,845,719.33	0.00	152,245.50	823,972,746.12
III. Long-term financial assets					
1. Shares in affiliated companies	220,510,354.00	1,000.00	0.00	0.00	220,511,354.00
2. Loans to affiliated companies	0.00	825,313,310.95	0.00	0.00	825,313,310.95
3. Loans to associated companies	4,750,000.00	0.00	0.00	250,000.00	4,500,000.00
4. Long-term investments	2,736,310.72	189,134.37	0.00	0.00	2,925,445.09
	227,996,664.72	825,503,445.32	0.00	250,000.00	1,053,250,110.04
	1.071.174.019.84	831.349.164.65	0.00	649.745.50	1.901.873.438.99

Accumulated depreciation and amortisation

	As at 1.1.2022 EUR	Additions EUR	Transfers EUR	Disposals EUR	As at 31.12.2022 EUR
I. Intangible fixed assets					
1. Purchased software	10,044,678.09	136,359.86	0.00	44,261.11	10,136,776.84
2. Goodwill	11,779,877.84	0.00	0.00	0.00	11,779,877.84
	21,824,555.93	136,359.86	0.00	44,261.11	21,916,654.68
II. Tangible fixed assets					
1. Land, property rights and buildings	76,176,907.07	1,190,618.10	0.00	106,382.63	77,261,142.54
2. Technical equipment and machinery	510,321,176.71	12,374,910.27	0.00	15,487,434.91	507,208,652.07
3. Other equipment, plant and office equipment	17,919,942.67	1,187,088.91	151,070.50	0.00	18,955,961.08
4. Assets under construction	7,069,528.23	0.00	0.00	0.00	7,069,528.23
	611,487,554.68	14,752,617.28	151,070.50	15,593,817.54	610,495,283.92
III. Long-term financial assets					
1. Shares in affiliated companies	2,500.00	0.00	0.00	0.00	2,500.00
2. Loans to affiliated companies	0.00	0.00	0.00	0.00	0.00
3. Loans to associated companies	0.00	0.00	0.00	0.00	0.00
4. Long-term investments	0.00	0.00	0.00	0.00	0.00
	2,500.00	0.00	0.00	0.00	2,500.00
	633,314,610.61	14,888,977.14	151,070.50	15,638,078.65	632,414,438.60

Residual book value

	As at 31.12.2022 EUR	As at 31.12.2021 EUR
I. Intangible fixed assets		
1. Purchased software	2,733,928.15	3,073,526.90
2. Goodwill	0.00	0.00
	2,733,928.15	3,073,526.90
II. Tangible fixed assets		
1. Land, property rights and buildings	21,056,762.74	22,140,998.21
2. Technical equipment and machinery	181,524,451.61	178,061,282.82
3. Other equipment, plant and office equipment	3,016,989.43	3,374,130.17
4. Assets under construction	7,879,258.42	3,215,306.41
	213,477,462.20	206,791,717.61
III. Long-term financial assets		
1. Shares in affiliated companies	220,508,854.00	220,507,854.00
2. Loans to affiliated companies	825,313,310.95	0.00
3. Loans to associated companies	4,500,000.00	4,750,000.00
4. Long-term investments	2,925,445.09	2,736,310.72
	1,053,247,610.04	227,994,164.72
	1,269,459,000.39	437,859,409.23

INDEPENDENT AUDITOR'S REPORT

To the Statkraft Markets GmbH, Düsseldorf

Audit opinions

We have audited the annual financial statements of Statkraft Markets GmbH, Düsseldorf, comprising the balance sheet as at 31 December 2022, the income statement for the period ended 31 December 2022 and the notes to the financial statements, together with the recognition and measurement policies presented therein. We also audited the management report of Statkraft Markets GmbH, Düsseldorf/Germany, for the period ended 31 December 2022.

In our opinion, based on the findings of our audit,

- the attached annual financial statements have in all material respects been prepared in accordance with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the company as at 31 December 2022 and its results of operations for the period ended 31 December 2022 in accordance with the German principles of proper accounting and
- the attached management report provides a suitable view of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Sec. 322 (3) Sentence 1 German Commercial Code (HGB), we declare that our audit did not lead to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with Sec. 317 German Commercial Code (HGB) and the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under these provisions and standards are defined in more detail in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our Auditor's Report. We are

independent of the company in accordance with the requirements of German commercial and professional law, and we have conducted our other professional obligations in Germany in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and suitable to provide a basis for our audit opinions on the annual financial statements and the management report.

Legal representatives' responsibility for the annual financial statements and the management report

The legal representatives are responsible for ensuring that the annual financial statements are prepared in all material respects in accordance with the requirements of German commercial law relating to corporations, and that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with the German principles of proper accounting. In addition, the legal representatives are responsible for the internal controls that they have determined necessary in compliance with the German principles of proper accounting to allow the preparation of annual financial statements that are free from material misstatements, whether due to fraud (i.e. manipulation of the financial statements and financial losses from fraudulent acts) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing, if applicable, matters related to going concern. In addition, they are responsible for accounting on the basis of the going-concern principle, unless otherwise prevented from doing so by any actual or legal circumstances.

The legal representatives are also responsible for preparing the management report so that it provides as a whole a true and fair view of the company's position and is in all material respects consistent with the annual financial statements, complies with the German legal requirements, and accurately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for taking precautions and introducing measures (systems) which they have deemed necessary to ensure the preparation of the management report is in accordance with the applicable German legal requirements and that sufficient appropriate evidence can be provided for the statements made in the management report.

Auditor's responsibilities for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or error; and whether the management report as a whole provides an appropriate view of the company's position and, in all material respects, is consistent with the annual financial statements and the results of our audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report containing our audit opinions on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 German Commercial Code (HGB) and the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. Misstatements can result from due to fraud or error and are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of readers of the annual financial statements and management report made on the basis of said annual financial statements and management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatements in the annual financial statements and the management report due to fraud or error, plan and conduct audit activities as a response to these risks and obtain audit evidence that is sufficient and suitable to provide a basis for our audit opinions. The risk that material misstatements resulting from fraudulent acts will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, as fraudulent acts may include collusion, forgery, intentional omissions, misleading representations, or override of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit activities that are appropriate under the given circumstances but are not aimed

at issuing an audit opinion on the effectiveness of these systems at the company.

- We evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates and related disclosures made by the legal representatives.
- We draw conclusions on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we undertake to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, lead to the company being unable to operate as a going concern.
- We evaluate the presentation, structure, and content of the annual financial statements in total, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that gives a true and fair view of the net assets, financial position, and results of operations of the company in compliance with the German principles of proper accounting.
- We assess the consistency of the management report with the annual financial statements, its compliance with legal requirements, and the view it gives of the company's position.
- We conduct audit activities on the forward-looking statements made by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the forward-looking statements, and evaluate the proper derivation of the forward-looking statements from these assumptions. We do not issue a separate audit opinion on the forward-looking statements or the underlying assumptions. There is a substantial unavoidable risk that future events will deviate materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, 5 June 2023

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

(Dr. Benedikt Brüggemann)

German Public Auditor

(Niklas Polster)

German Public Auditor

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