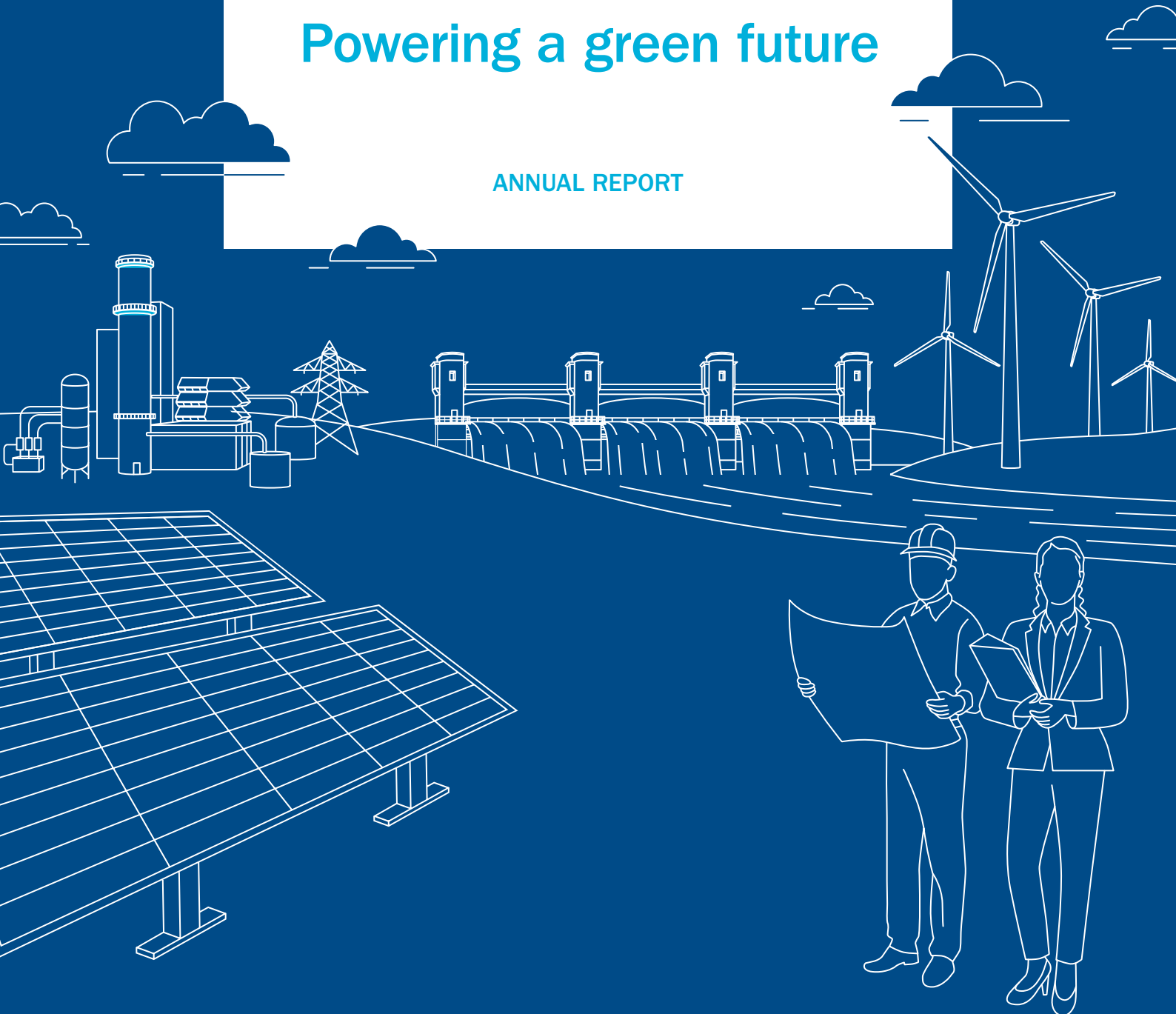




2021

Powering a green future

ANNUAL REPORT



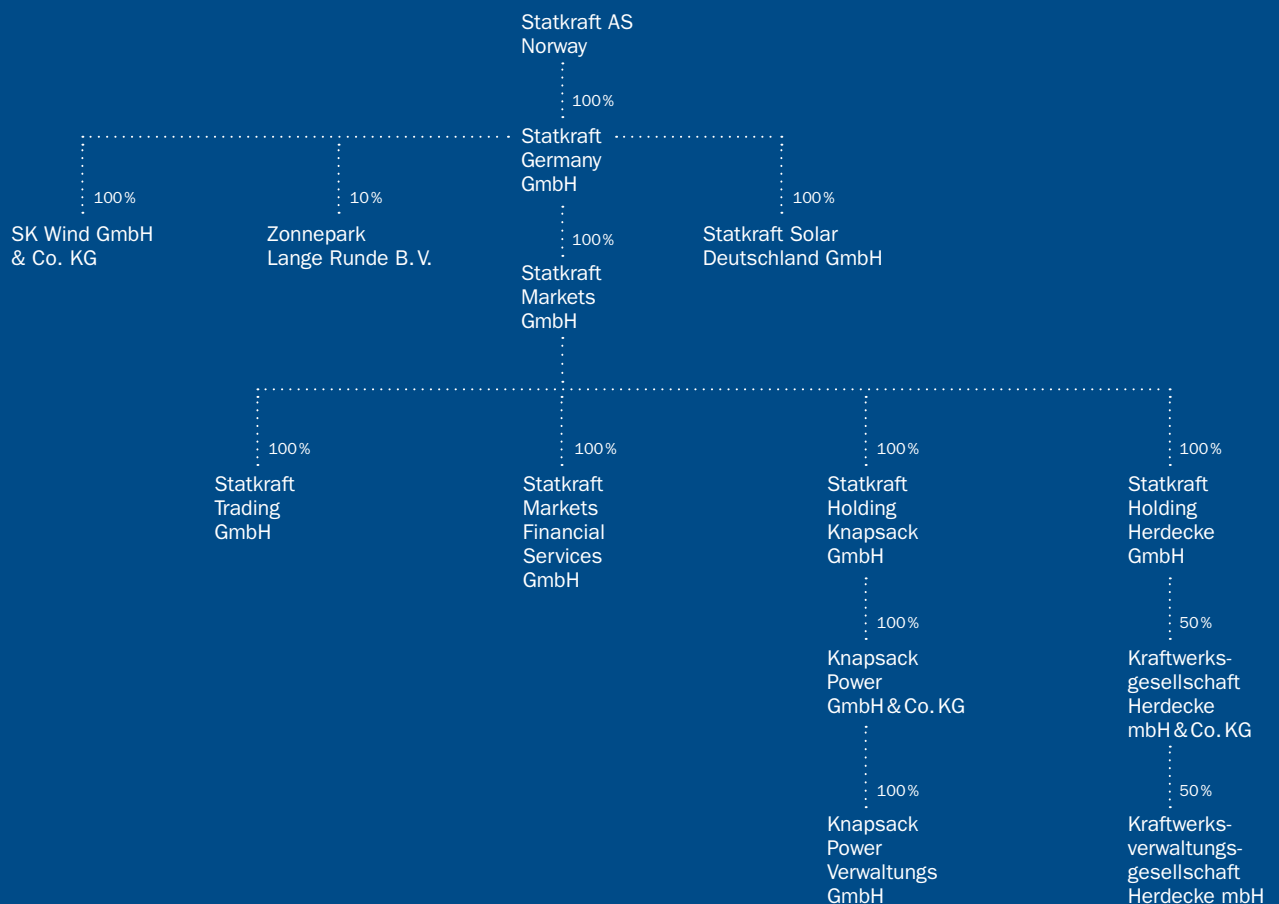
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KEY INDICATORS AND CORPORATE STRUCTURE

Key indicators of Statkraft Markets GmbH

| Values in EUR million | 2021 | 2020 | 2019 | 2018 |
|--------------------------------------|----------|----------|----------|----------|
| Sales revenue | 50,851.8 | 25,385.8 | 25,224.7 | 25,567.2 |
| EBIT | -768.9 | 131.7 | 187.0 | 0.3 |
| Profit before taxes | -783.9 | 119.3 | 179.2 | -5.6 |
| Profit after taxes | -786.7 | 105.0 | 179.1 | -5.8 |
| Cash flow from continuous operations | 362.8 | 366.3 | 43.5 | 22.0 |
| Cash and cash equivalents | 112.7 | 21.1 | 18.0 | 16.9 |
| Net working capital | 416.0 | 468.6 | 364.6 | 381.1 |
| Balance sheet total | 4,783.3 | 1,928.4 | 1,920.6 | 1,597.2 |
| Equity | 844.8 | 844.8 | 670.8 | 670.8 |
| Equity ratio (%) | 17.7 | 43.8 | 34.9 | 42.0 |
| Number of employees 31.12. | 133 | 144 | 146 | 140 |

Corporate structure



Management report for financial year 2021

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.

Furthermore, Statkraft Markets GmbH participates in the formation and further development of start-ups through its subsidiary Statkraft Ventures GmbH, Düsseldorf, in the form of minority shares. In June 2021, 100% of the shares in the company founded in 2015 were sold to Statkraft Ventures AS, Oslo, Norway.

Statkraft Markets GmbH, its subsidiaries and affiliated companies have a total installed electricity generation capacity of 2,390MW from gas-fired power plants, 262MW from power plants and 43MW from biomass plants, 750kWp from a solar park, as well as a battery storage capacity of 3MW.

The parent company Statkraft Germany GmbH, Düsseldorf, purchased the company SK Wind GmbH & Co. KG in October 2021, whose continental wind power portfolio of 39 wind farms in Germany and four wind farms in France is managed and sold by Statkraft Markets GmbH.

The business divisions of Statkraft Markets GmbH are mainly divided into Trading & Origination and Continental Assets & Market Access.

Trading & Origination includes both proprietary trading and customer trading. Standard products are traded bilaterally or on the various European exchanges. In addition, different structured products are offered that are adapted directly to the customer's requirements.

Continental Assets & Market Access is 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 development

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 and competitive. The proposed 55% 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.

Germany's Act on the Reduction and Termination of Coal-fired Power Generation (Kohleverstromungsbeendigungsgesetz – KVVBG) entered into force in 2020. The country's goal is to cease the generation of electricity from coal completely by 2038, at the latest. The coalition agreement of the newly elected government in 2021 seeks to bring the phase-out forward to 2030.

Statkraft Markets GmbH will continue to monitor developments and take them into consideration when assessing the 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 new 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 will be initiated in 2022. 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 the future, the financing needs for renewable energies will be balanced through the federal budget and the EEG subsidy levied on the electricity prices phased out.

Germany plans to develop an efficient hydrogen economy and the necessary import and transport infrastructure. It aims to achieve an electrolysis capacity of around 10 GW by 2030. Special consideration is given here to "green" hydrogen produced from renewable energies. Exemptions from the EEG surcharge are being considered and are to be implemented in the near future.

The new target in the coalition agreement is to reach at least 15 million fully electric passenger cars by 2030. The charging infrastructure will be massively expanded for this purpose to create one million public charging points by 2030.

A new Fuel Emissions Trading Act (Brennstoffemissionshandels-gesetz – 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 a certificate for the greenhouse gas emissions of their products from 2021 onwards. They will then pay a CO₂ price starting at EUR 25/t of CO₂. The price will rise gradually to EUR 55/t by 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.

Immediately after the start of the war in Ukraine 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.

In the past, Russia accounted for 55% of German gas imports on average. According to the "Energy security progress report" published by the Federal Ministry for Economic Affairs and Climate Action on 25 March 2022, independence from Russian gas can largely be achieved by summer 2024 by diversifying suppliers, adding LNG terminals, saving energy and expanding renewables – provided all the stakeholders pull in the same direction.

During the reporting year, electricity prices in Germany were higher than in the previous year. After continuing to increase throughout the whole calendar year, new heights were reached at year-end. Furthermore, the volatility – also in the intraday market – was highest at the beginning of October and shortly before Christmas. Compared to the beginning of the year, there was a price increase of nearly 600% on the price of EUR 50/MWh at the beginning of the year for a baseload power contract for the year 2022. This development presented challenges to the market participants.

At EUR 96.6/MWh, the average price for spot deliveries (base-load electricity) on the European Energy Exchange (EEX) was EUR 66.2/MWh higher than the average price for 2020 (EUR 30.4/MWh).

Gas prices also rose in 2021 and were on average EUR 36.1/MWh above the previous year's prices. At the virtual trading point NCG (NetConnect Germany until 30 September 2021, from 1 October 2021 Trading Hub Europe (THE)), prices averaged EUR 45.7/MWh in 2021 (previous year: EUR 9.6/MWh).

Prices in the emissions market recorded an increase to record levels. The average spot prices in 2021 were EUR 53.3/t, EUR 28.5/t higher than in the previous year (EUR 24.8/t).

Gas-fired power plants started the year with a very attractive outlook. Prices for EUAs were already high in the first quarter compared to previous years, which strengthened the competitiveness of gas-fired power plants relative to coal-fired power plants. Initially the gas price was moderate resulting in relatively high operating times of the gas-fired power plants in the first quarter. The second quarter saw the start of an unprecedented gas price hike. Starting from a very low gas storage level compared to the last ten years, there was a steady price increase, which accelerated in the third quarter.

As a result, gas-fired power plant deployment remained significantly below expectations up to and including October. At most, the rather low wind feed-in for almost the entire year still fuelled demand, but efficient gas-fired power plants often set the price, keeping the contribution margins rather low. Higher operating times with very high contribution margins were not achieved again until November and December. The flexibility of the gas-fired power plants proved to be particularly valuable in this context, making it possible to react at very short notice to the extraordinary fluctuations in the price of gas, which had a direct impact on the electricity price in both the day-ahead and intraday time ranges.

After an initial extreme gas price spike in the spot and futures markets, prices plateaued at a high level until shortly before Christmas, when all energy products reached record highs. A number of factors were responsible for these price spikes on the energy markets. A relatively fast recovery of demand after the previous COVID-19 pandemic-related dip in economic activity coincided with historically low gas storage levels, especially in Germany. At the same time, prices for EUAs increased due to more ambitious abatement targets within the EU. However, high EUA and gas prices during this time window did not lead to cheaper power plants displacing gas-fired power plants in daily use. Rather, due to the unusually low availability of French nuclear power plants, even inefficient gas-fired power plants were needed to cover the electricity demand, especially since wind feed-in was below average. As additional feed-in to gas storage facilities was unlikely under these conditions, it was expected that gas storage facilities would be completely empty at the end of the winter, if the winter was normal to cold. Correspondingly high gas prices on futures markets for the winter months then led to a further price increase on spot markets as well.

Mild temperatures and high wind levels after Christmas finally led to a noticeable easing of demand for gas and electricity, and thus to significantly lower prices at the beginning of the new calendar year. For example, in January, a megawatt hour at the spot market was partly between EUR 145 and 180/MWh and therefore below the peak values of December 2021, but still more than 200% above the previous year's figures.

Starting in mid-February with the Russian invasion of the Ukraine, prices for electricity with more than EUR 500/MWh and also gas with more than EUR 200/MWh have increased immensely and stopped the short-term relaxation.

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 again hired additional traders there in 2021 and increased its business activities.

In addition, plans are in place to build offshore wind turbines with an electricity generation capacity of 40GW by 2030 so that every household in the United Kingdom can be supplied with renewable power.

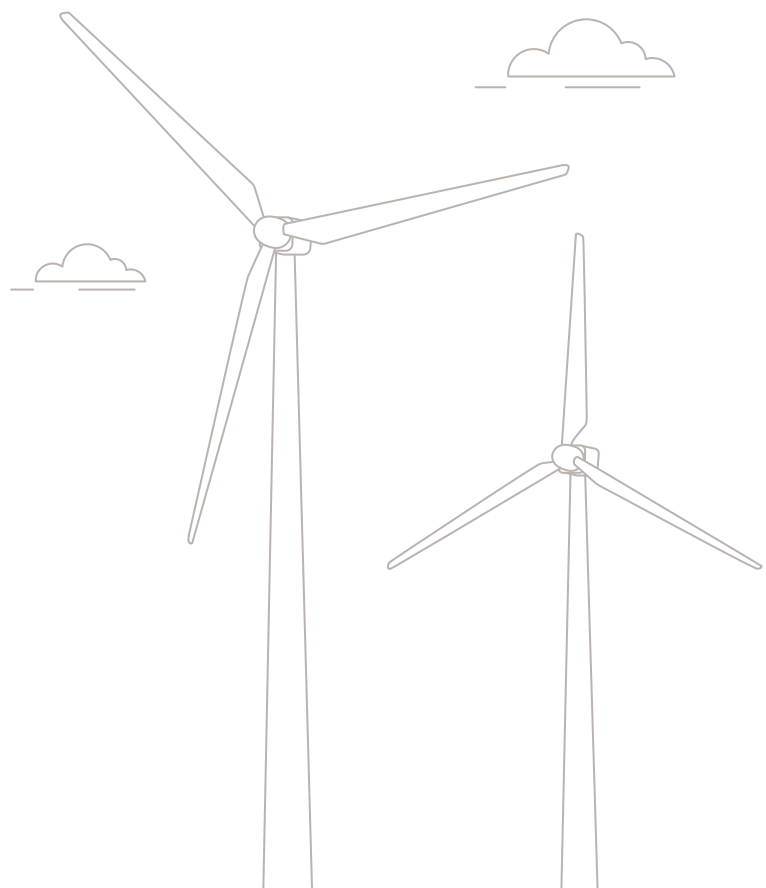
The United Kingdom has banned the sale of petrol and diesel passenger cars from 2030 and plans to be carbon neutral by 2050. To achieve this objective, the government is providing support for domestic battery production and the expansion of charging infrastructure while also incentivising the purchase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

The ratification of the EU-UK Withdrawal Agreement ensured the United Kingdom's orderly exit from the EU, allowing the country to continue applying all EU ETS rules until the end of 2020. The new British trading system for CO₂ emission rights was launched

in early 2021. Since then, both systems have been separate from each other. 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. Nearly 84 million UKAs were acquired in 2021 at prices ranging from roughly GBP 44 to GBP 71.

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

After rising almost continuously over the course of the calendar year, they hit a new high at the end of the year. Compared to the beginning of the year, there was a price increase of almost 450% for a spot delivery to the start of year price of GBP 55/MWh.



BUSINESS DEVELOPMENT

The year 2021 was characterised by an extreme volatility at the European markets, which led to a challenging business development.

All things considered, Trading & Origination had a good year in 2021, with customer trading more than compensating for the lower result in proprietary trading. However, the results in this business division were lower than expected due to the high level of volatility at the end of the year. This is not fully reflected in the annual financial statements due to a partial imparity of presentation under HGB.

Sales in Market Access increased in the financial year 2021. Contracts with new customers that are set to have a positive impact on the results in the years to come were also concluded in the financial year 2021.

Generation at our biomass and gas-fired power plants was significantly below that of the previous year, whereas the hydroelectric power plants produced significantly more output.

Overall, there was a net loss of EUR 786.7 million for Statkraft Markets GmbH prior to loss transfer to Statkraft Germany GmbH through the existing profit and loss transfer agreement. In the previous year, the company recorded a profit of EUR 105.0 million.

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

Trading & Origination

In 2021, the energy markets in Europe saw sharp price increases and extreme volatility at times. This was mainly due to scarcity in the European gas market caused by reduced imports from Russia in combination with lower storage levels.

As a result, the spot price for natural gas at the Dutch trading point TTF of just under EUR 19/MWh on 1 January 2021 increased to over EUR 78/MWh on 31 December 2021, after reaching prices of EUR 180/MWh in December. The price trend on the gas markets translated into record spikes in the European futures markets for electricity, which sometimes reached prices considerably higher than the production costs for gas-fired power plants. Emission certificates rose in price from EUR 33/t at the start of the year to over EUR 80/t, supported by the Green Deal and a more positive economic outlook.

The unusually strong volatility in prices had a negative impact on proprietary trading in 2021, which recorded considerably lower results compared to 2020. In the fourth quarter, the market development was driven by technical reactions and liquidity management decisions by other market participants rather than what can be explained by fundamental relationships. The trading business is based on analytical understanding but with such factors it is very problematic to evaluate the market and create reliable price forecasts.

The high level of volatility also led to a sharp rise in liquidity requirements in the trading business in the form of variation and initial margins. In response, effective stress testing and position management were employed to ensure the ability to act on the corresponding requirements at all times.

On account of the complex market situation, the dynamic asset management portfolio – the aim of which is to optimise income while mitigating risk for the company's own power plants – was negative in the year under review despite landing in positive territory in the previous year.

Statkraft Markets GmbH's trading activities are carried out at the Düsseldorf and London sites.

In contrast to the development of proprietary trading, 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. Several long-term contracts were concluded and electricity successfully marketed in Spain and Poland. In Spain, amongst other things, there were concluded three long-term purchase contracts from solar farms from Foresight Solar Fund Limited, which have an installed power generation capacity of 99 MW and an expected yearly production of 127 GWh.

This business area was also consistently and successfully pursued in Germany. In addition to numerous purchase contracts for electricity from wind farms where the EEG subsidiaries are expiring, solar electricity was contracted on a long-term basis, restructured accordingly and marketed to various customers.

194 short-term purchase contracts were concluded because many wind farm operators with EEG subsidiaries want to derive benefit from the continuously high power prices in Germany. The installed power generation capacity of those contracts is 2,469MW with an expected yearly production of 3.4TWh.

The PPA portfolio in the United Kingdom comprises wind turbines, solar plants and biomass plants with a total output of 4,125 MW. At the same time, business with new flexible generation from gas engines and batteries grew by 250 MW to almost 1,000 MW over the course of 2021. Just over 700 MW of this capacity is already in operation, with optimisation of plants taking place fully automatically. In this process, the most profitable marketing approach, whether in reserve energy or intraday trading, is selected by the dispatch teams in real time with the supervision of our traders. This makes Statkraft one of the leading providers of renewable energies and ensures optimum flexibility in the UK market.

Transactions with globally traded emissions certificates saw another 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 (EUA). Statkraft continues to invest time and resources to promote the expansion of 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.

Continental Assets & Market Access

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. 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, particularly against the background of the additional revenues from the capacity market. Fuel prices for the wood used were at a significantly higher level than in the previous year.

In 2021, the hydroelectric power plants operated without technical problems. Generation was significantly higher year on year (31%), as the previous year was characterised by a flood situation in the first quarter of 2020.

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

At approximately 3.1 TWh, total generation in 2021 was significantly lower than the previous year's level of 5.6 TWh. The main

reason for this is the much lower level of operation of gas-fired power plants.

These production volumes include figures from the joint venture company Kraftwerksgesellschaft Herdecke mbH & Co. KG according to the percent ownership in the subsidiaries; fully owned subsidiaries are included with 100% share.

Due to a fire damage on the air belt conveyor, the biomass power plant Emden was out of operation for 42 days from 09 June 2021; the cause was fixed.

Market Access

New legal requirements were introduced in the direct marketing division this year, which created the challenge of also having to renew all 1,600 contracts under COVID-19 conditions. Despite these difficult circumstances, Statkraft Markets GmbH was able to expand its portfolio in this segment by 1 GW to 11 GW of capacity, further strengthening its position as the market leader in the direct marketing of renewable energies in Germany.

Revenues are strongly dependent on the amount of wind feed-in. Overall, 2021 was a low-wind year. However, the lower production volume was compensated for by the increase in contracts. In addition, the higher market price level led to an increase in short-term power supply contracts.

In Ireland, we have a growing portfolio of over 350 MW contracted in long-term purchase and sales contracts for renewable wind and solar energy. In addition, our battery market optimisation has now grown to 240 MW.

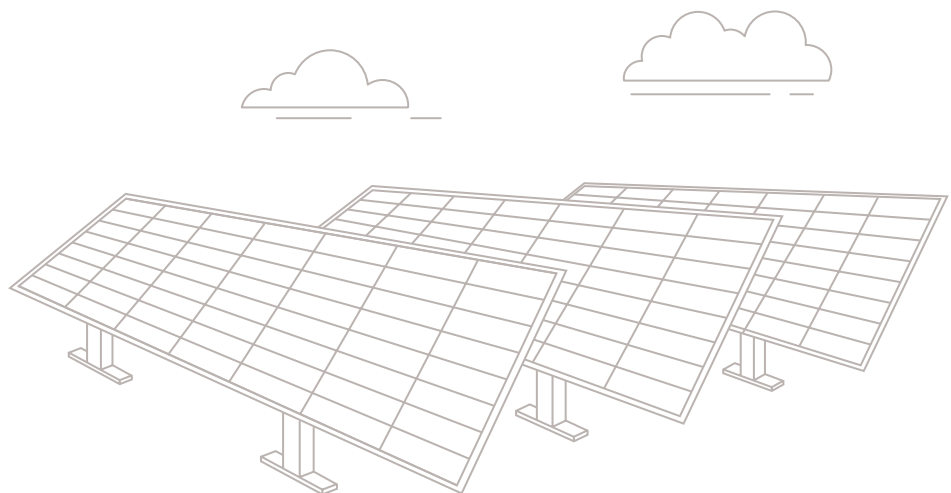
Statkraft continues to be one of the leading providers of market access services for new wind farms and solar plants in France. Although the portfolio of contracts was further expanded in 2021, portfolio growth decreased year on year due to the slow construction of new wind turbines and solar plants 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. In addition to market access services for new plants, Statkraft's operations in France are now focusing more intensively on growth in the fields of long-term purchase and supply contracts at fixed prices for new and existing plants, as well as green electricity solutions and hedging transactions for major industrial and commercial B2B customers and for electricity distributors alike.

Statkraft Markets GmbH in Düsseldorf operates a 24/7 balancing management system for the markets in Germany, France, the United Kingdom, Turkey and Ireland. Statkraft's hydroelectric power generation in Albania and Turkey is also marketed from Düsseldorf.

Generation in Albania benefited significantly from the even higher electricity prices in southern Europe compared to Germany. While precipitation levels were well below the long-term average, especially in the middle of the year and well into

autumn, large amounts of precipitation and high prices coincided in November and December.

In Turkey, below-average precipitation over the course of the year led to very low generation volumes at the two Statkraft hydroelectric power plants in 2021, despite significantly more inflow towards the end of the year. For the smaller plant, Çakıt, the guaranteed feed-in tariff ended in 2021, which enabled the power plant to benefit from the high inflows and high spot prices in the fourth quarter.



FINANCIAL 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 consolidated 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.

The financial performance indicators listed below primarily reflect the results of Statkraft Markets GmbH, Knapsack Power GmbH & Co. KG and a share in Kraftwerksgesellschaft Herdecke mbH & Co. KG. The internal management of Statkraft Markets GmbH is carried out via segments and includes the production volume and the results of the subsidiaries, as these are marketed directly by Statkraft Markets GmbH. Statkraft Markets GmbH accounts for the major share.

| Performance indicators | 2021 | 2020 |
|--------------------------------------|---------|---------|
| Performance indicators | | |
| Net operating revenue in million EUR | 8.1 | 394.5 |
| EBITDA in million EUR | -205.7 | 205.0 |
| Production volume in GWh | 3,128.7 | 5,567.3 |

Gross profit (defined as net operating revenue according to IFRS) and EBITDA decreased compared to the previous year, mainly due to increased fuel prices and volatile electricity prices as well as negative effects from the dynamic asset management in the second half of the year. Despite increased revenues from the power plants and the higher contribution to earnings from Market Access, it was not possible to achieve a satisfactory gross profit and EBITDA in 2021.

In the trading business, it is difficult to make a reliable forecast due to the complex situation on the various energy markets. In the previous year, we forecast net operating revenue of EUR 245 million and EBITDA of EUR 90 million for 2021. We fell considerably short of the forecast amount, with a net operating

revenue of EUR 8.1 million and EBITDA of -205.7 million for 2021, mainly due to the volatile prices on the electricity and gas markets and the items in the trading books, which were realised to the disadvantage of Statkraft Markets GmbH, as well as the negative share of earnings of the dynamic asset management.

In Continental Assets, the forecast was exceeded thanks to a higher contribution to operating income despite the operating periods being shorter than planned. As a result of the lower than planned operating times of the gas-fired power plants Knapsack I and Knapsack II, the actual generation of all power plants in 2021 was 3.1 TWh, meaning that the forecast of 4.0 TWh was not reached. At 5.6 TWh, the production volume of all power plants was also lower in 2021 than in the previous year.

The net operating revenue and EBITDA of Trading & Origination was positively influenced mainly by the continuing high prices for European and international emission certificates and the establishment of long-term purchase and supply contracts in several countries. This was offset by the volatile prices on electricity and gas markets and the items in the trading books, which had a detrimental effect. This primarily concerned dynamic asset management in the second half of the year, as the aim of this field is to optimise net operating revenues and reduce the risk for the company's own power plants.

Total production in Continental Assets fell in 2021 in comparison with 2020. Nevertheless, net operating revenue and EBITDA increased in 2021. This is due in particular to the increased market prices compared to the previous year.

In Market Access, however, net operating revenue and EBITDA increased substantially, which was due in particular to the activities in Germany, France and the UK.

We also refer to the explanations on business development.

OPERATING RESULT

This year's turnover amounted to EUR 50.9 billion and was therefore markedly higher than last year's figure of EUR 25.5 billion. The electricity trading business accounted for EUR 8.5 billion (previous year: EUR 7.8 billion) and was affected by higher prices for electricity, especially in the second half of the year. Gas trading contributed EUR 3.1 billion to turnover (previous year: EUR 2.3 billion) and saw a moderate, mainly price-related increase compared to the previous year. Emissions and green certificates trading saw mainly price-driven sales growth from EUR 15.3 billion in 2020 to EUR 39.3 billion in 2021. In regional terms, the largest turnover – of EUR 34.6 billion (previous year: EUR 13.4 billion) and EUR 11.9 billion (previous year: EUR 9.3 billion) – was generated in the UK and Germany respectively.

The cost for purchased services rose disproportionately compared to sales revenues from EUR 25.2 billion to EUR 51.6 billion, which mainly reflects the negative earnings contribution from the trading business. In total, net operating revenue as defined by the German Commercial Code (HGB; sales revenue less cost of materials) fell from EUR 136.8 million in the previous year to EUR –831.2 million in 2021. The decline was primarily due to the negative effects from the dynamic asset management portfolio in the second half of the year and the high level of volatility, which resulted in record prices for electricity and other core markets.

The cost of purchased services rose faster than sales revenue. The rapid pace of the rise was attributable mainly to emission certificates.

The main difference between the gross result 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.

In addition, provisions for onerous contracts 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. The provision for the gas-fired power plants' continental risk reduction valuation unit was reduced in the year under review, leading to a further difference in the results between the IFRS figures and those published under HGB.

High allocations to other provisions of EUR 228.2 million had a negative effect on the result (previous year: increase of EUR 69.1 million); these are mainly due to provisions from valuation units (EUR +212.1 million) and provisions for impending losses raised for hedges (EUR –17.6 million), which were concluded for pending transactions and do not form part of a valuation unit, as well as other provisions (EUR +22.9 million).

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

The increase in other operating income by EUR 90.9 million to EUR 239.7 million resulted mainly from the release of provisions for impending losses of EUR 128.0 million. Currency exchange rate gains grew by EUR 17.4 million to EUR 99.3 million. The shares in Statkraft Ventures GmbH, Düsseldorf, which was founded in 2015, were sold in 2021, resulting in income of EUR 11.1 million. In the previous year, this item was mainly affected by impairment reversals totalling EUR 66.7 million.

Personnel expenses increased by EUR 1.0 million to EUR 21.5 million (previous year: EUR 20.5 million), which is mainly due to increased expenditure on employee bonuses.

Amortisation of intangible assets and depreciation of property, plant and equipment includes scheduled depreciation of EUR 14.9 million.

Other operating expenses can be broken down as follows:

| | 2021 EUR million | 2020 EUR million |
|---------------------------------------|---------------------|---------------------|
| Currency exchange losses | 97.6 | 80.1 |
| IT related expenses | 1.9 | 1.7 |
| Legal and consultancy fees | 8.1 | 8.7 |
| Rent, repair and similar costs | 18.4 | 18.8 |
| Other | 15.2 | 12.5 |
| Total other operating expenses | 141.2 | 121.8 |

Other operating expenses increased from EUR 121.8 million in 2020 to EUR 141.2 million in 2021. This is largely due to a EUR 17.5 million increase in exchange rate losses.

At EUR 15.0 million, the financial result of Statkraft Markets GmbH was negative in 2021, as in the previous year (EUR 12.4 million), mainly due to the continued high fees for guarantees and interest expenses.

The balance of income and expenses from profit transfer and loss absorption was EUR 2.2 million in the financial year 2021, compared to EUR 1.4 million in the previous year. Interest expenses of EUR 17.5 million (previous year: EUR 14.2 million) mainly concern EUR 9.6 million (previous year: EUR 9.1 million) of fees for parent company guarantees.

Income tax expenses of EUR 2.5 million were lower than the previous year's figure of EUR 13.8 million, mainly due to lower foreign corporate income taxes.

The negative result after tax of EUR 786.7 million will be offset by the sole shareholder, Statkraft Germany GmbH, based on a profit and loss transfer agreement concluded on 1 January 2009.

NET ASSET AND FINANCIAL POSITION

Cash flow for 2021 and 2020 was as follows:

| | 2021 EUR million | 2020 EUR million |
|--|---------------------|---------------------|
| Cash flow from operating activities | 362.8 | 366.3 |
| Cash flow from investment activities | -51.3 | -21.2 |
| Cash flow from financing activities | -103.6 | -0.7 |
| Net increase / (decrease) in cash | 207.9 | 344.4 |
| Cash and cash equivalents as of 1 Jan | 608.3 | 263.9 |
| Cash and cash equivalents as of 31 Dec | 816.2 | 608.3 |

Cash flow from operating activities amounted to EUR 362.8 million in the financial year 2021 (previous year: EUR 366.3 million).

An initial margin is due on exchange-traded derivatives at the start of the transaction. Depending on how their market values develop, Statkraft additionally either receives or pays variation margins during the contract term of such derivatives. Collaterals must be provided for over-the-counter (OTC) derivative transactions. Statkraft paid high initial margins in the year under review. Those initial margins had risen further by the time this report was prepared.

Owing to the volatility and high prices on the market, such initial margin payments are offset by cash flow from collateral agreements and variation margins. By the time this report was prepared, however, the amounts of collateral had fallen somewhat and the variation margins had risen further. The financing needs are covered primarily by the company's inclusion in the cash pool of Statkraft AS, Oslo, Norway.

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, the cash flow from operating activities also includes a high net loss offset by a high increase in receivables mainly from the sole shareholder through the profit and loss transfer agreement as well as an increase in provisions and trades receivable.

Cash flow from investment activities amounted to EUR -51.3 million (previous year: EUR -21.2 million) and essentially comprises the balance of the sale of Statkraft Ventures GmbH of EUR 55.3 million and the contribution of EUR 98.7 million to the capital reserve of the subsidiary

Statkraft Holding Knapsack GmbH in connection to the purchase of SK Wind GmbH & Co. KG through the parent company Statkraft Germany GmbH.

Cash flow from financing activities includes cash inflows and outflows from profit and loss transfer agreements totalling EUR -103.6 million.

As a result, this leads to a positive change in cash and cash equivalents in the amount of EUR 207.9 million. Considering the positive cash and cash equivalents of EUR 608.39 million at the beginning of 2021, this results in positive cash and cash equivalents of EUR 816.2 million as of 31 December 2021. As of 31 December 2021, cash and cash equivalents consisted of cash and cash equivalents of EUR 112.7 million and the net positive cash pool balance from Statkraft AS, Oslo, Norway, of EUR 703.5 million.

Amortisation of intangible assets and depreciation of property, plant and equipment amounted to EUR 14.9 million in 2021. Investments in tangible fixed assets and financial assets amounted to EUR 5.1 million and EUR 101.5 million, respectively, mainly due to a capital increase at Statkraft Holding Knapsack GmbH, Düsseldorf, in the amount of EUR 98.7 million.

Total assets rose from EUR 1,928 million as of 31 December 2020 to EUR 4,783 million as of 31 December 2021. On the assets side, this is due in particular to the increase in trade receivables, receivables from affiliated companies and other assets.

The increase in trade receivables is mainly due to the balance sheet cut-off date.

The increase of EUR 1,029.7 million in receivables from affiliated companies was mainly due to the rise of EUR 121.3 million in cash pool receivables from Statkraft AS, Oslo, Norway, and the transfer of losses from Statkraft Germany GmbH.

Other assets increased by EUR 954.5 million, in particular due to higher security deposits paid (initial margins).

On the liabilities side, trade payables in particular increased due to the reporting date, as did other liabilities and other provisions.

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

The rise in other provisions mainly results from the provision for valuation units and the provision for impending losses. In total, the equity ratio (equity divided by balance sheet total) in the year under review was 17.7% (previous year: 43.8%).

In addition to liquid funds of EUR 816.2 million at the end of the year, the company has a credit line of EUR 220.7 million to the parent company's cash pool. The company therefore has sufficient cash and cash equivalents to secure the independent financing of its operating activities in 2022 and the following years.



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 2021, four incidents occurred that required medical treatment. All of them remained without serious consequential damage. In the case of two incidents, downtime was recorded. 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 2021, there were 133 employees. Statkraft Markets GmbH employed an average of 141 people during the year.

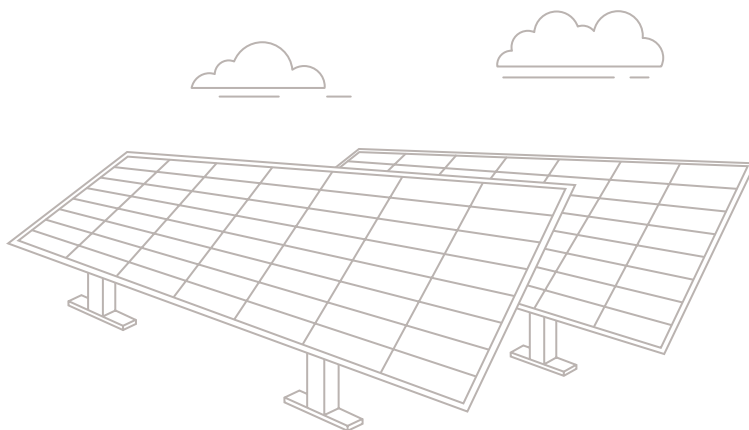
The Statkraft Group and Statkraft Markets GmbH strive for a diverse working environment and promote equal treatment in the recruitment of new employees and in personnel policy. Statkraft Markets GmbH, together with its subsidiaries, operates throughout Europe and employs personnel from different countries. 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 2021.

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 2021, no serious environmental incidents were recorded at Statkraft Markets GmbH.



OUTLOOK

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

For internal reporting purposes, and based on the consolidated figures under International Financial Reporting Standards, Statkraft Markets GmbH forecasts a higher year-on-year net operating revenue of approximately EUR 300 million for 2022. The EBITDA figure is expected to be approximately EUR 128 million for 2022.

The forecasts are based on the following assumptions: The Trading & Origination division will continue to benefit from higher year-on-year prices in the markets for power and gas as well as emissions certificates and make a positive, presumably higher contribution to net operating revenue and EBITDA 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 2022.

In Continental Assets, the predicted shorter operating times of the power plants will lead to decreased net operating revenue and EBITDA. Based on adjusted short-term market expectations and the resulting lower operating times, the production volume is expected to be 1.2TWh. In the long term, however, management expects an improved market environment going forward.

For Market Access, the aim is to achieve further growth, primarily in the United Kingdom and Ireland, through improvements to our

in-house trading system, which is set to generate additional revenues for our customers. Positive contributions are also expected from the business with long-term electricity purchase and supply contracts.

As of 31 December 2021, three of the remaining six nuclear power plants in Germany with a capacity of around 4GW have been decommissioned, which will result in lower generation capacity in the German electricity market 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.

Actual results may differ from those anticipated, in particular due to the further development of war in the Ukraine. Despite the current difficult situation, the trading sector is expected to achieve the stated forecast. In terms of the operating hours of the Knapsack I and Knapsack II gas-fired power plants, however, the actual production volume of the power plants in 2022 could be below the volume in the forecast, depending on the duration of war in the Ukraine and the associated uncertainty. With lower capacity utilisation, the projected net operating revenue and EBITDA could therefore be slightly below the forecast values.

However, the first quarter of 2022 so far shows lower generation at the power plants than planned, but a positive development of energy prices. Therefore, the actual results in 2022 could be higher than the forecast.

OPPORTUNITIES AND RISKS

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.

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 war in Ukraine and the associated uncertainty regarding the supply of Russian natural gas to Germany will have a negative impact on the competitiveness of gas-fired power plants in the short to medium term. While Russian coal imports can probably be completely replaced by other sources with a manageable lead time, such rapid replacement is questionable for natural gas. At the very least, a multi-year build-up of the corresponding LNG infrastructure seems necessary.

Going forward, however, the accelerated expansion of wind and solar energy planned by the new German government will further increase the demand for flexible power generation. The expansion targets are now being raised even further to reduce dependence on energy imports. This will increase the importance of flexible gas-fired power plants for supply security.

The Federal Ministry for Economic Affairs and Climate Action has announced the early warning level of the Emergency Plan for Gas, the first of three levels. At the third level ("Emergency"), the Federal Network Agency would become the federal load distributor, entitling it to make decisions to "guarantee gas supply to cover vital needs, with particular attention given to protected customers" (Emergency Plan for Gas for the Federal Republic of Germany, p. 17 September 2019). In such an event, the envisaged hierarchy of protected customers indicates that the commercial operation of gas-fired power plants will be difficult or

impossible altogether. However, the Knapsack I and Herdecke power plants are classified as systemically relevant for electricity generation. As a result, they will be entitled to priority gas deliveries if this is necessary to maintain the electricity supply.

The Russian invasion of Ukraine is impacting global energy prices as well as the electricity and gas prices for the whole of Europe and the United Kingdom.

Statkraft Markets GmbH's liquidity risk and the risks related to business partners have been subject to more intense scrutiny as a result of the new situation. The company has made sure that none of its activities violate the sanctions imposed by the EU or other institutions.

Statkraft is not involved in any activities in Russia or Ukraine and does not employ staff in either country. However, it is affected in its role as a producer of renewable energies and as a participant in the physical and financial energy market.

In particular, the uncertainty regarding the supply of gas and coal have led to significant price increases and greater volatility on the markets. Despite the volatility and uncertainty on the market, Statkraft believes that the energy markets continue to function properly. The reasonable assessment of Statkraft's credit risk forms the basis for the evaluation of energy contracts. Individual business partners that could be heavily impacted by the war are subject to ongoing close monitoring with regard to their default risk.

Statkraft Markets GmbH has decided not to enter into any new business transactions with Russian persons or companies. Its existing business with Russian persons or companies is immaterial. Statkraft Markets GmbH has no direct ties to Russian persons or to companies based in Russia.

Statkraft Markets GmbH will continue to monitor the situation and adapt to the market conditions.

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

As electricity prices increase due to rising fuel costs, so do control energy prices and the costs for the balancing management of renewables. The considerable expansion targets for wind and solar generation imply major challenges with regard to integrating generation volumes into the short-term electricity markets. This can only succeed efficiently if the right incentives are set for investments in decentralised flexibility, such as gas engines or batteries, and competition on the intraday markets is further strengthened. There should be a clear commitment by the national regulators to the role of market participants already defined in European regulation, who can and want to contribute efficiently to grid stability together with the transmission system operators. For this to succeed, however, they must have non-discriminatory access to the necessary information – something that is already happening in Ireland and the UK.

In the course of the first half of the year, European harmonisation of the control reserve markets will reach a significant milestone with the introduction of MARI and PICASSO, which we assume will tend to reduce price peaks on control reserve markets. The Agency for the Cooperation of Energy Regulators (ACER) has also set a price cap of EUR 15,000/MWh for the control reserve markets, initially on a transitional basis until 2026. This is an important step to protect those in charge of balancing management from extreme risks that they can only reduce to a limited extent through their own behaviour, especially if renewable energy feed-in fluctuates. However, this transitional period should urgently be used to create incentives for additional flexibility, especially on the demand side, and to reconsider the very high quality requirements for the provision of reserve capacity (complex IT connections, extreme penalisation for non-provision).

The expansion targets for renewables lead us to expect further regulatory changes in the area of short-term and control reserve markets. The decisions in these areas will significantly determine the opportunities and risks of direct marketing in Germany and comparable services in the other markets in which Statkraft is active.

Statkraft 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.

In the second year of the COVID-19 pandemic, measures were consistently maintained, assessed and adjusted to best reduce risks to operations. These measures included spatial separation of teams, on-call duties, prioritisation of tasks or free provision of daily self-tests for employees who cannot work from home. Special attention was paid to the individual situation of employees during the long period of mandatory remote work in order to avoid extraordinary burdens.

The COVID-19 pandemic has led to significantly reduced industrial production and electricity demand in many European countries. Financial risks could also arise as a result of the economic downturn. Such risks include, in particular, lower contribution margins of the power plants due to declining demand, as well as lower margins from customer contracts that contain minimum price guarantees. These developments translate into a higher credit and counterparty risk of default for Statkraft Markets GmbH, which holds short- and long-term sales contracts with industrial companies and suppliers. At present, Statkraft Markets GmbH does not expect any impact on the operating times of the power plants due to production shut-downs. However, should unplanned shutdowns occur, repairs could actually take longer than under normal circumstances.

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.

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 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 (ISMS). 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 Markets GmbH meets these requirements in full.



RISK MANAGEMENT

Statkraft Markets GmbH is engaged in trading activities which are exposed to a number of risks. This includes in particular market price risks, counterparty credit risks, operative risks and risks connected with IT systems. Risk management therefore has the greatest priority at Statkraft Markets GmbH.

Business activities include trading and selling standardised term products, 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.

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.

Risk is managed by means of a limit system. Trades can only be concluded if they are within the trading limits. The limit system is divided according to limits for the price change risk and the (credit) default risk. 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.

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 in the derivative financial instruments amounting to the positive market values. Besides evaluating potential counter-

party 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.

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 flow and daily cash management.

From a compliance perspective, 2021 was a special year in two respects. As in 2020, 2021 continued to be influenced by the new mandatory remote working arrangements in place since the beginning of the coronavirus pandemic. Among the many other implications, working from home to a large extent also means that control functions need to pay increased attention and ensure a compliant working environment. In addition to the comprehensive provision of recorded telephone lines and secured, high-quality internet and system access, this also includes increased training measures to keep awareness of compliant behaviour high.

Furthermore, the last quarter of 2021 in particular was characterised by extremely volatile physical and financial markets. The Compliance department, which specialises in financial and energy market regulations, supported management and paid increased attention to monitoring compliance with REMIT and MAR, as well as EMIR and MiFID II.

The financial market regulations of MiFID II were once again observed and complied with in 2021. Statkraft Markets GmbH repeatedly notified the Federal Financial Supervisory Authority (BaFin) of a corresponding secondary activity exemption in accordance with RTS 20 and continuously carried out position limit monitoring in accordance with RTS 21.

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 2021, further instructions and guidelines were issued, and additional monitoring measures were introduced. All trading activities in financial products are checked by means of an automatic trade monitoring system.

All reporting obligations under the EU Regulation on OTC derivatives, central counterparties and trade repositories (EMIR) were complied with in 2021. 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 2020. The reporting obligations under REMIT were properly fulfilled by a specialised department for both the Statkraft Group and a large number of counterparties.

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.

The risk management system of the Statkraft Group and Statkraft Markets GmbH 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.

No critical risks are currently identified in information processing.

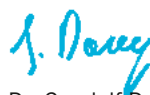
Statkraft Markets GmbH is also exposed to various other operational risks. These risks are actively managed. In this respect, the Statkraft Markets GmbH energy management function is in close contact with power plant personnel and takes potential technical failures into account in its marketing strategy. 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.

In addition to the risks arising from the trading 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.

Management does not view the development of the company as being endangered by the aforementioned risks. Instead – based in part on the explanations in the opportunities section – it projects positive development for the company.

Düsseldorf, 08 June 2022



Dr. Gundolf Dany



Henrik Møistad



Dr. Carsten Poppinga



Dr. Christian Redeker



Dr. Petrus Schipper



Dr. Malte Schwoon

BALANCE SHEET

as at 31 December 2021

| Assets | 31. 12. 2021 EUR | Previous year EUR '000 |
|--|-------------------------|---------------------------|
| A. Fixed assets | | |
| I. Intangible fixed assets | | |
| Purchased Software | 3,073,526.90 | 3,204 |
| II. Tangible fixed assets | | |
| 1. Ground, buildings | 22,140,998.21 | 23,339 |
| 2. Technical equipment and machines | 178,061,282.82 | 189,089 |
| 3. Other assets, operating – and office equipment | 3,374,130.17 | 3,655 |
| 4. Assets under construction | 3,215,306.41 | 394 |
| | 206,791,717.61 | 216,478 |
| III. Long-term financial assets | | |
| 1. Shares in affiliated companies | 220,507,854.00 | 165,965 |
| 2. Loans to affiliated and associated companies | 4,750,000.00 | 2,100 |
| 3. Long-term investments | 2,736,310.72 | 2,572 |
| | 227,994,164.72 | 170,637 |
| | 437,859,409.23 | 390,319 |
| B. Current assets | | |
| I. Inventories | | |
| 1. Raw materials and supplies | 1,908,882.63 | 2,017 |
| 2. Goods | 264,492,548.15 | 240,013 |
| | 266,401,430.78 | 242,030 |
| II. Receivables and other assets | | |
| 1. Trade receivables | 978,922,584.52 | 276,669 |
| 2. Receivables from affiliated companies | 1,663,170,989.20 | 633,442 |
| 3. Other assets | 1,315,647,648.90 | 361,153 |
| | 3,957,741,222.62 | 1,271,264 |
| III. Cash-in-hand, bank, balances and cheques | | |
| | 112,677,981.46 | 21,133 |
| | 4,336,820,634.86 | 1,534,427 |
| C. Prepaid expenses | | |
| | 8,573,958.36 | 3,613 |
| | 4,783,254,002.45 | 1,928,359 |

| Equity and Liabilities | 31. 12. 2021 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 | 17,631,558.40 | 17,658 |
| 2. Other provisions | 710,647,761.69 | 482,491 |
| | 728,279,320.09 | 500,149 |
| C. Liabilities | | |
| 1. Received prepayments | 618,166.01 | 478 |
| 2. Trade payables | 1,350,612,499.74 | 360,694 |
| 3. Liabilities to affiliated companies | 102,602,480.61 | 171,544 |
| 4. Other liabilities of which for taxes: EUR 265,712.34 (Previous year: EUR 411 thousand) | 1,756,327,145.07 | 50,645 |
| | 3,210,160,291.43 | 583,361 |
| D. Deferred income | 0.00 | 35 |
| | 4,783,254,002.45 | 1,928,359 |

INCOME STATEMENT

for the period 1 January to 31 December 2021

| | 2021 EUR | Previous year EUR '000 |
|--|-------------------|---------------------------|
| 1. Sales revenue | 50,851,784,491.05 | 25,385,840 |
| 2. Other capitalised costs | 203,719.66 | 415 |
| 3. Other operating income | 239,723,406.29 | 148,804 |
| 4. Cost of materials | | |
| a) Cost of raw materials and supplies | 105,709,762.07 | 47,146 |
| b) Cost of purchased services | 51,577,241,075.41 | 25,201,935 |
| 5. Personnel expenses | | |
| a) Salaries | 14,896,149.49 | 12,959 |
| b) Social security, post-employment and other employee benefit costs of which for pensions: EUR 4,283,253.87 (Previous year: EUR 5,009 thousand) | 6,649,153.49 | 7,543 |
| 6. Depreciation of tangible fixed assets and intangible fixed assets | 14,928,932.86 | 11,972 |
| 7. Other operating expenses | 141,193,978.90 | 121,824 |
| 8. Income from profit transfer agreements | 2,232,015.79 | 1,791 |
| 9. Other interest and similar income of which due from affiliated companies: EUR 136,827.40 (Previous year: EUR 200 thousand) | 351,035.59 | 395 |
| 10. Expenses from assumption of losses | 21,072.28 | 361 |
| 11. Interest and similar expenses of which from affiliated companies: EUR 13,297,715.19 (Previous year: EUR 10,273 thousand) | 17,545,922.08 | 14,247 |
| 12. Taxes on income and earnings of which tax allocations from subsidiaries: EUR 2,536,464.02 (Previous year: EUR 667 thousand) | 2,542,803.08 | 13,777 |
| 13. Result after tax | -786,434,181.28 | 105,481 |
| 14. Other taxes | 220,458.40 | 470 |
| 15. Loss transfers (Previous year: Profit transfers) | 786,654,639.68 | -105,011 |
| 16. Net income for the financial year | 0.00 | 0 |

Notes for financial year 2021

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 **tangible assets** 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. Impairments are recognised when a decrease in value is probably permanent. Impairment reversals are recognised when the cause for initial impairment is no longer apparent. The following useful economic lives and depreciation methods are applied for **intangible and tangible assets**:

| Balance sheet items | Useful life in years | Depreciation method |
|--|----------------------|-------------------------------------|
| Intangible assets | 3–25 | straight-line |
| Leasehold rights and buildings | 6–33 | straight-line |
| Technical equipment, plant and machinery | 1–40 | straight-line and declining balance |
| Other equipment, fixtures and fittings | 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 straight-line method. The item is, in its totality, of only minor importance.

Financial assets are recognised at the lower of cost of acquisition or fair values, if fair values are 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.

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 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.

Liquid assets 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 provisions** 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 provisions were discounted at the average market interest rate of the past ten years as published by the Deutsche Bundesbank, and which apply to 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 6,092 thousand in the current financial year (previous year: EUR 7,469 thousand) (Section 253 (6) HGB). The valuation of pension provisions is based on the following parameters:

| | 2021 % | Previous year % |
|-------------------|----------------|--------------------|
| Discount rate | 1.87* / 1.35** | 2.31* / 1.60** |
| Salary increases | 3.00 p.a. | 3.00 p.a. |
| Pension increases | 3.00 p.a. | 1.00 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 takes place in accordance with Section 253 (1) third sentence 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 from salary sacrifice and is therefore solely 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 included in interest costs. The effect from the offset of plan assets is recognised in the interest expenses.

According to Section 246 (2) sentence 2 HGB, **fair values of reinsurance policies** and obligations are offset for balance sheet presentation.

Other provisions cover all contingent liabilities as well as impending losses from pending transactions. 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 announced 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.

Statkraft Markets GmbH distinguishes between the Trading and the Origination divisions. While standard products are used in the Trading division to achieve margins with a short-term horizon, the Origination division also involves long-term optimisation activities with structured products and inventories. Both operating divisions are divided into different mandates in order to ensure adequate risk monitoring and management of trading/optimisation activities. The definition of the individual mandates is generally based on the region traded, traded products and commodities, 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 a daily trading date basis by the risk management. If limits are breached in Origination mandates, risk reduction measures are taken.

In principle, transactions concluded in the Trading and Origination Divisions 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 done in accordance with the freezing method, according to which the changes in value in basic and hedging transactions which balance against one another and which 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 2021, opposite cash flows streams exist for the period up to 2033. 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 during daily trading.

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

| Transaction type | Nominal value EUR '000 |
|-------------------------------|---------------------------|
| Assets | 330,930 |
| Liabilities | 754,354 |
| Pending purchase transactions | 53,536,235 |
| Pending sales transactions | 56,584,651 |

The value of the risks hedged through valuation units is EUR 17,982,298 thousand.

The macro valuation units are tested for ineffectiveness on the balance sheet values at the end of the year by looking at the current market values of the particular valuation unit to which it relates. If the market value of all relevant commercial transactions is negative, considering all assets and liabilities included in the valuation units, a provision for the valuation unit is recognised. If the overall value is positive then no asset is recognised.

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

The Continental Risk Reduction valuation unit includes transactions through which Statkraft Markets GmbH optimises physical power plant positions in Germany ("Continental Assets" business unit). The power plants 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 hedging instruments mainly comprise derivative financial instruments via marketing. The hedging transactions included in these valuations have a nominal volume of EUR 1,075 million. 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 allowances) 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 obligations are calculated by applying comparable market interest rates. 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 as losses. In contrast, unrealised profits from exchange rate changes are 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 from trading are disclosed as gross figures.

Internal expenditure capitalised comprises mainly personnel costs for own employees.

EXPLANATORY COMMENTS ON THE BALANCE SHEET

Fixed assets

The movements in fixed assets and their amortisation and depreciation and interest for the financial year are presented in the statement of movements in fixed assets (Appendix to the Notes). Borrowing costs were not capitalised in the financial year.

The shares in Statkraft Ventures GmbH, Düsseldorf, founded in 2015, were sold in 2021. Statkraft Holding Knapsack GmbH, Düsseldorf, received a capital increase of EUR 98,713 thousand. Statkraft Markets Financial Services GmbH, Düsseldorf, was renamed Knapsack Power Admin GmbH. Statkraft Windpark Oedelsheim GmbH & Co. KG was founded on 18 December 2020 and received equity of EUR 200 thousand in 2021.

List of shareholdings

This information relates to 31 December 2021, to the extent not stated otherwise.

| 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 | 215,193 |
| Knapsack Power GmbH & Co. KG, Düsseldorf ²⁾ | 100 | -3,693 | 25 | 163,106 |
| Knapsack Power Verwaltungs GmbH, Düsseldorf ²⁾ | 100 | 0 ¹⁾ | 25 | 270 |
| Kraftwerksgesellschaft Herdecke mbH & Co. KG, Hagen ²⁾³⁾ | 50 | -303 | 10,000 | 32,059 |
| Kraftwerksverwaltungsgesellschaft Herdecke mbH, Hagen ²⁾³⁾ | 50 | 1 | 25 | 44 |
| Statkraft Trading GmbH, Düsseldorf | 100 | 0 ¹⁾ | 25 | 25 |
| Statkraft Windpark Oedelsheim GmbH & Co. KG, Düsseldorf | 1 | -40 | 25 | 160 |

¹⁾ Result after transfer of profit/loss

²⁾ Indirectly held investments

³⁾ Last annual financial statements 31/12/2020

Receivables and other assets

As in the previous year, all receivables and other assets have a residual term of up to one year. In 2021, a lump sum valuation allowance for receivables of EUR 10,046 thousand (previous year: EUR 2,801 thousand) was posted, which is measured as one percent of net receivables.

Receivables from affiliated companies are comprised as follows:

| | 2021 EUR '000 | Previous year EUR '000 |
|---|------------------|---------------------------|
| Receivables from cash pool against Statkraft AS, Oslo, Norway | 708,527 | 587,212 |
| Trade accounts receivable | 107,184 | 32,633 |
| Receivables from profit transfer agreements | 2,232 | 1,791 |
| Receivables from shareholder Statkraft Germany GmbH, Düsseldorf | 58,573 | 11,806 |
| Receivables in connection with assumption of losses from shareholder Statkraft Germany GmbH, Düsseldorf | 786,655 | 0 |
| Total receivables against affiliated companies | 1,663,171 | 633,442 |

Receivables due from the shareholder (EUR 58,573 thousand) Statkraft Germany GmbH, Düsseldorf, are mainly input tax refund claims.

Other assets mainly include paid securities of EUR 1,235,440 thousand (previous year: EUR 287,889 thousand), paid options premiums of EUR 28,464 thousand (previous year: EUR 39,114 thousand), and CO₂ certificates of EUR 39,511 thousand (previous year: EUR 31,088 thousand).

Prepaid expenses and deferred income

The prepaid expenses of EUR 8,574 thousand (previous year: EUR 3,613 thousand) mainly concern power purchase agreements of EUR 7,612 thousand (previous year: EUR 2,932 thousand), and certificates of EUR 301 thousand (previous year: EUR 258 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).

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 on 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 | 30,734 | 35,415 |

For the financial reporting period, a deficit of EUR 17,632 thousand (previous year: EUR 17,658 thousand) was assessed and recognised in the pension provisions, based on the 10-year average rate. Applying the 7-year average rate, this would have resulted in pension obligations of EUR 23,724 thousand (previous year: EUR 25,127 thousand). The difference according to Section 253 (6) HGB thus amounts to EUR 6,092 thousand (previous year: EUR 7,469 thousand), but is not subject to a payment restriction. Prior to offsetting the reinsurance coverage claims of EUR 35,415 thousand (previous year: EUR 33,171 thousand), pension obligations in financial year 2021 amounted to EUR 53,047 thousand (previous year: EUR 50,829 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 7,417 thousand (previous year: EUR 4,310 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 at 31 December 2021.

Net interest results include gains of EUR 91 thousand (previous year: EUR 512 thousand) resulting from plan assets. This also includes expenses due to discounting of pension obligations of EUR 1,162 thousand (previous year: EUR 1,218 thousand). Expenses of EUR 47 thousand (previous year: EUR 51 thousand) were netted against the interest from plan assets.

Other provisions

Other provisions amount to EUR 710,648 thousand (previous year: EUR 482,491 thousand). Other provisions mainly consist of the following:

| | 2021 EUR '000 | Previous year EUR '000 |
|---|------------------|---------------------------|
| Provision for valuation units | 490,310 | 278,225 |
| Provision for onerous contracts | 136,343 | 153,935 |
| Decommissioning provisions | 27,533 | 22,962 |
| Accruals | 6,099 | 5,035 |
| Employee bonuses | 5,947 | 970 |
| Provisions for jubilee and death payment benefits | 818 | 688 |
| Employees liability insurance association costs | 357 | 375 |
| Other | 43,241 | 20,301 |
| Total other provisions | 710,648 | 482,491 |

The company has concluded long-term power supply contracts, which, as in preceding years, have been examined for possible risks of expected losses from future power supply obligations, including interest and currency rate risks. The valuation showed a possible loss of EUR 136,343 thousand over the total lifetime of the contract so that provisions for onerous contracts were recognised.

Liabilities

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

The prepayments received contain prepayments for green certificates of EUR 618 thousand (previous year: EUR 478 thousand).

Liabilities due to affiliated companies are as follows:

| | 2021 EUR '000 | Previous year EUR '000 |
|---|------------------|---------------------------|
| Liabilities from cash pool due to Statkraft AS, Oslo | 5,004 | 0 |
| Liabilities from profit and loss transfer agreement due to shareholder Statkraft Germany GmbH | 0 | 105,011 |
| Trade accounts payable | 94,119 | 64,387 |
| Liabilities from deliveries and services to shareholder Statkraft Germany GmbH | 3,459 | 1,786 |
| Liabilities from the transfer of losses | 21 | 361 |
| Total liabilities to affiliated companies | 102,602 | 171,544 |

Other liabilities

The following table shows the details of other liabilities at the balance sheet date:

| | 2021 EUR '000 | Previous year EUR '000 |
|---|------------------|---------------------------|
| Liabilities from option premiums | 27,393 | 45,059 |
| Securities received from counterparties | 1,722,878 | 1,984 |
| Tax liabilities | 266 | 411 |
| Miscellaneous | 5,790 | 3,191 |
| Total other liabilities | 1,756,327 | 50,645 |

The securities received comprise payments in connection with bilaterally concluded contracts including securities from the exchange-side settlement of open positions. The latter had a positive balance in the previous year and were reported under other assets. There was a write-down of EUR 18,588 thousand on collateral payments from the settlement of open positions carried out on the stock exchange.

Contingent liabilities

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

Other financial obligations

Future obligations of EUR 140,512 thousand arise from the tolling agreement with Knapsack Power GmbH & Co. KG, which runs until 2032. The contract will be revised in 2022 to cover new investments by KPG in 2021/22. The future obligations from the new contract will therefore be higher than the calculated amount from the previous contract.

As at 31 December 2021, obligations relating to long-term power purchase agreements until 2022 or rather 2035 amount to EUR 141,836 thousand, obligations from a long-term service agreement until 2028 amount to a total of EUR 14,803 thousand.

As at 31 December 2021, obligations from rental and leasing agreements amount to a total of EUR 11,629 thousand (previous year: EUR 14,758 thousand), of which EUR 1,409 thousand (previous year: EUR 1,596 thousand) are due within one year and EUR 5,630 thousand (previous year: EUR 7,025 thousand) are 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 contracts.

EXPLANATORY COMMENTS ON THE INCOME STATEMENT

Sales revenue

Sales revenues in the past financial year amounted to EUR 50,851,784 thousand (previous year: EUR 25,385,840 thousand) and are distributed across the segments as follows:

| | 2021 EUR '000 | Previous year EUR '000 |
|--|-------------------|---------------------------|
| Emissions and green certificates trading | 39,296,654 | 15,281,708 |
| Power trading | 8,455,359 | 7,793,389 |
| Gas trading | 3,077,838 | 2,254,322 |
| Other services to clients | 21,933 | 56,421 |
| Total sales | 50,851,784 | 25,385,840 |

Classified by regional markets, sales are distributed as follows:

| | 2021 EUR '000 | Previous year EUR '000 |
|--------------------|-------------------|---------------------------|
| Great Britain | 34,578,290 | 13,388,203 |
| Germany | 11,871,335 | 9,286,296 |
| EU | 4,092,967 | 2,482,226 |
| Other Europe | 307,041 | 144,444 |
| World | 2,151 | 84,671 |
| Total sales | 50,851,784 | 25,385,840 |

Other operating income

Other operating income amounted to EUR 239,723 thousand (previous year: EUR 148,804 thousand) and consists of the following:

| | 2021 EUR '000 | Previous year EUR '000 |
|--|--------------------------------|---------------------------|
| Currency exchange gains ¹⁾ | 99,307 | 47,784 |
| Gains from sale of shares in affiliated companies | 11,125 | 21,351 |
| Impairment reversals of fixed assets | 0 | 66,718 |
| Gains from the release of provisions / other liabilities ²⁾ | 128,031 | 142 |
| Other | 1,260 | 3 |
| Total other operating income | 239,723 | 148,804 |

¹⁾ Thereof EUR 2,449 thousand (previous year: EUR 0) unrealised currency exchange gains from valuation of bank balances

²⁾ Thereof EUR 128,031 thousand (previous year: EUR 142 thousand) from other periods

Cost of materials

Cost of materials amounted to EUR 51,682,951 thousand (previous year: EUR 25,249,081 thousand) and consists of the following:

| | 2021 EUR '000 | Previous year EUR '000 |
|------------------------------------|--------------------------------|---------------------------|
| Cost of raw materials and supplies | 105,710 | 47,146 |
| Cost of purchased services | 51,577,241 | 25,201,935 |
| Total cost of materials | 51,682,951 | 25,249,081 |

Depreciation and amortisation of intangible fixed assets and tangible assets

The depreciation and amortisation of tangible assets comprises solely normal depreciation.

Other operating expenses

Other operating expenses comprise the following:

| | 2021 EUR '000 | Previous year EUR '000 |
|--|------------------|---------------------------|
| Currency exchange losses ¹⁾ | 97,625 | 80,078 |
| Rent, repair and similar costs | 18,442 | 18,815 |
| Legal and consultancy fees | 8,142 | 8,686 |
| IT related expenses | 1,945 | 1,690 |
| Expenses for telephone and data transmission | 1,600 | 1,427 |
| Services for power plants | 1,085 | 868 |
| Guarantee costs | 446 | 373 |
| Marketing and information costs | 268 | 340 |
| Membership fees | 315 | 317 |
| Travel expenses | 101 | 123 |
| Expenses for external employees | 75 | 1 |
| Costs from the disposal of financial assets | 0 | 0 |
| Other | 11,150 | 9,105 |
| Total other operating expenses | 141,194 | 121,824 |

¹⁾ Thereof EUR 0 thousand (previous year: EUR 4,889) unrealised currency exchange losses from valuation of bank balances

Interest and similar expenses

Interest expenses for the financial year 2021 of EUR 17,546 thousand (previous year: EUR 14,247 thousand) includes interest expense on accrued pension liabilities amounting to EUR 1,162 thousand (previous year: EUR 1,219 thousand) and additional interest on accrued other provisions of EUR 300 thousand (previous year: EUR 269 thousand).

Taxes on income

Taxes on income amount to EUR 2,543 thousand (previous year: EUR 13,777 thousand) and mainly comprise foreign corporation income taxes.

Issues relating to other periods

The other operating income includes EUR 128,031 thousand of income from other periods which mainly result 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

Currency forwards are used to hedge against foreign currency risks.

At the balance sheet date following forward exchange transactions existed:

| | Nominal value EUR '000 | Fair value EUR '000 |
|-------------------------------|---------------------------|------------------------|
| Positive market values | | |
| Sale of GBP | 35,771 | 35,839 |
| Purchase of USD | 55,516 | 55,590 |
| Sale of USD | 265,358 | 266,004 |
| | 356,645 | 357,433 |
| Negative market values | | |
| Purchase of GBP | 35,766 | 35,694 |
| Sale of GBP | 123,254 | 121,213 |
| Purchase of USD | 68,136 | 67,943 |
| | 227,156 | 224,850 |

Unrealised losses from these transactions of EUR 2,306 thousand were recognised in other provisions.

Interest rate hedging transactions

The following interest rate hedging transactions to secure the interest rate risk existed as at the balance sheet date:

| | Nominal value EUR '000 | Fair value EUR '000 |
|------------------------|---------------------------|------------------------|
| Positive market values | 150,000 | 150,826 |
| Negative market values | 438,016 | 432,011 |
| | 588,016 | 582,837 |

Unrealised losses from the interest rate hedging transactions of EUR 6,989 thousand were recognised.

Auditor fees

The total fee charged by the auditor for the financial year 2021 amounts to EUR 359 thousand (previous year: EUR 330 thousand). Of this, EUR 340 thousand relates to the audit of the financial statements and EUR 19 thousand to other audit services.

Management

- **Dr. Carsten Poppinga**
(Senior Vice President Trading & Origination), Düsseldorf
- **Dr. Christian Redeker**
(Regional Director), Brühl
- **Dr. Petrus Schipper**
(Vice President North-Western European & US Origination), Amsterdam
- **Robert Teschke**
(Finance Director US), Düsseldorf (until 1 August 2021)
- **Dr. Gundolf Dany**
(Vice President Strategic Asset Ownership Continental), Düsseldorf (since 1 April 2021)
- **Dr. Malte Schwoon**
(Vice President Energy Management Continent), Düsseldorf (since 1 April 2021)
- **Henrik Møistad**
(Vice President Finance Global Market Operations), Oslo/Norwegen (since 1 August 2021)

are managing directors with joint powers of representation.

The managing directors perform the duties and responsibilities of the 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 2021. The remuneration of the other managing directors was recharged to the company on basis of the existing service agreements with affiliated companies. Total remuneration for the members of the management for 2021 amounts to EUR 1,246 thousand (previous year: EUR 3,293 thousand).

Employees

The company employed an average of 141 industrial employees in the reporting year (previous year: 137).

Subsequent events

The war in the Ukraine, which broke out on 24 February 2022, is leading to uncertainties regarding the supply of raw materials from Russia to Europe and is causing strong fluctuations on the European electricity and gas markets. Due to Germany's current dependence on Russian gas exports, the German government is working on measures to reduce the existing dependencies.

The main risks for Statkraft are on the one hand the increased volatility on the energy markets, which could have a negative impact on the trading business in particular due to unpredictable price fluctuations. On the other hand, a supply stop of Russian gas would have a negative impact on the competitiveness of German gas-fired power plants, as it is questionable whether Russian gas supplies can be fully compensated by alternative sources in the short term.

A final reliable quantification of the effects is not possible due to dynamic developments.

For further information on possible effects on Statkraft Markets GmbH, we refer to the corresponding disclosures in the management report. The current developments have been included in the risk assessment carried out in the management report.

Group affiliation

The company's annual financial statements are included in the consolidated financial statements of Statkraft AS, Oslo, Norway, as at 31 December 2021 (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 registered court (Regnskapsregisteret) in Oslo, Norway, under register number 987 059 699.

The consolidated financial statements for Statkraft SF are available from the registered 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 annual financial statements of Statkraft Markets GmbH can arise in the area of fixed assets due to different definitions of useful life, on different valuations of pension provisions and pending trading transactions as well as the creation of deferred taxes which derive from the different accounting and valuation methods.

Proposal for distribution of profits / losses

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

Düsseldorf, 08 June 2022

The Management team



Dr. Gundolf Dany



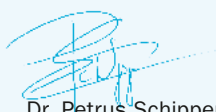
Henrik Møistad



Dr. Carsten Poppinga



Dr. Christian Redeker



Dr. Petrus Schipper



Dr. Malte Schwoon

FIXED ASSET MOVEMENTS

Gross book values

| | As at 01. 01. 2021 EUR | Additions EUR | Transfers EUR | Disposals EUR | As at 31. 12. 2021 EUR |
|---|------------------------------|-----------------------|------------------|----------------------|------------------------------|
| I. Intangible assets | | | | | |
| 1. Purchased Software | 13,114,661.46 | 3,543.53 | 0.00 | 0.00 | 13,118,204.99 |
| 2. Goodwill | 11,779,877.84 | 0.00 | 0.00 | 0.00 | 11,779,877.84 |
| | 24,894,539.30 | 3,543.53 | 0.00 | 0.00 | 24,898,082.83 |
| II. Tangible fixed assets | | | | | |
| 1. Land, leaseholds rights and buildings | 98,315,057.92 | 2,847.36 | 0.00 | 0.00 | 98,317,905.28 |
| 2. Technical equipment, plant and machinery | 687,950,213.77 | 212,989.20 | 219,256.56 | 0.00 | 688,382,459.53 |
| 3. Other equipment, fixtures and fittings | 20,386,369.05 | 864,990.67 | 61,075.48 | 18,362.36 | 21,294,072.84 |
| 4. Assets under construction | 6,544,004.59 | 4,027,600.35 | -280,332.04 | 6,438.26 | 10,284,834.64 |
| | 813,195,645.33 | 5,108,427.58 | 0.00 | 24,800.62 | 818,279,272.29 |
| III. Financial Assets | | | | | |
| 1. Shares in affiliated companies | 165,967,145.51 | 98,713,190.00 | 0.00 | 44,169,981.51 | 220,510,354.00 |
| 2. Loans to affiliated and associated companies | 2,100,000.00 | 2,650,000.00 | 0.00 | 0.00 | 4,750,000.00 |
| 3. Long-term investments | 2,572,615.49 | 163,695.23 | 0.00 | 0.00 | 2,736,310.72 |
| | 170,639,761.00 | 101,526,885.23 | 0.00 | 44,169,981.51 | 227,996,664.72 |
| | 1,008,729,945.63 | 106,638,856.34 | 0.00 | 44,194,782.13 | 1,071,174,019.84 |

Accumulated depreciations

| | As at 01. 01. 2021 EUR | Additions EUR | Disposals EUR | As at 31. 12. 2021 EUR |
|---|------------------------------|----------------------|------------------|------------------------------|
| I. Intangible assets | | | | |
| 1. Purchased Software | 9,910,174.33 | 134,503.76 | 0.00 | 10,044,678.09 |
| 2. Goodwill | 11,779,877.84 | 0.00 | 0.00 | 11,779,877.84 |
| | 21,690,052.17 | 134,503.76 | 0.00 | 21,824,555.93 |
| II. Tangible fixed assets | | | | |
| 1. Land, leaseholds rights and buildings | 74,975,968.99 | 1,200,938.08 | 0.00 | 76,176,907.07 |
| 2. Technical equipment, plant and machinery | 498,860,802.84 | 11,460,373.87 | 0.00 | 510,321,176.71 |
| 3. Other equipment, fixtures and fittings | 16,731,172.22 | 1,207,132.81 | 18,362.36 | 17,919,942.67 |
| 4. Assets under construction | 6,149,982.15 | 925,984.34 | 6,438.26 | 7,069,528.23 |
| | 596,717,926.20 | 14,794,429.10 | 24,800.62 | 611,487,554.68 |
| III. Financial Assets | | | | |
| 1. Shares in affiliated companies | 2,500.00 | 0.00 | 0.00 | 2,500.00 |
| 2. Loans to affiliated and associated companies | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. Long-term investments | 0.00 | 0.00 | 0.00 | 0.00 |
| | 2,500.00 | 0.00 | 0.00 | 2,500.00 |
| | 618,410,478.37 | 14,928,932.86 | 24,800.62 | 633,314,610.61 |

Net book values

| | As at 31.12.2021 EUR | Previous year EUR |
|---|-------------------------------------|-----------------------|
| I. Intangible assets | | |
| 1. Purchased Software | 3,073,526.90 | 3,204,487.13 |
| 2. Goodwill | 0.00 | 0.00 |
| | 3,073,526.90 | 3,204,487.13 |
| II. Tangible fixed assets | | |
| 1. Land, leaseholds rights and buildings | 22,140,998.21 | 23,339,088.93 |
| 2. Technical equipment, plant and machinery | 178,061,282.82 | 189,089,410.93 |
| 3. Other equipment, fixtures and fittings | 3,374,130.17 | 3,655,196.83 |
| 4. Assets under construction | 3,215,306.41 | 394,022.44 |
| | 206,791,717.61 | 216,477,719.13 |
| III. Financial Assets | | |
| 1. Shares in affiliated companies | 220,507,854.00 | 165,964,645.51 |
| 2. Loans to affiliated and associated companies | 4,750,000.00 | 2,100,000.00 |
| 3. Long-term investments | 2,736,310.72 | 2,572,615.49 |
| | 227,994,164.72 | 170,637,261.00 |
| | 437,859,409.23 | 390,319,467.26 |

INDEPENDENT AUDITOR'S REPORT

Audit opinions

We have audited the annual financial statements of Statkraft Markets GmbH, Düsseldorf, comprising the balance sheet as at 31 December 2021, the income statement for the period ended 31 December 2021 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 2021.

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 2021 and its results of operations for the period ended 31 December 2021 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, intentional or otherwise.

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, intentional or otherwise; 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 legal violations or inaccuracies 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, intentional or otherwise, in the annual financial statements and the management report, 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 of material misstatements not being detected is higher in the case of legal violations than in the case of inaccuracies, as legal violations can include fraudulent conduct, forgery, intentionally incomplete disclosures, misleading statements, and the circumvention 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 overall presentation, structure, and content of the annual financial statements, 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, 08 June 2022

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

(Dr. Benedikt Brüggemann)

German Public Auditor

(Niklas Polster)

German Public Auditor

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