

Half-Year Report 2022

Lyse



Group
Financials



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Financial key figures for Lyse

FROM THE STATEMENT OF PROFIT AND LOSS

<i>(In NOK millions)</i>		30.06.22	30.06.21	31.12.21
Operating revenues		15 081	7 708	16 662
EBITDA	(1)	7 943	4 036	7 753
EBITDA underlying operations	(2)	8 400	4 166	8 427
Operating result (EBIT)	(3)	6 728	3 122	5 887
Unrealised changes in value, financial instruments		-457	-130	-674
Non-recurring items, EBITDA		0	0	0
Non-recurring items impairment (-), reversal impairment (+)		0	0	0
Operating result (EBIT) underlying operations	(4)	7 186	3 252	6 561
Net financial items		376	199	401
Profit after tax		2 381	1 309	2 137
Profit before tax non-controlling interests		881	373	780

FROM THE STATEMENT OF FINANCIAL POSITION

<i>(In NOK millions)</i>		30.06.22	30.06.21	31.12.21
Total assets		63 859	52 583	55 820
Of which is PP&E and investments in companies		32 234	28 191	29 156
Cash and cash equivalents *)		5 591	5 445	6 466
Equity		21 421	20 158	20 709
Gross interest-bearing debt, incl. Financial leases	(5)	20 704	17 871	17 933
Of which proportion of subordinated loans		1 727	1 857	1 792
Net interest-bearing liabilities	(6)	15 113	12 426	11 467
Capital employed	(7)	42 125	38 029	38 642

CASH FLOWS

<i>(In NOK millions)</i>		30.06.22	30.06.21	31.12.21
Net cash flows from operations		7 631	3 815	7 285
Net interest costs		161	198	379
Dividends paid to shareholders		744	663	663
Net investments in non-current assets and intangible assets		1 514	1 150	2 922
Net investments in ownership interests	(8)	2 991	37	56
Cash and cash equivalents *)		5 591	5 445	6 466
Unused drawing rights		3 300	1 800	1 800

FINANCIAL ITEMS

			30.06.22	30.06.21	31.12.21
Net interest-bearing liabilities / EBITDA	(1,6)		1,3	2,5	1,5
Net interest-bearing liabilities / EBITDA underlying operations	(2,6)		1,2	2,2	1,4
EBITDA interest coverage	(9)		21,7	18,9	18,3
Interest-bearing debt - equity ratio	(10)		49,1 %	47,0 %	46,4 %
Equity ratio	(11)		33,5 %	38,3 %	37,1 %
Equity ratio – taking into account subordinated loans	(12)		36,2 %	41,9 %	40,3 %

KEY FIGURES, CONSOLIDATED FINANCIAL STATEMENTS

			30.06.22	30.06.21	31.12.21
EBITDA margin underlying operations	(13)		54,1 %	53,1 %	48,6 %
EBIT margin underlying operations	(14)		46,3 %	41,5 %	37,8 %
Return on equity	(15)		15,4 %	8,1 %	10,6 %
Return on average capital employed	(16)		23,7 %	10,4 %	15,5 %

SHAREHOLDERS

			30.06.22	30.06.21	31.12.21
Subordinated loans from shareholders (municipalities)		NOK mill	1 650	1 750	1 700
Interest and installments, subordinated loans		NOK mill	79	71	144
Dividends/shareholder withdrawals		NOK mill	650	630	630
Earnings per share	(17)	NOK	1 486	928	1 345

*) Including current financial placements

Definitions:

(1) EBITDA	Operating profit/loss before depreciation and amortisation
(2) EBITDA, underlying operations	EBITDA adjusted for unrealised changes in value of financial instruments and material non-recurring items
(3) EBIT	Operating profit/loss
(4) EBIT, underlying operations	Operating profit/loss adjusted for unrealised changes in value of financial instruments, material non-recurring items and impairments
(5) Gross interest-bearing debt	Non-current and current loans, including financial lease obligations
(6) Net interest-bearing debt	Gross interest-bearing debt – cash and cash equivalents (including current financial placements)
(7) Capital employed	Equity + interest-bearing debt
(8) Investments in ownership interests	Purchase of shares and payments of subordinated loans to associated companies and joint ventures
(9) EBITDA interest coverage	EBITDA / interest costs
(10) Interest-bearing debt ratio	Gross interest-bearing debt / (gross interest-bearing debt + booked equity)
(11) Equity ratio	Equity / total assets
(12) Equity ratio – taking into account subordinated loans	Total equity + subordinated shareholders' loans / total assets
(13) EBITDA margin, underlying operations	EBITDA, underlying operations / operating income
(14) EBIT margin, underlying operations	EBIT, underlying operations / operating income
(15) Return on equity	Profit/loss as a % of average equity – result for the last 12 months
(16) Return on average capital employed	Operating profit/loss as a % of average capital employed – result for the last 12 months
(17) Earnings per share	Profit/loss allocated to shareholders / no. of shares in the Company

Sustainability key figures for Lyse

SOCIAL DISCLOSURES

HEALTH AND SAFETY

		Unit	30.06.22	30.06.21	31.12.21
Injuries					
Employees - absence injuries	(1)	Number	0	0	1
Employees - injuries	(2)	Number	2	2	5
Accidents per million working hours with absence (H1 value)	(3)	H1-value	0,00	0,00	0,52
Accidents per million working hours with and without absence (H2 value)	(4)	H2-value	1,89	1,99	3,13
Absence due to illness in total	(5)	%	4,00	3,02	3,57
- Hereof doctor-certified		%	2,76	2,53	2,85
- Hereof self-certified		%	1,24	0,49	0,72

EMPLOYEE RATIO

		Unit	30.06.22	30.06.21	31.12.21
Total number of permanent and temporary employees		Number	1 975	1 439	1 408
Number of summer job employees in the period		Number	31	55	51
Number of graduates in the period		Number	1	4	5
Number of apprentices in the period		Number	20	20	22
New hires in the period		Number	292	93	191
Turnover	(6)	%	8,02	3,00	8,79
Seniority	(7)	Year	7,17	8,00	9,14
Share of employees who achieve stipulated upper age limit within 5 years	(8)	%	1,08	2,30	1,94
Share of employees who achieve stipulated upper age limit within 6-10 years	(8)	%	4,64	5,80	6,14
Equality					
Percentage of women					
- In total		%	31,57	31,30	29,80
- Among management positions	(9)	%	35,68	26,85	34,51
- In the Group Management		%	50,00	50,00	50,00
- In the Group Board		%	50,00	50,00	50,00
- Among new hires		%	42,98	38,30	31,94

VIOLATION OF LAWS AND REGULATIONS

		Unit	30.06.22	30.06.21	31.12.21
Registered personal data security breaches	(10)	Number	7	3	6

ENVIRONMENTAL DISCLOSURES

ENERGY CONSUMPTION

		Unit	30.06.22	30.06.21	31.12.21
Electricity consumption		GWh	39	23	46
Pumped storage		GWh	57	17	57
Grid loss		%	4	5	5
District heating		MWh	17	276	321
Natural gas		GWh	23	33	58
Biogas		GWh	13	11	21
Diesel		Liter	169 448	176 720	352 629
Gasoline		Liter	5 448	10 312	4 267

CLIMATE

		Unit	30.06.22	30.06.21	31.12.21
Scope 1: Direct emissions		tCO2e	6 168	8 583	15 094
- Gasoline	(11)	tCO2e	12	24	10
- Diesel	(11)	tCO2e	456	476	949
- Natural gas	(11)	tCO2e	5 282	7 687	13 445
- Leak SF6 gas	(12)	tCO2e	156	40	81
- Leak natural gas	(13)	tCO2e	0	102	114
- Leak refrigerants	(14)	tCO2e	261	255	494
Scope 2: Indirect emissions, energy consumption		tCO2e	0	0	0
- Electricity consumption	(15)	tCO2e	0	0	0
- District heating	(16)	tCO2e	0	0	0
Scope 3: Other indirect emissions		tCO2e	42 999	70 317	120 291
- Sold natural gas		tCO2e	42 790	70 308	120 190
- Business travels	(17)	tCO2e	209	8	102
Biogenic emissions	(18)	tCO2e	4 302	3 383	7 711
- Biogas consumption		tCO2e	2 508	2 215	4 232
- Sold biogas		tCO2e	1 794	1 167	3 479

POWER- AND DISTRICT HEATING PRODUCTION

		Unit	30.06.22	30.06.21	31.12.21
Installed capacity - power generation	(19)	MW	2 520	2 388	2 390
- Hereof hydropower		MW	2 517	2 385	2 387
- Hereof other		MW	3	3	3
Installed capacity - thermal production		MW	182	204	230
- District heating		MW	95	95	95
- District cooling		MW	42	48	48
- Local heating		MW	45	62	48
Production - power generation	(19)	GWh	4 942	6 588	10 363
- Hereof hydropower		GWh	4 936	6 584	10 353
- Hereof other		GWh	6	4	10
Production - thermal production		GWh	112	133	223
- District heating		GWh	78	87	150
- District cooling		GWh	8	6	16
- Local heating		GWh	26	40	57
Renewable energy production from power generation and thermal production		%	99	99	99

ECONOMIC DISCLOSURES

CONTRIBUTION TO SOCIETY

		Unit	30.06.22	30.06.21	31.12.21
Gross operating revenues		NOK millions	15 772	7 919	17 660
Unrealised changes in the value of energy contracts		NOK millions	-691	-130	-998
Paid to suppliers for good and services		NOK millions	-5 405	-2 424	-6 124
Gross value added		NOK millions	9 675	5 364	10 538
Depreciation and impairment		NOK millions	-1 215	-914	-1 866
Other operating expenses		NOK millions	-1 007	-622	-1 394
Net value added		NOK millions	7 453	3 828	7 278
Financial income		NOK millions	190	64	87
Share of profit from associates		NOK millions	17	14	19
Values for distribution		NOK millions	7 660	3 905	7 384
DISTRIBUTION OF VALUE GENERATED					
Employees					
- Gross salaries and social benefits		NOK millions	607	499	1 145
Lenders / owners					
- Financial costs		NOK millions	583	277	507
- Dividend		NOK millions	0	0	650

The public sector*					
- Profit tax		NOK millions	1 407	645	1 205
- Resource rent tax		NOK millions	2 565	967	2 144
- Licensing fees and property taxes		NOK millions	114	126	246
Net distributed values employees, lenders, owners and the public sector		NOK millions	5 276	2 515	5 897
The company					
Retained values		NOK millions	2 309	1 339	1 432
Non-controlling interest's share of result		NOK millions	75	51	55
Net distributed values company		NOK millions	2 385	1 390	1 487
Distributed values		NOK millions	7 660	3 905	7 384
Reconciliation of profit allocated to non-controlling interests		NOK millions	881	373	780
- Non-controlling interests power consumption		NOK millions	805	322	725
- Other non-controlling interests		NOK millions	75	51	55

*) 841 MNOK of profit tax and resource rent tax is the non-controlling interest's share of tax

Definitions:

- (1) Work-related injuries which have resulted in absence extending beyond the day of the injury.
- (2) Work-related injuries, with and without absence. Includes injuries that result in absence, medical treatment or alternative work assignments.
H1 injuries are the sum of the number of injuries causing absence and the number of deaths. The H1 value is calculated as follows: Number of absence injuries + number of deaths * 1,000,000 hours / Number of hours worked.
- (3) H2 injuries includes the total number of deaths, work-related personal injuries and injuries without absence which: a) led to medical treatment (not first aid injuries) or b) reduced ability to work and / or the need for relocation to alternative work. The H2 value is calculated as follows: Number of absence injuries (incl. death) and number of injuries without absence (see above) * 1,000,000 hours / (divided by) total number of hours worked
- (4) Absence due to illness or injury as a percentage of normal working hours
- (5) Employee turnover: number of employees leaving, divided by the average number of employees in the same period, multiplied by one hundred (not including retirement or internal relocation)
- (6) Seniority: Number of years a person has been employed by the Lyse Group (including internal relocation)
- (8) The upper age limit in Lyse is 70 years
- (9) Management positions include employees who are part of Group Management, management group 2 and management group 3
- (10) Registered breaches of personal data security that have resulted in a report to the Norwegian Data Protection Authority
- (11) Including CO₂, CH₄ and N₂O calculated using GHG Calculation Tool Stationary Combustion.
- (12) Global Warming Potential value from IPCC Fifth Assessment Report (2014). Refilled gas in Lnett.
- (13) Calculated as methane emissions with Global Warming Potential value from IPCC Fifth Assessment Report (2014)
- (14) Global Warming Potential value from IPCC Fifth Assessment Report (2014)
- (15) 100% of the electricity consumption is covered by guarantees of origin
- (16) The district heating supplied by Lyse is considered climate neutral as only heat recovery and biogas are used in production
- (17) Includes flights in Lyse that are registered via Lyse's travel agency and trips booked by employees of Altibox Denmark and Ice
- (18) Emissions from biogenic sources, calculated using GHG Calculation Tool Stationary Combustion
- (19) Includes 100% of RSK

HALF-YEAR REPORT

2022

Lyse is a Norwegian industrial group operating within the business areas of Energy, Telecommunications and Power Grid.

Lyse is a Norwegian industrial group with activities in energy, telecommunications and power grid. The company is a national player in renewable and regulated hydropower and is the country's third largest hydropower producer. Lyse has been a driving force for the development of robust digital infrastructure. Through the nationwide Altibox partnership, the group provides broadband and entertainment services to a significant proportion of the population. This is now complemented by a 4 and 5G mobile network through the purchase of the mobile operator Ice.

Lyse has regionally developed the country's most varied and complete infrastructure for electricity, biogas and natural gas, district heating, fiber broadband and a 5G mobile network under development. As a national telecommunications player, the group owns a nationwide fiber network and has ownership interests in several sea fiber cables abroad that ensure good digital connections in and out of Norway. Good availability and high delivery security are a priority.

The company's shareholders are 14 municipalities from southern part Rogaland, and our value creation goes back to the community. The shareholders have a long-term industrial perspective on their investment and expect that the company has a positive impact on its local community with a strategic focus for the region and satisfactory profitability.

IMPORTANT EVENTS FIRST HALF YEAR 2022

- Less precipitation and snow reservoirs than normal, in combination with increased continental prices for power increased spot prices in southern Norway significantly compared to the first half of 2021. In the first half of 2022 the area price in Lyse's production area (NO2) was 162,80 øre/kWh, compared to 48,09 øre/kWh for the same period last year
- Increased risk for gas rationing in Europe for the upcoming winter, especially in Germany, has resulted in a greater need to store water for the winter. Leading to lower hydropower production during the first half of 2022 compared to the same period last year. Power production for the period was 4,9 TWh, a reduction of 1,6 TWh compared to the same period last year.
- In February 2022, Lyse entered into an agreement of purchase of Ice's mobile business in Norway. Ice is a national mobile network operator and provider of voice and wireless data services. The business operates in Norway under the Ice and NiceMobil brands. Ice has at the end of first half of 2022 718 286 mobile customers.
- The Altibox partnership gained 26 946 new customers in the first half of 2022. The growth is primarily organic. At the end of first half of 2022, Lyse's wholly owned subsidiary Altibox provided broadband and entertainment services to 811 864 customers, of which 52 842 belongs in Denmark.
- In June, Lyse decided on a plan for further investments in the development of the national 5G network. The plan involves upgrade of 3 200 base stations, and around 3 900 base stations to be rolled out.
- For the twelfth year in a row, the Altibox partnership received the prize for most satisfied customers in EPSI's customer survey.
- Lnett scores high in the evaluation of power grid companies with the lowest amount of power interruptions in 2021 and are among the best of the larger power grid companies. Lnett continues their large development of the regional grid.
- Lyse increased its drawing rights from NOK 1 500 million to NOK 3 000 million, thereby further strengthening its financial position.

- In April 2022, Lyse paid NOK 650 million in dividends to its shareholders based on the approved annual financial statements of 2021. An increase of NOK 20 million compared to prior year.

FINANCIAL PERFORMANCE FIRST HALF OF 2022

Profit before tax for the first half year in 2022 was NOK 6 352 million compared to NOK 2 922 million in 2021.

Profit after tax for the first half year amounted to NOK 2 381 million compared to NOK 1 309 million in 2021. NOK 881 million of the profit after tax belongs to the minority owners in Lyse's subsidiaries.

The operating profit was NOK 6 728 million compared to NOK 3 122 million in the same period last year. There are no material non-recurring items in the first half year 2022.

Below, the results from underlying operations are presented. Note that the operating profit excludes non-recurring items and any unrealised gains and losses on financial instruments:

<i>(Amounts in NOK millions)</i>	30.06.22	30.06.21	31.12.21
Underlying operating income	15 534	7 838	17 336
Underlying operating costs	8 349	4 586	10 775
Underlying operating profit	7 186	3 252	6 561
Unrealised gains and losses on financial instruments (gains +)	-457	-130	-674
Non-recurring items (gains +)	0	0	0
Operating profit	6 728	3 122	5 887

Lyse Group's underlying operating revenue amounted to NOK 15 534 million, an increase of NOK 7 696 million compared to the same period last year. The increase is mainly due to the Hydropower business segment. The operating revenue for the first half year is split across its business segments as follows: Energy NOK 11 434 million, Telecommunications NOK 3 406 million, Power Grid NOK 625 million and Other NOK 68 million.

Underlying EBITDA (Operating profit before depreciations and amortizations) for the Group is NOK 8 400 million compared to NOK 4 166 million in the first half of last year.

The Group's underlying profit was NOK 7 186 million, an increase of NOK 3 934 million compared to the same period last year.

Underlying profit for the Energy segment was NOK 6 832 million, an increase of NOK 4 189 million compared to the same period last year. The increase is a result of significant higher power prices. Production volume is 4,9 TWh, which is 1,6 TWh lower than the same period last year. Less precipitation and snow reservoirs than normal, in combination with increased continental power prices explain the rise in increased spot prices in southern Norway compared to first half of 2021.

For Telecommunications, the underlying operating profit is NOK 627 million compared to NOK 466 million in the first half year 2021. A significant growth in customers owned by the Group resulted in higher contribution margins as well as providing good control of the associated indirect costs.

Underlying operating profit from Grid business was NOK -43 million compared to NOK 217 million in the first half year 2021. This reduction in profit is due to high power prices which results in a significant increased grid loss for the Grid business.

The table below shows the operating profits for the groups different business segments.

<i>(Amounts in NOK millions)</i>	30.06.22	30.06.21	31.12.21
Energy	6 832	2 643	5 654
Telecommunications	627	466	957
Power Grid	-43	217	165
Other *)	-230	-74	-215
Underlying operating profit per segment	7 186	3 252	6 561

*) The business segment Other consists of Lyse AS, Lyse Dialog AS, Lyse Vekst, Lyse Eiendom Mariero AS, Lyse Eiendom Jørpeland AS, Lyse Eiendom Ullandhaug AS, Lyse Elkon AS, Lyse Lux AS and Lyse Agon AS.

The following sections below will describe the underlying operating profit from Lyse's business segments in more detail.

ENERGY

The Energy business segment consists of the operations of the wholly owned subsidiaries, Lyse Produksjon AS, Lyse

Kraft DA (which manages the ownership interests in Sira-Kvina Kraftselskap DA, Ulla-Førre Verkene and Røldal-Suldal power plants), Jørpeland Kraft AS, Lyse Neo AS and Lyse Energi AS.

The power plants portfolio is located in the area from Haukeli to Åna Sira and the average production is about 10 TWh. The power plants are owned by Lyse Kraft DA which is headquartered in Stavanger. Lyse owns 74,4% of the company, the remaining 25,6% is owned by Hydro. The business area's underlying operating profit was NOK 6 832 million. Hydropower production delivered an operating profit after resource rent tax of NOK 5 541 million, of which the minority's share amounts to NOK 2 033 million.

Power production in the first half year was 4,9 TWh, a reduction of 1,6 TWh compared to last year. Last year, the weather was unusually dry, and the reservoir filling at the beginning of 2022 was lower than normal. The dry weather has continued with less precipitation and snow reservoirs than normal, especially in the eastern parts of Lyse's production area. At the end of first half of 2022 the reservoir filling in Lyse's price area (NO2) was historically low and around 8 TWh lower than normal. The geopolitical situation has resulted in extreme gas and coal prices in Europe, and there is a fear of energy scarcity in the European energy system. The international connections with the continent and UK meant that prices in Lyse's price range approached continental power prices. The low reservoir filling leads to an increased probability of importing power to cover peak demand, which in the current situation means that the price levels and volatility in European power prices significantly affect the power price in southern Norway. In addition, over time there have been limitations in the transmission capacity from other price areas in Norway into the NO2 price area, which has further amplified the price increase in Lyse's price area. Weaker hydrology, in combination with increased continental prices for power, strengthened the spot prices in the Nordics significantly compared to the first half of 2021. The system price for the first half was 115,6 euros per MWh, which is an increase of 73,5 euros per MWh compared to the same period last year. In Lyse's price area, NO2, the area price was 163,4 euros per MWh, which is 47,8 euros higher than the system price. The large price differences between different price areas in Norway are considered unfortunate for the confidence and efficiency in the power system.

Lyse manages a portfolio of physical and financial power contracts for Lyse's share of power production (74,4%) in Lyse Kraft DA. At the beginning of the year, 20% of the volume produced was pre-sold.

The underlying operating profit from the Gas and Heating segment was NOK -37 million for the first half year, a decrease of NOK 98 million compared to last year. Compared to the first half of 2021, supply of gas and district heating volumes has decreased with 148 GWh and totalled 325 GWh in the first half of the year. Uncertainty about the security of supply for gas following Russia's invasion of Ukraine has led to major market unrest and extreme gas prices. Several of the gas business' customer segments have therefore either converted to the use of propane, which is currently cheaper than natural gas, or have temporarily stopped their production. The high gas prices have particularly affected the greenhouse industry in the region. A smaller proportion of the gas customers have a price index linked to the price of propane. In the current market situation, these delivers have a negative profit contribution. A significant proportion of district heating sales is indexed to the market price of electricity, but with an agreed price ceiling for customers. High costs associated with peak load production and heat production in district heating centres that are not connected to the district heating infrastructure weaken the profit contribution from the heating business somewhat compared to the corresponding period last year. The demand for biogas is increasing and increased natural gas prices strengthen the competitiveness of biogas. The supply of biogas has been stable during the period, and several initiatives have been launched together with other players to increase production in the region. Work to extend the main infrastructure from central Stavanger to Bjergsted has begun, and the first customer contracts have been signed. Demand for climate-neutral district heating is good.

The end-user market has, for the past six months, been characterized by high power prices and uncertainty about future price developments. During this period, Lyse has offered fixed price agreements to give customers the opportunity of predictable prices for electricity consumption over an agreed period. The demand for these products has been good, also outside the region. At the end of the first half year, around 10% of the customer portfolio had a fixed price agreement for their electricity supply, which is a significant increase compared to previous periods. The margin for customers with spot price agreements has also

been reduced. This is because Lyse has reduced its price mark-up on the spot price agreements compared to last year. The competition in the market is still strong, and more companies are offering electricity products together with technology that will provide increased customer insight, management and reduces power consumption. Lyse's Electricity sales business offers solutions that will make it easy for customers to electrify their car use, energy measurement and settlement for various energy carriers as well as solar cell products. Market share in the region is high, and in the first half of the year the share of customers outside the home-region has also increased. The market profile is based on safe products, honesty and prices which, in a long-term perspective, are competitive. Operating profit from the end-user business, including energy services, was NOK -118 million for the first half of the year. The negative result is mainly explained by losses on fixed-price agreements to the private end-user market.

TELECOMMUNICATIONS

The Telecommunications business segment consists of the wholly owned digital TV and internet provider Altibox AS, Altibox Danmark AS, the mobile business Ice, which was acquired by Lyse in 2022, and several wholly and partly owned fiber companies in Norway with in total 451 093 customers. Fiber companies where Lyse has ownership shares are gathered under the subsidiary Lyse Fiberinvest AS and includes among others Lyse Fiber AS (100%), Viken Fiber Holding AS (65%), Signal Bredbånd AS (100%), Bergen Fiber AS (37%), Nordvest Fiber Holding AS (50%) and Istad Fiber AS (50%). The Telecommunications business segment in Lyse also includes International Telecommunications business activities towards the operator and corporate market - Altibox Carrier. This business includes the wholly owned Altibox subsidiary Altibox Carrier AS. Within this sub-unit also lies a wholly owned company - Skagenfiber AS (100%), who owns Skagenfiber. Skagenfiber is a subsea fiber cable that runs between Norway and Denmark. It was put into operation in the autumn of 2020. Skagenfiber AS also owns part of the NO-UK Com AS (37%), which own two subsea fiber connections to Denmark and the United Kingdom, respectively. The 700-kilometer-long fiber cable between Newcastle and Stavanger was installed in 2021.

In February 2022, Lyse entered into agreement to acquire Ice's mobile business in Norway and has a full ownership of the business through 100% ownership of six different

subsidiaries. The Ice acquisition of Ice will establish Lyse as a full-fledged telecom operator and strengthen the overall telecom infrastructure in Norway.

Altibox AS and Altibox Danmark AS (Altibox) are operators for the internet and digital TV deliveries on fiber networks owned by Lyse Group in addition to fiber networks owned by others, primarily consisting of networks owned by energy companies and municipalities. The customers who receive services produced by Altibox are part of the Altibox partnership. Altibox is the dominant supplier in the market for wired internet and digital TV.

Total customer growth in the Altibox partnership first half of 2022 is 29 946 customers and a growth of 3,4%. The number of customers on the Altibox partnership as of 30 June 2022 was 811 864. Of which 451 093 are owned by Lyse through wholly and partly owned companies, and 52 842 customers are owned by Lyse in Denmark.

Ice is a national mobile network operator and provider of voice and wireless data services. The company operates in Norway under the brands Ice and NiceMobil. Ice manages the frequency portfolio in Lyse, and together Ice and Altibox possess modern and nationwide digital infrastructure, and their share of 5G frequency is as large as the largest player in the market. Ice has 718 286 mobile customers and 62 526 mobile broadband customers as of 30 June 2022.

The telecommunications business had sales of MNOK 3 406 million in the first half of the year, an increase of 35% compared to the same period last year. Operating profit before depreciations (EBITDA) amounted to NOK 1 453 million, compared to NOK 1 057 million last year, representing an increase of 37%. The growth is mainly a result of strong customer growth during the period, the acquisition of Ice, as well as the company continuing its focus on efficient operation and value chain optimization. Underlying operating profit is NOK 627 million in the first half year 2022 compared to NOK 466 million in the first half year 2021, that represents an increase of 34%.

The Telecommunication business continues to heavily invest in socially critical infrastructure. A high level of investment over time, as well as the acquisition over time resulted in depreciation increase, which as a result was NOK 235 million higher compared to the same period last year. The Telecommunication business segment invested NOK 837 million in the first half of 2022, which is NOK 242

million higher than at the same time last year. Investments for the business may fluctuate significantly in periods due to acquisition. The investments in 2022 are mainly in fiber infrastructure for private costumers, and businesses in Norway, and are driven by high customer growth, but also include investments related to the roll-out of new, future-oriented communication and entertainment services to customers, and investments in new digital fiber infrastructure that connects us with the rest of Europe. through the Altibox Carrier business.

In June, Lyse decided on a plan for further investments in the development of the national 5G network. The plan involves upgrade of 3 200 base stations, and around 3 900 base stations to be rolled out.

The Altibox partnership continues to increase their market share for wired internet and TV. According to numbers from the National Communication Authority (NKOM) published in the second quarter, 33% of the customers with wired internet (all technologies) in Norway use Altibox. This places Altibox at a solid second place position in the distribution of wired internet in Norway. Within TV distribution, the Altibox partnership has a market share of 25% which makes the partnership the second largest supplier in the Norwegian market.

POWER GRID

The power grid business segment consists of the wholly owned grid company - Lnett AS. The main purpose of the company is to provide its customers with a stable and secure supply of energy, combined with efficient operations. Lnett AS operates as a monopoly, and as such is subject to special government regulations through The Norwegian Water Resources and Energy Directorate (NVE).

At the end of first half year, Lnett had 161 296 customers, an increase of 1 394 compared to the beginning of the year. The increase is according to expected customer growth. Energy supplied in the first half year was 2 528 GWh compared to 2 838 GWh in the same period last year. The winter in 2022 was milder than 2021. High power prices can also affect the consumption.

For the first time, the power grid business delivers a negative result from underlying operations of NOK -43 million. Unusually high power prices result in a high cost for lost energy during transmission in the grid, both in own and

overhead grids. The contribution margin from the power grid business is NOK 272 million in the first half of the year, NOK 234 million lower than the same period last year. Increased costs hit the result on an ongoing basis, but the income is recognized according to the invoiced power grid rent. As NVE includes the increased cost of loss in the income limit, the deterioration in results is a shift in income, not a final loss. The difference between invoiced power grid rent and high costs therefore leads to a significant reduction in income (invoiced power grid rent is less than the permitted income according to the income limit. As of 30 June 2022, total accumulated net shortfall to the income gap is NOK 415 million. Over time, the Power grid companies are required to direct the shortfall towards zero. Lnett has therefore increased the tariffs with effect from 1 July 2022. If the high power prices persist, further increases in the tariffs will be necessary.

Operating costs total to NOK 180 million as of 30 June 2022, NOK 23 million higher than the same period last year. High absence at work linked to the corona pandemic results in fewer activated hours and therefore increased operating costs. Depreciation amounts to NOK 136 million in the first half of the year, NOK 2 million higher than the first half of 2021.

Few power interruptions in the first half of the year resulted in low interruption costs (KILE) and are on par with the same period last year. In the first half of the year the KILE costs was NOK 10,3 million.

In the first half year NOK 474 million was invested. Investments in the distribution grid amounted to NOK 146 million, and to date this year, total investment in the regional distribution grid is NOK 219 million. The level of investment will be high in the future because there is a need to upgrade the regional network. This is due to its age and condition, as well as to cover increased electricity needs for business development and electrification of society.

Grid operations achieved a return on net capital (adjusted for increase in net shortfall to the income cap) of 4,3% in first half year 2022, compared to 4,7% in the first half year 2021. Accounting return on net capital in the first half of the year is -1%.

OTHER SEGMENTS

Other segments include group support functions in Lyse AS, as well as from its other companies - Lyse Dialog AS, Lyse Vekst AS, Lyse Eiendom Mariero AS, Lyse Eiendom Jørpeland AS, Lyse Eiendom Ullandhaug AS, Lyse Elkon AS, Lyse Lux AS and Lyse Agon AS.

FINANCIAL ITEMS AND TAX

Net financial items amounted to NOK 393 million for the first half year, an increase of NOK 179 million compared to the same period last year. The increase is primarily due to one-off costs in connection with the restructuring of bond loans on Ice, in addition to some increase in net interest costs from rising market interest rates in the period. The Group's net interest-bearing debt (excluding lease liabilities) is NOK 13 028 million, of which NOK 10 034 million is hedged through interest-rate swaps or fixed-rate loans and have a maturity of up to 22 years. This, in combination with the inherent interest rate hedge in the power grid segment and through the resource rent tax, implies that the earnings in the years to come are low/moderately exposed to short- and long-term fluctuations in the interest rate. The Group's total interest-bearing liabilities (excluding lease liabilities) is NOK 18 619 million, of which bond loans equal NOK 9 102 million, bank loans equal NOK 7 791 million, and subordinated loans amounted to NOK 1 727 million. The loans have maturity period up to 22 years, with an average maturity period of 5,5 years. The annual refinancing requirements are actively managed. The loan market during the first half of 2022 has been more unstable with increasing prices, but still with good access to liquidity. In the first half of 2022, Lyse issued no new bonds, but expanded the bank financing with over NOK 2 000 million, including NOK 1 000 million in financing from Nordic Investment Bank. In the period, Lyse has repurchased NOK 115 million in own bonds that have a shorter maturity. In April, Lyse AS received confirmation of its official rating on BBB + with stable prospects from Scope Ratings. Lyse AS was first rated in 2017 by Scope Ratings.

The tax cost (including property tax and rebate schemes) for Lyse Group was NOK 4 086 million in the first half year. The corresponding number for last year was 1 739 million.

The consolidated financial statements have been prepared on the going concern assumption.

CASH FLOWS

The Group's operations generated a cash flow of NOK 7 631 million, compared to NOK 3 815 million during the same period last year.

During the first half of 2022, Lyse Group invested a total of NOK 4 505 million. This represents an increase of NOK 3 318 million compared to the same period last year and is mainly related to the Ice transaction.

The investments are distributed across the business segments as follows:

<i>(Amounts in NOK millions)</i>	30.06.22	30.06.21	31.12.21
Energy	167	204	405
Telecommunications	848	597	1 447
Power Grid	474	320	1 016
Other *)	3 016	66	110
Gross investments (shares and tangible fixed assets)	4 505	1 187	2 978

*) "Other" consists of Lyse AS, Lyse Dialog AS, Lyse Vekst AS, Lyse Eiendom Mariero AS and Lyse Eiendom Jørpeland AS, Lyse Eiendom Ullandhaug AS, Lyse Elkon AS, Lyse Lux AS and Lyse Agon AS.

The increase in investments is primarily related to the acquisition of Ice in March 2022.

Gross interest-bearing debt (including lease liabilities) amounted to NOK 20 704 million at the end of first half year. At the beginning of 2022 the Group's gross interest-bearing debt was NOK 17 933 million. The Groups available cash and cash equivalents (including short term financial investments), has in the same period been reduced from NOK 6 466 million to NOK 5 591 million. Net interest-bearing debt (including lease liabilities) has increased from NOK 11 467 million at the beginning of the year to NOK 15 113 million at the end of the first half year. Liquidity reserves in the form of bank deposits, liquidity portfolio and unused drawing facilities that can be drawn upon within a couple of days, were NOK 8 891 million at the end of first half year.

At the end of first half year Lyse Group's equity totaled NOK 21 421 million, with equity ratio of 34%, which when adjusted for subordinated loans, equity ratio becomes 36%.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

An important part of Lyse's purpose is to create value for the society. Lyse's assignment from the owners is to run a business with a stable return at the same time as the group is to be a regional development player Lyse is concerned that the operation will benefit future generations. This is ensured by building long-term and future-oriented infrastructure solutions, striving for sustainable business operations and by distributing value creation so that it benefits the owners as a contribution to welfare production. Corporate social responsibility is built into Lyse's assignments and the group reports on sustainability as an integral part of the annual report.

By 2030, Lyse aims for its own operations to become climate neutral at the same time as the group contributes to significant emission reductions, regionally and nationally. The plans for achieving climate neutrality in the group are prepared with the sustainability report as a basis.

In Lyse, each leader is responsible for ensuring that sustainability is raised and included in decision-making processes. A sustainability team across the Group assist in this work. Lyse supports the UN's sustainability goals and wants to contribute where possible to achieve these. You can read more about how we contribute on our website www.lysekonsern.no

BUSINESS ETHICS

Lyse's ethical guidelines are reviewed annually and revised as necessary. Annual e-learning course for all employees contributes to knowledge of and compliance with the guidelines.

The work of safeguarding the privacy rights of customers and employees is guided by established routines for handling breaches of personal data security. In the first half of 2022, there was seven breaches of personal data security that needed to be reported to the Norwegian Data Protection Authority, compared to three for the same period of 2021. The cases were closed by the Norwegian Data Protection Authority without further follow-up when it was assessed that sufficient measures were taken. No inspections have been carried out by the Norwegian Data Protection Authority during the period.

The companies in the Group are continuously working to map minor discrepancies and possible improvements to

ensure correct handling of personal data and prevent future discrepancies. The companies in the Group also respond to inquiries from customers related to privacy.

ENVIRONMENTAL IMPACT

The Lyse Group provides renewable energy, infrastructure and innovative services that enable climate savings for our customers. Electrification and digitalization are crucial factors in achieving local as well as global climate goals, and the Group's broad reach makes Lyse well positioned to contribute and create profitable growth in the green shift.

IMPACT ON THE LOCAL COMMUNITY

In difficult times, our socially and household-critical products and services are particularly important: Secure power supply, TV channels and lightning-fast internet for home offices, digital teaching and digital meetings etc. are key basic functions in the social machinery.

Read more about how we affect the local community at www.lysekonsern.no

EU TAXONOMY

Lyse is well on its way to mapping the activities in the group and how these qualify under the new EU taxonomy regulation for sustainable financing. The regulation is expected to be included in the EEA agreement during the first half of 2022 and will then also formally be enforced in Norway. Initially, there will be a requirement to report on activities that are included as qualified activities under the taxonomy. In the next round, there will also be reporting requirements related to whether the activity is adapted to the requirements of the taxonomy, and thus can be called taxonomy adapted. To get there, the activity must meet the criteria for making a significant contribution to one or more of the defined environmental goals, it must not do significant harm to the other environmental goals, and it must meet minimum requirements for social standards.

In Lyse, we have so far been able to map which activities are defined in the taxonomy as qualifying activities and will through the second half of 2022 build on this work, to also be able to report on activities that are taxonomically adapted from the 2022 annual report. The Lyse Group has activities under the three business areas energy, power grid and telecom. Within the energy area, we find electricity production from hydropower, as well as the distribution of

district heating and cooling as activities that are considered to qualify under the taxonomy. Distribution of district heating is based on around 95% of waste heat from Ivar's incineration plant at Forus, and the rest is supplemented with biogas or electricity. In addition to these qualifying activities, Lyse also offers sales of natural gas, biogas and sales of electricity to end customers who do not qualify under the taxonomy.

In large parts of Southern-Rogaland, Lnett is responsible for the construction and operation of the distribution and regional network. This is an activity that is considered to qualify under the taxonomy. Major investments have been made in Lnett in recent years, and further growth is expected in investments here in order to facilitate more industrial development and increased electrification of society.

Telecom is an important business area for the group with a large share of investments that go to fiber network development and production of internet and television for end customers through Altibox. So far, telecom as an industry has not been included in the taxonomy, but in its work in drafting the taxonomy regulation, it was pointed out by the technical expert group that this is something that should be considered further for possible future inclusion. A well-functioning fiber network will be an important facilitator in order to enable the EU's climate goals by 2050 but will then for the time being fall outside the qualified activities.

The European Commission has been explicit that economic activities that are not classified in the EU taxonomy are not necessarily harmful to the environment or unsustainable.

ORGANISATION, HEALTH, ENVIRONMENT AND SAFETY

It is important that Lyse is an attractive, fair and good employer for all employees to thrive and do their best at work every day, and for Lyse to attract the best and most qualified workforce in the future.

In the last six months, there has been a particular focus on securing competence as a result of increased demand and higher turnover. 292 recruitment processes have been carried out in the first half of 2022. Lyse recruits' new employees based on the need for competence and has objective recruitment processes regardless of gender, age, political affiliation and ethnicity.

Lyse has developed a management program for managers with personnel responsibility starting in January 2022. The goal of the program is to contribute to a Lyse culture characterized by learning and achievement, establish joint management, strengthen interaction and exchange of experience. The participants are divided into learning groups of eight across the group and work together throughout the programme, digitally and physically. The themes in the first half of the year have been goals and motivation, learning will be the theme in autumn 2022.

To ensure that Lyse is an employer that promotes equality, diversity and sustainability, work is carried out systematically with mapping of risks, action plans, measures and KPIs. Special focus areas are permanent employment, pay and working conditions, promotions and development opportunities, facilitation and opportunities to combine work and family life. A methodology has been implemented for weighting the complexity of positions to ensure fair remuneration and a benchmark against the national labor market. The work will continue during the autumn.

As of June 2022, there were 1 975 employees in the Lyse Group, of which 29 were temporary employees. At the same time in 2021, there were 1 439 employees. As of June 2022, there were 20 apprentices in the electrical installer and sales areas, corresponding to the first half of 2021. Lyse will work continuously to look at opportunities for taking on more apprentices in relevant professional areas.

Employee turnover in the Group has increased in the first half of the year and is 8% compared to 3% in the same period of 2021.

Of the total number of employees, 31,57% were women and 68,43% were men at the end of the first half of 2022, which is an increase in the proportion of women by 0,27% compared to last year. 42,98% of new employees in the first half of 2022 were also women, an increase of 4,68% compared to last year. In management positions, the proportion of women is 35,68%, an increase of 8,83% compared to first half of 2021. In the Group management and the Board of Directors there is an equal proportion of both genders.

In the Lyse Group, no task or activity shall be given priority over health, safety and environment. There is, always, compliance with statutory HSE requirements for the operational businesses. Lyse has procedures for safe job analyzes related to the internal performance of operational tasks or in interaction with other partners and suppliers.

Sick leave in the Group for the first half of 2022 was 4%, compared with 3% for the first half of 2021. In the first half of the year, it was reported two injuries on own employees but did not lead to sick leave, which is the same as the prior year. Lyse Group's goal is to have absence related to sickness below 3,5%.

OUTLOOK

So far, 2022 has been a demanding year for our customers, for the power market and the power industry and its reputation in general. War in Europe, the reduction of nuclear power and coal power in Germany, combined with an even closer connection between Norway and the continent through new cables, has led to very high power prices in southern Norway. A dry first half of the year has also contributed to the high power prices. This has led to record high revenues, primarily to the state through taxes and fees, but also the power companies, including Lyse.

However, this is not a desired situation nor is it a situation that anyone could foresee.

The company is in close contact with both the authorities and shareholders in order to safeguard our social responsibility in the best possible way as a publicly owned company whose vision is to be "more than a company". The first half of the year has been demanding in this respect, but the Board fears that the second half of the year and the winter 22/23 could be even worse.

Like the authorities, the Board places security of supply at the top of its priorities and has already prioritized the degree of filling in our multi-year reservoirs since the beginning of June. This prioritization will continue, but this naturally creates uncertainty related to the performance in the second half of the year.

The Board believes that the authorities' support package for households has work well and as intended. The authority is also considering a change in the structure of the resource rent tax, so that the power companies can use the

contract value, and not, as is currently the case, the spot price, as the basis for the calculation of the resource rent tax. The Board is of the opinion that this can be a good tool in the work to create a larger and more long-term fixed price market, especially for businesses.

Based on this, the Board expects a better result on an annual basis than in 2021. Power prices have been increasing and at a record high level in the first half of the year, which has produced a good result. The uncertainty linked to the result in the second half of the year significant, but there are many indications that the result will be good in the second half of the year as well.

However, the result will be characterized by the extreme situation in the power market and the need to ensure security of supply through the coming winter. In addition, there are the "normal" uncertainties related to precipitation and temperature.

Both the electricity end-user business and the district heating and gas business have negative results in the first half of the year. This is due to fixed price agreements, significant price differences within the country and major unrest in the gas market.

The power grid business has poor results due to very high costs for purchasing power for grid losses. This is likely to continue in the second half of the year with negative results as a consequence.

The telecommunications business will continue to grow, both in the fixed and mobile networks, and will, as in previous years, have a more stable profit development. During the second half of the year, the development of the third 5G mobile network will start in earnest. The work to extract synergies between Altibox/the fiber companies and Ice, combined with the development of the mobile network, will over time strengthen the results also in the mobile area.

Lyse will continue to have large investments in infrastructure, increasing through the purchase of Ice and the construction of a 5G mobile network.

Expectations of a higher price level for power means that the company will intensify its work to utilize our hydropower plants in an even better way and will allocate significant investments funds to this in the coming years.

Stavanger, 23 August 2022
The Board of Directors of Lyse AS



Harald Espedal
Chairman of the Board



Stine Rolstad Brenna
Deputy Chair

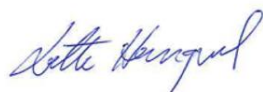
Siri Annette Haataja Meling
Board Member



Jonas Skrettingland
Board Member



Svein Gjedrem
Board Member



Lotte Hansgaard
Board Member



Morten Larsen
Board Member



Marie Folstad
Board Member




Eimund Nygaard
Group CEO

Compliance declaration from the Board of Directors and CEO

We confirm that the unaudited financial statements for the period 1 January to 30 June 2022 have, to the best of our knowledge, been prepared in accordance with IAS 34 Interim Reporting and that the accounts provide a true and fair view of the assets, liabilities, financial position and results as a whole and that the information in the interim report provides a true and fair view of key events during the accounting period and their impact on the interim accounts as well as a specification of the most important risk and uncertainty factors that the company will face during the next accounting period.

Stavanger, 23 August 2022
The Board of Directors of Lyse AS



Harald Espedal
Chairman of the Board



Stine Rolstad Brenna
Deputy Chair




Siri Annette Haataja Meling
Board Member



Jonas Skrettingland
Board Member



Svein Gjedrem
Board Member



Lotte Hansgaard
Board Member



Morten Larsen
Board Member



Marie Folstad
Board Member



Eimund Nygaard
Group CEO

Statement of profit and loss

<i>(In NOK thousands)</i>	Note	30.06.22	30.06.21	31.12.21
Sales revenue	(1), (2)	15 771 824	7 918 702	17 659 885
Gains and losses from power and currency contracts	(1), (2), (4)	-690 981	-210 742	-997 908
Operating revenue		15 080 844	7 707 959	16 661 977
Cost of sales	(2)	5 405 351	2 424 187	6 124 369
Salaries and payroll costs		607 384	499 161	1 144 632
Depreciation and impairment	(2)	1 214 864	914 344	1 865 734
Licence fees and property tax		113 798	126 352	246 215
Other operating costs		1 011 347	622 369	1 393 969
Operating profit		6 728 100	3 121 547	5 887 057
Share of profit in equity accounted investments	(2)	17 081	14 041	18 939
Financial income	(2)	190 160	63 668	86 665
Financial expenses	(2)	582 843	277 140	506 826
Profit before tax		6 352 497	2 922 117	5 485 835
Income taxes		1 406 575	645 498	1 205 337
Resource rent tax		2 565 415	967 150	2 143 661
Tax expense	(2)	3 971 989	1 612 648	3 348 998
Profit for the period		2 380 508	1 309 469	2 136 837
Allocated to:				
Shareholders		1 499 628	936 531	1 356 884
Non-controlling interests		880 880	372 938	779 953

Statement of comprehensive income

<i>(In NOK thousands)</i>	Note	30.06.22	30.06.21	31.12.21
Profit for the period		2 380 508	1 309 469	2 136 837
Items that will not recycle over profit and loss in future periods				
Other pension effects		2 340	76 889	62 257
Items that will recycle over profit and loss in future periods				
Cash flow hedging, currency forward contracts	(4)	-80 370	93 967	169 934
Cash flow hedging, interest swap contracts	(4)	9 388	11 791	19 491
Cash flow hedging Euro loans	(4)	-83 708	59 102	95 318
Currency translation differences, equity accounted investments		4 397	-8 878	-6 887
Currency translation differences, subsidiaries		1 399	-3 641	-1 641
Total of items that will recycle over profit and loss in future periods		-148 893	152 341	276 215
Statement of comprehensive income for the period		-146 554	229 231	338 472
Total comprehensive income for the period		2 233 954	1 538 700	2 475 309
Allocated to:				
Shareholders		1 353 075	1 165 762	1 694 212
Non-controlling interests		880 880	372 938	781 097
Total comprehensive income for the period		2 233 954	1 538 700	2 475 309
Earnings per share of comprehensive income allocated to the Company's shareholders		1 341	1 155	1 679

Statement of financial position

ASSETS

<i>(In NOK thousands)</i>	Note	30.06.22	30.06.21	31.12.21
Non-current assets				
Waterfall rights		8 413 301	8 417 301	8 417 301
Goodwill	(3)	7 273 021	6 347 110	6 342 302
Other intangible assets	(3)	6 129 495	1 352 207	1 428 430
Deferred tax asset (resource rent)		51 776	34 108	51 776
Tangible fixed assets	(3)	29 173 888	26 299 475	27 143 540
Right-of-use asset	(3)	2 154 707	1 007 775	1 158 905
Equity accounted investments		788 699	800 692	759 208
Other non-current financial assets	(5)	117 003	82 899	93 965
Derivatives	(5)	327 946	495 078	430 396
Other non-current receivables	(5)	77 253	79 719	62 612
Total non-current assets		54 507 091	44 916 363	45 888 437
Current assets				
Inventory		217 989	212 138	181 933
Trade receivables and other receivables	(5)	3 501 266	1 975 681	3 222 966
Derivatives	(5)	41 583	34 019	61 024
Current financial assets	(5)	535 000	529 000	764 000
Cash and cash equivalents	(5), (6)	5 056 232	4 916 025	5 701 614
Total current assets		9 352 070	7 666 864	9 931 536
Total assets		63 859 161	52 583 227	55 819 973

EQUITY AND LIABILITIES

<i>(In NOK thousands)</i>	Note	30.06.22	30.06.21	31.12.21
Equity				
Share capital and premium reserve		1 275 591	1 275 591	1 275 591
Other equity and retained earnings		14 764 930	13 462 165	14 033 916
Equity allocated to the company's shareholders		16 040 521	14 737 757	15 309 507
Non-controlling interest		5 380 408	5 420 329	5 399 727
Total equity		21 420 929	20 158 086	20 709 235
Liabilities				
Non-current interest-bearing liabilities	(5), (6)	16 689 952	16 144 790	15 676 788
Non-current lease liability	(6)	1 831 862	689 256	774 111
Deferred tax liability		3 787 393	3 381 509	3 578 612
Deferred tax liability (resource rent)		7 093 062	4 765 459	5 084 295
Pension liabilities		100 132	132 294	100 900
Derivatives	(5)	718 757	204 742	353 890
Provisions		110 745	52 449	61 167
Other non-current liabilities		3 374 162	1 697 380	1 759 512
Total non-current liabilities		33 706 064	27 067 878	27 389 276
Current interest-bearing liabilities	(5), (6)	1 929 376	875 897	1 333 876
Current lease liability	(6)	253 203	161 206	147 943
Accounts payable and other current liabilities	(5)	3 867 434	2 603 144	3 605 460
Tax payable		2 110 995	1 661 952	2 443 181
Derivatives	(5)	557 482	45 096	191 000
Provisions		13 679	9 969	0
Total current liabilities		8 732 168	5 357 264	7 721 461
Total liabilities		42 438 232	32 425 142	35 110 738
Total equity and liabilities		63 859 161	52 583 227	55 819 973

Statement of cash flows

<i>(In NOK thousands)</i>	30.06.22	30.06.21	31.12.21
Cash flow from operations			
Profit before tax	6 352 497	2 922 117	5 485 835
Depreciation and impairment	1 214 864	914 344	1 865 734
Unrealised gains and losses from power and currency contracts	440 895	113 583	641 329
Unrealised effects against comprehensive income	412 344	-195 540	-390 557
Change in pension liabilities	1 571	-697	-51 317
Net financial costs	392 683	213 472	420 161
Profit/loss from equity accounted investments	-17 081	-13 919	-18 939
Change in trade receivables and other current receivables	-97 935	446 960	-814 098
Change in accounts payable and other current liabilities**	-537 664	-235 181	790 971
Change in inventory	-27 433	-11 401	18 804
Cash Hydro transaction	0	16 251	16 251
Other changes**	25 777	176 414	67 400
Net cash flows from operating activities	8 160 520	4 346 403	8 031 574
Interest paid	-244 650	-224 665	-423 065
Interest received	83 400	12 236	44 092
Tax paid	-368 228	-318 768	-368 072
Net cash flow from operating activities	7 631 042	3 815 206	7 284 529
Cash flow from investment activities			
Payments on purchase of tangible fixed assets and intangible assets	-1 514 164	-1 149 759	-2 649 840
Net payments investment in buildings	0	0	-272 294
Payments on prepayment related to right-of-use assets (lease)	-58 526	0	-126 623
Receipts from sale of tangible fixed assets	0	0	27 181
Net receipts and payments, shares in subsidiaries	-2 045 839	-18 254	0
Net payment purchase of receivable	-911 982	0	0
Net receipts and payments, shares of associated companies and joint ventures	-10 000	-19 183	27 697
Net receipts and payments, other financial investments	-15 791	0	-8 060
Net cash flows from investment activities	-4 556 302	-1 187 196	-3 001 939

Statement of cash flows cont.

<i>(In NOK thousands)</i>	30.06.22	30.06.21	31.12.21
Cash flow from financing activities			
Change in non-controlling ownership	0	-18 200	7 517
Borrowings	2 168 349	1 235 000	1 800 000
Repayment of interest-bearing liabilities	-3 756 576	-1 214 228	-1 737 849
Payment of financial leasing liabilities	-128 689	-96 826	-192 306
Net cash effect from power generation outflow - non-controlling interest**	-1 616 467	-532 370	-1 150 445
Dividends paid to minority shareholders of subsidiaries	-94 250	-32 636	-32 636
Dividends paid to company shareholders	-650 000	-630 000	-630 000
Net cash flow from financing activities	-4 077 634	-1 289 260	-1 935 719
Change in cash and cash equivalents	-1 002 894	1 338 750	2 346 871
Cash and cash equivalents as of 1 January	6 465 614	4 106 274	4 106 274
Cash through the acquisition of subsidiaries	128 511	0	12 469
Cash and cash equivalents at end of period *	5 591 232	5 445 025	6 465 614

*) Included current financial assets

**) Cash flow for 30.06.21 is restated to reflect the net power consumption of non-controlling interests corresponding subsequent periods (See note 2 in the Group Consolidated Financial Statement 2021)

Statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FIRST HALF YEAR 2022

<i>(In NOK thousands)</i>	Share capital and premium reserve	Other reserves - not recognised	Other equity	Equity allocated to Company's shareholders	Non-controlling ownership interest	Total equity
Equity 1 January 2022	1 275 591	49 287	13 984 630	15 309 507	5 399 727	20 709 235
Profit for the period	0	0	1 499 628	1 499 628	880 880	2 380 508
Other comprehensive income for the period	0	-146 554	0	-146 554	0	-146 554
Total comprehensive income for the year after tax	0	-146 554	1 499 628	1 353 075	880 880	2 233 954
Dividends	0	0	-650 000	-650 000	-94 250	-744 250
Capital increase	0	0	0	0	0	0
Withdrawal non-controlling ownership interests	0	0	33 751	33 751	-808 818	-775 068
Adjustment addition through subsidiary	0	0	-2 869	-2 869	2 869	0
Investments in equity accounted investments	0	0	-1 873	-1 873	0	-1 873
Other changes recorded directly against equity	0	0	-1 070	-1 070	0	-1 070
Equity 30 June 2022	1 275 591	-97 267	14 862 197	16 040 521	5 380 408	21 420 929

SPECIFICATION OF OTHER RESERVES

<i>(In NOK thousands)</i>	Translation differences	Hedging	Pensions*)	Total other reserves
Balance 1 January 2022	-1 968	-112 215	163 470	49 287
Other pension effects	0	0	2 340	2 340
Cash flow hedge	0	-198 320	0	-198 320
Tax effect cash flow hedge	0	43 630	0	43 630
Currency translation differences subsidiaries	1 399	0	0	1 399
Currency translation differences equity accounted investments	4 397	0	0	4 397
Balance 30 June 2022	3 829	-266 905	165 809	-97 267

*) The change in other pension effects is due to an increase in the discount rate, and an update of the actual return on assets of 1,10 % and 2,10 percentage points, respectively. In addition, the other assumptions have been increased by 0.75 percentage points.

Statement of changes in equity cont.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FIRST HALF YEAR 2021

<i>(In NOK thousands)</i>	Share capital and premium reserve	Other reserves - not recognised	Other equity	Equity allocated to Company's shareholders	Non-controlling ownership interest	Total equity
Equity 1 January 2021	1 275 591	-289 185	13 196 665	14 183 071	5 394 830	19 577 901
Profit for the period	0	0	936 531	936 531	372 938	1 309 469
Other comprehensive income for the period	0	229 231	0	229 231	0	229 231
Total comprehensive income for the year after tax	0	229 231	936 531	1 165 762	372 938	1 538 700
Dividends	0	0	-630 000	-630 000	-32 636	-662 636
Capital increase	0	0	0	0	7 470	7 470
Withdrawal non-controlling ownership interests	0	0	0	0	-322 304	-322 304
Adjustment addition through subsidiary	0	0	16 251	16 251	0	16 251
Investments in equity accounted investments	0	0	-27	-27	0	-27
Other changes recorded directly against equity	0	0	2 699	2 699	30	2 729
Equity 30 June 2021	1 275 591	-59 954	13 522 119	14 737 757	5 420 329	20 158 086

SPECIFICATION OF OTHER RESERVES

<i>(In NOK thousands)</i>	Translation differences	Hedging	Pensions*)	Total other reserves
Balance 1 January 2021	6 560	-396 958	101 212	-289 185
Other pension effects	0	0	76 889	76 889
Cash flow hedge	0	211 359	0	211 359
Tax effect cash flow hedge	0	-46 499	0	-46 499
Currency translation differences subsidiaries	-3 641	0	0	-3 641
Currency translation differences equity accounted investments	-8 878	0	0	-8 878
Balance 30 June 2021	-5 958	-232 098	178 102	-59 954

*) The change in other pension effects is due to an increase in the discount rate, and an update of the actual return on assets of 0.5% and 0.9 percentage points, respectively. In addition, the other assumptions have been increased by 0.25 percentage points.

Notes to the interim consolidated financial statements

1 Summary of material accounting principles

The consolidated financial statements for the first half of 2022, ending 30 June 2022, have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the EU and consist of Lyse AS and its subsidiaries, associated companies, and joint ventures. The interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than the information provided in the annual financial statements, these statements should be read in conjunction with the consolidated annual financial statements for 2021. The interim consolidated financial statements have not been audited. The accounting principles and calculation methods applied in the interim consolidated financial statements are the same as those described in Note 2 of the consolidated financial statements for 2021.

With reference to note 2 in the consolidated financial statements for 2021 related to the presentation of the effects of gains and losses from power and currency contracts, the same numbers have been reclassified for first half of 2021.

The total effect of the changes is incorporated in the profit and loss statement, segment statement and in comparative figures. The table below shows comparative figures that follow from the changed principle on segment level.

Energy segment - first half of 2021	Originally	Reclassified	Change
Statement of profit and loss	30.06.21	30.06.21	
<i>(Numbers in millions)</i>			
Sales revenue	4 511	4 609	98
Gains and losses on power and currency contracts	0	-211	-211
Other income and expenses	114	0	-114
Operating profit	2 513	2 513	0

2

Segment information

ENERGY

Key figures, Energy		30.06.22	30.06.21	31.12.21
Mean generation	GWh	10 075	9 995	10 075
Reservoir capacity	GWh	6 803	6 667	6 803
Hydroelectricity production	GWh	4 942	6 588	10 353
Area price NO2	øre/kWh	162,80	48,09	76,23
Actual price attained (incl. hedging)	øre/kWh	152,50	50,66	67,92
Electricity supply, end-user	GWh	1 233	1 429	2 529
Supplied volume, natural gas, biogas and fuel	GWh	228	363	612
Supplied volume, district heating and cooling	GWh	97	110	193

TELECOMMUNICATIONS

Key figures, Telecommunications		30.06.22	30.06.21	31.12.21
Capital employed	NOK mill	17 220	10 824	11 082
EBITDA margin		42,7 %	41,9 %	41,3 %
Carrying value tangible fixed assets and equity accounted investments	NOK mill	13 019	9 774	10 295
Number of kilometers of fibre optic network	Km	65 285	56 101	61 298
Number of active customers in the Altibox partnership		811 864	742 078	784 918
Number of active customers owned by Lyse*		503 935	457 081	491 545
Number of smartphone subscriptions		718 286		
Number of mobile broadband subscriptions		62 526		
Number of smartphone base stations in service		3 260		

* Included subsidiaries and equity accounted investments in Lyse in Norway and Denmark

POWER GRID

Key figures, Power Grid		30.06.22	30.06.21	31.12.21
Number of electricity grid customers		161 296	158 910	159 902
Supplied energy (total consumption in the area)	GWh	2 528	2 838	5 300
Power grid capital (NVE capital) used as a basis in revenue cap	NOK mill	4 701	4 139	4 387
Return on NVE capital	%	4,30%	4,70%	3,70%
KILE costs	NOK mill	10	9	23

STATEMENT OF PROFIT AND LOSS 30.06.22

<i>(In NOK millions)</i>	Energy	Tele-communications	Power grid	Other segments	Eliminations	Group
Gross sales revenue	11 672	3 406	625	379	-311	15 772
Inter-segment sales	-16	-3	5	-297	311	0
Gains and losses from power and currency contracts	-691	0	0	0	0	-691
Operating revenue	10 965	3 403	630	83	0	15 081
EBITDA*)	6 555	1 453	93	-139	-18	7 943
Cost of sales	3 971	1 024	353	50	7	5 405
Depreciation and impairment	180	826	136	57	15	1 215
Operating profit	6 374	627	-43	-196	-34	6 728
Share of profit/loss from associated companies and joint ventures**)	5	12	0	0	0	17
Financial income	119	9	3	211	-152	190
Financial costs	134	342	37	224	-155	583
Profit/loss before tax	6 365	306	-77	-210	-31	6 352
Resource rent tax	3 964	67	-17	-36	-7	3 972
Interim profit/loss before ordinary tax	2 400	239	-60	-174	-24	2 381
Of which - revenue/costs (-):						
Unrealised changes in value, financial instruments (before tax)	-355	0	0	0	0	-355
Non-recurring items (before tax)	0	0	0	0	0	0

*) EBITDA is defined as operating profit + depreciation and impairment.

***) Income from share of results in associated companies and joint ventures (+), losses on share of results in associated companies and joint ventures (-)

STATEMENT OF PROFIT AND LOSS 30.06.21

<i>(In NOK millions)</i>	Energy	Tele-communications	Power grid	Other segments	Eliminations	Group
Gross sales revenue	4 609	2 522	781	286	-279	7 919
Inter-segment sales	-7	-5	-52	-215	279	0
Gains and losses from power and currency contracts	-211	0	0	0	0	-211
Operating revenue	4 391	2 517	728	71	0	7 708
EBITDA*)	2 699	1 057	351	-59	-12	4 036
Cost of sales	1 281	891	274	35	-56	2 424
Depreciation and impairment	187	591	134	21	-18	914
Operating profit	2 513	466	217	-80	6	3 122
Share of profit/loss from associated companies and joint ventures**)	2	12	0	0	0	14
Financial income	37	5	1	110	-90	64
Financial costs	110	72	18	169	-93	277
Profit before tax	2 442	410	200	-139	9	2 922
Resource rent tax	1 505	92	44	-31	2	1 613
Interim profit before ordinary tax	937	318	156	-109	7	1 309
Of which - revenue/costs (-):						
Unrealised changes in value, financial instruments (before tax)	-98	0	0	0	0	-98
Non-recurring items (before tax)	0	0	0	0	0	0

*) EBITDA is defined as operating profit + depreciation and impairment.

**) Income from share of results in associated companies and joint ventures (+), losses on share of results in associated companies and joint ventures (-)

STATEMENT OF PROFIT AND LOSS 31.12.21

<i>(In NOK millions)</i>	Energy	Tele-communications	Power grid	Other segments	Eliminations	Group
Gross sales revenue	10 991	5 191	1 447	660	-629	17 660
Inter-segment sales	-19	-11	-86	-512	629	0
Gains and losses from power and currency contracts	-998	0	0	0	0	-998
Operating revenue	9 974	5 180	1 360	148	0	16 662
EBITDA*)	5 353	2 139	444	-145	-38	7 753
Cost of sales	3 720	1 795	631	78	-99	6 124
Depreciation and impairment	374	1 182	278	74	-43	1 866
Operating profit	4 979	957	165	-219	5	5 887
Share of profit/loss from associated companies and joint ventures**)	-46	65	0	0	0	19
Financial income	37	17	3	232	-202	87
Financial cost	181	148	46	339	-208	507
Profit before tax	4 788	891	122	-327	11	5 486
Resource rent tax	3 197	196	27	-73	2	3 349
Interim profit before ordinary tax	1 591	695	95	-254	9	2 137
Of which - revenue/costs (-):						
Unrealised changes in value, financial instruments (after tax)	-511	0	0	0	0	-511
Non-recurring items (after tax)	53	-39	0	0	0	14

*) EBITDA is defined as operating profit + depreciation and impairment.

**) Income from share of results in associated companies and joint ventures (+), losses on share of results in associated companies and joint ventures (-)

ASSETS AND LIABILITIES PER SEGMENT 30.06.22

<i>(Amounts in NOK millions)</i>	Energy	Telecomm- unications	Power grid	Other segments	Elimi- nations	Group
Assets	36 379	19 898	5 824	21 640	-20 670	63 070
Associated companies and joint ventures	70	702	0	17	0	789
Total assets	36 449	20 599	5 824	21 657	-20 670	63 859
Total liabilities	22 134	15 889	4 495	15 841	-15 921	42 438
Net investments in tangible fixed assets and other intangibles	167	837	474	36	0	1 514
Investments in shares and other investments	0	11	0	2 980	0	2 991

ASSETS AND LIABILITIES PER SEGMENT 30.06.21

<i>(Amounts in NOK millions)</i>	Energy	Telecomm- unications	Power grid	Other segments	Elimi- nations	Group
Assets	29 437	12 231	5 230	20 526	-15 642	51 783
Associated companies and joint ventures	114	670	0	17	0	801
Total assets	29 551	12 901	5 230	20 543	-15 642	52 583
Total liabilities	16 177	8 646	3 696	14 820	-10 914	32 425
Net investments in tangible fixed assets and other intangibles	204	595	320	31	0	1 150
Investments in shares and other investments	0	2	0	35	0	37

ASSETS AND LIABILITIES PER SEGMENT 31.12.21

<i>(Amounts in NOK millions)</i>	Energy	Telecomm- unications	Power grid	Other segments	Elimi- nations	Group
Assets	32 820	12 947	6 398	21 255	-18 360	55 061
Associated companies and joint ventures	66	677	0	17	0	759
Total assets	32 886	13 624	6 398	21 272	-18 360	55 820
Total liabilities	19 993	9 093	5 013	14 644	-13 632	35 112
Net investments in tangible fixed assets and other intangibles	405	1 445	1 015	57	0	2 922
Investments in shares and other investments	0	2	1	54	0	56

3 Transactions

01.01.2022 – 30.06.2022

Acquisition of ICE

On 30 March 2022 Lyse acquired 100% of the shares in Ice Group Scandinavia Holding AS, Phonepartner Holding AS and Ice Retail Holding AS for a cash consideration of NOK 2 957 million. Ice is Norway's third largest mobile network operator and the acquisition will make Lyse a complete telecom operator. As a part of the settlement Lyse received receivables in the form of loans of NOK 912 million.

Recognised amounts of identifiable assets acquired and liabilities assumed (in NOK millions):

	Book value	Excess values	Book value after the allocation of excess value
Deferred tax asset*	4	837	841
Trademark	0	417	417
Existing customer relationships	66	0	66
Customer relationships	0	1 039	1 039
Intangible assets	2 637	0	2 637
Tangible fixed assets	3 049	0	3 049
Other assets	451	0	451
Total assets	6 208	2 293	8 500
Long-term debt	5 878	0	5 878
Short-term debt	1 508	0	1 508
Total liabilities	7 386	0	7 386
Total identifiable net assets before goodwill			1 114
Consideration for the shares			2 045
Goodwill			931

* Excess values added on deferred tax asset (1 157 million carryforward loss and 320 million deferred tax)

Cost price allocation of the acquisition is based on preliminary figures and assessments and may be subject to change within 12 months after the transaction.

Total goodwill recognised from the acquisition is NOK 931 million. The goodwill consists largely of the synergies, economies of scale and the competency of employees expected from combining the operations of Lyse and Ice. None of the goodwill recognised is expected to be deductible for tax purposes.

The sales revenue contributed by Ice since 31 March 2022 is NOK 599 million. Ice also contributed with a loss of NOK 290 million over the same period. Had Ice been consolidated from 1 January 2022 the Group's sales revenues and profit before tax would have been NOK 1 195 million and NOK -446 million.

4

Gains and losses on power and currency contracts

Gains and losses on power and currency contracts consist of unrealised and realised changes in value of financial instruments. The note covers gains and losses on power and currency contracts that are recognised through profit and loss, and items recognised in other comprehensive income.

Gains and losses on power and currency contracts are presented as operating revenue in the income statement.

GAINS AND LOSSES ON POWER AND CURRENCY CONTRACTS RECOGNISED IN PROFIT AND LOSS 30 JUNE 2022

<i>(In NOK thousands)</i>	Unrealised	Realised	30.06.22
Positive contributions to the result are presented with a '+' notation (income +, cost -)			
Changes in value, financial instruments			
Financial instruments at fair value through profit and loss			
Financial energy contracts - held for hedging purposes	-393 333	-266 358	-659 691
Currency derivatives in long-term physical industry contracts in EUR	-47 562	-12 574	-60 136
Currency derivatives – held for hedging purposes	0	28 846	28 846
Other changes in value			
Long-term financial energy contracts	0	0	0
Other changes in value for financial instruments recognised through profit and loss	-440 895	-250 085	-690 981
Net gains and losses on power and currency contracts	-440 895	-250 085	-690 981
Total tax effect of gains and losses on power and currency contracts	96 997	55 018	152 015
Net gains and losses on power and currency contracts recognised in profit and loss	-343 898	-195 067	-538 965

GAINS AND LOSSES ON POWER AND CURRENCY CONTRACTS RECOGNISED IN PROFIT AND LOSS 30 JUNE 2021

<i>(In NOK thousands)</i>	Unrealised	Realised	30.06.21
Positive contributions to the result are presented with a '+' notation (income +, cost -)			
Changes in value, financial instruments			
Financial instruments at fair value through profit and loss			
Financial energy contracts - held for hedging purposes	-255 838	-68 211	-324 049
Currency derivatives in long-term physical industry contracts in EUR	143 949	-16 599	127 350
Currency derivatives – held for hedging purposes	0	-12 350	-12 350
Other changes in value			
Long-term financial energy contracts	-1 694	0	-1 694
Other changes in value for financial instruments recognised through profit and loss	-113 583	-97 159	-210 742
Net gains and losses on power and currency contracts	-113 583	-97 159	-210 742
Total tax effect of gains and losses on power and currency contracts	31 933	17 723	49 656
Net gains and losses on power and currency contracts recognised in profit and loss	-81 650	-79 436	-161 086

GAINS AND LOSSES ON POWER AND CURRENCY CONTRACTS RECOGNISED IN PROFIT AND LOSS 31 DECEMBER 2021

<i>(In NOK thousands)</i>	Unrealised	Realised	31.12.21
Positive contributions to the result are presented with a '+' notation (income +, cost -)			
Changes in value, financial instruments			
Financial instruments at fair value through profit and loss			
Financial energy contracts - held for hedging purposes	-639 270	-314 428	-953 698
Currency derivatives in long-term physical industry contracts in EUR	31 398	-33 016	-1 618
Currency derivatives – held for hedging purposes	0	-9 134	-9 134
Other changes in value			
Long-term financial energy contracts	-33 457	0	-33 457
Other changes in value for financial instruments recognised through profit and loss	-641 329	-356 579	-997 908
Net gains and losses on power and currency contracts	-641 329	-356 579	-997 908
Total tax effect of gains and losses on power and currency contracts	162 209	71 184	233 392
Net gains and losses on power and currency contracts recognised in profit and loss	-479 121	-285 395	-764 516

GAINS AND LOSSES ON POWER AND CURRENCY CONTRACTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

<i>(In NOK thousands)</i>	30.06.22	30.06.21	31.12.21
Other unrealised changes in value for financial instruments recognised through other comprehensive income			
Cash flow hedge, currency forward contracts	-80 370	93 967	169 934
Cash flow hedge, interest swap contracts	9 388	11 791	19 491
Cash flow hedge liabilities in EUR	-83 708	59 102	95 318
Unrealised gains and losses on power and currency contracts recognised in other comprehensive income	-154 690	164 860	284 743
Gains and losses on power and currency contracts recognised in total comprehensive income	-693 655	3 774	-479 773

5 Financial instruments

Financial instruments recorded at fair value on the reporting date are categorised into levels considering measurement of fair value:

Level 1: Quoted price in an active market for an identical asset or liability.

Level 2: Valuation based on other observable factors either directly (price) or indirectly (derived from prices) quoted for the asset or liability.

Level 3: Valuation based on factors that are not taken from observable markets (non-observable assumptions).

Lyse has allocated hydropower contracts to level 3 when measuring at fair value. The contracts consist of commitments to free electricity, contracts for difference and long-term industry contracts with power delivery settled in EUR where there is an embedded derivative. Contracts for difference are bilateral financial agreements where the value is calculated as the difference between expected NO2-price and system price, multiplied by delivered volume.

Examples of factors used as input for valuation at fair value when using discounted cash flows are interest rate curves, consumer price indexes and forward prices for power and exchange rates. Observable market data is used in the calculations when possible. The fair value of the contracts is sensitive to changes in market prices related to the factors used as input. Changes in EUR forward prices can have a significant impact on the fair value. For more information refer to third table below and note 6, 7 and 23 of Lyse's 2021 consolidated financial statements.

For further information on the recognition and measurement of financial instruments refer to Lyse's Consolidated Financial Statements for 2021, available at Lysekonsern.no.

CARRYING VALUE PER MEASUREMENT CATEGORY - ASSETS 30 JUNE 2022

<i>(In NOK thousands)</i>	Assets at fair value through profit and loss	Assets at fair value through other comprehensive income	Derivatives as hedging instrument	Assets at amortised cost	Total	Fair value
Non-current receivables	0	0	0	77 253	77 253	77 253
Other non-current financial assets	0	0	0	117 003	117 003	117 003
Derivatives	360 599	0	0	0	360 599	360 599
Derivatives - hedge accounting	0	0	8 930	0	8 930	8 930
Bonds - short term financial investments	0	535 000	0	0	535 000	535 000
Trade receivables and other current receivables	0	0	0	3 501 266	3 501 266	3 501 266
Bank deposits, cash and cash equivalents	0	0	0	5 056 232	5 056 232	5 056 232
Total assets	360 599	535 000	8 930	8 751 754	9 656 283	9 656 283

CARRYING VALUE PER MEASUREMENT CATEGORY - LIABILITIES 30 JUNE 2022

<i>(In NOK thousands)</i>	Liabilities at fair value through profit and loss	Derivatives as hedging instrument	Liabilities at amortised cost	Total	Fair value
Loans	0	0	15 159 766	15 159 766	14 738 329
Non-current financial liabilities in EUR, designated as hedging instruments	0	0	3 459 562	3 459 562	3 089 605
Derivatives	1 249 612	0	0	1 249 612	1 249 612
Derivatives - hedge accounting	0	26 627	0	26 627	26 627
Accounts payable and other current liabilities	0	0	3 867 434	3 867 434	3 867 434
Total liabilities	1 249 612	26 627	22 486 762	23 763 001	22 971 607

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE, 30 JUNE 2022

<i>(In NOK thousands)</i>	Level 1	Level 2	Level 3	Total 30 June 2022
Investments in funds/shares	12 800	0	107 430	120 230
Derivatives, measured at fair value through profit and loss	0	23 801	336 798	360 599
Derivatives, measured at fair value through other comprehensive income	0	8 930	0	8 930
Bonds - short term financial investments	535 000	0	0	535 000
Total assets	547 800	32 731	444 228	1 024 759
Derivatives, measured at fair value through profit and loss*	0	60 105	1 189 507	1 249 612
Derivatives, measured at fair value through other comprehensive income	0	26 627	0	26 627
Total liabilities	0	86 732	1 189 507	1 276 239

*) Related to financial instruments in level 3: Changes in value from 30.06.21 to 30.06.22 is mainly related to higher power prices and minor changes in the portfolio.

CARRYING VALUE PER MEASUREMENT CATEGORY - ASSETS 30 JUNE 2021

<i>(In NOK thousands)</i>	Assets at fair value through profit and loss	Assets at fair value through other comprehensive income	Derivatives as hedging instrument	Assets at amortised cost	Total	Fair value
Non-current receivables	0	0	0	79 719	79 719	79 719
Other non-current financial assets	0	0	0	82 899	82 899	82 899
Derivatives	528 681	0	0	0	528 681	528 681
Derivatives - hedge accounting	0	0	415	0	415	415
Bonds - short term financial investments	0	529 000	0	0	529 000	529 000
Trade receivables and other current receivables	0	0	0	1 975 681	1 975 681	1 975 681
Bank deposits, cash and cash equivalents	0	0	0	4 916 025	4 916 025	4 916 025
Total assets	528 681	529 000	415	7 054 324	8 112 420	8 112 420

CARRYING VALUE PER MEASUREMENT CATEGORY - LIABILITIES 30 JUNE 2021

<i>(In NOK thousands)</i>	Liabilities at fair value through profit and loss	Derivatives as hedging instrument	Liabilities at amortised cost	Total	Fair value
Loans	0	0	14 511 767	14 511 767	14 756 230
Non-current financial liabilities in EUR, designated as hedging instruments	0	0	2 508 920	2 508 920	2 667 788
Derivatives	230 686	0	0	230 686	230 686
Derivatives - hedge accounting	0	19 152	0	19 152	19 152
Accounts payable and other current liabilities	0	0	2 603 144	2 603 144	2 603 144
Total liabilities	230 686	19 152	19 623 831	19 873 669	20 277 000

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE, 30 JUNE 2021

<i>(In NOK thousands)</i>	Level 1	Level 2	Level 3	Total 30 June 2021
Investments in funds/shares	13 247	0	69 652	82 899
Derivatives, measured at fair value through profit and loss	0	2 780	525 901	528 681
Derivatives, measured at fair value through other comprehensive income	0	415	0	415
Bonds - short term financial investments	529 000	0	0	529 000
Total assets	542 247	3 195	595 553	1 140 995
Derivatives, measured at fair value through profit and loss	0	3 257	227 429	230 686
Derivatives, measured at fair value through other comprehensive income	0	19 152	0	19 152
Total liabilities	0	22 409	227 429	249 838

*) Regarding financial instruments in level 3: Changes in value in the period 30.06.21 to 30.06.22 are mainly due to rising power prices and to a lesser extent inventory changes.

CARRYING VALUE PER MEASUREMENT CATEGORY - ASSETS 31 DECEMBER 2021

<i>(In NOK thousands)</i>	Assets at fair value through profit and loss	Assets at fair value through other comprehensive income	Derivatives as hedging instrument	Assets at amortised cost	Total	Fair value
Non-current receivables	0	0	0	62 612	62 612	62 612
Other non-current financial assets	93 965	0	0	0	93 965	93 965
Derivatives	399 785	0	0	0	399 785	399 785
Derivatives - hedge accounting	0	0	91 635	0	91 635	91 635
Bonds - short term financial investments	0	764 000	0	0	764 000	764 000
Trade receivables and other current receivables	0	0	0	3 222 966	3 222 966	3 222 966
Bank deposits, cash and cash equivalents	0	0	0	5 701 614	5 701 614	5 701 614
Total assets	493 750	764 000	91 635	8 987 191	10 336 576	10 336 576

CARRYING VALUE PER MEASUREMENT CATEGORY - LIABILITIES 31 DECEMBER 2021

<i>(In NOK thousands)</i>	Liabilities at fair value through profit and loss	Derivatives as hedging instrument	Liabilities at amortised cost	Total	Fair value
Loans	0	0	14 600 496	14 600 496	14 699 078
Non-current financial liabilities in EUR, designated as hedging instruments	0	0	2 410 168	2 410 168	2 527 323
Derivatives	536 989	0	0	536 989	536 989
Derivatives - hedge accounting	0	7 902	0	7 902	7 902
Accounts payable and other current liabilities	0	0	3 605 460	3 605 460	3 605 460
Total liabilities	536 989	7 902	20 616 124	21 161 015	21 376 752

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE, 31 DECEMBER 2021

<i>(In NOK thousands)</i>	Level 1	Level 2	Level 3	Total 31 December 2021
Investments in funds/shares	14 487	0	79 478	93 965
Derivatives, measured at fair value through profit and loss	0	2 852	396 933	399 785
Derivatives, measured at fair value through other comprehensive income	0	91 635	0	91 635
Bonds - short term financial investments	764 000	0	0	764 000
Total assets	778 487	94 487	476 411	1 349 385
Derivatives, measured at fair value through profit and loss	0	22 713	514 276	536 989
Derivatives, measured at fair value through other comprehensive income	0	7 902	0	7 902
Total liabilities	0	30 614	514 276	544 890

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Net interest-bearing liabilities

<i>(In NOK thousands)</i>	Bond loans	Subordinated loans	Loans credit institutions	Total
Short-term and long-term loans 1 January 2022	9 631 204	1 791 566	5 587 894	17 010 664
Borrowings	0	0	2 168 349	2 168 349
Loans in acquired companies	0	0	3 100 000	3 100 000
Repayment	-404 000	-64 936	-3 172 639	-3 641 576
Buyback	-115 000	0	0	-115 000
Change in fair value	-10 428	0	0	-10 428
Currency translation, loans in EUR	0	0	107 318	107 318
Short-term and long-term loans 30 June 2022	9 101 776	1 726 630	7 790 921	18 619 327
Lease liabilities				2 085 065
Short-term financial positions				-535 000
Cash and bank deposits				-5 056 232
Net interest-bearing liabilities 30 June 2022				15 113 161

Alternative Performance Measures (APM)

Lyse has reported its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) since 2007. The IFRS-standards have been applied without exception throughout all periods presented in the consolidated financial statements.

As defined in ESMA's guideline on alternative performance measures (APM), an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than financial measures defined or specified in the applicable financial reporting framework.

There are no changes in the definition of key figures from 2021 to 2022.

LYSE APPLIES THE FOLLOWING ALTERNATIVE PERFORMANCE MEASURES:

(1) EBITDA	Operating profit/loss before depreciation and amortisation
(2) EBITDA underlying operations	EBITDA adjusted for unrealised changes in value of financial instruments, material non-recurring items
(3) EBIT	Operating profit/loss
(4) EBIT underlying operations	Operating profit/loss adjusted for unrealised changes in value of financial instruments, material non-recurring items and impairments
(5) Gross interest-bearing liabilities	Non-current and current loans, including lease obligations
(6) Net interest-bearing liabilities	Gross interest-bearing liabilities - cash and cash equivalents (incl. current financial placements)
(7) Capital employed	Equity + interest-bearing liabilities
(8) Investments in ownership interests	Purchase of shares and repayments of subordinated loans to associated companies and joint ventures
(9) EBITDA interest coverage	EBITDA/interest costs
(10) Interest-bearing debt ratio	Gross interest-bearing liabilities/(gross interest-bearing liabilities + booked equity)
(11) Equity ratio	Equity/total assets
(12) Equity ratio - taking into account subordinated loans	Total equity + subordinated shareholders' loans/total capital
(13) EBITDA margin underlying operations	EBITDA underlying operations/operating income
(14) EBIT margin underlying operations	EBIT underlying operations/operating income
(15) Return on equity	Profit/loss as % of average equity - result for the last 12 months
(16) Return on average capital employed	Operating profit/loss as % of average capital employed - result for the last 12 months
(17) Earnings per share	Profit/loss allocated to shareholders/no. of shares in the Company

Underlying EBITDA is defined as the underlying operating profit before interest, tax, depreciation and impairments. This APM is used to measure operating profit. Underlying EBITDA should not be considered as an alternative to operating profit and profit before tax as an indicator of the company's operations in accordance with general accounting principles. Underlying EBITDA is also not an alternative to a change in cash flow from operations in accordance with general accounting principles.

Underlying operating profit (EBIT) is an APM that is used to measure profit from operating activities.

Underlying operating profit is defined as operating profit adjusted for unrealised changes in value of financial instruments, material non-recurring items and impairments.

- Unrealised changes in the value of financial instruments are excluded because they do not reflect how management follows up the results. The currency exposure in the sale of energy contracts is secured by entering into currency derivatives with bonds denominated in euros. Thus, the unrealised changes in value from these currency derivatives are partially offset in net financial items in the income statement.
- Gains / losses from disposal of companies are excluded as the gain does not give any indication of future or periodic profit from operating activities. This type of gain is related to the cumulative value creation from the time the asset is acquired until the time of disposal.
- Impairments / reversal of material impairments are excluded. The reason for this is that an impairment affects the return on an asset over the lifetime of the asset, not just in the period in which the asset is impaired or an impairment is reversed. The above items are also excluded from underlying gross operating income and underlying net operating income.

Underlying operating revenue and costs are based on the same definition as underlying operating profit.

- Underlying operating revenue is defined as operating revenues adjusted for unrealised changes in value on financial instruments and material non-recurring items (non-recurring items on operating profit is not relevant for 2021).
- Underlying operating costs is defined as operating costs adjusted for unrealised changes in value on financial instruments and material non-recurring items.

Return on capital employed is defined as operating profit (EBIT) divided by capital employed and is calculated based on a rolling 12-month average. It is used to measure the return on the Group's operating activities and also to compare returns with similar companies.

Capital employed is capital necessary to carry out operational activities and is presented in a table with financial key figures. Net interest-bearing debt is used to measure the debt's utilization rate. Net interest-bearing debt / equity is calculated as net interest-bearing debt relative to the sum of net interest-bearing debt and equity.

Underlying Operating profit (EBIT) margin (%) is calculated as underlying operating profit (EBIT) relative to gross underlying operating revenues.

A reconciliation between operating profit pursuant to IFRS as presented in the consolidated financial statements and the APMs used otherwise in the financial report follows below.

Profit for the period adjusted for unrealised changes in value is defined as an underlying IFRS-profit after tax, adjusted for unrealised changes in value of financial instruments, business combinations and material non-recurring items. Below follows a complete reconciliation of the profit for the year adjusted for unrealised changes in value.

<i>(Amounts in NOK million)</i>	30.06.22	30.06.21	31.12.21
Underlying operating revenue	15 534	7 838	17 336
Underlying operating costs	8 349	4 586	10 775
Underlying operating profit	7 186	3 252	6 561
Unrealised changes in value financial instruments (+/- revenue/cost)	-457	-130	-674
Material non-recurring items affecting operating profit (+/- revenue/cost)	0	0	0
Operating profit (IFRS)	6 728	3 122	5 887
Profit for the period including non-controlling interests (IFRS) after tax	2 381	1 309	2 137
Unrealised changes in value financial instruments (+/- revenue/cost), after tax	355	98	511
Material non-recurring items affecting operating profit (+/- revenue/cost), after tax	0	0	14
Profit for the period adjusted for unrealised changes in financial instruments, non-recurring items, including non-controlling interests, after tax	2 736	1 408	2 662
Non-controlling interests	881	373	780
Profit for the period allocated to Lyse's shareholders, adjusted for changes in financial instruments and non-recurring items, after tax	1 855	1 035	1 882

NET INTEREST-BEARING LOANS (including lease obligation)

<i>(Amounts in NOK million)</i>	30.06.22	30.06.21	31.12.21
Total long-term and short term loans*	18 619	17 021	17 011
Short-term financial position	535	529	764
Bank deposits, cash and cash equivalents	5 056	4 916	5 702
Net interest-bearing loans	13 028	11 576	10 545
Non-current lease obligation	1 832	689	774
Current lease obligation	253	161	148
Net interest-bearing loans including lease obligation	15 113	12 426	11 467

*) including unrealised disagio on currency loans

RECONCILIATION OF EFFECTS OF UNREALISED CHANGES IN VALUE IN FINANCIAL INSTRUMENTS TO EBIT UNDERLYING OPERATIONS

<i>(Amounts in NOK million)</i>	30.06.22	30.06.21	31.12.21
Operating result (EBIT) underlying operations	7 186	3 251	6 561
Unrealised changes in value, financial energy contracts - held for hedging purposes	-393	-256	-639
Unrealised changes in value, currency derivatives in long-term physical industry contracts in EUR	-48	144	31
Unrealised changes in value, long-term financial energy contracts	-4	-2	-33
Realised changes in value, currency derivatives in long-term physical industry contracts in EUR	-13	-17	-33
Unrealised changes in value, financial instruments	-457	-130	-674
Significant non-recurring items before tax affecting operating result (+/- revenue/cost)	0	0	0
Operating result (IFRS)	6 728	3 122	5 887



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