Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	920 153 577
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	ELMERA GROUP ASA
Forretningsadresse:	Folke Bernadottes vei 38 5147 FYLLINGSDALEN

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Ole Johan Langenes
Dato for fastsettelse av årsregnskapet:	26.04.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert

År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 11.06.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Revenue	11	3 216 000	538 000
Sum inntekter		**3 216 000**	**538 000**
Kostnader			
Personnel expenses	3,9	12 505 000	9 718 000
Depreciation and amortisation	8	50 000	149 000
Operating expenses	4,11	9 859 000	19 604 000
Sum kostnader		**22 414 000**	**29 471 000**
Driftsresultat		**-19 198 000**	**-28 933 000**
Finansinntekter og finanskostnader			
Income from investments in subsidiaries	6,11	424 396 000	412 822 000
Annen renteinntekt	11,14	4 290 000	611 000
Sum finansinntekter		**428 686 000**	**413 433 000**
Annen rentekostnad	14	21 344 000	4 817 000
Other financial items, net		245 000	179 000
Sum finanskostnader		**21 589 000**	**4 996 000**
Netto finans		**407 097 000**	**408 437 000**
Ordinært resultat før skattekostnad		**387 899 000**	**379 504 000**
Income tax (expense)/income	5	5 946 000	8 148 000
Ordinært resultat etter skattekostnad		**381 953 000**	**371 356 000**
Årsresultat		**381 953 000**	**371 356 000**
Actuarial gain/(loss) on pension obligations (net of tax)	9	-141 000	-239 000
Sum resultatkomponenter for IFRS-foretak		-141 000	-239 000
Totalresultat		**381 812 000**	**371 117 000**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	8	0	50 000
Utsatt skattefordel	5	0	0
Sum immaterielle eiendeler		**0**	**50 000**
Finansielle anleggsmidler			
Investering i datterselskap	6,14	2 285 307 000	2 287 801 000
Other non-current assets		12 529 000	14 922 000
Sum finansielle anleggsmidler		**2 297 836 000**	**2 302 723 000**
Sum anleggsmidler		**2 297 836 000**	**2 302 773 000**
Omløpsmidler			
Varer			
Fordringer			
Other current assets		0	432 000
Konsernfordringer	11,14	684 833 000	710 013 000
Sum fordringer		**684 833 000**	**710 445 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14	222 349 000	0
Sum bankinnskudd, kontanter og lignende		**222 349 000**	**0**
Sum omløpsmidler		**907 182 000**	**710 445 000**
SUM EIENDELER		**3 205 018 000**	**3 013 218 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	7	34 291 000	34 285 000

Balanse

Beløp i: NOK	Note	2021	2020
Overkurs	7	1 569 610 000	1 569 130 000
Sum innskutt egenkapital		**1 603 901 000**	**1 603 415 000**
Opptjent egenkapital			
Retained earnings		213 868 000	228 203 000
Sum opptjent egenkapital		**213 868 000**	**228 203 000**
Sum egenkapital		**1 817 769 000**	**1 831 618 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	9	5 762 000	4 324 000
Utsatt skatt	5	2 476 000	3 586 000
Sum avsetninger for forpliktelser		**8 238 000**	**7 910 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	14,15	350 334 000	395 433 000
Sum annen langsiktig gjeld		**350 334 000**	**395 433 000**
Sum langsiktig gjeld		**358 572 000**	**403 343 000**
Kortsiktig gjeld			
Overdraft facilities	14,15	0	29 400 000
Leverandørgjeld	11,14, 15	499 000	1 486 000
Current income tax liabilities	5	10 851 000	0
Social security and other taxes		4 920 000	6 619 000
Utbytte	11	400 056 000	399 986 000
Kortsiktig konserngjeld	11,14, 15	565 447 000	290 344 000
Other current liabilities	10	46 904 000	50 422 000
Sum kortsiktig gjeld		**1 028 677 000**	**778 257 000**
Sum gjeld		**1 387 249 000**	**1 181 600 000**
SUM EGENKAPITAL OG GJELD		**3 205 018 000**	**3 013 218 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Revenue	3,4	15 170 991 000	4 148 879 000
Sum inntekter		**15 170 991 000**	**4 148 879 000**
Kostnader			
Direct cost of sales	3,5,18	13 367 251 000	2 320 641 000
Personnel expenses	3,10,17,22	409 123 000	328 485 000
Depreciation and amortisation	3,4,14,15,24	403 084 000	305 174 000
Impairment of intangible assets	15,18	9 762 000	197 470 000
Other operating expenses	3,11	488 515 000	471 937 000
Sum kostnader		**14 677 735 000**	**3 623 707 000**
Driftsresultat		**493 256 000**	**525 172 000**
Finansinntekter og finanskostnader			
Income/loss from investments in associates and joint ventures	27	2 637 000	1 168 000
Annen renteinntekt	6	12 801 000	16 814 000
Sum finansinntekter		**15 438 000**	**17 982 000**
Annen rentekostnad	6	42 583 000	11 982 000
Interest expense lease liability	24	2 374 000	1 813 000
Other financial items, net	6,11	19 220 000	15 692 000
Sum finanskostnader		**64 177 000**	**29 487 000**
Netto finans		**-48 739 000**	**-11 505 000**
Ordinært resultat før skattekostnad		**444 517 000**	**513 667 000**
Income tax (expense)/income	12	102 148 000	113 604 000
Ordinært resultat etter skattekostnad		**342 369 000**	**400 063 000**
Årsresultat		**342 369 000**	**400 063 000**
Hedging reserves, cash flow hedges (net of tax)	9	-71 347 000	0

Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
Currency translation differences		-56 574 000	-11 201 000
Actuarial gain/(loss) on pension obligations (net of tax)	12,17	17 578 000	-7 072 000
Sum resultatkomponenter for IFRS-foretak		-110 343 000	-18 273 000
Totalresultat		**232 026 000**	**381 790 000**

Konsernets balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Research and development	15	106 663 000	107 716 000
Customer portfolios and other intangible assets	15	587 966 000	761 852 000
Utsatt skattefordel	12	35 092 000	37 316 000
Goodwill	15	1 419 451 000	1 442 849 000
Sum immaterielle eiendeler		**2 149 172 000**	**2 349 733 000**
Varige driftsmidler			
Right-of-use assets property plant and equipment	24	82 806 000	81 724 000
Property plant and equipment	14	8 098 000	8 409 000
Sum varige driftsmidler		**90 904 000**	**90 133 000**
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	27	13 805 000	11 168 000
Cost to obtain contracts	4	287 728 000	172 656 000
Derivative financial instruments	6,7,8	365 611 000	68 520 000
Other non-current financial assets	6	54 783 000	63 875 000
Sum finansielle anleggsmidler		**721 927 000**	**316 219 000**
Sum anleggsmidler		**2 962 003 000**	**2 756 085 000**
Omløpsmidler			
Varer			
Inventories		2 146 000	2 398 000
Sum varer		**2 146 000**	**2 398 000**
Fordringer			
Trade receivables	6,21	5 256 259 000	1 476 927 000
Intangible assets	15	7 518 000	2 880 000
Other current assets	20	38 847 000	167 065 000
Sum fordringer		**5 302 624 000**	**1 646 872 000**
Investeringer			
Derivative financial instruments	6,7,8	1 661 225 000	124 655 000

Konsernets balanse

Beløp i: NOK	Note	2021	2020
Sum investeringer		**1 661 225 000**	**124 655 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	6	306 626 000	599 349 000
Sum bankinnskudd, kontanter og lignende		**306 626 000**	**599 349 000**
Sum omløpsmidler		**7 272 621 000**	**2 373 274 000**
SUM EIENDELER		**10 234 624 000**	**5 129 359 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	16	34 291 000	34 285 000
Overkurs	16	992 094 000	991 614 000
Sum innskutt egenkapital		**1 026 385 000**	**1 025 899 000**
Opptjent egenkapital			
Retained earnings		754 097 000	918 148 000
Sum opptjent egenkapital		**754 097 000**	**918 148 000**
Sum egenkapital		**1 780 482 000**	**1 944 047 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	17	93 837 000	110 828 000
Utsatt skatt	12	118 318 000	130 499 000
Other provisions for liabilities		16 740 000	14 649 000
Onerous contract provisions	18	99 645 000	7 883 000
Sum avsetninger for forpliktelser		**328 540 000**	**263 859 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6	720 009 000	812 808 000
Lease liability - Long term	24	65 259 000	67 442 000
Derivative financial instruments	6,7,8	238 481 000	86 966 000
Sum annen langsiktig gjeld		**1 023 749 000**	**967 216 000**

Konsernets balanse

Beløp i: NOK	Note	2021	2020
Sum langsiktig gjeld		**1 352 289 000**	**1 231 075 000**
Kortsiktig gjeld			
Overdraft facilities	6	0	29 400 000
Leverandørgjeld	7,21	4 516 589 000	1 029 604 000
Current income tax liabilities	12	108 400 000	129 098 000
Social security and other taxes		116 390 000	143 425 000
Derivative financial instruments	6,7,8,9	719 946 000	23 650 000
Lease liability - Short term	24	21 055 000	17 366 000
Onerous contract provision	18	966 642 000	70 632 000
Other current liabilities	6,19	652 831 000	511 062 000
Sum kortsiktig gjeld		**7 101 853 000**	**1 954 237 000**
Sum gjeld		**8 454 142 000**	**3 185 312 000**
SUM EGENKAPITAL OG GJELD		**10 234 624 000**	**5 129 359 000**

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To the General Meeting of Fjordkraft Holding ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fjordkraft Holding ASA, which comprise:

- The financial statements of the parent company Fjordkraft Holding ASA (the Company), which comprise the statement of financial position as at 31 December 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Fjordkraft Holding ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss statement, statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

The Company was publicly listed in March 2018. We have been the auditor of the Company since before the Company was listed. Subsequent to the listing, when including the year of listing, we have been the auditor of the Company for 4 consecutive years.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial

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Organisasjonsnummer: 980 211 282

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Hedge Accounting

Key audit matters	How the matter was addressed in the audit
Whenever the Group enters into customer contracts where the electricity sales price is fixed or partially fixed, the related price risk is managed by entering into financial electricity derivatives to hedge purchase of power. The Group's designates derivative financial instruments as hedging instruments and designates highly probable forecasted power purchases as hedged items in a cash flow hedge relationship to manage the price risk associated with the cash flows of highly probable forecast power purchase transactions. Nordic system price forward contracts are the most important hedging instrument and formal hedge documentation has been prepared for such forward contracts entered into from the beginning of Q3 2021. Starting from Q4 2021 the Group has also prepared formal hedge documentation for area price forward contracts, EPAD (Electricity Price Area Difference) forward contracts, and for combinations of system price forward contracts and EPAD forward contracts, that are all part of the same risk management strategy. At each period end, management calculates the effective portion of the changes in the fair value of the hedging instruments which are recorded in Other Comprehensive Income. We refer to details in note 1, 8 and 9 in the consolidated financial statements. The portion of the gains/losses on the hedging instruments determined to be effective are recorded in other comprehensive income, in the amount of NOK 71.3 million as of December 31, 2021, and cash flow hedge reserve within equity, in the amount of NOK 71.3 million as of December 31, 2021, until the hedged expected future cash flows affect profit or loss; at which time, the gains/losses are reclassified to the consolidated statement of income. The Group's hedging instruments designated in a cash flow hedge relationship amounted to NOK 78 million as of December 31, 2021. We considered this a key audit matter due to the pervasive impact of hedge accounting on the Company's financial performance, the complexity and audit effort in performing audit procedures to assess the appropriateness of hedge accounting and presentation of the related fair value adjustments.	In responding to the identified key audit matter, we completed, among others, the following audit procedures: • Assessed the design and implementation of relevant internal controls related to management's hedge designations. • Obtained and inspected the Company's documented risk management objective and strategy for undertaking the hedge. • Assessed the appropriateness of management's hedge documentation and eligibility of hedge designation. • With assistance of internal specialists on International Financial Reporting Standards, particularly in the area of Hedge Accounting, assessed the reasonableness of designating the Nordic system price as a hedged risk component in a hedge of all of the cash flows of the forecast transaction/area price. • Assessed managements ongoing hedge effectiveness by evaluating if there are any changes in the economic relationships between the hedged item and hedging instrument. • Assessed management's assessment that the hedged forecasted power purchases are highly probable. • Tested the completeness, accuracy, and existence of underlying hedging instruments as at year-end used in management's calculations on a sample basis, which included confirming with third parties and inspecting the underlying contracts. • With the assistance from our Internal Fair Value Specialists, on a sample basis, recalculated the fair values of the hedging instruments and the hypothetical derivative as of December 31, 2021. We have also assessed the appropriateness of consolidated financial statement disclosures in relation to hedging instruments and hedged items designated in the hedge accounting relationship as disclosed in Note 1, 8 and 9.

Revenue recognition – electrical power delivered not invoiced

Key audit matters	How the matter was addressed in the audit
A large portion of the final settlement of the Group's sale of electrical power is made after the Group has finalised its annual financial statements. We refer to information in notes 1 and 4 to the consolidated financial statements. The revenue from electrical power delivered, but not invoiced is based on estimated delivery by product and price plans. Estimated volume is based on actual deliveries in prior periods, and there is judgment involved related to volumes and allocation of volumes to price plans. Due to the level of management's judgment involved, this is considered a key audit matter.	We have assessed the Group's process for estimating delivered not invoiced revenue, and the design and implementation of key controls. We have tested the estimated revenue from sale of electrical power by comparing the revenue recognised, by product type, to an expected revenue based on; • historical cost of power, • the historical correlation between cost of power and revenue, and • average product prices. Where the estimated revenue by product was significantly higher or lower than expected, we obtained further explanations and supporting documentations. In addition, we reviewed subsequent information on actual power supply and received true-up power settlements and evaluated the impact of the subsequent information on revenue. We have assessed the adequacy of the Group's disclosures presented in note 1 (accounting principles) and 4 to the consolidated financial statements.

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance

with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 2138006BSHJVCD9SR489-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, 30 March 2022
Deloitte AS

Helge-Roald Johnsen
State Authorised Public Accountant

Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
23.01.2020	10.01.2020	Joakim Engebretsen
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 92251412
Org.nr 974761076	Vår referanse 2020/5037895	Postadresse Postboks 9200 Grønland 0134 OSLO

U.off. offl. § 13, fvl. § 13

FJORDKRAFT HOLDING ASA
Folke Bernadottes vei 38
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Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Fjordkraft Holding ASAs søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk for selskapet (org.nr. 920 153 577).

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet fortsatt dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Fra søknaden siteres:

> **1. Innledning**
>
> Fjordkraft Holding ASA, org. nr. 920 153 577, søker med dette om tillatelse til å benytte engelsk språk i årsregnskap og årsberetningen, jf. regnskapsloven § 3-4 tredje ledd.
>
> Fjordkraft Holding ASA ble notert på Oslo Børs 21. mars 2018. I forbindelse med prosessen rundt noteringen ble det søkt om, og innvilget, tillatelse til å benytte engelsk språk i årsregnskap og årsberetning. [...]
>
> I det vedlagte brevet står det at "*Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.*". Dispensasjonen ble gitt før børsnoteringen ble gjennomført, og det søkes derfor om en oppdatert tillatelse til å benytte engelsk språk i årsregnskap og årsberetning.
>
> **2. Søknad om dispensasjon fra regnskapsloven**

Fjordkraft Holding ASA er et allmennaksjeselskap, notert på Oslo Børs. Selskapets største eiere er BKK AS med ca. 15,2 %. Skagerak Energi AS med ca. 14,9 % og Verdipapirfondet DNB Norge med ca. 8,8 %. Dette er profesjonelle eiere som er godt kjent med det engelske språk og vant til å forholde seg til selskapsmateriale på engelsk.

Eierkretsen er i dag diversifisert, med både norske og internasjonale investorer i Europa, USA og Asia. Pr. 31 desember 2019 er andelen internasjonale investorer på ca. 30 %, og en klar majoritet av aksjekapitalen er eid av institusjonelle og profesjonelle investorer som benytter engelsk som sitt arbeidsspråk eller på annen måte er vant med å benytte det engelske språket i det daglige. I prosent anslås andelen profesjonelle investorer til 90 – 95 %.

Selskapet har, etter børsnoteringen, i all hovedsak benyttet engelsk i sin kommunikasjon med aksjonærer, analytikere og investormiljøet. For at aksjonærbasen skal forstå regnskapet og i lys av generelle forventninger i markedet, vil det ikke være et alternativ for selskapet å avlegge regnskap bare på norsk. En plikt til å utarbeide regnskaper, både på engelsk og på norsk vil medføre et ikke-ubetydelig merarbeid.

På denne bakgrunn ba selskapet om og fikk innvilget tillatelse fra Oslo Børs til kun å bruke engelsk språk på pliktig informasjon til børsen, herunder også pliktig finansiell rapportering (helårsrapporter og delårsrapporter). [...]

Selskapet har i dag norske styremedlemmer, men det kan ikke utelukkes at selskapet på sikt vil få utenlandske styremedlemmer, idet dette vil være opp til aksjonærene.

Selskapets virksomhet retter seg både mot private- og bedriftskunder i Norge. Kraftbransjen har likevel et internasjonalt tilsnitt ettersom innkjøp mv. er eksponert mot europeiske kraftmarkedet. Selskapet anses ikke å være en hjørnesteinsbedrift.

Det antas at de fleste norske regnskapsbrukere forstår engelsk, slik at mulige brukere av regnskapsinformasjon ikke vil bli vesentlig negativt berørt dersom selskapet innvilges dispensasjon, sml. NOU 2016:11 Regnskapslovens bestemmelser om årsberetning mv. pkt. 6.6.4.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,

f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte, kunder og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at selskapets investorer til stor del er utenlandske, og at selskapets investorer, analytikere og aksjonærer benytter/behersker engelsk språk. Selskapet har tillatelse fra Oslo Børs til å benytte engelsk språk på pliktig rapportering til børsen. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Roar Thorbjørnsen
underdirektør
Innsats, storbedrift
Skatteetaten

Joakim Engebretsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Part 4

4.1 Board of Directors' Report

Fjordkraft Holding ASA and the Fjordkraft Group

The Group achieved an operating profit (EBIT reported) of NOK 493 million in 2021. The corresponding figure for 2020 was NOK 525 million. EBIT adjusted in 2021 was NOK 586 million (NOK 608 million in 2020). 2021 was an exceptional year for the electricity market with extremely high wholesale and market prices and an extraordinary amount of attention focused on the industry. In Q4, the Group's Nordic operations had a significant negative impact on the result for 2021.

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 920153577

Summary of the figures for 2021

Net revenue amounted to NOK 1.8 billion in 2021, and the operating profit to NOK 493 million, down from NOK 525 million in 2020.

Net revenue adjusted amounted to NOK 1.7 billion in 2021, and EBIT adjusted to NOK 586 million, down from NOK 608 million in 2020.

The number of deliveries amounted to 975,000 electricity deliveries at year-end 2021, and 1,027,000 at year-end 2020, while the volume sold amounted to 20.2 TWh, up from 19 TWh in 2020.

The financial statements for 2021 were prepared in accordance with the IFRS accounting standard.

The Group's overall operations

In the consumer and business segment, the Fjordkraft Group has the following electricity retailer brands in the Norwegian market: Fjordkraft, TrøndelagKraft and Gudbrandsdal Energi. The customers in the subsidiary Eidsiva Marked AS, which was acquired in 2020, were transferred to the Fjordkraft brand in March 2021, when Eidsiva Marked AS was merged into Fjordkraft AS.

In Finland and Sweden, the Group owns the electricity retailer Switch Nordic Green AB, which has the Nordic Green Energy brand.

Fjordkraft

Fjordkraft is Norway's leading electricity sales brand and the largest end-user company for electricity in Norway. The company is a national provider of electricity and related services to the consumer, public sector and business markets. The Group supplies electricity to around 2.1 million people through approximately 1,000,000 metering points in private homes, companies and the public sector in Norway, Sweden and Finland.

In January 2021, Fjordkraft's "Marketplace" for personal customers was launched. The customer experience is enriched by Marketplace facilitating the purchase of relevant quality products and services from third-party suppliers. It offers domestic and motoring products based on smart technology from various suppliers. The products enable electricity management and electricity saving, and many of the products can be controlled via Fjordkraft's app. Customers are also able to purchase new and used mobile phones. Marketplace plays an important role in Fjordkraft's digital ecosystem, together with the Fjordkraft app.

Managing customer portfolios in the business market and for public companies requires expertise in the field of electricity in particular, and the energy and financial markets in general. Becoming a national player requires a large volume of customers to achieve the efficient processes and financial strength necessary to build up a recognised brand, and breadth in sales and distribution channels.

The Fjordkraft Group's head office is in Bergen. In Norway, the company also has offices in Oslo, Hamar, Kongsvinger, Sandefjord, Sortland and Stavanger, as well as in Trondheim through its subsidiary TrøndelagKraft AS. The company's customer service centres are located in Bergen, Kongsvinger, Sandefjord, Sortland and Trondheim.

TrøndelagKraft AS

The electricity supplier TrøndelagKraft AS is a brand that has the bulk of its customers in the Trøndelag region. The company is located in Trondheim and has positioned itself as a local operator. The company is a significant visible sponsor of sports and local activities in the region. Customers are also offered a customer loyalty programme adapted to local conditions.

Gudbrandsdal Energi AS

The electricity supplier Gudbrandsdal Energi AS is an independent company and brand that has its entire organisation at Vinstra in Gudbrandsdalen. The company has customers all over Norway and has positioned itself as a challenger and price fighter in the market. Gudbrandsdal Energi AS is consistently Norway's highest-scoring company for customer satisfaction among Norwegian electricity customers. The majority of the customer base is in the consumer market. The Fjordkraft Group has been the owner since autumn 2020.

Switch Nordic Green AB

The electricity retailer Switch Nordic Green AB is headquartered in Vasa, Finland and has an office in Stockholm for its Swedish operations. The company is known in the market for the Nordic Green Energy brand.

Alliance concept

One of Fjordkraft's business areas is the operation of an alliance concept consisting of 35 small and medium-sized Norwegian electricity companies that purchase various market, advisory and power trading services from Fjordkraft. They operate under the brand name of Kraftalliansen in the alliance segment. The number of affiliated companies increased from 30 in 2020 to 35 in 2021.

AllRate AS and Metzum AS

AllRate AS offers provision of services, while Metzum AS offers Moment, a cloud-based

system platform for account settlement and metering, as well as payment collection and billing services.

At the start of 2020 AllRate AS was established under the ownership of the Fjordkraft Group, through Fjordkraft Industrial Ownership AS. The basis for establishing AllRate AS was to combine a modern system platform with many years' experience of service provision covering message exchange, account settlement, billing and payment collection, for the benefit of Fjordkraft and the Kraftalliansen partners.

The company's customer groups are power grid companies and power companies in the Nordic region. Services are provided to 20 companies; power companies, district heating companies and broadband providers.

Since November 2019, the Fjordkraft Group has been a co-owner of the Metzum AS technology company, established jointly with Rieber & Søn AS. The company is established in Norway and Sweden. Metzum is tasked with owning, delivering and developing forward-looking software for power trading and power grid companies in Norway and northern Europe. Fjordkraft and Rieber & Søn combine industry knowledge, networks and capital to create a leading technology and service environment. Rieber & Søn AS and Fjordkraft Industrial Ownership each hold 40 per cent of the voting shares in Metzum AS. The remaining 20 per cent of the shares in Metzum AS is held by key employees through an employee company controlled by Rieber & Søn.

The establishment of the companies was based on Fjordkraft's investment in software and building up the Fjordkraft platform. The platform has given the company a competitive advantage and supported the Fjordkraft Group's growth ambitions and strategic choices. Metzum was established as a specialised software company in order to manage and commercialise software that Fjordkraft believes should be standard components. The company optimises Fjordkraft AS' costs by undertaking management services for Fjordkraft on a more cost-effective basis. Some of the components of the Fjordkraft platform, with the exception of those that constitute Fjordkraft's special competitive advantage, are customised, further developed and managed by Metzum to become marketable products and services for players in the energy industry within and outside Norway.

The Fjordkraft platform

The Fjordkraft platform is the technology platform developed by the company to digitalise and simplify the company's settlement, billing and collection processes. The Fjordkraft platform was built using a vendor-independent SOA protocol and provides infrastructure capable of coping with new market and regulatory developments such as Elhub and the 'single bill model'. The platform is scalable, with the capacity to process higher transaction volumes resulting from acquisitions, so as to support the company's consolidation ambitions.

Fjordkraft Mobil

Through Fjordkraft AS, the Fjordkraft Group started up mobile telephony in the Norwegian consumer market in April 2017 and is now Norway's largest mobile operator without its own network. The Fjordkraft brand had 160,000 mobile subscribers at the end of the year. Fjordkraft's customers are exclusively in the consumer market for mobile telephony. The Fjordkraft Group's market share of the total mobile market amounts to approximately 2 per cent, while in terms of the consumer market it amounts to approximately 3 per cent. There are around 5.7 million mobile subscribers in Norway in total.

The mobile market in Norway can be characterised as a duopoly in which the Telenor Group and the Telia Group and their subsidiaries have market shares of 47 per cent and 36 per cent, respectively. Ice has a market share of approximately 10 per cent, so that the combined market share of these three players is 90 per cent.

Consolidation and merger

Fjordkraft has stated its intent to pursue a consolidation strategy. The acquisition of the Innlandskraft-group, which included the subsidiaries Eidsiva Marked AS and Gudbrandsdal Energi AS, was completed in 2020 and the acquired companies were consolidated in the Group's financial statements from 30 September 2020. When the subsidiary Eidsiva Marked AS was merged into Fjordkraft AS at 1 April 2021, the employees and customers in Eidsiva Marked AS were transferred to Fjordkraft AS. Eidsiva Marked's offices in Hamar and Kongsvinger are retained as regional Fjordkraft offices. Eidsiva Marked AS was the third largest electricity retailer in the Norwegian market.

The subsidiary Switch Nordic Green AB was acquired as part of a business combination on 10 November 2020 and was consolidated in the Group's financial statement from this date.

In October 2021, Fjordkraft AS acquired a customer portfolio from Skymobil. The portfolio consisted of 34,245 personal customers in the mobile market.

Fundamental conditions

2021 was record year for generation of electric power in Norway. Production totalled 156.5 TWh in 2021, compared to 153.3 TWh in 2020.

Hydroelectric power accounted for 90 per cent of total domestic power generation in 2021. Wind power production in Norway increased in 2021 to 12 TWh, up from 9.9 TWh in 2020, and accounted for 7.5 per cent of production. The remaining 2.5 per cent is power generation in thermal power plants linked to industry that exploit municipal waste, industrial waste, surplus heat, oil, natural gas and coal.

Electricity consumption in Norway in 2021 amounted to 138.9 TWh, which set a new consumption record, up from 132.9 TWh in 2020.

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 920153577

Electricity accounts for approximately 50 per cent of total energy consumption in Norway. Norway is the world's second largest consumer of electricity per capita, at 23,700 kWh per year. This figure includes the electricity consumed by households and all industries (Source: SSB 2020). The variation in outdoor temperatures is the factor that has the greatest impact on consumption. The Covid-19 pandemic has not affected household electricity consumption and has only had a minor impact on business consumption.

Large area and hourly rate differences

Norway, the Nordic countries and Europe have had exceptionally high gas and electricity prices in the winter of 2021/2022. The green transition, international energy market conditions related to gas prices and carbon emission allowances, a new cable connection to England and low reservoir filling in Norwegian and Swedish reservoirs all led to a huge increase in electricity prices in the Nordic countries from 2020 to 2021. Wind power and hydroelectric power generation in the Nordic region are heavily affected by the weather, temperature, consumption, prices of other energy carriers and macroeconomic conditions.

The price on the Nordic power exchange for 2021 was 63.39 øre/kWh and for 2020 11.56 øre/kWh. December was the most expensive month of the year, with a system price of 149.66 øre/kWh in 2021, compared to a record low of 2.35 øre/kWh for 2020. The system price is a theoretically calculated average price for the Nordic and Baltic countries. The countries are divided into different price ranges for power flows, and area prices may deviate significantly from the system price, depending on transmission capacity and production and consumption within the price range.

Historically, there have been small differences between prices in the different price ranges within each country, and normally only for short periods. 2021 stands out dramatically from the previous year in this respect. The price differences between the areas have been enormous and have persisted for prolonged periods. Likewise, there have been very large intraday price differences for longer periods.

The industry and customers

Electricity retailers, Norway

There are over 100 electricity retailers in Norway and during 2021 several new players entered the market. The industry is characterised by relatively low technological entry barriers. There are barriers to achieving growth and profitability, however. This is primarily because high brand recognition, an efficient distribution and sales system and cost-effective processes surrounding the customer lifecycle are traditionally all areas in which investment is required. The competitors are local, regional and national players.

The Fjordkraft Group has three brands for electricity sales in the Norwegian market: Fjordkraft AS, TrøndelagKraft AS and Gudbrandsdal Energi AS. The Group's market shares of the Norwegian electricity market for consumer market and business customers were an estimated 27 per cent and 20 per cent, respectively, at the end of 2021.

Customers

In total, the Group had 975,000 electricity deliveries at the end of Q4 2021, compared to 1,004,000 at the end of 2020. At the end of 2020, the total figure was made up as follows: 692,000 electricity deliveries in the consumer market segment and 111,000 electricity deliveries in the business segment. Public sector customers are included in the business segment. In addition, the Nordic segment has 171,000 customers.

The extended Alliance segment is not included above and constituted 86 068 electricity deliveries. In this segment, 24 companies use the Moment settlement and billing platform, developed by Fjordkraft and the jointly owned software company Metzum, for settlement and billing of electricity and broadband.

The companies in the Fjordkraft Group sold a total volume of 20.2 (19) TWh of electricity in 2021. This volume does not include generation and licensed power management.

A digitalised industry

Since 2019, Elhub has been a neutral national data hub that handles all measurement data and market processes in the Norwegian energy market. Standardised message exchange interfaces enable all market participants to deal with a single player. Elhub receives and processes incoming messages, and then generates and sends reply messages to the sender and relevant actors. Elhub is an important prerequisite for managing the huge volumes of data resulting from the introduction of digital electricity meters (AMS). The Norwegian authorities' requirement was that by 1 January 2019, the power grid companies had to install digital electricity meters (AMS) in all homes with the ability to register electricity consumption with hourly resolution. Many electricity customers receive information about their daily electricity consumption via an app on their mobile phone.

Elhub was designed to provide simpler and better processes and improve the quality of data exchange between players in the industry. For electricity customers, the point of Elhub is better quality information transfers, equal treatment and less risk of mistakes being made. Following the introduction of Elhub, and as a result of the services delivered through Fjordkraft's alliance concept, the Fjordkraft platform handles billions of data transactions per year.

Denmark has implemented Datahub. In Finland, Datahub will be introduced as from 21 February 2022. In Sweden, the work on a Datahub has been postponed indefinitely due to a lack of decision on regulatory adjustments by the Swedish Riksdag (Parliament).

Market - Norway

Strong brand

According to Kantar's survey for Q4 2021, no less than 94 per cent of the adult population

in Norway have heard of Fjordkraft. 52 per cent of the Norwegian population mentioned Fjordkraft unprompted when asked to name an electricity retailer.

The price paid by the customer for electricity is the primary determining factor for consumers' view of the industry, according to Kantar. When electricity prices rise, the players' reputations suffer, and they improve again when electricity prices are low.

At the end of 2021, the electricity industry's reputation score was 33 points, after the sharpest drop since autumn 2002, according to Kantar's Energy Barometer for Q4 2021. The lowest level ever measured was 31 points in 2002. This was also a year of extraordinarily high electricity prices.

Customer satisfaction, mobile

Fjordkraft's customer service centres are staffed by multi-skilled employees, which means that the same customer advisers can deal with both electricity and mobile customers.

In October 2021, EPSI published its annual survey of customer satisfaction with mobile companies. Fjordkraft came in second place, just 0.1 points behind the winner, OneCall.

The survey shows that customers find that within mobile telephony, Fjordkraft delivers top-level customer satisfaction.

Customer satisfaction, electricity

The survey published by EPSI in November 2021 measures customers' satisfaction with their own company among Norwegian electricity customers. The survey shows an industry average of 65.6 points, down 3.5 points from the previous survey. The company with the highest score achieved 83 points. Gudbrandsdal Energi achieved the second highest score at 72.4 points. Fjordkraft gained 58.9 points, a decrease of 10 points from the previous survey, and is thus second from the bottom of the list totalling 10 electricity retailers, according to the EPSI survey.

The record-high electricity prices and the Norwegian government's payment of an electricity subsidy to households via their electricity bills brought a huge increase in the number of enquiries to Fjordkraft's customer service centre in Q4. This applied to all players in the industry.

Customers who were in contact with customer service were asked to evaluate the customer adviser's service and knowledge. It is pleasing to note that to a great extent, customers experience that the customer adviser is competent, friendly and service-minded, even though the waiting time in the telephone queue far exceeded the company's goal and the customer's justified expectations. Many different measures are underway to reduce waiting times for telephone enquiries.

Fjordkraft has taken a number of measures to improve the customer experience and reputation. This is related to specific products, the development of new services in the app and product communication. The measures implemented as an element of affiliation to the "Trygg Strømhandel" certification scheme also played an important role, together with the ongoing requirements set by Trygg Strømhandel for information and transparency in products and customer communication.

Solar cells and Power Purchase Agreements

Since 2019, Fjordkraft has sold solar panels to personal customers together with the company Solcellespesialisten as supplier. Interest in solar panels is affected by electricity price trends. As a consequence of the high electricity prices, interest in and demand for solar panel systems was very high in the winter of 2021/2022. In cooperation with DNB, Fjordkraft offers green loans in the consumer market to finance solar panels.

The business sector takes a more long-term approach in its assessments and is not influenced by short-term electricity price changes to the same extent, but in this sector, too, there was a considerable increase in demand. Through its partners, Fjordkraft offers facilitation of more rapid establishment of solar panel systems and new heat pump technology in the business market, by offering Power Purchase Agreements (PPA). A PPA between Fjordkraft and owners of commercial properties entails that Fjordkraft purchases energy from the property company that is generated by solar panels on the roof, or heat pumps, at an agreed and guaranteed price for a given period of time. This provides a predictable income for the power producer/building owner. In this business model, the customer commits to purchasing energy from the energy source and Fjordkraft and its associated partners arrange installation, financing and operation.

Climate-smart services and energy monitoring systems for the business sector account for a steadily more important part of the offer and expertise when entering into electricity contracts with major electricity consumers.

Norway has the largest proportion of electric cars per capita in the world and it is important that housing cooperatives can offer their members charging facilities as a service in a simple, cost-effective manner. Fjordkraft offers, through partners, financing and installation, as well as the allocation and payment of charging costs.

Digital maturity

In autumn 2020, the consultancy BearingPoint completed its survey for the annual report that describes 75 Norwegian enterprises' digital maturity. As a consequence of the Covid-19 pandemic, the publication of the 2020 report was deferred until 3 March 2021.

Fjordkraft was ranked as the top digital leader in the energy industry for 2021. According to BearingPoint, the company is significantly ahead of its industry competitors and especially excels within digital marketing. Fjordkraft has thus been the industry winner in the Energy category three times. In the overall measurement of digital maturity, Fjordkraft came 12th out of the 75 companies included in the survey. Digital marketing is cost-effective and represents an important sales channel for the company.

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 920153577

Consumer market

Electricity has normally been a low-interest product for most consumers in Norway. The exception is when customers acquire new homes or when market prices for electricity are high. When prices are at a normal level, an active sales effort is required to sell electricity to most consumers. Having a broadly composed distribution system, consisting of both internal and external sales channels and sales channels across the country, is therefore very important. The combination of internal and external sales channels reduces risk and provides opportunities for flexibility and benchmarking between channels. Fjordkraft makes use of numerous marketing channels. The company meets or talks to almost 2 million customers and potential customers each year. This provides good opportunities for customer dialogue and represents enormous potential with regards to being able to offer customers relevant and attractive services and products.

Fjordkraft wants its customers to feel that, in addition to good electricity contracts and leading customer service in Norway, they are simplifying their lives and getting more for their money. Its visibility and large customer base make Fjordkraft an attractive partner for other recognised brands. The aim is for customers to view Fjordkraft as attractive enough for them to recommend the company to their friends.

State power compensation

Norwegian power producers are mainly publicly owned, with either municipalities or the state as owners. The Norwegian public sector has had enormous revenues as a consequence of the high electricity prices, from both power and gas production, and from extraordinarily high VAT revenue as a consequence of the high electricity prices. In December 2021, the Norwegian Storting (Parliament) decided to pay a subsidy to all households for electricity bills for the period from December 2021 up to and including March 2022. In January 2022, it was decided that sports teams, NGOs and agriculture would also receive compensation from the state. So as not to interfere with market mechanisms, the support amounts are managed and paid out by the power grid companies.

The costs to the Norwegian state are estimated to be close to NOK 14 billion. The industry association Energi Norway has estimated that the state, in a medium scenario, will earn NOK 18 billion more from electricity during the winter of 2021/2022, compared to a normal year. This is revenue from taxes, duties and dividends from the companies that is channelled back to the community.

Customers keep track via the app

By the end of 2021, more than 300,000 people had started using Fjordkraft's app for personal customers. The high electricity prices have led to increased interest in using the app and on a single day in December 2021 and January 2022, 102,000 customers were in the app.

The customer can check their own electricity consumption compared to the temperature, manage the charging of electric vehicles, monitor production from solar cells on their own roof, control the heat pump, use their customer benefits, check outdoor temperature, monitor the intraday development in electricity prices, get an overview of invoices, receive power saving tips, check their climate footprint and order additional services. People with more than one home can view all of their homes supplied with electricity by Fjordkraft. Household members can also be included. The same app provides an overview of their phone mobile use, allows them to order additional services and also gives an overview of their children's mobile data use. New features in the app are launched regularly and this is a priority for the company.

Additional payment services

In October 2021, Fjordkraft, TrøndelagKraft and five other electricity retailers notified that the companies required a judicial review of the right to offer personal customers in Norway an optional additional service to the electricity agreement. The additional service entails that the customer pays the same amount on each electricity bill, instead of low costs in the summer and high costs in the winter. The European Consumer Organisation (BEUC) has determined that consumers should be offered the right to payment solutions that equalise costs. Fjordkraft disagrees with the conclusion of the Norwegian Energy Regulatory Authority (RME) that a payment service which gives the customer equalised electricity billing amounts violates the settlement regulations applying to electricity retailers and power grid companies. As a consequence of the wish for a judicial review of this issue, the company has previously notified a lawsuit with the Norwegian state as its counterparty. Fjordkraft has under consideration whether to proceed with or to waive the lawsuit.

To provide for customers who need access to a good payment solution, Fjordkraft has switched to offering an equivalent payment service via an independent payment company. The company Betalservice AS is owned by Fjordkraft Industrial Ownership AS, a subsidiary of Fjordkraft Holding ASA.

The Trygg Strømhandel certification scheme

In 2021, the industry associations Energi Norge and DistriktsEnergi introduced a voluntary certification scheme for electricity retailers. The certification scheme is called Trygg Strømhandel. The scheme sets a number of requirements for the sale of electricity and information to electricity customers. The certification body is DNV, an international quality assurance and risk management company headquartered in Norway. Fjordkraft has been one of the driving forces behind the scheme. Fjordkraft, TrøndelagKraft and Gudbrandsdal Energi achieved certification in the very first certification round from 1 September 2021, together with 21 other companies.

Fjordkraft has also appointed a compliance officer with ongoing responsibility for controlling the internal follow-up of the certification requirements.

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 920153577

The Norwegian Consumer Council and the Norwegian Consumer Authority

As described in the Annual Report for 2020, in Q4 and the first part of 2021, the Norwegian Consumer Council, a government-funded special interest organisation for consumers, lodged a complaint concerning Fjordkraft and other players with the Norwegian Consumer Authority concerning various issues related to contractual terms and conditions for consumer market customers. The Consumer Authority is the government body that supervises compliance with Norwegian marketing laws. As the largest player in the industry, the media attention on this issue was predominantly directed towards Fjordkraft, and this is challenging for the company's reputation.

The company takes these matters very seriously, has answered the Consumer Authority's questions and has implemented the changes requested by the Consumer Authority. All cases were closed by the Consumer Authority in the winter of 2020 and spring of 2021.

It is important for Fjordkraft to adhere to legislation and regulations overseen by the Consumer Authority. Providing good customer service and clear customer information, and ensuring good sales processes, is a continuous improvement task. The certification under Trygg Strømhandel emphasises how the company takes this very seriously.

Collaboration with well-known brands

The collaboration with Power, SAS Eurobonus, Spond, the sports chain XXL and other parties gives the company access to distribution channels. Several of these are also included in a loyalty programme for existing customers. Fjordkraft is constantly working to improve its loyalty programme and raise customers' awareness of the benefits offered through Fjordkraft. Fjordkraft Netthandel is a partnership with 150 online stores where Fjordkraft's customers get discounts and cash back via their electricity bills when they buy from the online shops.

Business market

Fjordkraft has 111,000 electricity deliveries in the business market. Like the consumer market, the business market is fragmented with numerous retailers. Fjordkraft's business customers range in size from major groups and energy-intensive operations to medium-sized and small local production and service companies. Fjordkraft has a broad electricity distribution system thanks to its presence and sales offices in Bergen, Hamar, Oslo, Sandefjord, Sortland, Stavanger and Trondheim.

Fjordkraft is a major supplier of electricity to municipalities in Norway and manages licensed power for a number of power generating municipalities. The company also has a substantial number of other public-sector customers. The competition in the market for public sector tenders is fierce. Large volumes of electricity are traded, and this requires expertise in portfolio management.

Customer surveys conducted by EPSI in the autumn of 2021 show a significant decrease in satisfaction from 2020 among the company's small business customers. While Fjordkraft came out top with the highest customer satisfaction score in the 2020 survey, the company was at the bottom of the list for 2021. Further analyses and measures were implemented immediately.

Nordic

Switch Nordic Green AB

As from 10 November 2020, the Fjordkraft Group has subsidiaries in Sweden and Finland through the acquisition of Switch Nordic Green AB. The company sells renewable energy and electricity contracts with guarantees of origin (GoOs) in the consumer and business markets under the brand name of Nordic Green Energy (NGE). At the year-end, Switch Nordic Green had a combined total of 171 290 electricity deliveries for Sweden and Finland.

The other Nordic countries differ significantly from the Norwegian electricity market in terms of the type of electricity agreements chosen by personal customers. In the Norwegian market in general, only 4 per cent of households have fixed-price agreements for electricity supplies and 74 per cent have spot price agreements. In Denmark, Finland and Sweden, spot price agreements account for 43 per cent, 8 per cent and 50 per cent, respectively. (Source: NordEnergi/EnergiNorge).

The fixed price customers' consumption was significantly higher than normal, due to a cold December, which resulted in an under-hedged situation. Normally, these situations would have a limited financial impact, but due to the current extraordinarily high price level and spread between market price and contract fixed price, this under-hedging had a significantly negative financial effect in December. In addition to this, extraordinary peak/off-peak intraday and intramonth price volatility throughout Q4 resulted in a much higher-than-normal profile cost, also negatively affecting margins on the fixed price portfolio. The situation in the power market has been extraordinary, and Switch Nordic Green was negatively impacted by this particularly in December 2021, where both the price level and peak/off-peak differences were around four times higher than usual. The fixed price contracts related to the business segments in Sweden and Finland have a different set-up compared to the fixed price contracts in Norway, where fixed prices are typically offered for a set volume. The company is in the process of aligning the contract structure across the countries in order to reduce the associated volume risk.

New Growth Initiatives

Alliance – services for other companies

The alliance concept is Fjordkraft's partnership model for small-scale power producers, power grid companies and electricity retailers in the districts. Fjordkraft is responsible for

purchases and managing the power portfolio for its members. This includes developing products and marketing materials, price hedging agreements, analysis and offering expert advice in a number of areas. At year-end 2021, Fjordkraft had 35 companies as customers in its alliance concept.

In 2021, the Extended Alliance business area experienced 75 per cent growth in the number of customers settled and invoiced for external suppliers. The assignments are carried out by Fjordkraft Industrial Ownership's subsidiary AllRate AS for 13 companies. The potential for future growth in service sales is regarded as very good, both in Norway and outside Norway.

Mobile telephony

In 2021, customer growth was 28,000 customers, equivalent to 21 per cent. At the end of 2021, the number of mobile subscribers totalled 160,000, compared to 132,000 at the end of 2020. Fjordkraft is the largest mobile telephony provider without its own telecommunications network.

Mobile telephony is one of the industries with the largest marketing and advertising budgets and it takes a great deal to compete with the established players. Fjordkraft takes advantage of its well-known brand, major distribution system, large and capable customer service centres, and expertise in billing and payments from the electricity market to serve existing customers and to try and reach out to new ones. The company currently does not sell mobile telephony in the business market.

The company aimed for mobile investment to be EBIT positive towards the end of Q4. Viewed in isolated terms, this goal was achieved, but delays in migrating to a Mobile Virtual Network Operator platform (MVNO) via Erate AS delayed the degree of profitability improvement. The migration has been postponed until May 2022. The delayed migration is due to supplier challenges.

Organisation

Employees

The Fjordkraft Group's wholly-owned companies, including operations in Sweden and Finland, had a total of 475 permanent employees at the end of 2021.

At the beginning of 2021, Fjordkraft AS had a total of 330 permanent employees, amounting to 324.5 FTEs. At the end of the year, there were 379 permanent employees, equivalent to 369.5 FTEs.

Nine of Fjordkraft's employees were on parental leave at the end of the year. Employee numbers grew due to customer growth, higher levels of activity and contracted FTEs being converted into full-time positions. The average age in the company was 38.

At the end of 2021, the company had 82.8 FTEs covered by contract staff from staffing agencies. These are mainly to provide extra capacity in customer service and telemarketing.

Five people, equivalent to 1.3 per cent of the employees, have part-time positions at their own request. In addition, 14 people hold telemarketing positions, which are equivalent to around 87 per cent of an FTE. This is due to the nature of the position and is also affected by the regulations governing when during the day potential customers may be contacted by phone.

Absence due to illness totalled 5.9 per cent in 2021, compared with 5.1 per cent in 2020. The target for absence due to illness is less than 4.5 per cent. The absence is not work-related. Fjordkraft AS has signed up to the "Inclusive Working Life" scheme. In 2021, an employee survey was conducted to investigate how employees experienced their work situation and the extent to which they identified with the company's goals and values. The survey was conducted in February 2021 and showed a very high level of employee satisfaction, and that employees have a strong commitment to their workplace.

Equal opportunities

The purpose of the Anti-Discrimination Act is to promote equality, ensure equal opportunities and rights, and prevent discrimination. In Fjordkraft, men and women enjoy equal rights, opportunities and pay conditions for the same type of position. The company actively and systematically promotes the purposes of the Act. The activities encompass recruitment, pay and working conditions, promotion, development opportunities and protection against discrimination or harassment. The company reports key gender balance figures in the company every year to the SHE Index, which is prepared and published by the consulting and auditing company EY. The factual basis and overview of its own activities provide a good starting point for working on measures in the company. ***A full statement on gender equality is part of this Annual Report, ESG section.***

The ratio for shareholder-elected Board members is 60 per cent women and 40 per cent men. When employee-elected members are included, the proportion of women on the Board totals 62.5 per cent. The company also aims to ensure that the proportion of female managers with staff responsibilities matches the proportion of female employees. Overall, 28.3 per cent of management positions with staff responsibilities were held by women. The company's group management team has a total of 10 members and the distribution between women and men is 40 and 60 per cent, respectively.

Covid-19 pandemic

The pandemic and how it has been managed have progressed through various stages and infection waves since the very first lockdown in Norway in March 2020. In Q2 2021, restrictions were imposed on cultural activities, workplaces, schools and other functions in society, to help to reduce the spread of infection. After the summer of 2021, there was a new wave of infection, and once again from December 2021, which in turn led to an extensive lockdown and restrictions to social interaction and activities, and extensive use of working from home. This affected the company's physical sales channels such as in-store sales, door sales and sales from stands. Digital sales channels have become increasingly important,

but direct sales and the opportunity to talk to the seller are perceived by many customers as important in a buying situation.

The company's premises have adjusted on-site staffing in line with the public guidelines, essential operational requirements, the specific situation of individuals and the requirement for a good working environment.

Promise-based management has been an important element of Fjordkraft's culture and work methods since 2004 and aims to ensure that its strategy is converted into action in the individual's everyday lives. This has also proved a good working method for ensuring that the organisation is working towards clear goals and in the same direction at a time involving the extensive use of remote management.

Operations and ownership structure

Until 21 January 2021, BKK AS was one of Fjordkraft's largest shareholders. During the year, BKK AS was one of the company's suppliers and delivered services within IT operations. This delivery was discontinued during 2021 and replaced with a new supplier.

Board of Directors

The Board of Directors has eight members, of whom five are elected by the shareholders, and three are elected by the employees. As from the annual general meeting on 21 April 2021, Steinar Sønsteby has been Chairman of the Board of Directors. Until then, Per Axel Koch was Chairman.

The composition of the Board is in line with the Code of Practice issued by the Norwegian Corporate Governance Board (NUES), which says that the majority of the shareholder-elected members ought to be independent of executive employees and important business connections, and that at least two of the shareholder-elected members should be independent of the company's main shareholders. In 2021, four out of the five shareholder-elected Board members were independent of the company's main shareholders. Executive officers are not members of the Board of Directors.

The Board of Directors held a total of 11 meetings during the year. As a consequence of the Covid-19 pandemic, two Board meetings attended in person by all members were held. The other meetings were conducted as video conferences. In addition, two Board meetings were held as the circulation and signing of documents via email. No Board committees involving only a selection of Board members were used during the year over and above what is required by law in the form of an audit committee and a remuneration committee. In January, the Board carried out an evaluation of its work, with the assistance of external consultants.

An overview of which members of the company's Board of Directors own shares in the company is presented in Note 16 to the financial statements for 2021.

The Group has taken out Board liability insurance for all board members and executive directors in companies belonging to Fjordkraft Holding ASA. The sum insured is NOK 50,000,000 per insurance case and in total during the insurance period. The insurer is AIG Europe S.A., Oslo, Norway.

For 2021, an executive remuneration declaration and an executive remuneration report are to be submitted to the general meeting. The declaration and report are available on the company's website: investor.fjordkraft.no

Strategy

The company's strategic plan for 2021-2023 was reviewed and updated during the year. It provides the basis for making decisions and activities for owners, the Board, managers and employees in the company. All ordinary board meetings include assessments of, and discussions on, strategy.

Fjordkraft's strategy plan plays an important role in the managers' and employees' planning and normal workday. Managers at several levels help to shape the strategy for their areas of responsibility. Every year, as part of its evaluation and audit process, Fjordkraft chooses one priority area from the strategic plan which it subjects to particular scrutiny to test the validity of the assumptions. The results are used in the work on developing future products and business areas, as well as market communications.

Fjordkraft's strategy process is closely related to its management philosophy, ensuring that the strategy work is broad-based and not the exclusive province of the senior management. Over time, the company has developed a good process for involving the company's middle management and other employees in the strategy plan and generating commitment to it.

Experience gained during the Covid-19 pandemic shows that having a strategy process that involves a large number of employees is a strength for the company. It ensures broad support and a focus in the individual's work on the company's goals and priority tasks.

Fjordkraft's strategy addresses how the company can defend and maintain its current competitive advantages and earnings, and how it can develop new advantages and business areas. Scenario modelling is an important tool in the company's strategy work. Fjordkraft has developed strategy accounts, which it has used for several years to measure and document its capacity for implementing strategic decisions and goals.

See the chapter on strategy.

Investor Relations

Fjordkraft Holding ASA has been included on the main list of the Oslo Stock Exchange since 21 March 2018. The share price (FKRFT) fell by 43 per cent in the period from 1 January to 31 December 2021. The main index of the Oslo Stock Exchange rose by 23 per cent in the same period. The company's market capitalisation at year-end was in excess of NOK 5.4 billion.

The company had around 8,800 shareholders at the close of the year. A list of the company's 20 largest shareholders is available at investor.fjordkraft.no

On 20 January 2021, the remaining original

owner from when the company was publicly listed, BKK AS, sold its remaining ownership interest of 6.9 per cent of the shares.

In 2021, the company operated its investor relations activities in line with the strategy adopted for the area.

Sustainability/ESG

Fjordkraft has been a climate-neutral company as defined by the UN since 2007. In 2016, Fjordkraft's senior management decided that all of the company's permanent contractual partners had to become climate-neutral by 1 January 2019 in order to retain Fjordkraft as a customer. This has been called the "Klimanjaro Initiative".

At the UN climate conference in Katowice in 2018, Fjordkraft's "Klimanjaro Initiative" was selected as one of the winners of the UN's "Momentum for Change" climate action award for 2018. Fjordkraft is the first Norwegian company to receive this award. Klimanjaro won the award in the Climate Neutral Now category. With Klimanjaro the company is using its purchasing power and requiring all of its contractual partners to become climate-neutral if they wish to supply goods and services to Fjordkraft. The UN highlighted Klimanjaro as innovative, scalable and transferable to all companies and industries – anywhere in the world.

The Board believes that companies in Fjordkraft's type of business can make a significant contribution to achieving the EU's sustainability goals in order to stop climate change and slow global warming. Fjordkraft is working towards several of the UN Sustainable Development Goals. This is described in further detail in the company's ESG Report, which is included in the Annual Report. The company strongly believes that it can make a positive difference in efforts to reduce greenhouse emissions, in line with UN Sustainable Development Goal 13, Climate Action.

Fjordkraft's greenhouse gas emissions are low because of the company's business. The company has, nonetheless, set targets for further reductions. Meanwhile, the company can make the greatest contribution to, and have the biggest impact on, reducing global warming and achieving the EU's climate goals by stipulating requirements for its suppliers and, not least, by working to ensure that other companies do the same. The company can achieve annual cuts in CO2 emissions that are in the order of 100 times greater than it could achieve by just cutting its own emissions. Suppliers must produce climate accounts, take action and offset their residual emissions.

Fjordkraft's business market division is also actively working to help its customers cut greenhouse gas emissions. The business market division offers several concepts to stimulate local production and reduce consumption through energy saving measures.

Since 2020, the company has reported on sustainability indicators in accordance with the GRI standard, in the ESG report. For the 2021 financial year, the GRI reporting has been reviewed by Deloitte firm of auditors in accordance with the requirements for auditor-approved reporting.

Klimahub.no

As part of its CSR work, Fjordkraft has been working through Klimanjaro to get more companies to take an interest in using their purchasing power to require suppliers to become climate neutral. In this work, the company has decided there is a need to keep track of its climate actions and emissions. This also applies to corporate suppliers and partners. This was why the idea of Klimahub was conceived.

As at 1 February 2022, www.klimahub.no, developed by Fjordkraft, had 356 registered companies that have uploaded their climate accounts, presenting the climate measures they are implementing. The goal is for Klimahub.no to become the preferred portal where users can check Norwegian companies' climate footprints, create corporate climate accounts and invite partners to help create a climate-neutral value chain. The portal is free and available to all businesses. The plan is to include sales of guarantees of origin (GoOs), climate quotas, advice on sustainability reporting, advertising and similar services as part of the operation and financing of the solution. So far, Fjordkraft has covered all development and operating costs. There is ongoing dialogue with other companies on how to contribute as partners to scale up distribution and share costs of operation and development.

Climate accounts

Climate accounts for 2021 have been prepared for Fjordkraft, TrøndelagKraft, Gudbrandsdal Energi and Switch Nordic Green AB, including Scope 1, 2 and 3. The operations are exclusively office-based and do not include any production processes or premises. The business does not cause emissions to the air or water beyond what is consumed by the company's employees' use of the offices and travel related to their work. Electricity consumed in the company's premises has guarantees of origin (GoOs) from hydroelectric power. The company reduced its CO2e emissions in 2021. See the ESG chapter of the Annual Report with Climate Accounts.

Tonnes CO2E	2021
Scope 1	14,7
Scope 2	0
Scope 3	79,9
Total	**94,6**
Total compensations	94,6
Emmisions after compensations/ allowances	0

The company's premises in Bergen, Hamar, Kongsvinger, Sandefjord and Trondheim hold Eco-Lighthouse certification. Due to Covid-19 and extensive use of working from home, the certification of the office in Oslo Sortland was postponed until 2022.

The company presented its first ESG Report in 2019. The ESG Report is included in the company's Annual Report for 2021 and concerns all of the initiatives on which the company has been working, as well as its GRI reporting.

Climate risk assessment

Since 2019, the company has formalised cli-

mate risk assessment as part of the overall risk management and reporting in the company. This work is under development, in line with the introduction of the increased formal requirements for how climate risk should be analysed and reported according to the Task Force on Climate Related Financial Disclosures (TCFD).

Based on the company's deliveries and customer base, climate change is not believed to represent any critical risks or significant threats to the company's operations and customer base in the short term. In the long term, we can see that new guidelines from the authorities and the EU Taxonomy may result in regulation that affects us more significantly. We can also see that there is a direct link between global climate challenges and our electricity price level in Norway. This sets out the premises for our further work on climate risk assessment. The risk presented by the climate in relation to the company's ability to implement its strategy is regarded as low.

See the Climate Risk chapter in the ESG Report.

There is reason to expect greater demand for sustainable products and investments. Fjordkraft will continue to develop products and services for the low-emission society.

Ethics and compliance

The company satisfies the requirements of the ILO's eight core conventions regarding the right to organise, prohibitions against discrimination and forced labour, prohibitions against child labour, as well as provisions for preventing corruption, and requires the company's suppliers to do the same. Fjordkraft has adopted strict anti-corruption provisions through its internal ethical guidelines, which are based on recognised national and international standards.

Fjordkraft's Corporate Governance Report is part of the company's Annual Report for 2021. The report is intended to describe all elements of the Norwegian Code of Practice for Corporate Governance. See chapter on Corporate Governance report.

Finances

In 2021 the Fjordkraft Group has experienced strong financial performance in the Norwegian operations in a challenging market environment. In the fourth quarter of 2021 the Group experienced market extremities without historical comparison. Elspot prices were record high, driven by geopolitical tension, high gas prices and a weak hydrological situation.

During December, the daily elspot price in Finland and Southern Sweden passed 4 NOK/kWh on several occasions, and on average the price level and peak/off-peak price differences were around four times the normal level. The fixed price contracts in the Nordic segment are hedged according to our best estimated volume and the associated profile and volume risks are covered in the markup when these contracts are initiated. However, the market extremities that occurred in the fourth quarter, in combination with very cold weather in Sweden and Finland, especially in December, led to losses from hedging inefficiencies in the Nordic segment. In Norway, the market situation has also been extraordinary, albeit not as extreme as in Sweden and Finland. The financial performance in the Norwegian segments is strong, with tailwind from good hedges.

The operating profit in 2021 was NOK 493 million (2020: NOK 525 million). Profit for the year was 342 million (2020: 400 million).

Financial statements

The consolidated financial statements for Fjordkraft include the operations of Fjordkraft Holding ASA and its subsidiaries Fjordkraft AS, TrøndelagKraft AS, Gudbrandsdal Energi AS, Energismart Norge AS, Fjordkraft Industrial Ownership AS, AllRate AS, Betalservice AS, Fjordkraft Nordic AS, Fjordkraft AB and Switch Nordic Green AB.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board (IASB).

The going concern assumption is the basis for the statements, and according to the Board of Directors the financial statements provide a true and fair view of the Fjordkraft Group's assets and liabilities, financial position, and result of operations. Part of the revenue from electricity deliveries for the fiscal year is not settled when we present the 2021 financial statements. These revenues are estimated, and deviations to estimated electricity sale revenues are posted as estimate deviations the subsequent year. Due to this the financial statements therefore include amounts related to estimate deviation from previous years' contribution margin. In 2020 it was a positive recognition of NOK 23 million and in 2021 it was a positive recognition of NOK 12 million.

The Group's total revenues in 2021 amounted to NOK 15,171 million, compared to NOK 4,149 million in 2020 and direct cost of sales amounted to NOK 13,367 million in 2021 compared to NOK 2,321 million in 2020.

The significantly higher elspot prices in 2021 compared to 2020, and increased sales volumes due to business combinations in the second half of 2020, are the main reason for higher total revenues and direct cost of sales in 2021. Total personnel and other operating expenses amounted to NOK 898 million, compared to NOK 800 million the previous year. In general, the operating expenses has increased in 2021, with the main factor being the increased level of activities following the business combinations in the second half of 2020.

The total operating costs for Fjordkraft Holding ASA amounted to NOK 22 million, compared to NOK 29 million in 2020. The decrease is primarily due to operating expenses related to the acquisition of Innlandskraft AS in 2020.

The Groups profit before tax was NOK 445 million (2020: NOK 514 million). Tax expenses was NOK 102 million (2020: NOK 114 million). Profit after tax for 2021 was NOK 342 million (2020: NOK 400 million).

Allocation of the year's profit

As per IFRS accounting rules, the IFRS financial statements for 2021 show no provisions for dividends on 31 December 2021. The board has proposed a dividend of NOK 3.50 per share to be approved by the General Meeting.

Statement of financial position

The assets in the Fjordkraft Group mainly consists of current assets in the form of trade receivables and derivative financial instruments, and non-current assets in the form of goodwill and intangible assets. Current assets amount to approximately 71 per cent of the Group's total assets, while non-current assets correspond to 29 per cent. Due to variations in price and consumption, the value of total assets varies significantly from period to period. Total assets have increased with NOK 5 105 million in 2021, mainly due to an increase in trade receivables and derivative financial instruments.

In 2021, equity has decreased by NOK 164 million from NOK 1,944 million to NOK 1,780 million. The Group's equity ratio has decreased from 38 per cent on 31 December 2020 to 17 per cent on 31 December 2021.

Total current liabilities have increased by NOK 5,148 million from 2020. This is largely related to increased trade and other payables, onerous contract provision and derivative financial instruments. Total non-current liabilities have increased by NOK 121 million. The main reasons are a NOK 152 million increase in derivative financial instruments and a NOK 92 million increase in onerous contract provisions.

In 2021, Fjordkraft Holding ASA total assets have increased by NOK 192 million, mainly due to Fjordkraft Holding ASA being the owner of the group account system in 2021 (increase in cash and cash equivalents). Equity has decreased with NOK 14 million, interest-bearing long-term debt has increased with NOK 45 million, liabilities to related party (mainly Fjordkraft AS) has increased with NOK 275 million compared with 2020.

Fjordkraft Holding ASA equity ratio has decreased from 61 per cent on 31 December 2020 to 57 per cent on 31 December 2021.

Key figures

In total, the Group had 1,061,109 electricity deliveries at year-end 2021. This is a decrease of 21,475 electricity deliveries from 2020. The number of mobile subscribes in the Group was 159,917. This represents a growth of 21 per cent year on year.

There has been an 18 % increase in total volume delivered to the Consumer and Business segments, from to 14,44 TWh in 2020 to 16,96 TWh in 2021. The Nordic segment delivered 3,23 TWh in 2021.

ROE (Return on equity) was 18 per cent in 2021, compared to 30 per cent in 2020.

Cash flow analysis

Due to fluctuations in price and consumption both between years and within a year, the cash flow analysis can vary significantly. Net cash from operating activities has decreased from NOK 519 million in 2020 to NOK 379 million in 2021. The decrease is mainly driven by change in trade receivables and trade payables. Net cash used in investing activities was NOK 1,003 million higher in 2020 compared with 2021. This is due to the two acquisitions done during 2020.

Corporate Finance

The governance of the Fjordkraft group is based on the Norwegian Code of Practice for Corporate Governance (NUES). See separate chapter in the report, Corporate Governance report, for more about the governance principles and practice.

Financial Risk Management

The Group classifies the following categories of financial risks:

Market risk
Credit risk
Liquidity risk

Market risk

Market risk is the risk of losses arising from movements in market prices. The Group is primarily exposed to the market risks of changes in commodity prices, market climate, interest rates, security prices and foreign currency exchange rates.

Market risk – commodity prices

The commodity price risks related to sales of electricity to end-users are primarily related to market prices for electricity, but also to market prices of el-certificates and guarantees of origination (GoOs).

When selling electricity to end users the Group offers a large scale of different product types with different pricing structures. The product types vary from spot-priced products, where the sales prices are connected to the spot price the Group pays when purchasing the electricity in the spot market, to fixed price contracts where the sales price is a fixed price for a fixed period. Fjordkraft also offers variable price contracts with or without price ceiling. The price in the variable price products can be changed with a 14 days' notice period.

The different product types expose the Group to different risks, including price risk, profile risk, and volume risk. Profile risk arises when using standardized electricity derivatives, where the contractual price is fixed for all hours during the contractual period, to hedge power sales in the retail market where power prices vary from hour to hour throughout the day and week. While the majority of end-user-sales in Norway are from spot-priced product types, where there is no price-, profile- or volume risk. The majority of end-user sales in Sweden and Finland are however at fixed price contracts without fixed volume, exposing the group to both price-, profile-, and volume risks.

Whenever Fjordkraft enters into customer contracts where the electricity sales price is fixed or partially fixed, the related price

risk is managed by purchasing financial electricity derivatives for hedging purposes. When hedging the price risk from fixed price contracts, the electricity volume expected to be delivered on the fixed price contracts is estimated. To manage the volume risk in customer contracts without fixed volume the volume estimates are periodically updated, and the portfolios of hedging derivatives are rebalanced accordingly. The remaining risk exposure is taken into account when pricing these customer contracts.

The Group revised its risk management strategy and policy for power purchases in the Norwegian group entities in July 2021. In the revised strategy Fjordkraft will seek to reduce price variability for a higher percentage of the future power purchases in Norway. Fjordkraft uses different derivatives to reduce variability in future power purchases, depending on availability in the market. This will support the commercial goal to reduce the number of price changes for the variable price products, at the same time acknowledging the risk that the group might not be fully able to follow the price curve in a market with reduced prices.

The Group offers large business customers and Alliance partners to enter into financial power contracts, enabling them to utilize the market for financial trading of electricity to hedge the price risks in (parts of) their electricity purchases and/or sales. Any financial derivative sold to a business customer is hedged back-to-back by purchasing a corresponding financial derivative from a third party, thus any price or volume risk on these financial customer contracts is eliminated. The Group's financial electricity trade is mainly conducted through agreed bilateral frameworks with Statkraft as the main trade counter party.

When selling electricity to end users in Norway and Sweden, the Group is required to purchase and cancel el-certificates. Further, when selling electricity on products including guarantees of origination, the Group is required to purchase and cancel GoOs. To manage risk exposure towards fluctuations in el-certificate and GoO market prices, the Group purchases el-certificates and GoOs, either in the spot market, or by purchasing forward contracts. The forward contracts are contracts with physical delivery, accounted for as own-use contracts, hence they are not recognised in the statement of financial position.

Market risk - climate risk

The market price of electricity is affected by the transition to a low-emission society (transition risk). The EU's climate target plan and phase-out of fossil energy production, and investments in renewable energy with a significant share of wind power, are leading to the European power market becoming increasingly weather dependent. This affects the market price of electricity and in 2021 there were significantly higher electricity prices and higher volatility than normal. In the long term, much more renewable energy is expected in Europe and more stable energy production, which will lead to lower electricity prices. But in a transition phase, higher electricity prices and higher volatility are expected.

Consumers have low tolerance for high electricity prices, and this represents a risk for Fjordkraft. Our sustainability report contains more information about climate risk and how these are managed.

Market risk – interest rates

The Group's exposure to interest rate risk arises from variable rate credit facilities. The long-term loans, the revolving credit facility, the guarantee facility and the overdraft facility are all variable rate facilities. In addition, some interest rate risk is related to short-term trade payables towards Statkraft related to purchase of electricity, and short-term receivables for customers who choose to extend their payment terms. Variable rate credit facilities, trade payables, and trade receivables expose the Group to cash flow interest rate risks. The current exposure to interest rate risk does however not warrant the use of derivative instruments, since it is not considered to be material. The Company has set out parameters to actively monitor this risk going forward.

Market risk – security prices

The Group is indirectly exposed to security price risk through its defined employee benefit obligations where parts of the pension plan assets are invested in securities. This risk is managed through investment in diversified portfolios managed by external insurance companies.

Market risk – foreign exchange rates

Following the acquisition of Troms Kraft Strøm AS and its subsidiaries' operations in Sweden and Finland, the Group increased its exposure to foreign exchange risk (primarily the Swedish Krone and the Euro). The acquisition was financed by a term loan denominated in NOK, and cash in hand.

The Group's operations however still have limited exposure to foreign exchange currency fluctuations, as the vast majority of local revenues, operating expenses and financial expenses are denominated in local currency. Through its agreement with Statkraft, the Group has the opportunity to conduct all of its physical and financial purchase of electricity in local currency.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of 31 December 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, equals the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables consists of a large number of receivables on end-user customers, mainly households and business customers spread across diverse industries in Norway, Sweden and Finland. Except for the consumer segment in Sweden, the Group uses

an external credit scoring system to assess the potential customer's credit quality before accepting any new customer. The Group uses publicly available financial information and its own trading records to rate its business customers. There are no additional loss allowance provisions related to effects on credit risk of Covid-19 recorded at year end 2021.

In addition to invoicing electricity sales and other services provided to customers, the Group provides re-invoicing to customers in Norway related to grid rent on behalf of the grid owners ("gjennomfakturering"). This contributes to an increase in credit risk as the amount of trade receivables increases. The Group is required to provide letters of credit to the grid owners, guaranteeing their settlement of re-invoiced grid rent. However, the grid owners are not required to reimburse Fjordkraft for any re-invoiced grid rent not settled by the customer.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Derivative financial contracts are traded either bilaterally with third party counterparties (mainly Statkraft) or consumers. Credit risk associated with derivative financial contracts with Statkraft (and other third parties) is considered to be limited as these counterparties are highly rated state-owned enterprises. The credit risk related to derivative financial contracts with customers is managed by only offering financial contracts to customers with a sufficient credit rating, or by requiring security from the customer in the form of a deposit or a letter of credit.

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves, bank overdraft facilities and reserve credit facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Electricity purchased under the Group's electricity purchase agreement with Statkraft, which is the Group's most significant purchase agreement, are invoiced monthly in arrear, with a 30 day payment term in Norway and 45 day payment in Sweden and Finland. In addition this agreement in Norway includes a right for Fjordkraft to postpone these payments for additional 30 days if current cash in hand does not cover the liability.

Outlook

Increased price volatility

Climate policy is increasingly driving developments in the energy markets. Norway and other European countries have the goal of replacing fossil energy sources with greater use of renewable energy sources. The transition entails major changes in the markets around us and the demand for renewable energy is increasing. Non-regulated wind and solar power will increase in significance as the ratio of decentralised, non-regulated weather-dependent production increases.

The European electricity market is increasingly more cohesive. An increased ratio of more unpredictable production sources must be expected to increase price volatility in the market.

Increased volatility in wholesale and commodities prices affects every part of the value chain. This also entails a need for liquid financial markets and instruments that reduce risk for the various players in the value chain. In the countries where, to a great extent, consumers have allowed their energy costs to vary with wholesale prices, there will be an increased need to be able to opt for predictability and enter into agreements so as to avoid large price fluctuations. In view of its expertise and strong financial position, the Fjordkraft Group is well-prepared to manage risk and further develop its value propositions for customers in this area. In its ongoing risk management and product design, the company has incorporated the experience from Q4 2021 related to fixed price agreements without any agreed consumption volume in the Swedish and Finnish markets.

Energy Commission

The sharp rise in electricity prices in the autumn of 2021 affecting southern Norway led to intense political debate about access to energy, and overall climate and energy policy. The significance of the high energy prices and the debate on this issue are illustrated by the fact that Norwegian media published 30,000 articles and reports on electricity prices in 2021, compared with 7,640 in the previous year.

The Storting elections in the autumn of 2021 resulted in a new government. In November 2021, the new Minister of Petroleum and Energy took the initiative to appoint an Energy Commission. By 15 December 2022, the Energy Commission will map energy requirements and propose increased energy production, with the goal for Norway to continue to have surplus power production.

The goals of increased electrification to replace fossil energy sources and reduce greenhouse gas emissions will increase electricity consumption. There is a need to strike the right balance by increasing renewable energy production in order to keep pace with demand.

Facilitating predictability

The year was characterised by discussion of how to secure future energy supplies at an acceptable price, as well as discussion of a new output-based grid lease model. In overall terms, the actual conditions and discussion revealed tremendous commitment and great frustration among electricity customers concerning the high prices.

Consumers in Norway have made little use of the opportunity to enter into fixed-price agreements and for several years were discouraged from doing so by the consumer interest organisation. As a consequence, the vast majority of consumers and part of the business sector have been highly exposed to the extreme electricity price increases from 2020 to 2021.

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 920153577

This has a strong impact on the finances of households and enterprises. Consumers and businesses in Sweden and Finland have a greater preference for fixed-price agreements and have not been affected by the wholesale market's strong fluctuations to the same degree. Facilitating electricity agreements and payment solutions that make it easier for consumers to make choices adapted to their need for predictable finances will be an important task for electricity retailers.

Boosting our reputation

High electricity prices have diminished the reputation of the industry in general. The Fjordkraft brand's reputation has declined significantly and the Board of Directors considers it important to improve the brand's reputation, which has gained extraordinary momentum as a consequence of its market position. Measures such as Trygg Strømhandel, transparency and the launch of new value propositions to protect customers from price shocks are key aspects of these improvement initiatives.

Continued consolidation

Fjordkraft aims to continue its consolidation strategy in Norway and the Nordic region. The company's infrastructure, based on its technological platform, is scalable and designed for the acquisition of customer portfolios. Market shares in Sweden and Finland are currently low and do not impede further expansion. In recent years, the regulatory framework conditions in the Nordic countries have become more similar.

In 2020, the company began to assess various ownership and cooperation models in connection with consolidation and acquisitions. Shared ownership of larger regional or national electricity sales companies that sign up to Fjordkraft's Extended Alliance concept, and which have the ability to realise profitable growth, will be considered.

Framework conditions for electricity and the mobile telephony market

Fjordkraft has long experience of working with framework conditions based on principles that facilitate an attractive market place, as well as customer-friendly, future-oriented solutions. The relationship with the company's alliance partners, made up of local power producers, electricity retailers and power grid companies, provides insights that enable Fjordkraft to present a comprehensive picture in its contact with industry organisations and the authorities.

The company hopes to make use of its experience from similar work in the electricity market in the work on framework conditions for mobile telephony providers. Fjordkraft has played, and will continue to play, an active role in relation to regulatory authorities by promoting proposals that ensure a level playing field between dominant, established players and challengers in the mobile telephony market.

Innovation and services from a sustainability perspective

Fjordkraft is constantly developing its service and product offering. The company also has an innovation portfolio that is continuously being refined and worked on up to the takeover and operation of the line. Ideas are abandoned if the business model proves not to be good enough.

This work will be continued at the same time as Fjordkraft will remain an intangible player. The work on new revenue streams and increased loyalty through facilitating attractive solutions for customers will continue.

EU Taxonomy

The EU has introduced a system (a Taxonomy) for the classification of sustainable economic activities. The regulations are based on six specific environmental targets and lay down statutory definitions of what can be described as sustainable in the business sector. Listed and large enterprises will be subject to new reporting requirements. The Taxonomy will govern access to green financing.

Nordic hydroelectric power's contribution to renewables was recognised in the Taxonomy during 2021. In 2021, hydroelectric power in total accounted for 90 per cent of overall Norwegian power production, while wind power accounted for 7.5 per cent of production.

New reporting requirements

The company is working to adapt to the reporting requirements in accordance with the Taxonomy Guidelines, the Corporate Sustainability Reporting Directive (CSRD), the Task Force on Climate Related Financial Disclosures (TCFD) and the Norwegian Transparency Act. The Transparency Act enters into force as from 1 July 2022 and will promote businesses' respect for fundamental human rights and decent working conditions, and ensure the general public access to information.

Robust demand

The company is in the enviable position of electricity demand being largely unaffected by economic cycles or impacted by the international trade situation. Many areas of Norwegian society want to increase electrification as a means of cutting greenhouse gas emissions.

The huge focus on sustainability and renewable energy is providing business opportunities for the company and it is adapting its products and services for these.

The complexity of the electricity retailer industry has increased due to digitalisation and new framework conditions. In the opinion of the Board, large companies such as Fjordkraft will best be able to leverage this to their advantage.

In 2021, the company had a very high level of activity related to integration and consolidation of acquisitions of companies.

Fjordkraft is very well-positioned for future operations and further development. The Board of Directors wishes to express gratitude to the employees, and everyone who works for Fjordkraft, for this year's results and their efforts during a year with extraordinary focus on the electricity market.

11.06.2023 kl 06:56 Brønnøysundregistrene Side 31 av 151

The Board of Directors of Fjordkraft Holding ASA, Bergen, 30 March 2022.

Steinar Sønsteby
Chairman

Tone Wille
Board member

Frank Økland
Board member

Elisabeth M. Norberg
Board member

Heidi Theresa Ose
Board member

Live Bertha Haukvik
Board member

Per Oluf Solbraa
Board member

Marianne Unhjem-Solbjørg
Board member

Rolf Barmen
CEO

4.2 Financial statements Fjordkraft Group

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Consolidated statement of profit or loss

NOK in thousands	Note	2021	2020
Continuing operations			
Revenue	3, 4	15 170 991	4 148 879
Direct cost of sales	3, 5, 18	(13 367 251)	(2 320 641)
Personnel expenses	3, 10, 17, 22	(409 123)	(328 485)
Other operating expenses	3, 11	(488 517)	(471 938)
Depreciation and amortisation	3, 4, 14, 15, 24	(403 084)	(305 174)
Impairment of intangible assets	15,18	(9 762)	(197 470)
Operating profit		**493 256**	**525 172**
Income/loss from investments in associates and joint ventures	27	2 637	1 168
Interest income	6	12 801	16 814
Interest expense lease liability	24	(2 374)	(1 813)
Interest expense	6	(42 583)	(11 982)
Other financial items, net	6, 11	(19 219)	(15 692)
Net financial income/(cost)		**(48 737)**	**(11 505)**
Profit/(loss) before tax		**444 519**	**513 667**
Income tax (expense)/income	12	(102 150)	(113 604)
Profit/(loss) for the year		**342 369**	**400 063**
Basic earnings per share (in NOK)	13	3,00	3,73
Diluted earnings per share (in NOK)	13	2,96	3,69

Consolidated statement of comprehensive income (loss)

NOK in thousands	Note	2021	2020
Profit/(loss) for the year		**342 369**	**400 063**
Other comprehensive income:			
Items which may be reclassified over profit or loss in subsequent periods:			
Hedging reserves, cash flow hedges (net of tax)	9	(71 347)	-
Currency translation differences		(56 574)	(11 201)
Total		**(127 921)**	**(11 201)**
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension obligations (net of tax)	12, 17	17 577	(7 073)
Total		**17 577**	**(7 073)**
Total other comprehensive income/(loss) for the year, net of tax		**(110 343)**	**(18 273)**
Total comprehensive income/(loss) for the year		**232 026**	**381 790**

Consolidated statement of financial position

NOK in thousands	Note	2021	2020
Assets			
Non-current assets			
Deferred tax assets	12	35 092	37 316
Right-of-use assets property plant and equipment	24	82 806	81 724
Property, plant and equipment	14	8 098	8 409
Goodwill	15	1 419 451	1 442 849
Intangible assets	15	694 630	869 568
Cost to obtain contracts	4	287 728	172 656
Investments in associates and joint ventures	27	13 805	11 168
Derivative financial instruments	6, 7, 8	365 611	68 520
Other non-current financial assets	6	54 784	63 877
Total non-current assets		**2 962 003**	**2 756 085**
Current assets			
Intangible assets	15	7 518	2 880
Inventories		2 146	2 398
Trade receivables	6, 21	5 256 259	1 476 927
Derivative financial instruments	6, 7, 8	1 661 225	124 655
Other current assets	20	38 847	167 065
Cash and cash equivalents	6	306 627	599 348
Total current assets		**7 272 622**	**2 373 273**
Total assets		**10 234 624**	**5 129 359**
Equity and liabilities			
Equity			
Share capital	16	34 291	34 285
Share premium	16	992 094	991 614
Retained earnings		754 097	918 148
Total equity		**1 780 482**	**1 944 047**

Consolidated statement of financial position

NOK in thousands	Note	2021	2020
Non-current liabilities			
Employee benefit obligations	17	93 837	110 828
Interest-bearing long term debt	6	720 009	812 808
Deferred tax liabilitites	12	118 318	130 499
Derivative financial instruments	6, 7, 8	238 481	86 966
Lease liability- long term	24	65 259	67 442
Onerous contract provisions	18	99 645	7 883
Other provisions for liabilities		16 740	14 649
Total non-current liabilities		**1 352 289**	**1 231 075**
Current liabilities			
Trade and other payables	7, 21	4 516 589	1 029 604
Overdraft facilities	6	-	29 400
Current income tax liabilities	12	108 400	129 098
Derivative financial instruments	6, 7, 8, 9	719 946	23 650
Social security and other taxes		116 390	143 425
Lease liability- short term	24	21 055	17 366
Onerous contract provisions	18	966 642	70 632
Other current liabilities	6, 19	652 831	511 063
Total current liabilities		**7 101 853**	**1 954 238**
Total liabilities		**8 454 142**	**3 185 312**
Total equity and liabilities		**10 234 624**	**5 129 359**

The Board of Directors of Fjordkraft Holding ASA, Bergen, 30 March 2022.

Steinar Sønsteby
Chairman

Tone Wille
Board member

Frank Økland
Board member

Elisabeth M. Norberg
Board member

Heidi Theresa Ose
Board member

Live Bertha Haukvik
Board member

Per Oluf Solbraa
Board member

Marianne Unhjem-Solbjørg
Board member

Rolf Barmen
CEO

Consolidated statement of changes in equity

NOK in thousands	Share capital	Share premium	Hedging reserves	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2020	**31 349**	**125 035**	**-**	**-**	**846 833**	**1 003 216**
Profit/(loss) for the year	-	-	-	-	400 063	400 063
Share-based payment (note 26)	-	-	-	-	3 242	3 242
Other comprehensive income/(loss) for the year, net of tax	-	-	-	(11 201)	(7 073)	(18 273)
Total comprehensive income/(loss) for the period incl. share-based payment	**-**	**-**	**-**	**(11 201)**	**396 232**	**385 032**
Share capital increase (note 13)	2 936	866 580	-	-	-	869 515
Dividends paid (note 13)	-	-	-	-	(313 717)	(313 717)
Transactions with owners	**2 936**	**866 580**	**-**	**-**	**(313 717)**	**555 798**
Balance at 31 December 2020	**34 285**	**991 614**	**-**	**(11 201)**	**929 348**	**1 944 047**
Balance at 1 January 2021	**34 285**	**991 614**	**-**	**(11 201)**	**929 348**	**1 944 047**
Profit/(loss) for the year	-	-	-	-	342 369	342 369
Share-based payment (note 26)	-	-	-	-	3 910	3 910
Other comprehensive income/(loss) for the year, net of tax	-	-	(71 347)	(56 574)	17 577	(110 343)
Total comprehensive income/(loss) for the period incl. share-based payment	**-**	**-**	**(71 347)**	**(56 574)**	**363 856**	**235 935**
Share capital increase (note 13)	6	480	-	-	-	486
Dividends paid (note 13)	-	-	-	-	(399 986)	(399 986)
Transactions with owners	**6**	**480**	**-**	**-**	**(399 986)**	**(399 500)**
Balance at 31 December 2021	**34 291**	**992 094**	**(71 347)**	**(67 775)**	**893 218**	**1 780 482**

Condensed consolidated statement of cash flows

NOK in thousands	Note	2021	2020
Operating activities			
Profit/(loss) before tax		444 519	513 667
Adjustments for:			
Depreciation	14, 15	236 624	168 012
Depreciation right-of-use assets	24	19 687	13 302
Amortisation of cost to obtain contracts	4	146 773	123 860
Impairment of intangible assets	15	9 762	197 470
Interest income	6	(12 801)	(16 814)
Interest expense lease liability	24	2 374	1 813
Interest expense	6	42 583	11 982
Income/loss from investments in associates and joint ventures	27	(2 637)	(1 168)
Change in long-term receivables	6	(3 882)	(7 686)
Share based payment expense	26	3 910	3 252
Change in post-employment liabilities	17	5 544	(302)
Payments to obtain a contract	4	(264 152)	(137 280)
Changes in working capital (non-cash effect):			
Impairment loss recognised in trade receivables	6	(57 666)	19 342
Provision for onerous contracts	18	996 739	71 023
Change in fair value of derivative financial instruments	6, 7	(1 088 469)	(331 539)
Changes in working capital:			
Inventories		251	(1 453)
Trade receivables	6, 21	(3 740 539)	260 279
Purchase of el-certificates	15	(86 044)	(245 712)
Non-cash effect from cancelling el-certificates	15,19	85 898	263 594
Purchase of guarantees of origination	15	(11 206)	(4 064)
Non-cash effect from disposal of guarantees of origination	15	7 028	7 089
Other current assets	20	127 465	19 435
Trade and other payables	6, 21	3 505 284	61 721
Other current liabilities	19	167 198	(351 741)
Cash generated from operations		**534 244**	**638 082**
Interest paid		(43 978)	(22 058)
Interest received		12 801	16 814
Income tax paid	12	(123 774)	(113 533)
Net cash from operating activities		**379 293**	**519 305**

Consolidated statement of cash flows

NOK in thousands	Note	2021	2020
Investing activities			
Purchase of property, plant and equipment	14	(2 742)	(497)
Purchase of intangible assets	15	(83 225)	(64 767)
Proceeds from sale of intangible assets	15	-	10 000
Net cash outflow on acquisition of subsidiares	19	(42 674)	(1 033 527)
Net cash outflow on acquisition of shares in associates	27	-	(10 000)
Net (outflow)/proceeds from non-current receivables	6	12 975	(16 985)
Net (outflow)/proceeds from other long-term liabilities		3 164	(194)
Net cash used in investing activities		**(112 502)**	**(1 115 970)**
Financing activities			
Proceeds from overdraft facilities	6	(29 400)	29 400
Proceeds from revolving credit facility	6	-	500 000
Repayment of revolving credit facility	6	-	(500 000)
Proceeds from issuance of shares	13	486	2 730
Dividends paid	13	(399 986)	(313 717)
Formation expenses		-	(10)
Proceeds from long term debt	6	-	937 000
Instalments of long term debt	6	(93 700)	(65 125)
Repayment of long term debt	6	-	(152 900)
Payment of lease liability	24	(19 095)	(12 450)
Net cash used in financing activities		**(541 696)**	**424 928**
Net change in cash and cash equivalents		**(274 905)**	**(171 738)**
Cash and cash equivalents at 1 January		599 348	775 536
Effects of exchange rate changes on cash and cash equivalents		(17 816)	(4 450)
Cash and cash equivalents at 31 December		**306 627**	**599 348**

4.3

Notes Fjordkraft Group

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Note 1 Accounting policies

General information

These consolidated financial statements for Fjordkraft Holding ASA for the year ended 31 December 2021, was approved by the Board of Directors on 30 March 2022.

Fjordkraft Holding ASA and its subsidiaries (together 'the Group' or "Fjordkraft") is a supplier of electrical power in Norway, Sweden and Finland. The company is listed on Oslo Stock Exchange. The Group's core business is the purchase, sale and portfolio management of electrical power to households, private and public companies, and municipalities. The Group is also a provider of mobile phone services to private customers in Norway.

Fjordkraft Holding ASA is incorporated and domiciled in Norway. The address of its registered office is Folke Bernadottes Vei 38, 5147 Bergen, Norway.

This note provides a list of the significant accounting policies adopted in the presentation of these consolidated financial statements to the extent they have not been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

Compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the group

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to IFRS which have been implemented by the Group during the current financial year. Below we have listed the amendments in IFRS which have been applicable for the Group's 2021 financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2
- Amendment to IFRS 16 - Covid-19-Related Rent Concessions.

These amendments have not had a material impact on the Group's financials statements in the current reporting period.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

These consolidated financial statements include the accounts of Fjordkraft Holding ASA and its subsidiaries (note 25).

Going concern

The Group's consolidated financial statements is prepared on a going concern basis. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing customer contracts and other service contracts, debt service and obligations. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets recognised at fair value through profit or loss, fair value through other comprehensive income, derivative financial instruments and defined benefit pension plans, which are measured at fair value. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

Note 1
Accounting policies

Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures and associates

The Group's investments in joint ventures and associates are accounted for by using the equity method of accounting. Under this method, the investment is initially recognized at cost. Goodwill relating the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually. The income statement reflects the Group's share of the net result after tax of the associate or joint venture. Any depreciation or amortization of the Group's excess values are included in the net result from the joint ventures. Any change in other comprehensive income of the associate or joint venture is presented separately in the Group's other comprehensive income.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting principles in line with those of the Group.

The Group determines whether it is necessary to recognize an impairment loss on its investments in joint ventures or associates. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognized as 'share of profit or loss from joint venture and associates'. The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investments are tested for impairment as one single asset.

Changes in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Business combinations and goodwill

In order to consider an acquisition as a business combination, the acquired asset or groups of assets must constitute a business (an integrated set of operations and assets conducted and managed for the purpose of providing a return to the investors). The combination consists of inputs and processes applied to these inputs that have the ability to create output.

Acquired businesses are included in the financial statements from the acquisition date. The acquisition date is defined as the date on which the company obtains control of the acquiree, which is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree. For convenience, the group may designate the acquisition date to the date at the end or the beginning of the month, rather than the actual acquisition date, unless events between this "convenience date" and the actual acquisition date result in material changes in amounts recognised.

Comparative figures are not adjusted for acquired, sold or liquidated businesses. For accounting purposes, the acquisition method is used in connection with the purchase of businesses.

Acquisition cost equals the fair value of the assets used as consideration, including contingent consideration, equity instruments issued and liabilities assumed in connection with the transfer of control. Acquisition cost is measured against the fair value of the acquired assets and liabilities. Identifiable intangible assets are included in connection with acquisitions if they can be separated from other assets or meet the legal contractual criteria. If the acquisition cost at the time of the acquisition exceeds the fair value of the acquired net assets (when the acquiring entity achieves control of the transferring entity), goodwill arises.

If the fair value of the net identifiable assets acquired exceeds the acquisition cost on the acquisition date, the excess amount is recognised in profit or loss immediately.

Goodwill is not depreciated, but is tested at least annually for impairment. In connection with this, goodwill is allocated to the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from synergy effects of the acquisition. The allocation of goodwill may vary depending on the basis for its initial recognition.

The estimation of fair value and goodwill may be adjusted up to 12 months after the takeover date if new information has emerged about facts and circumstances that existed at the time of the takeover and which, had they been known, would have affected the calculation of the amounts that were included from that date.

Acquisition-related costs, except costs to issue debt or equity securities, are expensed as incurred.

Note 1
Accounting policies

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are presented in the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian kroner (NOK), which is Fjordkraft Holding ASA's functional and presentation currency. The functional currency in all Norwegian subsidiaries in the Group is NOK. The functional currency in the subsidiary Switch Nordic Green is Swedish kroner (SEK) for its operations in Sweden, and Euro for its branch operating in Finland.

Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currency) are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other financial items.

Non-monetary items that are measured at fair value in a foreign currency are converted to NOK using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not subsequently revaluated.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in a foreign currency translation reserve. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

The Group recognises revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

The Group applies the following five step method outlined in IFRS15 Revenue from Contracts with Customers, to all revenue streams:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group only applies the five-step model to contracts when it is probable that the Group will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of IFRS 15, the Group assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognises as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. For a complete discussion of accounting for revenue, see Note 4 - Revenue Recognition.

A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its annual financial statements. Revenues related to sale of electricity are estimated based on the volumes that have been physically delivered during the period. The physically delivered volume is apportioned in accordance with consumption forecasts for each customer group and price plan. The model is rooted in historical information however there is a degree of estimation uncertainty attached to the volume apportioned to the various price segments that requires judgment by management when assessing.

Please refer to note 3 - Segment information, for disclosures related to any estimate deviations recognised in the current reporting period related to the previous reporting period.

Income tax

Income tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from

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net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Cash and cash equivalents

The cash flow statement is prepared using the indirect method. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade receivables, loans and other receivables

Trade receivables, loans and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 6 and 8 for further information about the Group's accounting for trade receivables, loans, other receivables and credit risk.

Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

See note 6 and 8 for details about each type of financial asset. The Group reclassifies debt investments when and only when its business model for managing those assets change.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case

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of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in IFRS 9. The Group only applies the following measurement category for debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 6 and 8 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and rewards of the ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

At derecognition the difference between the asset's carrying amount (including any cumulative gain or loss that previously has been recognised in other comprehensive income and accumulated in equity) and the sum of the consideration received is recognised in profit or loss.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast power purchase transactions (cash flow hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

All of the Group's financial electricity derivatives are either financial customer contracts, or purchased for the purpose of hedging physical or financial customer contracts. Hence electricity derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Cash flow hedges that qualify for hedge accounting

The group use forward contracts to hedge forecast power purchase transactions. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within Direct cost of sales.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

The fair values of derivative financial instruments designated in hedge relationships, and movements in the hedging reserve in shareholders' equity are shown in note 9.

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Derivatives that do not qualify for hedge accounting

Certain electricity derivatives do not meet the hedge accounting criteria. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in

- Revenue - when the derivative instrument is a financial custumer contract, or
- Direct cost of sales - when the derivative instrument is purchased for the purpose of hedging physical or financial customer contracts.

See note 6, 7 and 8 for details about each type of derivatives.

Own use contracts

The Group's business is the distribution of electricity where it enters into contracts to purchase and sell electricity. The sale of electricity gives rise to an el-certificate cancellation liability. The Group therefore enter into forward contracts to purchase el-certificates to be remitted to the government as settlement for the el-certificate cancellation liability. As a result, the Group's contracts to purchase and sell electricity, and to purchase and remit el-certificates is delivered in quantities that will be used or sold in the Groups' normal course of business. Hence, the contracts has been accounted for under the "own use" exemption, are considered executory contracts and are recognised in the consolidated financial statements when the underlying purchase or sale has occurred.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 14.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss.

Leases

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life

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and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The group has chosen not to revalue the right-of-use buildings held by the group.

Short-term leases and leases of low value assets

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Intangible assets

1) Intangible assets acquired separately

El-certificates and Guarantees of Origination (GoOs)

Holdings of el-certificates and GoOs are recognised as intangible assets in accordance with IAS 38 - Intangible Assets and measured using the cost model. The el-certificates have an infinite life and are acquired to be used to settle the el-certificate cancellation liability by remitting the respective numbers of certificates to the government (refer to accounting policy 'Provision of El-certificate cancellation liability').

Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets if, and only if all of the following conditions have been demonstrated:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Customer portfolios

Customer portfolios are recognised at fair value in the consolidated statement of financial position at the time of acquisition. The customer portfolios have a limited useful economic life and are recognised at cost less deductions for accumulated depreciation. Depreciation is calculated based on the expected customer churn rate. Fixed price elements of customer contracts are recorded as separate assets.

Fixed price customer contracts

When customer portfolios are acquired the fixed price elements of the customer contracts in the customer portfolios acquired are recognised as separate assets. Unless the fixed price element of customer contracts meets the definition of a derivative financial instrument (and recognised accordingly), they are recognised as intangible assets at fair value at the time of acquisition. The fixed price customer contracts have defined contract periods and are recognised at cost less deductions for accumulated depreciation. Depreciations follow a pattern that reflects how the acquisition value of the contracts are distributed over the remaining contract periods.

Tradenames

Tradenames acquired in a business combination are recognised at fair value at the acquisition date. Tradenames that due to contractual agreements have a finite useful life are subsequently carried at cost less accumulated amortisation and impairment losses. Tradenames that have an indefinite useful life are not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Tradenames are included in Other intangible assets in note 15.

Goodwill

Goodwill is reported as an indefinite life intangible asset at cost less accumulated impairment losses. Cost of Goodwill acquired through business combinations is measured as residual amount after allocation of purchase price to identifiable assets at fair value. All intangible assets with indefinite useful lives are tested for impairment at least once every year. Single assets can be tested more often in case there are indications of impairment.

2) Internally generated intangible assets

Software

Internal development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets if, and only if all of the following conditions have been demonstrated:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

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Directly attributable costs that are capitalised as part of software includes directly related employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditures as well as development expenditures that do not meet the criterias above are recognised as expenses within other operating expenses in the consolidated statement of profit or loss, as incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period.

Refer to note 15 for details about amortisation methods and periods used by the Group for intangible assets.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews whether there are indication that the carrying amount of the Group's tangible and intangible assets have suffered an impairment loss.

Tangible and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (the net present value of a cash flow or other benefits that the asset is expected to contribute to the generation of, through its use by the Group).

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and credit facilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss within the line Other financial items, net.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Transactions costs incurred when establishing bank overdraft facilities, revolving credit facilities, and guarantee facilities are capitalised and amortised on a straight line basis over the period from establishing the facilities to the termination date. These capitalised transaction costs are included in Other non-current financial assets in the Statement of financial position.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Onerous contract provisions are presented as non-current in the statement of financial position when the onerous contracts are not intended to be settled within 12 months of the reporting date.

Provision for El-certificate cancellation liability

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The Group's electricity retailer operations in Norway and Sweden are subject to the Norwegian-Swedish El-certificate scheme, which requires the group to purchase and cancel a fixed annual quota of El-certificates for every MWh of power sold to end users in Norway and Sweden.

The annual quotas are determined by the Norwegian and Swedish governments before the relevant year starts. All el-certificates necessary to meet the Group's certificate obligation are either purchased in the spot market, or by entering into forward contracts.

Provisions for the el-certificate cancellation liabilities are estimated based on actual delivered volume required to be covered by el-certificates. The Group accounts for these provisions using the net liability approach. There is no specific guidance on such schemes under IFRS; however, the net liability approach is one of the commonly used approaches adopted. Hence, the part of the cancellation liability that is covered by the Group's holdings of el-certificates is measured at the cost of acquired el-certificates, the part covered by forward contracts is measured at contractual price of el-certificates, while any liability in excess of those amounts is recognised at fair value of the el-certificates that are required to be purchased (applicable when level of el-certificates acquired directly or through forward contracts are not sufficient to offset estimated number of certificates to be handed over to the government).

The cancellation liability is presented within other current liabilities and any el-certificates on hand at year end are presented as part of Intangible assets. The corresponding cost is recorded as part of Direct cost of sales as it is considered an incremental cost of power purchased.

Employee benefits

Pension schemes and pension obligations

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined benefit pension plans

Defined benefit schemes entitles employee members to defined future benefits. These benefits are normally dependent on the number of years of service, the salary level at retirement age and the portion of benefits that are paid by the national insurance. The defined benefit pension obligations may be covered by plan assets invested through an insurance company (funded plan).

The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in Pension expenses which is part of Personnel expenses in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed defined contributions into a separate entity (a fund). The entity has no further payment obligations once the contributions have been paid. The contributions are recognised in Pension expenses which is part of Personnel expenses in the statement of profit or loss when they are due.

Share-based compensation

Employee share options at Fjordkraft represents rights for employees to buy shares in the company at a future date at a predetermined exercise price. To exercise the Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.

The fair value of the employee services received in exchange for the allotment of options is recognised as an expense over the vesting period based on the fair value of the options. On each balance date, the Group revises its estimates of the number of options that are expected to be exercisable. Any adjustments will be recognised in the income statement and corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Dividends

Provision is made for the amount of any dividend declared, appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing:

the profit attributable to owners of the company, excluding any costs of servicing

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equity other than ordinary shares
by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 13)

Diluted earnings per share:
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Government grants

Companies within the Group may be entitled to claim refunds / grants for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research & Development tax incentive scheme "SkatteFUNN").

Government grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the consolidated statement of profit and loss on a systematic basis over the periods in which the Group recognises the corresponding expenses for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised by deducting the grant from the carrying amount of the asset. The grant is recognised in the Consolidated statement of profit or loss over the life of the depreciable asset as a reduced depreciation expense.

Government grants that are receivable as compensation for expenses or losses already incurred with no future related costs to be incurred by the Group are recognised in the Consolidated statement of profit or loss in the period in which they become receivable.

Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

Comparable figures and reclassifications

The consolidated statements of profit or loss, comprehensive income, financial position, equity, cash flow and notes provide comparable information in respect of the previous period. The following changes in comparable figures have been made for 2021:

Presentation of derivative financial instruments in statement of financial position

All derivative financial instruments, including both derivative financial assets and derivative financial liabilities, have previously been presented as currents assets or current liabilities respectively in the statement of financial position. From 2021 derivative financial instruments that are not intended to be settled within 12 months of the reporting date are presented as non-current. The comparative figures for 31 December 2020 in the statement of financial position have been restated, with NOKt 68 520 for non-current Derivative financial assets and NOKt 86 966 for non-current Derivative financial liabilities.

Presentation of unrealised gains and losses on derivative financial instruments in statement of profit or loss

Unrealised gains and losses on derivative financial instruments have previously been reported as Other gains and losses, net in the statement of profit or loss. From 2021 unrealised gains and losses on derivative financial instruments that are
customer contracts are presented as Revenue (Comparable figures for 2020 have been restated with NOKt -65 848 (losses)), and
heding contracts are presented as Direct cost of sales. (Comparable figures for 2020 have been restated with NOKt 397 387 (gains)).

Presentation of onerous contract provisions in statement of financial position

Onerous contract provisions have previously been presented as part of Other current liabilities in the statement of financial position. From 2021 Onerous contract provisions are presented as seperate line items in the statement of financial position. When the onerous contracts are not intended to be settled within 12 months of the reporting date, the provisions are presented as non-current. The comparative figures for 31 December 2020 in the statement of financial position have been restated, with NOKt 7 883 for non-current onerous contract provisions and NOKt 70 632 for current onerous contract provisions.

Presentation of changes in onerous contract provisions in statement of profit or loss

Changes in onerous contract provisions have previously been reported as part of Impairment and change in provision for onerous contracts in the statement of profit or loss. From 2021 changes in onerous contract provisions relating to contracts for the purchase and sale of electricity are presented as Direct cost of sales. Comparable 2020 figures have been restated with NOKt 71 023.

Change in statement of financial position from reported in quarterly financial statement.

Due to recalculation of the fair value of derivative financial instruments and onerous contract provisions, total assets and total liabilities are both increased by NOKt 577 078, compared to the figures reported in the Q4 2021 quarterly financial statement.

Note 2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The areas involving significant estimates or judgements are:

1) Onerous contract provisions

At each reporting date, management assesses if there are contracts in which the unavoidable costs of meeting the Group's obligations under the contract exceed the economic benefits expected to be received in accordance with IAS 37.

The Group has significant portfolios of fixed price power contracts with end user customers where the volume is not fixed. These customer contracts do not qualify to be recognised as financial instruments. The price risk in these fixed price customer contracts are hedged with financial electricity derivatives which however are recognised as financial instruments. When hedging the price risk from these fixed price contracts, the electricity volume expected to be delivered on the fixed price contracts is estimated. To manage the volume risk in customer contracts without fixed volume the volume estimates are periodically updated, and the portfolios of hedging derivatives are rebalanced accordingly. The remaining risk exposure is taken into account when pricing these customer contracts. Please see note 8 for more information regarding the Group's different product types and related market risks.

Fixed price customer contracts are assessed as onerous contracts if the estimated unavoidable costs of purchasing the estimated power volumes to be delivered on these contracts exceed the fixed price to be received from the costumers. The hedged forward power prices in the corresponding portfolios of derivative hedge contracts are however not taken into consideration when estimating the unavoidable costs as hedge accounting is not applied. Please see note 18 for details of the movement in provisions for onerous contracts.

2) Impairment of goodwill and intangible assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once every year. Single assets can be tested more often in case there are indications of impairment. The recoverable amounts of the cash-generating units are determined based on value in use calculations. The cash-generating units equal the reportable segments.

Value in use is calculated using the discounted cash-flow model and based on a five-year forecast made by Group management. The preparation of the forecast requires a number of key assumptions such as growth in net revenue and operating expenditure. The cash flow for the fifth year is used as the base for the sixth year and onwards in perpetuity. The discount rates used are, amongst other things, based on risk-free 10-year government bond rate, observed market risk premium, industry-specific risk premium and the Group's cost of debt. For the calculation of the in-perpetuity value, Gordon's growth model is used. According to Gordon's model, the terminal value of a growing cash flow is calculated as the starting cash flow divided by cost of capital less the growth rate. Please see note 15 for more details regarding impairment testing of goodwill at year end.

3) Recognition of deferred tax asset for tax losses carried forward

Deferred tax assets include an amount which relates to carried-forward tax losses of the subsidiary Switch Nordic Green AB. The subsidiary has incurred substantial accumulated tax losses in its operations in both Sweden and Finland in periods prior to when Fjordkraft acquired this entity in November 2020. The Group has concluded that a portion of the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The majority of tax losses carried

Note 2
Significant accounting judgements, estimates and assumptions

forward are losses in Sweden which can be carried forward indefinitely and have no expiry date. The tax losses in Finland expires after ten years. Please see note 12 for more details regarding deferred tax asset recognised in the Statement of financial position.

4) Defined benefit occupational pension scheme

The Group has a defined benefit pension scheme for employees born before 1963, and a defined contribution pension scheme for employees born from 1963.

The cost of the defined benefit pension scheme and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date. Please see note 17 for details of the assumptions used in the actuarial valuation of defined benefit pension obligations.

5) Gross vs. net presentation

When evaluating the classification and presentation of revenue transactions with customers, management make judgement to what extent the Group in fact controls the specific goods and services before it is transferred to the customers. In making the judgement, management applies indicators set out in IFRS 15, of which key indicators are:

- is the Group primarily responsible for fulfilling the promise to provide the specified goods or services,
- does the Group have inventory risks before or after transferring goods or services to the customer,
- does the Group have discretion in establishing prices for the specific goods or services.

Following the detailed evaluation of these criteria, management is satisfied that the classification and presentation of revenue from sale of our various products and services are appropriate.

6) Determining the amount of the costs incurred to obtain or fulfil a contract with a customer

In determining which sales commissions represents incremental costs to obtain a contract, management evaluates the various type of sale commissions. A determining factor is to what extent the costs have led to a new contract being signed by the customer. Management also make judgment in determining the amortisation rate that provides the best match for the economic benefits the Group derives from these new contracts. A detailed analysis have been carried out to identify how long the various customers remain with the signed contract before cancelling the contract. Following the detailed review and evaluation of the historical behavior of these customers, management is satisfied that the amortisation method used provides the best allocation of these costs.

7) Hedge accounting

The group applies hedge accounting when accounting for financial electricity derivatives which are designated to hedge the area price risk associated with forecast power purchase expenses in each of the five different price areas in Norway (NO1, NO2, NO3, NO4, and NO5). The designated financial electricity derivatives are in general forward contracts with an underlying asset that is either
i) the Nordic system price (system price forward contract),
ii) an area price (area price forward contract), and / or
iii) the difference between the Nordic system price and an area price (EPAD contract).

Assessing whether the qualifying criterias for hedge accounting are met requires the use of judgment, in particular when
a) assessing whether system price risk constitutes a risk component of area price risk in accordance with IFRS 9.6.3.7.a, and
b) when assessing whether hedging of area price risk in price areas NO3 and NO4 will be sufficiently effective (IFRS 9.6.4.1.c) when system price forward contracts are the designated hedging instruments.

When assessing IFRS 9.6.3.7.a, the group's assessment is that when hedging area price risk in price areas where the difference between area price and system price is expected to be positive, system price forward contracts does qualify to be designated as a hedging instrument to hedge the area price risk in forecast cash flows for power purchases, but only for variability due to change in system price. This assessment applies to the price areas NO1, NO2, and NO5 (in southern Norway). The assessment does however not apply when designating system price forward contracts to hedge the area prices in price areas NO3 and NO4 in northern Norway.

When system price forward contracts are designated for hedging area price risks in forecast power purchases in NO3 and NO4, the hedged item is therefore defined to include all variability in the forecast cash flow. The group's assessment is that there is a sufficient economic relationship between the hedging instrument and the hedged item (all variability in the area price) for the hedging relationship to qualify for the hedge effectiveness requirement in IFRS 9.6.4.1.c. Please see note 9 for details and further description regarding hedge accounting.

Note 3 Segment information

Disaggregation of revenue from contracts with customers

Operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The Board of Directors examines the Group's performance from a type of services perspective. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The Group's reportable segments under IFRS 8 - "Operating Segments" are therefore as follows:

- Consumer segment - Sale of electrical power and related services to private consumers in Norway
- Business segment - Sale of electrical power and related services to business consumers in Norway
- Nordic segment - Sale of electrical power and related services to consumers in Finland and Sweden.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity. No operating segments have been aggregated in arriving at the reportable segments of the Group. The principal categories of customers are direct sales to private consumers, business consumers and alliance partners.

The segment profit measure is adjusted operating profit which is defined as operating profit earned by each segment without the allocation of: acquisition related costs and other one-off items, estimate deviations from previous periods, unrealised gains and losses on derivatives, impairment of intangible assets, depreciation of acquisitions, and change in provisions for onerous contracts. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The accounting policies of the reportable segments are the same as the Group's accounting policies.

All of the Group's revenue is from external parties and is from activities currently carried out in Norway, Sweden and Finland. There are no customers representing more than 10% of revenue.

The tables below is an analysis of the Group's revenue and profit by reportable segment. New growth initiatives comprise of other business activities (sale of mobile service to private customers and power sale, included related services, to Alliance Partners) which are not considered separate operating segments.

Note 3
Segment information

2021

NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total
Revenue adjusted **	7 802 881	5 257 664	1 773 888	14 834 434	365 732	15 200 165
Direct cost of sales adjusted	(6 704 802)	(4 796 617)	(1 710 899)	(13 212 318)	(287 350)	(13 499 669)
Net revenue adjusted	**1 098 079**	**461 048**	**62 989**	**1 622 116**	**78 382**	**1 700 496**
Personnel and other operating expenses adjusted	(586 248)	(159 441)	(70 661)	(816 349)	(83 634)	(899 993)
Depreciation and amortisation adjusted	(164 206)	(27 213)	(17 931)	(209 350)	(5 105)	(214 455)
Total operating expenses adjusted	**(750 454)**	**(186 654)**	**(88 592)**	**(1 025 699)**	**(88 740)**	**(1 114 448)**
Operating profit adjusted	**347 625**	**274 394**	**(25 603)**	**596 417**	**(10 357)**	**586 048**
Acquisition related costs						(1 034)
Other one- off items						3 387
Depreciation of acquisitions ***						(188 629)
Estimate deviations						11 515
Unrealised gains and losses on derivatives						1 088 469
Change in provisions for onerous contracts						(996 739)
Impairment of intangible assets						(9 762)
Operating profit (EBIT)						**493 256**

* Comprise of other business activities (sale of mobile services to private customers and power sale, included related services, to Alliance partners) which are not considered separate operating segments.

** Note 4 (Revenue recognitions) shows the breakdown from Revenue adjusted to Total revenue.

*** Depreciation of acquisitions consists of depreciations of customer portfolios acquired seperately and recognised as intangible assets, and depreciations of customer portfolios and other intangible assets recognised as part of a business combination.

NOK in thousands	2021
TrønderEnergi Marked acquisition	(10 434)
Oppdal Everk Kraftomsetning acquisition	(2 289)
Vesterålskraft Strøm acquisition	(1 936)
Innlandskraft acquisition	(128 650)
Troms Kraft Strøm acquisition	(42 031)
Troms Kraft Strøm acquisition - Depreciation of fixed price customer contracts (see note 18)	-
Other customer acquisitions	(3 289)
Depreciation of acquisitions	**(188 629)**

Note 3
Segment information

2020

NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total
Revenue adjusted **	2 144 219	1 479 533	263 894	3 887 645	295 716	4 183 361
Direct cost of sales adjusted	(1 039 480)	(1 102 666)	(245 954)	(2 388 101)	(251 775)	(2 639 876)
Net revenue adjusted	**1 104 738**	**376 866**	**17 940**	**1 499 544**	**43 941**	**1 543 486**
Personnel and other operating expenses adjusted	(531 316)	(149 062)	(9 256)	(689 634)	(74 378)	(764 012)
Depreciation and amortisation adjusted	(138 226)	(21 557)	(2 932)	(162 715)	(8 481)	(171 196)
Total operating expenses adjusted	**(669 542)**	**(170 619)**	**(12 188)**	**(852 349)**	**(82 859)**	**(935 208)**
Operating profit adjusted	**435 196**	**206 247**	**5 752**	**647 194**	**(38 918)**	**608 278**
Acquisition related costs						(42 213)
Other one- off items						1 716
Depreciation of acquisitions ***						(128 175)
Estimate deviations						22 521
Unrealised gains and losses on derivatives						331 539
Change in provisions for onerous contracts						(71 023)
Impairment of intangible assets						(197 470)
Operating profit (EBIT)						**525 172**

* Comprise of other business activities (sale of mobile services to private customers and power sale, included related services, to Alliance partners) which are not considered separate operating segments.

** Note 4 (Revenue recognitions) shows the breakdown from Revenue adjusted to Total revenue.

*** Depreciation of acquisitions consists of depreciations of customer portfolios acquired seperately and recognised as intangible assets, and depreciations of customer portfolios and other intangible assets recognised as part of a business combination.

NOK in thousands	2020
TrønderEnergi Marked acquisition	(20 718)
Oppdal Everk Kraftomsetning acquisition	(3 148)
Vesterålskraft Strøm acquisition	(2 261)
Innlandskraft acquisition	(36 254)
Troms Kraft Strøm acquisition	(7 037)
Troms Kraft Strøm acquisition - Depreciation of fixed price customer contracts (see note 18)	(52 910)
Other customer acquisitions	(5 847)
Depreciation of acquisitions	**(128 175)**

Note 4 Revenue recognition

The following table summarises revenue from contracts with customers:

Timing of revenue recognition
Over time:

NOK in thousands	2021	2020
Revenue - Consumer segment	7 697 878	2 090 297
Revenue - Business segment	5 219 008	1 453 829
Revenue - Nordic segment	1 773 888	263 894
Revenue - New growth initiatives	360 175	293 952
Total revenue recognised over time	**15 050 949**	**4 101 972**
At a point in time:		
Revenue - Consumer segment	105 003	53 921
Revenue - Business segment	38 657	25 704
Revenue - Nordic segment	-	-
Revenue - New growth initiatives	5 557	1 764
Total revenue recognised at a point in time	**149 217**	**81 389**
Total revenue from contracts with customers (Revenue adjusted)	**15 200 165**	**4 183 361**
Other revenue:		
Estimate deviations	8 422	29 650
Unrealised gains and losses on derivative customer contracts	(37 596)	(65 848)
Other one- off items	-	1 716
Total revenue	**15 170 991**	**4 148 879**

Note 4
Revenue recognition

Sale of electricity

The Group supplies electricity to both private and corporate end-user customers pursuant to agreed upon rates. Services are billed on a rate/KWh for the total volume consumed per month. Pursuant to the terms of the agreement, the Group has the right to invoice the customer in an amount that directly corresponds with the value to the customer of the Group's performance to date, accordingly the Company recognises revenue based on the amount billable to the customer.

Electricity Procurement Services

The Group has contracts with 'alliance partner' customers to jointly procure electricity from Statkraft AS in Norway. Services are billed on a rate per KWh of electricity procured on behalf of the alliance partner. The rate stipulated in the contract with alliance partners is based on the market price for electricity in the Norway electricity wholesale market plus a fixed markup. The Group is the agent in this transaction as it does not have control over the electricity being procured on behalf of the 'alliance' customers and accordingly recognises revenue, over time, equal to the amount of the markup billed to the alliance partners.

In addition, the Group provides certain additional services, namely procurement of el-certificates, electricity purchase contracts and derivative forward contracts and options contracts on behalf of the alliance partner, all related to the electricity management strategy of the alliance partners. Services related to procurement of electricity and related instruments are billed on a rate per KWh of volume of electricity under contract. The rate stipulated in the contract with alliance partners is based on the market price for electricity and respective instruments in the Norway electricity wholesale market plus a fixed markup. Similar to procurement above, the Group is the agent in these transactions as it does not have control over the electricity being purchased and instruments being purchased on behalf of the 'alliance 'customers. Accordingly the Group recognises revenue, over time as these services are delivered, equal to the amount of the markup billed to the alliance partners.

The Group also provides invoicing, revenue reporting, collection and closely related services for some of the alliance partners. The fees depend on the type of service and can be fixed monthly, fixed annually and / or fixed fees per transactions. With respect to these deliveries the Group is not an agent and revenue is recognised, over time or at a point in time corresponding to the Group's performance obligations for respective services.

Subscription – mobile phone services

The Group offers mobile phone subscriptions to private consumers, and charges a fixed price per month for use of text messaging, call and data services. The customers pay a monthly fixed amount on each subscription and any unused data can be rolled over to the next month. The data that is rolled over can not exceed the total data amount indicated in the customers subscriptions. The customer is invoiced monthly in advance for the fixed amount, while any consumption not included in the fixed monthly price is invoiced in arrears. Data usage is accounted for as a separate performance obligation and fixed monthly fee is allocated to data services based on estimated expected cost plus margin.

Customers that have a contract for delivery of electricity with the Group, are also provided with a discount on their mobile phone subscription. In accordance with IFRS 15.82, the monthly discount is allocated exclusively to mobile phone services on a stand-alone selling price basis, as the same discount is also offered to other customers on a regular basis.

Revenue from messaging and call services are recognised in the month they are billed, reflecting the consumer's consummation of the services as the customer receives a fixed amount to use each month and cannot transfer unused amounts to the next period. Revenue from data is recognised over time reflecting the actual use of data by the customer. To the extent the customer do not use all of the data in a given period, the Group recognises a liability, unearned revenue, which is released to revenue as and when the customer consummate this data.

Other Services

Other services revenue consist primarily of revenues from:

- Insurance sales;
- Subscription revenue - tools; and
- Other miscellaneous products and services.

As it relates to insurance sales, the most significant judgment is determining whether the Group is the principal or agent for insurance sales made by the Group. The reported revenues from these transactions are made on a net basis because the performance obligation is to facilitate a transaction between the third party insurance company and end users, for which the Group earns a commission for connecting the customer with the insurance company and a markup for the invoicing and collection on behalf to the insurance company. Consequently, the portion of the gross amount billed to end users for premium that is remitted to the insurance company is not reflected as revenues.

The Group charges a fixed fee for access

Note 4
Revenue recognition

to tools and these contracts are typically on a month-to-month basis (with no specified minimum term). Accordingly the Group recognises revenue for the monthly amount billable to the customer.

Contracts with Multiple Performance Obligations

The Group periodically enters into contracts, or multiple contracts at or near the same time, with its customers in which a customer may purchase a combination of Electricity services and other services, such as procurement solutions or professional services. These contracts include multiple promises that the Group evaluates to determine if the promises are separate performance obligations. Once the Group determines the performance obligations, the Group determines the transaction price, which includes estimating the amount of variable consideration to be included in the transaction price, if any. The Company then allocates the transaction price to each performance obligation in the contract based on a relative stand-alone selling price method or using the variable consideration allocation exception if the required criteria are met. The corresponding revenues are recognised as the related performance obligations are satisfied as discussed in the revenue categories above.

Cost to obtain Contracts

The Group capitalises commission expenses paid to external sales personnel that are incremental to obtaining customer contracts. The judgments made in determining the amount of costs incurred include whether the commissions are in fact incremental and would not have occurred absent the customer contract. Costs to obtain a contract are amortised over the expected period of benefit that has been determined to be approximately 36 months, presented as part of Depreciation and amortisation.These costs are periodically reviewed for impairment.

The following table summarises assets recognised from the cost to obtain a contract:

NOK in thousands	2021	2020
Balance as at 1 January	172 656	159 235
Additions	264 152	137 280
Amortisation during the year	(146 773)	(123 860)
Currency translation differences	(2 307)	-
Balance as at 31 December	**287 728**	**172 656**

Contract Balances

The Company receives payments from its customers based on billing schedules established in each contract. Up-front payments and fees are recorded as deferred revenue upon receipt or when due, and may require deferral of revenue recognition to a future period until the Company performs its obligations under these arrangements. Amounts are recorded as accounts receivable when the Company's right to consideration is unconditional (when the customer obtains control of promised goods or services).

The Company does not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the customer and the transfer of the promised goods or services to the customer will be one year or less.

Note 4
Revenue recognition

The following table presents changes in the Company's contract assets and liabilities during the year ended 31 December, 2020 and 2021:

Contract assets

NOK in thousands	2021	2020
Balance as at 1 January	787 514	978 230
Revenue recognised from performance obligations satisfied in previous periods	8 422	29 650
New contract assets during the period less transfer to receivables	3 120 109	(391 819)
Addition through acquisition of subsidiaries	-	171 688
Currency and other effects	(11 287)	(235)
Balance as at 31 December	**3 904 758**	**787 514**

Contract liabilities

NOK in thousands	2021	2020
Balance as at 1 January	124 043	66 227
Revenue recognised that was included in opening balance	(124 043)	(66 227)
New contract liabilities less transfer to revenue	47 280	110 351
Addition through acquisition of subsidiaries	-	13 692
Currency and other effects	-	-
Balance as at 31 December	**47 280**	**124 043**

Transaction Price Allocated to Future Performance Obligations

IFRS 15 requires that the Group disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as 31 December 2021 and 31 December 2020. The guidance provides certain practical expedients that limit this requirement. Majority of the Groups contracts meet either of the following practical expedients provided by IFRS 15 and accordingly the Group has applied this practical expedient.

The performance obligation is part of a contract that has an original expected duration of one year or less.
The entity recognises revenue from its satisfaction of the performance obligations in the amount billable to the customer in accordance with paragraph B16 of IFRS 15.

Concentrations of Credit Risk

The Group do not have any customers that comprised more than 10% of the Group's revenue for year ended 31 December 2021 and 31 December 2020.

As of 31 December 2021 and 31 December 2020 the Group do not have significant customers that comprises more than 10% of accounts receivable.

Note 5 Direct cost of sales

NOK in thousands	2021	2020
Purchase of electrical power and el certificates	13 176 249	2 374 976
Other direct cost of sales	297 885	270 583
Interest compensation for extended credit days electricity purchase	22 442	1 445
Change in provisions for onerous contracts	996 739	71 023
Unrealised gains and losses on derivative hedge contracts	(1 126 064)	(397 387)
Total direct cost of sales	**13 367 251**	**2 320 641**

Other indirect cost related to generating revenue are not included within direct costs of sales for 2021 and 2020 as they are not material and is included within other operating expenses in the consolidated statements of profit or loss. Management review and evaluate this on an annual basis.

The interest compensation for extended credit days related to electricity purchase from Statkraft Energi AS, the Group's main supplier of electrical power, is recorded in direct cost of sales. The Group's agreement with Statkraft Energi AS allows for payment terms of 30 days , of which the oustanding balance is interest-bearing from day 1. Fjordkraft also has the right to postpone the payments by an additional 30 days if their current cash in hand does not cover the liability. The agreement expires in April 2024.

As at 31 December 2021, the interest bearing balance with Statkraft Energi AS was NOKt 3 851 298 (31 December 2020 was NOKt 350 165).

The Group presents this interest expense as part of direct cost of sales as it consider this a cost directly related to the purchase of electrical power.

Note 6 Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets

NOK in thousands	Notes	2021	2020
Financial assets at amortised cost			
Trade receivables *	6(a)	1 351 501	689 413
Other non-current financial assets	6(a)	54 784	63 877
Cash and cash equivalents	6(d)	306 627	599 348
Derivative financial instruments			
Designated as hedging instruments for accounting purpose	7,8,9	-	-
Classified as held for trading for accounting purpose	7,8	2 026 836	193 175
Total financial assets		**3 739 748**	**1 545 813**

* excludes contract assets

Financial liabilities

NOK in thousands	Notes	2021	2020
Liabilities at amortised cost			
Trade and other payables	6(b)	4 516 589	1 029 604
Overdraft facilities	6(c)	-	29 400
Interest-bearing debt	6(c)	813 709	906 508
Derivative financial instruments			
Designated as hedging instruments for accounting purpose	7,8,9	78 962	-
Classified as held for trading for accounting purpose	7,8	879 465	110 616
Total financial liabilities		**6 288 725**	**2 076 128**

Note 6
Financial assets and financial liabilities

Offsetting financial assets and financial liabilities:

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where Fjordkraft currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. When offsetting financial assets and liabilities, the unit of account applied is the individual identifiable cash flows of the financial instruments. The unit of account for offsetting Electricity derivaties is thus monthly settlements of such derivatives.

The following table presents the recognised financial instruments that are offset.

2021
Financial assets

NOK in thousands	Gross amount	Gross amount set off	Net amount
Derivative financial instruments			
Electricity derivatives	3 019 674	(992 838)	2 026 836
Other derivatives	-	-	-
Total derivative financial assets	**3 019 674**	**(992 838)**	**2 026 836**

Financial liabilities

NOK in thousands	Gross amount	Gross amount set off	Net amount
Derivative financial instruments			
Electricity derivatives	1 950 020	(992 838)	957 182
Other derivatives	1 245	-	1 245
Total derivative financial liabilities	**1 951 265**	**(992 838)**	**958 427**

Financial Statement Impact:
The Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of profit or loss:

NOK in thousands	Notes	2021	2020
Interest from assets held at amortised cost		12 801	16 814
Interest expense from liabilites at amortised cost		(42 583)	(11 982)
Net impairment expense recognised on trade receivables*	6(a)	(22 348)	(22 713)
Unrealised gains and losses on derivative financial instruments	4,5,9	1 088 469	331 539
Total net foreign exchange gains(losses) recognised in other financial items	11(b)	(7 648)	(10 356)
Total financial income and expense		**1 028 692**	**303 302**

* Impairment expense on trade receivables is recognised as "Other operating expenses" in the Consolidated statement of profit or loss

6(a) Trade receivables and Other non-current financial assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. Trade receivables are generally due for settlement within 30 days. No interest is charged on outstanding trade receivables, unless it is past due date.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). In 2021, the Group has made a change in the estimation technique used for estimating expected credit loss. For customers in the business segment, the expected credit losses on trade receivables are still estimated using a provision matrix by grouping trade receivables based on reference to past default experience for the group of customers. For customers in the consumer segment, the expected credit losses on trade receivables are now estimated by an individual assessment of each specific customer performed by the Group's Debt Collection Service provider. The customer's current financial position, adjusted for factors that are specific to the customers', general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, are all factors that are taken into account when measuring ECL.

The effect of changing the estimation technique is a reduction in the loss allowance provision of NOKt 11 763 as at 31 December 2021. The effect in future periods is not disclosed as it is impracticable to estimate.

To account for Covid-19 effects the Group made an additional loss allowance provision of NOKt 10 800 in 2020. During 2021 most of the Government's restrictions has been lifted and macroeconomic conditions have started to normalise. After an updated assessment of credit risk due to Covid-19 in 2021, the additional loss allowance provision was removed.

There has been no other changes in the estimation techniques or significant assumptions made during the current and prior reporting periods.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one years past due, whichever occurs earlier. The trade receivables that have been written off are still subject to collection processes.

6(a)
Trade receivables and Other non-current financial assets

The following table details the risk profile of trade receivables based on the Group's provision matrix.

2021

	Loss allowance provision - Days past due							
NOK in thousands	**Current**	**31-60 days**	**61-90 days**	**91-120 days**	**121-180 days**	**More than 180 days**	**Total**	**Gross nominal amount**
Trade receivables - Power sales - Consumer customers	6 223	710	395	531	282	20 104	28 244	894 503
Trade receivables - Power sales - Business customers	1 414	445	102	768	1 155	12 638	16 522	500 113
Trade receivables - Mobile sales - Consumer customers	2	1	66	63	111	204	447	2 099
Total Loss allowance provision	**7 639**	**1 156**	**562**	**1 362**	**1 548**	**32 946**	**45 213**	**1 396 715**

2020

	Loss allowance provision - Days past due							
NOK in thousands	**Current**	**31-60 days**	**61-90 days**	**91-120 days**	**121-180 days**	**More than 180 days**	**Total**	**Gross nominal amount**
Trade receivables - Power sales - Consumer customers	1 161	1 492	755	1 140	584	60 824	65 955	434 319
Trade receivables - Power sales - Business customers	2 279	481	215	814	762	23 429	27 981	359 340
Trade receivables - Mobile sales - Consumer customers	(0)	1	25	42	62	214	344	835
Other provisions								
Loss allowance provision related to Covid 19							10 800	
Total Loss allowance provision	**3 440**	**1 974**	**995**	**1 996**	**1 408**	**84 467**	**105 080**	**794 493**

6(a)
Trade receivables and Other non-current financial assets

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS:

NOK in thousands	2021	2020
Opening balance, 1 January	105 080	75 837
Additions from business combinations	-	7 778
Loss allowance recognised in profit or loss for the period	(59 543)	21 594
Currency translation difference	(324)	(129)
At 31 December	**45 213**	**105 080**

The movement in lifetime ECL in 2021 is mainly due to removal of the additional loss allowance provision related to Covid-19, changes in the Group's CRM system related to write-offs (overdue receivables previously included in loss allowance provision was written off) and the change in estimation techinque described above.

NOK in thousands	2021	2020
Receivables written off	53 846	6 998
Movement in provision for impairment	(59 543)	21 594
Received payment on previously written off receiavbles	(16 651)	(5 878)
Net impairment expense recognised on trade receivables	**(22 348)**	**22 713**

Other non-current financial assets

The other non-current financial assets in the consolidated statement of financial position comprise of the following:

NOK in thousands	2021	2020
Loan to employees*	16 251	17 218
Other long term receivables from customers**	21 711	17 828
Capitalised transaction costs***	11 240	14 408
Cash collateral - Nasdaq Default Fund	-	10 899
Other	5 582	3 523
Total	**54 784**	**63 877**

* Loans to employees include next year's installments. Installments in 2021 amount to NOKt 2 594.
** Customers who purchase Fjordkrafts home charger for electrical vehicle can repay this over the electricity bill. The repayment plan is 36 months. Fjordkraft has a lien in the home charger until it is repaid.
*** Transaction costs related to establishing the RCF, the guarantee facility and the overdraft facility, see more details in note 6 (c).

6(b) Trade and other payables

Current liabilities

NOK in thousands	2021	2020
Trade and other payables	4 516 589	1 029 604

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The Group's agreement with Statkraft Energi AS allows for payment terms of 30 days , of which the oustanding balance is interest-bearing from day 1. Fjordkraft also has the right to postpone the payments by an additional 30 days if their current cash in hand does not cover the liability.

Fair value of trade and other payables
The carrying amount of trade and other payables are considered to be the same as their fair values due to their short-term nature.

6(c) Credit facilities

NOK in thousands	Effective interest rate	2021	2020
Term loan	NIBOR 3 months + 1,75 %	819 875	913 575
Total principal amounts		**819 875**	**913 575**

Credit facilities agreement
In September 2020 Fjordkraft entered into a new facilities agreement, which includes the following credit facilities;
- a NOKt 1 000 000 term loan - the acquisition facility
- a NOKt 500 000 revolving credit facility
- a NOKt 2 250 000 guarantee facility
- a NOKt 1 000 000 overdraft facility

The term loan - NOKt 1 000 000 - The acquisition facility
In November 2021 Fjordkraft used the option to extend the termination date of the loan, the new termination date of the loan is in September 2024. Fjordkraft has the option to extend the termination date by another period of twelve months. Each term loan drawn upon the facility is to be repaid in quarterly repayments of 2,5 % of the original amount of the term loan, with the remainder being repaid in full on the termination date. The reference interest rate is NIBOR.
NOKt 460 000 was drawn upon this facility in September 2020, in order to repay a former term loan, and to partly finance the aquisition of Innlandskraft AS. In November 2020 additional NOKt 477 000 was drawn upon the facility in order to partly finance the aquisition of Troms Kraft Strøm AS. The term loan principals are being repaid in quarterly instalments of total NOKt 23 425. The first quarterly instalment was repaid in December 2020. At 31 December 2021 the remaining term loan principal balance is NOKt 819 875

The loan instalments of NOKt 93 700 that are due the next twelve months have been reclassified from interest-bearing long term debt to interest-bearing short term debt, which is included in other current liabilities in the statement of financial position

The revolving credit facility - NOKt 500 000 - The RCF
The revolving credit facility is available up until one month before the termination date. In November 2021 Fjordkraft used the option to extend the termination date, the new termination date is in September 2024. Fjordkraft has the option to extend the termination date by another period of twelve months. Any drawings for the purpose of financing permitted acquisitions shall be converted into term loan drawings with the same repayment profile as the acquisition facility, and amounts so converted shall not be available for re-drawing.

At 31 December 2021 the total revolving credit facility of NOKt 500 000 is undrawn.

6(c)
Credit facilities

The guarantee facility - NOKt 2 250 000
The purpose of the guarantee facility is the issuance of guarantees and letters of credit for the general corporate and working capital purpose of the group, hereunder gurantees related to re-invoicing agreements with grid owners, property rental agreements and so on. In November 2021 Fjordkraft used the option to extend the termination date, the new termination date is in September 2024. Fjordkraft has the option to extend the termination date by another period of twelve months. At 31 December 2021 guarantees of total NOKt 2 024 135 are issued under the guarantee facility.

The overdraft facility - NOKt 1 000 000
The overdraft facility has been renewed and is available one year from September 2021. At 31 December 2021 the overdraft facility is undrawn.

Security
The groups trade receivables has been pledged as security for all credit facilities under the new facilities agreement.

Transactions costs
Transactions costs of NOKt 9 842 related to establishing and extending the Term loan facility are recognised as part of amortised cost of the Term loan. Transaction costs of NOKt 18 305 related to establishing and extending the RCF, The guarantee facility, and the overdraft facility are amortised on a straight line basis over the period from establishing the facilities to the extended termination date.

Financial covenant
Under the new credit facility, there is a leverage covenant that applies at all times, and which shall be calculated quarterly based on consolidated numbers. A leverage ratio is to be calculated as total long term interest bearing debt to rolling 12 month EBITDA adjusted. The leverage ratio shall not exceed:
- more than 2,5 in respect of more than one quarter-end during any financial year, and
- more than 2,0 in respect of the remaining three quarter-ends during any such financial year.
Fjordkraft is in compliance with the covenant at the end of this reporting period.

Liabilities from financing activities

NOK in thousands	Interest-bearing long term debt*	Lease liability	Overdraft facilities	Total
Balance at 1 January 2020	194 600	67 943	-	262 543
Cash flows	718 975	(12 450)	29 400	735 925
New leases	-	29 398	-	29 398
Foreign exchange adjustments	-	(83)	-	(83)
Other changes	(7 067)	-		(7 067)
Balance at 31 December 2020	**906 508**	**84 808**	**29 400**	**1 020 716**
Balance at 1 January 2021	906 508	84 808	29 400	1 020 716
Cash flows	(93 700)	(19 095)	(29 400)	(142 195)
New leases	-	20 769	-	20 769
Foreign exchange adjustments	-	(167)	-	(167)
Other changes	901	-	-	901
Balance at 31 December 2021	**813 709**	**86 314**	**-**	**900 023**

* Includes installments on term loans due within 12 months (NOKt 93 700), which are presented as part of Other current liabilities in the statement of financial position, see note 19.

6(d) Cash and cash equivalents

Current assets

NOK in thousands	2021	2020
Cash at bank and in hand	306 627	599 348
Total	**306 627**	**599 348**

The above figures equals the amount of cash shown in the statement of cash flows at the end of the financial year.

Classification as cash equivalents
Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted cash
Please refer to note 23 for information about restricted cash.

Note 7 Fair value measurement of financial instruments

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2021

NOK in thousands	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	2 014 468	12 368	2 026 836
Total financial assets at fair value	**-**	**2 014 468**	**12 368**	**2 026 836**
Financial liabilities				
Derivative financial instruments	-	946 460	11 967	958 427
Total financial liabilities at fair value	**-**	**946 460**	**11 967**	**958 427**

Recurring fair value measurements At 31 December 2020

NOK in thousands	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	131 045	62 130	193 175
Total financial assets at fair value	**-**	**131 045**	**62 130**	**193 175**
Financial liabilities				
Derivative financial instruments	-	96 045	14 571	110 616
Total financial liabilities at fair value	**-**	**96 045**	**14 571**	**110 616**

Note 7
Fair Value

There were no transfers between level 1 and 2 for recurring fair value measurements during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities. Changes in assets and liabilities measured at fair value based on level 3 during the year are presented in the tables below.

Valuation techniques used to determine fair values

Specific valuation techniques used to value derivative financial instruments include present value of future cash flows, based on forward prices from Nasdaq Commodities at the balance sheet date. In the case of material long-term contracts, the cash flows are discounted at a discount rate calculated by using interest rates on Government bonds with matching maturities, added a risk premium of 0,2 percentage points. Valuation method is used for bilateral forward contracts and option contracts associated with purchase and sale of electricity. Key inputs to the valuation are discount rates, contract- and market prices.

At the beginning of 2021 level 3 inputs consisted of a) expected power price in price areas Bergen and Kristiansand, and b) expected power price on contracts with maturity more than five years from the reporting date, as the market for corresponding forward contracts is considered illiquid. During 2021 Nasdaq Commodities listed EPAD (Electricity Price Area Differential) contracts for the price areas Bergen and Kristiansand, thus expected power prices in these price areas are no longer considered to be level 3 input. All affected electricity derivatives are transferred to level 2.

The fair value of cash and cash equivalents, trade receivables, other non-current financial assets and trade and other payables approximate their carrying value.

Note 7
Fair Value

Assets and liabilities measured at fair value based on level 3

At 31 December 2021

NOK in thousands	Assets	Liabilities	Total, net
Opening balance 1 January 2021	62 130	14 571	47 559
Transferred to level 2 (se above)	(183 817)	(160 623)	(23 194)
Additions or derecognitions	-	(4 122)	4 122
Unrealised changes in value recognised in profit and loss	134 055	162 142	(28 087)
Closing balance 31 December 2021	**12 368**	**11 967**	**400**

Net realised gain (+) / loss (-) recognised in profit and loss 2021 **80 656**

At 31 December 2020

NOK in thousands	Assets	Liabilities	Total, net
Opening balance 1 January 2020	28 399	24 220	4 179
Additions or derecognitions	(2 087)	(7 422)	5 335
Unrealised changes in value recognised in profit and loss	35 818	(2 227)	38 045
Closing balance 31 December 2020	**62 130**	**14 571**	**47 559**

Net realised gain (+) / loss (-) recognised in profit and loss 2020 **(9 456)**

Sensitivity analysis of factors classified to level 3

NOK in thousands	10 % reduction	10 % increase
Net effect from power prices	(865)	865

Fair value of other financial instruments

The Group also has financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. There has not been identified any significant difference between fair value and carrying amout at 31 December 2021.

Note 8 Financial risk management objectives

The Group classifies the following categories of financial risks:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk is the risk of losses arising from movements in market prices. The Group is primarily exposed to the market risks of changes in commodity prices, climate risk, interest rates, security prices and foreign currency exchange rates.

Market risk – commodity prices

The commodity price risks related to sales of electricity to end-users are primarily related to market prices for electricity, but also to market prices of el-certificates and guarantees of origination (GoOs).

When selling electricity to end users the Group offers a large scale of different product types with different pricing structures. The product types vary from spot-priced products, where the sales prices are connected to the spot price the Group pays when purchasing the electricity in the spot market, to fixed price contracts where the sales price is a fixed price for a fixed period. Fjordkraft also offers variable price contracts with or without price ceiling. The price in the variable price products can be changed with a 14 days notice period.

The different product types expose the Group to different risks, including price risk, profile risk, and volume risk. Profile risk arises when using standardized electricity derivatives, where the contractual price is fixed for all hours during the contractual period, to hedge power sales in the retail market where power prices vary from hour to hour throughout the day and week. While the majority of end-user-sales in Norway are from spot-priced product types, where there is no price-, profile- or volume risk. The majority of end-user sales in Sweden and Finland are however at fixed price contracts without fixed volume, exposing the group to both price-, profile-, and volume risks.

Whenever Fjordkraft enters into customer contracts where the electricity sales price is fixed or partially fixed, the related price risk is managed by purchasing financial electricity derivatives for hedging purposes. When hedging the price risk from fixed price contracts, the electricity volume expected to be delivered on the fixed price contracts is estimated. To manage the volume risk in customer contracts without fixed volume the volume estimates are periodically updated, and the portfolios of hedging derivatives are rebalanced accordingly. The remaining risk exposure is taken into account when pricing these customer contracts.

The Group revised its risk management strategy and policy for power purchases in the Norwegian group entities in July 2021. In the revised strategy Fjordkraft will seek to reduce price variability for a higher percentage of the future power purchases in Norway. Fjordkraft uses different derivatives to reduce variability in future power purchases, depending on availability in the market. This will support the commercial goal to reduce the number of price changes for the variable price products, at the same time acknowledging the risk that the group might not be fully able to follow the price curve in a market with reduced prices. The Group offers large business customers and Alliance partners to enter into financial power contracts, enabling them to utilize the market for financial trading of electricity to hedge the price risks in (parts of) their electricity purchases and/or sales. Any financial derivative sold to a business customer is hedged back-to-back by purchasing a corresponding financial derivative from a third party, thus any price or volume risk on these financial customer contracts is eliminated. The Group's financial electricity trade is mainly conducted through agreed bilateral frameworks with Statkraft as the main trade counter party.

When selling electricity to end users in Norway and Sweden, the Group is required to purchase and cancel el-certificates (see note 19). Further, when selling electricity on products including guarantees of origination, the Group is required to purchase and cancel GoOs. To manage risk exposure towards fluctuations in el-certificate and GoO market prices, the Group purchases el-certificates and GoOs, either in the spot market, or by purchasing forward contracts. The forward contracts are contracts with physical delivery, accounted for as own-use contracts, hence they are not recognised in the statement of financial position.

Market risk - climate risk

The market price of electricity is affected by the transition to a low-emission society (tran-

Note 8
Financial risk management objectives

sition risk). The EU's climate target plan and phase-out of fossil energy production, and investments in renewable energy with a significant share of wind power, are leading to the European power market becoming increasingly weather-dependent. This affects the market price of electricity and in 2021 there were significantly higher electricity prices and higher volatility than normal. In the long term, much more renewable energy is expected in Europe and more stable energy production, which will lead to lower electricity prices. But in a transition phase, higher electricity prices and higher volatility are expected.

Consumers have low tolerance for high electricity prices and this represents a risk for Fjordkraft. Our sustainability report contains more information about climate risk and how these are managed.

Market risk – interest rates

The Group's exposure to interest rate risk arises from variable rate credit facilities. The long term loans, the revolving credit facility, the guarantee facility and the overdraft facility described in note 6(c), are all variable rate facilities. In addition, some interest rate risk is related to short-term trade payables towards Statkraft related to purchase of electricity, and short-term receivables for customers who choose to extend their payment terms. Variable rate credit facilities, trade payables, and trade receivables expose the Group to cash flow interest rate risks. The current exposure to interest rate risk does however not warrant the use of derivative instruments, since it is not considered to be material. The Company has set out parameters to actively monitor this risk going forward.

Market risk – security prices

The Group is indirectly exposed to security price risk through its defined employee benefit obligations where parts of the pension plan assets are invested in securities. This risk is managed through investment in diversified portfolios managed by external insurance companies. For further disclosure on fair value of plan assets and risk exposure related to employee benefit obligations, please refer to note 17.

Market risk – foreign exchange rates

Following the acquisition of Troms Kraft Strøm AS and its subsidiaries' operations in Sweden and Finland, the Group increased its exposure to foreign exchange risk (primarily the Swedish Krone and the Euro). The acquisition was financed by a term loan denominated in NOK, and cash in hand.

The Group's operations however still have limited exposure to foreign exchange currency fluctuations, as the vast majority of local revenues, operating expenses and financial expenses are denominated in local currency. Through its agreement with Statkraft, the Group has the opportunity to conduct all of its physical and financial purchase of electricity in local currency.

Derivatives

All financial electricity derivatives are either financial customer contracts, or purchased for the purpose of hedging physical or financial customer contracts. Hence derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. The Group's accounting policy for cash flow hedges are set out in note 9.

Note 8
Financial risk management objectives

The group has the following derivative financial instruments:

NOK in thousands	2021	2020
Derivative financial assets		
Designated as hedging instruments for accounting purposes		
Electricity derivatives - Hedge contracts	-	-
Classified as held for trading for accounting purposes		
Electricity derivatives - Hedge contracts	1 451 547	67 086
Electricity derivatives - Customer contracts	575 289	126 089
Other derivatives	-	-
Total derivative financial assets	**2 026 836**	**193 175**
Derivative financial liabilities		
Designated as hedging instruments for accounting purposes		
Electricity derivatives - Hedge contracts	78 962	-
Classified as held for trading for accounting purposes		
Electricity derivatives - Hedge contracts	320 611	39 221
Electricity derivatives - Customer contracts	557 609	70 814
Other derivatives	1 245	581
Total derivative financial liabilities	**958 427**	**110 616**

Note 8
Financial risk management objectives

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, equals the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, see note 6.

Trade receivables consists of a large number of receivables on end-user customers, mainly households and business customers spread across diverse industries in Norway, Sweden and Finland. Except for the consumer segment in Sweden, the Group uses an external credit scoring system to assess the potential customer's credit quality before accepting any new customer. The Group uses publicly available financial information and its own trading records to rate its business customers. There are no additional loss allowance provisions related to effects on credit risk of Covid-19 recorded at year end 2021. Refer to note 6 for details of concentration of credit risk related to trade receivables.

In addition to invoicing electricity sales and other services provided to customers, the Group provides re-invoicing to customers in Norway related to grid rent on behalf of the grid owners ("gjennomfakturering"). This contributes to an increase in credit risk as the amount of trade receivables increases. The Group is required to provide letters of credit to the grid owners, guaranteeing their settlement of re-invoiced grid rent. However, the grid owners are not required to reimburse Fjordkraft for any re-invoiced grid rent not settled by the customer.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Derivative financial contracts are traded either bilaterally with third party counterparties (mainly Statkraft) or consumers. Credit risk associated with derivative financial contracts with Statkraft (and other third parties) is considered to be limited as these counterparties are highly rated state-owned enterprises. The credit risk related to derivative financial contracts with customers is managed by only offering financial contracts to customers with a sufficient credit rating, or by requiring security from the customer in the form of a deposit or a letter of credit.

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves, bank overdraft facilities and reserve credit facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Electricity purchased under the Group's electricity purchase agreement with Statkraft, which is the Group's most significant purchase agreement, are invoiced monthly in arrear, with a 30 day payment term in Norway and 45 day payment in Sweden and Finland. In addition this agreement in Norway includes a right for Fjordkraft to postpone these payments for additional 30 days if current cash in hand does not cover the liability. Details of additional undrawn facilities that the Group has at it's disposal to further reduce liquidity risk are set out in note 6(c), Credit facilities.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative- and derivative financial liabilities. The tables have been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. All electricity derivatives are settled monthly in arrear.

Note 8
Financial risk management objectives

Contractual maturities of non-derivative financial liabilities

31 December 2021

NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Trade and other payables*	4 516 589	-	-	-	-	4 516 589	4 516 589
Overdraft facilities	-	-	-	-	-	-	-
Interest-bearing long term debt	-	23 425	70 275	726 175	-	819 875	813 709
Total	**4 516 589**	**23 425**	**70 275**	**726 175**	**-**	**5 336 464**	**5 330 298**

* Ordinary trade and other payables are not interest bearing, however included in Trade and other payables are interest bearing trade payables related to the Group's electricity purchase agreement with Statkraft, the Group's main supplier of electrical power. This agreement allows for payment terms of 30 days, of which the oustanding balance is interest-bearing from day 1. Fjordkraft also has the right to postpone the payments by an additional 30 days if their current cash in hand does not cover the liability. The agreement expires in April 2024. At 31 December 2021, the interest bearing balance with Statkraft was NOKt 3 851 298 (31 December 2020 was NOKt 350 165).

Contractual maturities of derivative financial liabilities

31 December 2021

NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Electricity derivatives - Hedge contracts	-	156 742	119 148	118 184	14 930	409 004	399 573
Electricity derivatives - Customer contracts	-	292 050	152 773	116 515	891	562 228	557 609
Other derivatives	87	168	499	504	-	1 258	1 245
Total	**87**	**448 960**	**272 420**	**235 203**	**15 821**	**972 491**	**958 427**

Note 9 Hedge accounting

Cash flow hedges of forecast power purchase transactions

The group designates certain derivatives as hedges of a particular risk associated with the cash flows of highly probable forecast power purchase transactions (cash flow hedges)

Fjordkraft sells electricity with different pricing structures, while all electricity is purchased in the spot market. The majority of the customers have contracts based on spot prices. Fjordkraft also offers fixed price contracts for a defined period, and variable price contracts with or without price ceiling. The price in the variable price products can be changed with a 14 days' notice period. In the past, Fjordkraft has used options to manage risk caused by customer contracts with price ceiling, and forward contracts to manage risk for fixed price contracts and to some extent for variable rate contracts. The group revised its risk management strategy and policy for power purchases in the Norwegian group entities in July 2021. In the revised strategy Fjordkraft will seek to reduce price variability for a higher percentage of the future power purchases in Norway. This will support the commercial goal to reduce the number of price changes for the variable price products, at the same time acknowledging the risk that the group might not be fully able to follow the price curve in a market with reduced prices.

Because of the increased volume of hedging activity for future power purchases, the group decided to implement hedge accounting. This only applies to contracts entered into after the revised risk management policy. Fjordkraft uses different derivatives to reduce variability in future power purchases, depending on availability in the market. Nordic system price forward contracts is the most important hedging instrument and formal hedge documentation has been prepared for such forward contracts entered into from the beginning of Q3 2021. Starting from Q4 2021 Fjordkraft has also prepared formal hedge documentation for area price forward contracts, EPAD (Electricity Price Area Difference) forward contracts, and for combinations of system price forward contracts and EPAD forward contracts, that are all part of the same risk management strategy.

The Norwegian group entities purchase electricity in all five Norwegian price areas. The Nordic system price forward contracts are designated to the different price areas, at the inception of the hedges.

The Nordic system price is the main reference price in the Nordic electricity market, with area prices to a varying degree correlating to the system price. The three southern price areas in Norway (NO1, NO2 and NO5) are strongly correlated with both the system price and each other. There is also a high correlation for the two northern areas (NO3 and NO4), although this correlation is weaker than for the southernmost areas. Management has considered the market structure and concluded that the system price can be characterized as an identifiable and measurable component of the power price. In general, a change in the system price will cause a change in the price in all price areas and will also impact the pricing of long-term contracts in all areas. In addition, most market participants develop expectation of future prices estimating future system price and area differentials individually. This implies that the system price is an identifiable risk component in the future purchase of electricity. For price areas where the forward area price is higher than the forward system price (NO1, NO2 and NO5), the hedged item is defined as the cash flows related to future purchase of electricity in the relevant areas, but only for those changes that are attributable to changes in the system price. For the two northern price areas (NO3 and NO4) the area price has been lower than the system price during the last two quarters of 2021. For these price areas, the hedged item includes all variability in the future cash flows related to future power purchases. Changes in the price differential between area price and system price will therefore create hedge ineffectiveness in the northern price areas when the hedging instrument is a system price forward contract alone. For the three southern price areas, movements in the price differential will not cause hedge ineffectiveness.

For all price areas the hedged item is defined as the first units of electricity purchased every hour, not already designated as a hedged item in another hedge. Since only a limited portion of the total purchase volume is hedged, actual purchase volume will be significantly higher than the hourly volume of the derivatives. Because of this there will not be any timing differences causing ineffectiveness.

The accounting implications of hedge accounting for the period is summarized in the table below.

Note 9
Hedge accounting

Fair value of hedging instruments where hedge accounting is applied

31 December 2021	Fair value hedge instrument*	Effective portion in OCI*	Ineffectiveness in P&L*	Hedged volume Q1 2022**	Hedged volume Q2, Q3, Q4 2022**
Cash flow hedge of highly probable power purchase in price areas:					
South Norway (NO1, NO2, NO5)	(88 291)	(88 291)	-	451	22
Trondheim (NO3)	5 831	(2 744)	8 575	42	6
Tromsø (NO4)	3 498	(435)	3 933	16	2
Total derivatives - Cash flow hedges	**(78 962)**	**(91 470)**	**12 508**	**509**	**30**

** NOK in thousands*
*** MWh in thousand*

Change in fair value of hedging instruments where hedge accounting is applied

NOK in thousands	2021	2020
Cash flow hedge of highly probable power purchase:		
Ineffective portion, recognised in P&L, total	12 508	-
Effective portion, recognised in OCI, total	(91 470)	-
Change in fair value, total	**(78 962)**	**-**
Effective portion, recognised in OCI, net of tax (22 %)	(71 347)	-

Change in fair value for the heding instruments and fair value at the end of the reporting period equals, since all hedging instruments are aquired during 2021 and only forward contracts is used.

Ineffective portion of changes in fair value of designated hedging instruments are recognised to *Direct cost of sales* in the P&L.
Effective portion of realised gains and losses on hedging instruments are reclassified from OCI and recognised to *Direct cost of sales* in the period they are realised.

Hedging reserves

The table below shows a reconciliation of the hedging reserve in other comprehensive income related to cash flow hedges of forecast power purchase transactions.

NOK in thousands	2021	2020
Opening balance 1 January	-	-
Change in fair value of hedging instruments	(91 470)	-
Reclassified to profit or loss	-	-
Deferred tax	20 123	-
Closing balance 31 December	**(71 347)**	**-**

Note 10 Personnel expenses

NOK in thousands	2021	2020
Salaries	313 959	246 740
Social security	44 338	39 158
Pension expenses	41 678	25 678
Severance packages in acquired companies	-	12 095
Other benefits	11 084	7 491
Gross personnel expenses	**411 060**	**331 163**
- Capitalised R&D costs	(1 937)	(2 678)
Total personnel expenses	**409 123**	**328 485**
Number of full-time equivalents (FTEs) as of 31 December	**475**	**461**

For information regarding pension schemes please refer to note 17.
For information regarding management option program please refer to note 26.
For information regarding remuneration to executive management and Board of Directors please refer to note 22.

Note 11 Other operating expenses and other financial items

11(a) Other operating expenses

Other operating expenses

NOK in thousands	2021	2020
Sales and marketing costs	129 938	149 948
IT cost	103 307	49 253
Purchase of third- party services and external personnel	104 448	110 879
Net impairment expense on trade receivables and other losses	(21 113)	21 612
Professional fees *	113 995	93 323
Other operating costs	57 941	46 924
Total other operating expenses	**488 517**	**471 938**

* Includes legal fees, auditor, consultants

Auditor's remuneration

NOK in thousands	2021	2020
Statutory audit - Deloitte	4 149	2 081
Other assurance services - Deloitte	623	676
Other non-assurance services - Deloitte	-	1 324
Remuneration to other appointed auditors	-	697
Total	**4 773**	**4 778**

The Group's elected external auditor is Deloitte. Remuneration to other appointed auditors relates to statutory audits of the new subsidiaries acquired in 2020.

11(b) Other financial items, net

NOK in thousands	2021	2020
Foreign exchange gain/(losses)	(9 561)	(10 404)
Other financial expenses	(9 657)	(5 287)
Total other financial items, net	**(19 219)**	**(15 692)**

Note 12 Income tax

Specification of tax expense recognised in statement of profit or loss

NOK in thousands	2021	2020
Tax payable on profit for the year	101 687	127 032
Adjustments to prior years tax payable	3 188	4 734
Adjustments to prior years deferred tax expense (income)	(6 712)	-
Change in deferred tax/(tax asset) from recognition of deferred tax asset previously not recognised	-	(14 281)
Change in deferred tax/(tax asset) from origination and reversal of temporary differences	3 987	(3 882)
Change in deferred tax/(tax asset) from changes in tax rates or the imposition of new taxes	-	-
Tax expense recognised in statement of profit or loss	**102 150**	**113 604**

Specification of current income tax liabilities

NOK in thousands	2021	2020
Tax payable on profit for the year	101 687	127 032
Tax payable - additions from business combinations	-	2 066
Provision government grants (SkatteFUNN)	-	-
Adjustments prior years tax	6 713	-
Current income tax liabilities recognised in balance sheet	**108 400**	**129 098**

Reconciliation of statutory tax rate to effective tax rate:

NOK in thousands	2021	2020
Profit before tax	444 519	513 667
Income tax at statutory tax rate (22%)	**97 794**	**113 007**
Tax expense recognised in statement of profit or loss	102 150	113 604
Difference	**(4 355)**	**(597)**
Deferred tax expense (income) relating to changes in tax rates	-	-
Permanent differences	1 945	9 175
Adjusted deferred tax (SkatteFUNN)	-	(0)
Change in deferred tax/(tax asset) from recognition of deferred tax asset previously not recognised	7 378	(14 281)
Other changes	-	969
Adjustments prior years tax payable	(4 968)	4 734
Difference	**4 355**	**(597)**

Note 12
Income tax

Specification of basis for deferred tax

NOK in thousands	2021 Norway	2021 Sweden & Finland	2021 Total	2020 Total
Fixed assets/intangible assets	372 565	157 992	530 557	691 132
Receivables	(23 860)	-	(23 860)	(34 705)
Pension liabilities	(93 837)	-	(93 837)	(110 828)
Cost to obtain contracts	198 668	-	198 668	172 092
Provisions for onerous contracts	(16 081)	(1 045 033)	(1 061 113)	(73 048)
Other current liabilities	(5 358)	-	(5 358)	(47 901)
Derivative financial instruments	603	1 067 762	1 068 365	83 711
Leasing liabilities	-3 467	(42)	(3 509)	(3 083)
Other assets	17 449	-	17 449	21 127
Losses carried forward	(199)	(2 018 460)	(2 018 659)	(2 231 091)
Temporary differences	**446 484**	**(1 837 780)**	**(1 391 297)**	**(1 532 593)**
Tax rate	22%	20,6% / 20%		
Deferred tax/(tax asset)	98 226	(378 575)	(280 348)	(308 207)
Valuation allowance for deferred tax assets*	-	363 574	363 574	401 390
Deferred tax asset recognised in statement of financial position	**-**	**35 092**	**35 092**	**37 316**
Deferred tax recognised in statement of financial position	**98 226**	**20 091**	**118 318**	**130 499**
Net position	*(98 226)*	*15 000*	*(83 226)*	*(93 183)*

*** Valuation allowance for deferred tax asset**
There are significant tax losses carried forward in the entities in Sweden and Finland which were acquired as part of the Troms Kraft Strøm AS acquisition in 2020. A deferred tax asset related to the portion of these tax losses carried forward which are expected to be utilised by net taxable profit in the acquired businesses in Sweden (NOKt 23 576) and Finland (NOKt 11 515), was recognised as part of the purchase price allocation when accounting for the business combination. The deferred tax asset related to the remaining tax losses carried forward are not recognised in the statement of financial position at year end 2021.

Of the unrecognised deferred tax assets, NOKt 370 237 relates to losses carried forward in Sweden and NOKt 9 834 relates to losses carried forward in Finland. Tax losses in Finland may be carried forward for ten subsequent years. The tax losses carried forward in Finland are from the period between 2012 to 2014 and 2021. Utilisation of the tax losses in Sweden is without time limitation.

Note 12
Income tax

Changes in deferred tax balances

2021 NOK in thousands	1 January 2021	Changes recognised in statement of profit or loss	Changes recognised in other comprehensive income	Changes from business combinations	31 December 2021
Fixed assets/intangible assets	142 043	(38 985)	(1 002)	-	102 056
Receivables	(7 635)	2 386	--	-	(5 249)
Pension liabilities	(24 382)	(1 220)	4 958	-	(20 644)
Cost to obtain contracts	29 655	14 052	-	-	43 707
Provisions for onerous contracts	-	(3 538)	-	-	(3 538)
Other current liabilities	(10 538)	9 360	-	-	(1 179)
Derivative financial instruments	4 037	16 219	(20 123)	-	133
Leasing liabilities	(676)	(87)	-	-	(763)
Other assets	4 725	(886)	-	-	3 839
Losses carried forward	(44 045)	6 685	2 224	-	(35 136)
Total	**93 183**	**3 987**	**(13 943)**	**-**	**83 226**

2020 NOK in thousands	1 January 2020	Changes recognised in statement of profit or loss	Changes recognised in other comprehensive income	Changes from business combinations	31 December 2020
Fixed assets/intangible assets	10 420	(16 309)	(562)	148 494	142 043
Receivables	(6 376)	(8 341)	-	7 082	(7 635)
Pension liabilities	(14 094)	67	(1 995)	(8 360)	(24 382)
Cost to obtain contracts	35 614	2 750	161	(8 870)	29 655
Provisions for onerous contracts	-	-	-	-	-
Other current liabilities	2 480	(9 000)	-	(4 019)	(10 538)
Derivative financial instruments	(161)	7 179	-	(2 981)	4 037
Leasing liabilities	(433)	(214)	-	(29)	(676)
Other assets	-	4 725	-	-	4 725
Losses carried forward	-	982	264	(45 292)	(44 045)
Total	**27 451**	**(18 162)**	**(2 132)**	**86 026**	**93 183**

Note 13 Earnings per share

Earnings per share is calculated as profit/loss allocated to shareholders for the year divided by the weighted average number of outstanding shares.

Basic earnings per share

	2021	2020
Profit/(loss) attributable to equity holders of the company (NOK in thousands)	342 369	400 063
Total comprehensive income attributable to equity holders of the company (NOK in thousands)	232 026	381 790
Weighted average number of ordinary shares in issue	114 291 767	107 200 552
Earnings per share in NOK	**3,00**	**3,73**
Total comprehensive income per share in NOK	**2,03**	**3,56**
Share options (see note 26)	1 500 000	1 190 000
Diluted earnings per share in NOK	**2,96**	**3,69**
Dividend per share in NOK	**3,50**	**3,00**

The change in share options is due to extention of the share option program with one extra year (a total of 330 000 new share options) and and second and fourth vesting periods where a total of 20 000 share options were exercised.

Note 14 Property, plant and equipment

2021

NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2021	16 830	26 613	-	43 443
Additions	70	738	1 917	2 725
Additions from business combinations	(0)	(0)	-	(0)
Transferred from construction in progress	1 885	-	(1 885)	-
Disposals	-	-	-	-
Currency translation difference	(131)	(91)	-	(222)
Cost 31 December 2021	**18 653**	**27 260**	**33**	**45 946**
Accumulated depreciation 1 January 2021	(9 846)	(25 187)	-	(35 034)
Depreciation for the year	(2 164)	(678)	-	(2 842)
Disposals	-	-	-	-
Currency translation difference	15	13	-	28
Accumulated depreciation 31 December 2021	**(11 996)**	**(25 852)**	**-**	**(37 848)**
Carrying amount 31 December 2021	**6 658**	**1 408**	**33**	**8 098**

2020

NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2020	14 113	26 274	-	40 386
Additions	135	90	272	497
Additions from business combinations	2 065	541	343	2 949
Transferred from construction in progress	615	-	(615)	-
Disposals	(82)	(290)	-	(372)
Currency translation difference	(15)	(3)	-	(18)
Cost 31 December 2020	**16 830**	**26 613**	**-**	**43 443**
Accumulated depreciation 1 January 2020	(8 362)	(24 917)	-	(33 279)
Depreciation for the year	(1 510)	(468)	-	(1 977)
Disposals	26	197	-	223
Accumulated depreciation 31 December 2020	**(9 846)**	**(25 187)**	**-**	**(35 034)**
Carrying amount 31 December 2020	**6 983**	**1 426**	**-**	**8 409**

Useful life	8 years (or lease term if shorter)	3 years
Depreciation method	Straight line	Straight line

Fjordkraft has no stranded assets.

Note 15 Intangible assets

Non-current intangible assets

2021

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios****	Fixed price customer contracts**	Other intangible assets	Totalt non-current intangible assets excl. Goodwill	Goodwill	Total non-current intangible assets
Cost price 1 January 2021	297 473	9 063	770 256	243 640	147 531	1 467 963	1 442 849	2 910 813
Additions - Purchase	889	41 655	38 784	-	-	81 328	-	81 328
Additions - Internally generated	1 811	86	-	-	-	1 897	-	1 897
Additions from business combinations ***	-	-	-	-	-	-	(4 802)	(4 802)
Transferred from construction in progress	45 456	(45 456)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	(47)	(8)	(12 823)	(13 972)	(1 924)	(28 773)	(18 596)	(47 369)
Cost 31 December 2021	**345 582**	**5 339**	**796 218**	**229 668**	**145 607**	**1 522 414**	**1 419 451**	**2 941 866**
Accumulated depreciation 1 January 2021	(176 096)	-	(149 408)	(52 761)	(17 383)	(395 648)	-	(395 649)
Depreciation for the year	(45 401)	-	(173 251)	-	(15 131)	(233 783)	-	(233 783)
Currency translation differences	(37)	-	1 312	2 919	-	4 195	-	4 195
Accumulated depreciation 31 December 2021	**(221 534)**	**-**	**(321 346)**	**(49 842)**	**(32 514)**	**(625 236)**	**-**	**(625 237)**
Accumulated impairment 1 January 2021	(22 724)	-	-	(180 026)	-	(202 750)	-	(202 750)
Impairment for the year	-	-	-	(9 762)	-	(9 762)	-	(9 762)
Currency translation differences	-	-	-	9 961	-	9 961	-	9 961
Accumulated impairment 31 December 2021	**(22 724)**	**-**	**-**	**(179 826)**	**-**	**(202 550)**	**-**	**(202 550)**
Carrying amount 31 December 2021	**101 324**	**5 339**	**474 873**	**-**	**113 093**	**694 630**	**1 419 451**	**2 114 081**
Useful life	3 years		2-12 years	Up to 5 years	3 years			
Depreciation method	Straight line		Other*/ straight line	Other**	Straight line			

* Depreciations for the majority of customer portfolios is calculated on basis of expected churn-profile of the customer portfolio
** Through the acquisition of Troms Kraft Strøm AS in November 2020, a portfolio of fixed price customer contracts were acquired. These fixed price customer contracts are depreciated systematically over the remaining life of these contracts (up to five years) using a pattern that reflects how the acquisition value of the contracts are distributed over these contract periods (cost model in IAS 38). Fixed price customer contracts not acquired through a business combination are not recognised in the balance sheet, unless the contracts are identified as onerous contracts. As a result of the increase in market prices of electrical power, indicators of impairment was identified and impairment charges of NOKt 9 762 were recognised to the fixed price customer contracts in 2021 (NOKt 180 026 in 2020).
*** The changes to Goodwill included in Additions from business combinations are adjustments to the goodwill recognised when the group acquired Innlandskraft AS and Troms Kraft Strøm AS in 2020. These changes are mainly caused by adjustments to the final purchase consideration.
**** Of total additions of customer portfolios, NOKt 37 348 relates to the acquisition of Skymobil AS' portfolio of mobile customers. The amount comprises the purchase price for the portfolio and directly attributable costs.

Note 15
Intangible assets

Non-current intangible assets

2020

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Fixed price customer contracts**	Other intangible assets	Totalt non-current intangible assets excl. Goodwill	Goodwill	Total non-current intangible assets
Cost price 1 January 2020	213 393	15 147	170 805	-	13 903	413 249	166 696	579 945
Additions - Purchase	204	61 598	338	-	-	62 139	-	62 139
Additions - Internally generated	2 628	-	-	-	-	2 628	-	2 628
Additions from business combinations	21 760	3 049	601 782	245 664	133 876	1 006 131	1 278 400	2 284 530
Transferred from construction in progress	59 649	(59 649)	-	-	-	-	-	-
Disposals****	(123)	(11 082)	-	-	-	(11 205)	-	(11 205)
Currency translation differences	(37)	-	(2 668)	(2 025)	(248)	(4 978)	(2 246)	(7 224)
Cost 31 December 2020	**297 473**	**9 063**	**770 256**	**243 640**	**147 531**	**1 467 964**	**1 442 849**	**2 910 813**
Accumulated depreciation 1 January 2020	(138 446)	-	(81 281)	-	(9 189)	(228 916)	-	(228 916)
Depreciation for the year**	(37 668)	-	(68 159)	(52 910)	(8 194)	(166 931)	-	(166 931)
Currency translation differences	18	-	31	149	-	198	-	198
Accumulated depreciation 31 December 2020	**(176 096)**	**-**	**(149 408)**	**(52 761)**	**(17 383)**	**(395 649)**	**-**	**(395 649)**
Accumulated impairment 1 January 2020	(5 794)	-	-	-	-	(5 794)	-	(5 794)
Impairment for the year***	(16 930)	-	-	(180 540)	-	(197 470)		(197 470)
Currency translation differences	-	-	-	514	-	514		514
Accumulated impairment 31 December 2020	**(22 724)**	**-**	**-**	**(180 026)**	**-**	**(202 750)**	**-**	**(202 750)**
Carrying amount 31 December 2020	**98 653**	**9 063**	**620 851**	**10 852**	**130 149**	**869 568**	**1 442 849**	**2 312 418**
Useful life	3 years		2-12 years	Up to 5 years	3 years			
Depreciation method	Straight line		Other*/ straight line	Other**	Straight line			

* Depreciations for the majority of customer portfolios is calculated on basis of expected churn-profile of the customer portfolio.
** Through the acquisition of Troms Kraft Strøm AS in November 2020, a portfolio of fixed price customer contracts were acquired. These fixed price customer contracts are depreciated systematically over the remaining life of these contracts (up to five years) using a pattern that reflects how the acquisition value of the contracts are distributed over these contract periods (cost model in IAS 38). Fixed price customer contracts not acquired through a business combination are not recognised in the balance sheet, unless the contracts are identified as onerous contracts. As a result of the increase in market prices of electrical power, indicators of impairment was identified and impairment charges of NOKt 180 540 were recognised to the fixed price customer contracts at December 31 2020.
*** As part of the business combination where the group aquired Innlandskraft AS in September 2020, the group acquired Software at total NOKt 21 760. In Q4 2020 the group decided that some of this software will not be of use to the group going forward, thus an impairment of NOKt 16 930 has been recognised.
**** Disposals of NOKt 10 000 relates to sale of asset to the associated company Metzum AS.

Note 15 Intangible assets

Impairment of Goodwill and intangible assets with indefinite useful life

The Group has performed an impairment test of Goodwill and intangible assets with indefinite useful life as of 31 December 2021 in accordance with IAS 36, using the methods outlined in note 2. Goodwill as at 31 December 2021, has a total carrying value of NOKt 1 419 451 and intangible assets with indefinite useful life has a total carrying value of NOKt 84 491.

The allocation, for impairment-testing purposes, on cash-generating units of the significant amounts is shown in the table below:

NOK in thousands	Goodwill	Intangible assets with indefinite useful life
Consumer segment	771 012	42 017
Business segment	353 235	19 250
Nordic segment	295 204	23 224
Total	**1 419 451**	**84 491**

Intangible assets with indefinite useful life are tradenames acquired as part of business combinations, which are included in Other intangible assets in the tables above.

When calculating value in use the weighted average cost of capital used were 7,2 % for both consumer and business segments.
For the Nordic segment, country spesific weighted average cost of capital used were 9,2 % for both Sweden and Finland. Estimated growth rate in the terminal year was set at nominal 0,5 % for both consumer and business segments and 1,0 % for the Nordic segment, which is considered conservative.

Research and development
Development projects focus on preparing the company for future changes in the framework conditions, streamlining processes and future growth. The work mainly concerns customer-related system projects. Of total R&D expenditure of NOKt 75 641, NOKt 32 535 has been expensed as other operating expenses and NOKt 43 106 has been recognized as R&D assets.

It is expected that future earnings of ongoing R&D will correspond to expenses incurred.

Government grants
The Group has not received any government grants in 2020 or 2021.

Note 15 Intangible assets

Current intangible assets

2021

NOK in thousands	El-certificates	Guarantees of origination	Carbon credits	Total current intangible assets
Cost price 1 January 2021	272	2 608	-	2 880
Additions - Purchase	86 044	11 206	498	97 748
Disposals*	(85 898)	(7 028)	(184)	(93 110)
Cost 31 December 2021	**417**	**6 786**	**314**	**7 518**
Carrying amount 31 December 2021	**417**	**6 786**	**314**	**7 518**

2020

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2020	18 128	5 632	23 761
Additions - Purchase	245 712	4 064	249 776
Additions from business combinations	75	111	185
Disposals*	(263 642)	(7 199)	(270 841)
Cost 31 December 2020	**272**	**2 608**	**2 880**
Carrying amount 31 December 2020	**272**	**2 608**	**2 880**

* Disposals of El-certificates refers to amount of certificates being handed over to the government to offset el-certificate cancellation liability. Also refer to note 19.

Disposals of Guarantees of origination (GoO) refers to amount of certificates redeemed as evidence of the origin of electricity generated from renewable energy sources.

Note 16 Share capital

Shareholders at 31 December 2021

	Number of shares	Nominal	Nominal value	Voting rights	Ownership
Folketrygdfondet	10 698 346	0,30	3 209 504	9,36 %	9,36 %
Gudbrandsdal Energi Holding AS	7 682 161	0,30	2 304 648	6,72 %	6,72 %
The Northern Trust Comp, London Br (nominee)	5 533 119	0,30	1 659 936	4,84 %	4,84 %
State Street Bank and Trust Comp (nominee)	4 061 671	0,30	1 218 501	3,55 %	3,55 %
The Bank of New York Mellon (nominee)	2 675 005	0,30	802 502	2,34 %	2,34 %
VPF DNB AM Norske Aksjer	2 511 227	0,30	753 368	2,20 %	2,20 %
Skandinaviska Enskilda Banken AB (nominee)	2 276 871	0,30	683 061	1,99 %	1,99 %
Landkreditt Utbytte	2 250 000	0,30	675 000	1,97 %	1,97 %
The Northern Trust Comp, London Br (nominee)	2 219 100	0,30	665 730	1,94 %	1,94 %
Verdipapirfondet DNB Norge	2 099 274	0,30	629 782	1,84 %	1,84 %
Geveran Trading Co Ltd	2 044 000	0,30	613 200	1,79 %	1,79 %
Skandinaviska Enskilda Banken AB (nominee)	1 899 471	0,30	569 841	1,66 %	1,66 %
The Bank of New York Mellon SA/NV (nominee)	1 863 750	0,30	559 125	1,63 %	1,63 %
Verdipapirfondet Holdberg Norge	1 750 000	0,30	525 000	1,53 %	1,53 %
HSBC Bank Plc (nominee)	1 749 093	0,30	524 728	1,53 %	1,53 %
State Street Bank and Trust Comp (nominee)	1 741 146	0,30	522 344	1,52 %	1,52 %
Verdipapirfondet Nordea Norge Verd	1 735 345	0,30	520 604	1,52 %	1,52 %
HSBC Bank Plc (nominee)	1 702 292	0,30	510 688	1,49 %	1,49 %
JPMorgan Chase Bank, N.A., London (nominee)	1 499 497	0,30	449 849	1,31 %	1,31 %
Verdipapirfond ODIN Norge	1 256 000	0,30	376 800	1,10 %	1,10 %
Others	55 054 432	0,30	16 516 330	48,17 %	48,17 %
Total	**114 301 800**		**34 290 540**	**100 %**	**100 %**

Share capital and share premium

NOK in thousands	Share capital	Share premium	Total
31 December 2021	34 291	992 094	1 026 385
31 December 2020	34 285	991 614	1 025 899

Fully paid ordinary shares which have a par value of NOK 0.30 carry one vote per share and carry a right to dividends.
All issued shares have equal voting rights and the right to receive dividend.
For computation of earning per share and diluted earning per share see Note 13.

Note 16
Share capital

Shares owned/controlled by members of the Board of Directors, CEO and other members of the Executive Management (including related parties):

Number of shares	2021	2020
Rolf Barmen (Chief Executive Officer)	49 052	44 052
Birte Strander (Chief Financial Officer)	31 244	29 363
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)	23 428	19 078
Arnstein Flaskerud (Head of Strategy and M&A)	27 760	26 760
Solfrid K. Aase (Head of Service Companies)	10 206	7 856
Roger Finnanger (Head of Business)	3 378	884
Christian Kalvenes (Head of Consumer)	931	931
Alf-Kåre Hjartnes (Chief Operating Officer)	8 833	8 833
Solfrid Fluge Andersen (Chief Commercial Officer)	4 101	-
Per Heiberg (Head of Nordic and other end-user companies)	3 000	-
Ole Johan Langenes (Acting Chief Financial Officer) 1	7 000	7 000
Steinar Sønsteby (Chairman of the Board) 2	16 129	16 129
Per Axel Koch (Chairman of the Board) 3	32 258	32 258
Live Bertha Haukvik (Boardmember)	5 000	5 000
Heidi Theresa Ose (Boardmember)	1 500	-
Tone Wille (Boardmember) 2	-	-
Per Oluf Solbraa (Boardmember) 2	-	-
Birthe Iren Grotle (Boardmember) 3	2 900	2 900
Lindi Bucher Vinsand (Boardmember, Employee representative) 3	1 612	1 612
Marianne Unhjem (Boardmember, Employee representative) 2	-	-
Elisabeth M. Norberg (Boardmember, Employee representative)	3 225	3 225
Frank Økland (Boardmember, Employee representative)	645	645
Bettina Bergesen (Deputy in board meetings) 3	-	2 260
Sondre Skar (Deputy in board meetings) 2	-	-
Håkon Remme (Deputy in board meetings) 2	-	-
Kim A. Irgens Nilsen (Deputy in board meetings) 2	-	-
Lisbet Nærø (Chairman of the Nomination committee)	-	-
Total	**232 202**	**208 786**

1) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave.
2) From 21 April 2021.
3) Until 21 April 2021.

Note 16
Share capital

In addition to owned shares, members of Executive Management also owns options acquired through the management option program, as outlined in note 26.

Options owned by members of the Executive Management:

Number of options	2021	2020
Rolf Barmen (Chief Executive Officer)	200 000	160 000
Birte Strander (Chief Financial Officer)	100 000	80 000
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)	100 000	80 000
Arnstein Flaskerud (Head of Strategy and M&A)	100 000	80 000
Solfrid K. Aase (Head of Service Companies)	100 000	80 000
Roger Finnanger (Head of Business)	100 000	80 000
Christian Kalvenes (Head of Consumer)	100 000	80 000
Alf-Kåre Hjartnes (Chief Operating Officer)	90 000	70 000
Solfrid Fluge Andersen (Chief Commercial Officer)	100 000	80 000
Ole Johan Langenes (Acting Chief Financial Officer until June 2021)	50 000	40 000
Per Heiberg (Head of Nordic and other end-user companies)	60 000	40 000
Total	**1 100 000**	**870 000**

Note 17 Pension liabilities

Description of the pension schemes

Fjordkraft's pension schemes have been established in accordance with local laws, and include both defined contribution plans and defined benefit plans. The pension schemes offered in the Norwegian companies in the group are in line with the Act on Mandatory Occupational Pensions (Lov om obligatorisk tjenestepensjon).

Defined benefit plans

Defined benefit plans entitles members to defined future benefits. These are mainly dependent on the number of years of service, the salary level at retirement age and the size of benefits paid by the national insurance. Liabilities in defined benefit plans that are funded are covered through an insurance company.

The liability or asset recognised in the consolidated statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets if the plan is funded. The defined benefit obligation is calculated annually by independent actuaries.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed defined contributions into a separate entity (a fund).

Pension schemes in the Norwegian group entities

Until the end of 2019 the Norwegian group entities had a single defined benefit pension scheme in BKK Pensjonskasse covering all employees. As of 1.1.2020 all employees born in 1963 and later was transferred to a defined contribution pension scheme. Employees born before 1963 maintained their membership in defined benefit pension scheme, which at the same time was closed for new members. Members who were enrolled in the defined contribution pension plan received a paid-up policy for earned entitlements for the time they have earned rights in the defined benefit pension scheme if they had at least three years of service. When the group acquired the Innlandskraft-group in 2020, the group also took over the pension schemes for the employees in the companies Eidsiva Marked AS and Gudbrandsdal Energi AS. Eidsiva Marked AS has been merged into Fjordkraft AS in 2021.

Defined contribution plan covering empoyees in Fjordkraft Holding ASA, Fjordkraft AS and Allrate AS

At the end of 2021 the group companies Fjordkraft Holding ASA, Fjordkraft AS and AllRate AS have a defined contribution pension scheme covering a total of 363 active members. The contribution rates for the defined contribution plan are set to 5 per cent of salaries between 0 and 7,1 times G (where G is the National Insurance scheme basic amount, NOKt 101 in 2021), and 15 per cent of salaries between 7,1 and 12 times G.

The defined-contribution pension scheme also includes disability pension, spouse's pension and children's pension. In addition, Fjordkraft has chosen to introduce the contractual pension agreement (CPA) scheme for private sector for those members who are enrolled in the defined contribution pension scheme. The agreement entitles members to benefits from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67.

In addition to the above mentioned defined contribution plan (and if applicable the defined benefit pension plan described below), Senior Management are members of a defined contribution plan, entiteling them to additional annual contribution for salary exceeding 12 G.

Defined contribution plan covering empoyees in Gudbrandsdal Energi AS

The subsidiary Gudbrandsdal Energi AS have defined contribution pension schemes which at the end of 2021 are covering 24 active members. The contribution rates for the defined contribution plans are 6-7 per cent of salaries between 0 and 7,1 times G (where G is the National Insurance scheme basic amount, NOKt 101 in 2021), and 12-18 per cent of salaries between 7,1 and 12 times G. The pension schemes includes retirement pension, disability pension, spouse's pension and children's pension.

Defined benefit plans in BKK Pensjonskasse

At the end of 2021 the defined benefit pension scheme in BKK Pensjonskasse still covers 14 active members, 66 pensioners and 429 deferred vested members. This defined benefit pension scheme includes retirement pension, contractual pension agreement (CPA), disability pension, spouse's pension and children's pension. The scheme complies largely with the regulations enshrined in the Act on the Government Pension Fund. The liabilities are covered through the insurance company BKK Pensjonskasse.

The contractual pension agreement (CPA) for members of the defined benefit scheme covers a total of 22 active members. The CPA currently has no pensioners. The agreement entitles staff to benefits from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67. The CPA is an unfunded pension plan.

Note 17
Pension liabilities

For those members who were transferred from the defined benefit scheme to the new defined contribution pension scheme at the beginning of 2020, an additional defined benefit plan was established to provide supplementary retirement pension to employees with a long employment time and a high age whom had their expected retirement pension reduced when being transferred out of the defined benefit scheme. This plan aims to counteract some of the effects that the introduction of life expectancy adjustment has had for public occupational pension schemes. The scheme applies to a closed group of employees. The supplementary allowance was set with final effect at the end of 2019, and the supplement constitutes a fixed percentage of the individual's pension basis up to the age of 66 years. This scheme will only provide benefits if the employees are at least 67 years old at retirement. The scheme covers a total of 29 active members and 0 pensioners at the end of 2021.

Defined benefit plans in KLP

The defined benefit plans in KLP is covering employees in Gudbrandsdal Energi AS and employees previously employed by Eidsiva Marked AS. These defined benefit plans were closed to new members from July 2016. These funded schemes are public occupational pension schemes that ensures the pensioner 66% of final salary upon 30 years of service. Retirement age is 67 years. At the end of 2021 the defined benefit pension schemes still covers 9 active members, 31 pensioners and 106 deferred vested members. The pension schemes includes retirement pension, disability pension, spouse's pension and children's pension. The liabilities are covered through the insurance company KLP.

Pension schemes in Switch Nordic Green AB

Fjordkraft acquired the subsidiary Switch Nordic Green AB (SNG) when acquiring Troms Kraft Strøm AS in November 2020. The following pension schemes are applicable for the employees in SNG, who are either employed in Sweden or at the branch in Finland.

Defined contribution plans

EmployeesEmployees at SNG in Sweden are members of a defined contribution plan which at the end of 2021 are covering a total of 12 active members. The contribution rates for the defined contribution plan are set to 5 per cent of salaries up until 7,5 times the Swedish Inkomtsbasbelopp (The Swedish National Insurance scheme basic amount, which equals NOKt 66 in 2021, and 30 per cent of salaries between 7,5 and 30 times the Swedish Inkomstbasbelopp. The pension scheme includes retirement pension and disability pension.

Employees at SNGs branch in Finland are members of a statutory pension plan (TyEL) which includes retirement pension and disability pension and at the end of 2021 are covering a total of 63 active members. The benefits are insured with an insurance company and determined to be defined contribution plans. The contribution rates for the defined contribution plan are set to 24,7 per cent of salaries, which includes the employee's share of the contribution that was 7,2 per cent at the end of 2021. Senior management in SNG Finland are entitled to additional defined contributions.

Risk exposure

Through its defined benefit occupational pension plans, the Group is exposed to a number of risks, the most significant are detailed below.

Asset volatility;

The plan liabilities are calculated using a discount rate set with reference to covered bonds ("Obligasjoner med fortrinnsrett"); if plan assets underperform this yield, this will create a deficit. All plans hold a significant portion of investments in equity instruments, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

Changes in bond yields;

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk;

Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy;

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

At the end of this note, a table showing sensitivity analysis of the most significant assumptions is enclosed.

Note 17
Pension liabilities

Amounts recognised in statement of financial position:

NOK in thousands	31 December 2021	31 December 2020
Present value of funded obligations	361 192	349 080
Fair value of plan assets	345 243	304 808
Deficit for funded plans	15 949	44 272
Present value of unfunded obligations	73 785	64 164
Total deficit of defined benefit pension plans	**89 734**	**108 436**
Other employee benefit obligations	4 103	2 392
Employee benefit obligations recognised in Statement of financial position	**93 837**	**110 828**

Amounts recognised in statement of profit or loss:

2021

NOK in thousands	Funded obligations	Non-funded obligations	Total
Accrued pension entitlement for the year	3 626	3 577	7 203
Payroll tax (PT)	568	509	1 077
Net interest expense / (income)	5 175	960	6 135
Expected return on plan assets	(4 605)	-	(4 605)
Past service cost	-	-	-
Curtailment (gain) / loss recognised	-	-	-
Settlement (gain) / loss recognised	-	-	-
Expenses paid	187	-	187
Members' contribution	(200)	-	(200)
Total amount recognised in profit or loss	**4 751**	**5 046**	**9 797**

2020

NOK in thousands	Funded obligations	Non-funded obligations	Total
Accrued pension entitlement for the year	849	3 076	3 925
Payroll tax (PT)	522	459	981
Net interest expense / (income)	5 549	1 385	6 933
Expected return on plan assets	(5 937)	-	(5 937)
Past service cost	-	-	-
Curtailment (gain) / loss recognised	-	-	-
Settlement (gain) / loss recognised	-	-	-
Expenses paid	29	-	29
Members' contribution	(1 019)	-	(1 019)
Total amount recognised in profit or loss	**(7)**	**4 919**	**4 912**

Note 17
Pension liabilities

Change in defined benefit obligation:

NOK in thousands	Present value of funded obligation	Fair value of plan assets	Total, funded obligations, net of plan assets	Present value of non-funded obligation	Total, net
At 1 January 2021	349 079	304 808	44 271	64 165	108 436
Additions from business combinations	-	-	-	-	-
Accrued pension entitlement for the year	3 626	-	3 626	3 577	7 203
Payroll tax (PT)	568	-	568	509	1 077
Interest expense (income)	5 175	-	5 175	960	6 135
Return on plan assets	-	4 605	(4 605)	-	(4 605)
Past service cost	-	-	-	-	-
Actuarial gains and losses	10 364	37 475	(27 110)	4 575	(22 536)
Benefits paid	(6 902)	(6 902)	-	-	-
Contribution	-	5 245	(5 245)	-	(5 245)
Members' contribution	-	200	(200)	-	(200)
Curtailment (gain) / loss recognised	-	(187)	187	-	187
Settlement (gain) / loss recognised	-	-	-	-	-
Payroll tax of contribution	(719)	-	(719)	-	(719)
At 31 December 2021	**361 192**	**345 243**	**15 949**	**73 785**	**89 734**

NOK in thousands	Present value of obligation	Fair value of plan assets	Total, funded obligations, net of plan assets	Present value of non-funded obligation	Total, net
At 1 January 2020	205 605	200 930	4 675	59 387	64 062
Additions from business combinations	125 608	89 773	35 835	2 166	38 001
Accrued pension entitlement for the year	849	-	849	3 076	3 925
Payroll tax (PT)	522	-	522	459	981
Interest expense (income)	5 549	-	5 549	1 385	6 933
Return on plan assets	-	5 937	(5 937)	-	(5 937)
Past service cost	-	-	-	-	-
Actuarial gains and losses	15 535	4 158	11 377	(2 309)	9 068
Benefits paid	(3 548)	(3 548)	-	-	-
Contribution	-	7 261	(7 261)	-	(7 261)
Members' contribution	-	1 019	(1 019)	-	(1 019)
Curtailment (gain) / loss recognised	-	-	-	-	-
Settlement (gain) / loss recognised	-	-	-	-	-
Payroll tax of contribution	(1 039)	(722)	(317)	-	(317)
At 31 December 2020	**349 080**	**304 808**	**44 272**	**64 164**	**108 436**

Note 17
Pension liabilities

Actuarial gains and losses recognised directly in Other comprehensive income (OCI)

NOK in thousands	2021	2020
Net actuarial gains/(losses) recognised in OCI during the year	17 577	(7 073)
Tax effects of actuarial gains/(losses) recognised in OCI	4 958	(1 995)

Significant actuarial assumptions	2021	2020
Discount rate	1,70 %	1,50 %
Salary growth rate	2,50 %	2,00 %
Expected growth in base social security amount (G)	2,25 %	1,75 %
Estimated return on plan assets	1,70 %	1,50 %
Pension growth rate	1,50 %	1,00 %
CPA withdrawal	25% when 62 yrs	25% when 62 yrs
Demographic assumptions	K2013BE	K2013BE
Voluntary retirement	Before 45 yrs - 4,5 %	Before 45 yrs - 4,5 %
	45 yr - 60 yr - 2,0 %	45 yr - 60 yr - 2,0 %
	After 60 yrs - 0 %	After 60 yrs - 0 %

K2013BE is the insurance companies present best estimate based on The Financial Supervisory Authority of Norway's mortality table K2013 and Statistics Norway's present population projection.

Sensitivity of pension liabilities to changes in the weighted financial assumptions are:

	Change in pension cost		Change in employee defined benefit obligations	
NOK in thousands	1.00 %	-1.00 %	1.00 %	-1.00 %
Discount rate	(1 313)	1 649	(84 196)	103 913
Salary growth rate	634	(599)	6 737	(13 305)
Expected growth in base social security amount (G)	1 021	(1 043)	94 376	(80 239)

Note 17
Pension liabilities

Pension asset comprise:
Pension assets are invested in bonds and money-market placements issued by the Norwegian government, Norwegian municipalities, financial institutions and enterprises. Foreign currency bonds are hedged. Investments are made in both Norwegian and foreign shares. Any estimate deviation is distributed pro-rata between the individual asset categories.

At the end of 2021 the plan assets were invested as follows:

NOK in thousands	Level 1 Exchange listed prices	Level 2 Observable prices	Level 3 Non-observable prices	Total	%-share
Equity instruments	38 237	53 330	24 001	115 568	33%
Interest bearing instruments	43 022	166 404	5 755	215 181	62%
Real estate	-	-	14 493	14 493	4%
Total investments	**81 260**	**219 735**	**44 249**	**345 243**	**100%**

The total contribution to defined benefit plans for next annual reporting period is expected to be NOKt 4 092.

Note 18 Onerous contract provisions

Fixed price customer contracts
The Group has significant portfolios of fixed price power contracts with end user customers where the volume is not fixed. These customer contracts do not qualify to be recognised as financial instruments. However, fixed price customer contracts are assessed as onerous contracts if the estimated unavoidable costs of purchasing the estimated power volumes to be delivered on these contracts exceed the fixed price to be received from the costumers. The price risk related to fixed price customer contracts are hedged with portfolios of electricity derivatives which are recognised as derivative financial instruments and measured at fair value through profit and loss. The hedged forward power prices in the corresponding portfolios of derivative hedge contracts are not taken into consideration when estimating the unavoidable costs as hedge accounting is not applied.
The following table shows the movement in provisions for onerous contracts:

NOK in thousands	2021
Opening balance 1 januar 2021	78 515
Release of provisions	(74 778)
New and changed provisions	1 066 050
Currency translation difference	(3 500)
Closing balance 31 December 2021	**1 066 287**

Financial statement impact:
The Group's portfolios of fixed price customer contracts and the corresponding portfolios of derivative hedge contracts resulted in the following unrealised effects recognised in the statement of profit or loss:

NOK in thousands	Note	2021	2020
Impairment and provisions for onerous contracts:			
Change in provisions for onerous contracts	5	(996 739)	(71 023)
Depreciation of intangible assets - Fixed price customer contracts	15	-	(52 910)
Impairment of intangible assets - Fixed price customer contracts	15	(9 762)	(180 540)
Total depreciation, impairment and provisions for onerous contracts:		**(1 006 500)**	**(304 473)**
Unrealised gains and losses on derivatives related to fixed price customer contracts	5	1 029 510	310 601
Net unrealised gain/loss recognised in statement of profit or loss		**23 010**	**6 128**

NOKt 980 658 of the change in provision for onerous contracts and NOKt 9 762 of change in impairment of intangible assets in 2021 relates to portfolios of fixed price customer contracts in the Nordic segment. The remaining change in provision for onerous contracts relates to the Groups other fixed price customer contracts.

Fixed price customer contracts acquired as part of business combinations are recognised as intangible assets (refer note 15), and depreciated systematically over the contract lengths using a pattern that reflect how the acquisition value of the contracts are distributed over the remaining length of the contracts (up to five years) (cost model in IAS 38). Fixed price customer contracts, not acquired through a business combination, are not recognised in the statement of financial position, unless the contracts are identified as onerous contracts.

As a result of the increase in market prices of electrical power, indicators of impairment was identified, and both impairment charges to the fixed price customer contracts , and provisions for onerous contracts were recognised in 2020 and 2021. The increase in market price also lead to an increase in the unrealised gains on the corresponding portfolios of derivative hedge contracts.

The net impact in the statement of profit or loss, which was an unrealised net gain in 2021 of NOKt 23 010 (NOKt 6 128 in 2020) is mainly caused by margins in the customer contracts and imbalance between the portfolios of customer contracts, and the corresponding portfolios of derivative hedge contracts.

Note 19 Other current liabilities

NOK in thousands	Note	2021	2020
El-certificate cancellation liabilities (se details below)		16 628	87 514
Accrued power purchase		416 391	76 549
Prepayments from customers		56 948	119 631
Installments on long term loan due within 12 months	7	93 700	93 700
Payroll liabilities		57 727	44 059
Unsettled part of consideration for business combinations*		-	48 812
Other		11 436	40 798
Total Other current liabilities		**652 831**	**511 063**

* Final settlement of the Troms Kraft Strøm AS (rebranded to Fjordkraft Nordic AS) acquisition was completed in the fourth quarter of 2021.

El-certificate cancellation liabilities
The Group's electricity retailer operations in Norway and Sweden are subject to the Norwegian-Swedish El-certificate scheme, which requires the group to purchase and cancel a fixed annual quota of El-certificates for every MWh of power sold to end users in Norway and Sweden. The annual quotas, which are fixed by national authorities, were in 2021 19,3 % in Norway (18,6 % in 2020), and 25,5 % in Sweden (26,5 % in 2020). The cancellation of El-certificates is carried out annually, on 1 April, for power sold the previous calendar year. Consequently, the El-certificate liability at year end will constitute the obligation for the entire year.

To cover its accrued cancellation liability the Group acquires el-certificates either in the spot- or in the forward market. The part of the El-certificate cancellation liability which is covered by the Group's holdings of el-certificates is measured at the cost of acquired el-certificates, the part covered by forward contracts is measured at contractual price of el-certificates, while any liability in excess of those amounts is recognised at fair value of el-certificates that are required to be purchased (applicable when level of el-certificates acquired in spot market or through forward contracts are not sufficient to offset estimated number of certificates to cancelled).

On 1 April 2021 the Group cancelled an el-certificate liability with Statnett at the amount NOKt 85 898. As of 31 December 2021 and 31 December 2020 the total el-certificate liability as specified in the table above is either covered through forward contracts or el-certificates in hand.

El-certificate forward contracts are considered to be non-financial contracts entered into and held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements, and as a consequence not in the scope of IFRS 9 - Financial Instruments (IFRS 9.2.4). Therefore, El-certificate forwards (Gross nominal amounts by financial year: 2023: NOKt 8 744, 2024 and later: NOKt 7 773) are not recognised in the financial statements until they are settled or are recognised as onerous contracts according to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

Note 20 Other current assets

Other current assets consists of the following:

NOK in thousands	2021	2020
Other prepaid costs	37 419	65 409
Cash collateral deposits (see note 23)	-	82 001
Prepaid taxes	1 427	19 656
Total other current assets	**38 847**	**167 065**

Note 21 Related party transactions

As at 31 December 2021, the Group's related parties include Board of Directors and key management. Transactions related to these groups are disclosed in note 22.

The Board of Directors previously included a representative from former major shareholder Eviny AS (previous BKK AS). In the general meeting held in the second quarter of 2021, this board member was not re-elected. Eviny AS and subsidiaries were therefore considered to be related parties in the first two quarters of 2021, but not as of 30 June 2021.

Pricing of services and transactions between related parties are set on an arm's length basis in a manner similar to transactions with unrelated third parties.

The following transactions were carried out with related parties (NOK in thousands):

Income from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Eviny AS and subsidiaries	Major shareholder	Sale of electrical power	31 131	21 707

Sale of electrial power includes in some cases reinvoiced grid rent.

Expenses to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Eviny AS and subsidiaries	Major shareholder	Purchase of electrical power	6 588	10 573
Eviny AS and subsidiaries	Major shareholder	Purchase of other services	12 726	25 925
Metzum AS	Associated company	Purchase of other services	38 743	21 191
Atea AS	Other*	Purchase of products and other services	8 853	3 677

Other services consists of payroll expenses, IT, office expenses and customer service.

Purchase of assets (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Eviny AS and subsidiaries	Major shareholder	Purchase of customer portfolio	181	539
Metzum AS	Associated company	Research and development	8 284	20 012
Atea AS	Other*	Products and development	4 077	10 022

Distributions to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Eviny AS	Major shareholder	Dividend	-	47 799

Note 21
Related party transactions

Current receivables from related parties (NOK in thousands)

Related party	Relation		31 December 2021	31 December 2020
Eviny AS and subsidiaries	Major shareholder	Sale of electrical power	-	2 382

Current liabilities to related parties (NOK in thousands)

Related party	Relation		31 December 2021	31 December 2020
Eviny AS and subsidiaries	Major shareholder	Other	-	824
Metzum AS	Associated company	Research and development	1 411	3 215
Atea AS	Other*	Products and development	1 956	4 677

* The chairman of the Board of Directors in Fjordkraft Holding ASA is the CEO of Atea ASA.

Payables to related parties are unsecured and are expected to be settled in cash.

Note 22 Remuneration to the Executive management and Board of Directors

Executive management 2021:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remunera-tion	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 231	1 266*	150	724	5 371	354
Birte Strander (Chief Financial Officer)	1 743	261	120	392	2 516	-
Jeanne K. Tjomsland (Head of HR, Communications & Sustainability)	1 721	261	120	374	2 475	-
Arnstein Flaskerud (Head of Strategy and M&A)	1 878	261	120	326	2 585	-
Solfrid K. Aase (Head of Service Companies)	1 565	261	100	285	2 210	-
Christian Kalvenes (Head of Consumer)	1 565	209	100	170	2 043	-
Ole Johan Langenes (Acting Chief Financial Officer) 1	644	209	42	71	965	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 721	209	120	314	2 363	365
Roger Finnanger (Head of Business)	1 565	261	100	173	2 098	-
Solfrid Fluge Andersen (Head of Operations)	1 565	209	100	173	2 046	-
Per Heiberg-Andersen (Head of Nordics and other end-user companies)	1 565	170	100	169	2 003	-
Total remuneration executive management 2021	**18 759**	**3 573**	**1 172**	**3 171**	**26 674**	**719**

1) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave. Remuneration included in the table above is for the period from 1 January 2021 until 31 May 2021.

*In 2021 the CEO received a discretionary bonus of NOKt 1 266 based on the Group's performances in 2020. For 2021 the Board of Directors have awarded the CEO a discretionary bonus of NOKt 500 based on the Group's performances, paid in 2022.

The members of the Board of Directors have received the following remuneration during the year ended 31 December 2021:

The Board of Directors 2021:

NOK in thousands	Total remuneration
Steinar Sønsteby (Chairman)1	461
Per Axel Koch (Chairman)2	161
Live Bertha Haukvik (Member)	383
Tone Wille (Member)1	212
Per Oluf Solbraa (Member)1	212
Marianne Unhjem (Member, Employee representative)1	73
Lindi Bucher Vinsand (Member, Employee representative)2	32
Frank Økland (Member, Employee representative)	104
Elisabeth M Norberg (Member, Employee representative)	104
Heidi Therese Ose (Member)	396
Lisbet Nærø (Chairman of the Nomination committee)	52
Atle Kvamme (Member, Nomination committee)	31
Jannicke Hilland (Member, Nomination committe)3	9
Ragnhild Stolt-Nielsen (Member, Nomination committee)1	22
Total remuneration Board of directors 2021	**2 252**

1) From 21 April 2021.
2) Until 21 April 2021.
3) The remuneration is paid as a fee to BKK AS, and was for the period until 21 April 2021.

Note 22
Remuneration to the Executive management and Board of Directors

Executive management 2020:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 167	1 200	150	601	5 118	457
Birte Strander (Chief Financial Officer)	1 498	52	120	281	1 951	-
Jeanne K. Tjomsland (Head of HR and Communications)	1 675	52	120	276	2 123	-
Arnstein Flaskerud (Head of Strategy and M&A)	1 827	52	120	290	2 289	-
Solfrid K. Aase (Head of Service Companies)	1 523	52	100	219	1 893	-
Christian Kalvenes (Head of Consumer)	1 523	52	100	162	1 836	-
Ole Johan Langenes (Acting Chief Financial Officer)	1 523	52	100	162	1 836	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 675	42	120	247	2 084	439
Roger Finnanger (Head of Business)	1 523	52	100	162	1 836	-
Solfrid Fluge Andersen (Head of Operations)	1 523	42	100	166	1 830	-
Per Heiberg-Andersen (Head of Nordics and other end-user companies) 1	258	-	17	43	318	-
Total remuneration executive management 2020	**17 711**	**1647**	**1147**	**2609**	**23 114**	**896**

1) Part of executive management from 1 November 2020. Remuneration included in the table above is for the period from 1 November 2020 until 31 December 2020.

The members of the Board of Directors have received the following remuneration from the Company's subsidiary, Fjordkraft AS, during the year ended 31 December 2020:

The Board of Directors 2020:

NOK in thousands	Total remuneration
Per Axel Koch (Chairman)	524
Birthe Iren Grotle (Member)	-
Live Bertha Haukvik (Member)	360
Steinar Sønsteby (Member)	298
Heidi Therese Ose (Member)	298
Lindi Bucher Vinsand (Member, Employee representative)	103
Frank Økland (Member, Employee representative)	103
Elisabeth M Norberg (Memeber, Employee representative)	103
Lisbet Nærø (Chairman of the Nomination committee)	51
Atle Kvamme (Member, Nomination committee)	18
Jannicke Hilland (Member, Nomination committe) 1	18
Total remuneration Board of directors 2020	**1 876**

1) The remuneration was paid as a fee to BKK AS, and was for the period until 21 April 2021.

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Note 22
Remuneration to the Executive management and Board of Directors

There are no additional bonus agreements or agreement of similar profit sharing with the CEO or Chairman of the board.

The rest of the executive management is also included in the Group's performance bonus scheme.

If the company chooses to terminate the employment, the CEO is entitled to 12 months severance pay after the expiry of the ordinary notice period, which is 6 months.

The Group's executive management has the right to apply for loans on the same grounds as all the employees in the company. Maximum duration for loans to employees are 15 years.

The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus up to 1 percentage point. Current limit for taxation of benefits is 1.3 %.

The CEO and Group management is included in the current pension plan for the Group - see note 17.

The Board of Director's declaration and guidelines in accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act

Pursuant to Section 5-6 of the Norwegian Public Limited Liability Companies Act, the General Meeting shall consider the Board of Directors' declaration regarding salaries and remuneration to the executive management.

The General Meeting shall conduct a vote on the Board of Directors' proposal for guidelines for salaries and remuneration to the executive management. The vote of the General Meeting is consultative to the Board, with the exception of benefits mentioned in Section 6-16a, first paragraph, item 3 of the Norwegian Public Limited Liability Companies Act (including grant of equity-linked incentives). For these benefits, the vote is binding for the Board of Directors.

The Board of Directors has given the following declaration:

Summary of executive compensation policies

The main principle in the Company's policy for executive compensation is that the executive team shall be offered competitive salary terms, with performance-based compensation tied to business results and shareholder value (from 1 January 2019), in order to achieve the desired competence and incentives within the executive management team.

The Company has a separate Compensation Committee that provides the Board of Directors with recommendations regarding salary and other benefits to the company's executive management. Based on the input from the Compensation Committee, guidelines for executive compensation are established by the Board for the coming year and presented to the General Meeting. According to these guidelines, the salary and other remuneration payable to the CEO is determined by the Board of Directors, while compensation payable to other members of the executive management is determined by the CEO in consultation with the Board Chairman and the Compensation Committee.

The above policy for determining executive compensation is valid for 2022. A more detailed description of the executive compensation paid in 2021 and 2020 is provided above.

Guidelines for salaries and other remuneration to the executive management in the coming financial year

Fixed salary and cash bonus

Remuneration to the executive management team will consist of a fixed salary and performance-based compensation on EBIT earnings and 5 CPIs determined by the Board per year. The performance-based compensation is limited up to 10-40% of fixed salary.

Equity-linked incentives

Secondly, performance-based compensation is provided through equity-linked incentives in the company. Equity-linked incentives, which can be offered for instance in the form of shares and share options, provide management with an interest in the ownership of the company and create additional incentives toward building long-term shareholder value.

Stock options are granted to the executive team and some other key employees (approx. 5% of the total employees). The following specific limitations apply with respect to grant of share options in the company: (i) As a general rule, the stock options vest during a period of three years. The maximum number of options vesting in any given year will not exceed 0,6 percent of the shares outstanding in the company. (ii) The strike price of the stock options will be set at the market price at the time of grant. The strike price will be adjusted for any dividends paid before exercise. (iii) Stock option grants have a cap of 3 times the market price at the date of grant. If the share price exceeds the cap price, the options may be settled by the company in cash based on the gain calculated at the cap price, providing an absolute limit to the possible gain.

Pension, benefits in kind and severance pay

Finally, members of the executive management team participate in the pension scheme of Fjordkraft Holding ASA and Fjordkraft AS in which they are employed. In addition, members of the executive management may receive certain limited benefits in kind, including a company car, telephone/internet access, and subscription to journals/newspapers. The terms of employment for the executive management vary regarding their entitlement to severance or termination payments. Details regarding individual severance terms are provided above.

Note 23 Collateral and restricted assets

NOK in thousands	Item in Statement of financial position	Note	31 December 2021	31 December 2020
Collateral				
Security over trade receivables 1)	Trade receivables	6	4 842 012	1 253 981
Total collateral			**4 842 012**	**1 253 981**
Restricted assets				
Cash collateral - Nasdaq Default Fund 2)	Other non-current financial assets		-	10 899
Cash collateral - Power trading agreements 3)	Other current assets	20	-	82 001
Restricted cash - Payroll tax deductions	Cash and cash equivalents		320	2 937
Restricted cash - Power purchase agreement	Cash and cash equivalents		-	92 142
Total restricted assets			**320**	**187 979**

1) Trade receivables held by the Norwegian entities in the group are pledged as collateral for credit facilities - see note 6.
2) The Nasdaq Default Fund is cash collateral deposited with Nasdaq OMX.
3) Cash collateral deposited with Nasdaq OMX and Statkraft in relation to power trading agreements and trading of electricity derivatives.

Note 24
IFRS 16 Leases

The Group's leasing activities
The Fjordkraft Groups lease agreements mainly consists of various office leases, car-leases and office machine-leases used in the operating activities. Cars usually have a lease period of 3 years, while several of the offices have a longer time frame. The office machines are leased in a 3-5 year period. Some of the building leases have extension options and these have been included in the calculation if the group is reasonably certain that they will be exercised.

NOK in thousands	2021	2020
Non-current assets		
Right of use assets		
Property	80 253	80 339
Equipment	976	928
Cars	1 576	457
Total	**82 806**	**81 724**
Non-current liabilities		
Lease liability long term	65 259	67 442
Current liabilities		
Lease liability short term	21 055	17 366
Total	**86 314**	**84 807**

Additions to the right-of-use assets in 2021 were NOKt 20 769.

Amounts recognised in the statement of profit or loss
The statement of profit or loss shows the following amounts relating to leases:

NOK in thousands	2021	2020
Depreciation right-of-use assets		
Property	18 596	12 629
Equipment	333	253
Cars	757	420
Total	**19 687**	**13 302**
Interest expense lease liability	2 374	1 813
Expenses relating to short-term leases	1 678	10 005
Expenses relating to leases of low-value	136	427

The total cash outflow for leases in 2021 was NOKt 20 909.

Note 24
IFRS 16 Leases

Variable lease payments
The Group has variable lease payments in its property lease agreements. Variable lease payments consists of annual adjustements to lease payments based on the Consumer Price Index.

Extention and termination options
Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

Maturity analysis
The following table details the Group's remaining contractual maturity for its leasing liabilities.
The tables have been drawn based on the undiscounted cash flows of installments on leasing liabilities.

Year ended 31 December 2021

NOK in thousands	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Property	21 011	61 585	10 260	92 857
Equipment	355	685	-	1 040
Cars	840	831	-	1 671
Total	**22 207**	**63 101**	**10 260**	**95 568**

Note 25 List of subsidiaries

The following subsidiaries are fully consolidated in the financial statements as per 31 December 2021.

Name of entity	Place of business	Ownership interest held by the Group	Principal activities
Fjordkraft AS	Bergen, Norway	100 %	Purchase, sales and portfolio management of electrical power
TrøndelagKraft AS	Trondheim, Norway	100 %	Purchase, sales and portfolio management of electrical power
Gudbrandsdal Energi AS	Nord-Fron, Norway	100 %	Purchase, sales and portfolio management of electrical power
Energismart Norge AS	Hamar, Norway	100 %	Management, research and development of product and services related to electrical power
Fjordkraft Industrial Ownership AS	Bergen, Norway	100 %	Portfolio management of electrical power and related products
AllRate AS	Bergen, Norway	100 %	Management and services related to electrical power
Betalservice AS	Bergen, Norway	100 %	Payment solutions
Fjordkraft Nordic AS	Bergen, Norway	100 %	Management and services related to electrical power
Switch Nordic Green AB	Stockholm, Sweden	100 %	Management and services related to electrical power
Fjordkraft AB	Stockholm, Sweden/ Vaasa, Finland	100 %	Portfolio management of electrical power

Mergers of subsidiaries in 2021
The former subsidiaries Eidsiva Marked AS and Innlandskraft AS were in 2021 merged into Fjordkraft AS and Fjordkraft Industrial Ownership AS, respectively.

Note 26 Option program

Fjordkraft Holding ASA established a management option program 10 December 2018.
The option program was established to align management's and shareholders' incentives and to reduce turnover for key employees.

In total 330 000 share options were issued to employees during 2021.

Type	**Options**
Grant Date	**18 February 2021**
Vesting conditions	The options vest in one tranche with vesting 14 February 2024 The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.
Expiry date	14 February 2028
Exercise price (NOK)	78,00
Total number outstanding	330 000

Type	**Options**
Grant Date	18 February 2021
Measurement date	18 February 2021
Share price (NOK)	68,00
Lifetime* (years)	2,99
Volatility	30,00 %
Risk-free interest rate*	0,54 %
Fair Value* (NOK)	11,8308

**volume weighted average for options*

The fair value of the options was calculated using the Black-Scholes model. The model utilizes certain information, such as the interest rate on a risk-free security maturing generally at the same time as the option being valued, and requires certain assumptions, such as the expected amount of time an option will be outstanding until it is exercised or it expires and the volatility associated with the price of the underlying shares of common stock, to calculate the fair value of stock options granted. The model also estimate the likelihood of performance fulfillment and takes this into account in the valuation.

The expected volatility for options issued in 2021 is estimated at average of 30% where historical volatility is not available. Where historical volatility is available this is calculated using the Fjordkraft Holding ASA share price.
Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

The total carrying amount per 31 December 2021 is NOKt 10 155, not including social security.

Note 26
Option Program

The following table shows the changes in outstanding options in 2020 and 2021:

Period activity:

	01.01.2021 - 31.12.2021		01.01.2020 - 31.12.2020	
	Shares	**Weighted Average Exercise Price (NOK)**	**Shares**	**Weighted Average Exercise Price (NOK)**
Outstanding at the beginning of period	1 190 000	39,43	930 000	31,05
Granted	330 000	78,00	350 000	69,34
Exercised	(20 000)	24,30	(90 000)	30,33
Cancelled	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Adjusted quantity	-	-	-	-
Modification / Dividends	-	-	-	-
Outstanding at the end of period	1 500 000	44,57	1 190 000	39,43
Vested outstanding	510 000	24,61	220 000	28,16
Vested and expected to vest	1 500 000	44,57	1 190 000	39,43
Intrinsic value of in-the-money outstanding at the end of the period	820 000	18 918 200	1 190 000	52 676 000
Intrinsic value vested outstanding at the end of the period	510 000	11 755 600	220 000	12 219 000

At 31 December 2021, the range of exercise prices and weighted average remaining contractual life of the options were as follows :

	Outstanding instruments		Vested outstanding	
Exercise price	**Outstanding per 31 December 2021**	**Weighted average remaining Contractual Life**	**Vested options per 31 December 2021**	**Weighted Average Exercise Price (NOK)**
0,00 - 25,00	-	-	-	-
25,00 - 30,00	-	-	-	-
30,00 - 35,00	790 000	1,13	490 000	33,12
35,00 - 40,00	30 000	1,13	20 000	37,90
40,00 - 45,00	-	-	-	-
45,00 - 50,00	-	-	-	-
50,00 - 55,00	-	-	-	-
55,00 - 60,00	-	-	-	-
60,00 - 65,00	-	-	-	-
65,00 - 70,00	310 000	5,13	-	-
70,00 -	370 000	5,80	-	-
Total	**1 500 000**	**3,11**	**510 000**	**33,31**

Note 27 Investments in associates and joint ventures

On 6 January 2020 Fjordkraft and Rieber & Søn AS bought shares in Metzum AS. Each company bought 40% of the shares, the remaining 20% is owned by employees in Metzum.

The purchase price for Fjordkraft shares was NOKt 10 000, which corresponded to the book value of the acquired equity. As such, no excess value or Goodwill was identified from the acquisition. The share of profit and loss and financial position from investments in associates and joint ventures are recognised based on the equity method in the interim financial statements.

The table below presents the Group's share of equity and profit from associated companies:

NOK in thousands	Location	Ownership/ voting right	Equity 2021 (40%)	Profit 2021 (40%)	Book value
Metzum AS	Dale, Norway	40 %	13 805	2 637	13 805

Note 28 Events after the reporting period

The Board of Directors has in the Board Meeting on 18 February 2021 proposed a dividend to the shareholders of NOK 3.50 per share.

The proposed dividend is subject to approval by the general meeting.

There are no other significant events after the reporting period that has not been reflected in the consolidated financial statements.

Directors responsibilty statement

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Director's report and the consolidated and separate annual financial statements for Fjordkraft Holding ASA, for the year ended 31 December 2021 (Annual report 2021).

Fjordkraft Holding ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Fjordkraft Holding ASA have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, amended on 28 December 2020. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act.

To the best of our knowledge:

The consolidated and separate annual financial statements for 2021 have been prepared in accordance with applicable financial reporting standards

The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 31 December 2021 for the Group and the parent company

The Board of Directors' report for the Group and the parent company includes a fair review of:

the development and performance of the business and the position of the Group and the parent company, and

the principal risks and uncertainties the Group and parent company face.

The Board of Directors of Fjordkraft Holding ASA, Bergen, 30 March 2022.

Steinar Sønsteby
Chairman

Tone Wille
Board member

Frank Økland
Board member

Elisabeth M. Norberg
Board member

Heidi Theresa Ose
Board member

Live Bertha Haukvik
Board member

Per Oluf Solbraa
Board member

Marianne Unhjem-Solbjørg
Board member

Rolf Barmen
CEO

11.06.2023 kl 06:56
Brønnøysundregistrene
Side 115 av 151
Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 920153577

Alternative performance measures

The alternative performance measures (abbreviated APM's) that hereby are provided by the Group are a supplement to the financial statements prepared in accordance with IFRS. The APM's are based on the guidelines for APM published by the European Securities and Markets Authority (ESMA) on or after 3 July 2016. As indicated in the guidelines an APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The performance measures are commonly used by analysts and investors.

The Group uses the following APM's (in bold). The words written in italics are included in the list of definitions or in the statement of profit or loss.

Cash EBIT is equivalent to Operating free cash flow before tax and change in Net working capital. This APM is used to illustrate the Group's underlying cash generation in the period.

Capex excl. M&A is used to present the capital expenditures excluding mergers and acquisitions to illustrate the Group's organic maintenance capex.

EBIT reported is equivalent to *Operating profit* and is used to measure performance from operational activities. EBIT reported is an indicator of the company's profitability.

EBIT adjusted
In order to give a better representation of underlying performance, the following adjustments are made to the reported EBIT:

Acquisition related costs and *other one-off items:* Items that are not part of the ordinary business
Estimate deviations from previous periods: A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises revenue from sale of electrical power and the associated cost of sales, based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
Unrealised gains and losses on derivaties: Consist of unrealised gains and losses on derivative financial instruments associated with the purchase and sale of electricity
Impairment of intangible assets: Consist of impairment of intangible assets related to fixed price customer contract
Depreciation of acquisitions: Consist of depreciations of customer portfolios acquired seperately and recognised as intangible assets, and depreciations of customer portfolios and other intangible assets recognised as part of a business combination.
Change in provisions for onerous contracts: which consist of change in provisions for onerous contracts associated with the purchase and sale of electricity

EBIT reported margin is EBIT divided by *Net revenue*. This APM is a measure of the profitability and is an indicator of the earnings ability.

EBIT margin adjusted is calculated as EBIT adjusted divided by *Net revenue adjusted*. This APM is a measure of the profitability and is an indicator of the earnings ability.

EBITDA is defined as operational profit/loss before depreciation and amortisation. This APM is used to measure performance from operating activities.

EBITDA adjusted
In order to give a better representation of underlying performance, the following adjustments are made to EBITDA:

Acquisition related costs and *other one-off items:* Items that are not part of the ordinary business
Estimate deviations from previous periods: A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises revenue from sale of electrical power and the associated cost of sales, based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
Unrealised gains and losses on derivaties: Consist of unrealised gains and losses on derivative financial instruments associated

Alternative performance measures

with the purchase and sale of electricity
Impairment of intangible assets: Consist of impairment of intangible assets related to fixed price customer contract
Change in provisions for onerous contracts: which consist of change in provisions for onerous contracts associated with the purchase and sale of electricity

Net income is equivalent to *Profit/(loss) for the period* as stated in the statement of profit or loss.

Net income adjusted for certain cash and non-cash items is used in the dividend calculation, and is defined as the following: [(Adjusted EBIT + net finance)*(1-average tax rate) – amortisation of acquisition debt].

Net interest-bearing debt (NIBD) shows the net cash position and how much cash would remain if all interest-bearing debt was paid. The calculation is total *Interest-bearing long term debt* deducted with the following; transaction costs recognised as part of amortised cost of Interest-bearing long term debt, reclassification of first year instalments long term debt, *Overdraft facilities,* and *Cash and cash equivalents.*

Net revenue is equivalent to *Revenue* less *direct cost of sales* as stated in the statement of profit or loss.

Net revenue adjusted
This APM presents *Net revenue* adjusted for:

Other one- off items: Which represents non-recurring income which is recognised *in the profit or loss for the period*
Estimate deviations from previous periods: A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises revenue from sale of electrical power and the associated cost of sales based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
Unrealised gains and losses on derivaties: Consist of unrealised gains and losses on derivative financial instruments associated with the purchase and sale of electricity
Change in provisions for onerous contracts: Which consist of change in provisions for onerous contracts associated with the purchase and sale of electricity.

Net working capital (NWC) is used to measure short-term liquidity and the ability to utilise assets in an efficient matter. NWC includes the following items from current assets: *Inventories, Intangible assets, Trade receivables* and *Other current assets* (that is, all current assets in the statement of financial position except *Derivative financial instruments* and *Cash and cash equivalents*); and the following items from current liabilities; *Trade payables, Current income tax liabilities, Social security and other taxes, Lease liability - short term,* and *other current liabilities.* First year instalments of interest-bearing long term debt, which are included in Other current liabilities, are however classified as interest bearing debt. The definition of NWC has been changed compared to the definition used in the group's previous financial reports, as Derivative financial instruments and Onerous contract provisions are no longer included in NWC. The comparable figure for NWC 2020 has been updated accordingly.

Non-cash NWC elements and other items is used when analysing the development in NIBD. Non-cash NWC relates to items included in "change in NWC" that are not affecting Net interest-bearing debt while other items include interest, tax, change in long-term receivables, proceeds from non-current receivables, proceeds from other long-term liabilities and adjustments made on EBITDA.

Number of deliveries is used to present the number of electrical meters supplied with electricity. One customer may have one or more electricity deliveries.

OpFCF before tax and change in NWC is Operating free cash flow and change in working capital, and is defined as *EBITDA adjusted* less *Capex excl. M&A* and payments to obtain contract assets.

Volume sold is used to present the underlying volume generating income in the period.

Alternative performance measures

Financial statements with APM's

Reported amounts:

NOK in thousands	2021	2020
Revenue	15 170 991	4 148 879
Direct cost of sales	(13 367 251)	(2 320 641)
Net revenue	**1 803 741**	**1 828 239**
Personnel expenses	(409 123)	(328 485)
Other operating expenses	(488 517)	(471 938)
Impairment of intangible assets	(9 762)	(197 470)
Operating expenses	**(907 401)**	**(997 892)**
EBITDA	**896 340**	**830 346**
Depreciation & amortisation	(403 084)	(305 174)
EBIT reported (Operating profit)	**493 256**	**525 172**
Net financials	(48 737)	(11 505)
Profit/ (loss) before taxes	**444 519**	**513 667**
Taxes	(102 150)	(113 604)
Profit/ (loss) for the year	**342 369**	**400 063**
EBIT reported margin	**27%**	**29%**

Alternative performance measures

Adjusted amounts:

NOK in thousands	2021	2020
Net revenue	**1 803 741**	**1 828 239**
Other one- off items	-	(1 716)
Estimate deviations previous periods	(11 515)	(22 521)
Unrealised gains and losses on derivatives	(1 088 469)	(331 539)
Change in provisions for onerous contracts	996 739	71 023
Net revenue adjusted	**1 700 496**	**1 543 486**
EBITDA	**896 340**	**830 346**
Acquisition related costs	1 034	36 412
Other one- off items	(3 387)	(1 716)
Estimate deviations previous periods	(11 515)	(22 521)
Impairment of intangible assets	9 762	197 470
Unrealised gains and losses on derivatives	(1 088 469)	(331 539)
Change in provisions for onerous contracts	996 739	71 023
EBITDA adjusted	**800 503**	**779 474**
EBIT reported (Operating profit)	**493 256**	**525 173**
Acquisition related costs	1 034	42 213
Other one- off items	(3 387)	(1 716)
Estimate deviations previous periods	(11 515)	(22 521)
Impairment of intangible assets	9 762	197 470
Unrealised gains and losses on derivatives	(1 088 469)	(331 539)
Change in provisions for onerous contracts	996 739	71 023
Depreciation of acquistions	188 629	128 175
EBIT adjusted	**586 048**	**608 278**
EBIT margin adjusted	**39%**	**38%**

Alternative performance measures

Other financial APM's

Net interest bearing debt (cash)

NOK thousands	2021	2020
Interest-bearing long term debt	720 009	812 808
Transaction costs recognised as part of amortised cost of Interest-bearing long term debt	6 166	7 067
Reclassification of first year instalments long term debt	93 700	93 700
Overdraft facilities	-	29 400
Cash and cash equivalents	(306 627)	(599 348)
Net interest bearing debt (cash)	**513 248**	**343 626**

Financial position related APM's

NOK thousands	2021	2020
Net working capital (NWC)*	(16 795)	(116 986)
OpFCF before tax and change in NWC	489 169	577 266
Capex excl. M&A	47 182	64 926

* The definition of NWC has been changed compared to the definition used in the group's previous financial reports. The comparable figure for NWC 2020 has been updated accordingly.

Non-financial APM's

Deliveries

Numbers in thousands	2021	2020
Electrical deliveries Consumer segment	692	755
Electrical deliveries Business segment	111	107
Electrical deliveries Nordic segment	171	164
Total number of electrical deliveries*	**975**	**1 027**
Number of mobile subscriptions	160	132

* Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 1 061 thousand in 2021.

Volume in GWh	2021	2020
Consumer segment	9 486	8 144
Business segment	7 478	6 275
Nordic segment	3 229	497
Total volume	**20 193**	**14 916**

4.4 Financial statements Fjordkraft Holding ASA

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Statement of comprehensive income (loss)

NOK in thousands	Note	2021	2020
Revenue	11	3 216	538
Direct cost of sales		-	-
Personell expenses	3, 9	(12 505)	(9 718)
Operating expenses	4, 11	(9 859)	(19 605)
Depreciation and amortisation	8	(50)	(149)
Operating profit		**(19 198)**	**(28 933)**
Income from investments in subsidiaries	6, 11	424 396	412 822
Interest income	11,14	4 290	611
Interest expense	14	(21 344)	(4 817)
Other financial items, net		(246)	(179)
Net financial income/(cost)		**407 096**	**408 437**
Profit/(loss) before tax		**387 899**	**379 504**
Income tax (expense)/income	5	(5 946)	(8 147)
Profit/(loss) for the year		**381 953**	**371 356**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension obligations (net of tax)	9	(141)	(240)
Total other comprehensive income for the year, net of tax		**(141)**	**(240)**
Total comprehensive income/(loss) for the year		**381 812**	**371 117**

Statement of financial position

NOK in thousands	Note	2021	2020
Assets:			
Non-current assets			
Deferred tax assets	5	-	-
Intangible assets	8	-	50
Investments in subsidiaries	6,14	2 285 307	2 287 801
Other non-current assets		12 529	14 923
Total non-current assets		**2 297 836**	**2 302 773**
Current assets			
Receivables from group companies	11, 14	684 833	710 012
Other current assets		-	432
Cash and cash equivalents	14	222 348	-
Total current assets		**907 182**	**710 444**
Total assets		**3 205 018**	**3 013 218**
Equity and liabilities:			
Equity			
Share capital	7	34 291	34 285
Share premium	7	1 569 610	1 569 130
Retained earnings		213 868	228 203
Total equity		**1 817 769**	**1 831 618**
Non-current liabilities			
Employee benefit obligations	9	5 762	4 324
Interest-bearing long term debt	14,15	350 334	395 433
Deferred tax liabilitites	5	2 476	3 586
Total non-current liabilites		**358 572**	**403 343**

Statement of financial position

NOK in thousands	Note	2021	2020
Current liabilities			
Trade and other payables	11,14,15	499	1 486
Liabilities to group companies	11,14,15	565 447	290 344
Overdraft facilities	14,15	-	29 400
Current income tax liabilities	5	10 851	-
Dividend payable	11	400 056	399 986
Social security and other taxes		4 920	6 619
Other current liabilities	10	46 903	50 421
Total current liabilities		**1 028 677**	**778 257**
Total liabilities		**1 387 249**	**1 181 600**
Total equity and liabilities		**3 205 018**	**3 013 218**

The Board of Directors of Fjordkraft Holding ASA, Bergen, 30 March 2022.

Steinar Sønsteby
Chairman

Tone Wille
Board member

Frank Økland
Board member

Elisabeth M. Norberg
Board member

Heidi Theresa Ose
Board member

Live Bertha Haukvik
Board member

Per Oluf Solbraa
Board member

Marianne Unhjem-Solbjørg
Board member

Rolf Barmen
CEO

Statement of changes in equity

NOK in thousands	Share capital	Share premium	Retained earnings	Total equity
Opening balance at 1 January 2020	**31 349**	**702 550**	**254 049**	**987 948**
Profit/(loss) for the year	-	-	371 356	371 356
Other comprehensive income	-	-	(240)	(240)
Share capital increase	2 936	866 580	-	869 515
Share-based payment (note 13)	-	-	3 252	3 252
Dividend	-	-	(400 214)	(400 214)
Closing balance 31 December 2020	**34 285**	**1 569 130**	**228 203**	**1 831 618**
Opening balance at 1 January 2021	**34 285**	**1 569 130**	**228 203**	**1 831 618**
Profit/(loss) for the year	-	-	381 953	381 953
Other comprehensive income	-	-	(141)	(141)
Share capital increase	6	480	-	486
Share-based payment (note 13)	-	-	3 910	3 910
Dividend	-	-	(400 056)	(400 056)
Closing balance 31 December 2021	**34 291**	**1 569 610**	**213 868**	**1 817 769**

Statement of cash flows

NOK in thousands	Note	2021	2020
Operating activites			
Profit/(loss) before tax		387 899	379 504
Adjustments for:			
Depreciation	8	50	149
Dividend recognised, not received	11	(424 396)	(412 822)
Share based payment expense	13	3 910	3 252
Change in post-employment liabilities, no cash effect	9	1 257	1 024
Amortisation of transactions costs, no cash effect	14a	8 426	675
Changes in working capital:			
Other current assets		1 127	(1 127)
Trade and other payables		(986)	1 172
Other current liabilities	10	1 695	3 887
Net cash from operating activities		**(24 097)**	**(24 961)**
Investing activities			
Payment upon acquisition of subsidiaries	6	2 494	(728 485)
Payment upon establishment of a subsidiary	6	-	(300)
Dividends received from subsidiary		454 822	397 538
Net (outflow)/proceeds from current loans to/from subsidiaries		269 160	212 030
Net (outflow)/proceeds from other long-term liabilities		(775)	(14 923)
Net cash used in investing activities		**725 702**	**(134 139)**
Financing activites			
Proceeds from overdraft facilities		(29 400)	29 400
Dividends paid	11	(399 986)	(313 717)
Proceeds from issuance of shares		486	2 730
Proceeds from interest-bearing long term debt, net		(2 175)	452 188
Transactions costs (credit facilities) paid	14a	(4 356)	(22 151)
Instalments of long term debt		(46 000)	(11 500)
Net cash used in financing activities		**(479 256)**	**159 101**
Net change in cash and cash equivalents		**222 348**	**-**
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		**222 348**	**-**

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Notes
Fjordkraft Holding ASA

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Note 1 General information

Fjordkraft Holding ASA, is a public limited liability company, and was incorporated on 15 December 2017. The company is the holding company and ultimate parent in the Fjordkraft Group which core business is purchase, sales and portfolio management of electrical power to end users, as well as related activities, including investment in other companies.

Fjordkraft Holding ASA is registered and domiciled in Norway. The address of its registered office is Folke Bernadottes Vei 38, 5147 Bergen, Norway.

Note 2 Accounting policies

Basis for preparation

The financial statements of the Company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, amended on 28 December 2020. Principally this means that recognition and measurement comply with the International Accounting Standards (IFRS) and presentation and note disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. Any exceptions from measurement and recognition according to IFRS is disclosed below.

The accounting principles applied when preparing the separate financial statement of Fjordkraft Holding ASA are consistent with the accounting principles in the group, described in note 2 in the consolidated financial statements, with some exceptions that are described below. In all other cases, reference is made to notes to the consolidated financial statements.

Investments in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investments in subsidiaries are recognised at cost in the separate financial statement. The carrying amount is increased when funds are added through capital increases or when group contributions are made to subsidiaries.

Impairment of subsidiaries

At the end of each reporting period the Company assesses whether there is any indication that an investment in a subsidiary may be impaired. If any such indication exists, the Company estimates the recoverable amount of the subsidiary. If the carrying amount of the investment exceeds the recoverable amount, the group recognises an impairment loss.

Dividends from subsidiaries

Dividends received from subsidiaries are recognised in profit or loss when the dividends received are distributions of profits. Other distributions are recognised as a reduction in the carrying amount of the investment.

Pursuant to the exemption paragraph in Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, the company has elected to recognise dividends in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles. Thus, any dividend from subsidiaries is recognised as a current asset at the end of the reporting period of which the dividend proposed is based on.

Dividends payable

Pursuant to the exemption paragraph in Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, the company has elected to recognise dividends in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles. Thus, any dividend payable is recognised as a current liability at the balance sheet date of the reporting period of which the dividend proposed is based on.

Cash and cash equivalents

The cash flow statement is prepared using the indirect method. For the purpose of presentation in the statement of cash flows and in the statement of financial position, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. Fjordkraft Holding ASA is the group account holder in a group account system for bank deposits and bank overdrafts, where the Norwegian subsidiaries in the Fjordkraft-group holds sub accounts. The total net deposit or overdraft on all sub accounts in the group account system is presented net as either cash and cash equivalents, or overdraft facilities in the statement of financial position. Deposits and overdrafts of the sub account holders are included in receivables from group companies and liabilities to group companies in the statement of financial positions.

Note 3 Personnel expenses

NOK in thousands	2021	2020
Salaries	9 421	6 043
Social security	1 012	1 575
Pension expenses	1 160	992
Other benefits	912	1 108
Total	**12 505**	**9 718**

Salaries includes payments to Board of directors. See note 12.
The number of employees in the accounting year has been 3.

Loans to employees	**2021**	**2020**
NOK in thousands	354	457

Loans to employees has been granted on the following terms:
Maximum duration for loans to employees are 15 years.
The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus up to 1 percentage point.
Current limit for taxation of benefits is 1.3 %.
Employee loans are handled by the subsidiary Fjordkraft AS.

Note 4 Operating expenses

NOK in thousands	2021	2020
Sales and marketing costs	69	5
IT costs	175	207
Purchase of third-party services and external personnel	6 398	5 847
Professional fees*	2 507	13 027
Other operating costs	710	519
Toal operating expenses	**9 859**	**19 605**

* includes legal fees, auditor, consultants

Specification of auditors remuneration (all related to services provided by Deloitte)

NOK in thousands	2021	2020
Statutory audit	1 427	601
Tax advisory services	-	-
Other non-audit related services	297	265
Total auditors remuneration	**1 724**	**866**

Note 5 Income Tax

Specification of tax expense recognised in statement of profit or loss

NOK in thousands	2021	2020
Tax payable on profit for the year	10 851	-
Adjustments prior years tax payable	(3 835)	3 835
Change in deferred tax/(tax asset) from origination and reversal of temporary differences	(1 071)	4 312
Tax expense/(-income) recognised in statement of profit or loss	**5 946**	**8 147**

Specification of tax expense recognised in other comprehensive income

Change in deferred tax/(tax asset) from origination and reversal of temporary differences	(40)	(68)
Tax expense/(-income) recognised in other comprehensive income	**(40)**	**(68)**

Reconciliation of statutory tax rate to effective tax rate:

Profit/(loss) before tax	387 899	379 504
Income tax at statutory tax rate (22%)	85 338	83 491
Tax effect of following items:		
Non-deductible costs	210	2 755
Tax exemption method dividends	(75 767)	(81 933)
Adjustments prior years tax payable	(3 835)	3 835
Tax expense/(-income)	**5 946**	**8 147**

Specification of basis for deferred tax:

Pension liabilities	(5 762)	(4 324)
Other current liabilities	(390)	(850)
Other non-current financial assets	17 406	21 476
Basis for calculation of deferred tax/(tax assets)	**11 254**	**16 302**
Total deferred tax liability/(tax assets) (22 %)	**2 476**	**3 586**

Changes in deferred tax balances

NOK in thousands	1 January 2021	Changes recognised in statement of profit or loss	Changes recognised in other comprehensive income	31 December 2021
Pension liabilities	(951)	(277)	(40)	(1 268)
Other current liabilities	(187)	101	-	(86)
Other non-current financial assets	4 725	(895)	-	3 829
Total deferred tax liability/(tax assets) (22 %)	**3 586**	**(1 071)**	**(40)**	**2 476**

Note 6 Investments in subsidiaries

NOK in thousands	Location	Ownership/ voting right	Equity year end 2021 (100%)	Profit or loss 2021 (100%)	Book value
Fjordkraft AS	Bergen, Norway	100 %	729 731	536 482	1 636 984
Fjordkraft Industrial Ownership AS	Bergen, Norway	100 %	302 775	(28 996)	648 322
Book value at 31 December 2021					**2 285 307**

Mergers of subsidiaries in 2021
In 2021 the former subsidiary Eidsiva Marked AS was merged into Fjordkraft AS, and the former subsidiary Innlandskraft AS was merged into Fjordkraft Industrial Ownership AS.

Dividends
The board of directors in Fjordkraft AS has approved a dividend of NOKt 344 396 and a group contribution of NOKt 80 000 which have been recognised as income from investments in subsidiaries in profit and loss for 2021.

Note 7 Share capital and shareholder information

Shareholders at 31 December 2021	Number of shares	Nominal value per share	Nominal value	Voting rights	Ownership
Folketrygdfondet	10 698 346	0,30	3 209 504	9,36 %	9,36 %
Gudbrandsdal Energi Holding AS	7 682 161	0,30	2 304 648	6,72 %	6,72 %
The Northern Trust Comp, London Br (nominee)	5 533 119	0,30	1 659 936	4,84 %	4,84 %
State Street Bank and Trust Comp (nominee)	4 061 671	0,30	1 218 501	3,55 %	3,55 %
The Bank of New York Mellon (nominee)	2 675 005	0,30	802 502	2,34 %	2,34 %
VPF DNB AM Norske Aksjer	2 511 227	0,30	753 368	2,20 %	2,20 %
Skandinaviska Enskilda Banken AB (nominee)	2 276 871	0,30	683 061	1,99 %	1,99 %
Landkreditt Utbytte	2 250 000	0,30	675 000	1,97 %	1,97 %
The Northern Trust Comp, London Br (nominee)	2 219 100	0,30	665 730	1,94 %	1,94 %
Verdipapirfondet DNB Norge	2 099 274	0,30	629 782	1,84 %	1,84 %
Geveran Trading Co Ltd	2 044 000	0,30	613 200	1,79 %	1,79 %
Skandinaviska Enskilda Banken AB (nominee)	1 899 471	0,30	569 841	1,66 %	1,66 %
The Bank of New York Mellon SA/NV (nominee)	1 863 750	0,30	559 125	1,63 %	1,63 %
Verdipapirfondet Holdberg Norge	1 750 000	0,30	525 000	1,53 %	1,53 %
HSBC Bank Plc (nominee)	1 749 093	0,30	524 728	1,53 %	1,53 %
State Street Bank and Trust Comp (nominee)	1 741 146	0,30	522 344	1,52 %	1,52 %
Verdipapirfondet Nordea Norge Verd	1 735 345	0,30	520 604	1,52 %	1,52 %
HSBC Bank Plc (nominee)	1 702 292	0,30	510 688	1,49 %	1,49 %
JPMorgan Chase Bank, N.A., London (nominee)	1 499 497	0,30	449 849	1,31 %	1,31 %
Verdipapirfond ODIN Norge	1 256 000	0,30	376 800	1,10 %	1,10 %
Others	55 054 432	0,30	16 516 330	48,17 %	48,17 %
Total	**114 301 800**		**34 290 540**	**100 %**	**100 %**

Note 7
Share capital
and shareholder information

Share capital and share premium	Share capital	Share premium	Total
NOK in thousands			
31 December 2021	34 291	1 569 610	1 603 900
31 December 2020	34 285	1 569 130	1 603 414

Fully paid ordinary shares which have a par value of NOK 0.30 carry one vote per share and carry a right to dividends.
All issued shares have equal voting rights and the right to receive dividend.

Earnings per share
Earnings per share is calculated as profit/loss allocated to shareholders for the year divided by the weighted average number of outstanding shares.

Basic earnings per share	2021	2020
Profit/(loss) attributable to equity holders of the company (NOK in thousands)	381 953	371 356
Weighted average number of ordinary shares in issue	114 291 767	107 200 552
Earnings per share in NOK	**3,34**	**3,46**
Share options (see note 13)	1 500 000	1 190 000
Diluted earnings per share in NOK	**3,30**	**3,43**

The change in share options is due to extention of the share option program with one extra year (a total of 330 000 new share options) and and second and fourth vesting periods where a total of 20 000 share options were exercised.

These are included in the calculation of diluted earnings per share. For more information, refer to note 13.

Note 7
Share capital
and shareholder information

Shares owned/controlled by members of the Board of Directors, CEO and other members of the Executive Management (including related parties):

Number of shares	2021	2020
Rolf Barmen (Chief Executive Officer)	49 052	44 052
Birte Strander (Chief Financial Officer)	31 244	29 363
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)	23 428	19 078
Arnstein Flaskerud (Head of Strategy and M&A)	27 760	26 760
Solfrid K. Aase (Head of Service Companies)	10 206	7 856
Roger Finnanger (Head of Business)	3 378	884
Christian Kalvenes (Head of Consumer)	931	931
Alf-Kåre Hjartnes (Chief Operating Officer)	8 833	8 833
Solfrid Fluge Andersen (Chief Commercial Officer)	4 101	-
Per Heiberg (Head of Nordic and other end-user companies)	3 000	-
Ole Johan Langenes (Acting Chief Financial Officer) 1	7 000	7 000
Steinar Sønsteby (Chairman of the Board) 2	16 129	16 129
Per Axel Koch (Chairman of the Board) 3	32 258	32 258
Live Bertha Haukvik (Boardmember)	5 000	5 000
Heidi Theresa Ose (Boardmember)	1 500	-
Tone Wille (Boardmember) 2	-	-
Per Oluf Solbraa (Boardmember) 2	-	-
Birthe Iren Grotle (Boardmember) 3	2 900	2 900
Lindi Bucher Vinsand (Boardmember, Employee representative) 3	1 612	1 612
Marianne Unhjem (Boardmember, Employee representative) 2	-	-
Elisabeth M. Norberg (Boardmember, Employee representative)	3 225	3 225
Frank Økland (Boardmember, Employee representative)	645	645
Bettina Bergesen (Deputy in board meetings) 3	-	2 260
Sondre Skar (Deputy in board meetings) 2	-	-
Håkon Remme (Deputy in board meetings) 2	-	-
Kim A. Irgens Nilsen (Deputy in board meetings) 2	-	-
Lisbet Nærø (Chairman of the Nomination committee)	-	-
Total	**232 202**	**208 786**

1) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave.
2) From 21 April 2021
3) Until 21 April 2021

Note 7
Share capital
and shareholder information

In addition to owned shares, members of Executive Management also owns options acquired through the new management option program, as outlined in note 13.

Options owned by members of the Executive Management:

Number of options	2021	2020
Rolf Barmen (Chief Executive Officer)	200 000	160 000
Birte Strander (Chief Financial Officer)	100 000	80 000
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)	100 000	80 000
Arnstein Flaskerud (Head of Strategy and M&A)	100 000	80 000
Solfrid K. Aase (Head of Service Companies)	100 000	80 000
Roger Finnanger (Head of Business)	100 000	80 000
Christian Kalvenes (Head of Consumer)	100 000	80 000
Alf-Kåre Hjartnes (Chief Operating Officer)	90 000	70 000
Solfrid Fluge Andersen (Chief Commercial Officer)	100 000	80 000
Ole Johan Langenes (Acting Chief Financial Officer) 1	50 000	40 000
Per Heiberg (Head of Nordic and other end-user companies)	60 000	40 000
Total	**1 100 000**	**870 000**

1) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave.

Note 8 Intangible assets

2021

NOK in thousands	Software and development projects	Total
Cost price 1 january 2021	446	446
Additions - Purchase	-	-
Cost price 31 December 2021	**446**	**446**
Accumulated depreciation 1 January 2021	(396)	(396)
Depreciation for the year	(50)	(50)
Accumulated depreciation 31 December 2021	**(446)**	**(446)**
Carrying amount 31 December 2021	**-**	**-**

2020

NOK in thousands	Software and development projects	Total
Cost price 1 January 2020	446	446
Additions - Purchase	-	-
Cost price 31 December 2020	**446**	**446**
Accumulated depreciation 1 January 2020	(248)	(248)
Depreciation for the year	(149)	(149)
Accumulated depreciation 31 December 2020	**(396)**	**(396)**
Carrying amount 31 December 2020	**50**	**50**

Useful life	3 years
Depreciation method	Straight line

Note 9
Pension liabilities

Description of pension schemes

Fjordkraft's pension schemes have been established in accordance with local laws, and include both defined contribution plans and defined benefit plans. The pension schemes offered in the Norwegian companies in the group are in line with the Act on Mandatory Occupational Pensions (Lov om obligatorisk tjenestepensjon).

Defined benefit plans

Defined benefit plans entitles members to defined future benefits. These are mainly dependent on the number of years of service, the salary level at retirement age and the size of benefits paid by the national insurance. Liabilities in defined benefit plans that are funded are covered through an insurance company.

The liability or asset recognised in the consolidated statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets if the plan is funded. The defined benefit obligation is calculated annually by independent actuaries.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed defined contributions into a separate entity (a fund).

Pension schemes in Fjordkraft Holding ASA

Until the end of 2019 the group companies had a single pension scheme covering all employees. As of 1.1.2020 all Group employees born in 1963 and later was transferred to a defined contribution pension scheme. Employees born before 1963 maintained their membership in defined benefit pension scheme, which at the same time was closed for new members. Members who were enrolled in the defined contribution pension plan received a paid-up policy for earned entitlements for the time they have earned rights in the defined benefit pension scheme if they had at least three years of service. At year end 2021 Fjordkraft Holding ASA has 3 employees.

Defined contribution plan

At the end of 2021 Fjordkraft Holding ASA has a defined contribution pension scheme covering a total of 3 active members and no pensioners. The contribution rates for the defined contribution plan are set to 5 per cent of salaries between 0 and 7,1 times G (where G is the National Insurance scheme basic amount, NOKt 106 in 2021), and 15 per cent of salaries between 7,1 and 12 times G.

The defined-contribution pension scheme also includes disability pension, spouse's pension and children's pension. In addition, Fjordkraft has chosen to introduce the contractual pension agreement (CPA) scheme for private sector for those members who are enrolled in the defined contribution pension scheme. The agreement entitles members to benefits from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67.

In addition to the above mentioned defined contribution plan (and if applicable the defined benefit pension plan described below), Senior Management are members of a defined contribution pan, entiteling them to additional annual contribution for salary exceeding 12 G

Defined benefit plans

At the end of 2021 the defined benefit pension scheme does not have any remaining active members (0 pensioners and 1 deferred vested member). This defined benefit pension scheme includes retirement pension, contractual pension agreement (CPA), disability pension, spouse's pension and children's pension. The scheme complies largely with the regulations enshrined in the Act on the Government Pension Fund. The liabilities are covered through the insurance company BKK Pensjonskasse.

For those members who were transferred from the defined benefit scheme to the new defined contribution pension scheme at the beginning of 2020, an additional defined benefit plan was established to provide supplementary retirement pension to employees with a long employment time and a high whom had their expected retirement pension reduced when being transferred out of the defined benefit scheme. This plan aims to counteract some of the effects that the introduction of life expectancy adjustment has had for public occupational pension schemes. The scheme applies to a closed group of employees. The supplementary allowance was set with final effect at the end of 2019, and the supplement constitutes a fixed percentage of the individual's pension basis up to the age of 66 years. This scheme will only provide benefits if the employees are at least 67 years old at retirement. The scheme covers a total of 1 active members and 0 pensioners in Fjordkraft Holding ASA at the end of 2021.

Risk exposure

Through its defined benefit occupational pension plans, the Group is exposed to a number of risks, the most significant are detailed below.

Asset volatility;

The plan liabilities are calculated using a discount rate set with reference to covered bonds ("Obligasjoner med fortrinnsrett"); if plan assets underperform this yield, this will create a deficit. All plans hold a significant portion of investments in equity instruments, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

Note 9
Pension liabilities

As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

Changes in bond yields;
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk;
Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit

Life expectancy;
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

At the end of this note, a table showing sensitivity analysis of the most significant assumptions is enclosed.

Amounts recognised in statement of financial position 2021	**31 December 2021**	**31 December 2020**
NOK in thousands		
Present value of funded obligations	1 749	1 696
Fair value of plan assets	1 431	1 335
Deficit for funded plans	318	361
Present value of unfunded obligations	4 155	3 449
Total deficit of defined benefit pension plans	**4 473**	**3 810**
Other employee benefit obligations	1 289	515
Employee benefit obligations recognised in Statement of financial position	**5 762**	**4 324**

Change in defined benefit obligation	**Present value of funded obligation**	**Fair value of plan assets**	**Total, Funded obligations, net of plan**	**Present value of non-funded obligation**	**Total, net**
NOK in thousands					
At 1 January 2021	1 696	1 335	361	3 449	3 810
Accrued pension entitlement for the year	-	-	-	372	372
Payroll tax (PT)	-	-	-	52	52
Interest expense (income)	25	-	25	52	77
Return on plan assets	-	20	(20)	-	(20)
Past service cost	-	-	-	-	-
Actuarial gains and losses	27	76	(49)	230	181
Benefits paid	-	-	-	-	-
Contribution	-	-	-	-	-
Members' contribution					
Payroll tax of contribution	-	-	-	-	-
At 31 December 2021	**1 749**	**1 431**	**318**	**4 155**	**4 473**

Note 9
Pension liabilities

Amounts recognised in statement of financial position 2021	Funded obligations	Non-funded obligations	Total
NOK in thousands			
Accrued pension entitlement for the year	-	372	372
Payroll tax (PT)	-	52	52
Net interest expense / (income)	25	52	77
Expected return on plan assets	(20)	-	(20)
Past service cost	-	-	-
Curtailment (gain) / loss recognized			-
Settlement (gain) / loss recognized			-
Expenses paid			-
Members' contribution			-
Pension expenses defined benefit pension schemes	**5**	**476**	**482**
Pension expenses defined contribution pension scheme			678
Total amount recognised in profit or loss			**1 160**

Actuarial gains and losses recognised directly in Other comprehensive income (OCI)

NOK in thousands	2021	2020
Net actuarial gains/(losses) recognised in OCI during the year	(181)	(307)
Tax effects of actuarial gains/(losses) recognised in OCI	(40)	(68)

Significant actuarial assumptions

Discount rate	1,70 %	1,50 %
Salary growth rate	2,50 %	2,00 %
Expected growth in base social security amount (G)	2,25 %	1,75 %
Estimated return on plan assets	1,70 %	1,50 %
Pension growth rate	1,50 %	1,00 %
CPA withdrawal		25% when 62 yrs
Demographic assumptions		K2013BE
Voluntary retirement		Before 45 yrs - 4,5 %
		45 yr - 60 yr - 2,0
		After 60 yrs - 0 %

* K2013BE is the insurance companies present best estimate based on The Financial Supervisory Authority of Norway's mortality table K2013 and Statistics Norway's present population projection.

Note 9
Pension Liabilities

Sensitivity of pension liabilities to changes in the weighted financial assumptions are:

	Change in pension cost		Change in employee defined benefit liabilities	
NOK in thousands	1,00 %	-1,00 %	1,00 %	-1,00 %
Discount rate	(76)	98	(1 025)	1 323
Salary growth rate	37	(34)	330	(300)
Expected growth in base social security amount (G)	55	(47)	944	(771)

Pension asset comprise

Pension assets are invested in bonds and money-market placements issued by the Norwegian government, Norwegian municipalities, financial institutions and enterprises. Foreign currency bonds are hedged. Investments are made in both Norwegian and foreign shares. Any estimate deviation is distributed pro-rata between the individual asset categories.

At 31 December 2021 the plan assets were invested as follows:

NOK in thousands	Level 1 Exchange listed prices	Level 2 Observable prices	Level 3 Non-observable prices	Total	%-share
Equity instruments	94	282	127	502	35%
Interest bearing instruments	-	929	-	929	65%
Total investments	**94**	**1 211**	**127**	**1 431**	**100 %**

Note 10 Other current liabilities

Other Current Liabilities consist of the following:

NOK in thousands	2021	2020
Accrued expenses	90	3 863
Installments on long term loan due within 12 months	46 000	46 000
Payroll liabilities	813	558
Total other current liabilities	**46 903**	**50 421**

Note 11 Related party transactions

Related parties include major shareholders, Board of Directors and key management. Transactions related to these groups are disclosed in note 12.

The Board of Directors previously included a representative from former major shareholder Eviny AS (previous BKK AS). In the general meeting held in the second quarter of 2021, this board member was not re-elected. Eviny AS and subsidiaries were therefore considered to be related parties in the first two quarters of 2021.

Pricing of services and transactions between related parties are set on an arm's length basis in a manner similar to transactions with unrelated third parties.

The following transactions were carried out with related parties (NOK in thousands):

Income from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Fjordkraft AS	Subsidiary	Dividend	344 396	365 990
Fjordkraft AS	Subsidiary	Group contribution	80 000	40 400
Eidsiva Marked AS	Merged into Fjordkraft AS in 2021	Dividend	-	6 432
Fjordkraft Industrial Ownership AS	Subsidiary	Management services	2 975	204
Allrate AS	Subsidiary	Management services	240	335
Other	Subsidiaries	Interest income cash pool	4 290	611

Distributions received from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Innlandskraft AS	Merged into Fjordkraft Industrial Ownership AS in 2021	Distribution in kind	-	946 000

Expenses to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Fjordkraft AS	Subsidiary	Purchase of other services	4 333	3 398

Distributions to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Eviny AS	Major shareholder	Dividend	-	47 799

Note 11
Related party transactions

Current receivables from related parties (NOK in thousands)

Related party	Relation	2021	2020
Fjordkraft AS*	Subsidiary	475 557	270 368
Trøndelagkraft AS	Subsidiary	365	176
Gudbrandsdal Energi AS	Subsidiary	342	-
Allrate AS*	Subsidiary	-	102
Fjordkraft Industrial Ownership AS*	Subsidiary	207 843	315 265
Eidsiva Marked AS*	Merged into Fjordkraft AS in 2021	-	76 972
Innlandskraft AS*	Merged into Fjordkraft Industrial Ownership AS in 2021	-	46 433
Switch Nordic Green AB	Subsidiary	726	695

* Includes receivables in group account system, refer note 14.

Current liabilities to related parties (NOK in thousands)

Related party	Relation	2021	2020
Fjordkraft AS*	Subsidiary	290 093	57
TrøndelagKraft AS*	Subsidiary	211 022	266 755
Allrate AS*	Subsidiary	12 956	7 480
Betalservice AS*	Subsidiary	210	258
Gudbrandsdal Energi AS*	Subsidiary	47 802	15 786
Energismart Norge AS*	Subsidiary	4	9
Fjordkraft Nordic*	Subsidiary	3 360	-

* Includes liabilities in group account system, refer note 14.

Note 12 Remuneration to the Executive management and Board of Directors

Pursuant to the Norwegian Accounting Act §7-31b, the Company is required to disclose remuneration to the Executive management and the Board of Directors received from other companies in the Group.

Executive management 2021:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 231	1 266*	150	724	5 371	354
Birte Strander (Chief Financial Officer)	1 743	261	120	392	2 516	-
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)	1 721	261	120	374	2 475	-
Arnstein Flaskerud (Head of Strategy and M&A)	1 878	261	120	326	2 585	-
Solfrid K. Aase (Head of Service Companies)	1 565	261	100	285	2 210	-
Christian Kalvenes (Head of Consumer)	1 565	209	100	170	2 043	-
Ole Johan Langenes (Acting Chief Financial Officer) 1	644	209	42	71	965	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 721	209	120	314	2 363	365
Roger Finnanger (Head of Business)	1 565	261	100	173	2 098	-
Solfrid Fluge Andersen (Head of Operations)	1 565	209	100	173	2 046	-
Per Heiberg-Andersen (Head of Nordics and other end-user companies)	1 565	170	100	169	2 003	-
Total remuneration executive management 2021	**18 759**	**3 573**	**1 172**	**3 171**	**26 674**	**719**

1) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave. Remuneration included in the table above is for the period from 1 January 2021 until 31 May 2021.

*In 2021 the CEO received a discretionary bonus of NOKt 1 266 based on the Group's performances in 2020. For 2021 the Board of Directors have awarded the CEO a discretionary bonus of NOKt 500 based on the Group's performances, paid in 2022.

The Board of Directors 2021:

NOK in thousands	Total remuneration
Steinar Sønsteby (Chairman) 1	461
Per Axel Koch (Chairman) 2	161
Live Bertha Haukvik (Member)	383
Tone Wille (Member) 1	212
Per Oluf Solbraa (Member) 1	212
Marianne Unhjem (Member, Employee representative) 1	73
Lindi Bucher Vinsand (Member, Employee representative) 2	32
Frank Økland (Member, Employee representative)	104
Elisabeth M Norberg (Member, Employee representative)	104
Heidi Therese Ose (Member)	396
Lisbet Nærø (Chairman of the Nomination committee)	52
Atle Kvamme (Member, Nomination committee)	31
Jannicke Hilland (Member, Nomination committe) 3	9
Ragnhild Stolt-Nielsen (Member, Nomination committee) 1	22
Total remuneration Board of directors 2021	**2 252**

1) From 21 April 2021. 2) Until 21 April 2021. 3) The remuneration is paid as a fee to BKK AS. Member until 21 April 2021.

Note 12
Remuneration to the Executive management and Board of Directors

Executive management 2020:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 167	1 200	150	601	5 118	457
Birte Strander (Chief Financial Officer)	1 498	52	120	281	1 951	-
Jeanne K. Tjomsland (Head of HR and Communications)	1 675	52	120	276	2 123	-
Arnstein Flaskerud (Head of Strategy and M&A)	1 827	52	120	290	2 289	-
Solfrid K. Aase (Head of Service Companies)	1 523	52	100	219	1 893	-
Christian Kalvenes (Head of Consumer)	1 523	52	100	162	1 836	-
Ole Johan Langenes (Acting Chief Financial Officer)	1 523	52	100	162	1 836	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 675	42	120	247	2 084	439
Roger Finnanger (Head of Business)	1 523	52	100	162	1 836	-
Solfrid Fluge Andersen (Head of Operations)	1 523	42	100	166	1 830	-
Per Heiberg-Andersen (Head of Nordics and other end-user companies) 1	258	-	17	43	318	-
Total remuneration executive management 2020	**17 711**	**1 647**	**1 147**	**2 609**	**23 114**	**896**

1) Part of executive management from 1 November 2020. Remuneration included in the table above is for the period from 1 November 2020 until 31 December 2020.

The Board of Directors 2020:

NOK in thousands	Total remuneration
Per Axel Koch (Chairman)	524
Birthe Iren Grotle (Member)	-
Live Bertha Haukvik (Member)	360
Steinar Sønsteby (Member)	298
Lindi Bucher Vinsand (Member, Employee representative)	103
Frank Økland (Member, Employee representative)	103
Elisabeth M Norberg (Member, Employee representative)	103
Heidi Therese Ose (Member)	298
Lisbet Nærø (Chairman of the Nomination committee)	51
Atle Kvamme (Member, Nomination committee)	18
Jannicke Hilland (Member, Nomination committe)	18
Total remuneration Board of Directors 2020	**1 876**

Note 12
Remuneration to the Executive management and Board of Directors

There are no additional bonus agreements or agreement of similar profit sharing with the CEO or Chairman of the board. The rest of the executive management is also included in the Groups preformance bonus scheme.

No remuneration has been paid to board members employed by and representing major shareholders.

If the company chooses to terminate the employment, the CEO is entitled to 12 months severance pay after the expiry of the ordinary notice period, which is 6 months.

The Group's executive management has the right to apply for loans on the same grounds as all the employees in the company. Maximum duration for loans to employees are 15 years.

The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus up to 1 percentage point. Current limit for taxation of benefits is 1.3 %.

The CEO and Group management is included in the current pension plan for the Group.

Note 13 Option program

Fjordkraft Holding ASA established a management option program 10 December 2018.
The option program was established to align management's and shareholders' incentives and to reduce turnover for key employees.

In total 330 000 share options were issued to employees during 2021.

Type	**Options**
Grant Date	**18 February 2021**
Vesting conditions	The options vest in one tranche with vesting 14 February 2024 The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.
Expiry date	14 February 2028
Exercise price (NOK)	78,00
Total number outstanding	330 000

Type	**Options**
Grant Date	18 February 2021
Measurement date	18 February 2021
Share price (NOK)	68,00
Lifetime* (years)	2,99
Volatility	30,00 %
Risk-free interest rate*	0,54 %
Fair Value* (NOK)	11,8308

**volume weighted average for options*

The fair value of the options was calculated using the Black-Scholes model. The model utilizes certain information, such as the interest rate on a risk-free security maturing generally at the same time as the option being valued, and requires certain assumptions, such as the expected amount of time an option will be outstanding until it is exercised or it expires and the volatility associated with the price of the underlying shares of common stock, to calculate the fair value of stock options granted. The model also estimate the likelihood of performance fulfillment and takes this into account in the valuation.

The expected volatility for options issued in 2021 is estimated at average of 30% where historical volatility is not available. Where historical volatility is available this is calculated using the Fjordkraft Holding ASA share price.

Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

The total carrying amount per 31 December 2021 is NOKt 10 155, not including social security.

Note 13
Option Program

The following table shows the changes in outstanding options in 2020 and 2021:

Period activity

	1 January 2020 - 31 December 2020		1 January 2019 - 31 December 2019	
	Shares	**Weighted Average Exercise Price (NOK)**	**Shares**	**Weighted Average Exercise Price (NOK)**
Outstanding at the beginning of period	1 190 000	39,43	930 000	31,05
Granted	330 000	78,00	350 000	69,34
Exercised	(20 000)	24,30	(90 000)	30,33
Cancelled	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Adjusted quantity	-	-	-	-
Modification / Dividends	-	-	-	-
Outstanding at the end of period	1 500 000	44,57	1 190 000	39,43
Vested outstanding	510 000	24,61	220 000	28,16
Vested and expected to vest	1 500 000	44,57	1 190 000	39,43
Intrinsic value of in-the-money outstanding at the end of the period	820 000	18 918 200	1 190 000	52 676 000
Intrinsic value vested outstanding at the end of the period	510 000	11 755 600	220 000	12 219 000

At 31 December 2021, the range of exercise prices and weighted average remaining contractual life of the options were as follows :

	Outstanding instruments		Vested outstanding	
Exercise price	**Outstanding per 31.12.2021**	**Weighted average remaining Contractual Life**	**Vested outstanding per 31.12.2021**	**Weighted Average Exercise Price (NOK)**
0,00 - 25,00	-	-	-	-
25,00 - 30,00	-	-	-	-
30,00 - 35,00	790 000	1,13	490 000	33,12
35,00 - 40,00	30 000	1,13	20 000	37,90
40,00 - 45,00	-	-	-	-
45,00 - 50,00	-	-	-	-
50,00 - 55,00	-	-	-	-
55,00 - 60,00	-	-	-	-
60,00 - 65,00	-	-	-	-
65,00 - 70,00	310 000	5,13	-	-
70,00 -	370 000	5,80	-	-
Total	**1 500 000**	**3,11**	**510 000**	**33,31**

Note 14 Financial assets and financial liabilities

The company holds the following financial instruments:

Financial assets

NOK in thousands	Notes	2021	2020
Financial assets at amortised cost			
Receivables from group companies (1)	11,14(b)	260 437	255 190
Cash and cash equivalents (1)	14(b)	222 348	-
Total financial assets		482 785	255 190

Financial liabilities

NOK in thousands	Notes	2021	2020
Liabilities at amortised cost			
Trade and other payables (1)		499	1 486
Liabilities to group companies (1)	11,14(b)	565 447	290 344
Overdraft facilities (1)	14(a)	-	29 400
Interest-bearing debt (2)	14(a)	396 334	441 433
Total financial liabilities		**962 280**	**762 663**

(1) The fair value of cash and cash equivalents, receivables from group companies, overdraft facilities, liabilitites to group companies and trade and other payables approximate their carrying value due to their short term nature. Provisions for dividends received from subsidiaries which are included in receivables from group companies are not considered financial assets until they have been approved.
(2) Interest-bearing debts are measured at amortised cost. The fair value of interest-bearing debts is not materially different from their carrying value, since the interest payable on those debts, which are variable interest rate loans, are close to current market rates. Interest- bearing debt includes installments due within the next 12 months which is included in other current liabilities.

Financial Statement Impact:
The company's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of profit or loss:

NOK in thousands	2021	2020
Interest from assets held at amortised cost	4 290	611
Interest expense from liabilites at amortised cost	(21 344)	(4 817)
Total financial income and expense	**(17 054)**	**(4 206)**

14(a) Credit facilities

NOK in thousands	Effective interest rate	2021	2020
Term loan	NIBOR 3 months + 1,75 %	402 500	448 500
Total principal amounts		**402 500**	**448 500**

Note 14(a)
Credit facilities

Credit facilities agreement

In September 2020, prior to the acquisition of Innlandskraft AS (see note 6), Fjordkraft entered into a new facilities agreement with DNB, which includes the following credit facilities which are available for Fjordkraft Holding ASA and its Norwegian subsidiaries;

- a NOKt 1 000 000 term loan - the acquisition facility
- a NOKt 500 000 revolving credit facility
- a NOKt 2 250 000 guarantee facility
- a NOKt 1 000 000 overdraft facility

The term loan - NOKt 1 000 000 - The acquisition facility

Fjordkraft may draw upon the term loan facility until 31 October 2021. In November 2021 Fjordkraft used an option to extend the termination date of the loan. The new termination date of the loan is in September 2024. Fjordkraft still has the option to extend the termination date by another period of twelve months. Each term loan drawn upon the facility is to be repaid in quarterly repayments of 2,5 % of the original amount of the term loan, with the remainder being repaid in full on the termination date. The reference interest rate is NIBOR.

Fjordkraft Holding ASA drew NOKt 460 000 upon this facility in September 2020, in order to repay the groups former term loan, and to partly finance the aquisition of Innlandskraft AS. The term loan principals are being repaid in quarterly instalments of total NOKt 11 500. The first quarterly instalment was repaid in December 2020. At 31 December 2021 the remaining term loan principal balance is NOKt 402 500. The loan instalments of NOKt 46 000 that are due the next twelve months have been reclassified from interest-bearing long term debt to interest-bearing short term debt, which is included in other current liabilities in the statement of financial position (see note 10).

In November 2020 the subsidiary Fjordkraft Industrial Ownership AS drew additional NOKt 477 000 upon the facility in order to partly finance the aquisition of Troms Kraft Strøm AS.

The revolving credit facility - NOKt 500 000 - The RCF

The revolving credit facility is available up until one month before the termination date. In November 2021 Fjordkraft used the option to extend the termination date, the new termination date is in September 2024. Fjordkraft has the option to extend the termination date by another period of twelve months. Any drawings for the purpose of financing permitted acquisitions shall be converted into term loan drawings with the same repayment profile as the acquisition facility, and amounts so converted shall not be available for re-drawing.

The group has not made any drawings and/or repayments on this facility in 2021. At 31 December 2021 the total revolving credit facility of NOKt 500 000 is undrawn.

The guarantee facility - NOKt 2 250 000

The purpose of the guarantee facility is the issuance of guarantees and letters of credit for the general corporate and working capital purpose of the group, hereunder gurantees related to re-invoicing agreements with grid owners, property rental agreements and so on. In November 2021 Fjordkraft used the option to extend the termination date, the new termination date is in September 2024. Fjordkraft has the option to extend the termination date by another period of twelve months.

At 31 December 2021 guarantees of total NOKt 2 024 135 are issued under the guarantee facility.

The overdraft facility - NOKt 1 000 000

The overdraft facility has been renewed and is available one year from September 2021. At 31 December 2021 the overdraft facility is undrawn.

Security

The groups trade receivables has been pledged as security for all credit facilities under the new facilities agreement.

Transaction costs

Transactions costs of NOKt 9 842 related to establishing and extending the Term loan facility are recognised as part of amortised cost of the Term loan. Transaction costs of NOKt 18 305 related to establishing and extending the RCF, The guarantee facility, and the overdraft facility are amortised on a straight line basis over the period from establishing the facilities to the extended termination date.

Financial covenant

Under the new credit facility, there is a leverage covenant that applies at all times, and which shall be calculated quarterly based on consolidated numbers. A leverage ratio is to be calculated as total long term interest bearing debt to rolling 12 month EBITDA adjusted. The leverage ratio shall not exceed:

- more than 2,5 in respect of more than one quarter-end during any financial year, and
- more than 2,0 in respect of the remaining three quarter-ends during any such financial year.

Fjordkraft is in compliance with the covenant at the end of this reporting period.

14(b) Cash and cash equivalents

Current assets

NOK in thousands	2021	2020
Cash at bank and in hand	222 348	-
Total	**222 348**	**-**

The above figures equals the amount of cash shown in the statement of cash flows at the end of the financial year.

Classification as cash equivalents
Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Fjordkraft Holding ASA is the group account holder in a group account system for bank deposits and bank overdrafts, where the Norwegian subsidiaries in the Fjordkraft-group holds sub accounts. The total net deposit or overdraft on all sub accounts in the group account system is presented net as either cash and cash equivalents, or overdraft facilities in the statement of financial position. Deposits and overdrafts of the sub account holders are included in receivables from group companies and liabilities to group companies in the statement of financial positions.

Restricted cash
There are no restricted cash in the company as at 31 December 2021.

Note 15 Financial risks

The company classifies the following categories of financial risks:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk is the risk of losses arising from movements in market prices. The company is primarily exposed to the market risks of changes in interest rates.

Market risk – interest rates

The company's exposure to interest rate risk arises from variable interest rate credit facilities and variable interest rate deposits and overdrafts within the group account system. Refer to note 14 for description of the Group's credit facilities. The company has a term loan drawn upon the Group's term loan facility, and as the group account holder of the Group's group account system it has a net deposit at year end 2021. The net interest-bearing deposits and overdrafts of each of the group companies holding sub accounts in the group account system, are included in receivables on group companies and liabilities to group companies in the company's statement of financial position. The current exposure to interest rate risk does not warrant the use of derivative instrument as it is not considered to be material.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. As at 31 December 2021, the company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, equals the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, see note 14. At year end 2021 the company's only financial assets are receivables on group companies, which mainly represents receivables on those subsidiaries that have net overdrafts on their sub accounts in the group account system. Each member of the group account system is jointly and severally liable for any overdraft liabilities.

Liquidity risk

The company manages liquidity risk by maintaining adequate cash reserves, bank overdraft facilities and reserve credit facilities, and by monitoring forecasts and actual cash flows. The company has access to the group's credit facilities (a term loan facility, a revolving credit facility, a guarantee facility, and an overdraft facility) which ensures access to additional cash reserves. Details of the group's undrawn facilities are set out in note 14(b), Credit facilities.

Liquidity risk table

The following table details the company's remaining contractual maturity for its financial liabilities. The table has been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The company does not hold any derivative financial liabilities at year end 2021.

Contractual maturities of financial liabilities

31 December 2021

NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Trade and other payables*	499	-	-	-	-	499	499
Liabilities to group companies**	-	-	-	-	-	-	565 447
Overdraft facilities	-	-	-	-	-	-	-
Interest-bearing long term debt	-	11 500	34 500	356 500	-	402 500	396 334
Total	**499**	**11 500**	**34 500**	**356 500**	**-**	**402 999**	**962 280**

* Ordinary trade and other payables are not interest-bearing.
** Liabilities to group companies are interest-bearing and includes liabilities to subsidiaries that have net deposits on their sub accounts in the group account system at year end. As there are no contractual maturities for deposits and liabilities within the group account system these amounts are not included in the table.

Note 16 Events after the reporting period

The Board of Directors has in the Board Meeting on 9 February 2022 proposed a dividend to the shareholders of NOK 3,5 per share.

The proposed dividend is subject to approval by the general meeting.

There are no other significant events after the reporting period that has not been reflected in the consolidated financial statements.