Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

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:	21.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert

År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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Brønnøysundregistrene, 05.06.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Revenue	11	538 000	0
Sum inntekter		**538 000**	**0**
Kostnader			
Personell expenses	3,9	9 718 000	8 225 000
Depreciation and amortisation	8	149 000	149 000
Operating expenses	4,11	19 605 000	5 947 000
Sum kostnader		**29 472 000**	**14 321 000**
Driftsresultat		**-28 934 000**	**-14 321 000**
Finansinntekter og finanskostnader			
Income from investments in subsidiaries	6,11	412 822 000	397 538 000
Annen renteinntekt	11,14	611 000	0
Sum finansinntekter		**413 433 000**	**397 538 000**
Annen rentekostnad	14	4 817 000	
Other financial items, net		179 000	
Sum finanskostnader		**4 996 000**	
Netto finans		**408 437 000**	**397 538 000**
Ordinært resultat før skattekostnad		**379 503 000**	**383 217 000**
Income tax (expense)/income	5	8 147 000	-267 000
Ordinært resultat etter skattekostnad		**371 356 000**	**383 484 000**
Årsresultat		**371 356 000**	**383 484 000**
Actuarial gain/(loss) on pension obligations (net of tax)	9	-239 000	0
Sum resultatkomponenter for IFRS-foretak		-239 000	
Totalresultat		**371 117 000**	**383 484 000**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	8	50 000	198 000
Utsatt skattefordel	5	0	659 000
Sum immaterielle eiendeler		**50 000**	**857 000**
Finansielle anleggsmidler			
Investering i datterselskap	6,14	2 287 801 000	734 231 000
Other non-current assets		14 922 000	
Sum finansielle anleggsmidler		**2 302 723 000**	**734 231 000**
Sum anleggsmidler		**2 302 773 000**	**735 088 000**
Omløpsmidler			
Varer			
Fordringer			
Other current assets		433 000	
Konsernfordringer	11,14	710 012 000	573 781 000
Sum fordringer		**710 445 000**	**573 781 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14	0	0
Sum bankinnskudd, kontanter og lignende		**0**	**0**
Sum omløpsmidler		**710 445 000**	**573 781 000**
SUM EIENDELER		**3 013 218 000**	**1 308 869 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	7	34 285 000	31 349 000

Balanse

Beløp i: NOK	Note	2020	2019
Overkurs	7	1 569 130 000	702 550 000
Sum innskutt egenkapital		**1 603 415 000**	**733 899 000**
Opptjent egenkapital			
Retained earnings		228 203 000	254 049 000
Sum opptjent egenkapital		**228 203 000**	**254 049 000**
Sum egenkapital		**1 831 618 000**	**987 948 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	9	4 324 000	2 994 000
Utsatt skatt	5	3 586 000	0
Sum avsetninger for forpliktelser		**7 910 000**	**2 994 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	14,15	395 433 000	0
Sum annen langsiktig gjeld		**395 433 000**	**0**
Sum langsiktig gjeld		**403 343 000**	**2 994 000**
Kortsiktig gjeld			
Overdraft facilities	14,15	29 400 000	0
Leverandørgjeld	11,14, 15	1 486 000	374 000
Social securities and other taxes		6 619 000	2 686 000
Utbytte	11	399 986 000	313 489 000
Kortsiktig konserngjeld	11,14, 15	290 344 000	0
Other current liabilities	10	50 422 000	1 378 000
Sum kortsiktig gjeld		**778 257 000**	**317 927 000**
Sum gjeld		**1 181 600 000**	**320 921 000**
SUM EGENKAPITAL OG GJELD		**3 013 218 000**	**1 308 869 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Revenue	4,6	4 214 727 000	7 122 528 000
Sum inntekter		**4 214 727 000**	**7 122 528 000**
Kostnader			
Direct cost of sales	5,6	2 647 005 000	5 827 394 000
Personnel Expenses	6,10,17,21	328 485 000	236 106 000
Depreciation and amortisation	4,6,14,15	291 872 000	190 528 000
Depreciation right-of-use-assets	23	13 302 000	10 404 000
Other operating expenses	2,6,11	471 938 000	379 973 000
Impairment and change in provision for onerous contracts	11	268 493 000	0
Other gains and losses, net	8,11	-331 540 000	-4 615 000
Sum kostnader		**3 689 555 000**	**6 639 790 000**
Driftsresultat		**525 172 000**	**482 738 000**
Finansinntekter og finanskostnader			
Income/loss from investments in associates and joint ventures	26	1 168 000	0
Annen renteinntekt	7	16 814 000	20 071 000
Sum finansinntekter		**17 982 000**	**20 071 000**
Annen rentekostnad	7	11 982 000	6 956 000
Interest expense lease liabilitiy	23	1 813 000	1 677 000
Other financial items, net	7,9,11	15 692 000	3 736 000
Sum finanskostnader		**29 487 000**	**12 369 000**
Netto finans		**-11 505 000**	**7 702 000**
Ordinært resultat før skattekostnad		**513 667 000**	**490 440 000**
Income tax (expense)/income	12	113 604 000	120 269 000
Ordinært resultat etter skattekostnad		**400 063 000**	**370 171 000**
Årsresultat		**400 063 000**	**370 171 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
Actuarial gain/(loss) on pension obligations (net of tax)	12,17	-7 073 000	-11 091 000
Currency translation differences		-11 200 000	
Sum resultatkomponenter for IFRS-foretak		-18 273 000	-11 091 000
Totalresultat		**381 790 000**	**359 080 000**

Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Research and development	2,15	107 716 000	84 302 000
Customer portfolios and other intangible assets	2,15	761 852 000	94 241 000
Utsatt skattefordel	2,12	37 316 000	0
Goodwill	2,15	1 442 849 000	166 696 000
Sum immaterielle eiendeler		**2 349 733 000**	**345 239 000**
Varige driftsmidler			
Right-of-use assets property, plant and equipment	23	81 724 000	65 976 000
Property, plant and equipment	2,14	8 409 000	7 108 000
Sum varige driftsmidler		**90 133 000**	**73 084 000**
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	26	11 168 000	0
Cost to obtain contracts	4	172 656 000	159 235 000
Other non-current financial assets	7	63 876 000	25 365 000
Sum finansielle anleggsmidler		**247 700 000**	**184 600 000**
Sum anleggsmidler		**2 687 566 000**	**602 923 000**
Omløpsmidler			
Varer			
Inventories		2 398 000	794 000
Sum varer		**2 398 000**	**794 000**
Fordringer			
Trade receivables	2,7,20	1 476 927 000	1 507 467 000
Intangible assets	15	2 880 000	23 760 000
Other current assets	19	167 065 000	18 466 000
Sum fordringer		**1 646 872 000**	**1 549 693 000**
Investeringer			
Derivative financial instruments	2,7,8,9	193 175 000	79 274 000
Sum investeringer		**193 175 000**	**79 274 000**

Konsernets balanse

Beløp i: NOK	Note	2020	2019
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	2,7	599 348 000	775 536 000
Sum bankinnskudd, kontanter og lignende		**599 348 000**	**775 536 000**
Sum omløpsmidler		**2 441 793 000**	**2 405 297 000**
SUM EIENDELER		**5 129 359 000**	**3 008 220 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	16	34 285 000	31 349 000
Overkurs	16	991 614 000	125 035 000
Sum innskutt egenkapital		**1 025 899 000**	**156 384 000**
Opptjent egenkapital			
Retained earnings		918 148 000	846 832 000
Sum opptjent egenkapital		**918 148 000**	**846 832 000**
Sum egenkapital		**1 944 047 000**	**1 003 216 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	17	110 828 000	64 062 000
Utsatt skatt	2,12	130 499 000	27 451 000
Lease liability - long term	23	67 442 000	56 514 000
Other provisions for liabilities		14 648 000	
Sum avsetninger for forpliktelser		**323 417 000**	**148 027 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	7	812 808 000	139 000 000
Sum annen langsiktig gjeld		**812 808 000**	**139 000 000**
Sum langsiktig gjeld		**1 136 225 000**	**287 027 000**
Kortsiktig gjeld			

Konsernets balanse

Beløp i: NOK	Note	2020	2019
Overdraft facilities	7	29 400 000	0
Leverandørgjeld	2,7,20	1 029 604 000	818 143 000
Current income tax liabilities	12	129 098 000	111 656 000
Social securities and other taxes	2	143 425 000	142 620 000
Derivative financial instruments	2,7,8,9	110 616 000	67 999 000
Lease liability - short term	23	17 366 000	11 428 000
Other current liabilities	2,7,18	589 578 000	566 131 000
Sum kortsiktig gjeld		**2 049 087 000**	**1 717 977 000**
Sum gjeld		**3 185 312 000**	**2 005 004 000**
SUM EGENKAPITAL OG GJELD		**5 129 359 000**	**3 008 220 000**

Part 4

4.1 Board of Directors' Report

Fjordkraft Holding ASA and the Fjordkraft Group

The Fjordkraft Group delivered its best ever results in 2020. From fourth quarter 2020 the financials include companies acquired in 2020. The Group achieved an operating profit (EBIT adjusted) of NOK 608 million in 2020. The corresponding figure for 2019 was NOK 491 million. 2020 was a year in which the Group was able to practise its consolidation strategy in full by both acquiring the third largest player in Norway and making its first Nordic acquisition.

Summary of the figures for 2020
Net revenue adjusted amounted to NOK 1,543 million in 2020, a growth of 20 per cent from 2019, driven by product margin improvements, value-added services, organic growth and contribution from acquisitions. EBIT adjusted increased 24 per cent from 2019 and amounted to NOK 608 million. Number of deliveries amounted to 1,082,584 electricity deliveries at year-end 2020, a growth of 428,396 from year-end 2019, and volume sold amounted to 19 TWh, up from 17.9 TWh in 2019.

The financial statements for 2020 were prepared in accordance with the IFRS accounting standard. The results from Innlandskraft are consolidated from 1 October 2020 and the results from Switch Nordic Green/Nordic Green Energy are consolidated from 10 November 2020.

The Group's overall operations

Fjordkraft is Norway's leading brand for electricity sales and the largest end-user company for electricity in Norway. The company is a national electricity retailer and provider of related services to the consumer, public sector and business markets. The Fjordkraft Group supplies electricity to more than 2.1 million people through approximately 1.1 million metering points in private homes, companies and the public sector in Norway, Sweden and Finland. Fjordkraft started offering mobile services in the consumer market in April 2017 and is now Norway's largest mobile service provider without its own telecommunications network..

At the end of the year, the Fjordkraft Group had the following brands in both the consumer and business segments in the Norwegian market: Fjordkraft, TrøndelagKraft, Eidsiva Marked and Gudbrandsdal Energi. The Group cancelled sales activities in the Eidsiva Marked brand on 1 January 2021. On 1 April 2021, the Eidsiva Marked brand will be merged with Fjordkraft.

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. Gudbrandsdal Energi AS's head office is in Vinstra.

There are more than 100 electricity retailers in Norway and the industry's technological entry barriers are relatively low. There are, however, barriers to achieving growth and profitability. This is primarily because high brand recognition, an efficient distribution and sales system and cost-effective processes surrounding the customer lifecycle are all areas in which investment is required. The competitors consist of local, regional and national players.

Managing customer portfolios in the business market and for public companies requires expertise in 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 combined market share in the Norwegian electricity market was approximately 27 per cent at the end of 2020.

In total, the Group had 1,082,584 electricity deliveries at year-end 2020. This represents year-on-year growth of 428,396. At the end of 2020, the total figure was made up as follows:

755,304 electricity deliveries in the consumer segment and 106,977 electricity deliveries in the business segment. Public sector customers are included in the business segment.

In addition, the Extended Alliance segment accounted for 56,010 electricity deliveries. In this, 13 companies use the Moment billing and payment platform, developed by Fjordkraft and the jointly owned software company Metzum, for billing and payments for electricity and broadband.

Fjordkraft also operates an ordinary alliance concept consisting of 30 small and medium-sized electricity companies that purchase marketing, advisory services and energy trading services from Fjordkraft. They operate under the brand name Kraftalliansen in the new growth initiatives segment.

On 10 November 2020, the Fjordkraft Group gained 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 Nordic Green Energy. At the end of the year, Switch Nordic Green had a combined total of 164,293 electricity deliveries in Sweden and Finland.

The Fjordkraft Group had a total of 132,395 mobile subscribers at the end of 2020, distributed across the Fjordkraft brand and Gudbrandsdal Energi.

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, meaning that the combined market share of these three players is 90 per cent. 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.

The Fjordkraft platform

The Fjordkraft platform was developed to digitise and simplify the company's billing, payment and collection processes. The Fjordkraft platform was built using a vendor-independent service-oriented architecture 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 it can support the company's consolidation ambitions.

The platform also provides a basis for selling billing, payment and debt recovery services to alliance partners. This increases the platform's cost-effectiveness and also results in transaction volumes beyond what the Group's own brands generate.

Associated companies and subsidiaries

In November 2019, a decision was made to become a joint owner of the technology company Metzum AS, together with Rieber & Søn AS. Furthermore, the subsidiary AllRate AS was established in January 2020. The companies' customer groups are made up of power grid companies and power companies. AllRate offers service deliveries and Metzum offers the cloud-based Moment platform for billing and payment services.

Fjordkraft has invested in and built the Fjordkraft platform. The platform has given the company a competitive advantage and supported Fjordkraft'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's costs by performing management services for Fjordkraft more cost-effectively. Some of the components of the Fjordkraft platform, with the exception of those that make up Fjordkraft's special competitive advantage, will be customised, developed and managed by Metzum to become marketable products and services for players in the energy industry both inside and outside Norway.

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 aim to combine industry knowledge, networks and capital to create a leading technology and service environment. Rieber & Søn AS has extensive experience in establishing software companies in a variety of industries. Rieber & Søn AS and Fjordkraft AS each hold 40 per cent of the voting shares in Metzum AS. The remaining 20 per cent of the shares in Metzum AS are owned by key employees through an employee company controlled by Rieber & Søn.

Fundamental conditions

153.3 TWh of electricity was generated in Norway in 2020. That is almost 8 TWh more than the previous record. By comparison, Norwegian power generation amounted to 134.6 TWh in 2019. Huge quantities of snow in the mountains and plenty of precipitation ensured high water levels in reservoirs and high hydropower production levels.

Hydropower accounted for 91.8 per cent of total domestic power generation in 2020. Wind power generation in Norway increased in 2020 to 9.9 TWh and accounted for 6.5 per cent of its total power generation. The remaining 1.7 per cent was made up of power generation in thermal power plants linked to industry that exploit municipal waste, industrial waste, surplus heat, oil, natural gas and coal.

Electricity price (Nord Pool System price) y= NOK/MWh

Year	øre/kWh
2013	29,6
2014	24,77
2015	18,71
2016	24,97
2017	27,43
2018	42,26
2019	38,35
2020	**11,56**

Electricity consumption in Norway amounted to 132.9 TWh in 2020, which is on a par with the last 5 years. 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 (Statistics Norway, 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.

Companies in the Fjordkraft Group sold a total volume of 19 TWh of electricity in 2020. The figure for 2019 was 17.9 TWh. This volume does not include generation and licensed power management.

Prices in the wholesale market varied greatly between 2019 and 2020. Wind power and hydropower generation in the Nordic region are heavily affected by the weather, temperature, consumption, price of other energy carriers and macroeconomic conditions.

For the year as a whole, 2020 was the warmest year on record in Norway. January 2020 was the wettest January ever measured and the winter season was the second wettest ever measured. May was unusually cold, and then came June and heat records were set in Central Norway, while July saw record cold temperatures in the mountains in Southern Norway. The autumn saw higher temperatures and more precipitation than normal.

The year 2020 saw record low prices. The average price on the Nordic power exchange was 11.56 øre/kWh for 2020, compared with 38.35 øre/kWh for 2019. While the Nordic power exchange price in January 2019 was 53.73 øre/kWh it was 24.10 øre/kWh in 2020. July was the cheapest month in both years with a Nordic power exchange price of 27.96 øre/kWh in 2019 and a record low of 2.35 øre/kWh in 2020. Consumers in the Norwegian market saw negative electricity prices for the first time in July 2020. During some hours in July 2020, end-user customers were paid for their electricity consumption.

Paying the electricity bill is generally a high priority for companies and consumers alike. Despite the fact that Covid-19 has resulted in higher unemployment and the partial shutdown of companies, the company's customers paid their bills in 2020 at the same high rate as before. The fact that electricity prices were unusually low in 2020 during a pandemic was highly advantageous and fortunate for Norwegian consumers and companies.

The full effect of the Covid-19 pandemic is still unclear and at the current time the economic consequences are hard to predict. The uncertainty about future development makes it hard to estimate expected credit losses (ECL). Actual bankruptcies are already accounted for in the model for calculating ECL, but not expected bankruptcies and expected effects from layoffs of customers in the consumer segment. To account for these effects, the Group has increased the provision for losses by NOKt 10,800 in the 2020.

A digitised industry

Elhub has since 2019 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).

Elhub was designed to provide simpler and better processes and improve the quality of data transfers 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 company handles several hundred million data transactions per year through the Fjordkraft platform.

The authorities' requirement was that the power grid companies had to have installed digital electricity meter (AMS) in all homes with the ability to register electricity consumption with hourly resolution by 1 January 2019. This has largely been done. Many electricity customers receive information about their daily electricity consumption via an app on their mobile phone.

Market

Strong brand with high recognition factor

According to Kantar's survey in the fourth quarter of 2020, 94 per cent of the adult population in Norway has heard of Fjordkraft. More than 53 per cent of the survey respondents mentioned Fjordkraft unprompted when asked to name an electricity retailer.

The cost of electricity is one of the most important determining factors for consumers' impressions of the industry. When electricity prices rise, the industry reputation suffer, and it improves again when electricity prices are low. The price of grid rent also greatly affects consumer satisfaction. At the end of 2020, the power industry's reputation score was at 54 points according to Kantar's Energy Barometer for the fourth quarter of 2020. It was at 52 points for the same period in 2019. The higher score at the same time in 2019 is attributed to low electricity prices.

The survey also measures Norwegian electricity customers' satisfaction with their electricity retailer. Fjordkraft saw a positive trend throughout the year and scored 74 points for the fourth quarter of 2020 compared with 70 points for the fourth quarter of 2019. This was one percentage point better than the national average for electricity retailers.

The analysis company Kantar conducts Norway's largest customer service survey, and assesses which company has the best customer service in its industry each year. The electricity industry is not assessed in this survey, but in January 2021 results were published that showed that Fjordkraft achieved first place in the telecoms category for 2020. The company also won in 2019. Fjordkraft's customer service centres are staffed by multi-skilled employees, which means the same customer advisers can deal with both electricity and mobile customers. Given last year's performance, it was therefore very pleasing that Fjordkraft's customer service was also ranked in first place in the survey published in January 2021.

The collaboration with Power, SAS Eurobonus, Spond, the sports chain XXL and others 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 shops where Fjordkraft's customers get discounts and cash back via their electricity bills when they buy from the online shops.

Solar panels and power purchase agreements

In 2019, Fjordkraft launched sales of solar panels to consumer market customers together with the company Solcellespesialisten as a supplier. Interest in solar panels varies based on how electricity prices develop and in 2020 electricity prices were at their lowest for many years. That, combined with the uncertainty factor surrounding personal finances due to the Covid-19 pandemic, impacted how interested consumer market customers were in ordering solar panels for their roofs in 2020. Fjordkraft offers green loans in the consumer market to finance solar panels, in cooperation with DNB.

Businesses think more long-term and are not as affected by short-term changes in electricity prices. At the same time, a number of industries had to think in the short-term in 2020 because of the economic consequences of the Covid-19 pandemic. In order to adapt to this, Fjordkraft is offering to facilitate, through partners, solar panels and new heat pump technology in the business market by offering power purchase agreements (PPA). A PPA between Fjordkraft and owners of commercial properties means that Fjordkraft purchases energy from the property company 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.

The acquisition of Eidsiva Marked AS supplies Fjordkraft with expertise in the establishment of solar panel systems for business. Climate-smart services and energy monitoring systems for business 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.

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 been the industry winner in the Energy category twice before. In the measurement of digital maturity regardless of industry, Fjordkraft came in 12. place out of the 75 companies that were included in the ranking for 2020, compared with 17th place out of 75 companies in 2019. Digital marketing is cost-effective and represents an important sales channel for the company.

Consumer market - electricity

Most Norwegian consumers usually have little interest in electricity as a product. This changes when market prices for electricity are high or customers are moving home. This means that electricity has to be actively sold 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.

Digital marketplace

The company's marketplace for consumers was launched in January 2021. Fjordkraft's marketplace facilitates transactions between customers, suppliers and partners. It offers products with smart technology for both the home and car 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.

The marketplace is intended to strengthen Fjordkraft's position with customers and reinforce its core business. Fjordkraft requires sellers in the marketplace to commit to being climate neutral as defined by the UN in line with Fjordkraft's Klimanjaro initiative.

The marketplace is available via Fjordkraft's website and the app , which is used by Fjordkraft's consumer market customers. The app had 176,000 unique users at the end of 2020. Customers can check their electricity consumption against temperatures, administer the charging of their electric car, monitor generation from the solar panels on their roof, use their customer benefits, check the outdoor temperature, get an overview of bills, get tips on saving electricity and order additional services. Those with more than one home can see all of their homes Fjordkraft supplies with electricity. Members of households can also be included. The same app provides an overview of their mobile use, allows them to order additional services and provides an overview of their children's mobile data use.

Innovation in user experience, digital eco-system and value added services. 3rd party APIs and Fjordkraft.no Marketplace.

Business market - electricity

Fjordkraft had 106,977 electricity deliveries in the corporate market at year-end 2020. 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.

A ustomer survey conducted by EPSI in autumn 2020 examined Norwegian companies' perceptions of, and satisfaction with, their electricity retailer. Fjordkraft came out on top with the highest customer satisfaction score for the companies in the business market that were covered by the survey. Electricity retailers makes themselves more attractive to business customers by developing products and services for the market that simplify energy monitoring and help business customers control their energy consumption costs.

Consolidation and merger

Fjordkraft has stated its intent to pursue a consolidation strategy. The acquisition of the electricity retailers Gudbrandsdal Energi AS and Eidsiva Marked AS was completed on 22 September. The companies were consolidated into the accounts from 1 October onwards.

Eidsiva Marked AS was the third largest electricity retailer in the Norwegian market. The acquisition resulted in the Fjordkraft Group becoming the largest end-user company in Norway with a market share of approximately 27 per cent.

The sellers were Gudbrandsdal Energi Holding AS and Eidsiva Energi AS through their joint venture Innlandskraft AS. The transaction made Gudbrandsdal Energi Holding AS a significant owner of Fjordkraft Holding ASA. Following the acquisition, Gudbrandsdal Energi AS continued to operate as an independent brand and subsidiary with a head office in Vinstra. The company has 23 employees.

On 1 April 2021, Eidsiva Marked AS will be merged with Fjordkraft AS. Its customers will be transferred to Fjordkraft on 1 March 2021. Eidsiva Marked's offices in Hamar and Kongsvinger will be kept going as regional Fjordkraft offices. In October, voluntary redundancy agreements were entered into with 18 of Eidsiva Marked AS's employees in connection with the Hamar office's transformation into a regional Fjordkraft office. As far as the 32 other employees are concerned, their transfer to Fjordkraft AS will take place as a transfer of business on 1 April 2021. The dialogue with employee representatives and employees during the change process has been very good. Eidsiva Marked's customer service is located in Kongsvinger and all of the employees here will be employed by Fjordkraft. For details about the transaction, see note 2.

New growth initiatives

Alliance services for other electricity 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, securing contract prices, analysis and offering expert advice in a number of areas. At the end of 2020, Fjordkraft had 30 companies as customers in its alliance concept.

In 2020, the Extended Alliance business area saw 75 per cent growth in the number of customers of external retailers that use the IT platform developed by Fjordkraft, Moment, for billing and payments. The tasks are performed by Fjordkraft'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

Fjordkraft Mobil was launched on 25 April 2017. The Fjordkraft brand grew by 25,167 customers in 2020 and reached the targeted 125,000 mobile subscribers target by year-end 2020Including the subscribers in Gudbrandsdal Energi, the total number of mobile subscribers in the Group was 132,395 at the end of 2020.

The company's mobile customers have the highest customer satisfaction of any mobile customers in the country, according to a survey conducted by EPSI in autumn 2019. The 2018 survey produced the same result. The analyses also indicated greater loyalty through longer customer relationships with customers who buy both electricity and mobile services from Fjordkraft.

The consumer market for mobile telephony in Norway is made up of approximately 4.3 million customers and is dominated by two major players with several different brands. 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.

Fjordkraft is the largest mobile service provider. Fjordkraft leases network access from Telenor. Although there are many providers of mobile telephony, the Norwegian market is in practice a duopoly dominated by Telenor and Telia. The Norwegian Communications Authority (Nkom) therefore supervises the market closely and carries out twice-yearly 'margin squeeze tests' to monitor how Telenor wields its market power.

One consequence of the Covid-19 pandemic is that call times have on average increased per customer. Physical social distancing requirements have resulted in people calling each other more. The customers do not pay for this, Fjordkraft does. Consequently, Covid-19 impacted costs and margins in the mobile segment in 2020. The company had expressed a goal that the mobile venture should be EBIT positive by the end of 2020. That goal was not achieved, and the company has set the same goal for 2021.

Nordic acquisitions

Troms Kraft AS was the seller when the transaction with Fjordkraft was completed on 10 November 2020. Fjordkraft purchased Troms Kraft Strøm AS, which owned the Swedish company Switch Nordic Green AB with a branch in Finland. The company was consolidated into Fjordkraft's accounts from the same date onwards. During takeover, Troms Kraft Strøm AS changed its name to Fjordkraft Nordic AS.

Switch Nordic Green AB sells renewable energy and electricity contracts with guarantees of origin (GoOs) under the brand name Nordic Green Energy. The business includes electricity deliveries in the consumer and business markets. At the end of the year, Switch Nordic Green had a combined total of 164,293 electricity deliveries in Sweden and

Finland. The company's offices are in Stockholm in Sweden and Vasa in Finland, and have 11 and 47 employees, respectively. For details about the transaction, see note 2.

As a consequence of the Group's venture in the Nordic region and the acquisition of Gudbrandsdal Energi, Per Heiberg-Andersen was hired and became a member of corporate management on 1 November 2020 with responsibility for the Nordic region division and other end-user companies.

Organisation

Employees

The Fjordkraft Group's companies, including operations in Sweden and Finland, had a total of 442 permanent employees at the end of 2020.

At the beginning of 2020, Fjordkraft AS had a total of 293 permanent staff, amounting to 288 FTEs. At the end of the year, the figures were 330 permanent staff and 320.6 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 2020, the company had 82.8 FTEs covered by contract staff from staffing agencies. These are there mainly to provide extra capacity in customer service and telemarketing.

Three people, equivalent to 0.9 per cent of employees, have part-time positions at their own request. 13 people are also working in telemarketing jobs equivalent to about 87 per cent of an FTE. This is because of the nature of the position and also in part because of the regulations that govern when during the day potential customers can be contacted by phone.

Total sick leave amounted to 5.1 per cent in 2020, compared with 4.9 per cent in 2019. The target for sick leave 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 2020, employees were surveyed to find out how they feel about their work situation and the degree to which they identify with the company's goals and values. The survey was conducted in February 2020 and showed that employee satisfaction is extremely high and that employees have a strong commitment to their workplace. Other surveys were also conducted that looked at management, the employees' work situation and their motivation linked to working from home and the Covid-19 situation. Such work situation surveys are used as feedback to adapt and improve employee follow-up. A minimum of three employee appraisal interviews are conducted between an employee and their manager each year.

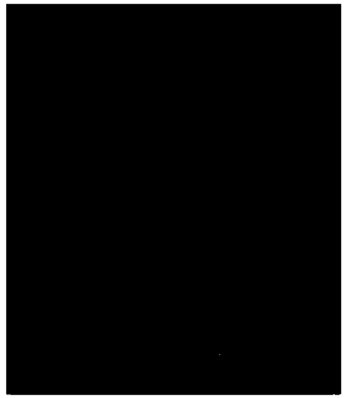
Equal opportunities

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. Full statement om gender equality is part of this annual report, chapter 2.

The company has set a gender equality goal that states that the proportions of women and men in Fjordkraft should be in the range of 40-60 per cent to ensure a well-balanced gender ratio. At the end of 2020, women accounted for 42 per cent of employees. Of the new hires recruited to the company in 2020, 37 per cent were women. The company saw growth in IT and sales related positions. In recruitment processes, weight is given to finding candidates of both genders, although in this type of position men are heavily overrepresented among applicants and available candidates.

The ratio among 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. For the majority of 2020, the company's group management team was split 44/56 per cent between women and men. From 1 November, corporate management consists of a total of 10 people and the distribution between women and men is 40 per cent and 60 per cent, respectively. Seen as one, the company's senior management, that is the Board and corporate management, thus has a 50/50 ratio of women and men.

The average annual fixed salary in the company



SHE-Index by EY is an annual survey on gender equality in corporate life. Fjordkrafts score is 77 (Max. 100).

in 2020, excluding the executive management group, was NOK 605,693. The average salary for women was NOK 582,512, while for men it was NOK 622,642. The differences are explained by the fact that more men than women hold management positions with staff responsibilities. Sales management is an essential part of Fjordkraft's activities, and it is especially in sales that there is a predominance of men with staff responsibilities. Efforts are made in recruitment processes to find more female candidates.

The Covid-19 work situation

The pandemic has had an enormous impact across the world and consequently also on working life.

The company's employees have largely worked from home since 12 March 2020 due to the Covid-19 pandemic. 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.

In 2020, management development was planned to be carried out as group meetings via videoconferencing before the pandemic struck. The participation and evaluation prove that conducting meetings and exercises with the aid of videoconferencing has functioned well. The priority area for management development during the year was training on managing change processes and coaching employees. Furthermore, both managers and employees received regular training in how to follow up employees, establish good work routines while working from home and how to address motivation.

Having a strategy process which involves a large number of employees ensures broad support and a focus on the company's goals and priority areas when the employees have to do the work from home. The company's management philosophy expresses how it expects managers to motivate and create results through their employees.

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

BKK AS was in 2020 and up to January 2021 one of Fjordkraft's largest shareholders. During the year, BKK AS was one of the company's suppliers and delivered services within IT operations. In spring 2021, these deliveries will be taken over by a new supplier.

Group structure

As a consequence of the acquisitions in 2020, the establishment of AllRate AS and the joint ownership of Metzum AS, work was done on the organisation of the company structure in the Fjordkraft Group. Good governance, appropriate reporting and ensuring the sharing of best practice across the Group are important principles upon which the structure is based. See a map of the Group's structure on page 8.

The Board

The Board has a total of eight members, five of whom are elected by shareholders. Per Axel Koch has been Chair of the Board since the company was listed on the stock exchange on 21 March 2018.

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 2020, four out of the total five shareholder-elected board members were independent of the company's main shareholders. Since 21 January 2021, all shareholder-elected board members have been independent of the company's main shareholders due to BKK AS having sold its stake. Executive personnel are not members of the Board.

The Board held a total of 12 meetings during the year. All board members elected by shareholders have attended all board meetings in 2020. The meetings in the second half of the year were conducted as videoconferences. In addition, five board meetings were conducted via the circulation and signing of documents via email. The number of board meetings was higher than previous years due to the company having prepared and completed major investments linked to the acquisition of other companies. 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. The Board discussed and evaluated its work with the assistance of external consultants.

The board members own shares in the company. An overview of the distribution of shares is provided in note 16 to the financial statements for 2020.

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 in the annual report for more information. [insert link]

Investor Relations

Fjordkraft Holding ASA has been listed on Oslo Børs since 21 March 2018. The price of its share (FKRFT) increased by 27.4 per cent in the period from 1 January to 31 December 2020. The main index of the Oslo Børs rose by 4.6 per cent in the same period. The company's market capitalisation at the end of the year was in excess of NOK 9.6 billion.

The company had around 6,500 shareholders at the end of the year. A list of the company's 20 largest shareholders is available on its website https://investor.fjordkraft.no .

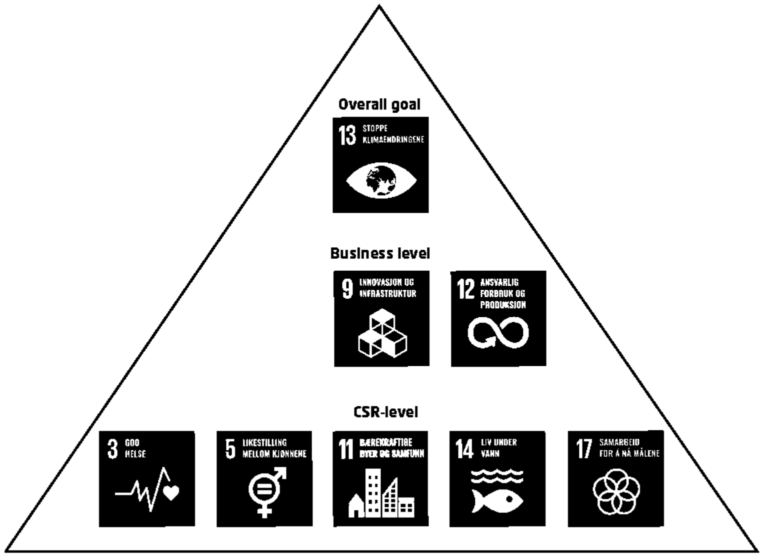
During the year, the proportion of 'free flow' in the share increased as a consequence of the last of the original owners, BKK AS, selling its stake. On 30 June, the company reduced its stake to 6.9 per cent of the shares and on 20 January 2021 it sold its remaining stake.

In 2020, the company ran its investor relations activities in line with the strategy adopted for this area. For the second year in a row, the company came in second place in the Stockman Award. The award is presented to companies nominated by Norwegian financial analysts for presenting good company information. This is regarded as both inspiration for its future work and as recognition of the work in this area.

Environment and sustainability

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 climate initiative was chosen 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 transferrable to all companies and industries – anywhere in the world.



Sustainable Development Goals prioritised by Fjordkraft.

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 elaborated on in the company's Sustainability 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 CO_2 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 climate greenhouse gas emissions. In 2020, concepts were launched in the business market that both stimulate local generation as well as reduce consumption through energy savings.

For 2020, the company reports on sustainability indicators in line with the GRI standard in its Sustainability Report. From the 2021 accounting year, the reporting will be reviewed by accounting firm Deloitte 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 per February 2021, Klimahub.no, which was developed by Fjordkraft, had 200 registered companies that have uploaded their climate accounts and are showing which 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. In 2021, work will be done to establish it as an independent company and find co-owners and partners among NGOs and/or businesses in order to scale up coverage to 1,000 companies during 2021, and thereafter increase coverage significantly.

National and international discussions regarding the CO2 quota system and the use of both UN and EU quotas are ongoing. As a result, the company has decided to tighten the requirement for its suppliers such that their residual CO2 emissions must be offset through EU allowances (EUA).

Climate accounts

The climate accounts for 2020 cover Fjordkraft and TrøndelagKraft. From 2021, other companies will also be included in the reporting. The operations are exclusively office-based and do not include any production processes or premises. The waste from the office is sorted and recycled. 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 have guarantees of origin (GoOs) from hydropower.

The company is taking part in #Plastsmart. The company sorts and recycles plastic and has eliminated disposable items and give-aways made of plastic, and will continue its efforts to reduce plastic in office equipment etc. In connection with the expansion of new premises in Bergen, some of the office furniture was purchased from a company

Tonnes CO2E	2020
Scope 1	15
Scope 2	0
Scope 3	102
Total	**117**
Total compensations	117
Emmisions after compentations/ allowances	0

that refurbishes used office furniture.

Fjordkraft's total CO2 emissions from energy consumption from offices and employees' business travel was calculated at 492 tonnes CO2e in 2020. Emissions in 2019 totalled 646 tonnes CO2e, and the decrease amounts to 24 per cent. Of the emissions, 195 tonnes CO2e came from energy consumption in the company's offices, compared with 336 tonnes CO2e in 2019. Guarantees of origin (GoOs) were purchased for this volume. Business travel by road and air amounted to emissions of 102 tonnes CO2e, compared with 298 tonnes in 2019. As a consequence of Covid-19 and the transition to videoconferences for the vast majority of occasions, flights have only been taken by a few people and their scope has been very limited since 12 March 2020. Climate quotas equivalent to these emissions have been purchased. The company's premises in Bergen, Hamar, Kongsvinger, Sandefjord and Trondheim have been Eco-Lighthouse certified. Work on certifying the offices in Oslo and Sortland will also be carried out.

Goal for reducing CO2 emissions

CO2 emissions per employee were 0.4 tonnes CO2e in 2020, compared with 1 tonne CO2e in 2019. The company has set targets for cutting emissions to keep emissions from flights down when the work situation and travel activities normalise again after Covid-19. The company has decided, based on the figures from 2019, that Fjordkraft will cut emissions from flights by 40 per cent per employee by the end of 2023. [link to Sustainability Report]

The company produced its first Sustainability Report in 2019. The Sustainability Report is included in the company's annual report for 2020 and includes all the measures the company has been working on and its GRI reporting.

Climate risk assessment

From 2019 onwards, the company formalised climate risk assessments as part of risk reporting across the company. 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. 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.

The conclusion reached regarding the assessment of Norwegian hydropower in the EU taxonomy will also affect future sales of electricity and may impact the perception of the contribution made by hydropower to the green shift. The risk presented by the climate in relation to the company's ability to implement its strategy is regarded as low.

See Climate Risk page 25

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 code of conduct, which is based on recognised national and international standards. The company's employees undergo annual dilemma training to ensure they understand the provisions.

Fjordkraft's Corporate Governance report is part of the company's annual report for 2020. The report is designed to cover all parts of the Norwegian Code of Practice for Corporate Governance. Link

Finances

The Fjordkraft Group has during 2020 experienced a stronger group performance than expected, driven by ability to maintain product margins in a competitive marked as well as positive M&A effects. The adjusted net revenue of NOK 1,543 million (2019: NOK 1,284 million) corresponding to a 20 % growth from 2019, represents a new all-time-high. The main driver is product margin improvements, but also value-added services, organic growth and growth from acquisitions contributes positively. The EBIT adjusted of NOK 608 million (2019: NOK 491 million) is also an all-time-high for the Group and gives an EBIT-margin of 39 % (2019: 38 %). The Consumer segment is the main driver for the increase in EBIT, but also the Business segment contributes positively.

Acquisitions

In July, an agreement was signed to acquire the shares in Innlandskraft AS, an electricity retailer in the eastern region of Norway comprising of two brands, Gudbrandsdal Energi and Eidsiva Marked. With approximately 239,000 electricity deliveries as per July 2020, Innlandskraft was the third largest electricity retailer in Norway. Closing of the transaction was completed in September and strengthened Fjordkraft's position as the leading electricity retailer in Norway, with an estimated market share of 27 %. Fjordkraft estimates significant potential for both cost synergies and increased sale of value-added services and cross sales, as well as financial synergies related to net working capital and purchase of electricity. The enterprise value was NOK 1,410 million, and 50% of the purchase price was settled in FKRFT-shares.

In October, an agreement was signed to acquire the shares in Troms Kraft Strøm AS (rebranded Fjordkraft Nordic AS as of 31 December 2020) and its subsidiary Switch Nordic Green AB operating under the Nordic Green Energy brand. Nordic Green Energy is a Nordic electricity retailer with operations in both Sweden and Finland, operating approximately 167,000 electricity deliveries as per August 2020. This corresponds to an estimated market share of 2.8% in Finland and 1.2% in Sweden. Closing of the transaction was completed in November, and the acquisition positions Fjordkraft for further growth in the Nordics, as the markets become more similar and competition becomes increasingly pan-Nordic. The presence of our tech spin off Metzum AS, through its subsidiary Metzum AB, also supports further Nordic expansion. Nordic Green Energy is perceived as a green and renewable focused supplier – a good basis for further growth and a strong match with Fjordkraft's brand position. The enterprise value was NOK 375 million. From Q4 2020, sale of electrical power and related services to consumers in Finland and Sweden became a reportable segment labelled Nordic (see note 6).

Financial statements

The consolidated financial statements for Fjordkraft include the operations of Fjordkraft Holding ASA and its subsidiaries Fjordkraft AS, TrøndelagKraft AS, Innlandskraft AS, Eidsiva Marked AS, Gudbrandsdal Energi AS, Energismart Norge AS, Fjordkraft Industrial Ownership AS, AllRate AS, Betalservice AS, Fjordkraft Nordic AS 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 electricity deliveries for the fiscal year is not settled when we present the 2020 financial statements. These deliveries 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 corrections from previous years' contribution margin. In 2019 it was a positive recognition of NOK 11 million and in 2020 it was a positive recognition of NOK 23 million.

The Group's total revenues in 2020 amounted to NOK 4,215 million, compared to NOK 7,123 million in 2019 and direct cost of sales amounted to NOK 2,647 million in 2020 compared to NOK 5,827 million in 2019. Lower spot prices in 2020 compared with 2019 is the main reason for lower total revenues and direct cost of sales in 2020. Total operating costs amounted to NOK 1,106 million, compared to NOK 817 million the previous year. The main cause for the increase in operating cost is increased expenses in personnel, sales and marketing costs, IT expenses and professional fees. In addition, the depreciation increased due to new acquisitions.

The total operating costs for Fjordkraft Holding ASA amounted to NOK 29 million, compared to NOK 14 million in 2019. The increase is primarily due to operating expenses related to the acquisition of Innlandskraft AS.

The Groups profit before tax was NOK 514 million (2019: NOK 490 million). Tax expenses was NOK 114 million (2019: NOK 120 million). Profit after tax for 2020 was NOK 400 million (2019: NOK 370 million).

Disposal of the year's profit

As per IFRS accounting rules, the IFRS financial statements for 2020 show no provisions for dividends as at 31 December 2020. 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 cash and cash equivalents, and non-current assets in the form of goodwill and intangible assets. Current assets amount to approximately 48 per cent of the Group's position value, while non-current assets correspond to 52 per cent. Due to variations in price and consumption, the value of the current assets varies throughout the year. Total assets have increased with NOK

2,121 million in 2020, mainly due to an increase in goodwill and intangible assets from business combinations (see note 2). Cash and cash equivalents have decreased with NOK 176 million from 2019 to 2020. This was expected due to partial cash payment of acquisitions in 2020.

In 2020, equity has increased by NOK 941 million from NOK 1,003 million to NOK 1,944 million because of acquisitions and retained earnings minus dividends paid. The Group's equity ratio is increased from 33 per cent as at 31 December 2019 to 38 per cent as at 31 December 2020.

Total current liabilities have increased by NOK 331 million from 2019. This is largely related to increased other current liabilities, trade and other payables and derivative financial instruments originated from business combinations. Total non-current liabilities have increased by NOK 849 million. The main reason is a NOK 674 million increase in interest-bearing long-term debt. Up until September 2020 Fjordkraft's long term funding was a term loan from DNB, related to the purchase of TrønderEnergi Marked AS in 2018. In September 2020, prior to the closing of the Innlandskraft transaction, Fjordkraft entered into a new facilities agreement with DNB (see note 7). NOK 460 million was drawn upon this facility in September 2020, in order to repay the former term loan, and to partly finance the acquisition of Innlandskraft AS. In November 2020 additional NOK 477 million was drawn upon the facility in order to partly finance the acquisition of Troms Kraft Strøm AS. The increase of deferred tax liabilities of NOK 103 million and the increase of NOK 47 million in employee benefit obligations is mainly explained by the business combination of Innlandskraft.

In 2020, Fjordkraft Holding ASA total assets have increased by NOK 1 704 million, mainly due to investments in subsidiaries (acquisition of Innlandskraft AS). Equity has increased with NOK 844 million, interest-bearing long-term debt has increased with NOK 395 million, liabilities to related party (Fjordkraft AS) has increased with NOK 290 million compared with 2019.These changes are mainly caused by the acquisition of Innlandskraft AS. Dividend payable has increased with NOK 86 million compared with 2019.

Key figures

In total, the Group had 1,082,584 electricity deliveries at year-end 2020. This is an increase of 428,396 electricity deliveries from 2019 and represents an all-time-high in all of the Group's reporting segments. The number of mobile subscribes in the Group was 132,395 including the 7,201 mobile subscriptions in Gudbrandsdal Energi. This represents a growth of 32 per cent year on year.

There has been an 8 % increase in total volume delivered to the Consumer and Business segments, from to 13.4 TWh in 2019 to 14.4 TWh in 2020. In addition, the Nordic segment delivered 0.5 TWh in the Group's ownership period.

ROE (Return on equity) was 29 per cent in 2020, compared to 40 per cent in 2019. The decrease is related to increased equity following the business combinations.

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 765 million in 2019 to NOK 519 million in 2020. The decrease is mainly driven by change in trade receivables. Net cash used in investing activities was NOK 1,039 million higher in 2020 compared with 2019. This is due to the two big acquisitions during the year. The acquisitions was largely loan-financed, which explains the increase in net cash used in financing activities (NOK 425 million in 2020 versus -NOK 294 million in 2019). In total the underlying cash generation in the group is good. Of an adjusted EBITDA of NOK 779 million in 2020, the Group generated an Operating Free Cash Flow (OpFCF) before tax and changes in working capital of NOK 577 million.

Corporate Finance

The management of 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, 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 (no price risk), to fixed price contracts where the sales price is a fixed price for a fixed period. While the majority of end-user-sales in Norway are from spot-priced product types, the majority of end-user sales in the recently acquired operations in Sweden and Finland are at fixed price contracts.

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 associated residual volume risk, these volume estimates are periodically updated, and the portfolios of hedging derivatives are rebalanced accordingly.

The Groups financial electricity trade is conducted through an agreed bilateral framework with Statkraft as the trade counter party. The subsidiaries acquired as part of the business combination when Fjordkraft acquired Innlandskraft AS in September 2020 (see note 2) conducted its financial trade at the Nasdaq OMX commodity exchange in 2020. There are three main categories of financial derivative contracts traded with Statkraft and at Nasdaq OMX to manage risk exposure towards commodity prices; futures, forward contracts and options.

The group also offers financial trading of electricity derivates to its business customers, enabling them to utilise the market for financial trading of electricity to hedge the price risks in (parts of) their electricity purchases. Any financial derivative sold to a business customer is hedged back-to-back by purchasing a corresponding financial derivative at Statkraft or Nasdaq OMX.

When selling electricity to end users in Norway and Sweden, the Group is required to purchase and cancel el-certificates (see note 18). 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 - 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 7(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 instrument, 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 part 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 has increased its exposure to foreign exchange risk (primarily the Swedish Krone (SEK) 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. One exception is the financial trading of electricity derivatives for hedging purposes in the subsidiaries acquired through the acquisition of Innlandskraft AS, who in 2020 conducted their financial trade at the Nasdaq OMX commodity exchange, where all trades are denominated in Euro. To manage the associated exchange risk, the Group has entered into bilateral foreign currency forwards with financial institutions.

Derivatives

All financial electricity derivatives are either financial customer contracts or purchased for the purpose of hedging physical or financial customer contracts. The Group does not apply hedge-accounting, all financial electricity derivatives are measured at fair value through profit and loss.

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 2020, 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 7.

Trade receivables consist of a large number of end-user customers, mainly households and business customers spread across diverse industries in Norway, Sweden and Finland. The Group uses publicly available financial information and its own trading records to rate its business customers. Refer to note 7 for details of concentration of credit risk related to trade receivables. Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality, and defines credit limits by customer.

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 Statkraft (refer to note 20), consumers or at Nasdaq OMX Commodity exchange. Credit risk associated with derivative financial contracts with Statkraft is considered to be limited as Statkraft is highly rated state-owned enterprise. 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. Purchases of long-term derivative contracts always require security from the customer. Financial contracts traded at Nasdaq OMX Commodity exchange are cleared via Nasdaq Clearing significantly limiting the counterparty credit risk.

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 addition, this agreement 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 7(c), Credit facilities.

Electricity futures traded at Nasdaq OMX are subject to daily market settlements, thus there are no related future cash flows. Accumulated daily market settlements of NOKt 13 692 are included in Other current assets at 31 December 2020. Electricity derivatives with Statkraft and customers are settled monthly in arrear. Electricity derivatives with Statkraft and customers are net settled with Statkraft and the customer, and thus portfolios of electricity derivatives with Statkraft and individual customers, which may include both assets and liabilities, are presented net in the Statement of financial position.

See note 9 for further details regarding financial risk management.

Outlook

EU's taxonomy

91.7 per cent of the electricity generated in Norway in 2020 came from hydropower as the energy source and 6.5 per cent from wind power. How the EU's new classification system for sustainable economic activities (taxonomy) defines Norwegian hydropower in 2022 will be very important for Norway. The industry association Energy Norway has strongly objected to the EU's initial proposals in its response to the consultation process. Among other things, it pointed out that hydropower in Europe does not face the same problems with methane emissions from water reservoirs that warmer areas do. Hydropower is also approved in line with the EU Water Framework Directive, which has recently been revised. Energy Norway also emphasised that none of the other renewable energy sources such as wind power and solar panels have been made subject to the same requirement and that this thus violates the requirement for technology neutrality. In addition, Norwegian hydropower producers are already subject to strict requirements regarding measures for ensuring the protection of natural habitats and species in order to obtain a development licence. Further clarifications regarding the taxonomy and assessments related to Norwegian hydropower are expected to come in 2021.

Impact of the Covid-19 pandemic

Demand for electricity in Norway is largely unaffected by the economic cycle and is not significantly affected by factors related to the international trade situation. The Covid-19 pandemic has had enormous direct and indirect effects across the entire world and in Norway. On 12 March 2020, Norway was shut down in order to reduce the spread of infection and every part of society and large parts of the business community were significantly impacted by the shutdown. Overall, there was not a great impact on electricity consumption in Norway following the Covid-19 restrictions, however, there was a slight impact on the distribution of consumption between Consumer and Business customers. The outdoor temperature is the factor that has the greatest impact on electricity consumption. Many areas of Norwegian society want to increase electrification as a means of cutting greenhouse gas emissions and demand is thus extremely robust and expected to increase in the years to come.

The company uses a series of digital and physical sales channels and many partners in its sales work. Sales in these channels were relatively unaffected by the shutdown due to the Covid-19 pandemic in the first three quarters, with the exception of stand and door-to-door sales. The last quarter of the year normally sees very good sales in connection with pre-Christmas activities and campaigns in physical shops. The increase in online shopping and reduced footfall in shops due to new waves of infection and the corresponding restrictions resulted in sales via physical distribution channels not meeting expectations in the fourth quarter of the year. Physical channels were more affected in the fourth quarter by changes in shopping patterns and shutdowns than earlier in 2020. They are expected to recover again once the local and national restrictions associated with the Covid-19 pandemic have been lifted.

The Covid-19 pandemic also resulted in lower margins in the mobile segment.

Continued consolidation

Fjordkraft intends to continue its consolidation strategy. The company's infrastructure is scalable with low marginal costs and ready for acquisitions of customer portfolios thanks to the Fjordkraft platform. Its current market share in Norway is approximately 27 per cent and the company can continue to grow significantly without becoming such a major player that the competition authorities might be expected to have objections.

Restructuring is also taking place among the power grid companies. Several companies have merged or announced plans to merge into larger entities. This presents opportunities for electricity companies where they may find it appropriate to become a part of larger entities.

The acquisition of Switch Nordic Green AB in 2020 resulted in Fjordkraft gaining Nordic operations.

The acquisition will provide the Group with experience in the Swedish and Finnish electricity markets and provides a basis for further growth. In recent years, the regulatory framework conditions in Nordic countries have become more similar. However, the Norwegian market clearly differs from the other Nordic countries with its very high electricity consumption per capita.

The company started work on assessing different ownership and collaboration models in 2020. The experience so far is good and means that it may be appropriate to consider different models for future M&A activities. 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.

Regulatory environment for electricity and the mobile telephony market

Fjordkraft has long experience of working with regulatory 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 of the contact with industry organisations and the authorities.

Norway has 124 power grid companies and more than one 100 electricity retailers. Many of these have had the same owner, same name and a common logo. As a national electricity retailer that has invested heavily in building up a brand, Fjordkraft has experienced that monopoly and competitive activities in the same group with the same name have created confusion for customers. It has also favoured end-user companies with the same brand as the power grid company and has hampered competition in the market. After the new guidelines from NVE came into force on 1 January 2021, the requirement is that the power grid company's brand must be different to the electricity retailer's brand. Requirements for both company-related and functional separation on the ownership side have also been introduced. The changes are expected to reduce the risk of cross-subsidies between monopoly operations and competitive activities within the same group and will provide more similar competitive terms and conditions.

The company hopes to make use of its experience from similar work in the electricity market in the work on regulatory 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.

Consolidated billing

Electricity customers prefer to pay for electricity and grid rental at the same time, regardless of which electricity retailer they have chosen. Consolidated billing means that the electricity retailer sends the bill and collects grid rental on behalf of the power grid company.

The introduction of the regulations for consolidated billing has been crucial in providing more equal conditions between the players and greater competition for customers. Before the regulations on consolidated billing came into force, only the local player had the advantage of being able to offer what customers preferred, paying for electricity and grid rental together. No less than 97 per cent of Fjordkraft's consumer market customers are able to pay for their electricity and grid rental together.

Offering consolidated billing is optional for electricity retailers. Power grid companies can also refuse consolidated billing of grid rental for electricity retailers as long as all retailers are treated equally.

In a report on the end-user market published in February 2021 by Oslo Economics for the Norwegian Energy Regulatory Authority (NVE-RME), Oslo Economics proposed that consideration should be given to prohibiting consolidated billing. The hypothesis in the report is that the customer's awareness of electricity prices and how large a proportion is exposed to competition may be reduced by consolidated billing.

Surveys and experience show that customers want consolidated overviews and payments such that ending consolidated billing would be seen as a disadvantage by customers. From Fjordkraft's perspective, any ending of consolidated billing would also result in a number of advantages, such as less capital tied up, lower risk of loss on receivables and the end of the guarantees of origin (GoOs) electricity retailers have in relation to each power grid company. From Fjordkraft's point of view it is important to ensure a level playing field for all players.

The report from Oslo Economics also looks at a series of factors associated with the end-user market for electricity and must be expected to be much debated and used as important input in the future work of the regulatory authority NVE and the industry association Energy Norway. The report highlights the asymmetric information about electricity contracts between consumer market customers and electricity retailers. Fjordkraft believes that many of the improvement areas pointed out in the report are addressed by the adopted 'Trygg Strømhandel.' certification scheme. However, the certification scheme is voluntary and with more than 100 players in the industry this may result in different competition terms and conditions between the players. In the opinion of the Board, Fjordkraft will be more than capable of adapting to any changed requirements and guidelines for electricity retailers.

The report also points out that there is great potential for improvement in the Norwegian Consumer Council's price portal for information about and comparing electricity contracts. The entire industry agrees with this. So far, the portal has promoted short-term discounted offers to customers, and frequent changes to the portal's structure and criteria have resulted in little predictability for the players.

The Norwegian Consumer Council and the Norwegian Consumer Authority

In the last quarter of the year and the first part of 2021, the Consumer Council, a government-funded special interests organisation for consumers, lodged a complaint about Fjordkraft and other players in the electricity industry with the Consumer Authority regarding various things related to contract terms and conditions for consumer market customers. The Consumer Authority is the government agency that supervises compliance with Norwegian marketing laws. There have been several such complaints and as the largest player in the industry, the associated media attention has largely focused on Fjordkraft.

The company takes these matters very seriously, has answered the Consumer Authority's questions and is implementing the changes it has requested.

The industry associations Energy Norway and District Energy have taken the initiative to start a voluntary certification scheme for the entire electricity sales industry. This certification is called Trygg Strømhandel and is a certification scheme for electricity retailers that sets a series of requirements for the sale of electricity and information for electricity customers. DNV GL is the certification body for Trygg Strømhandel. DNV GL is an international quality assurance and risk management company headquartered in Norway. Fjordkraft has been one of the driving forces behind the work on the scheme and has signed up as a participant for the very first round of certifications that will be conducted by DNV GL in spring 2021. The company is also in the process of appointing a compliance coordinator with special responsibility for following up the certification requirements internally.

Digitisation

Elhub handles huge amounts of data as information and power consumption are read and stored from the country's digital electricity meters in households and businesses every hour of the day. It was foreseeable that as large a digitisation project for the industry as Elhub would create issues for customers and actors in the aftermath of its implementation.

The system owners for the Nordic power grid companies have agreed to recommend postponement of the collection and display of meter data at 15-minute intervals until 2022 at the earliest.

Digitisation of the industry places additional demands on electricity retailers. The number of values that must be processed is increasing at an accelerating tempo. The customer's demand for information is increasing correspondingly and means that electricity retailers are constantly having to invest in system development. The return on these investments depends on the electricity retailers' ability to grow. Fjordkraft therefore has a clear strategy for growth with the goal of growing its customer base every year.

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.

During the year, climate smart solutions were facilitated for housing cooperatives and the business sector through financing and infrastructure partners and with the aid of power purchase agreements (PPA). 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.

The company recently launched its marketplace. The company expects the marketplace to play an important role in its digital ecosystem together with the Fjordkraft app. This is enriching the customer experience by offering relevant quality products and services from third party suppliers.

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, it is large companies such as Fjordkraft that will best be able to leverage this to their advantage.

The Board thinks that the management and staff have handled the Covid-19 pandemic situation very well. The company also saw a very high level of activity in 2020 related to the acquisition of companies, establishment of new activities and the expansion of offerings and services for customers. The Group has an ambition to grow organically in all segments, as well as acting as a consolidator in a fragmented market. The Group's financial targets are ambitious, but also highly achievable. Fjordkraft is very well-positioned for future operations and development. The Board would like to say a big thank you to our employees and everyone who works for Fjordkraft for their efforts and contribution to our good results in 2020.

The Board of Fjordkraft Holding ASA, Bergen, 26 March 2021.

Per Axel Koch **Chairman**	**Birthe Iren Grotle** **Board member**	**Frank Økland** **Board member**
Elisabeth M. Norberg **Board member**	**Heidi Theresa Ose** **Board member**	**Live Bertha Haukvik** **Board member**
Steinar Sønsteby **Board member**	**Lindi Bucher Vinsand** **Board member**	**Rolf Barmen** **CEO**

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4.2 Financial statements Fjordkraft Group

Consolidated statement of profit or loss

NOK in thousands	Note	2020	2019
Continuing operations			
Revenue	4, 6	4 214 727	7 122 528
Direct cost of sales	5, 6	(2 647 005)	(5 827 394)
Revenue less direct cost of sales		**1 567 722**	**1 295 134**
Personnel expenses	6, 10, 17, 21	(328 485)	(236 106)
Other operating expenses	2, 6, 11	(471 938)	(379 973)
Depreciation right- of- use assets	23	(13 302)	(10 404)
Depreciation and amortisation	4, 6, 14, 15	(291 872)	(190 528)
Total operating expenses		**(1 105 596)**	**(817 011)**
Impairment and change in provision for onerous contracts	11	(268 493)	-
Other gains and losses, net	8, 11	331 539	4 615
Operating profit		**525 172**	**482 738**
Income/loss from investments in associates and joint ventures	26	1 168	-
Interest income	7	16 814	20 071
Interest expense lease liability	23	(1 813)	(1 677)
Interest expense	7	(11 982)	(6 956)
Other financial items, net	7, 9, 11	(15 692)	(3 737)
Net financial income/(cost)		**(11 505)**	**7 701**
Profit/(loss) before tax		**513 667**	**490 440**
Income tax (expense)/income	12	(113 604)	(120 269)
Profit/(loss) for the year		**400 063**	**370 171**
Basic earnings per share (in NOK)	13	3,73	3,54
Diluted earnings per share (in NOK)	13	3,69	3,51

Consolidated statement of comprehensive income (loss)

NOK in thousands	Note	2020	2019
Profit/(loss) for the year		**400 063**	**370 171**
Other comprehensive income:			
Items to be reclassified to profit or loss in subsequent periods:			
Currency translation differences		(11 201)	-
Total		**(11 201)**	**-**
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension obligations (net of tax)	12, 17	(7 073)	(11 091)
Total		**(7 073)**	**(11 091)**
Total other comprehensive income/(loss) for the year, net of tax		**(18 273)**	**(11 091)**
Total comprehensive income/(loss) for the year		**381 790**	**359 080**

Consolidated statement of financial position

NOK in thousands	Note	2020	2019
Assets			
Non-current assets			
Deferred tax assets	2, 12	37 316	-
Right-of-use assets property plant and equipment	23	81 724	65 976
Property, plant and equipment	2, 14	8 409	7 108
Goodwill	2, 15	1 442 849	166 696
Intangible assets	2, 15	869 568	178 542
Cost to obtain contracts	4	172 656	159 235
Investments in associates and joint ventures	26	11 168	-
Other non-current financial assets	7	63 877	25 365
Total non-current assets		**2 687 566**	**602 923**
Current assets			
Intangible assets	15	2 880	23 760
Inventories		2 398	794
Trade receivables	2, 7, 20	1 476 927	1 507 467
Derivative financial instruments	2, 7, 8, 9	193 175	79 274
Other current assets	19	167 065	18 466
Cash and cash equivalents	2, 7	599 348	775 536
Total current assets		**2 441 793**	**2 405 297**
Total assets		**5 129 359**	**3 008 220**
Equity and liabilities			
Equity			
Share capital	16	34 285	31 349
Share premium	16	991 614	125 035
Retained earnings		918 148	846 833
Total equity		**1 944 047**	**1 003 216**
Non-current liabilities			
Employee benefit obligations	17	110 828	64 062
Interest-bearing long term debt	7	812 808	139 000
Deferred tax liabilitites	2, 12	130 499	27 451
Lease liability- long term	23	67 442	56 515
Other provisions for liabilities		14 649	-
Total non-current liabilities		**1 136 225**	**287 027**

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Consolidated statement of financial position

NOK in thousands	Note	2020	2019
Current liabilities			
Trade and other payables	2, 7, 20	1 029 604	818 143
Overdraft facilities	7	29 400	-
Current income tax liabilities	12	129 098	111 656
Derivative financial instruments	2, 7, 8, 9	110 616	67 999
Social security and other taxes	2	143 425	142 620
Lease liability- short term	23	17 366	11 428
Other current liabilities	2, 7, 18	589 578	566 129
Total liabilities		**3 185 312**	**2 005 004**
Total equity and liabilities		**5 129 359**	**3 008 220**

The Board of Fjordkraft Holding ASA, Bergen, 26 March 2021.

Per Axel Koch **Chairman**	**Birthe Iren Grotle** **Board member**	**Frank Økland** **Board member**
Elisabeth M. Norberg **Board member**	Heidi T. Ose **Heidi Theresa Ose** **Board member**	**Live Bertha Haukvik** **Board member**
Steinar Sønsteby **Board member**	**Lindi Bucher Vinsand** **Board member**	**Rolf Barmen** **CEO**

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Consolidated statement of changes in equity

NOK in thousands	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2019	**31 349**	**125 035**	**-**	**-**	**714 651**	**871 035**
Profit/(loss) for the year	-	-	-	-	370 171	370 171
Share-based payment (note 25)	-	-	-	-	2 994	2 994
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-	(11 091)	(11 091)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**362 074**	**362 074**
Dividends paid (note 13)	-	-	-	-	(229 892)	(229 892)
Transactions with owners	**-**	-	**-**	**-**	**(229 892)**	**(229 892)**
Balance at 31 December 2019	**31 349**	**125 035**	**-**	**-**	**846 833**	**1 003 216**
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 25)	-	-	-	-	3 242	3 242
Other comprehensive income/(loss) for the year, net of tax	-	-	-	(11 201)	(7 073)	(18 273)
Total comprehensive income for the year	**-**	**-**	**-**	**(11 201)**	**396 232**	**385 032**
Share capital increase (note 2 and 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**

Condensed consolidated statement of cash flows

NOK in thousands	Note	2020	2019
Operating activities			
Profit/(loss) before tax		513 667	490 440
Adjustments for:			
Depreciation	14,15	168 012	82 158
Depreciation right-of-use assets	23	13 302	10 404
Amortisation of contract assets	4	123 860	108 370
Impairment of intangible assets	11,15	197 470	-
Interest income	7	(16 814)	(20 071)
Interest expense lease liability	23	1 813	1 677
Interest expense	7	11 982	6 956
Income/loss from investments in associates and joint ventures	26	(1 168)	-
Change in long-term receivables	7	(7 686)	(2 879)
Share based payment expense	25	3 252	2 994
Change in post-employment liabilities	17	(302)	(29 556)
Payments to obtain a contract	4	(137 280)	(117 693)
Changes in working capital (non-cash effect):			
Impairment loss recognised in trade receivables	7	19 342	23 502
Provision for onerous contracts recognised in other current liabilities	11,18	71 023	-
Change in fair value of derivative financial instruments	7, 11	(331 539)	(4 615)
Changes in working capital:			
Inventories		(1 453)	(262)
Trade receivables	7,20	260 279	489 360
Purchase of el-certificates	15	(245 712)	(242 596)
Non-cash effect from cancelling el-certificates	15,18	263 594	246 569
Purchase of guarantees of origination	15	(4 064)	(12 975)
Non-cash effect from disposal of guarantees of origination	15	7 089	18 837
Other current assets	19	19 435	20 715
Trade and other payables	7,20	61 721	(297 054)
Other current liabilities	2,18	(351 741)	72 774
Cash generated from operations		**638 082**	**847 054**
Interest paid		(22 058)	(8 627)
Interest received		16 814	20 071
Income tax paid	12	(113 533)	(93 793)
Net cash from operating activities		**519 305**	**764 704**

Consolidated statement of cash flows

NOK in thousands	Note	2020	2019
Investing activities			
Purchase of property, plant and equipment	14	(497)	(3 791)
Purchase of intangible assets	15	(64 767)	(47 589)
Proceeds from sale of intangible assets	15	10 000	-
Net cash outflow on acquisition of subsidiares	2	(1 033 527)	(22 066)
Net cash outflow on acquisition of shares in associates	26	(10 000)	-
Net (outflow)/proceeds from non-current receivables	7	(16 985)	(2 396)
Net (outflow)/proceeds from other long-term liabilities		(194)	(805)
Net cash used in investing activities		**(1 115 970)**	**(76 648)**
Financing activities			
Proceeds from overdraft facilities	7	29 400	-
Proceeds from revolving credit facility	7	500 000	-
Repayment of revolving credit facility	7	(500 000)	-
Proceeds from issuance of shares	13	2 730	-
Dividends paid	13	(313 717)	(229 892)
Formation expenses		(10)	-
Proceeds from long term debt	7	937 000	-
Instalments of long term debt	7	(65 125)	(55 600)
Repayment of long term debt	7	(152 900)	-
Payment of lease liability		(12 450)	(8 438)
Net cash used in financing activities		**424 928**	**(293 930)**
Net change in cash and cash equivalents		**(171 738)**	**394 126**
Cash and cash equivalents at 1 January		775 536	381 409
Effects of exchange rate changes on cash and cash equivalents		(4 450)	-
Cash and cash equivalents at 31 December		**599 348**	**775 536**

4.3 Notes Fjordkraft Group

Note 1 Accounting policies

General information
These consolidated financial statements for Fjordkraft Holding ASA for the year ended 31 December 2020, was approved by the Board of Directors on 26 March 2021.

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 group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:
- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting.

The group also elected to adopt the following amendments early:
- Annual Improvements to IFRS Standards 2018-2020 Cycle.
- Covid-19-Related Rent Concessions – amendments to IFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 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 24).

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 as 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 3.

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 recognised 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 amortisation 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 recognise 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 recognised 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.

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:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. 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 6 - 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 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 7 and 9 for further information about the Group's accounting for trade receivables, loans, other receivables and credit risk.

Investments and other financial assets

1 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.

The Group has chosen not to use hedge accounting in accordance with IFRS 9. Thus, the unrealised changes in fair value of financial derivatives are recognised in the statement of profit or loss in Other gains and losses, net.

See note 7 and 9 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.

2 Measurement

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

3 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 7 and 9 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.

4 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 Group has not designated any derivatives as hedging instruments, thus all subsequent changes in fair value are recognised through profit or loss.
See note 7 and 9 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 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.

Note 1
Accounting policies

Intangible assets

1) Intangible assets acquired separately

1 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').

2 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.

3 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.

4 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.

5 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.

5 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

1 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.

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.

Provision for El-certificate cancellation liability

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

Note 1
Accounting policies

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

1 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 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)

2 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.

Note 2 Business combination

On 17 July 2020, Fjordkraft Holding ASA entered into an agreement for the acquisition of 100% of the shares in Innlandskraft AS. Innlandskraft comprises two brands, Gudbrandsdal Energi and Eidsiva Marked. The acquisition date has been determined to be 22 September 2020, and the fair value of the purchase consideration has been measured at this date. However, in accordance with IFRS 3, the entity has designated 30 September 2020 as the acquisition date when accounting for the business combination.

On 29 October 2020, Fjordkraft Industrial Ownership AS entered into an agreement for the acquisition of 100% of the shares in Troms Kraft Strøm AS. Troms Kraft Strøm AS comprises the brand Nordic Green Energy (operated through the subsidiary Switch Nordic Green AB), which operates the electricity retailer markets in Sweden and Finland. The acquisition date has been determined to be 10 November 2020, and the fair value of the purchase consideration has been measured at this date.

Details of the purchase considerations, the net assets acquired, and goodwill, are as follows:

Purchase consideration:

NOK in thousands	Innlandskraft AS	Troms Kraft Strøm AS
Purchase price, settled in 9.695.584 shares	866 785	-
Purchase price, settled in cash	722 321	1 474 229
Purchase price, to be settled in cash*	-	48 812
Interest, settled in cash	6 471	2 305
Total purchase consideration	**1 595 577**	**1 525 345**

* Purchase price to be settled in cash is contingent on approval of Troms Kraft Strøm AS' and subsidiary Switch Nordic Green AB's tax assessments for 2020.
There are no other contingent considerations included in these acquisitions.

As of the acquistion dates, the assets and liabilities recognised as a result of the acquisitions were as follows:

	Fair value	
NOK in thousands	Innlandskraft AS	Troms Kraft Strøm AS
Deferred tax assets	-	39 601
Property, plant and equipment (note 14)	1 760	1 189
Intangible assets - Fixed price customer contracts (note 15)	-	245 664
Intangible assets - Customer relationships (note 15)	362 137	239 645
Intangible assets - Other (note 15)	129 515	29 170
Right-of-use assets property, plant and equipment	10 633	5 087
Other non-current financial assets	13 841	-
Total non-current assets	**517 886**	**560 355**
Trade receivables	64 932	184 149
Derivative financial instruments	29 619	46 255
Other current assets	103 076	64 822
Cash and cash equivalents	196 829	974 661
Total current assets	**394 456**	**1 269 886**
Total assets	**912 342**	**1 830 241**

Note 2
Business combination

NOK in thousands	Innlandskraft AS	Troms Kraft Strøm AS
Employee benefit obligations	38 001	-
Deferred tax liabilities	103 280	22 331
Lease liability- long term	9 823	3 088
Other provisions for liabilities	-	14 843
Total non-current liabilities	**151 104**	**40 262**
Trade and other payables	27 561	217 057
Current income tax liabilities	2 066	-
Derivative financial instruments	40 836	293 886
Social security and other taxes	9 455	44 808
Lease liability- short term	965	2 001
Other current liabilities	45 132	24 928
Total current liabilities	**126 014**	**582 680**
Total liabilities	**277 119**	**622 942**
Net identifiable assets acquired	635 223	1 207 299
Add: Goodwill	960 353	318 046
In total	**1 595 577**	**1 525 345**

The goodwill is attributable to Innlandskraft AS's and Troms Kraft Strøm's strong position and profitability in the electricity retailer market and synergies expected to arise after the company's acquisition of the new subsidiaries. None of the goodwill is expected to be deductible for tax purposes. See note 15 for the changes in goodwill as a result of the acquisitions.
Deferred tax of NOKt 55 243 (Innlandskraft AS) and NOKt 22 331 (Troms Kraft Strøm AS) is related to the fair value adjustments of customer relationships and other intangible assets.

Acquisition-related costs
Acquisition-related costs of NOKt 21 579 are included in Other operating expenses in statement of profit or loss.

Acquired receivables
The fair value of trade receivables in Innlandskraft AS is NOKt 64 932. The gross contractual amount for trade receivables due is NOKt 67 832, of which NOKt 2 900 is expected to be uncollectable. The fair value of other receivables recognised is considered to be equal to the gross contractual amount.
The fair value of trade receivables in Troms Kraft Strøm AS is NOKt 184 149. The gross contractual amount for trade receivables due is NOKt 188 944, of which NOKt 4 796 is expected to be uncollectable. The fair value of other receivables recognised is considered to be equal to the gross contractual amount.

Revenue and profit contribution
If the acquisition of Innlandskraft AS had occurred on 1 January 2020, consolidated revenue and consolidated profit after tax for the period ended 31 December 2020 would have been NOKt 4 862 785 and NOKt 400 164 respectively.
If the acquisition of Troms Kraft Strøm AS had occurred on 1 January 2020, consolidated revenue and consolidated profit after tax for the period ended 31 December 2020 would have been NOKt 5 460 085 and NOKt 443 903 respectively.

Note 3 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) Accounting for business combinations - Purchase price allocation

When accounting for business combinations the Group is required to allocate the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values.

The Group engages independent third-party appraisal specialists to assist when determining the fair values of the assets acquired and liabilities assumed. Such valuations require management to make significant judgements in selecting valuation methods, estimates and assumptions. The significant purchased intangible assets recorded as part of business combinations in 2020 includes customer portfolios, fixed price customer contracts, and tradenames. Critical estimates in the evaluations for such intangible assets include, but are not limited to, expected gross profit, service cost and operating expenses per customer, estimated average customer churn, and key assumptions used to estimate an appropriate discount rate.

Management's estimates of fair value and useful lives of identified intangible assets are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Please see note 2 and note 15 for details of intangible assets acquired as part of business combinations.

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 for the next five years. The subsidiary is expected to generate taxable income from 2021. The majority of tax losses carried 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.

Note 3
Significant accounting judgements, estimates and assumptions

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.

Note 4 Revenue recognition

The following table summarises revenue from contracts with customers:

Revenue:

NOK in thousands	2020	2019
Revenue - Consumer segment (1)	2 144 219	3 948 175
Revenue - Business segment (2)	1 479 533	2 899 333
Revenue - Nordic (3)	263 894	-
Revenue - New growth initiatives (4)	295 716	218 924
Revenue - Corporate	31 366	56 096
Total revenue	**4 214 727**	**7 122 528**

Timing of revenue recognition

Over time:

NOK in thousands	2020	2019
Revenue - Consumer segment	2 090 297	3 896 620
Revenue - Business segment	1 453 829	2 874 572
Revenue - Nordic	263 894	-
Revenue - New growth initiatives	293 952	217 523
Revenue - Corporate	31 366	56 096
Total revenue recognised over time	**4 133 338**	**7 044 811**

At a point in time:

NOK in thousands	2020	2019
Revenue - Consumer segment	53 921	51 556
Revenue - Business segment	25 704	24 761
Revenue - Nordic	-	-
Revenue - New growth initiatives	1 764	1 401
Total revenue recognised at a point in time	**81 389**	**77 717**
Total revenue	**4 214 727**	**7 122 528**

(1) Revenue in the consumer segment comprise sale of electrical power to private consumers
(2) Revenue in the business segment comprise sale of electrical power to businesses
(3) Sale of electrical power and related services to consumers in Finland and Sweden
(4) Comprise of other business activities (sale of mobile service to private customers and power sale, included related services, to Alliance partners)

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 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.

Note 4
Revenue recognition

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 standalone 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	2020	2019
Balance as at 1 January	**159 235**	**149 912**
Additions	137 280	117 693
Amortisation during the year	(123 860)	(108 370)
Impairment losses recognised	-	-
Balance as at 31 December	**172 656**	**159 235**

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, 2019 and 2020:

Contract assets

NOK in thousands	2020	2019
Balance as at 1 January	978 230	1 204 017
Revenue recognised from performance obligations satisfied in previous periods	29 650	56 096
New contract assets during the period less transfer to receivables	(391 819)	(283 274)
Addition through acquisition of subsidiaries	171 688	1 391
Currency and other effects	(235)	-
Balance as at 31 December	**787 514**	**978 230**

Contract liabilities

NOK in thousands	2020	2019
Balance as at 1 January	66 227	65 766
Revenue recognised that was included in opening balance	(66 227)	(65 766)
New contract liabilities less transfer to revenue	110 351	66 227
Addition through acquisition of subsidiaries	13 692	-
Currency and other effects	-	-
Balance as at 31 December	**124 043**	**66 227**

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 2020 and 31 December 2019. 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.

1 The performance obligation is part of a contract that has an original expected duration of one year or less.
2 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 2020 and 31 December 2019.

As of 31 December 2020 and 31 December 2019 the Group do not have significant customers that comprises more than 10% of accounts receivable.

Note 5 Direct cost of sales

NOK in thousands	2020	2019
Purchase of electrical power and el certificates	2 374 976	5 628 653
Other direct cost of sales	270 583	186 157
Interest compensation for extended credit days electricity purchase	1 445	12 583
Total direct cost of sales	**2 647 005**	**5 827 394**

Other indirect cost related to generating revenue are not included within direct costs of sales for 2020 and 2019 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.

As at 31 December 2020, the interest bearing balance with Statkraft Energi AS was NOKt 350 165 (31 December 2019 was NOKt 673 345).

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 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 profit before tax earned by each segment without the allocation of non-recurring expenses, depreciation of acquisitions, impairment and change in provision for onerous contracts, other gains and losses, income/loss from investments in associates and joint ventures, interest income, interest expense, interest expense lease liability, and other financial items, net. 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.

Transaksjon 09222115557444322769 Signert PAK, BG, SS, HTO, LH, LBV, EN, FØ, RB

Note 6
Segment information

2020

NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total
Revenue						
Revenue adjusted	2 144 219	1 479 533	263 894	3 887 645	295 716	4 183 361
Total external segment 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)
Revenue less direct cost of sales adjusted	**1 104 738**	**376 866**	**17 940**	**1 499 544**	**43 941**	**1 543 486**
Expenses						
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**

2019

NOK in thousands	Consumer	Business	Total reportable segments	New growth initiatives*	Total segments
Revenue					
Revenue adjusted	3 948 175	2 899 333	6 847 508	218 924	7 066 432
Total external segment revenue adjusted	**3 948 175**	**2 899 333**	**6 847 508**	**218 924**	**7 066 432**
Direct cost of sales adjusted	(3 046 521)	(2 563 430)	(5 609 951)	(172 760)	(5 782 711)
Revenue less direct cost of sales adjusted	**901 654**	**335 903**	**1 237 557**	**46 164**	**1 283 721**
Expenses					
Personnel and other operating expenses adjusted	(444 956)	(137 511)	(582 467)	(59 454)	(641 921)
Depreciation and amortisation adjusted	(125 305)	(16 531)	(141 837)	(8 911)	(150 748)
Total operating expenses adjusted	**(570 261)**	**(154 042)**	**(724 303)**	**(68 365)**	**(792 668)**
Operating profit adjusted	**331 393**	**181 861**	**513 254**	**(22 201)**	**491 053**

*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 6
Segment information

Reconciliation to statement of profit and loss for the period

NOK in thousands	2020	2019
Revenue adjusted	4 183 361	7 066 432
Corporate 1)	29 650	56 096
Special items 2)	1 716	-
Revenue	**4 214 727**	**7 122 528**
Direct cost of sales adjusted	(2 639 876)	(5 782 711)
Corporate 1)	(7 129)	(44 681)
Direct cost of sales	**(2 647 005)**	**(5 827 394)**
Revenue less direct cost of sales adjusted	1 543 486	1 283 721
Corporate 1)	22 521	11 414
Special items 2)	1 716	-
Revenue less direct cost of sales	**1 567 722**	**1 295 134**
Total operating expenses adjusted	(935 208)	(792 668)
Special items 2)	(42 213)	21 218
Depreciation of acquisitions 3)	(128 175)	(45 560)
Total operating expenses	**(1 105 596)**	**(817 011)**
Impairment and change in provision for onerous contracts	(268 493)	-
Other gains and losses 4)	331 539	4 615
Operating profit	**525 172**	**482 738**
Income/loss from investments in associates and joint ventures	1 168	-
Interest income	16 814	20 071
Interest expense lease liability	(1 813)	(1 677)
Interest expense	(11 982)	(6 956)
Other financial items, net	(15 692)	(3 737)
Profit/(loss) before tax	**513 667**	**490 440**

1) Corporate consists of estimate deviations previous year and special revenue items. 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 electricity revenue 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. Management is of the opinion that the underlying operating profit in the reporting period should be adjusted for such estimate deviations related to previous reporting periods.

Note 6
Segment information

2) Special items consists of one-time items as follows:

NOK in thousands	2020	2019
Special items incurred specific to:		
- acquisition related costs and implementation costs	(21 579)	(3 145)
- income related to compensatory damages	1 716	-
- change in pension plan	-	28 969
- impairment charge	-	(4 606)
- one off amortisation of customer contracts in acquired companies	(5 745)	-
- severance packages and other one off costs in acquired companies	(14 889)	-
Special items	**(40 497)**	**21 218**

3) Depreciation of acquisitions consists of depreciation related to customer portfolios and acquisitions of companies accounted for in intangible assets in the consolidated statement of financial position. The Group has decided to report the operating profit of the segments adjusted for depreciation of acquisitions. In order to accommodate this, historically reported figures have been adjusted accordingly:

NOK in thousands	2020	2019
TrønderEnergi Marked acquisition	(20 718)	(32 753)
Oppdal Everk Kraftomsetning acquisition	(3 148)	(4 342)
Vesterålskraft Strøm acquisition	(2 261)	(1 516)
Innlandskraft acquisition	(36 254)	-
Troms Kraft Strøm acquisition	(7 037)	-
Troms Kraft Strøm acquisition - Depreciation of fixed price customer contracts (see note 11)	(52 910)	-
Other customer acquisitions	(5 847)	(6 949)
Depreciation of acquisitions	**(128 175)**	**(45 560)**

4) Other gains and losses, net consist of gains and losses on derivative financial instruments associated with the purchase and sale of electricity.

Note 7 Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets

NOK in thousands	Notes	2020	2019
Financial assets at amortised cost			
Trade receivables (1)	7(a)	1 476 927	1 507 467
Other non-current financial assets (1)	7(a)	63 877	25 365
Cash and cash equivalents (1)	7(d)	599 348	775 536
Financial asset at fair value through profit or loss			
Derivative financial instruments (2)	8,9	193 175	79 274
Total financial assets		**2 333 327**	**2 387 642**

Financial liabilities

NOK in thousands	Notes	2020	2019
Liabilities at amortised cost			
Trade and other payables (1)	7(b)	1 029 604	818 143
Overdraft facilities (1)	7(c)	29 400	-
Interest-bearing long term debt (3)	7(c)	906 508	194 600
Financial liabilities at fair value through profit or loss			
Derivative financial instruments (2)	8,9	110 616	67 999
Total financial liabilities		**2 076 128**	**1 080 742**

(1) The fair value of cash and cash equivalents, trades receivables, other non-current financial assets, overdraft facilities and trade and other payables approximate their carrying value due to their short term nature.
(2) Derivative financial instruments are measured at fair value through profit and loss and are classified in Level 2 and 3. 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. See note 8 for more information regarding fair value measurement of derivative financial instruments.
(3) Interest-bearing long term debts are measured at amortised cost. The fair value of interest-bearing long term 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.

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	2020	2019
Interest from assets held at amortised cost		16 814	20 071
Interest expense from liabilites at amortised cost		(11 982)	(6 956)
Net impairment expense recognised on trade receivables*	7(a)	(22 713)	(25 220)
Fair value gains(losses) on derivatives	8, 11(b)	331 539	4 615
Total net foreign exchange (losses) recognised in other financial items	11(c)	(10 356)	18
Total financial income and expense		**303 302**	**(7 472)**

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

7(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 to 60 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). The expected credit losses on trade receivables are estimated using a provision matrix by grouping trade receivables based on reference to past default experience for the group of customers and an analysis of whether the customer is an active customer to whom the Group continues to supply goods and services to or has ceased purchasing good or services from the Group. 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.

To account for Covid-19 effects the Group has made an additional loss allowance provision of NOKt 10 800 in 2020 (refer note 27). There has been no other change 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.

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

7(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.

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
Active engagements (1)								
Trade receivables - Power sales - Consumer customers	1 126	1 243	488	608	119	5 960	9 544	776 414
Trade receivables - Power sales - Business customers	2 263	446	143	692	520	3 242	7 306	690 393
Trade receivables - Mobile sales - Consumer customers	-	1	13	18	-	39	72	335
Ceased engagements (2)								
Trade receivables - Power sales - Consumer customers	35	248	267	532	464	54 864	56 410	83 162
Trade receivables - Power sales - Business customers	17	34	72	121	243	20 187	20 675	31 204
Trade receivables - Mobile sales - Consumer customers	-	1	12	24	62	174	272	500
Other provisions								
Loss allowance provision related to Covid 19 (See note 27)	-	-	-	-	-	-	10 800	-
Total Loss allowance provision	**3 440**	**1 974**	**995**	**1 996**	**1 408**	**84 467**	**105 080**	**1 582 007**

2019	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
Active engagements (1)								
Trade receivables - Power sales - Consumer customers	1 460	1 116	1 022	495	435	3 471	8 000	738 146
Trade receivables - Power sales - Business customers	350	30	89	17	22	11	519	698 422
Trade receivables - Mobile sales - Consumer customers	45	5	9	19	1	1	80	22 846
Ceased engagements (2)								
Trade receivables - Power sales - Consumer customers	20	233	429	553	1 197	48 315	50 746	82 019
Trade receivables - Power sales - Business customers	21	47	117	234	830	14 924	16 173	41 030
Trade receivables - Mobile sales - Consumer customers	1	5	18	117	50	129	319	841
Total Loss allowance provision	**1 897**	**1 436**	**1 683**	**1 436**	**2 534**	**66 851**	**75 837**	**1 583 304**

(1) Active engagements represents accounts receivable for which the customer is still a customer for which the Group deliveres ongoing services and / or power.

(2) Ceased engagements represents accounts receivable for associated with customers where the Group no longer delivers ongoing services and / or power.

7(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	2020	2019
Opening balance, 1 January	75 837	50 483
Additions from business combinations (see note 2)	7 778	2 100
Loss allowance recognised in profit or loss for the period	21 594	23 254
Currency translation difference	(129)	-
At 31 December	**105 080**	**75 837**

The movement in lifetime ECL is mainly due to a higher percentage of trade receivables being more than 180 days past due.

During the year, the following gains/(losses) were recognised in profit or loss in other expenses in relation to impaired receivables:

NOK in thousands	2020	2019
Receivables written off	6 998	2 607
Movement in provision for impairment	21 594	23 254
Received payment on previously written off receiavbles	(5 878)	(641)
Net impairment expense recognised on trade receivables	**22 713**	**25 220**

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	2020	2019
Loan to employees*	17 218	16 887
Other long term receivables from customers**	17 828	7 941
Capitalised transaction costs***	14 408	-
Cash collateral - Nasdaq Default Fund****	10 899	-
Other non - current financial assets	3 523	537
Total	**63 877**	**25 365**

* Loans to employees include next year's installments. Installments in 2021 amount to NOKt 2 737.
** 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 below.
**** Please refer to note 22 for more information

7(b) Trade and other payables

Current liabilities

NOK in thousands	2020	2019
Trade and other payables	1 029 604	818 143

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.

7(c) Credit facilities

Long term loan

NOK in thousands	Effective interest rate	2020	2019
Term loan DNB	NIBOR 3 months + 1,35 %	-	194 600
Term loan DNB	NIBOR 3 months + 1,75 %	913 575	-
Total principal amounts		**913 575**	**194 600**

Repayment of term loan
Up until September 2020 Fjordkraft's long term funding was a term loan from DNB, related to the purchase of TrønderEnergi Marked AS in 2018.
The remaining loan balance of NOKt 152 900 was fully repaid in September 2020, when Fjordkraft Holding ASA entered into a new facilities agreement with DNB, as described below.

New facilities agreement
In September 2020, prior to the acquisition of Innlandskraft AS (see note 2), Fjordkraft entered into a new facilities agreement with DNB, 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
Fjordkraft may draw upon the term loan facility until 30 October 2021. The termination date of the loan is in September 2023, though Fjordkraft has the option to extend the termination date by two periods 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 the former term loan, and to partly finance the acquisition of Innlandskraft AS. In November 2020 additional NOKt 477 000 was drawn upon the facility in order to partly finance the acquisition of Troms Kraft Strøm AS. Total instalments of NOKt 23 425 was repaid in December 2020 on the two tranches drawn upon the term loan facility. At 31 December 2020 a total of NOKt 913 575 are drawn upon the acqusition facility. 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 balance sheet.

7(c)
Credit facilities

The revolving credit facility - NOKt 500 000 - The RCF
The undrawn revolving credit facility is available up until one month before the termination date. The termination date is in September 2023, though Fjordkraft has the option to extend the termination date by two periods 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.
In order to partly finance the acquisition of Troms Kraft Strøm AS, Fjordkraft drew NOKt 500 000 upon the RCF in November 2020. This credit was repaid in full in December 2020.

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 letters of credit related to re-invoicing agreements with grid owners, property rental agreements and so on.
The original facility was NOKt 1 550 000, though the facility was increased with a second tranche of NOKt 700 000, to a total of NOKt 2 250 000 in November 2020. The termination date of the guarantee facility is in September 2023, though Fjordkraft has the option to extend the termination date by two periods of twelve months.

At 31 December 2020 letters of credit of total NOKt 2 001 700 are issued under the guarantee facility.

The overdraft facility - NOKt 1 000 000
The overdraft facility is available one year from the agreement date in September 2020, and it will be renewed for another year unless Fjordkraft requests otherwise. This overdraft facility replaces the previous overdraft facility of NOKt 1 000 000 with DNB.
At 31 December a total of NOKt 29 400 are drawn upon the overdraft facility.

Security
The trade receivables of the Norwegian entities in the group has been pledged as security for all credit facilities under the new facilities agreement. Book value of assets pledged as security amounts to NOKt 1 253 981 at 31 December 2020.

Transaction costs
Transaction costs of NOKt 7 813 related to establishing the new Term loan facility are recognised as part of amortised cost of the Term loan. Transaction costs related to establishing the The RCF, The guarantee facility, and the overdraft facility of a total NOKt 15 980, are capitalised and amortised on a straight line basis over the period from establishing the facilities to the 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.

7(d) Cash and cash equivalents

Current assets

NOK in thousands	2020	2019
Cash at bank and in hand	599 348	775 536
Total	**599 348**	**775 536**

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 22 for information about restricted cash.

Note 8 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. Changes in fair value are recognised through other gains and losses, net in the consolidated statement of profit or loss. 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 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**

Recurring fair value measurements At 31 December 2019

NOK in thousands	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	50 875	28 399	79 274
Total financial assets at fair value	**-**	**50 875**	**28 399**	**79 274**
Financial liabilities				
Derivative financial instruments	-	43 779	24 220	67 999
Total financial liabilities at fair value	**-**	**43 779**	**24 220**	**67 999**

Note 8
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 OMX 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 forward contracts and option contracts associated with purchase and sale of electricity. Key inputs to the valuation are discount rates, contract- and market prices. Level 3 inputs consists 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 marked for corresponding forward contracts is considered illiquid.

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 8
Fair Value

Assets and liabilities measured at fair value based on level 3

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)**

At 31 December 2019

NOK in thousands	Assets	Liabilities	Total, net
Opening balance 1 January 2019	189 363	166 104	23 259
Additions or derecognitions	(164 550)	(145 556)	(18 994)
Unrealised changes in value recognised in profit and loss	3 586	3 672	(86)
Closing balance 31 December 2019	**28 399**	**24 220**	**4 179**

Net realised gain (+) / loss (-) recognised in profit and loss 2019	**2 810**

Sensitivity analysis of factors classified to level 3

NOK in thousands	10 % reduction	10 % increase
Net effect from power prices	(13 786)	21 709

The effects are not symmetrical due to volume flexibility in the contracts that reduce the downside.

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 2020.

Note 9 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, 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 (no price risk), to fixed price contracts where the sales price is a fixed price for a fixed period. While the majority of end-user-sales in Norway are from spot-priced product types, the majority of end-user sales in the recently acquired operations in Sweden and Finland are at fixed price contracts.

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 associated residual volume risk, these volume estimates are periodically updated, and the portfolios of hedging derivatives are rebalanced accordingly.

The Group's financial electricity trade is conducted through an agreed bilateral framework with Statkraft as the trade counter party. The subsidiaries acquired as part of the business combination when Fjordkraft acquired Innlandskraft AS in September 2020 (see note 2) conducted its financial trade at the Nasdaq OMX commodity exchange in 2020. There are three main categories of financial derivative contracts traded with Statkraft and at Nasdaq OMX to manage risk exposure towards commodity prices; futures, forward contracts and options.

The group also offers financial trading of electricity derivates to its business customers, enabling them to utilize the market for financial trading of electricity to hedge the price risks in (parts of) their electricity purchases. Any financial derivative sold to a business customer is hedged back-to-back by purchasing a corresponding financial derivative at Statkraft or Nasdaq OMX.

When selling electricity to end users in Norway and Sweden, the Group is required to purchase and cancel el-certificates (see note 18). 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 - 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 7(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 instrument, 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 part 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.

Note 9
Financial risk management objectives

Market risk – foreign exchange rates

Following the acquisition of Troms Kraft Strøm AS and its subsidiaries' operations in Sweden and Finland, the Group has 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. One exception is the financial trading of electricity derivatives for hedging purposes in the subsidiaries acquired through the acquisition of Innlandskraft AS, who in 2020 conducted their financial trade at the Nasdaq OMX commodity exchange, where all trades are denominated in Euro. To manage the associated exchange risk, the Group has entered into bilateral foreign currency forwards with financial institutions.

Derivatives

All financial electricity derivatives are either financial customer contracts, or purchased for the purpose of hedging physical or financial customer contracts. The Group does not apply hedge-accounting, all financial electricity derivatives are measured at fair value through profit and loss.

The group has the following derivative financial instruments:

NOK in thousands	2020	2019
Current assets		
Electricity Forwards with Statkraft	66 843	-
Electricity Options with Statkraft	242	-
Electricity Forwards with customers	119 654	65 700
Electricity Options with customers	6 435	9 744
Other derivatives	-	3 830
Total current assets - Derivative financial instruments	**193 175**	**79 274**
Current liabilities		
Electricity Futures with Nasdaq OMX	13 755	-
Electricity Forwards with Statkraft	18 449	11 496
Electricity Options with Statkraft	7 018	17 417
Electricity Forwards with customers	70 363	35 502
Electricity Options with customers	451	-
Other derivatives	581	3 583
Total current liabilities - Derivative financial instruments	**110 616**	**67 999**

Note 9
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 2020, 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 7.

Trade receivables consist of a large number of end-user customers, mainly households and business customers spread across diverse industries in Norway, Sweden and Finland. The Group uses publicly available financial information and its own trading records to rate its business customers. Refer to note 7 for details of concentration of credit risk related to trade receivables. Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality, and defines credit limits by customer.

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 Statkraft, consumers or at Nasdaq OMX Commodity exchange. Credit risk associated with derivative financial contracts with Statkraft is considered to be limited as Statkraft is highly rated state-owned enterprise. 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. Purchases of long-term derivative contracts always require security from the customer. Financial contracts traded at Nasdaq OMX Commodity exchange are cleared via Nasdaq Clearing significantly limiting the counterparty credit risk.

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 addition this agreement 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 7(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.

Electricity futures traded at Nasdaq OMX are subject to daily market settlements, thus there are no related future cash flows. Accumulated daily market settlements of NOKt 13 692 are included in Other current assets at 31 December 2020. Electricity derivatives with Statkraft and customers are settled monthly in arrear. Electricity derivatives with Statkraft and customers are net settled with Statkraft and the customer on a Group entity level. Portfolios of electricity derivatives with Statkraft and individual customers, which may include both assets and liabilities, are presented net in the Statement of financial position, and in the table below. Thus, some amounts in the table below might be negative (net cash outflow on portfolio of derivatives).

Note 9
Financial risk management objectives

Contractual maturities of non-derivative financial liabilities

31 December 2020

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*	1 029 604	-	-	-	-	1 029 604	1 029 604
Overdraft facilities	-	-	-	29 400	-	29 400	29 400
Interest-bearing long term debt	-	23 425	70 275	819 875	-	913 575	906 508
Total	**1 029 604**	**23 425**	**70 275**	**849 275**	**-**	**1 972 579**	**1 965 512**

* 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. At 31 December 2020, the interest bearing balance with Statkraft was NOKt 350 165 (31 December 2019 was NOKt 673 345).

Contractual maturities of derivative financial liabilities

31 December 2020

NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Electricity Futures with Nasdaq OMX	-	-	-	-	-	-	13 755
Electricity Forwards with Statkraft	-	(23 020)	6 638	34 950	26	18 595	18 449
Electricity Options with Statkraft	-	2 225	4 686	111	-	7 023	7 018
Electricity Forwards with customers	-	8 517	34 188	27 861	(6)	70 559	70 363
Electricity Options with customers	-	222	229	-	-	451	451
Other derivatives	-	114	132	335	-	581	581
Total	**-**	**(11 942)**	**45 874**	**63 257**	**20**	**97 209**	**110 616**

Note 10 Personnel expenses

NOK in thousands	2020	2019
Salaries	246 740	205 273
Social security	39 158	28 864
Pension expenses	25 678	(7 623)
Severance packages in acquired companies	12 095	-
Other benefits	7 491	10 860
Gross personnel expenses	**331 163**	**237 373**
- Capitalised R&D costs	(2 678)	(1 267)
Total personnel expenses	**328 485**	**236 106**
Number of full-time equivalents (FTEs) as of 31 December	**461**	**288**

For information regarding pension schemes please refer to note 17.
For information regarding management option program please refer to note 25.
For information regarding remuneration to executive management and Board of Directors please refer to note 21.

Collective performance bonus scheme
All of the employees in Fjordkraft Holding ASA and the subsidiary Fjordkraft AS (332 FTEs), with the exemption of the CEO, are included in a collective performance bonus scheme. The bonus is based on financial and operational performance indicators. The Group's performance is measured by profit before tax, customer satisfaction, distribution of number of electrical deliveries to the private market, and quality of invoicing process.

Note 11 Other operating expenses, other gains and losses and other financial items

11(a) Other operating expenses

Other operating expenses

NOK in thousands	2020	2019
Sales and marketing costs	149 948	110 320
IT cost	49 253	30 263
Purchase of third- party services and external personnel	110 879	110 899
Net impairment expense on trade receivables and other losses	21 612	25 468
Professional fees *	93 323	49 688
Other operating costs	46 924	53 336
Total other operating expenses	**471 938**	**379 973**

* Includes legal fees, auditor, consultants

Auditor's remuneration

NOK in thousands	2020	2019
Statutory audit - Deloitte	2 081	1 558
Tax advisory services - Deloitte	-	10
Other assurance services - Deloitte	676	175
Other non-assurance services - Deloitte	1 324	-
Remuneration to other appointed auditors	697	-
Total	**4 778**	**1 743**

The Group's elected external auditor is Deloitte. Remuneration to other appointed auditors relates to statutory audits of the new subsidiaries acquired in 2020 (refer note 2).

Note 11
Other operating expenses, other gains and losses and other financial items

11(b) Impairment, Change in provisions for onerous contracts, and Other gains and losses

Impairment and provisjons for onerous contracts:

NOK in thousands	Note	2020	2019
Change in provisions for onerous contracts	18	(71 023)	-
Impairment of intangible assets - Fixed price customer contracts	15	(180 540)	-
Impairment of intangible assets - Software and development projects	15	(16 930)	-
Total impairment and provisjons for onerous contracts:		**(268 493)**	**-**

Other gains and losses

NOK in thousands		2020	2019
Change in fair value of derivative financial instruments	8	331 539	4 615
Total other gains and losses, net		**331 539**	**4 615**
Total		**63 046**	**4 615**

NOKt 73 048 of the change in provision for onerous contracts and NOKt 180 540 of change in impairment of intangible assets in 2020 relates to portfolios of fixed price customer contracts in the Nordic segment. The majority of these contracts where acquired as part of the business combination (refer note 2) when the group acquired Troms Kraft Strøm AS (rebranded to Fjordkraft Nordic AS) and its subsidiary Switch Nordic Green AB (which has end-user operations in Sweden and Finland, through the brand Nordic Green Energy). The remaining are new fixed price contracts entered into with customers in the Nordic segment subsequent to the business combination.

The fixed price customer contracts acquired as part of the business combination 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 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, impairment charges of NOKt 180 540 were recognised to the fixed price customer contracts at December 31 2020, and provisions for onerous contracts were recognised with NOKt 73 048.

The price risk related to fixed price customer contracts are hedged with portfolios of power derivatives which are recognised as derivative financial instruments and measured at fair value through profit and loss (the group does not apply hedge accounting). As part of acquiring Troms Kraft Strøm AS, the group also acquired corresponding portfolios of power derivatives entered into for the purpose of hedging the price risk in the fixed price customer contracts. NOKt 314 869 of changes in the fair value of derivative financial instruments in 2020 relates to these portfolios of power derivatives, and NOKt 16 670 relates to the Group's other portfolios of power derivatives.

In respect to the fixed price customer contracts, the net effect of depreciations (NOKt 52 910), impairment (NOKt 180 540), provisions for onerous fixed price customer contracts (NOKt 73 048), and the change in fair value of the corresponding portfolios of hedging contracts (NOKt 314 869), is a net income/gain of NOKt 8 371 in 2020. This net effect is mainly caused by currency translation difference and imbalance between the portfolios of customer contracts, and the corresponding portfolios of hedging contracts.
The remaining change in provision for onerous contracts of NOKt -2 025 relates to reversal of other provisions for onerous contracts.

11(c) Other financial items, net

NOK in thousands	2020	2019
Foreign exchange gain/(losses)	(10 404)	19
Other financial expenses	(5 287)	(3 756)
Total other financial items, net	**(15 692)**	**(3 737)**

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Note 12 Income tax

Specification of tax expense recognised in statement of profit or loss

NOK in thousands	2020	2019
Tax payable on profit for the year	127 032	112 790
Adjustments to prior years tax payable	4 734	33
Adjustments to prior years deferred tax expense (income)	-	-
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	(3 882)	7 395
Change in deferred tax/(tax asset) from changes in tax rates or the imposition of new taxes	-	51
Tax expense recognised in statement of profit or loss	**113 604**	**120 269**

Specification of current income tax liabilities

NOK in thousands	2020	2019
Tax payable on profit for the year	127 032	112 790
Tax payable - additions from business combinations	2 066	-
Provision government grants (SkatteFUNN)	-	(1 637)
Adjustments prior years tax	-	503
Current income tax liabilities recognised in balance sheet	**129 098**	**111 656**

Reconciliation of statutory tax rate to effective tax rate:

NOK in thousands	2020	2019
Profit before tax	513 667	490 440
Income tax at statutory tax rate (22%)	**113 007**	**107 897**
Tax expense recognised in statement of profit or loss	113 604	120 269
Difference	**(597)**	**(12 373)**
Deferred tax expense (income) relating to changes in tax rates	-	51
Permanent differences	8 950	12 004
Adjusted deferred tax (SkatteFUNN)	-	284
Change in deferred tax/(tax asset) from recognition of deferred tax asset previously not recognised	(14 281)	-
Other changes	-	-
Adjustments prior years tax payable	4 734	33
Difference	**(597)**	**12 373**

Note 12
Income tax

Specification of basis for deferred tax

NOK in thousands	2020 Norway	2020 Sweden & Finland	2020 Total	2019 Total
Fixed assets/intangible assets	509 292	181 841	691 132	47 363
Receivables	(34 705)	-	(34 705)	(28 984)
Pension liabilities	(110 828)	-	(110 828)	(64 062)
Contract assets	172 092	-	172 092	161 883
Provisions for onerous contracts	-	(73 048)	(73 048)	-
Other current liabilities	(47 901)	-	(47 901)	(732)
Derivative financial instruments	18 700	65 011	83 711	11 275
Leasing liabilities	(3 073)	(10)	(3 083)	(1 966)
Other assets	21 127	-	21 127	-
Losses carried forward	(30 586)	(2 200 505)	(2 231 091)	-
Temporary differences	**494 118**	**(2 026 711)**	**(1 532 593)**	**124 777**
Tax rate	22%	20,6% / 20%		
Deferred tax/(tax asset)	108 706	(416 913)	(308 207)	27 451
Valuation allowance for deferred tax assets*	-	401 390	401 390	-
Deferred tax asset recognised in statement of financial position	**-**	**37 316**	**37 316**	**-**
Deferred tax recognised in statement of financial position	**108 706**	**21 793**	**130 499**	**27 451**
Net position	*(108 706)*	*15 523*	*(93 183)*	*(27 451)*

*** 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. A deferred tax asset of NOKt 37 316, 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 25 246) and Finland (NOKt 12 070) the next 3-5 years, was recognised as part of the purchase price allocation when accounting for the business combination (see note 2). The deferred tax asset related to the remaining tax losses carried forward are not recognised in the statement of financial position at year end 2020.

Of the unrecognised deferred tax assets, NOKt 373 030 relates to Sweden and NOKt 29 361 relates to 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 2011 to 2014. Utilisation of the tax losses in Sweden is without time limitation.

Note 12
Income tax

Changes in deferred tax balances

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)
Contract assets	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**

2019 NOK in thousands	**1 January 2019**	**Changes recognised in statement of profit or loss**	**Changes recognised in other comprehensive income**	**Changes from business combinations**	**31 December 2019**
Fixed assets/intangible assets	14 626	(7 227)		3 021	10 420
Receivables	(10 948)	4 887		(315)	(6 376)
Pension liabilities	(17 448)	6 502	(3 128)	(20)	(14 094)
Contract assets	32 981	2 634			35 614
Derivative financial instruments	1 803	(1 626)		(338)	(161)
Other current liabilities	(177)	2 658			2 480
Leasing liabilities	-	(433)			(433)
Other assets					
Total	**20 837**	**7 395**	**(3 128)**	**2 347**	**27 451**

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

	2020	2019
Profit/(loss) attributable to equity holders of the company (NOK in thousands)	400 063	370 171
Total comprehensive income attributable to equity holders of the company (NOK in thousands)	381 790	359 080
Weighted average number of ordinary shares in issue	107 200 552	104 496 216
Earnings per share in NOK	**3,73**	**3,54**
Total comprehensive income per share in NOK	**3,56**	**3,44**
Share options (see note 25)	1 190 000	930 000
Diluted earnings per share in NOK	**3,69**	**3,51**
Dividend per share in NOK	**3,00**	**2,20**

The change in share options is due to extention of the share option program with one extra year (a total of 310 000 new share options), issuance of shares to new member of the manangement (40 000 shares) and first, second and third vesting periods where a total of 90 000 share options were exercised.

Note 14 Property, plant and equipment

2020

NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2020	14 113	26 274	-	40 387
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**

2019

NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2019	9 639	25 279	1 376	36 293
Additions	-	-	3 791	3 791
Additions from business combinations	302	-	-	302
Transferred from construction in progress	4 172	995	(5 167)	-
Disposals	-	-	-	-
Cost 31 December 2019	**14 113**	**26 274**	**-**	**40 387**
Accumulated depreciation 1 January 2019	(7 449)	(24 706)	-	(32 155)
Depreciation for the year	(912)	(211)	-	(1 123)
Disposals	-	-	-	-
Accumulated depreciation 31 December 2019	**(8 362)**	**(24 917)**	**-**	**(33 279)**
Carrying amount 31 December 2019	**5 751**	**1 357**	**-**	**7 108**

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

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 (see note 2)	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)	-	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-	-
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	(144 240)	-	(81 281)		(9 189)	(234 710)	-	(234 710)
Depreciation for the year	(37 668)	-	(68 159)	(52 910)	(8 194)	(166 931)	-	(166 931)
Impairment for the year**/***	(16 930)	-	-	(180 540)	-	(197 470)	-	(197 470)
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	18	-	31	663	-	712	-	712
Accumulated depreciation 31 December 2020	**(198 820)**	**-**	**(149 408)**	**(232 787)**	**(17 383)**	**(598 398)**	**-**	**(598 398)**
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, portfolios of fixed price customer contracts were acquired (refer to note 2). 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). As a result of the increase in market prices of electrical power, indicators of impairment was identified and an impairment charge was recognised as of 31 December 2020. In addition provisions for onerous contracts was recognised. During the same time period we have recognised an unrealised gain on derivative contracts entered into for the purpose of hedging the price risk in the fixed price contracts (the company is not using hedge accounting). The net effect of depreciation, impairment, provisions for onerous fixed price customer contracts, and the change in fair value of the corresponding derivative contracts, is a net income/gain of NOKt 8 371 in 2020, refer to overview in note 11(b).
*** As part of the business combination where the group acquired Innlandskraft AS in September 2020, the group acquired Software at total NOKt 21 760. In Q4 2020 the group has decided that some of this software will not be of use to the group going forward, thus an impairment charge of NOKt 16 930 has been recognised.
**** Disposal of NOKt 10 000 relates to sale of asset to the associated company Metzum AS. See note 26 for more information regarding the investment in Metzum AS.

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Note 15
Intangible assets

Non-current intangible assets

2019

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Totalt non-current intangible assets excl. Goodwill	Goodwill	Total non-current intangible assets
Cost price 1 January 2019	140 692	42 869	157 435	12 633	353 630	155 849	509 479
Additions - Purchase	-	45 314	1 008	-	46 322	-	46 322
Additions - Internally generated	1 094	173	-	-	1 267	-	1 267
Additions from business combinations	-	-	12 362	1 270	13 632	10 847	24 479
Transferred from construction in progress	71 606	(71 606)	-	-	-	-	-
Government grants (SkatteFUNN)	-	(1 602)	-	-	(1 602)	-	(1 602)
Disposals	-	-	-	-	-	-	-
Cost 31 December 2019	**213 393**	**15 147**	**170 805**	**13 903**	**413 249**	**166 696**	**579 945**
Accumulated depreciation 1 January 2019	(108 955)	-	(40 193)	(4 527)	(153 675)	-	(153 675)
Depreciation for the year	(29 492)	-	(41 087)	(4 662)	(75 241)	-	(75 241)
Impairment for the year*	(5 794)				(5 794)		(5 794)
Disposals	-	-	-	-	-	-	-
Accumulated depreciation 31 December 2019	**(144 240)**	**-**	**(81 281)**	**(9 189)**	**(234 710)**	**-**	**(234 710)**
Carrying amount 31 December 2019	**69 155**	**15 147**	**89 526**	**4 715**	**178 542**	**166 696**	**345 238**
Useful life	3 years		5-12 years	3 years			
Depreciation method	Straight line		Other**/straight line	Straight line			

* Impairment is mainly related to updated valuation in connection with the sale of IP rights in 2020.
**The majority of customer portfolios is calculated on basis of expected churn-profile of the customer portfolio.

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 2020 in accordance with IAS 36, using the methods outlined in note 3. Goodwill as at December 31 2020, has a total carrying value of NOKt 1 442 849 and intangible assets with indefinite useful life has a total carrying value of NOKt 85 868.

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

NOK in thousands	Godwill	Intangible assets with indefinite useful life
Consumer segment	772 934	42 017
Business segment	354 115	19 250
Nordic segment	315 800	24 601
Total	**1 442 849**	**85 868**

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 9,0 % for Sweden and 8,7 % for 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 79 939, NOKt 15 628 has been expensed as other operating expenses and NOKt 64 311 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 was awarded a government grant (SkatteFUNN) in 2019 for a project regarding power consumption analysis for smart home services.
This project ended in 2019 and the Group has not applied for any government grants in 2020.

Note 15
Intangible assets

Current intangible assets

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 (see note 2)	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**

2019

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2019	22 101	11 494	33 595
Additions - Purchase	242 596	12 975	255 571
Disposals*	(246 569)	(18 837)	(265 405)
Cost 31 December 2019	**18 128**	**5 632**	**23 760**
Carrying amount 31 December 2019	**18 128**	**5 632**	**23 760**

* 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 18.
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 2020

	Number of shares	Nominal	Nominal value	Voting rights	Ownership
Folketrygdfondet	10 958 346	0,30	3 287 504	9,59 %	9,59 %
BKK AS	7 933 066	0,30	2 379 920	6,94 %	6,94 %
Gudbrandsdal Energi Holding AS	7 682 161	0,30	2 304 648	6,72 %	6,72 %
State Street Bank and Trust Comp (nominee)	5 202 921	0,30	1 560 876	4,55 %	4,55 %
The Northern Trust Comp, London Br (nominee)	4 886 857	0,30	1 466 057	4,28 %	4,28 %
The Bank of New York Mellon (nominee)	2 730 695	0,30	819 209	2,39 %	2,39 %
Verdipapirfondet Alfred Berg Gamba	2 728 403	0,30	818 521	2,39 %	2,39 %
VPF DNB AM Norske Aksjer	2 709 587	0,30	812 876	2,37 %	2,37 %
Skandinaviska Enskilda Banken AB (nominee)	2 133 826	0,30	640 148	1,87 %	1,87 %
Verdipapirfondet DNB Norge	2 061 992	0,30	618 598	1,80 %	1,80 %
Geveran Trading Co Ltd	2 044 000	0,30	613 200	1,79 %	1,79 %
The Bank of New York Mellon SA/NV (nominee)	1 915 750	0,30	574 725	1,68 %	1,68 %
JPMorgan Chase Bank, N.A., London (nominee)	1 690 510	0,30	507 153	1,48 %	1,48 %
Verdipapirfondet Alfred Berg Norge	1 476 820	0,30	443 046	1,29 %	1,29 %
ODIN Small Cap	1 259 813	0,30	377 944	1,10 %	1,10 %
Verdipapirfond ODIN Norge	1 256 000	0,30	376 800	1,10 %	1,10 %
State Street Bank and Trust Comp (nominee)	1 185 687	0,30	355 706	1,04 %	1,04 %
Landkreditt Utbytte	1 100 000	0,30	330 000	0,96 %	0,96 %
The Bank of New York Mellon (nominee)	1 042 448	0,30	312 734	0,91 %	0,91 %
Verdipapirfondet Nordea Norge Verd	979 929	0,30	293 979	0,86 %	0,86 %
Others	51 302 989	0,30	15 390 897	44,89 %	44,89 %
Total	**114 281 800**		**34 284 540**	**100 %**	**100 %**

Share capital and share premium

NOK in thousands	Share capital	Share premium	Total
31 December 2020	34 285	991 614	1 025 899
31 December 2019	31 349	125 035	156 384

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	2020	2019
Rolf Barmen (Chief Executive Officer)	44 052	41 052
Birte Strander (Chief Financial Officer)	29 363	28 613
Jeanne K. Tjomsland (Head of HR & Communications)	19 078	18 678
Arnstein Flaskerud (Head of Strategy and M&A)	26 760	22 260
Solfrid K. Aase (Head of Alliance)	7 856	7 456
Roger Finnanger (Head of Consumer)	884	483
Christian Kalvenes (Head of Private)	931	483
Alf-Kåre Hjartnes (Chief Operating Officer)	8 833	8 833
Solfrid Fluge Andersen (Chief Commercial Officer)	-	-
Per Heiberg (Head of Nordic and other end-user companies)	-	-
Ole Johan Langenes (Acting Chief Financial Officer)	7 000	6 450
Per Axel Koch (Chairman of the Board)	32 258	32 258
Birthe Iren Grotle (Boardmember)	2 900	2 900
Heidi Theresa Ose (Boardmember)	-	-
Live Bertha Haukvik (Boardmember)	5 000	-
Steinar Sønsteby (Boardmember)	16 129	16 129
Lindi Bucher Vinsand (Boardmember, Employee representative)	1 612	1 612
Elisabeth M. Norberg (Boardmember, Employee representative)	3 225	3 225
Frank Økland (Boardmember, Employee representative)	645	645
Bettina Bergesen (Deputy in board meetings)	2 260	3 225
Lisbeth Nærø (Chairman of the Nomination committee)	-	-
Total	**208 786**	**194 302**

In addition to owned shares, members of Executive Management also owns options acquired through the new management option program, as outlined in note 25.
Options owned by members of the Executive Management:

Number of options	2020	2019
Rolf Barmen (Chief Executive Officer)	160 000	120 000
Birte Strander (Chief Financial Officer)	80 000	60 000
Jeanne K. Tjomsland (Head of HR & Communications)	80 000	60 000
Arnstein Flaskerud (Head of Strategy and M&A)	80 000	60 000
Solfrid K. Aase (Head of Alliance)	80 000	60 000
Roger Finnanger (Head of Consumer)	80 000	60 000
Christian Kalvenes (Head of Private)	80 000	60 000
Alf-Kåre Hjartnes (Chief Operating Officer)	70 000	60 000
Solfrid Fluge Andersen (Chief Commercial Officer)	80 000	60 000
Ole Johan Langenes (Acting Chief Financial Officer)	40 000	30 000
Per Heiberg (Head of Nordic and other end-user companies)	40 000	-
Total	**870 000**	**600 000**

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 parent company Fjordkraft Holding ASA and the subsidiaries Fjordkraft AS and TrøndelagKraft AS

Until the end of 2019 these group companies had a single pension scheme 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.

Defined contribution plan
At the end of 2020 the group companies Fjordkraft Holding ASA, Fjordkraft AS and TrøndelagKraft AS has a defined contribution pension scheme covering a total of 318 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 101 in 2020), 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 benefit plans
At the end of 2020 the defined benefit pension scheme still covers 17 active members, 63 pensioners and 441 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.

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 2020.

Pension schemes in the new subsidiaries Eidsiva Marked AS and Gudbrandsdal Energi AS

Fjordkraft acquired the two subsidiaries Eidsiva Marked AS and Gudbrandsdal Energi AS when acquiring Innlandskraft AS in September 2020,

Note 17
Pension liabilities

see note 2. The following pension schemes are applicable for the employees in these subsidiaries.

Defined contribution plan
The group companies Eidsiva Marked AS and Gudbrandsdal Energi AS have defined contribution pension schemes which at the end of 2020 are covering 35 and 23 active members correspondingly. 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 2020), 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
The defined benefit plans in Eidsiva Marked AS and Gudbrandsdal Energi AS were closed to new members from July 2016. These funded schemes are public occupational pension schemes in KLP that ensures the pensioner 66% of final salary upon 30 years of service. Retirement age is 67 years. At the end of 2020 the defined benefit pension schemes still covers 16 active members, 30 pensioners and 101 deferred vested members. The pension schemes includes retirement pension, disability pension, spouse's pension and children's pension.

Pension schemes in the new subsidiary Switch Nordic Green AB

Fjordkraft acquired the subsidiary Switch Nordic Green AB (SNG) when acquiring Troms Kraft Strøm AS in November 2020, see note 2. 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
Employees at SNG in Sweden are members of a defined contribution plan which at the end of 2020 are covering a total of 13 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 70 in 2020), 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 2020 are covering a total of 53 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 22,7 per cent of salaries, which includes the employee's share of the contribution that vary between 7,15 per cent and 8,65 per cent dependent of age. 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 2020	31 December 2019
Present value of funded obligations	349 080	205 605
Fair value of plan assets	304 808	200 930
Deficit for funded plans	44 272	4 675
Present value of unfunded obligations	64 164	59 387
Total deficit of defined benefit pension plans	**108 436**	**64 062**
Other employee benefit obligations	2 392	-
Employee benefit obligations recognised in Statement of financial position	**110 828**	**64 062**

Amounts recognised in statement of profit or loss:

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**

2019

NOK in thousands	Funded obligations	Non-funded obligations	Total
Accrued pension entitlement for the year	19 003	1 497	20 501
Payroll tax (PT)	2 679	211	2891
Net interest expense / (income)	6 271	390	6 661
Expected return on plan assets	(4 825)	-	(4 825)
Past service cost	(66 903)	47 833	(19 069)
Curtailment (gain) / loss recognised	-	(862)	(862)
Settlement (gain) / loss recognised	-	(10 873)	(10 873)
Expenses paid	25	-	25
Members' contribution	(3 014)	-	(3 014)
Total amount recognised in profit or loss	**(46 763)**	**38 197**	**(8 567)**

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 2020	**205 605**	**200 930**	**4 675**	**59 387**	**64 062**
Additions from business combinations (see note 2)	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**

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 2019	**242 332**	**178 000**	**64 332**	**14 990**	**79 322**
Additions from business combinations	91	-	91	-	91
Accrued pension entitlement for the year	19 003	-	19 003	1 497	20 501
Payroll tax (PT)	2 679	-	2 679	211	2 891
Interest expense (income)	6 271	-	6 271	390	6 661
Return on plan assets	-	4 800	(4 800)	-	(4 800)
Past service cost	(66 903)	-	(66 903)	47 833	(19 069)
Actuarial gains and losses	7 212	(806)	8 019	6 200	14 219
Benefits paid	(2 487)	(2 180)	(307)	-	(307)
Contribution	-	20 697	(20 697)	-	(20 697)
Members' contribution	-	3 014	(3 014)	-	(3 014)
Curtailment (gain) / loss recognised	-	-	-	(862)	(862)
Settlement (gain) / loss recognised	-	-	-	(10 873)	(10 873)
Payroll tax of contribution	(2 596)	(2 596)	-	-	-
At 31 December 2019	**205 605**	**200 930**	**4 675**	**59 387**	**64 062**

Note 17
Pension liabilities

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

NOK in thousands	2020	2019
Net actuarial gains/(losses) recognised in OCI during the year	(7 073)	(11 091)
Tax effects of actuarial gains/(losses) recognised in OCI	(1 995)	(3 128)

Significant actuarial assumptions	2020	2019
Discount rate	1,50 %	2,30 %
Salary growth rate	2,00 %	2,50 %
Expected growth in base social security amount (G)	1,75 %	2,00 %
Estimated return on plan assets	1,50 %	2,30 %
Pension growth rate	1,00 %	1,25 %
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	(1 291)	1 566	(80 860)	100 310
Salary growth rate	552	(532)	5 222	(10 931)
Expected growth in base social security amount (G)	1 096	(948)	92 611	(76 415)

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 2020 the plan assets were invested as follows:

	Level 1	Level 2	Level 3		
NOK in thousands	Exchange listed prices	Observable prices	Non-observable prices	Total	%-share
Equity instruments	29 896	46 036	20 708	96 640	32%
Interest bearing instruments	41 636	148 310	5 583	195 529	64%
Real estate	-	-	12 639	12 639	4%
Total investments	**71 531**	**194 347**	**38 931**	**304 808**	**100%**

The total contribution to defined benefit plans for next annual reporting period is expected to be NOKt 10 779.

Note 18 Other current liabilities

NOK in thousands	Note	2020	2019
El-certificate cancellation liabilities (se details below)		87 514	263 135
Accrued power purchase		76 549	122 744
Provisions for onerous contracts	11	78 515	-
Prepayments from customers		119 631	69 585
Installments on long term loan due within 12 months	7	93 700	55 600
Payroll liabilities		44 059	46 833
Unsettled part of consideration for business combinations	2	48 812	-
Other current liabilities		40 798	8 232
Total other current liabilities		**589 578**	**566 129**

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 2020 18,6% in Norway (17,1 % in 2019), and 26,5% in Sweden (30,5 % in 2019). 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.

The Group acquires either el-certificates or forward contracts to cover its accrued cancellation liability. 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 directly or through forward contracts are not sufficient to offset estimated number of certificates to cancelled).

On 1 April 2020 the Group cancelled an el-certificate liability with Statnett at the amount NOKt 263 594. As of 31 December 2020 and 31 December 2019 the total el-certificate liability as specified in the table above is either covered through forward contracts or el-certificates in hand.

Forward purchase of el-certificates 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-certificates forwards (Gross nominal amounts by financial year: 2022: NOKt 10 238, 2023 and later: NOKt 12 666) 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 19 Other current assets

Other current assets consists of the following:

NOK in thousands	2020	2019
Other prepaid costs	65 409	18 466
Cash collateral deposits (see note 22)	82 001	-
Prepaid taxes	19 656	-
Total other current assets	**167 065**	**18 466**

Note 20 Related party transactions

As at 31 December 2020, the Group's related parties include Board of Directors and key management. Transactions related to these groups are disclosed in note 21.

In 2019 two major shareholders, BKK AS and Skagerak Energi AS, sold shares in Fjordkraft Holding ASA. As a result of this Skagerak Energi AS, their parent company Statkraft AS, Skagerak Energi Group and Statkraft Group are no longer considered to be related parties. The figures in 2019 are based on transactions as per first quarter 2019. The board of Directors include a representative from BKK AS. BKK AS and subsidiaries are therefore considered to be related parties.
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	2020	2019
BKK AS	Major shareholder	Sale of electrical power	602	10 509
BKK Energitjenester AS	Subsidiary of major shareholder	Sale of electrical power	5 499	3 084
BKK Nett AS	Subsidiary of major shareholder	Sale of electrical power	3 967	4 879
BKK Varme AS	Subsidiary of major shareholder	Sale of electrical power	9 809	-
Skagerak Energi AS	Major shareholder	Sale of electrical power	-	1 699
Skagerak Nett AS	Subsidiary of major shareholder	Sale of electrical power	-	1 748
Skagerak Varme AS	Subsidiary of major shareholder	Sale of electrical power	-	4 494
Statkraft AS	Parent company of major shareholder	Sale of electrical power	-	1 795
Statkraft Varme AS	Subsidiary of parent company of major shareholder	Sale of electrical power	-	27 381
Other	Related party	Sale of other services	1 830	3 484

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

Expenses to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2020	2019
BKK AS	Major shareholder	Purchase of electrical power	-	1 545
BKK Produksjon AS	Subsidiary of major shareholder	Purchase of electrical power	10 573	12 689
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of electrical power	-	1 055 212
BKK AS	Major shareholder	Purchase of other services	24 566	27 211
BKK Regnskapsservice AS	Subsidiary of major shareholder	Purchase of other services	-	1 875
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of other services	824	1 829
BKK Varme AS	Subsidiary of major shareholder	Purchase of other services	535	-
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of other services	-	2 029
Metzum AS	Associated company	Purchase of other services	21 191	-
Other	Related party	Other	-	264

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

Note 20
Related party transactions

Purchase of assets (NOK in thousands)

Related party	Relation	Purpose of transactions	2020	2019
BKK AS	Major shareholder	Research and development	-	(86)
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of customer portfolio	539	1 008
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of el-certificates	-	240 864
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of guarantees of origination	-	6 195
Metzum AS	Associated company	Research and development	20 012	-

Distributions to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2020	2019
BKK AS	Major shareholder	Dividend	47 799	35 053

Current receivables from related parties (NOK in thousands)

Related party	Relation		31 December 2020	31 December 2019
Other	Related party	Sale of electrical power	2 382	1 010

Current liabilities to related parties (NOK in thousands)

Related party	Relation		31 December 2020	31 December 2019
BKK AS	Major shareholder	Other	689	195
BKK Varme AS	Subsidiary of major shareholder	Purchase of other services	135	-
Metzum AS	Associated company	Research and development	3 215	-

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

Note 21 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 & 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 Company Projects)	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 01.11.2020. Remuneration included above is from 01.11.2020 to 31.12.2020.

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
Lisbeth 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 is paid as a fee to BKK AS.

Note 21
Remuneration to the Executive management and Board of Directors

Executive management 2019:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 075	150	150	611	3 986	576
Birte Strander (Chief Financial Officer)	1 775	32	120	325	2 252	
Jeanne K. Tjomsland (Head of HR & Communications)	1 625	32	120	360	2 137	496
Arnstein Flaskerud (Head of Strategy and M&A)	1 775	32	120	303	2 230	
Solfrid K. Aase (Head of Company Projects)	1 475	32	100	268	1 874	
Christian Kalvenes (Head of Consumer)1	1 354	32	92	224	1 702	
Torkel Rolfseng (Head of Power Trading and Alliances)2	125	-	8	28	161	
Alf-Kåre Hjartnes (Chief Operating Officer)	1 625	32	120	273	2 050	508
Roger Finnanger (Head of Business)3	1 354	32	92	231	1 708	
Solfrid Fluge Andersen (Head of Operations)4	871	-	58	149	1 079	
Ingeborg C. Morken (Chief Commercial Officer)5	1 167	32	80	296	1 574	
Total remuneration executive management 2019	**16 221**	**403**	**1060**	**3068**	**20 752**	**1581**

1) Part of executive management from 01.02.2019. Remuneration included above is from 01.02.2019 to 31.12.2019.
2) Part of executive management until 31.01.2019. Remuneration included above is from 01.01.2019 to 31.01.2019.
3) Part of executive management from 01.02.2019. Remuneration included above is from 01.02.2019 to 31.12.2019.
4) Part of executive management from 01.06.2019. Remuneration included above is from 01.06.2019 to 31.12.2019.
5) Part of executive management until 31.08.2019. Remuneration included above is from 01.01.2019 to 31.08.2019.

The Board of Directors 2019:

NOK in thousands	Total remuneration
Per Axel Koch (Chairman)	519
Birthe Iren Grotle (Member)	-
Robert Olsen (Member)	-
Live Bertha Haukvik (Member)	356
Steinar Sønsteby (Member)	295
Lindi Bucher Vinsand (Member, Employee representative)	102
Øistein Prestø (Member, Employee representative)	42
Frank Økland (Member, Employee representative)	102
Bettina Bergesen (Deputy in board meetings)	3
Elisabeth M Norberg (Memeber, Employee representative)	65
Heidi Therese Ose (Member)	188
Lisbeth Nærø (Chairman of the Nomination committee)	51
Total remuneration Board of Directors 2019	**1 722**

Note 21
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.

In 2020 the CEO received a discretionary bonus based on the performance by the company. 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 1.5 %

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 January 1st 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 2021. A more detailed description of the executive compensation paid in 2020 and 2019 is provided above.

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

1 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.

2 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 one 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.

3 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 22 Collateral and restricted assets

NOK in thousands	Item in Statement of financial position	Note	31 December 2020	31 December 2019
Collateral				
Security over trade receivables 1)	Trade receivables	7	1 253 981	1 507 467
Total collateral			**1 253 981**	**1 507 467**
Restricted assets				
Cash collateral - Nasdaq Default Fund 2)	Other non-current financial assets	7	10 899	-
Cash collateral - Power trading agreements 3)	Other current assets	19	82 001	-
Restricted cash - Payroll tax deductions	Cash and cash equivalents	7	2 937	-
Restricted cash - Power purchase agreement	Cash and cash equivalents	7	92 142	-
Total restricted assets			**187 979**	**-**

1) Trade receivables held by the Norwegian entities in the group are pledged as collateral for credit facilities - see note 7.
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 23
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	31 December 2020	31 December 2019
Non-current assets		
Right of use assets		
Property	80 339	64 250
Equipment	928	1 183
Cars	457	544
Total	**81 724**	**65 976**
Non-current liabilities		
Lease liability long term	67 442	56 515
Current liabilities		
Lease liability short term	17 366	11 428
Total	**84 807**	**67 942**

Additions to the right-of-use assets in 2020 were NOKt 28 006

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	31 December 2020	31 December 2019
Depreciation right-of-use assets		
Property	12 629	9 858
Equipment	253	84
Cars	420	461
Total	**13 302**	**10 404**
Interest expense lease liability	1 813	1 677
Expenses relating to short-term leases	10 005	4 765
Expenses relating to leases of low-value	427	408

The total cash outflow for leases in 2020 was NOKt 22 882.

Note 23
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.

NOK in thousands	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Property	17 624	56 606	16 279	90 509
Equipment	269	717	-	986
Cars	201	294	-	494
Total	**18 093**	**57 617**	**16 279**	**91 989**

Note 24
List of subsidiaries

The following subsidiaries are fully consolidated in the financial statements as per 31 December 2020

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
Innlandskraft AS	Hamar, Norway	100 %	Portfolio management of electrical power
Eidsiva Marked AS	Hamar, 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 %	Management and services related to electrical power
Fjordkraft Nordic AS	Bergen, Norway	100 %	Portfolio management of electrical power
Switch Nordic Green AB	Stockholm, Sweden/ Vaasa, Finland	100 %	Purchase, sales and portfolio management of electrical power

Note 25
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 350 000 share options were issued to employees during 2020.

Type	Options	Options
Grant Date	**12.02.2020**	**09.11.2020**
Vesting conditions	The options vest in one tranche with vesting 15 February 2023. The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.	The options vest in tranches with 1/2 vesting 15 February 2022 and 1/2 vesting 15 February 2023. The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.
Expiry date	14.02.2027	Expiry for the two tranches 14.02.2023 / 14.02.2027
Exercise price	68,00	79,70
Total number outstanding	310 000	40 000

Type	Options	Options
Grant Date	12.02.2020	09.11.2020
Measurement date	12.02.2020	09.11.2020
Share price	68,00	79,70
Lifetime* (years)	3,01	1,76
Volatility	30,00 %	35,82 %
Risk-free interest rate*	1,31 %	0,15 %
Fair Value*	15,0474	14,4271

volume weighted average for options

The fair value of the options was calculated using the Black-Scholes model. The model utilises 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 2020 is estimated at average of 30% where historical volatility is not available. Where historical volatility is available this is calculated using the Fjordkraft ASA share price. Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

The total carrying amount per 31 December 2020 is NOK 4 778 267, not including social security.

Note 25
Option Program

The following table shows the changes in outstanding options in 2019 and 2020:

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	930 000	31	870 000	33
Granted	350 000	69,34	120 000	34,98
Exercised	(90 000)	30	-	-
Cancelled	-	-	-	-
Forfeited	-	-	(60 000)	33
Expired	-	-	-	-
Adjusted quantity	-	-	-	-
Modification / Dividends	-	-	-	-
Outstanding at the end of period	1 190 000	39,43	930 000	31,05
Vested outstanding	220 000	28	-	-
Vested and expected to vest	1 190 000	39,43	930 000	31,05
Intrinsic value of in-the-money outstanding at the end of the period	1 190 000	52 676 000	930 000	25 059 000
Intrinsic value vested outstanding at the end of the period	220 000	12 219 000	-	-

At 31 December 2020, 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 2020**	**Weighted average remaining Contractual Life**	**Weighted average remaining years until vesting**	**Weighted Average Exercise Price**	**Vested options per 31 December 2020**	**Weighted Average Exercise Price**
0,00 - 25,00	-	0,00	0,00	0,00	-	-
25,00 - 30,00	-	0,00	0,00	0,00	-	-
30,00 - 35,00	810 000	2,13	0,46	33,11	210 000	33
35,00 - 40,00	30 000	2,13	0,42	37,90	10 000	38
40,00 - 45,00	-	0,00	0,00	0,00	-	-
45,00 - 50,00	-	0,00	0,00	0,00	-	-
50,00 -	350 000	5,90	2,07	69,34	-	-
Total	**1 190 000**	**3,24**	**0,93**	**43,89**	**220 000**	**33**

Note 26 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 2020 (40%)	Profit 2020 (40%)	Book value
Metzum AS	Dale, Norway	40 %	11 143	1 168	11 168
Book value at 31 December 2020			**11 143**	**1 168**	**11 168**

Note 27 Special events - Covid-19 Pandemic

This note is provided as a summary of the judgements and estimates made in determining the effects of the ongoing Covid-19 pandemic on the Group's financial statements.

All judgements and estimates are made with a high degree of uncertainty as the economic impact of the pandemic and the Government's response to the pandemic are still unclear.

Financial Risk Management

The Group classifies the following categories of financial risks:

- Market risk
- Credit risk
- Liquidity risk

Market risk

The global financial markets are focused on dealing with the consequences of COVID-19. To counter the outbreak, strong measures have been taken by the governments in the countries where the Group operates, and it is clear that the event will have a major impact on the economy in these countries. COVID-19 significantly weighs on economic activity in the short term and the uncertainty about the impact is still high. Regardless of this the Group's core business – sale of electricity, is to a very large extent shielded from macroeconomic conditions and enjoys a robust demand.

The variation in outdoor temperatures is the factor that affects consumption the most from year to year. Many employees are working from their homes due to the COVID-19 outbreak. Therefore, demand in the consumer segment is expected to be relatively stable. In the Business segment there has been a reduction in demand due to temporary closed offices and facilities.

Market risk related to commodity prices has not been significantly affected by the current situation as electricity prices is mostly dependent on weather conditions in the short term.
Interest rate risk is expected to be lower in the current situation as part of the Governments' response to the economic consequenses of the pandemic has been to lower the policy rate which in turn affects the interest rate on the Group's bank loans and credit facility.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Many

Note 27
Special events - Covid-19 Pandemic

industries have been negatively affected by the strong measures taken by the governments to counter the COVID-19 outbreak and there has been an increase in bankruptcies, especially in the small business segment. The governments has responded to these effects by, among other things, offering companies a Compensation scheme for unavoidable business expenses and by offering loans, funds and grants to secure liquidity. These measures have mitigated the negative effects, but the Group is still expecting an increase in credit losses in the Business segment.

The increase in bankruptcies and struggling companies has led to a large increase in layoffs, which is expected to influence credit losses in the Consumer segment. The effect of layoffs is mitigated by Government responses which includes extended unemployment benefit period and lowering the policy rate which in turn affects interest rates on bank loans. Banks has also mitigated the effect of the income loss in the short term by offering instalment-free periods to all customers. As mortgage is the largest cost for most households, this is expected to have a good effect on the household economy. Despite the measures in place, the Group is still expecting an increase in credit losses in the Consumer segment.

The full effect of the Covid-19 pandemic and the Government responses are still unclear and at the current time the economic consequences are hard to predict. The uncertainty about future development makes it hard to estimate expected credit losses (ECL). Actual bankruptcies are already accounted for in the model for calculating ECL, but not expected bankruptcies and expected effects from layoffs of customers in the consumer segment. To account for these effects, the Group has increased the provision for losses by NOKt 10 800 in 2020.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, bank facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Overall sales and activity is expected to be relatively stable, but an increase in credit losses will have a negative effect on the cash flow. In addition, the Group has offered payment plans and deferred payment to customers negatively affected by the current situation, which is also expected to have a negative effect on the cash flow in the short run. The Group has good liquidity reserves with cash and cash equivalent amounting to NOKt 599 348 at 31 December 2020 and additional undrawn facilities of NOKt 970 600 through a credit facility from DNB Bank ASA. The increased liquidity risk due to the current situation is therefore considered to be sufficiently covered.

Impairment of intangible assets (including Goodwill)

Sale of electricity enjoys a robust demand and the Group does not expect a significant change in overall activity due to the ongoing pandemic. The effect of a potential increase in losses on trade receivables has not materially changed the impairment test performed at year end. The Group has performed an updated impairment test at year end and has concluded with no impairment.

Fair value of derivates

Fair value of the Group's derivate financial instruments is not considered to be materially affected by the COVID-19 Pandemic. The inputs used for calculating fair value consists mainly of electricity prices which in the short term is highly dependent on weather conditions and less dependent on macroeconomic conditions.

Present value of defined benefit obligations and the fair value of plan assets

Government responses to the economic consequences of the COVID-19 pandemic include a significant reduction of the policy rate, which in turn affects market interest rates. This change affects both present value of defined benefit obligations and the fair value of plan assets. A significant share of the Group's plan assets is invested in bonds and money-market placements (approximately 65 % of total investments at 31 December 2020). The fair value of these investments is highly dependent on current market interest rates and reduced market rates has led to a reduction of the fair value. Reduced market rates also affect the discount rate used to calculate present value of defined benefit obligations and an updated discount rate has led to an increase in the present value.

Note 27
Special events - Covid-19 Pandemic

The current situation also affects expected growth in base social security amount (G) which is an input in calculating present value of defined benefit obligations. A lower growth rate is expected which has led to a reduction in the present value.

In total, the current market conditions have led to actuarial losses on pension obligations of NOKt 9 067 in 2020. The change has been recognised through other comprehensive income (NOKt 7 073 net of tax).

Due to the long-term nature and significant amounts involved, relatively small changes in one or more of the inputs used in calculating present value of defined benefit obligations and the fair value of plan assets can lead to significant gains or losses on pension obligations. The loss recognised in 2020 is significant but is a direct effect of government measures which is expected to be relatively short term in nature. In the longer term, these effects are expected to even out.

The loss on pension obligations recognised in 2020 is significant, but the Group also recognised a significant gain on pension obligations related to the change in pension schemes at the end of 2019, as described in the annual statements. Overall, the net effect on booked equity of changes in pension obligations in 2019 and 2020 is considered significant, but not material for the financial statements. The group still has a strong equity ratio.

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, 2020 (Annual report 2020).

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. 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 2020 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, 2020 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 Fjordkraft Holding ASA, Bergen, 26 March 2021.

Per Axel Koch Chairman	Birthe Iren Grotle Board member	Frank Økland Board member
Elisabeth M. Norberg Board member	Heidi Theresa Ose Board member	Live Bertha Haukvik Board member
Steinar Sønsteby Board member	Lindi Bucher Vinsand Board member	Rolf Barmen CEO

Transaksjon 09222115557444322769 Signert PAK, BG, SS, HTO, LH, LBV, EN, FØ, RB

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 3rd of 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:

- *Estimate deviations from previous years:* 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 electricity revenue 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
- *Other gains and losses, net:* Consist of gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- *Special items:* Items that are not part of the ordinary business, such as acquisition related costs and launch of new services
- *Depreciation of acquisitions:* Depreciation related to customer portfolios and acquisitions of companies. The Group has decided to report the operating profit of the segments adjusted for depreciation of acquisitions

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:

- *Estimate deviations from previous years:* 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 electricity revenue 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
- *Other gains and losses, net:* Consist of gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- *Special items:* items that are not part of the ordinary business, such as acquisition related costs and launch of new services

Gross revenue is equivalent to Revenue as stated in the statement of profit or loss.

Market churn represents the annual supplier switching rate presented by the Norwegian Water Resources and Energy Directorate. This can be an indicator of the degree of competition in the electricity market.

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

Alternative performance measures

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 liabilities deducted 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:

- *Estimate deviations from previous years:* 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 electricity revenue 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
- *Other special revenue adjustments:* which represents non-recurring income which is recognised in the profit or loss for the period

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, derivative financial instruments and other current assets (that is, all current assets in the balance sheet except cash and cash equivalents); and the following items from current liabilities; trade payables, current income tax liabilities, derivative financial instruments, social security and other taxes and other current liabilities. First year instalments related to long term debt from acquisition is classified as interest bearing debt.

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 APMs

Reported amounts:

NOK in thousands	2020	2019
Operating income	4 214 727	7 122 528
Cost of sales	(2 647 005)	(5 827 394)
Net revenue	**1 567 722**	**1 295 134**
Personnel expenses	(328 485)	(236 106)
Other operating expenses	(471 938)	(379 973)
Operating expenses	**(800 422)**	**(616 079)**
Impairment and change in provision for onerous contracts	(268 493)	-
Other gains and losses, net	331 539	4 615
EBITDA	**830 346**	**683 670**
Depreciation & amortisation	(305 174)	(200 932)
EBIT reported (Operating profit)	**525 172**	**482 738**
Net financials	(11 505)	7 701
Profit/ (loss) before taxes	**513 667**	**490 440**
Taxes	(113 604)	(120 269)
Profit/ (loss) for the year	**400 063**	**370 171**
EBIT reported margin	**33%**	**37%**

Alternative performance measures

Adjusted amounts:

NOK in thousands	2020	2019
Net revenue	**1 567 722**	**1 295 134**
Adjustment: (Positive/ negative estimate deviations previous year)	(22 521)	(11 414)
Special items*	(1 716)	-
Net revenue adjusted	**1 543 486**	**1 283 721**
EBITDA	**830 346**	**683 670**
Adjustment: (Positive/ negative estimate deviations previous year)	(22 521)	(11 414)
Impairment and change in provision for onerous contracts	268 493	-
Other gains and losses	(331 539)	(4 615)
Special items*	34 694	(21 218)
EBITDA adjusted (before unallocated and estimate deviations)	**779 472**	**646 422**
EBIT reported (Operating profit)	**525 172**	**482 738**
Adjustment: (Positive/ negative estimate deviations previous year)	(22 521)	(11 414)
Impairment and change in provision for onerous contracts	268 493	-
Other gains and losses	(331 539)	(4 615)
Special items*	40 497	(21 218)
Part of depreciation related to acquistions	128 175	45 560
EBIT adjusted (before unallocated and estimate deviations)	**608 276**	**491 053**
EBIT margin adjusted	**39%**	**38%**

* Special items consists of the following:

NOK in thousands	2020	2019
Acquisition related costs and implementation costs	(21 579)	(3 145)
Income related to compensatory damages	1 716	-
Change in pension plan	-	28 969
Impairment charge	-	(4 606)
One off amortisation of customer contracts in acquired companies	(5 745)	-
Severance packages and other one off costs in acquired companies	(14 889)	-
Special items	**(40 497)**	**21 218**

Alternative performance measures

Other financial APMs

Net interest bearing debt (cash)

NOK thousands	2020	2019
Interest-bearing long term debt	812 808	139 000
Transaction costs recognised as part of amortised cost of Interest-bearing long term debt	7 067	
Reclassification of first year instalments long term debt	93 700	55 600
Overdraft facilities	29 400	-
Cash and cash equivalents	(599 348)	(775 536)
Net interest bearing debt (cash)	**343 626**	**(580 936)**

Financial position related APMs

NOK thousands	2020	2019
Net working capital	(112 942)	(32 615)
OpFCF before tax and change in NWC	577 266	478 358
Capex excl. M&A	64 926	50 372

Non-financial APMs

Deliveries

Numbers in thousands	2020	2019
Electrical deliveries Consumer segment	755	544
Electrical deliveries Business segment	107	78
Electrical deliveries Nordic segment	164	-
Total number of electrical deliveries*	**1 027**	**622**
Number of mobile subscriptions	132	100

* Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 1 083 thousand in 2020.

Volume in GWh	**2020**	**2019**
Consumer segment	8 144	7 070
Business segment	6 275	6 338
Nordic segment	497	-
Total volume	**14 916**	**13 407**

4.4 Financial statements Fjordkraft Holding ASA

Statement of comprehensive income (loss)

NOK in thousands	Note	2020	2019
Revenue	11	538	-
Direct cost of sales		-	-
Revenue less direct cost of sales		**538**	**-**
Personell expenses	3, 9	(9 718)	(8 225)
Operating expenses	4, 11	(19 605)	(5 947)
Depreciation and amortisation	8	(149)	(149)
Operating profit		**(29 472)**	**(14 321)**
Income from investments in subsidiaries	6, 11	412 822	397 538
Interest income	11,14	611	-
Interest expense	14	(4 817)	-
Other financial items, net		(179)	-
Net financial income/(cost)		**408 437**	**397 538**
Profit/(loss) before tax		**379 504**	**383 217**
Income tax (expense)/income	5	(8 147)	267
Profit/(loss) for the year		**371 356**	**383 484**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension obligations (net of tax)	9	(240)	-
Total other comprehensive income for the year, net of tax		**(240)**	**-**
Total comprehensive income/(loss) for the year		**371 117**	**383 484**

Statement of financial position

NOK in thousands	Note	2020	2019
Assets:			
Non-current assets			
Deferred tax assets	5	-	659
Intangible assets	8	50	198
Investments in subsidiaries	6,14	2 287 801	734 231
Other non-current assets		14 923	-
Total non-current assets		**2 302 773**	**735 088**
Current assets			
Receivables from group companies	11,14	710 012	573 780
Other current assets		432	-
Cash and cash equivalents	14	-	-
Total current assets		**710 444**	**573 780**
Total assets		**3 013 218**	**1 308 869**
Equity and liabilities:			
Equity			
Share capital	7	34 285	31 349
Share premium	7	1 569 130	702 550
Retained earnings		228 203	254 049
Total equity		**1 831 618**	**987 948**
Non-current liabilities			
Employee benefit obligations	9	4 324	2 994
Interest-bearing long term debt	14,15	395 433	-
Deferred tax liabilitites	5	3 586	-
Total non-current liabilites		**403 343**	**2 994**

Statement of financial position

NOK in thousands	Note	2020	2019
Current liabilities			
Trade and other payables	11,14,15	1 486	374
Liabilities to group companies	11,14,15	290 344	-
Overdraft facilities	14,15	29 400	-
Dividend payable	11	399 986	313 489
Social security and other taxes		6 619	2 686
Other current liabilities	10	50 421	1 378
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
Total equity and liabilities		**3 013 218**	**1 308 869**

The Board of Fjordkraft Holding ASA, Bergen, 26 March 2021.

Per Axel Koch
Chairman

Birthe Iren Grotle
Board member

Frank Økland
Board member

Elisabeth M. Norberg
Board member

Heidi Theresa Ose
Board member

Live Bertha Haukvik
Board member

Steinar Sønsteby
Board member

Lindi Bucher Vinsand
Board member

Rolf Barmen
CEO

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Statement of changes in equity

NOK in thousands	Share capital	Share premium	Treasury shares	Retained earnings	Total equity
Opening balance at 1 January 2019	**31 349**	**702 550**	**-**	**181 060**	**914 958**
Profit/(loss) for the year	-	-	-	383 484	383 484
Other comprehensive income	-	-	-	-	-
Share-based payment (note 13)				2 994	2 994
Dividend	-	-	-	(313 489)	(313 489)
Closing balance 31 December 2019	**31 349**	**702 550**	**-**	**254 049**	**987 948**
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**	**-**	**228 204**	**1 831 618**

Statement of cash flows

NOK in thousands	Note	2020	2019
Operating activites			
Profit/(loss) before tax		379 504	383 217
Adjustments for:			
Depreciation	8	149	149
Dividend recognised, not received	11	(412 822)	(397 538)
Share based payment expense	13	3 252	2 994
Change in post-employment liabilities, no cash effect	9	1 024	1 216
Changes in working capital:			
Other current assets		(1 127)	-
Trade and other payables		1 172	(10 734)
Other current liabilities	10	3 887	3 059
Net cash from operating activities		**(24 961)**	**(17 638)**
Investing activities			
Payment upon acquisition of subsidiaries	6	(728 485)	-
Payment upon establishment of a subsidiary	6	(300)	-
Dividends received from subsidiary	11	397 538	302 746
Net (outflow)/proceeds from current loans to/from subsidiaries		212 030	(55 216)
Net (outflow)/proceeds from other long-term liabilities		(14 923)	-
Net cash used in investing activities		**(134 139)**	**247 530**
Financing activites			
Proceeds from overdraft facilities		29 400	-
Dividends paid	11	(313 717)	(229 892)
Proceeds from issuance of shares		2 730	-
Proceeds from interest-bearing long term debt, net		452 188	-
Instalments of long term debt		(11 500)	-
Net cash used in financing activities		**(159 101)**	**(229 892)**
Net change in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		**-**	**-**

4.5 Notes Fjordkraft Holding ASA

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 10 December 2019. 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	2020	2021
Salaries	6 043	5 789
Social security	1 575	1 034
Pension expenses	992	601
Other benefits	1 108	801
Total	**9 718**	**8 225**

Salaries includes payments to Board of directors. See note 12.
The number of employees in the accounting year has been 2.

Loan to employees	**2020**	**2019**
NOK in thousands	457	576

Loan has been given 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 1.5 %.
Employee loans are handled by Fjordkraft AS.

Note 4 Operating expenses

NOK in thousands	2020	2019
Sales and marketing costs	5	3
IT costs	207	132
Purchase of third-party services and external personnel	5 847	4 344
Professional fees*	13 027	876
Other operating costs	519	592
Toal operating expenses	**19 605**	**5 947**

* includes legal fees, auditor, consultants

Specification of auditors remuneration (all related to services provided by Deloitte)

NOK in thousands	2020	2019
Statutory audit	601	335
Tax advisory services	-	-
Other non-audit related services	265	-
Total auditors remuneration	**866**	**335**

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Note 5 Income Tax

Specification of tax expense recognised in statement of profit or loss

NOK in thousands	2020	2019
Tax payable on profit for the year	-	-
Adjustments prior years tax payable	3 835	-
Change in deferred tax/(tax asset) from origination and reversal of temporary differences	4 312	(267)
Tax expense/(-income) recognised in statement of profit or loss	**8 147**	**(267)**

Specification of tax expense recognised in other comprehensive income

Change in deferred tax/(tax asset) from origination and reversal of temporary differences	(68)	-
Tax expense/(-income) recognised in other comprehensive income	**(68)**	**-**

Reconciliation of statutory tax rate to effective tax rate:

Profit/(loss) before tax	379 504	383 217
Income tax at statutory tax rate (22%)	83 491	84 308
Tax effect of following items:		
Non-deductible costs	2 755	-
Tax exemption method dividends	(81 933)	(84 575)
Adjustments prior years tax payable	3 835	-
Tax expense/(-income)	**8 147**	**(267)**

Specification of basis for deferred tax:

Pension liabilities	(4 324)	(2 994)
Other current liabilities	(850)	-
Other non-current financial assets	21 476	-
Basis for calculation of deferred tax/(tax assets)	**16 302**	**(2 994)**
Total deferred tax liability/(tax assets) (22 %)	**3 586**	**(659)**

Changes in deferred tax balances

NOK in thousands	1 January 2020	Changes recognised in statement of profit or loss	Changes recognised in other comprehensive income	31 December 2020
Pension liabilities	(659)	(225)	(68)	(951)
Other current liabilities	-	(187)	-	(187)
Other non-current financial assets	-	4 725	-	4 725
Total deferred tax liability/(tax assets) (22 %)	**(659)**	**4 312**	**(68)**	**3 586**

Note 6 Investments in subsidiaries

NOK in thousands	Location	Ownership/ voting right	Equity year end 2020 (100%)	Profit or loss 2020 (100%)	Book value
Fjordkraft AS	Bergen, Norway	100 %	496 001	499 642	734 231
Fjordkraft Industrial Ownership AS	Bergen, Norway	100 %	3 497	(10 029)	300
Innlandskraft AS	Hamar, Norway	100 %	286 014	566 562	649 270
Eidsiva Marked AS	Hamar, Norway	100 %	233 730	57 212	904 000
Book value at 31 December 2020					**2 287 801**

Acquisition of Innlandskraft AS and Eidsiva Marked AS
Fjordkraft Holding ASA acquired 100 % of the shares in Innlandskraft AS in September 2020. The total purchase consideration was NOKt 1 595 270, of which NOKt 728 485 was paid in cash, and NOKt 866 785 was settled in 9 695 584 shares issued by Fjordkraft Holding ASA. At the acquisition date Innlandskraft AS owned two wholly owned subsidiaries, Eidsiva Marked AS and Gudbrandsdal Energi AS.

Subsequent to the acquisition, in November 2020, Innlandskraft AS made a distribution in kind to Fjordkraft Holding ASA, consisting of 100 % of the shares in Eidsiva Marked AS. The fair value of the shares in Eidsiva Marked AS was NOKt 946 000 at the time of the distribution.

Mergers of subsidiaries in 2021
Subsequent to year end 2020 it has been decided to initiate two mergers. Eidsiva Marked AS will be merged into Fjordkraft AS, and Innlandskraft AS will be merged into Fjordkraft Industrial Ownership AS, with effect in 2021.

Dividends
The board of directors in Eidsiva Marked AS has approved a dividend of NOKt 48 432 for 2020. NOKt 6 432 of this dividend has been recognised as income from investments in subsidiaries in profit and loss for 2020, and the remaining NOKt 42 000 has been recognised as a reduction to the carrying amount of the investment in Eidsiva Marked AS.

The board of directors in Fjordkraft AS has approved a dividend of NOKt 365 990 and a group contribution of NOKt 40 400 which have been recognised as income from investments in subsidiaries in profit and loss for 2020.

Note 7 Share capital and shareholder information

Shareholders at 31 December 2020	Number of shares	Nominal value per share	Nominal value	Voting rights	Ownership
Folketrygdfondet	10 958 346	0,30	3 287 504	9,59 %	9,59 %
BKK AS	7 933 066	0,30	2 379 920	6,94 %	6,94 %
Gudbrandsdal Energi Holding AS	7 682 161	0,30	2 304 648	6,72 %	6,72 %
State Street Bank and Trust Comp (nominee)	5 202 921	0,30	1 560 876	4,55 %	4,55 %
The Northern Trust Comp, London Br (nominee)	4 886 857	0,30	1 466 057	4,28 %	4,28 %
The Bank of New York Mellon (nominee)	2 730 695	0,30	819 209	2,39 %	2,39 %
Verdipapirfondet Alfred Berg Gamba	2 728 403	0,30	818 521	2,39 %	2,39 %
VPF DNB AM Norske Aksjer	2 709 587	0,30	812 876	2,37 %	2,37 %
Skandinaviska Enskilda Banken AB (nominee)	2 133 826	0,30	640 148	1,87 %	1,87 %
Verdipapirfondet DNB Norge	2 061 992	0,30	618 598	1,80 %	1,80 %
Geveran Trading Co Ltd	2 044 000	0,30	613 200	1,79 %	1,79 %
The Bank of New York Mellon SA/NV (nominee)	1 915 750	0,30	574 725	1,68 %	1,68 %
JPMorgan Chase Bank, N.A., London (nominee)	1 690 510	0,30	507 153	1,48 %	1,48 %
Verdipapirfondet Alfred Berg Norge	1 476 820	0,30	443 046	1,29 %	1,29 %
ODIN Small Cap	1 259 813	0,30	377 944	1,10 %	1,10 %
Verdipapirfond ODIN Norge	1 256 000	0,30	376 800	1,10 %	1,10 %
State Street Bank and Trust Comp (nominee)	1 185 687	0,30	355 706	1,04 %	1,04 %
Landkreditt Utbytte	1 100 000	0,30	330 000	0,96 %	0,96 %
The Bank of New York Mellon (nominee)	1 042 448	0,30	312 734	0,91 %	0,91 %
Verdipapirfondet Nordea Norge Verd	979 929	0,30	293 979	0,86 %	0,86 %
Others	51 302 989	0,30	15 390 897	44,89 %	44,89 %
Total	**114 281 800**		**34 284 540**	**100 %**	**100 %**

Note 7
Share capital and shareholder information

Share capital and share premium	Share capital	Share premium	Total
NOK in thousands			
31 December 2020	34 285	1 569 130	1 603 414
31 December 2019	31 349	702 550	733 898

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	2020	2019
Profit/(loss) attributable to equity holders of the company (NOK in thousands)	371 356	383 484
Weighted average number of ordinary shares in issue	107 200 552	104 496 216
Earnings per share in NOK	**3,46**	**3,67**
Share options (see note 13)	1 190 000	930 000
Diluted earnings per share in NOK	**3,43**	**3,64**

The change in share options is due to extention of the share option program with one extra year (a total of 310 000 new share options), issuance of shares to new member of the manangement (40 000 shares) and first, second and third vesting periods where a total of 90 000 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	2020	2019
Rolf Barmen (Chief Executive Officer)	44 052	41 052
Birte Strander (Chief Financial Officer)	29 363	28 613
Jeanne K. Tjomsland (Head of HR & Communications)	19 078	18 678
Arnstein Flaskerud (Head of Strategy and M&A)	26 760	22 260
Solfrid K. Aase (Head of Alliance)	7 856	7 456
Roger Finnanger (Head of Consumer)	884	483
Christian Kalvenes (Head of Private)	931	483
Alf-Kåre Hjartnes (Chief Operating Officer)	8 833	8 833
Solfrid Fluge Andersen (Chief Commercial Officer)	-	-
Per Heiberg (Head of Nordic and other end-user companies)	-	-
Ole Johan Langenes (Acting Chief Financial Officer)	7 000	6 450
Per Axel Koch (Chairman of the Board)	32 258	32 258
Birthe Iren Grotle (Boardmember)	2 900	2 900
Heidi Theresa Ose (Boardmember)	-	-
Live Bertha Haukvik (Boardmember)	5 000	-
Steinar Sønsteby (Boardmember)	16 129	16 129
Lindi Bucher Vinsand (Boardmember, Employee representative)	1 612	1 612
Elisabeth M. Norberg (Boardmember, Employee representative)	3 225	3 225
Frank Økland (Boardmember, Employee representative)	645	645
Bettina Bergesen (Deputy in board meetings)	2 260	3 225
Lisbeth Nærø (Chairman of the Nomination committee)	-	-
Total	**208 786**	**194 302**

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	2020	2019
Rolf Barmen (Chief Executive Officer)	160 000	120 000
Birte Strander (Chief Financial Officer)	80 000	60 000
Jeanne K. Tjomsland (Head of HR & Communications)	80 000	60 000
Arnstein Flaskerud (Head of Strategy and M&A)	80 000	60 000
Solfrid K. Aase (Head of Alliance)	80 000	60 000
Roger Finnanger (Head of Consumer)	80 000	60 000
Christian Kalvenes (Head of Private)	80 000	60 000
Alf-Kåre Hjartnes (Chief Operating Officer)	70 000	60 000
Solfrid Fluge Andersen (Chief Commercial Officer)	80 000	60 000
Ole Johan Langenes (Acting Chief Financial Officer)	40 000	30 000
Per Heiberg (Head of Nordic and other end-user companies)	40 000	-
Total	**870 000**	**600 000**

Note 8 Intangible assets

Non-current intangible assets

2020

NOK in thousands	Software and development projects	Total
Cost price 1 january 2020	446	446
Additions - Purchase	-	-
Additions - Internally generated	-	-
Transferred from construction in progress	-	-
Government grants (SkatteFUNN)	-	-
Disposals	-	-
Cost price 31 December 2020	**446**	**446**
Accumulated depreciation 1 January 2020	(248)	(248)
Depreciation for the year	(149)	(149)
Disposals	-	-
Accumulated depreciation 31 December 2020	**(396)**	**(396)**
Carrying amount 31 December 2020	**50**	**50**

2019

NOK in thousands	Software and development projects	Total
Cost price 1 january 2019	446	446
Additions - Purchase	-	-
Cost price 31 December 2019	**446**	**446**
Accumulated depreciation 1 January 2019	(99)	(99)
Depreciation for the year	(149)	(149)
Accumulated depreciation 31 December 2019	**(248)**	**(248)**
Carrying amount 31 December 2019	**198**	**198**

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

The defined benefit pension liability for the CEO of the Group was transferred to Fjordkraft Holding ASA at year end 2019 as the CEO employment was moved from the subsidiary Fjordkraft AS. The CEO was the only employee in Fjordkraft Holding ASA at year end 2019. 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 2020 Fjordkraft Holding ASA has 2 employees.

Defined contribution plan

At the end of 2020 Fjordkraft Holding ASA has a defined contribution pension scheme covering a total of 2 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 101 in 2020), 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 2020 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 2020.

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.

Note 9
Pension Liabilities

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 2020	**31 December 2020**	**31 December 2019**
NOK in thousands		
Present value of funded obligations	1 696	1 328
Fair value of plan assets	1 335	1 099
Deficit for funded plans	361	229
Present value of unfunded obligations	3 449	2 765
Total deficit of defined benefit pension plans	**3 810**	**2 994**
Other employee benefit obligations	515	0
Employee benefit obligations recognised in Statement of financial position	**4 324**	**2 994**

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 2020	1 328	1 099	229	2 765	2 994
Accrued pension entitlement for the year	-	-	-	390	390
Payroll tax (PT)	-	-	-	55	55
Interest expense (income)	31	-	31	64	94
Return on plan assets	-	25	(25)	-	(25)
Past service cost	-	-	-	-	-
Actuarial gains and losses	338	206	132	175	307
Benefits paid	-	-	-	-	-
Contribution	-	-	-	-	-
Members' contribution	-	5	(5)	-	(5)
Payroll tax of contribution	-	-	-	-	-
At 31 December 2020	**1 696**	**1 335**	**361**	**3 449**	**3 810**

Note 9
Pension Liabilities

Amounts recognised in statement of financial position 2020	**Funded obligations**	**Non-funded obligations**	**Total**
NOK in thousands			
Accrued pension entitlement for the year	-	390	390
Payroll tax (PT)	-	55	55
Net interest expense / (income)	31	64	94
Expected return on plan assets	(25)	-	(25)
Past service cost	-	-	-
Members' contribution	(5)	-	(5)
Pension expenses defined benefit pension schemes	**-**	**509**	**509**
Pension expenses defined contribution pension scheme			483
Total amount recognised in profit or loss			**992**

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

NOK in thousands	**2020**	**2019**
Net actuarial gains/(losses) recognised in OCI during the year	(307)	-
Tax effects of actuarial gains/(losses) recognised in OCI	(68)	-

Significant actuarial assumptions

Discount rate	1,50 %	2,30 %
Salary growth rate	2,00 %	2,50 %
Expected growth in base social security amount (G)	1,75 %	2,00 %
Estimated return on plan assets	1,50 %	2,30 %
Pension growth rate	1,00 %	1,25 %
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.

Note 9
Pension Liabilities

Sensitivity of pension liabilities to changes in the weighted financial assumptions

	Change in pension cost		Change in employee defined benefit liabilities	
NOK in thousands	**1,00 %**	**-1,00 %**	**1,00 %**	**-1,00 %**
Discount rate	(73)	95	(924)	1 201
Salary growth rate	36	(33)	286	(258)
Expected growth in base social security amount (G)	54	(45)	876	(707)

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 2020 the plan assets were invested as follows:

	Level 1	Level 2	Level 3		
NOK in thousands	**Exchange listed prices**	**Observable prices**	**Non-observable prices**	**Total**	**%-share**
Equity instruments	88	263	118	469	35%
Interest bearing instruments	-	866		866	65%
Total investments	**88**	**1 129**	**118**	**1 335**	**100 %**

Note 10 Other current liabilities

Other Current Liabilities consist of the following:

NOK in thousands	2020	2019
Accrued expenses	3 863	1 378
Installments on long term loan due within 12 months	46 000	-
Payroll liabilities	558	-
Total other current liabilities	**50 421**	**1 378**

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.

In 2019 two major shareholders, BKK AS and Skagerak Energi AS, sold shares in Fjordkraft Holding ASA. As a result of this Skagerak Energi AS, their parent company Statkraft AS, Skagerak Energi Group and Statkraft Group are no longer considered to be related parties. The 2019 figures are based on transactions as per first quarter 2019. The Board of Directors include a representative from BKK AS. BKK AS and subsidiaries are therefore considered to be related parties. 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	2020	2019
Fjordkraft AS	Subsidiary	Dividend	365 990	384 434
Fjordkraft AS	Subsidiary	Group contribution	40 400	13 104
Eidsiva Marked AS	Subsidiary	Dividend	6 432	-
Fjordkraft Industrial Ownership AS	Subsidiary	Management services	204	-
Allrate AS	Subsidiary	Management services	335	-
Other	Subsidiaries	Interest income cash pool	611	-

Distributions received from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2020	2019
Innlandskraft AS	Subsidiary	Distribution in kind	946 000	-

Expenses to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2020	2019
BKK Regnskapsservice AS	Subsidiary of major shareholder	Purchase of other services	-	22
Fjordkraft AS	Subsidiary	Purchase of other services	3 398	3 207

Distributions to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2020	2019
BKK AS	Major shareholder	Dividend	47 799	35 053

Note 11
Related party transactions

Current receivables from related parties (NOK in thousands)

Related party	Relation	2020	2019
Fjordkraft AS*	Subsidiary	270 368	573 780
Trøndelagkraft AS	Subsidiary	176	-
Allrate AS	Subsidiary	102	-
Fjordkraft Industrial Ownership AS*	Subsidiary	315 265	-
Eidsiva Marked AS*	Subsidiary	76 972	-
Innlandskraft AS*	Subsidiary	46 433	-
Switch nordic Green AB	Subsidiary	695	-

* Includes receivables in group account system, refer note 14.

Current liabilities to related parties (NOK in thousands)

Related party	Relation	2020	2019
Fjordkraft AS*	Subsidiary	57	61
TrøndelagKraft AS*	Subsidiary	266 755	-
Allrate AS*	Subsidiary	7 480	-
Betalservice AS*	Subsidiary	258	-
Gudbrandsdal Energi AS*	Subsidiary	15 786	-
Energismart Norge AS*	Subsidiary	9	-

* 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 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 & 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 Company Projects)	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 01.11.2020. Remuneration included above is from 01.11.2020 to 31.12.2020.

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
Lisbeth 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

Executive management 2019:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 075	150	150	611	**3 986**	576
Birte Strander (Chief Financial Officer)	1 775	32	120	325	**2 252**	-
Jeanne K. Tjomsland (Head of HR & Communications)	1 625	32	120	360	**2 137**	496
Arnstein Flaskerud (Head of Strategy and M&A)	1 775	32	120	303	**2 230**	-
Solfrid K. Aase (Head of Company Projects)	1 475	32	100	268	**1 874**	-
Christian Kalvenes (Head of Consumer)1	1 354	32	92	224	**1 702**	-
Torkel Rolfseng (Head of Power Trading and Alliances)2	125	-	8	28	**161**	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 625	32	120	273	**2 050**	508
Roger Finnanger (Head of Business)3	1 354	32	92	231	**1 708**	-
Solfrid Fluge Andersen (Head of Operations)4	871	-	58	149	**1 079**	-
Ingeborg C. Morken (Chief Commercial Officer)5	1 167	32	80	296	**1 574**	-
Total remuneration executive management 2019	**16 221**	**403**	**1 060**	**3 068**	**20 752**	**1 581**

1) Part of executive management from 01.02.2019. Remuneration included above is from 01.02.2019 to 31.12.2019.
2) Part of executive management until 31.01.2019. Remuneration included above is from 01.01.2019 to 31.01.2019.
3) Part of executive management from 01.02.2019. Remuneration included above is from 01.02.2019 to 31.12.2019.
4) Part of executive management from 01.06.2019. Remuneration included above is from 01.06.2019 to 31.12.2019.
5) Part of executive management until 31.08.2019. Remuneration included above is from 01.01.2019 to 31.08.2019.

Board of Directors 2019:

NOK in thousands	Total remuneration
Per Axel Koch (Chairman)	519
Birthe Iren Grotle (Member)	-
Robert Olsen (Member)	-
Live Bertha Haukvik (Member)	356
Steinar Sønsteby (Member)	295
Lindi Bucher Vinsand (Member, Employee representative)	102
Øistein Prestø (Member, Employee representative)	42
Frank Økland (Member, Employee representative)	102
Bettina Bergesen (Deputy in board meetings)	3
Elisabeth M Norberg (Member, Employee representative)	65
Heidi Therese Ose (Member)	188
Lisbeth Nærø (Chairman of the Nomination committee)	51
Total remuneration Board of Directors 2019	**1 722**

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. In 2020 the CEO received a discretionary bonus based on the performance by the company. The rest of the executive management is also included in the Groups preformance bonus scheme.

There has not been paid remuneration to board members that are under employment at the shareholding companies.

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 1.5 %.

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 350 000 share options were issued to employees during 2020.

Type	**Options**	**Options**
Grant Date	**12.02.2020**	**09.11.2020**
Vesting conditions	The options vest in one tranche with vesting 15 February 2023 The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.	The options vest in tranches with 1/2 vesting 15 February 2022 and 1/2 vesting 15 February 2023. The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.
Expiry date	14.02.2027	Expiry for the two tranches 14.02.2023 / 14.02.2027
Exercise price	68,00	79,70
Total number outstanding	310 000	40 000

Type	**Options**	**Options**
Grant Date	12.02.2020	09.11.2020
Measurement date	12.02.2020	09.11.2020
Share price	68,00	79,70
Lifetime* (years)	3,01	1,76
Volatility	30,00 %	35,82 %
Risk-free interest rate*	1,31 %	0,15 %
Fair Value*	15,0474	14,4271

**volume weighted average for options*

The fair value of the options was calculated using the Black-Scholes model. The model utilises 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 2020 is estimated at average of 30% where historical volatility is not available. Where historical volatility is available this is calculated using the Fjordkraft ASA share price. Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

The total carrying amount per 31 December 2020 is NOK 4 778 267, not including social security.

Note 13
Option Program

The following table shows the changes in outstanding options in 2019 and 2020:

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	930 000	31	870 000	33
Granted	350 000	69,34	120 000	34,98
Exercised	(90 000)	30	-	-
Cancelled	-	-	-	-
Forfeited	-	-	(60 000)	33
Expired	-	-	-	-
Adjusted quantity	-	-	-	-
Modification / Dividends	-	-	-	-
Outstanding at the end of period	1 190 000	39,43	930 000	31,05
Vested outstanding	220 000	28	-	-
Vested and expected to vest	1 190 000	39,43	930 000	31,05
Intrinsic value of in-the-money outstanding at the end of the period	1 190 000	52 676 000	930 000	25 059 000
Intrinsic value vested outstanding at the end of the period	220 000	12 219 000	-	-

At 31 December 2020, 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 2020**	**Weighted average remaining Contractual Life**	**Weighted average remaining years until vesting**	**Weighted Average Exercise Price**	**Vested options per 31 December 2020**	**Weighted Average Exercise Price**
0,00 - 25,00	-	0,00	0,00	0,00	-	-
25,00 - 30,00	-	0,00	0,00	0,00	-	-
30,00 - 35,00	810 000	2,13	0,46	33,11	210 000	33
35,00 - 40,00	30 000	2,13	0,42	37,90	10 000	38
40,00 - 45,00	-	0,00	0,00	0,00	-	-
45,00 - 50,00	-	0,00	0,00	0,00	-	-
50,00 -	350 000	5,90	2,07	69,34	-	-
Total	**1 190 000**	**3,24**	**0,93**	**43,89**	**220 000**	**33**

Note 14 Financial assets and financial liabilities

The company holds the following financial instruments:

Financial assets

NOK in thousands	Notes	2020	2019
Financial assets at amortised cost			
Receivables from group companies (1)	11,14(b)	255 190	176 242
Cash and cash equivalents (1)	14(b)	-	-
Total financial assets		**255 190**	**176 242**

Financial liabilities

NOK in thousands	Notes	2020	2019
Liabilities at amortised cost			
Trade and other payables (1)		1 486	374
Liabilities to group companies (1)	11,14(b)	290 344	-
Overdraft facilities (1)	14(a)	29 400	-
Interest-bearing long term debt (2)	14(a)	441 433	-
Total financial liabilities		**762 663**	**374**

(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 long term debts are measured at amortised cost. The fair value of interest-bearing long term 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.

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	Notes	2020	2019
Interest from assets held at amortised cost		611	-
Interest expense from liabilites at amortised cost		(4 817)	-
Total financial income and expense		**(4 206)**	**-**

14(a) Credit facilities

Long term loan

NOK in thousands	Effective interest rate	2020	2019
Term loan DNB	NIBOR 3 months + 1,75 %	448 500	-
Total principal amounts		**448 500**	**-**

Note 14(a)
Credit facilities

New 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 30 October 2021. The termination date of the loan is in September 2023, though Fjordkraft has the option to extend the termination date by two periods 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 former term loan in the subsidiary Fjordkraft AS with NOKt 152 900, and to partly finance the acquisition of Innlandskraft AS. In November 2020 additional NOKt 477 000 was drawn upon the facility by the subsidiary Fjordkraft Industrial Ownership AS in order to partly finance the acquisition of Troms Kraft Strøm AS.

Fjordkraft Holding ASA and Fjordkraft Industrial Ownership AS paid instalments of NOKt 11 500 and NOKt 11 925 correspondingly in December 2020. At 31 December 2020 Fjordkraft Holding ASA's term loan has a remaining principal of NOKt 448 500, and the Group's total outstanding term loan is NOKt 913 575.

Loan instalments that are due the next twelve months (NOKt 46 000) have been reclassified from interest-bearing long term debt to interest-bearing short term debt, which is included in other current liabilities in the balance sheet.

The revolving credit facility - NOKt 500 000 - The RCF

The revolving credit facility is available up until one month before the termination date. The termination date is in September 2023, though Fjordkraft has the option to extend the termination date by two periods 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 revolving credit facility is undrawn by Fjordkraft Holding ASA and the group at year end 2020.

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 letters of credit related to re-invoicing agreements with grid owners, property rental agreements and so on. The original facility was NOKt 1 550 000, though the facility was increased with a second tranche of NOKt 700 000, to a total of NOKt 2 250 000 in November 2020. The termination date of the guarantee facility is in September 2023, though Fjordkraft has the option to extend the termination date by two periods of twelve months.

At 31 December 2020 letters of credit of total NOKt 2 001 700 in favour of subsidiaries are issued under the guarantee facility.

The overdraft facility - NOKt 1 000 000

The overdraft facility is available one year from the agreement date in September 2020, and it will be renewed for another year unless Fjordkraft requests otherwise. This overdraft facility replaces the previous overdraft facility of NOKt 1 000 000 with DNB. The overdraft facility is linked with a group account system, where Fjordkraft Holding ASA is the group account holder, and the Norwegian subsidiaries in the Fjordkraft-group holds sub accounts. Each member of the group account system is jointly and severally liable for any overdraft liabilities. At 31 December a net total of NOKt 29 400 are drawn upon the overdraft facility.

Security

The following assets has been pledged as security for all credit facilities under the new facilities agreement:

- the trade receivables of the Norwegian entities in the group (Trade receivables in the Group has a total book value of NOKt 1 253 981 in the statement of financial position for the Fjordkraft Group at 31 December 2020),
- group account system receivables (Group account system receivables have a total booked value of NOKt 290 328 in the statements of financial positions for sub account holders at 31 December 2020), and
- shares in all subsidiaries in the group (the booked value of the company's investment in subsidiaries is NOKt 2 287 801 at 31 December 2020).

Transaction costs

Transaction costs of NOKt 7 813 related to establishing the new Term loan facility are recognised as part of amortised cost of the Term loan. Transaction costs related to establishing the The RCF, The guarantee facility, and the overdraft facility of a total NOKt 15 980, are capitalised and amortised on a straight line basis over the period from establishing the facilities to the 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	2020	2019
Cash at bank and in hand	-	-
Total	**-**	**-**

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 2020.

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 overdraft on the related overdraft facility at year end 2020. 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 2020, 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 2020 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 2020.

Contractual maturities of financial liabilities

31 December 2020

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*	1 486	-	-	-	-	1 486	1 486
Liabilities to group companies**	-	-	-	-	-	-	290 344
Overdraft facilities	-	-	-	29 400	-	29 400	29 400
Interest-bearing long term debt	-	11 500	34 500	402 500	-	448 500	441 433
Total	**1 486**	**11 500**	**34 500**	**431 900**	**-**	**479 386**	**762 663**

* 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 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.

See note 6 for information regarding mergers of subsidiaries which will be completed in 2021.

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

4.6 Auditor's report

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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 balance sheet as at 31 December 2020, the income statement, 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 balance sheet as at 31 December 2020, the income statement, 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.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 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.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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.

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

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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.

Accounting for Business Combinations

Key audit matters	How the matter was addressed in the audit
As disclosed in note 2, the acquisitions of Innlandskraft AS ("Innlandskraft") and Troms Kraft Strøm AS ("TKS") were closed on 22 September 2020 for a consideration of NOK 1 596 millions, and 10 November 2020 for a consideration of NOK 1 525 million, respectively. Management has completed purchase price allocations ("PPAs") in order to allocate the considerations between the assets recognised following the transactions. Identifiable assets and liabilities acquired in the two business combinations are recognised at fair values on the acquisition dates. Judgment is required when valuing the assets and liabilities acquired, valuing the intangible assets. Management engaged independent valuers to perform the valuation of certain assets of Innlandskraft and TKS, including customer relations, fixed price contracts, derivatives and trade names.	In responding to the identified key audit matter, we completed the following audit procedures • We evaluated the process used by management to identify and value the assets and liabilities acquired including assessing the design and implementation of relevant controls over business acquisitions. • We obtained the purchase agreements and assessed whether the transactions have been accounted for in accordance with IFRS 3 Business Combinations. • We obtained and assessed the work performed on the purchase price allocations by management's independent valuers, focusing on the valuation of intangible assets as follows;

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Key audit matters	How the matter was addressed in the audit
With respect to the acquisition of Innlandskraft, acquired intangible assets included customer relations valued at NOK 362 million and other intangible assets valued at NOK 130 million. In the TKS acquisition, intangible assets included customer relations valued at NOK 240 million, fixed price contracts valued at NOK 246 million and other intangible assets valued at NOK 29 million. The key judgments in determining the fair value of the intangible assets acquired in the two transactions were Weighted Average Cost of Capital, Churn, gross profit per customer, service cost as well as applied discount and exchange rates for fixed price contracts. We assess the purchase price allocations to be a key audit matter due to the significant judgment required related to identification and valuation of intangible assets acquired.	• we assessed the fair value adjustments and reconciled back to the purchase price allocation, • with the assistance of our internal valuation specialists we assessed the valuation methodology and assumptions used, • we recalculated the values provided by management's independent valuers utilizing our internal valuation models, and • we have assessed management's independent valuers' requisite competency and experience to assist management in the preparation of the purchase price allocations. We have also reviewed the disclosures included in note 1 and 2 of the consolidated financial statements.

Other information
Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect

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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 those charged with governance, 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
Opinion on the Board of Directors' report
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

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Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 26 March 2021
Deloitte AS

Helge Roald Johnsen

Helge-Roald Johnsen
State Authorised Public Accountant (Norway)

Verifikasjon

Transaksjon 09222115557444322769

Dokument

styrets beretning regnskap og noter
Fjordkraft_Årsrapport_2020_s59-194
Hoveddokument
136 sider
Initiert på 2021-03-26 14:59:26 CET (+0100) av Jeanne Katralen Tjomsland (JKT)
Ferdigstilt den 2021-03-26 21:39:15 CET (+0100)

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Verifikasjon

Transaksjon 09222115557444322769

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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 balance sheet as at 31 December 2020, the income statement, 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 balance sheet as at 31 December 2020, the income statement, 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.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 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.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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.

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

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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.

Accounting for Business Combinations

Key audit matters	How the matter was addressed in the audit
As disclosed in note 2, the acquisitions of Innlandskraft AS ("Innlandskraft") and Troms Kraft Strøm AS ("TKS") were closed on 22 September 2020 for a consideration of NOK 1 596 millions, and 10 November 2020 for a consideration of NOK 1 525 million, respectively. Management has completed purchase price allocations ("PPAs") in order to allocate the considerations between the assets recognised following the transactions. Identifiable assets and liabilities acquired in the two business combinations are recognised at fair values on the acquisition dates. Judgment is required when valuing the assets and liabilities acquired, valuing the intangible assets. Management engaged independent valuers to perform the valuation of certain assets of Innlandskraft and TKS, including customer relations, fixed price contracts, derivatives and trade names.	In responding to the identified key audit matter, we completed the following audit procedures • We evaluated the process used by management to identify and value the assets and liabilities acquired including assessing the design and implementation of relevant controls over business acquisitions. • We obtained the purchase agreements and assessed whether the transactions have been accounted for in accordance with IFRS 3 Business Combinations. • We obtained and assessed the work performed on the purchase price allocations by management's independent valuers, focusing on the valuation of intangible assets as follows;

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Key audit matters	How the matter was addressed in the audit
With respect to the acquisition of Innlandskraft, acquired intangible assets included customer relations valued at NOK 362 million and other intangible assets valued at NOK 130 million. In the TKS acquisition, intangible assets included customer relations valued at NOK 240 million, fixed price contracts valued at NOK 246 million and other intangible assets valued at NOK 29 million. The key judgments in determining the fair value of the intangible assets acquired in the two transactions were Weighted Average Cost of Capital, Churn, gross profit per customer, service cost as well as applied discount and exchange rates for fixed price contracts. We assess the purchase price allocations to be a key audit matter due to the significant judgment required related to identification and valuation of intangible assets acquired.	• we assessed the fair value adjustments and reconciled back to the purchase price allocation, • with the assistance of our internal valuation specialists we assessed the valuation methodology and assumptions used, • we recalculated the values provided by management's independent valuers utilizing our internal valuation models, and • we have assessed management's independent valuers' requisite competency and experience to assist management in the preparation of the purchase price allocations. We have also reviewed the disclosures included in note 1 and 2 of the consolidated financial statements.

Other information
Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect

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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 those charged with governance, 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

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

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Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 26 March 2021
Deloitte AS

Helge Roald Johnsen

Helge-Roald Johnsen
State Authorised Public Accountant (Norway)

Skatteetaten

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

U.off. offl. § 13, fvl. § 13

FJORDKRAFT HOLDING ASA
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5147 FYLLINGSDALEN

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**
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> 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.
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> 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. [...]
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> 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.
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> **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.

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