Fjordkraft Holding ASA and the Fjordkraft Group

Annual Report 2020

Fjordkraft

MAIN OFFICE, BERGEN:
Fjordkraft AS
Folke Bernadottes vei 38
5147 Fyllingsdalen

Contents

Key figures

Key figures

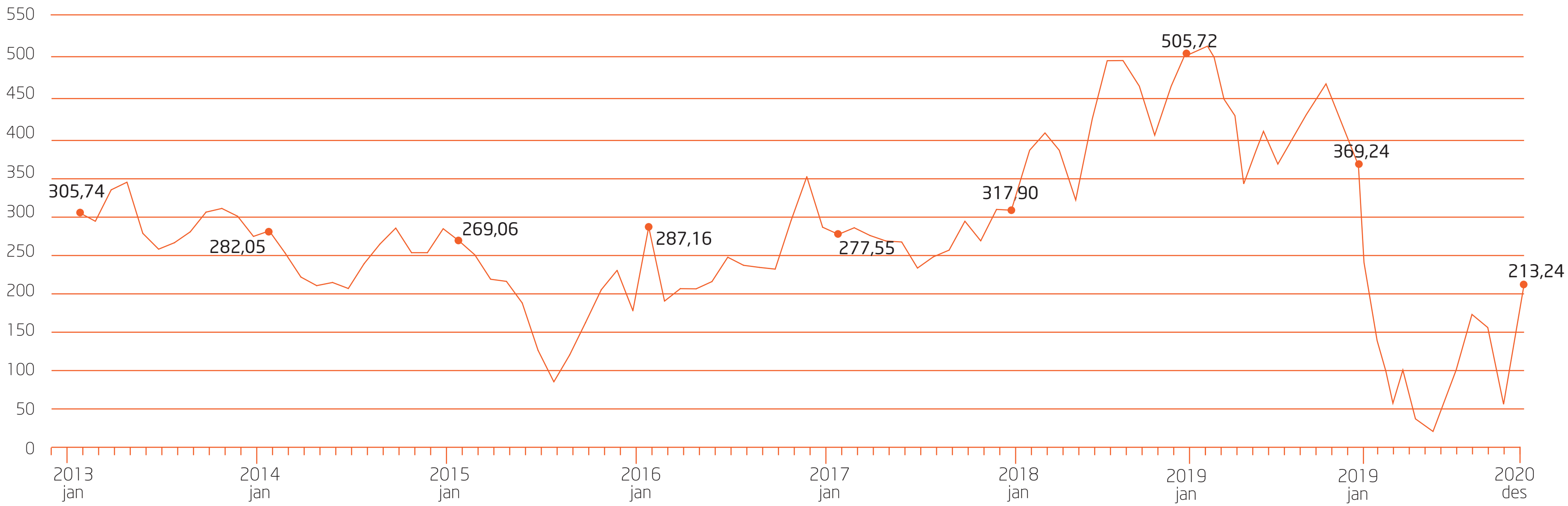
NOK in thousands	2020	2019
Gross revenue	**4 214 727**	7 122 528
Net revenue	**1 567 722**	1 295 134
Net revenue adjusted	**1 543 485**	1 283 721
EBIT reported	**525 172**	482 738
EBIT adjusted	**608 276**	491 053
Net income	**400 063**	370 171
Basic earnings per share (in NOK)	**3,73**	3,54
Diluted earnings per share (in NOK)	**3,69**	3,51
EBIT margin	**33 %**	37 %
EBIT margin adjusted	**39 %**	38 %
Net interest bearing debt (cash)	**343 626**	-580 936
Capex excl. M&A	**64 926**	50 372
Volume sold (GWh)	**14 916**	13 407
# of deliveries ('000) excl. Extended Alliance	**1 027**	622

Number of switches between elctricity providers in Norway per year

Year	Consumer	Business	Total
2013	15,1 %	12,7 %	14,8 %
2014	13,3 %	9,1 %	12,8 %
2015	13,7 %	10,6%	13,3 %
2016	18,4 %	13,0 %	17,8 %
2017	18,6 %	14,8 %	18,1 %
2018	20,9 %	17,7 %	20,6 %
2019	24,2 %	12,5 %	22,3 %
2020	26,4 %	13,7 %	24,4 %

The figures show the number of supplier changes per metering point, not the number of supplier changes per electricity customer. A person or organisation can have several meters.

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



Part 1

1.1 Letter from the CEO

Letter from the CEO

It has now been a year since much of the world and Norway shut down activities in numerous areas of society as a result of the Covid-19 pandemic. We could never have imagined then that we would still find ourselves in this situation one year on. Fortunately, even though it will take time to complete, the vaccination process has started, and this gives us hope that after the summer those parts of society and everyday life that have been shut will be able to open up again.

As a country, Norway is in a fortunate position with respect to the pandemic situation and economic consequences.

The Covid-19 situation has had little impact on electricity consumption. Electricity consumption and electricity prices in Norway and the Nordic region are generally influenced by the weather. Electricity prices were exceptionally low in 2020 due to full reservoirs, high wind power generation and the fact that most of the months of the year were warmer than normal. This eased the financial strain on households and companies feeling the economic consequences of the pandemic. However, January 2021 started with a cold snap, high consumption and record high electricity prices. Consumer market customers and companies that had chosen to sign price hedging contracts linked to electricity prices experienced the benefit of our risk mitigating products.

The area where we have been most affected by the Covid 19 situation is undoubtedly within our sales distribution system, particularly in Q4 which historically represents an important sales season for us. I will commend all our salespeople for their persevering efforts to mitigate the close-down of several sales channels. We really look forward to welcoming our entire sales and distribution system to be re-opened, hopefully before summer.

Leadership at a distance

I would also like to commend our staff for having patiently and dutifully abided by the public instructions and the company's measures for protecting our employees and their families from infection. Furthermore, our managers and HR department have had a massive impact to ensure that the sense of community and belonging, which we value so much in our corporate culture, has endured even as most of our staff have been working from home for almost a year. During this period, we have been able to reap the benefits of what we sowed in building relationships, our corporate culture and management development before the pandemic struck.

Our customer service staff did not have the option of working from home prior to the pandemic. Now, the vast majority have been working from home. It is, therefore, even more pleasing that our customer service was again named the best in the industry by Norwegian telecoms customers in 2020. The same employees also answer enquiries about the electricity market.

We have always believed that having a strategy process and method that involves many people and which also requires our middle managers and to contribute to it is a strength and part of our DNA. Given what we have been through, we have seen that familiarity with the company's goals and

Rolf Barmen, CEO at Fjordkraft. *Photo: Fjordkraft*

M&A

In these special times, we have also conducted two extensive M&A processes. The acquisition of Eidsiva Marked AS, which was Norway's third largest electricity retailer, has involved the integration of both customer databases and employees. The acquisition of Switch Nordic Green in Sweden, which included its branch in Finland, has provided us with a base in the Nordic region. This gives us a good starting point for further investment in the Nordic market.

UN Sustainable Development Goals

Sustainability became a top priority in 2019 and an assessment criterion in the financial services market. A green wave of sustainability and ESG washed over the Euronext Oslo Børs in 2020.

Fjordkraft decided early on that we wanted our work on sustainability to ensure that we had the greatest possible impact. That is why the Klimanjaro initiative involves stipulating a requirement that suppliers must be climate neutral and using our purchasing power to influence others. The company's activities mean that CO2 emissions per employee are low, although we have set targets for cutting our climate footprint. We, like so many others, have learned that in the future the number of flights taken to meetings can be significantly reduced and replaced by digital meetings. This means that we have set a target of reducing emissions from flights by 40 per cent per employee by the end of 2023, based on the figures from 2019.

Attention from the Norwegian Consumer Council and the Norwegian Consumer Authority

In the final quarter of the year, the Consumer Council, a government-funded special interests organisation for consumers, turned its attention on Fjordkraft and other players in the electricity industry. The Consumer Council has asked the Consumer Authority to consider various things linked to agreement terms and conditions for consumer market customers. There have been several complaints and the Consumer Council has employed a highly aggressive media strategy towards the industry, largely aimed at Fjordkraft.

We have looked at the cases carefully, answered the Consumer Authority's questions and are making the adjustments the Consumer Council has requested. Fjordkraft is used to having satisfied customers and good relationships, and it goes without saying that we and everyone else involved in sales and customer service want, and are best served by, satisfied customers.

We have systemically worked to achieve a level playing field in the industry for 10 years and have been successful in many areas that have benefited the customer because the changes have improved competition. However, we continue to believe that many improvements could be made to the framework conditions and price information portals to ensure equal competition conditions and good customer information.

It remains the case that the incumbent player in the local regions around our elongated nation have a market share of more than 67 per cent. This means that incumbents, although small in a nationwide perspective, have a very strong position locally. It also remains the case that the electricity price level in the country is essentially determined by how the producers manage their power generation and not by electricity retailers, as one might think given the Consumer Council's attack on the industry.

The framework conditions will, therefore, be an important topic in the coming years.

The most imminent change is the official certification of 'Trygg Strømhandel'. The job of developing a quality stamp for the industry continued throughout 2020 and was launched in January 2021. Fjordkraft has signed up to be one of the first companies that wants to be certified by DNV GL, which has been tasked with administering the scheme. Then we can only hope that the vast majority of the industry of more than 100 players does the same.

A historically good year

2020 was an eventful year in every way and one in which Fjordkraft delivered the best results in the company's history. The year also represented the final year in the 3-year cycle for our financial objectives that we presented when we became a listed company in 2018. It is satisfying to note that we have achieved the objectives we set at that time, and by a good margin.

The company made some major acquisitions during the year and we have thus exceeded our growth target with respect to the number of customers served. Passing one million electricity customers in the Group was a real milestone. We also achieved the growth target we set ourselves when we launched mobile services and had 130,000 customers at the end of the year. This makes us the largest mobile services provider in the country without its own telecommunications network.

We look forward to developing Fjordkraft further with activities in Norway, Sweden and Finland – whether that be from the office or working from home.

Rolf Barmen
CEO

Part 2

2.1 Fjordkraft at a glance

Fjordkraft supplies electricity to more than 2.1 million people throughout Norway, Sweden and Finland – either at home or at work.

Fjordkraft's organisation chart can be found on page 28.

Our business

PURPOSE

To be the most attractive electricity retailer in the Nordics.

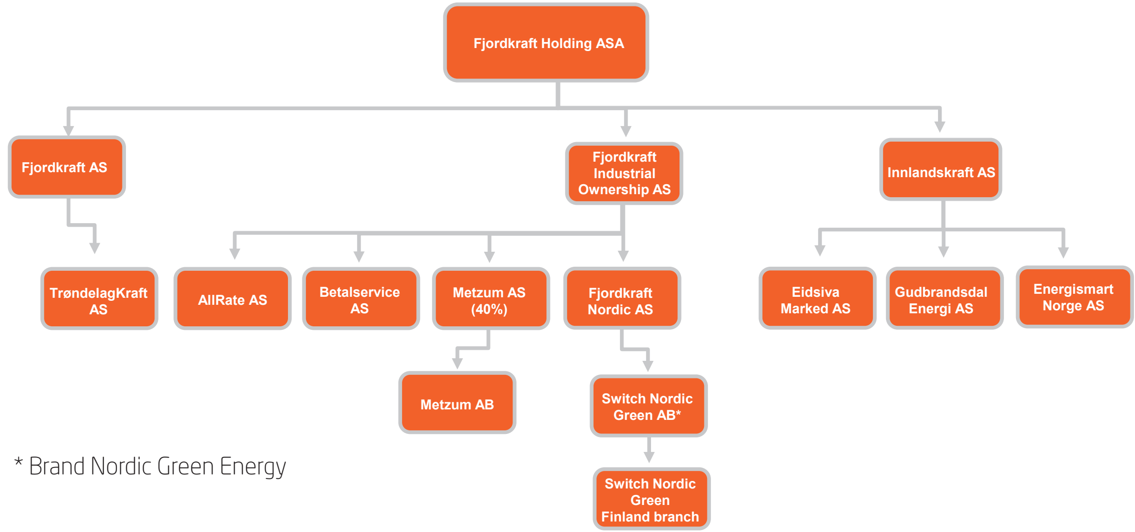
GOAL

The Fjordkraft-Group supplies electricity to 3 million people. At home and at work.

CORE VALUES

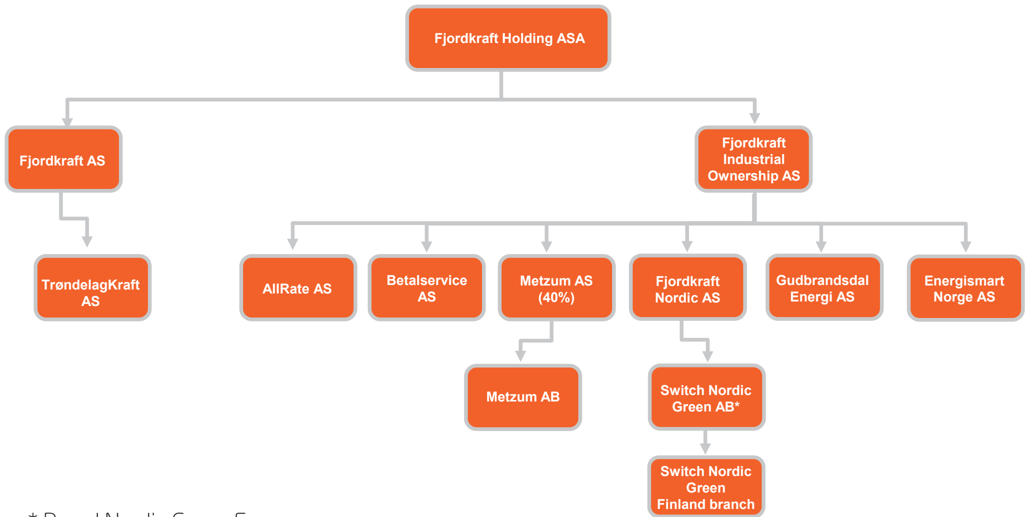
- Be friendly
- Create value
- Make it easier

Company Structure November 2020:



* Brand Nordic Green Energy

Company Structure from April 2021:



* Brand Nordic Green Energy

Our business

Fjordkraft Holding ASA uses the following segments in its financial reporting:

- Consumer
- Business
- New Growth Initiatives (NGI), which consists of its mobile services business, the alliance segment, the Extended Alliance, and its electricity sales business in Switch Nordic Green, Sweden and Finland.

Consumer market, Norway

The Group has several brands, Fjordkraft, TrøndelagKraft, Gudbrandsdal Energi and Eidsiva Marked (2020), and in total the Group accounted for a total of 755,304 electricity deliveries at the end of 2020 in the Norwegian consumer segment. Its overall market share in the consumer segment in Norway is approximately 27 per cent.

Business market, Norway

Fjordkraft is a leading supplier to the business market and accounted for a total of 106,977 deliveries in the Norwegian business market. Products range from straightforward electricity contracts to advanced power portfolio management. Customers range from energy-intensive industrial manufacturers and large corporations with facilities all over the country to small local businesses. Digital energy reporting and analysis tools help businesses achieve efficient energy use. Fjordkraft also offers various power purchase agreements and energy and environmental advice.

NGI – New Growth Initiatives

Mobile

In April 2017, Fjordkraft became a mobile service provider. Fjordkraft offers its customers low-cost mobile services via Telenor's network. The Group had 132,395 mobile subscribers at the end of 2020. Fjordkraft is the largest mobile service provider in Norway without its own telecommunications network.

Extended Alliance

Fjordkraft delivers billing and payment services for electricity and broadband to 13 companies via its Moment platform. The platform was developed by Fjordkraft and is operated and upgraded by its jointly owned software company, Metzum AS. A total of 56,010 electricity deliveries were being billed via Moment at the end of 2020.

30 alliance partners

The alliance concept is Fjordkraft's collaboration model for power producers and electricity retailers in rural areas. Fjordkraft provides services related to power trading and market support to 30 electricity companies across Norway. These are electricity retailers, power grid companies and power producers.

The alliance concept also provides the company with good insights into the conditions and situations for a wide range of different players and allows us to present a comprehensive picture in our communication with industry associations and the government.

Sweden and Finland

The Fjordkraft Group has a subsidiary called 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.

Acquisitions

- On 1 July 2019, Fjordkraft acquired 100 per cent of the shares in the end-user company Vesterålskraft Strøm AS.
- In February 2018, an agreement was signed to acquire the shares in TrønderEnergi Marked AS, an electricity retailer in the Trøndelag region.
- In August 2018, Fjordkraft completed another transaction with the TrønderEnergi Group, this time acquiring all of the shares in Oppdal Everk Kraftomsetning AS.
- In October 2018, the company completed a transaction with BKK AS to take over the customer portfolio of Etne Elektrisitetslag.
- In September 2020, Fjordkraft completed the acquisition of Innlandskraft AS. Innlandskraft AS comprised the end-user companies Gudbrandsdal Energi AS and Eidsiva Marked AS.
- In November 2020, Fjordkraft acquired 100 per cent of the shares in the Swedish end-user company Switch Nordic Green AB and its branch in Finland, which trade under the brand name Nordic Green Energy.

Fjordkraft subsidiaries

- Fjordkraft owns 100 per cent of the shares in the electricity retailer TrøndelagKraft AS, which is based in Trondheim.
- The Group owns 100 per cent of the shares in the electricity retailer Gudbrandsdal Energi AS, which is based in Vinstra.
- AllRate AS was established in January 2020. Fjordkraft owns 100 per cent of the company's shares. Fjordkraft has been investing in and developing the Fjordkraft platform since 2012. AllRate delivers rating and billing services across the value chain to end-user companies and grid companies in Norway. The company also aims to win customers in Northern Europe.

Our business

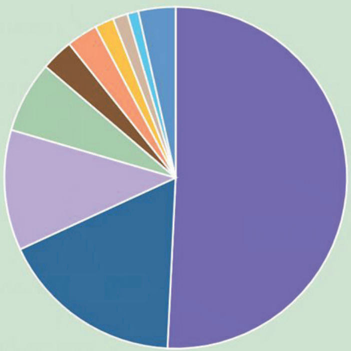
Joint ventures

Fjordkraft's in-house billing and management system, the Fjordkraft platform, has been upgraded to sell billing and payment services to other alliance partners. In November 2019, Fjordkraft decided to invest in the technology software company Metzum AS through a joint venture with Rieber & Søn AS. The transaction was completed in 2020. Metzum AS now has a Swedish branch and 20 employees.

Ownership structure

Fjordkraft was founded in 2001, following the merger of BKK's and Skagerak Energi's end-user customer portfolios. Through the IPO of Fjordkraft in 2018, both parties reduced their holdings, and during 2020 both BKK and Skagerak Energi reduced their holdings. Skagerak Energi sold all their remaining shares in May 2020, while BKK sold all their remaining shares in January 2021.
Through the acquisition of Innlandskraft in 2020, Gudbrandsdal Energi Holding became a significant owner, holding about 6.7% of the total shares outstanding as per year-end 2020. The Government Pension Fund Norway was the largest shareholder as per year-end 2020, holding 9.6% of outstanding shares.
The top three countries by shareholdings are Norway (51%), USA (17%) and GBR (11%).
For more details on shareholder information, please see note xx.

Ownership distribution by country:



History

Fjordkraft was founded on 1 April 2001 with the ambition of becoming a leading company in the sale of electricity to the end-user market. Since the outset, the company has striven to increase national competition in the end-user market, introduce forward-looking, customer-friendly solutions, and ensure a level playing field for all the players in the industry. The company was founded as a result of a merger between the power trading operations of BKK Kraftsalg AS and Skagerak Energi AS. The name Fjordkraft was adopted on 1 June 2001.

Klimanjaro and www.klimahub.no

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 was the first Norwegian company to win this award. Klimanjaro won the award in the Climate Neutral Now category. In Klimanjaro, the company uses its purchasing power and requires all of its suppliers to become climate neutral if they wish to supply goods and services to Fjordkraft. The reduction in emissions Fjordkraft achieves via its suppliers is 100 times greater than the company's own emissions. Suppliers must produce climate accounts, take action and offset their residual emissions.
In January 2020 Fjordkraft launched the Klimahub.no web portal. Klimahub.no is a portal where users can check Norwegian companies' climate footprints, produce corporate climate accounts and invite partners to help create a climate neutral value chain. The aim is to develop the portal further and expand the portal's usage and scope in 2021 through formalising a partnership and joint ownership with external partners.

2.2 Management

Organisation

CEO
Rolf Barmen

Group Marketing, Communications Sustainability and HR
Jeanne K. Tjomsland

Technology and Digitalisation
Alf-Kåre Hjartnes

Finance and Accounting
Birte Strander*
Ole Johan Langenes

Strategy, Innovation, Regulatory and M&A
Arnstein Flaskerud

Consumer
Christian Kalvenes

Business
Roger Finnanger

Operations
Solfrid Fluge Andersen

Service Companies
Solfrid K. Aase

Nordics and other end-user companies
Per Heiberg-Andersen

Maternity leave in 2020

Rolf Barmen
President and Chief Executive Officer (CEO)

Background: Rolf Barmen, born in 1964, is the President and Chief Executive Officer (CEO) of the Group. Mr Barmen has been the CEO of Fjordkraft since 2013 and also became the chairman of Trondheim Kraft AS at that time. He has extensive experience as a chief executive officer within the telecommunication industry including Telering AS from 1999 until 2008, Chess Communication from 2008 until 2011 and NextGenTel from 2011 until 2013. Furthermore, he has experience as regional director at Telenor Telehus and operations manager at IKEA Bergen, as well as the Chairman of Sportsklubben Brann.

Education: Mr Barmen holds a Master of Science in Economics and Business Administration (siviløkonom) from the Norwegian School of Economics (NHH).

* Maternity leave in 2020

Birte Strander *

Executive Vice-President (EVP)
and Chief Financial Officer (CFO)

Background: Birte Strander, born in 1976, is the Executive Vice-President (EVP) and Chief Financial Officer (CFO) of the Company. Ms Strander commenced employment with Fjordkraft in 2002 as a financial controller, became Senior Business Developer in 2007, was appointed head of the department for Innovation and Projects in 2008 and appointed the Director of Business, Finance and IT in 2009. Prior to joining the Company, Ms Strander worked as a consultant at PwC from 2000 until 2002 and provided consulting services to Fjordkraft during this time.

Education: Ms Strander holds a Master of Science in Economics and Business Administration (siviløkonom) from the Norwegian School of Economics (NHH).

Ole Johan Langenes

Acting Chief Financial Officer (CFO)

Background: Ole Johan Langenes, born in 1989, is from January 2020 acting Chief Financial Officer of the company during the period the current Chief Financial Officer, Birte Strander, is on maternity leave. Mr. Langenes commenced employment with Fjordkraft in 2013 as Business Controller and was appointed the position as Chief Accountant Officer in 2016.

Education: Mr Langenes holds a Master of Science in Economics and Business Administration (siviløkonom) from the Norwegian School of Economics (NHH).

Arnstein Flaskerud

Executive Vice-President (EVP)
and Head of Strategy and M&A

Background: Arnstein Flaskerud, born in 1963, is the Company's Executive Vice-President (EVP) and Head of Strategy and Mergers and Acquisitions. Mr Flaskerud has more than 30 years' experience in the electric power industry. He commenced employment with Fjordkraft in 2001 as the Director of Corporate Clients. Mr Flaskerud was a strategic business developer in 2010, Director of the Strategy department in 2013, market manager for BKK Kraftsalg AS from 1997 until 2001 and Market Manager at Bergen Lysverker from 1992 until 1996. Mr Flaskerud was an engineer at Samkjøring av Kraftverkene in Norway for six years prior to 1992. In 2013, Flaskerud received the industry price for "Influencer of the Year" for his work with common invoicing and the "Supplier-centric Model". Furthermore, Mr Flaskerud is a Norwegian representative at Eurelectric, an EU organisation for the power industry.

Education: Mr Flaskerud is an engineer Electric Power Engineering from Bergen University College (HiB) in addition to an Executive Master of Management degree from the Norwegian Business School (BI).

Jeanne Katralen Tjomsland

Executive Vice-President (EVP) and
Head of Group Marketing, Communications, Sustainability and HR

Background: Jeanne Katralen Tjomsland, born in 1965, is the Company's Executive Vice-President (EVP) and Head of Group Marketing, Communications and HR. Ms Tjomsland has over 25 years' experience within the field of communication. She commenced employment with Fjordkraft as information manager in 2002, was appointed Director of Human Resources and Security in 2010 (which from 2015 also included a communications role). Ms Tjomsland was a Senior Public Relations Consultant and Deputy Manager at Consilio Kommunikasjon AS from 1997 until 2001. She was also Information Manager at BKK during a six month period and Information Manager at Bergen Lysverker from 1991 until 1997 and Manager for Information and Marketing at IULA World Congress from 1990 until 1991.

Education: Ms Tjomsland holds a Master of Science in Economics and Business Administration (siviløkonom) from Universitetet i Agder (UiA) and an Executive Master of Management degree from the Norwegian Business School (BI).

Alf-Kåre Hjartnes

Executive Vice-President (EVP)
and Head of Technology and Digitalisation

Background: Alf-Kåre Hjartnes, born in 1974, is the Company's Executive Vice-President (EVP) and Head of Technology and Digitalisation. Mr Hjartnes has almost 20 years' experience from the electric power industry. He joined Fjordkraft in 1999 and has had several managerial positions with the company, particularly within the IT department. Mr Hjartnes was a senior IT advisor in 2004, joined the Business Development department in 2007 as senior advisor, became Senior Advisor in the Innovation and Projects department in 2008, was appointed IT Manager in 2010 and the Director of IT in 2012.

Education: Mr Hjartnes holds a cand.mag. degree in Information Technology and Economics and Business Administration from the Nord-Trøndelag University College (HiNT).

Solfrid Fluge Andersen

Executive Vice-President (EVP)
and Head of Operations (COO)

Background: Solfrid Fluge Andersen, born 1976, was employed at Fjordkraft in 2010 as Chief Accountant Officer. In 2014, she left the company and joined Falck Nutec as CFO. In 2015 she returned to Fjordkraft in the role of Business Developer. In the period 2015 to 2019, she had several different management positions within the invoicing, operations and in the Power Trading department, before she was appointed Executive Vice President for Operations Division in June 2019. Ms Andersen also has relevant experience from Bergen Energi (Kinect) as Team Manager for Cost Management before she was employed by Fjordkraft.

Education: Ms Andersen holds a Master of Science in Economics and Business Administration (siviløkonom) from the Norwegian School of Economics (NHH) and a diploma i Hospitality Management from the International College of Tourism & Hotel Management in Sydney, Australia.

Solfrid Kongshaug Aase

Executive Vice-President (EVP)
and Head of Alliances

Background: Solfrid Kongshaug Aase, born in 1969, is the Company's Executive Vice-President (EVP) and Head of Alliances. Ms Aase has more than 20 years' experience in the electric power industry. She held several managerial positions in BKK AS and Fjordkraft in the fields of Business Development, Sales and Portfolio Services. At Fjordkraft, Ms Aase has, among other positions, worked as Business Manager from 2001 until 2006, as Market Manager for major customers from 2006 until 2008, was appointed Director of Customer Service in 2015 before she was appointed Head of Company Projects in 2017.
Since 2019 Ms Aase has been Head of Alliances.

Education: Ms Aase holds a cand.polit. degree in Economics from the Univeristy of Bergen (UiB).

Christian Kalvenes
Executive Vice-President (EVP) and head of Consumer

Background: Christian Kalvenes, born in 1977, joined Fjordkraft in December 2017 as a business developer. In February 2019, he assumed the position of Executive Vice-President (EVP) Consumer. Mr Kalvenes has 13 years' experience as a top-level professional footballer in Norway, Scotland and England, between 2000-2012 Mr Kalvenes also has 7 years' experience from the mobile telephony company Chess, where he worked as a market coordinator (2011-2012), project manager (2013-2014) and Sales and Marketing Director (2014-2017).

Education: Mr Christian Kalvenes took a two-year IT course at Bergen Polytechnic College (now: NiTH), a two-year course in economics and administration at Sogn og Fjordane University College and a master's degree in business and management at the Norwegian School of Business (BI), with a specialisation in organisation and management

Roger Finnanger
Executive Vice-President (EVP) and Head of Business

Background: Roger Finnanger, born in 1981, joined Fjordkraft in 2011 as a key account manager. In 2012, Mr Finnanger became the Sales Manager SME. He has headed the business market venture in the position of Director Business since 2014. In February 2019, Fjordkraft established a separate division for the business market and Mr Finnanger assumed the position of Executive Vice-President Business. Mr Finnanger has a background from Coca-Cola Enterprises where he worked for 10 years in a number of positions within sales, management and personnel development.

Education: Mr Roger Finnanger took a basic course in business economics at the Norwegian Business School (BI).

Per Heiberg-Andersen

Executive Vice-President (EVP) and Head of Nordic and other end-user companies
November 01 2020

Background: Per Heiberg-Andersen, born in 1970, is Executive Vice President responsible for Nordic expansion and fighting brands. Prior to this role, Mr. Heiberg-Andersen was CEO at AllRate, a subsidiary of Fjordkraft.

Mr. Heiberg-Andersen has had a long career in telecoms and IT, and held positions as Regional Manager Western Norway in Telenor, as well as Vice President of both B2B and Consumer Divisions at NextGenTel (a Telia subsidiary). Mr. Heiberg-Andersen has also been a consultant (Director) at KPMG, with many projects in the electric power industry.

Education: Mr. Heiberg-Andersen holds a Master of Science in Economics and Business Administration (siviløkonom) as well as a CEMS Master from the Norwegian School of Economics (NHH) and the University of Cologne.

2.3 Corporate Social Responsibility

A word from the CEO:
A complete energy partner

2020 will forever be remembered as a very different year. Few, if any, companies were unaffected by the Covid-19 pandemic.

However, the need for electricity and mobile telephony remains, even when society shuts down. This means that Fjordkraft is resilient and has an even greater responsibility to maintain a steady course in its sustainability work.

Since we started requiring that our suppliers be climate neutral we have tightened the rules for quota purchases and launched Klimahub.no to increase transparency. In 2020, we asked the government for a national standard for climate accounts and set new, tougher targets for our own reduction in emissions. The idea is to identify and implement measures that have the greatest possible effect.

We are also doing this by playing an active role in the electrification of Norway. We are seeing increasing interest in generating one's own electricity and smart electricity management in the consumer market, both easily available via the Fjordkraft app.

However, in order to ensure that the services we offer for the low-emission society make a real contribution to fighting climate change, we have to think even bigger and be a driving force behind the energy transition in the business market.

Fjordkraft does not just want to supply electricity. We want to be a complete energy partner that eliminates the barriers to establishment, offers services and provides advice that lowers both emissions and energy costs. In 2020, our business sales staff became sustainability certifiedand in 2021 their performance will not just be measured in terms of system numbers and consumption volumes, but also by cuts in emissions.

In the coming years, we believe that property managers will regard unused roof surfaces as a resource, perfect for locally sourced solar energy. With Fjordkraft arranging the planning, financing, installation and operation of the system, it will be easy for our customers to make a difference.

Because there is no doubt that the importance of sustainability will only increase, for customers and for us. All of our stakeholder groups clearly expect us to think sustainability in everything we do. This was particularly noticeable in the investor market in 2020 and Fjordkraft was part of a green wave on the Oslo Stock Exchange.

In 2018, Fjordkraft won the UN Climate Action Award for its supplier requirement initiative, 'Klimanjaro' and was called a lighthouse in the fight to halt climate change. I hope the work described in this report can still inspire and pledge that Fjordkraft will continue to improve bit by bit, year by year.

Rolf Barmen,
CEO at Fjordkraft.
Photo: Fjordkraft

13 CLIMATE ACTION

Fjordkraft's climate pledge

Fjordkraft became a climate neutral business as early as 2007. We set requirements for our regular suppliers through our climate pledge, Klimanjaro:

"We promise that our regular suppliers will be climate neutral. Together, we are creating a climate-friendly value chain."

We first achieved our climate pledge in 2019. That year, all of our regular suppliers had to produce climate accounts, draw up action plans for how they would cut their emissions and prove that they had purchased climate quotas to offset their remaining emissions in order to become climate neutral.

In 2020, we tightened the requirements related to buying climate quotas. We made it a requirement for our regular suppliers that a minimum of 80 per cent of their purchased climate quotas had to be EUAs. Many companies now only purchase EUAs, although CER quotas must account for a minimum of 20 per cent of purchases for those that also want to satisfy the conditions of UN Climate Neutral Now. In the past few years, EUAs have resulted in major cuts to greenhouse gas emissions in Europe. EUAs have risen in price since 2017, although they fell heavily in price at the start of the Covid-19 crisis in March 2020. The price then rose again towards the end of the year. The price is expected to be even higher in 2021. Higher prices and fewer climate quotas on the market result in companies doing even more to cut their emissions.

Fjordkraft is not the climate police so we have, therefore, not scrutinised all of our suppliers in detail to check that they are satisfying our requirement for climate neutrality. However, in October 2019 we launched the Klimahub.no web portal. Klimahub.no lets you check the climate footprint of Norwegian businesses. From 2020 onwards, Fjordkraft requires all of its regular suppliers to register their climate accounts and action plans here. This makes the figures more transparent. Here we can check each other's climate footprints and be inspired by each other's action plans for cutting emissions.

In 2020, we saw the domino effect we hope to create through our supplier requirements gather pace. Many companies are finding that they have to submit documentation of their climate neutrality in tender competition processes. This is primaraly a result of Fjordkraft setting requirements, but also partly a result of our suppliers starting to set requirements. In addition, more companies outside our supply chain are setting requirements for climate neutrality. Fjordkraft's climate pledge has had positive ripple effects in 2020.

Klimahub Klimanjaro

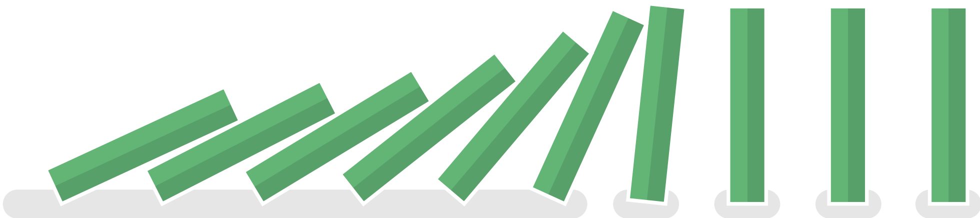



Photo: Aleksander Svanøe/Fjordkraft

UN Sustainable Development Goals

We are committed to ensuring that our sustainability work has the greatest possible effect. The UN Sustainable Development Goals (SDGs) are used as important guiding stars in achieving this. We have chosen to particularly focus on nine of the SDGs, with SDG 13 (Climate action) being the most important.

This is Fjordkraft's prioritization of our chosen SDGs.

Good health and well-being

Fjordkraft is helping to promote good health and a better quality of life for everyone, regardless of age. We support both grassroots sports in local communities and elite sports nationally. We also facilitate physical activity for employees with both weekly exercise sessions and competitions aimed at encouraging physical activity.

We provide our customers with simple, affordable access to health services through Fjordkraft Helsefordel in our loyalty programme. We work with weCare, an app for families that cooperate to help senior citizens or those in need of care. Fjordkraft is exploring the possibility of being able to offer broader health services in the coming years. Good health is important for achieving all of the SDGs.

Gender equality

Fjordkraft is focusing on gender equality and strengthening women's position in society. We have a responsibility to address gender equality through raising awareness and clear goals in our own organisation. We participate in the SHE Index, which provides us with fact-based knowledge as a means of change.

Affordable and clean energy

Fjordkraft is helping to ensure reliable and sustainable energy for all at an affordable price. We sell power agreements with guarantees of origin from renewable power sources. It is voluntary for the customers to buy these, although it ensures that the payment for the electricity goes to the generation of renewable power. Through our Klimanjaro initiative and Klimahub.no we are increasing the focus on clean energy and the importance of our suppliers and customers being aware of this.

Rean more about Klimanjaro and Klimahub.no on page 35 and Products and services for the low-emission society on page 32-33.

Industry, innovation and infrastructure

Fjordkraft is constantly developing new services for the consumer and business markets. During 2020, climate-smart solutions were facilitated for housing cooperatives and the business sector through financing and infrastructure partners. We have also recently launched the 'Markedsplass' marketplace in which we, among other things, facilitate trade in second-hand products.

Read more about Products and services for the low-emission society on page 32-33.

Sustainable cities and communities

We want to help make cities and communities inclusive, safe, resilient and sustainable. Here, we work with others such as the Church City Mission and what we call non-commercial sponsorships to achieve the SDG.

Responsible consumption and production

Fjordkraft wants to help ensure sustainable consumption and production patterns. We want to help our customers live more sustainably and run more sustainable businesses. We provide guidance on guarantees of origin for renewable electricity and tell our customers how they can make well-considered choices concerning their electricity consumption. We offer several sustainable services such as solar panels, heat pumps and home chargers for electric cars.

Read more about Products and services for the low-emission society on page 32-33.

Climate action

This is the SDG where we believe that Fjordkraft has the greatest opportunity to make a difference. We are interested in impact and through our Klimanjaro initiative and Klimahub.no web portal we are helping to contribute to major cuts in greenhouse gas emissions. We stipulate a requirement for climate neutrality, and we are enabling other companies to produce and publish their climate accounts in a web portal. The companies can also use it to publish their action plans for how they will cut emissions. This creates transparency and contributes to important information sharing where one can inspire other companies to make real cuts that reduce their climate footprints.

Read more about Klimanjaro and Klimahub.no on page 35.

Life below water

Fjordkraft is a #Plastsmart partner, which obligates us to map our own streams of plastics, implement internal measures, stipulate requirements for suppliers, facilitate increased recycling and recovery, and design for the circular economy. We generally offer intangible products and services, but we are reducing our use of plastic where we can and ensuring that it does not go astray.

We are also a proud sponsor of Statsraad Lehmkuhl. We have donated solar panels for the roof of the foundation's administration building on Bryggen in Bergen and we are supporting the ship's voyage of circumnavigation, 'One Ocean Expedition', which will set sail in September 2021. The sailing ship will function as a research vessel that will collect new data about the world's oceans.

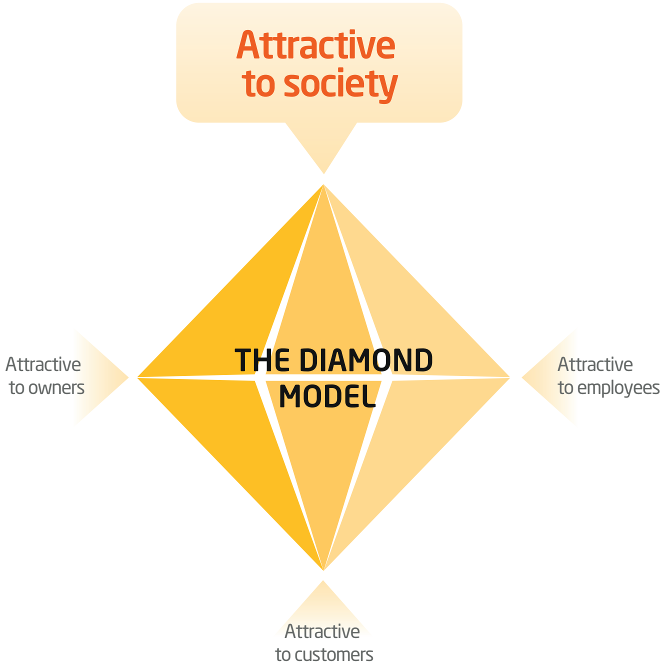
Read more about Partners and certifications on page 31.

Partnerships for the goals

In 2018, we won the UN Climate Action Award. The UN called us a lighthouse for other companies when it comes to climate action. This obligates us. We, therefore, stipulate requirements for suppliers through the Klimanjaro initiative and make it possible for other companies to use the tools on Klimahub.no, free of charge, to become climate neutral. We also work with companies and organisations on sharing best practice so that together we can achieve the goals. Alone we can do a bit. Together we can do a lot.

Read more about Partners and certifications on page 31.

The right balance



To be the most attractive electricity retailer in Norway, Fjordkraft must balance the needs of its customers, employees, owners and society at large.

While we can concentrate on one particular group at times, over time our efforts must be wide-ranging. Therefore, the optimum approach is to take steps that benefit multiple stakeholder groups. In order to make the largest possible contribution to sustainable development, we must identify the measures that are socially beneficial and can support our business operations. It is, therefore, interesting to see that sustainability is the third most important driver behind a good reputation in the consumer market, just after price and information. It shows that the work on sustainability is becoming ever more important (ref. Energy Barometer Q4 2020).

Fjordkraft has first and foremost positioned itself in relation to sustainability by stipulating a requirement for all of our regular suppliers to be climate neutral. Here we are using our purchasing power to make a difference. 2020 proved that many of our suppliers, as well as companies outside our supply chain, are now in turn stipulating requirements for their suppliers. What is the result of this? We cut even more of our combined greenhouse gas emissions. The domino effect has started.

Our stakeholder group is broad and expectations within it differ, although we find that they share a common wish, that is for Fjordkraft to operate its business as sustainably as possible.

Authorities

The authorities require transparent, ethical and active ownership. We must of course comply with laws and regulations. The government released a new climate plan in early 2021 and this provides guidelines for significant cuts in CO2 emissions in the years to come. It also plans for the electrification of large parts of society, which creates opportunities for us as an electricity retailer and service provider. We are also waiting for the EU's taxonomy, a classification system for sustainability that, among other things, should prevent greenwashing in business. The taxonomy will be introduced from 2022.

Owners and investors

Our owners and investors are interested in sustainable access to capital. We must also point to responsible purchasing and requirements are stipulated for the follow up of capital managers. More than ever before, in 2020 we experienced a demand for ESG reporting. Sustainability is therefore being implemented in every part of the company. We have also set ourselves a goal of helping our business customers cut their emissions.

Employees

Today's employees want to work in workplaces with diversity, equal opportunities, a good corporate culture, and a focus on the climate and environment. In other words, a sustainable workplace. This is not only obvious among current employees, but the HR department is also noticing it in recruitment processes for new employees. Many candidates are familiar with our requirement for our suppliers to be climate neutral and want to know more about our sustainability work. They want an employer that sets clear goals and makes a difference.

Customers

Even though sustainability scores high as a driver of a company's reputation in the Energy Barometer in 2020, our consumer market customers only gave us moderate scores on questions relating to sustainability in the Norwegian Sustainability Barometer, which was carried out by the Norwegian Customer Barometer in June 2020. The survey revealed that many consumers have trouble answering questions linked to sustainability. Many quite simply do not know what the companies do in this area. Therefore, the Norwegian Sustainability Barometer measures the subjective perceptions of sustainability of companies' customers within three main dimensions: 1) economic sustainability, 2) environmental sustainability, and 3) social sustainability. This means that the results do not necessarily reflect how sustainable the companies are, rather they reflect the customers' perception of the companies.

The respondents believed that the electricity industry scores best on the environmental dimension of sustainability. In Fjordkraft, we score moderately on the social, economic and environmental dimensions of sustainability, compared with other electricity retailers. Here, we are either not good enough or the customers do not know enough about how we work on sustainability. We have put this on the agenda in order to achieve improvements.

The survey shows that sustainability has little influence on consumer market customers when it comes to loyalty to electricity retailers, although the Norwegian Sustainability Barometer writes that it is reasonable to assume that this impact will grow in the future. Therefore, it is important for us to focus on sustainability work in order to fight for both consumer market and business customers in the future.

A survey conducted by EPSI Rating, which has particular competence in measuring and analysing customer experiences in relation to companies and organisations, shows much the same as the surveys of consumer market customers. We score just below average on questions about whether the business customers believe we operate in line with sustainable economic principles, but we score above average when it comes to whether we communicate our sustainability work in a positive manner. As to the question of whether Fjordkraft takes environmental responsibility, we again score below average. Here, we have set ourselves a goal for 2021 and the years to come so that business customers can also see that we are working to become even better at sustainability.

We can also see that many consumer market customers are interested in their electricity retailer supporting the local community of which it is a part. Here, sponsorships are an important tool for Fjordkraft.

Local communities

Local communities often think about sustainability in a different way. They wonder how companies can help them create activity among young people and contribute to local engagement. Fjordkraft supports several sports clubs in local communities in which we have offices. We support them with tracksuits for the athletes. We also took measures during the Covid-19 pandemic in Bergen. Together with Bergen cinema and Bergen parking we arranged film nights, stand-up shows, church services and breakfast seminars on the roof of Bygarasjen in Bergen, as well as in Vestlandshallen. This created engagement and made a difference to people's everyday lives, especially in Easter 2020. We also helped to arrange drive-in film nights in Trondheim and in Sortland.

Fjordkraft's targets in the period up to 2023:

- 100 per cent of the electricity we consume internally must be purchased with guarantees of origin.
- 100 per cent of our used IT equipment must be reused or undergo recovery.
- Our vehicle fleet will be fossil-free by the end of 2021.
- We will cut emissions from flights by 40 per cent per employee by the end of 2023 (datum point in 2019 due to the Covid-19 pandemic in 2020).
- 100 per cent of Fjordkraft's regular suppliers must be climate neutral.
- 100 per cent of Fjordkraft's regular suppliers must register on Klimahub.no.
- All employees in Fjordkraft must complete our digital Sustainability Academy.
- All employees in Fjordkraft must complete internal sustainability certification by the end of 2022.

Suppliers and business partners

We stipulate a requirement for our suppliers and business partners to be climate neutral although we are also seeing more requirements and expectations regarding sustainable operations coming the other way. Suppliers want us to report on various sustainability parameters and a good reputation is high on the agenda.

Industry organisations

Fjordkraft collaborates with many different industry organisations. In our experience, everyone is focusing on sustainability. Many organisations are also wondering how we can help them set requirements and resolve challenges surrounding sustainability that their members have. Among other things, we are seeing greater interest in our climate portal, Klimahub.no.

One challenge for our industry is that what we sell is intangible for the customers. Whenever electricity is up for discussion, prices are often the main issue. How can we score higher on reputation in relation to sustainability if our customers are really most interested in price? Here we have an important job to do of teaching our customers that energy is a source of greenhouse gas emissions, which in turn leads to climate change. Therefore, we tell our customers how they can reduce their emissions by using the right amount of electricity. It is also important that we can offer our customers renewable energy and the opportunity to generate their own clean energy.

We will continue to use our muscle in a positive manner. Not just in relation to the supply chain, but also for the benefit of our stakeholder group.

STAKEHOLDER ANALYSIS

Stakeholder groups	What are their concerns?	Arena for engagement
Authorities	Open, ethical and active ownership	Meetings
	Preventing financial crime	Submissions on public consultations
	Compliance with applicable laws and regulations	Letters/email
	Privacy	Reporting
	Competition	Industry association and submissions on public consultations
Owners/investors	Sustainable access to capital	Meetings and conversations
	wResponsible purchasing and sponsorship	Quarterly and annual reporting
	Requirements and follow-up of capital managers	Conferences
	Reputation	Digital meetings and media
Employees	Employee satisfaction	Employee surveys
	Diversity, equal opportunities and culture	Cooperation committee
	Responsible purchasing and sponsorship	Guidelines and training
	IT security and privacy	Digital and physical meetings
	Reputation	General meetings and large meetings
	Sustainable operations	Workplace/intranet
Customers	Price	Customer service, digital media
	Responsible and sustainable advice	Customer surveys
	Practical matters related to customer relationships	Quarterly and annual reporting
	Digital solutions	Social media
	Loyalty to local communities	Sponsorship and support for local environmental initiatives
	Sustainability	Business network
	Reputation	
Local communities	Financial support	Digital media
	Sustainability	Meetings and conversations
	Reputation	Social media/the media
		Sustainability reporting
Suppliers and business partners	Conduct in purchasing	Meetings and conversations
	Ability and willingness to pay	Customer service emails and conversations
	Sustainable operations	Agreements
	Reputation	Social media
		The media
		Business network
Industry organisations	Reputation	Meetings and conversations
	Conduct	Emails
	Competition	Formulation of guidelines
	Innovation	Conferences
		Publications

Climate risk

Risk categorisation	Risk assessment	Conclusion
Physical risk *Costs associated with physical damage to assets due to climate change.*	Fjordkraft has very few assets that could be physically damaged due to climate change. The increased frequency of extreme weather events may result in major damage to the grid companies' infrastructure, which might affect Fjordkraft's reputation in the event of prolonged power cuts. Society's tolerance for interruptions to the electricity supply is low. Global warming may result in lower electricity consumption for heating in the long term. Increasing weather variation suggests increased fluctuations in electricity prices, which could represent a reputational risk. Society's tolerance for higher electricity prices is low. At the same time, variation is advantageous with respect to the demand for hedging products, and Fjordkraft manages volatility better than its competitors, especially the small electricity retailers.	**Low risk**
Transition risk • Technology • Market • Policy *Economic risks and opportunities associated with the transition to the low-emission society.*	The transition to the low-emission society will create business opportunities for Fjordkraft due to greater electrification and demand for products closely associated with Fjordkraft's core operations. Solar energy provides opportunities in the short term, but is a threat in the long term due to the development of batteries or storage technology that make customers more self-sufficient. Energy management tools, etc. also provide opportunities in the short term, although energy efficiency represents volume risk in the long term. Fjordkraft was an early advocate of setting climate requirements and not waiting for government requirements. The EU's new classification requirements for sustainability will take effect from 2022. What will be the conclusion for the assessment of Norwegian hydropower in the EU taxonomy will also affect the **release of electricity** and may affect the perception of hydropower's contribution to the green shift.	**Low risk, more opportunities**
Third party risk *Claims for damages related to decisions or a failure to make decisions that can somehow be linked to climate policy or climate change.*	Through "Klimanjaro", and now also "Klimahub", Fjordkraft is helping to raise awareness about greenhouse gas emissions and cutting emissions in and outside our own value chain. "Klimanjaro" has been recognised by the UN as a practical, innovative and scalable climate measure that can be replicated across the world. Fjordkraft has assumed more responsibility for stopping climate change than is expected of comparable companies.	**Low risk**

Climate risk assessments

Solar energy provides opportunities in the short term, but is a threat in the long term due to the development of batteries or storage technology that make customers more self-sufficient. *Photo: Fjordkraft*

Fjordkraft assesses climate risk as part of its annual strategy process. Risks and opportunities are identified by corporate management and their potential impact on realising Fjordkraft's strategy is assessed.

Technology and market regulation are the two factors that impact Fjordkraft the most. We have identified several opportunities associated with the transition to the low-emission society.

The EU will be launching a completely new classification systems for sustainability that could have a significant impact on us. The so-called taxonomy will come into force on 1 January 2022 and will have consequences for Norwegian business. The EU will issue a series of regulations aimed at encouraging the financial services sector to invest capital in sustainable investments. This is basically positive, but it is currently difficult for the electricity industry because the EU Commission's proposed criteria could result in parts of Norwegian hydropower not being considered sustainable.

The industry association Energy Norway has strongly objected to the EU Commission'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 as can be the case in warmer areas. 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 hydropower are expected to come in 2021.

EU's taxonomy: New classification for sustainability

The taxonomy will define what sustainable activities are.
An activity must satisfy the following criteria in order to be classified as sustainable:

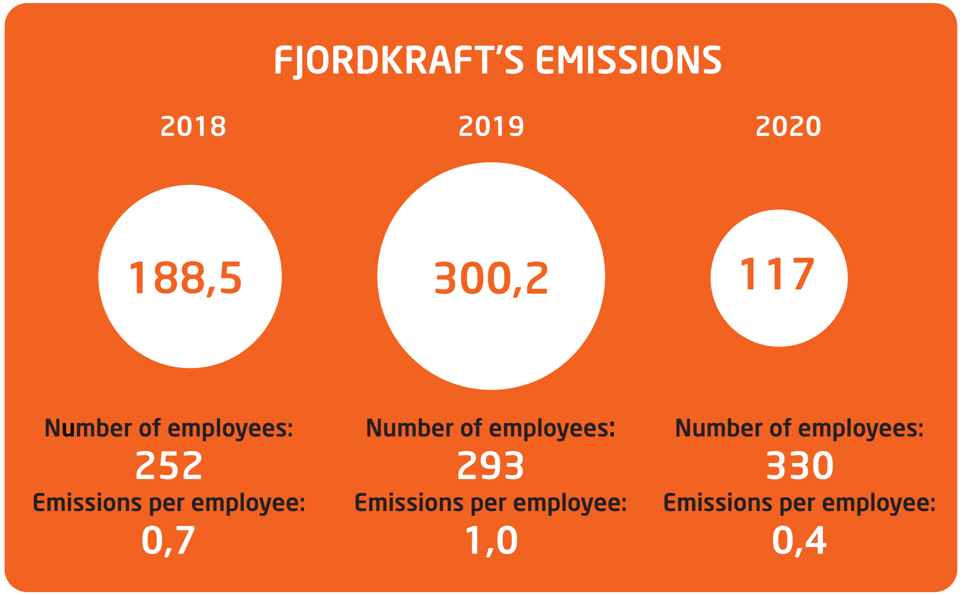
1. The activity must significantly contribute to the fulfilment of at least one of the EU's six environmental objectives:
   - Climate change mitigation
   - Climate change adaptation
   - Sustainable use and protection of water and marine resources
   - Transition to a circular economy
   - Pollution prevention and control
   - Protection and restoration of biodiversity and ecosystems
2. The activity must not significantly hinder any of the other five environmental objectives.
3. The activity must meet minimum standards for social conditions and governance.

Internal climate and environmental measures

In our climate pledge, Klimanjaro, we promise that all of our regular suppliers will be climate neutral.

Here we have set a requirement for ourselves and our suppliers of climate neutrality. Fjordkraft has been climate neutral since 2007, although in order to cut more emissions than we could alone, we stipulated a requirement for our regular suppliers that they must be climate neutral in order to work with us. We fulfilled this promise in 2019. We view this as the most important of our climate measures in Fjordkraft. Now that this has been met, we naturally want to do more.

We will remain a climate neutral company by reducing our own greenhouse gas emissions, purchasing electricity with guarantees of origin, and compensating for residual emissions by purchasing EUAs. We will also actively encourage our staff and customers to live more sustainably. Openness about our own climate footprint is, therefore, very important. This means that we must dive deeper into our climate accounts, set new goals and cut more of the company's own emissions.



Among other things, we can see that we took many domestic flights prior to 2020. The Covid-19 pandemic has shown us that far more meetings than before can be conducted digitally. We have implemented a travel policy that focuses on cutting flights. We have also introduced new targets for flights from 2021. We will cut emissions from flights by 40 per cent per employee by the end of 2023. Because of the Covid-19 pandemic, 2019 was chosen as the datum point.

We will phase out fossil vehicles during 2021. These are five vehicles that will all be replaced with electric vehicles. We have also signed an agreement with Atea where we have set a goal of ensuring that all IT equipment that we are no longer using is either reused or undergoes recovery. We have also made a habit of buying second-hand office equipment for those working from home and for offices. In 2020, we also established our own digital Sustainability Academy and started the process of certifying our employees on sustainability.

We publish our climate accounts in Climate Partners Vestland's annual emissions report and in our own web portal, Klimahub.no. As far as the latter is concerned, one can view our climate accounts and updated measures for further cuts throughout the entire year. Klimahub.no is a climate portal in which one can check the climate footprint of Norwegian companies and use this information to make sustainable choices.

Fjordkraft is expanding in both Norway and the Nordic region. This means that our total climate footprint will increase in the coming years, not least because of the various premises across the whole of Norway, as well as the premises in the Nordic region. Our goal will, therefore, be to reduce our climate footprint per employee in the years to come.

Fjordkraft's residual emissions are offset by purchasing certified climate quotas. For 2020, we purchased European Emission Allowances (EUAs) equivalent to our entire residual emissions. We also purchased Certified Emission Reduction (CER) quotas in line with our obligations as a participant in the UN Climate Neutral Now Initiative.

Targets for greenhouse gas reductions:
100 per cent of Fjordkraft's regular suppliers must be climate neutral. 100 per cent of Fjordkraft's regular suppliers must register on Klimahub.no. We will have 1,000 companies registered in Klimahub.no by the end of 2021.
ENERGY
100 per cent of the electricity we consume must be purchased with guarantees of origin.
TRANSPORT
We have drawn up a travel policy that states that employees must always consider the necessity of the travel from the perspective of the climate and costs.
Our vehicle fleet will be fossil-free by the end of 2021.
We will cut emissions from flights by 40 per cent per employee by the end of 2023 (datum point in 2019).
WASTE
100 per cent of our used IT equipment must be reused or undergo recovery.
We require landlords to source separate wastel
ANNET
Our company's premises in Bergen, Trondheim and Sandefjord have been Eco-Lighthouse certified. In 2021, we will start the process of certifying our premises in Sortland and Oslo. The offices in Hamar and Kongsvinger, which Fjordkraft took over in connection with the acquisition of Eidsiva Marked AS in 2020, are also Eco-Lighthouse certified.
We use technology to streamline the communication between our locations. This has also become a completely natural thing to do in 2020, the year of Covid-19.
We have committed to reducing the use of plastics as a #Plastsmart partner.
Reuse must always be considered when purchasing products.
We encourage our employees to buy second-hand office furniture for use when working from home.
Employees who walk, cycle or travel by public transport to work receive financial compensation.
Employees can charge their electric car at work.
All employees in Fjordkraft must complete our digital Sustainability Academy.
All employees in Fjordkraft must complete internal sustainability certification by the end of 2022.

Climate Accounts 2020

CLIMATE ACCOUNTS (TONNES CO2E.)	2020	2019	2018	Difference 2019-2020
Fuel (vehicles and other consumption)	-	-	-	
Heating oil	-	-	-	
Process emissions	-	-	-	
Paraffin, propane and gas	15	-	-	
Total direct emissions (Scope 1)	**15**	**-**	**-**	
District heating/cooling	0	0,1	0,1	
Electricity market-based	0	0	0	
Total indirect emissions from purchased energy (Scope 2)	**0**	**0,1**	**0,1**	
Flights	56,6	230,6	144	-75 %
Mileage allowance	45	66,5	44,4	-32 %
Waste to recycling	0,4	3		-87 %
Total other indirect emissions (Scope 3)	**102**	**300,1**	**188,4**	**-66 %**
Total emissions	**117**	**300,2**	**188,5**	**-61 %**
Total offsetting	117	300,2	188,5	-61 %
Total emissions after offsetting	0	0	0	
KEY FIGURES				
Number of employees/FTEs	330	293	252	13%
Total energy consumption - MWh (fossil fuel + purchased energy)	492	646	540	-24 %
Heated area (m2)	5444	5444	4182	0 %
CLIMATE AND ENERGY DISCLOSURES				
Total emissions per unit sold (tCO2e/NOK million)	0,03	0,04	0,03	-25 %
Total emissions per FTE excl. process emissions (tCO2e/FTE)	0,4	1	0,7	-60 %
Energy consumption for heating premises (kWh/m2)	90,4	118,7	129,1	-24 %

Fjordkraft's climate accounts are published every year in Klimapartnere Vestland's overall emissions report.

Guarantees of origin are purchased for electricity consumption and approved climate quotas for residual emissions.
The climate accounts cover Fjordkraft and TrøndelagKraft. From 2021, other companies will also be included in the reporting.

Partners and certifications

Climate Partners Vestland

Fjordkraft is a member of the regional network project Climate Partners Vestland, which works to reduce greenhouse gas emissions and stimulate a green community and business development in the county. The network consists of more than 60 public and private enterprises. Climate Partners Vestland publishes an annual report on the members' total emissions.

Eco-Lighthouse

The Fjordkraft Group's three largest offices in Bergen, Trondheim, and Sandefjord were Eco-Lighthouse certified in the second half of 2017. The head office in Bergen was recertified in 2020, while the offices in Sandefjord and Trondheim will be recertified in 2021. Work on certifying the offices in Oslo and Sortland will also be carried out. The offices in Hamar and Kongsvinger, which Fjordkraft took over in connection with the acquisition of Eidsiva Marked AS in 2020, are also Eco-Lighthouse certified. Being an Eco-Lighthouse involves having to work systematically on measures aimed at ensuring more eco-friendly operations and a good working environment. Each year Fjordkraft must produce a climate and environment report in which the effects of its actions are measured, and new targets are set. Eco-Lighthouse is recognised by the EU.

Climate Neutral Now

Fjordkraft participates in the UN Climate Neutral Now Initiative, launched in conjunction with the Paris Agreement in 2015. The purpose of the initiative is to encourage states, businesses, and private individuals to undertake climate action to achieve the objectives of the Paris Agreement. The Climate Neutral Now Initiative's three-step method for climate neutrality provides the basis for Fjordkraft's supplier requirement, Klimanjaro. Every year Fjordkraft reports its quota purchases and internal emission cutting measures to Climate Neutral Now.

#Plastsmart

#Plastsmart is an initiative from Progressio, a cooperation forum involving senior managers from business, research, academia and municipalities in the Bergen region. The project takes a number of approaches and works on research into micro and nanoplastics, dissemination, better waste management in ports and the #Plastsmart Partner concept. The overall goal is to reduce plastic consumption and the extent of plastic waste. Fjordkraft is a #Plastsmart partner and is represented in #Plastsmart's steering group by our head of strategy, Arnstein Flaskerud.

Top management meeting in Klimapartnere Vestland, January 2020. A time we could all still meet in person. Photo: Veronika Stuksrud

Skift - Guide against greenwashing

The guide against greenwashing contains 10 principles designed to prevent companies from greenwashing their activities. The guide was produced by Skift, Zero, WWF and the Future in our hands. Fjordkraft signed the guide in summer 2020 and with that announced that we would be doing our utmost to abide by the poster's principles in all of our marketing and communications. In early 2021, we also signed the Skift initiative's '10 common sense rules for green purchasing'.

Fjordkraft is not alone in setting requirements for its suppliers. In 2020, as the electricity retailer of a number of major Norwegian companies, we were required to implement various forms of sustainability reporting. This is a development we welcome. At the same time, we can see that the broad range of reporting services, which often have very different reporting and documentation requirements, makes this demanding work.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Products and services for the low-emission society

Greater awareness of climate change and the need for a green shift has resulted in greater demand for products and services for the low-emission society. In 2020, most of the attention was on further developing the Fjordkraft app and new climate solutions for the business market.

Fjordkraft app and the 'Markedsplass' marketplace

Fjordkraft has investigated how the company can create greater value for customers in digital surfaces. The project was split into two. One part gathered the best from Fjordkraft's service universe in the Fjordkraft app, which in 2020 had more than 176,000 unique users.

The other part of the project investigated how Fjordkraft could offer customers relevant products without the company itself being left holding large amounts of stock. The solution became a platform called Fjordkraft Markedsplass, where climate neutral suppliers can sell products to Fjordkraft customers.

The products are closely related to Fjordkraft's core businesses, electricity and mobile telephony. Among other things, it offers second-hand mobile phones and smart products that can be controlled via the Fjordkraft app. The marketplace was opened for test orders in the fourth quarter of 2020 and launched in January 2021..

Both the Fjordkraft app and the marketplace are constantly being updated with new features and new products and suppliers, respectively.

The preliminary overview of mobile data is the most used function in the app and the one which contributes to customers inviting family members to join the app, although the interest in smart electricity solutions is increasing. In addition to providing an overview of bills, weather data, the loyalty programme and historical and expected electricity consumption, the app can be used to control electricity for panel radiators, heat pumps and electric car chargers. The control of electric car charging was launched in the fourth quarter of 2020 for selected makes of car.

The app enables customers to see how electricity consumption is distributed in a typical home, a service that will be personalised and make it possible to compare one's own consumption with similar types of homes. The interest in monitoring your own electricity consumption in real-time is increasing.

Fjordkraft has completed an Enova-backed pilot project for real-time metering called Fjordkraft Puls. In 2021, we will offer real-time meters through the marketplace. The real-time meters automatically connect to the customer's electricity meter and send data to the Fjordkraft app.

Fjordkraft-app

In 2020, the Fjordkraft app had 176,000 unique users.

Solar panels for the consumer market

In collaboration with Solcellespesialisten, Fjordkraft offers a simple, informative online solution for ordering solar panels for private households. Since autumn 2020, it has also been possible to view and order solar panels in selected shops in the Power chain in Norway.

The online solution includes a sun map that shows which of a home's roof surfaces are suitable for solar panels and estimates how much of the home's energy consumption could be saved by self-produced solar energy. Customers can choose between panel types with different outputs, appearances and prices, and can also see how much support they are eligible to receive from Enova.

'Plus Customers' (i.e. customers who at times produce more electricity than they use) can sell their surplus production to Fjordkraft. Up to February 2020, Fjordkraft paid the Plus Customers NOK 1 per kWh supplied to the electricity grid, up to 5,000 kWh. The fact that Fjordkraft paid a premium for their surplus production gave customers an extra incentive to invest in solar panels.

From February 2020, Plus Customers could choose between selling their surplus production immediately at the market price or using a Solar Account.

Solar Accounts work like a virtual battery in which customers can save an unlimited amount of kWh, which can be withdrawn at a later date. Since they are saving in kWh, customers can make a profit by storing surplus production from the summer months and using it when their production sinks and electricity prices rise in the winter months. Customers thereby avoid having to invest in physical batteries. The electricity stored in Sun Accounts has to be used within 18 months of being produced. Customers can administer withdrawals from the Fjordkraft app themselves.

Solar panels will continue to represent a substantial investment for private households. To make it easier to invest in solar panels, we launched Green Loans in January 2020 in collaboration with DNB. Customers can now see how much loan-financed solar panels will cost them per month during the ordering process and can also choose between loans with and without collateral.

Solar panels and climate-smart solutions for the business market

The goal of Fjordkraft's solar venture has been to contribute to the electrification of Norway by making it easier for people to generate their own renewable electricity. However, in order for solar energy to make a real contribution to fighting climate change in Norway, we have to think even bigger and play a role in the energy transition in the business market. That is why Fjordkraft launched solar panels for commercial buildings in 2020.

Fjordkraft arranges the planning, financing, installation and operation to eliminate establishment barriers for companies. Fjordkraft's solution, 'Energy as a Service', entails signing a long-term contract to purchase electricity from the system. The customers benefit from green power and predictable power prices without having to invest themselves. Solar panel systems can also have a positive effect on a building's energy classification.

Fjordkraft's initiative will target the entire business market, with properties in the private and public sectors, developers and mangers as important target groups. Smaller industry players can buy their own solar panel systems through Fjordkraft in the same way as consumer market.

A similar financing solution is available for heat pumps that can be connected to the 'Målbart' energy optimisation system. 'Målbart' gathers all of a building's energy data in a single user interface. With a full overview and control over all energy carriers in the building, the customer can expect energy savings of around 10 per cent plus reduced costs linked to administration and services, such as billing tenants. Fjordkraft also offers charging solutions for housing cooperatives and jointly owned properties.

The services have been named 'Soleklart', 'Energismart', 'Målbart' and 'Ladesmart' and have been gathered under the umbrella of climate-smart solutions.

Business customers are also offered guarantees of origin, advice, energy labelling and energy surveys. All buildings over 1,000 m² must undergo energy labelling every 10 years and hold a valid energy certificate. This is mandatory for anyone selling or renting commercial buildings. Energy mapping involves more comprehensive mapping of a building's energy consumption and how to reduce it.

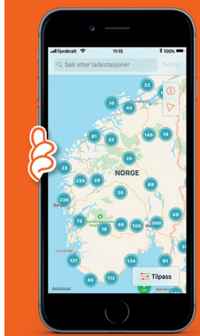
All business customers also have access to climate accounts that comply with the Greenhouse Gas Protocol standard.

Home chargers for electric cars

Fjordkraft offers private customers home chargers for electric cars and plugin hybrids. The Directorate for Civil Protection and Emergency Preparedness (DSB) recommends that owners of electric cars acquire an approved wall charger for charging at home. Using a normal wall socket for regular charging is not permitted due to earthing faults and the fact that they are prone to overload. Nevertheless, regular charging via normal wall sockets is extremely widespread. In addition to facilitating the use of chargeable vehicles, Fjordkraft wants to make it easier for customers to charge their cars safely.

Ladestasjoner.no

Fjordkraft provides the service Ladestasjoner.no, which is available online and as a separate app. Using our charging map, which retrieves data from Nobil, you can easily find charging points nearby and get an overview of which charging points are suitable for the different types of cars. The charging map provides a list of more than 10,000 charging points in Norway and the Nordic countries. At Ladestasjoner.no, you will also find tips and advice on rapid charging and everything else you need to know about charging your electric car.



Ladestasjoner.no

The Ladestasjoner app had 121,000 unique users in 2020.

Guarantees of origin from Norwegian Hydropower

Guarantees of origin are a labelling scheme for electricity that is designed to show the electricity customer that a quantity of power was generated from a specified energy source. The scheme was introduced with the EU's first renewables directive in 2001 to give consumers a choice between renewable and non-renewable power. Power producers that sell guarantees of origin may receive an extra income from their renewable power generation.

While purchasing electricity with guarantees of origin is widespread in the business market, demand in the consumer market has been limited. Fjordkraft has offered guarantees of origin from sources covered by the generic term renewable energy in selected electricity agreements.

In 2020, we launched a new solution for purchasing guarantees of origin in the consumer market called Norwegian Hydropower. Norwegian Hydropower is a voluntary service that can be combined with all of Fjordkraft's electricity contracts and costs NOK 1 per day regardless of electricity consumption.

Electricity customers can see an image of, and information about, their local hydropower plant in the Fjordkraft app or on their online account page. Following the launch of Norwegian Hydropower, we have seen an increase in the number of electricity customers in the consumer market purchasing guarantees of origin. This follows a trend in which we are seeing ever more consumers want to make simple, climate-friendly choices.

8 DECENT WORK AND ECONOMIC GROWTH

Ethics in Fjordkraft

In Fjordkraft we are committed to building a healthy corporate culture with high ethical standards. Our Code of Conduct provides guidance for everyone's ethical business conduct and our results must always be achieved in line with these guidelines.

All of Fjordkraft's employees must therefore sign a self-declaration in which they confirm they comply with Fjordkraft's Code of Conduct. This is repeated annually.

In 2020, we also carried out what we call dilemma training. Each department has considered situations that may be breaches of the Code of Conduct and discussed how they would deal with them.

You can read Fjordkraft's Code of Conduct at: investor.fjordkraft.no.

Fjordkraft sets stringent requirements within its own organisation regarding proper conduct in business and expects the company's suppliers to adhere to the same high standards. Fjordkraft's suppliers are obliged to comply with the eight fundamental ILO conventions on:

- freedom of association and protection of the right to organise (No. 87)
- right to organise and collective bargaining (No. 98)
- prohibition of forced labour (No. 29 and No. 105)
- prohibition of discrimination relating to the workplace and pay (No. 100 and No. 111)
- minimum age for starting employment (No. 138)
- prohibition of the worst forms of child labour (No. 182)

Our suppliers must also ensure that any sub-contractors they use directly to fulfil the contract with Fjordkraft also comply with these conventions.

Through its internal code of conduct, which is based on recognised national and international standards, Fjordkraft has adopted strict anti-corruption provisions.

Sometimes you will inevitably find yourself at a crossroads. Fjordkraft's Code of Conduct provides all employees with guidance in ethical matters.

Because Fjordkraft wants to send a clear signal that it will not accept corruption involving our suppliers either, these regulations must also apply to our suppliers' employees and any subcontractors.

Fjordkraft is entitled to terminate the agreement with any supplier convicted of or fined for corruption. To qualify to compete in new tenders, it is a requirement that suppliers have not been convicted of corruption, organised crime or similar in the past five years.

Fjordkraft also requires suppliers and subcontractors to offer pay and working conditions that comply with the applicable regulations.

Klimanjaro and Klimahub.no

In October 2020, our business developer John Kristian Frøisland was on stage at TEDx Sustainable Living in Bergen. He spoke passionately about Fjordkraft's climate initiative, Klimanjaro, and how we have evolved it with the Klimahub.no climate portal.

Klimanjaro

Klimanjaro is a climate initiative whereby Fjordkraft requires the company's regular suppliers to be climate neutral. Using simple market mechanisms, we want to create a climate neutral domino effect that results in substantial cuts to emissions in just a few years.

The name 'Klimanjaro' is a play on words that combines the name of Africa's highest peak, Mount Kilimanjaro, and the Norwegian word for climate, 'klima'. With the right preparations, it is eminently possible to conquer Kilimanjaro. Likewise, Klimanjaro is a feasible climate initiative for all organisations willing to take responsibility for the climate. By taking inspiration from an African mountain, we are underscoring that the challenge we face is a global one.

2020 was the second year in which Fjordkraft's regular suppliers had to keep climate accounts, cut emissions and compensate for their residual emissions by buying climate quotas. Klimanjaro is to a large extent based on trust. We have not reviewed every individual supplier's climate accounts, but we do make it clear that we conduct spot checks. We want greater transparency. That is why we rolled out the Klimahub.no web portal in full in 2020.

Klimahub.no

Klimahub.no is Norway's new climate portal in which any company can create climate accounts for free and report what climate and environmental measures they have implemented or plan to implement. If the company already has climate accounts, it shares the total figures from Scopes 1, 2 and 3 to register itself. Klimahub.no is thus the portal that can be used to check the climate footprints of Norwegian companies.

Based on the climate accounts that are registered, the companies can receive offers of advice in order to reduce their climate impact. There is also the opportunity to offset remaining emissions by buying climate quotas to become a climate neutral business. One can also invite business partners and suppliers to join Klimahub.no to create a climate neutral value chain.

Consumer market customers can use Klimahub.no to exercise their consumer power by choosing climate friendly companies, both for purchases and in a work context. By highlighting the companies' climate footprint and offering easy access to climate accounts and advice, we hope Klimahub.no can provide greater transparency around climate accounts and action plans. The goal is for Klimahub.no to become a catalyst in efforts to reduce manmade climate impacts.

In 2021, we will be actively reaching out to gain more partners or owners of Klimahub.no. Cooperation makes us stronger, and it will make Klimahub.no grow faster. There is a desire to get as many companies as possible to register in the hub. At the end of the year, 150 companies had registered. The goal is to make Klimahub.no the climate accounts equivalent of Proff.no. We believe this will become a much demanded service when requests for climate accounts and reporting become more common.

The goals for Klimanjaro and Klimahub.no:

- 100 per cent of Fjordkraft's regular suppliers must be climate neutral.
- 100 per cent of Fjordkraft's regular suppliers must register on Klimahub.no.
- We will have 1,000 companies registered in Klimahub.no by the end of 2021.

Purchase of quotas:

The UN's three-step method for climate neutrality means that residual emissions are compensated for by purchasing certified climate quotas: UN quotas (CER quotas) or EU quotas (EUAs). From 2020, Fjordkraft demanded that our permanent suppliers must purchase EUAs equivalent to their entire residual emissions, or 80 per cent EUAs and 20 per cent CER quotas. CER quotas are for companies that want to satisfy the conditions of the UN Climate Neutral Now initiative.

Our business developer, John Kristian Frøisland, talking enthusiastically about Fjordkraft's sustainability work at TEDx Bærekraftige liv.
Photo: TEDx

GRI - Core reporting

Fjordkraft reports on sustainability to the GRI content index. We report in line with the GRI Standard: Core. 2020 is the first year we have reported in line with the GRI Standard.

Indicator	Summary	Comments	Page reference
GENERAL DISCLOSURES: ORGANISATIONAL PROFILE			
102-1	Name of the organisation	Fjordkraft AS	1
102-2	Activities, brands, products, and services		8,9,10
102-3	Location of headquarters	Fyllingsdalen, Bergen	2
102-4	Locations of operations	Norway, Sweden, Finland	7
102-5	Ownership and legal form		8
102-6	Markets served		8
102-7	Scale of the organisation		45
102-8	Information on employees and other workers		45
102-9	Supply chain		8,20,35,36
102-10	Significant changes to the organisation and its supply		9
102-11	Precautionary principle or approach		59-74
102-12	External initiatives		9
102-13	Membership of associations		31
GENERAL DISCLOSURES: STRATEGY			
102-14	Statement from senior decision-maker		19
GENERAL DISCLOSURES: ETHICS AND INTEGRITY			
102-18	Values, principles, standards, and norms of behaviour		34,54
GENERAL DISCLOSURES: GOVERNANCE			
102-18	Governance structure		8,9,10
GENERAL DISCLOSURES: STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups		23,24,25
102-41	Collective bargaining agreements		23,24,25
102-42	Identifying and selecting stakeholders		23,24,25
102-43	Approach to stakeholder engagement		23,24,25
102-44	Key topics and concerns raised		25
GENERAL DISCLOSURES: REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements		75-79
102-46	Defining report content and topic Boundaries		5,6,23
102-47	List of material topics		2
102-48	Restatements of information	No changes	
102-49	Changes in reporting	GRI, Core from 2020	
102-50	Reporting period	2020	
102-51	Date of most recent report	2019 (not GRI)	
102-52	Reporting cycle	Annual	
GENERAL DISCLOSURES: REPORTING PRACTICE			
102-53	Contact point for questions regarding the report		2
102-54	Claims of reporting in accordance with the GRI Standards	Core	
102-55	GRI content index	Present	
102-56	External assurance	No External assurance for CSR in 2020	
ECONOMIC DISCLOSURES: ECONOMIC PERFORMANCE			
103: 1-3	Management Approach		54-58
201-1	Direct economic value generated and distributed		3
201-2	Financial implications and other risks and opportunities due to climate change		26,27
ENVIRONMENTAL DISCLOSURES: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions		30
305-2	Energy indirect (Scope 2) GHG emissions		30
305-3	Other indirect (Scope 3) GHG emissions		30
SOCIAL DISCLOSURES: EMPLOYMENT			
401-1	New employee hires and employee turnover		65
SOCIAL DISCLOSURES: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees		65,66
SOCIAL DISCLOSURES: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	No cases	
SOCIAL DISCLOSURES: SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	No non-compliance	

2.4 Corporate Governance Report

Corporate governance report

1. Implementation and reporting on corporate governance

This corporate governance report was prepared by the Board of Directors of Fjordkraft Holding ASA ("Fjordkraft" or the "Company"). The report is designed to cover all sections of the Norwegian Code of Practice for Corporate Governance (the "Code of Practice"). The Code of Practice is available from the Norwegian Corporate Governance Board's website www.nues.no. The Code of Practice is unchanged from 2019.

The corporate governance report follows the Code of Practice. The Company's business is described in chapter two. Chapter three contains descriptions of equity and dividends. Chapter four contains descriptions of the equal treatment of shareholders and transactions with close associates. Furthermore shares and negotiability (chapter five), General Meetings (chapter six), the nomination committee (chapter seven), the composition and independence of the corporate assembly and Board of Directors (chapter eight) and the work of the Board of Directors (chapter nine) are also described. Risk management and internal controls are described in chapter ten, followed by a description of the remuneration of the Board of Directors (chapter eleven) and executive personnel (chapter twelve). Finally there are descriptions of information and communication (chapter thirteen), takeovers (chapter fourteen) and the auditor (chapter fifteen). Only minor changes have been made to the descriptions since the 2019 report. Except for a minor deviation in chapter six, there are no deviations from the Code of Practice.

The Board is aware of its responsibility to ensure that the Company conducts its business in accordance with the applicable principles for good corporate governance. It is also responsible for the implementation of internal procedures and regulations aimed at ensuring that the Company and its subsidiaries (collectively referred to as the "Group") comply with the Code of Practice.

2. Business

The Company's business, as defined in its articles of association, is the sale of electricity and other forms of energy in the retail market, in addition to other related business, including participation in other companies. The articles are available on investor.fjordkraft.no. Fjordkraft Holding ASA is a public limited liability company organised under Norwegian law and subject to the provisions of the Norwegian Public Limited Liability Companies Act.

Our purpose is to create the most attractive electricity retailer in the Nordics. Based on our core values "make it easier", "be friendly", and "create value", our goal is for Fjordkraft to deliver electricity to the power outlets of 3 million people, both at home and at work.

Fjordkraft aims to create long-term value for its shareholders through revenue from the sale of electricity and other services in both the private consumer and the business consumer markets.

In order to achieve this goal, we have based our strategy on the following:

1. Profitable growth
2. Product innovation
3. Digitalisation and automation
4. A strong brand
5. Customer satisfaction
6. Operational excellence
7. Cost leadership

The Board of Fjordkraft conducts an annual evaluation of the Company's current strategy and goals and adopts a strategy plan for the coming period. Risk is an integral part of the strategy process, and attitudes and limits are defined for each individual category of risk factor. Half-yearly risk reports are produced for the Audit Committee.

Fjordkraft has a clear code of conduct that defines what we consider acceptable and unacceptable behaviour, both internally and externally, for all our employees, board members, contracted personnel, consultants, agents and others who act on behalf of Fjordkraft. The code of conduct is updated regularly and approved by the Board of Fjordkraft on an annual basis. The Company also has guidelines for whistle-blowing that define how our employees should report situations that breach our code of conduct, the law, or generally accepted ethical norms.

The Company has been climate neutral since 2007. The Company has made a commitment to remain climate neutral to the UN's climate programme Climate Neutral Now. All of the Company's contractual partners have to sign a letter of intent regarding becoming climate neutral. If they fail to do so, Fjordkraft will use its market power to find alternative partners. Our goal is to create a market where climate neutrality is not only the ideal, but the new standard.

Deviations from the Code of Practice: None

3. Equity and dividends

Shareholders' equity
At the General meeting in 2019, the Board was granted the following authorities:

- The authority to increase the Company's share capital by up to NOK 3,134,887 by issuing up to 10,449,622 new shares with a nominal value of NOK 0.30 per share. The capital can only be used for the Company's M&A activities. The authority has not been executed.
- The authority to purchase shares in the Company up to a total nominal value for the shares of NOK 313,489 by issuing a maximum of 1,044,962 new shares each per nominal value of NOK 0.30. The authority can only be used to purchase shares for use in the Company's share option programme. There has been an issuance of 76,000 new shares related to the authority.

At the General Meeting in 2020, the Board was granted the following authorities:

- The authority to increase the Company's share capital by up to NOK 3,137,166 through issuance of a maximum of 10,457,222 new shares each per nominal value of NOK 0.30. The authority can be used to issue shares in connection with potential mergers and acquisitions. The authority covers capital increases in other assets than cash. The authority also covers the right to incur special obligations for the Company, ref. § 10-2 of the Public Limited Companies Act. Subject to the aggregated amount limitation the authority may be used in more than one occasion. The pre-emptive rights of the shareholders under § 10-4 of the Public Limited Companies Act may be set aside. The authority also comprises changes in the articles of association as the share increase will require. The authority will remain valid until the General Meeting in 2021, however it will expire no later than 30 June 2021. As per 31 December 2020 there has been an issuance of 9,695,584 new shares.

- The authority to increase the Company's share capital by a maximum of NOK 313,717 through issuance of a maximum of 1,045,722 new shares each per nominal value of NOK 0.30. The authority can only be used related to the Company's share option programme. Subject to the aggregated amount limitation the authority may be used more than one occasion. The pre-emptive rights of the shareholders under § 10-4 of the Public Limited Companies Act may be set aside. The authority also comprises changes in the articles of association as the share increase will require. The authority will remain valid until the General Meeting in 2021, however it will expire no later than 30 June 2021. As per 31 December 2020 there has been an issuance of 90,000 new shares related to the authority.

- The authority to acquire shares in the Company, on one or several occasions, up to a total nominal share value of NOK 313,717. The authority may only be used in connection with the Company's bonus programme, in connection with acquisitions, mergers, de-mergers or other transfers of business, or for the purpose of subsequent deletion of shares by reduction of the registered share capital with the General Meetings resolution. The lowest and the highest price that can be paid for the shares according to authorisation are respectively NOK 0.3 and NOK 300 per share. The Board will decide at their own discretion how the shares are acquired or disposed of. The authorisation shall be valid until the Company's ordinary General Meeting in 2021, though no longer than until 30 June 2021. As per 31 December 2020 the authority has not been executed.

Capital structure
As at 31 December 2020, the Company's total non-current assets amounted to NOK 2,688 million and total current assets to NOK 2,442 million. The Company's total non-current liabilities amounted to NOK 1,136 million, total current liabilities to NOK 2,049 million and shareholders' equity to NOK 1,944 million. The management and the Board regularly evaluate whether the Group's capital structure is appropriate for its objectives, strategy and risk profile. The Board considers this to be satisfactory in relation to its expressed goals, strategy and risk profile.

Dividend policy
Fjordkraft's initial target ambition is to distribute minimum 80% of its net income, adjusted for certain cash and non-cash items. In determining the annual dividend level, the Board of Directors will take into consideration, among other things, the expected cash flow, capital expenditure plans, covenant restrictions in its financial loan agreements, financing requirements (including for any mergers and acquisitions activity) and appropriate financial flexibility. There can be no assurance that a dividend will be proposed or declared in any given year. If a dividend is proposed or declared, there can be no assurance that the dividend amount will be as contemplated above.

Deviations from the Code of Practice: None

4. Equal treatment of shareholders and transactions with close associates

Fjordkraft has only one class of shares, and each share represents one vote at the General Meeting. Existing shareholders have priority rights to subscribe to shares in the event of a share capital increase.

Any purchase or sale by the Company of its own shares is carried out through the Oslo Stock Exchange or at prices quoted on the Oslo Stock Exchange.

Any transaction between the Company and a close associate will be at arm's length. In the event of a material transaction between the Company and a shareholder, parent company of a shareholder, board member, executive management personnel or any close associates of the aforementioned, which does not form part of the ordinary course of business, the Board will arrange for a third party valuation of the transaction.

Deviations from the Code of Practice: None

5. Shares and negotiability

The Company's shares are listed on the Oslo Stock Exchange. All shares in the Company have equal rights and may be traded freely.

Fjordkraft's articles of association do not contain any restrictions on the negotiability of its shares

Deviations from the Code of Practice: None

6. General meetings

Fjordkraft Holding ASA was listed on the stock exchange on 21 March 2018. In 2020 the Board has held twelve meetings and in addition five meetings by e-mail circulation of documents. The Company's annual General Meeting took place on 22 April 2020. In addition the Board has held a seminar devoted to strategy.

The General Meeting serves as a democratic and effective body for the views of the shareholders and the Board. Fjordkraft encourages all its shareholders to attend General Meetings.

The Board has taken the following steps to facilitate this:

- A notice calling the Meeting with comprehensive supplementary information on the resolutions to be considered at the General Meeting, including the recommendations of the Nomination Committee, was made available on Fjordkraft's website at least 21 days prior to the date of the General Meeting.
- All shareholders who are registered in the Norwegian Central Securities Depository (VPS) will receive notification of the General Meeting. This includes information on how to vote by proxy and the deadline for registering their intention to attend the General Meeting.
- The registration deadline for attendance by a shareholder has been set as close to the date of the General Meeting as possible.
- Shareholders who are unable to attend the General Meeting in person may vote by proxy.

The annual General Meeting approves the annual financial statements and annual report, the Board of Director's report and any dividend proposed by the Board. The annual General Meeting also approves the remuneration of members of the Board and the Nomination Committee, as well as the external auditor. The meeting agenda may also include authorisation to purchase own shares, increase the share capital, elect members of the Board, the Nomination Committee or the external auditor, and any other matters listed in the notice of the General Meeting.

Minutes from annual General Meetings will be made available on Fjordkraft's website immediately after the General Meeting.

All shares have equal voting rights at General Meetings. Resolutions at General Meetings are normally passed by simple majority (more than 50 per cent). However, Norwegian law requires a qualified majority for certain resolutions, including resolutions to waive preferential rights in connection with any share issue, approvals of mergers or demergers, amendments to the articles of association, or authorities to increase or reduce the share capital. Such matters require the approval of at least two-thirds of the share capital represented at the General Meeting.

Link to the articles of association:
https://investor.fjordkraft.no/en/board-of-directors-and-coporate-governance/articles-of-associations/

Deviations from the Code of Practice: The Code of Practice recommends that the Board and chairman of the Nomination Committee be present at General Meetings. Fjordkraft has not deemed it necessary to require all board members to be present at General Meetings. The Chairman of the Board, the Company's external auditor, the chairman of the Nomination Committee, the CEO and other members of management are always present at General Meetings.

7. Nomination committee

Pursuant to the articles of association, the Company shall have a Nomination Committee that shall consist of at least three members, where the majority of the members are independent of the Board of Directors and the Company's executive management. The current members of the Nomination Committee are Lisbeth Nærø (Chairman), Jannicke Hilland and Atle Kvamme.

The annual General Meeting elects the members of the Nomination Committee. The members of the Nomination Committee are normally elected for a term of two years.

The Nomination Committee submits its recommendations to the annual General Meeting for the election of board members and the Board's remuneration.

The General Meeting has stipulated guidelines for the duties of the Nomination Committee, which are available from Fjordkraft's website.

All shareholders are entitled to propose candidates for the Board and the Nomination Committee through the Company's website.

Deviations from the Code of Practice: None

8. Corporate assembly and board of directors: composition and independence

Corporate assembly

As of today Fjordkraft has no corporate assembly. An agreement has been reached between the Company and a majority of the employees that the Company will not have a corporate assembly in accordance with the Section 6-35(2) of the Public Limited Liability Companies.

Composition of the Board

The Board consists of eight members, of whom five are elected by the General Meeting and three are representatives of the employees. More than the minimum required two board members elected by the shareholders are independent of the Company's largest shareholders. Board members can be elected for a period of two years.

The Board must at all times represent sufficient diversity in terms of background, competence and expertise to ensure that it can satisfactorily perform its duties. Fjordkraft's Board will always consist of at least 40 per cent women. Value creation for the shareholders of the Company will always be the Board's highest priority, both financially and reputationally speaking.

Independence of the Board

Operating as a collegiate body to promote value creation in the interests of the various stakeholders is key. The Board shall represent all stakeholders and not promote individual interests at the cost of the Company or any of its affiliates. Hence, the majority of the members elected to the Board are independent of the Company's executive management and its main business connections. Four of the members elected to the Board by the General Meeting are independent of the Company's major shareholders. None of the Company's executive management are members of the Board. This is intended to ensure that the interests of the shareholders are always properly represented. Once a board member has been in office for a certain period, an assessment will be made of whether the person can still be regarded as independent of the executive management or not.

The General Meeting elects the Chairman of the Board.

Fjordkraft encourages board members to hold shares in the Company to create a commonality of financial interest between themselves and the shareholders. The shares held by board members in 2019-2020 are listed in the notes to the financial statements in the Annual Report 2020.

Board members, including their CVs, are presented in this Annual Report and on the website: https://investor.fjordkraft.no. The Board is of the opinion that it has sufficient expertise and capacity to perform its duties in a satisfactory manner.

Deviations from the Code of Practice: None

9. The work of the board of directors

The Board is responsible for determining the instructions for their work and instructions for the executive management. The internal division of responsibilities and duties must always be clear. Instructions have been drawn up for the Board's work and these have been approved by the Board. The Board is responsible for supervising the day-to-day management and activities in general. They must also delegate authority and nominate board committees when this is seen as expedient and more efficient. The Board is responsible for ensuring that the Group's activities are soundly organised and for approving all plans and budgets for the activities of the Group.

All Board members elected by the General Meeting have participated in all Board meetings in 2020. One of the representatives of the employees gave notice of absence at one meeting in 2020.

Fjordkraft has prepared guidelines ensuring that board members and executive management personnel notify the Board in the event that they, directly or indirectly, have a significant interest in any agreement entered into by the Company.

In the event of a matter that is material in nature and in which the Chairman of the Board is, or has been, personally involved, the consideration of this matter is chaired by another board member to ensure impartiality in the decision-making process.

In accordance with the Norwegian Public Companies Act the Board has appointed an Audit Committee. More information about this can be found in Section 15 - Auditor. The majority of the members of this committee shall be independent.

The Board has established a Remuneration Committee. The committee prepare items for consideration by the Board and its authority is limited to making such recommendations.

The Board evaluates its own performance on annual basis and assures itself that its mix of board members possesses the competence and expertise necessary to govern the Company in a professional and appropriate matter. Details of any board committees appointed and/or newly appointed board members is presented in the annual report. No board committees were appointed during the year to consider particular matters other than the Audit Committee and Remuneration Committee.

Deviations from the Code of Practice: None

10. Risk management and internal control

It is the Board's responsibility to ensure that the Company practises proper internal control and has systems for risk management that are appropriate in relation to Fjordkraft's activities. The Board must annually review and approve the risk management and internal control guidelines through its approval of the instructions for risk management and internal control.

The Board has delegated responsibility for monitoring and following up current risk exposure to the executive management. The CEO is responsible for ensuring compliance with the instructions given in this document. The CEO is also responsible for carrying out risk assessments from a business perspective.

The Company's CFO bears executive responsibility for the management and follow-up of the Company's risk management and internal control.

Fjordkraft has established a three-line defence system. This comprises the first line, second line and third line.

- The first line consists of line managers who are risk owners. Division and staff managers own the risk in their division/staff and are responsible for risk assessment and measures being taken in their division/staff. It is the risk owner's responsibility to ensure adequate risk management and internal control within his or her area of responsibility.
- The second line consists of roles that have professional and methodological responsibility, but no responsibility for any profits. The Company's second line is responsible for facilitating and reporting the Company's processes for risk management and internal control. The risk management function is part of the second line and consists of the Risk Manager, Finance Manager, Head of Security and Head of Power Trading.
- The third line consists of the internal audit function which reports directly to the Board's Audit Committee and performs control of both the first and second line. Two or three internal audits are conducted each year based on the internal audit plan.

The instructions for risk management and internal control define the main principles for Fjordkraft's comprehensive risk management and internal control and apply to all parts of the business and all risk categories, including strategic, market, liquidity, credit and operational risk. Risks related to information security, climate, compliance and corruption and fraud are part of operational risk.

The purpose of the instructions is to develop and maintain a framework for overall risk management, to set principles for risk reporting in the business, to create predictability about measures taken to deal with risk, and to ensure an appropriate and effective internal control system. The framework shall ensure uniform processes for identifying, measuring, managing and reporting significant risks. The instructions shall describe the limits for the different risks that Fjordkraft can and will assume to achieve its goals, and what roles the various functions have in relation to risk management. Furthermore, the instructions shall contribute to ensuring that adequate internal control has been established.

Fjordkraft shall focus on building a strong risk and internal control culture where employees are aware of their responsibility to ensure good risk management and internal control. As a result, internal control shall primarily be targeted at areas where risks are identified. For the same reason, the follow-up of key employees' compliance with the Company's code of conduct will involve self-declarations rather than regular audits.

Guidelines for risk management and internal control

ISO31000 provides the basis for Fjordkraft's framework for risk management. This means that risk is to be understood as "the impact of uncertainty related to goals". Generally, this means that risk is to be understood as the effect of uncertainty related to Fjordkraft's strategy plan as approved by the Board, while risk at a staff and division level is to be understood as uncertainty related to the achievement of goals defined in sub-strategies.

Fjordkraft practises a general principle that risk is not to be avoided, but taken consciously and controlled while optimising it in relation to earnings. Fjordkraft approaches risk systematically and risk management must be an integrated part of the Company's operational and strategic management.

Risk management shall support the achievement of Fjordkraft's overall strategy and be an significant part of the strategic plan.

Internal control in Fjordkraft shall be established at a reasonable and appropriate level, in line with Fjordkraft's values and risk willingness.

Risk willingness and limits

Risk willingness describes how much risk Fjordkraft is willing to assume to achieve goals within different categories of risk. A higher risk willingness within a category indicates that the Company shall exploit the risks actively, but at the same time is willing to assume exposure to these risks. Lower risk willingness indicates that the Company seeks to limit exposure to these risks. Risk willingness will not necessarily remain constant and may change over time.

The CEO and the Company's first line shall make sure that its risk exposure is in line with the limits and guidelines provided. Violations of frameworks and guidelines shall be reported to the Board's Audit Committee.

Risk-based internal control

Fjordkraft shall take a risk-based approach towards internal control work to ensure appropriateness and efficiency. This means that the internal control work shall, as far as possible, correspond to the risks identified in connection with the Company's risk management process.

Risk and internal control reporting

A risk report shall be submitted to the executive management at least quarterly. The report shall clearly indicate the Company's most significant risks, as well as the proposed measures for managing them. For those risk categories where specific exposure limits have been set, the report shall also include how these limits has been utilised.

In addition to the overall risk report, monthly reports shall be provided for credit risk, liquidity risk and market risk.

In connection with risk reporting, information on the status of measures adopted by the executive management and/or the Board's Audit Committee to deal with risk shall also be provided.

The Risk Manager, together with the CEO, shall submit a risk report for all risk categories to the Board's Audit Committee at least semiannually. The report shall clearly identify the Company's most significant risks, as well as proposed measures, responsibilities and deadlines for managing these where relevant.

The various roles in the risk management function are also responsible for notifying the CEO if events and/or uncertainties occur which indicate that risk management activities should be performed with greater frequency. If there is reason to believe that a conflict of interest may exist in relation to the CEO's assessment and management of risk, the risk management function has the right and duty to report on significant risk directly to the Board's Audit Committee.

Each year, the Risk Manager shall compile a report for the executive management on the internal control work performed and the condition of the internal control system.

Financial reporting

The Board and the executive management are responsible for establishing and maintaining adequate internal control for financial reporting. The internal control of financial reporting is supervised by the CFO. The process is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's financial statements.

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

The Audit Committee monitors financial reporting and its related internal controls, including the application of accounting policies, estimates and judgements.

The Group has a monthly reporting process where the financial results are presented and reviewed in a management report. Extended controls are carried out as part of the quarterly and year-end reporting processes.

The Board is of the opinion that the Group has sufficient expertise to perform proper and efficient financial reporting in accordance with IFRS and the Norwegian Accounting Act.

Deviations from the Code of Practice: None

11. Remuneration of the board of directors

The remuneration paid to Board members is decided annually at the General Meeting, based on a proposal from the Nomination Committee. The remuneration shall reflect the Board's responsibilities, expertise, time commitment and the complexity of the Company's activities. The fee paid to Board members are fixed for the year and dependent on the role the member has on the Board, and is not linked to the Company's performance. The remuneration paid to each Board member is disclosed in the notes to the financial statements in the annual report.

Stock options in the Company are not held or issued to the Board of Directors.

Board members and/or companies they are associated with shall ordinarily not take on specific assignments for Fjordkraft in addition to fulfilling their responsibilities as a Board member. Any such situations must be disclosed to the full Board, and any remuneration for such additional assignments must be approved by the Board.

Deviations from the Code of Practice: None

12. Remuneration of executive personnel

The Board has established guidelines for the remuneration of the members of the executive management. It is a policy of the Company to offer the executive management competitive remuneration based on current market standards, and company and individual performance. The remuneration consists of a basic salary element combined with a performance-based bonus programme. The management is covered by the Company's insurance policies and each member is entitled to certain additional benefits, such as a set car allowance. A special statement on the remuneration of executive personnel is prepared for the General Meeting.

The CEO and the other members of the executive management may terminate their employment with the Company with 6 months' written notice. The CEO is entitled to severance payment for a period of 12 months following termination of employment.

In accordance with the Public Limited Liability Companies Act, the Accounting Act and the NCGB Code of Practice, the details of the remuneration is disclosed in the notes to the financial statements. The remuneration to be paid shall be understandable and receive the general acceptance of relevant stakeholders.

Deviations from the Code of Practice: None

13. Information and communications

All reporting of financial and other information is based on transparency and takes into account the requirement for the equal treatment of all participants in the securities market. The Board establishes guidelines for the presentation of this information. A financial calendar and shareholder information is published on Fjordkraft's web pages: www.fjordkraft.no and https://investor.fjordkraft.no. All communication with regards to investor relations is published on the company's website, including quarterly reports, public presentations and the payment date for any dividends.

Information shared with the company's shareholders is published on Fjordkraft's website at the same time as it is sent to the shareholders.

Deviations from the Code of Practice: None

14. Take-overs

Fjordkraft's articles of association do not contain any restrictions on the negotiability of its shares, nor will the Board seek to hinder or obstruct any public bid for the Company's business or shares unless there are particular reasons for doing so.

In the event of a take-over bid, the Board will issue a statement to the shareholders in which they will make a recommendation as to whether shareholders should or should not accept the bid. This statement will include a valuation from an independent expert, including detailed explanations.

Deviations from the Code of Practice: None

15. Auditor

In accordance with Norwegian law, the Board delegates authority to an Audit Committee that pre-approves the external auditor's audit plan. The auditor presents the main features of the audit plan to the Audit Committee each year.

A review of the Company's internal control procedures is presented to the Audit Committee at least once a year and the auditor reports any identified weaknesses and other areas for improvement.

The auditor is invited to participate in meetings held by the Board when annual accounts are being discussed, and attends every meeting held by the Audit Committee. At these meetings the auditor will report on any material changes to the Company's accounting policies and material accounting estimates. The auditor will also report on any material matters in which there has been disagreement between Fjordkraft's executive management and the auditor. The auditor must be present and present the auditor's report when the annual report is approved by the General meeting.

The Board must, at least once a year, hold a meeting with the auditor at which neither the CEO nor any other member of the executive management is present.

Guidelines have been established by the Board regarding the use by the Company of the auditor for non-auditing services. These are intended to make the Company's executive management more aware of the auditor's independence.

The remuneration paid to the auditor is reported by the Board at the annual General Meeting. This includes details of the fees paid for the audit itself, as well as any fees paid for other specific assignments. The remuneration paid is also disclosed in the notes to the Company's financial statements.

Deviations from the Code of Practice: None

2.5 Statement on gender equality

Equal Opportunities Report - Fjordkraft Holding ASA

Fjordkraft Holding ASA promotes equal opportunities and anti-discrimination. Everyone associated with the company must be treated as being of equal worth and have equal opportunities and equal rights. The company's Code of Conduct states that any form of discrimination is unacceptable. All forms of discrimination must be avoided, with a particular focus on ethnicity, religion, age, disability, civil status, gender identity, sexual orientation, trade union membership, and political affiliation.

Fjordkraft practises this through its recruitment processes, equal pay, access to career development, promotions, terminations and pensions.

Part 1: Status of gender equality

Part 1 deals with the status of gender equality for employees of Fjordkraft AS/Fjordkraft Holding ASA as at 31 December 2020. The data was collected from the company's personnel and payroll system and presented to the Working Environment Committee. 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.

Gender balance

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.

*Level 1 is made up of the CEO and EVPs. Level 2 is made up of managers who report to EVPs. Level 3 is made up of managers with personnel responsibilities.

	In the company	The Board	Level1*	Level2*	Level3*	Recruitment 2020
% women	42%	62.5%	40%	33%	28.3%	37%
% men	58%	38%	60%	67%	71.7%	63%

Position levels and remuneration

The company based its calculations of pay disparities on fixed remuneration since employees received the same bonuses and benefits in the 2020 financial year.

The company assessed equal work and work of equal value in its formulation of position levels.

When assessing whether two positions represent work of equal value, weight was attached to, among other factors, expertise, qualifications, responsibilities, effort, working conditions, and organisational placement.

The company has for many years, prior to each pay settlement, analysed a selection of groups of positions to identify whether pay disparities exist between women and men in comparable positions. The information obtained from this is used in the annual pay settlement in order to even out any identified disparities.

No pay disparities were revealed between women and men who are employed in the company, adjusted for position level.

Detailed figures for pay in different position levels cannot be published in this public report due to a requirement for at least five people of each gender to be employed in the various position levels.

The average annual fixed remuneration in the company in 2020, excluding group managers, was NOK 605,693. The average remuneration for women was NOK 582,512, while for men it was NOK 622,642. The disparities are explained by the fact that more men than women hold management positions with personnel responsibilities. The remuneration for the company's EVPs is shown in Note 21 in the annual financial statements. The average pay for women in this group is NOK 5,000 above the average for the group on an annual remuneration basis.

The analysis shows that women are underrepresented in the highest position levels. Insights from recent research indicate that the reasons for this are many and complex.

The private sector, energy industry, and positions related to sales management and IT have historically been dominated by men and increasing the proportion of women in the industry, and especially in management positions, takes time. The company acknowledges that women are underrepresented at management levels and especially within the aforementioned categories. The disparities arise through the fact that more men than women hold management positions with personnel 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 personnel responsibilities. Efforts are made in recruitment processes to find more female candidates.

Fjordkraft is therefore actively working to recruit women, especially to senior positions. Measures include HR making recruiters aware, when preparing for recruitment processes, that they should be looking for candidates of both genders, and specifying in assignment descriptions for recruitment agencies, when they are used, that the company expects to be presented with candidates of both genders.

The company should be not a pay leader, although the company and conditions offered should be perceived as attractive and attract competent employees. The company's principles for executive pay and remuneration are described in the company's corporate governance and executive remuneration policies.

Part-time employees and involuntary part-time

The company has 13 permanent employees in telemarketing positions who work an 87 per cent position calculated on the basis of an FTE. This is partly due to the nature of the position and partly due to the legislation that governs when during the day potential customers can be contacted by phone. Some employees in this group have expressed a wish to work a full-time position. In 2021, consideration will be given to whether it is possible to take steps that can increase the position percentage from 87 per cent to 100 per cent.

With the exception of telemarketing positions, the company basically has no part-time positions for permanent employees. Among the other employees, there are three people, equivalent to 0.9 per cent of all employees, who have part-time positions. Those who work part-time have themselves requested this and the company has in these cases facilitated part-time work.

The company conducts three employee performance and career development reviews a year. These are designed to, among other things, reveal whether employees are satisfied with their work situation.

The results of employee performance reviews, completed safety rounds, and employee surveys show that the employees are satisfied with their work situation.

Temporary employees

Because the company's customer service is open to 20:00 every weekday and the fact that it carries out telemarketing, the company is also a workplace for students who work in the afternoons and evenings.

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. The company practises a general rule that employees should be permanent employees, although it uses temporary employment to meet temporary capacity needs in agreement with the company's employee representatives. The number of employees in the company has grown sharply in recent years and these employees have largely started out as contract staff.

Parental leave

Facilitation and the ability to combine work and family life are important for the company and the employees.

Employees retain their full pay above 6G when they give birth and adopt, as well as during sick leave beyond the employer's period.

If an employee has any wishes or needs that are not covered by statutory parental leave, the company seeks to accommodate the employee as best it can.

The average number of weeks of parental leave was 31 for women and 15 for men. A total of 14 women and 11 men took parental leave in 2020.

Assessment of the figures in relation to previous years

The 2020 reporting year is the first time the company has prepared a public equal opportunities report. In future reporting years, the figures from previous years' equal opportunities reports will be used to assess the company's progress in this area.

The company believes its duty to report on its work on equal opportunities and non-discrimination makes a positive contribution to promoting equal opportunities and the work against discrimination.

Such public reports raise awareness at all levels of the company and are regarded as one of many positive means of improving the gender balance in those parts of our organisation where this is required.

Part 2: The company's work on equal opportunities and against discrimination

Part 2 describes how equal opportunities and non-discrimination are integrated into the company's principles, procedures and standards, and how the company works on equal opportunities and non-discrimination in practice. The work on promoting equal opportunities never stops. We intend to assess taking a four-stage approach to the work in the future. This would entail investigating the risk of discrimination and obstacles to equal opportunities, analysing causes, implementing measures, and evaluating the results of the work.

Principles, procedures and standards for equal opportunities and against discrimination

Fjordkraft has implemented principles, procedures and standards for equal opportunities and against discrimination through the following:

- Guidelines for non-discrimination are anchored in the company's Code of Conduct.
- The company actively promotes equal opportunities and non-discrimination in its personnel and recruitment policies.
- 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.
- The company also aims to ensure that the proportion of female managers with personnel responsibilities matches the proportion of female employees.

How the company works to ensure equal opportunities and non-discrimination in practice

The company continuously works to ensure equal opportunities and non-discrimination in all areas. In recruitment processes, this is a key theme that those involved must work to ensure.

The company practises equal pay for equal work or work of equal value and strives to offer the best possible working conditions for its employees.

All employees must have equal career opportunities and promotions are assessed based on fixed criteria.

If adaptations are required, the company strives to accommodate the employee's wishes and needs to the best of its ability.

Such cases are assessed on an ongoing basis and in dialogue with the employee.

The company should be an attractive employer, both for employees and for potential future employees. One key element of being an attractive employer is to ensure equal opportunities and non-discrimination.

This does not only benefit the employee, it also benefits the employer.

Therefore, the company will work on systematising its work on equal opportunities and non-discrimination in practice in 2021.

Surveys conducted in connection with this report have not identified any discrimination or lack of equal opportunity. Nevertheless, the company acknowledges that a greater degree of systematisation will benefit all parties.

Therefore, the plan is to work on the following measures in 2021.

Measures we are planning for 2021:

- Assessing the work using the four-stage method.
- Conducting a thorough analysis of the results of the work.
- Reporting possible risks and obstacles to equal opportunities and non-discrimination, how we have worked to minimise risk and eliminate potential obstacles, and the results of the active work for equal opportunities and against discrimination.

2.6 Board of Directors

Per Axel Koch

Chairman

Chairman and Board member since
21 March 2018

Background: Per Axel Koch was born in 1961 and lives in Trondheim. He was elected to the Board of Directors by the General Meeting on 27 February 2018 with effect on and from the date of Listing. Mr Koch is CEO of Polaris Media ASA, an Oslo Børs listed company, which he has held since the company was established in 2008. He has more than 20 years' top managerial experience from the media industry. Mr Koch has from 1991 until 2008 held several management positions at Adresseavisen ASA including as CEO, Managing Director and Deputy Managing Director. Prior to 1991, Mr Koch was a consultant at McKinsey & Company (1988–1991) and at Wilh Wilhelmsen ASA (1987–1988).

Mr. Koch has over 20 years' experience as a representative on various company boards including Chairman of Sparebank 1 SMN (2001–2013), Chairman of AtB AS since 2016, Chairman of Papirkjøp AS since 2005, Chairman of Mid Norway Jazz Centre since 2014, Board Member of FINN.no AS since 2000, Board Member of Trønder-Avisa AS since 2010, as well as Board Member of Norwegian Jazz Forum since 2015.

Education: Mr Koch holds a Master of Science in Economics and Business Administration (Siviløkonom) and a Graduate Programme in Economics and Business Administration from the Norwegian School of Economics (NHH).

Birthe Iren Grotle

Board Member

Board Member since
15 December 2017

Background: Birthe Iren Grotle was born in 1965 and lives in Knarrevik. She has served as Deputy Chairman and Board Member of Fjordkraft Holding ASA since 15 December 2017, as deputy chairman of Fjordkraft AS from 2013 to 2017 and as Board Member of Fjordkraft AS in the period 2011–2013. Ms Grotle is Senior Advisor for industrial ownership in BKK AS. She has broad experience with management and has held various management positions in her career, including Deputy Managing Director of Kunde BKK AS from 2010 until 2016, Deputy Managing Director of BKK Marked AS from 2007 until 2010 and Chief Executive Officer of Coop Hordaland BA from 2005 until 2006. Ms Grotle has vast experience from various retails businesses including Manager of Deloitte & Touche Management Solutions, Administration Manager of NKL Bergen and Senior Consultant at Deloitte Consulting.

Education: Ms Grotle holds a Master of Science in Economics and Business Administration (siviløkonom) from the Norwegian School of Economics (NHH).

Heidi Theresa Ose

Board Member
Board member since
14 May 2019

Background: Heidi Theresa Ose was born in 1983 and lives in Oslo. She has served as board member of Fjordkraft Holding ASA since 14 May 2019. Ms Ose was appointed CEO of Akerhus Energi Sol AS from April 2021. From 2018 to 2021 she worked in SN Power where she held the positions as Director Business Development Asia (2019-2021) and Director of Hydropower Development (2018-2019). Ms Ose was employed at Sweco Norway in 2009 and has broad experience from hydropower projects in South-America, Africa and Asia. She has been Senior Vice President of Hydropower and Dams in Sweco Norge AS (2017-2018) and Area Manager for Hydropower (2013-2016), Project Manager and Hydropower Planner (2011-2013), Trainee in hydropower (2009-2011). She has worked for Statkraft AS with hydropower in Albania (2008-2009).

Education: Heidi T. Ose helds a Master of Science in Energy and Environment from the Norwegian University of Science and Technology (NTNU). She has studied Energy Systems for Developing Countries at Makerere University in Uganda. She has also studied Project Management at Oslo University of Applied Science and Management Competence at Board Level at the Norwegian Business School (BI).

Live Haukvik

Board Member
Member since 21 March 2018

Background: Live Haukvik was born in 1963 and lives in Tønsberg. Ms Haukvik was elected to the Board of Directors by the General Meeting on 27 February 2018 with effect on and from the date of Listing. MS. Haukvik currently helds the possition of Assistant Professor at the University of South-Eastern Norway and is the owner og Haukvik Konsult. She has been COO of Komplett Group 2017-2019. Ms Haukvik has extensive experience as an executive and director of a diverse range of listed and fast-growing companies. She has been CEO of Goodtech ASA (2000–2005), CFO of Tandberg Data ASA (2006–2007), CFO of Grenland Group ASA (2007–2008) as well as CFO of Komplett Group (2012–2017). She also has experience as partner at Considium Consulting Group from 2008 until 2011 and as supervisor and manager at KPMG.

Ms Haukvik ha been Member of the Board of Directors in Komplett Bank ASA since 2013 and was Chairman of the Board from December 2013 until August 2019. Ms Haukvik has extensive board experience from several blue-chip companies including, amongst others: Eksportfinans, Agasti ASA, Kvaerner ASA, BI Norwegian Business School, Sparebanken 1 SRBank-Buskerud and Borgestad.

Education: Ms Haukvik holds a Master of Finance (liz.rer.pol.) from Université de Fribourg, Switzerland, and a Master of Management, with specialisation in Service Management, Cognitive Psychology and Scenario Building from The Norwegian Business School (BI).

Steinar Sønsteby

Board Member
Member since 21 March 2018

Background: Steinar Sønsteby was born in 1962 and lives in Bærum. He was elected to the Board of Directors by the General Meeting on 27 February 2018 with effect on and from the date of Listing. Mr Sønsteby is currently the Chief Executive Officer of Atea ASA. Mr Sønsteby is an IT and technology expert and has been instrumental in establishing the IT infrastructure industry in Norway. He has since 1996 held the position of Chief Executive Officer and Chief Operating Officer of entities that have since been combined with Atea ASA, including Merkantildata (Norway and Sweden). Prior to this, Mr Sønsteby has held several managerial positions, including CEO of Skrivervik Data AS and Section Manager NPC Civil AS. Mr Sønsteby has extensive M&A and integration experience, having been involved in over 50 acquisitions.

Mr Sønsteby is Board Member of various entities in the Atea Group.

Education: Mr Sønsteby holds a Master of Science in Mechanical Engineering (Civil Engineering) from the University of Utah and is a Business Candidate in finance from the Norwegian Business School (BI).

Frank Økland

Board Member (employee representative)
Member since 15 December 2017

Background: Frank Økland was born in 1969 and lives in Bergen. He has served as Board Member of Fjordkraft Holding ASA since 15 December 2017 and as a board member and employee representative of Fjordkraft AS since May 2003 in various periods. Mr Økland has been a sales manager in the Alliances and Concessionary division of Fjordkraft since 2014 and was a Key Account Manager for major customers from 2006 until 2014. Mr Økland has held secretarial positions with Fjordkraft from 2000 until 2004, with BKK Kraftsalg from 1996 until 1999 and with Bergen Lysverker AS from 1993 until 1996. He also has work experience from Heffermehl Inkasso AS, Forsvaret, Bergen Kommune and Nordbye Engros AS.

Education: Mr Økland holds two diplomas, one from the Norwegian School of Information Technology (NITH) in computer science and one from the Norwegian School of Economics (NHH) in mathematics and statistics.

Elisabeth Norberg

Board Member (employee representative)
Member since 14 May 2019

Background: Elisabeth Melheim Norberg was born in 1973 and lives in Nøtterøy. She has served as board member and employee representative of Fjordkraft Holding ASA since 14 May 2019. Ms Norberg was employed at Vestfold Kraft Energi in 2000, where she started as a marketing consultant and became employed at Fjordkraft when the company was established in 2001. Today she is the leader of digital ecosystem in Fjordkraft. Norberg has 19 years of work experience from the electricity retailing industry. During the years in Fjordkraft she has worked as a Webmaster (2001-2012), Digital Adviser (2012-2019) and Head of User Experience (2019).

Education: Ms Norberg is an IT Marketing Economist from the Business Academy, specialising in IT projects. She studied in eBusiness at the University of Lund and has certification from the Digital Marketing Institute.

Lindi Bucher Vinsand

Board Member (employee representative)
Member since 15 December 2017

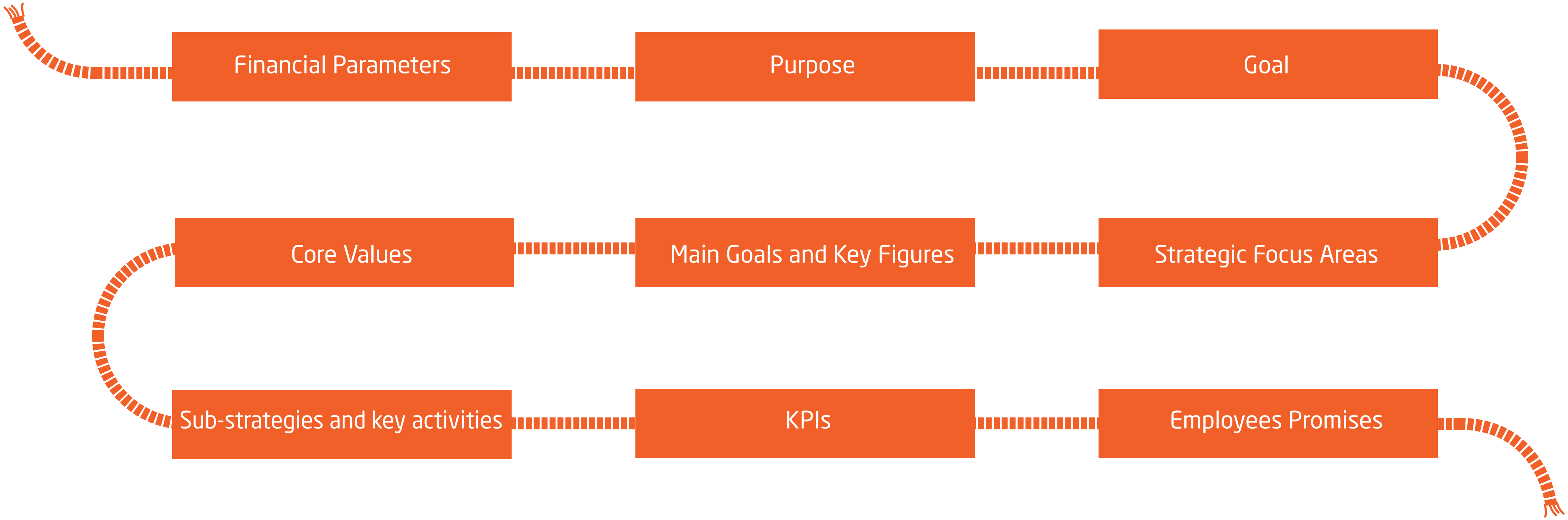
Background: Lindi Bucher Vinsand was born in 1956 and lives in Horten. She has served as board member of Fjordkraft Holding ASA since 15 December 2017 and was alternate board member of Fjordkraft AS from May to December 2017. Ms Vinsand has been Senior Advisor of Customer Service since 2017, however, she has been with the company since its origin. Ms Vinsand has 25 years' experience in the energy industry. Prior to joining Fjordkraft in 2001, she has work experience from Nøtterøy Everk and Vestfold Kraft Energi AS.

Education: Ms Vinsand holds a Bachelor of Science in Energy and Climate Technology from the Oslo College of Engineering and has taken a project management course from the Vestfold University College (HiVe).

Part 3

3.1 Strategy and strategy planning at Fjordkraft

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. Fjordkraft's strategy addresses how the Group can defend and maintain its current competitive advantages and earnings, and how it can develop new advantages and business areas. Scenario modelling is a central tool in the Group's strategy work.



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. A high degree of involvement ensures continuity from our overarching strategic choices right down to the individual employees' activities. The strategy plan serves as the basis for decisions in our everyday work, providing us with a long-term perspective and the power to implement changes. This has been a key focus area for Fjordkraft's strategy work since 2013.

Strategy and strategy planning at Fjordkraft

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. Fjordkraft's strategy addresses how the Group can defend and maintain its current competitive advantages and earnings, and how it can develop new advantages and business areas. Scenario modelling is a central tool in the Group's strategy work.

General philosophy

Fjordkraft's strategy work is based on a high degree of involvement, in which we focus on defining collective ambitions in all areas of the organisation. This is especially important in periods of strong growth in order to ensure that new services and locations are involved in the same process and methods. This process ensures continuity from our overarching strategic choices right down to the individual employees' activities. Strategy work provides us with motivation, direction and differentiation. The strategy plan also serves as the basis for decisions in our everyday work, providing us with the power to implement changes and to take a long-term perspective. Rapid changes due to digitalisation and changing parameters mean all managers must be strategists for their area. They must be familiar with the best practices and always be looking ahead. The development of sub-strategies and key activities ensures there is a clear focus on strategic challenges and opportunities within all key areas. Our proprietary strategic planning process is a hybrid model where strategy and tactics are merged throughout the organisation.

Fjordkraft wants to continuously adapt to ensure we stay ahead of developments. We firmly believe that creating economies of scale will be a critical success factor in continuing the positive development in our profitability. This applies to all parts of the organisation and demands continuous growth. The regulatory framework has ensured that regional end-user companies have been favoured, through the monopoly on premium rate services and vertically integrated brands. The new customer-oriented market model and the digitalisation of the industry are paving the way for more fair competition, new business opportunities and changes in the distribution of wealth creation throughout the entire value chain. We will optimise our business operations to ensure we are always rigged to be able to deliver satisfactory returns to our owners, regardless of the price pressure in the industry. We see that the time is ripe for consolidation and strong growth for a handful of national companies. Thanks to our broad customer base, expertise, "Platform" process and market muscle, Fjordkraft is extremely well positioned to take a leading position in the future market.

ESG – finding the right balance

To be the most attractive electricity supplier in Norway, Fjordkraft must balance the interests of customers, employees, owners and society as a whole. At times, we may concentrate on a single group, but over time we must spread our efforts; measures that are favourable for multiple stakeholders are thus the best. To make the greatest possible contribution to sustainable development we have to identify the measures that benefit society and at the same time can support our business operations. Our most important initiative is "Klimanjaro" in which we set requirements for our suppliers and strive for a climate-neutral value chain. Klimanjaro can be reproduced by any company in any market around the world

Current good-value offers to customers and sources of growth that are already in operation

Fjordkraft works continuously to optimise the savings proposals and services we offer to our various customer groups. We currently have three main segments in which services are distributed as follows:

1. Residential
   a. Electricity – Continued pressure on sales of core products and exploitation of the opportunities afforded by combined invoicing. We can now see attractive possibilities in the digital user experience, both in the consumer and the business market. Fjordkraft has during the last few years increased its focus on innovation in the user interface, helping customers to benefit from the new opportunities afforded by electrification.

   b. Mobile – Fjordkraft as a mobile telephony operator. The main goal is to strengthen loyalty among existing electricity customers, while supporting the vision of two million electricity customers by allowing us to reach all members of the household.

2. Corporate
   a. Electricity – Continued pressure on sales of core products and exploitation of the opportunities afforded by combined invoicing.

   b. Energy and climate consulting – Our proprietary reporting solution is offered to all customers and reports on consumption, cost, price forecasts and comparison of consumption and temperature. We differentiate in the market by offering Energy Mapping, Energy Labelling and a climate reporting tool.

3. Alliance
   a. Extended alliance – Operating services within message exchange, account settlement, invoicing and payment collection for alliance partners. Exploiting economies of scale in the Fjordkraft Platform.

All the current services and savings proposals correspond to exploitation of our competitive advantage: strong brand, large customer base, strong distribution power and the "Fjordkraft Platform". The "Fjordkraft Platform" has been developed to digitalise and simplify the Group's account settlement, invoicing, and payment collection processes.

A good attack is built on good lines of defence

We still believe that it is necessary to invest in areas that can yield a competitive advantage and that these advantages must be actively maintained on an ongoing basis. This has resulted in our current focus on building market muscle and significant investments in size, branding, distribution and digital processes.

Fjordkraft has focused on building strong lines of defence. Our main aim has been to uphold the return on the core product for as long as possible, as we do not currently see any other sources of income that could replace revenue from electricity in the short or medium term. Sector convergence is thus primarily a line of defence that will enable us to compensate for falling margins in the future.

We have defined three distinct lines of defence:

1. Maintain and develop net revenue

We have initially focused on high sales activity and expansion of the service spectrum to ensure increased loyalty among existing customers and uphold the existing revenue streams.

- High gross sales and increased market shares – Broad distribution, high Top of Mind score, regulatory parameters (supplier-centric model), consolidation
- Product development – Product management and portfolio optimisation
- Customer service and loyalty programmes – Customer loyalty, attraction, reduced sensitivity to price pressure

2. Cost efficiency to maintain and develop EBITDA

Our second line of defence focuses on cost leadership, as we expect this to be the "end game". It is important to automate, while getting more customers to subscribe to the "Fjordkraft Platform". We create value for our customers by delivering the right service at the right time, and we shall keep our promises in dialogue with our customers. We work every day to make things easier, for our customers, for our colleagues and for ourselves. At the same time, the continuous development of smart, innovative solutions should make it easier to be a Fjordkraft customer.

- Digitalisation – Continuous improvement
- Consolidation – Accelerated capitalisation of process improvements requires acquisitions
- Operational excellence – Low-cost company using the LEAN methodology

3. Developing new business

Our third line of defence focuses on developing entirely new business areas and new geographical areas. After several years of positive developments in our financial performance, growth, position and customer satisfaction, we have identified a need to develop the business beyond selling electricity. The most promising direction for our future expansion is sector convergence in the role of service provider – starting new sigmoid curves. We expect future technological shifts to entail increased pressure on electricity prices, at the same time as more and more customers will become self-sufficient. In the face of this outlook, it will be important to provide services related to the establishment of distributed production and at the same time meet the customers' needs as a "prosumer" – the buying and selling of electricity, and the financing and insurance of the solar power systems.

- New business– New income from existing customers
- New countries – Exporting existing activities to new geographical markets

The entire future sustainability system must be maintained in parallel to ensure satisfactory returns and dividend capacity. This means that we must work on all three lines of defence at the same time.

Innovation and new sources of growth

Fjordkraft takes a strategic approach to innovation and new sources of growth. We use TNS/Kantar's model as a starting point for discussing new growth areas. The model provides a good, methodical overview of the scope of opportunity for growth with categorisation of the various sources of growth.

A fast second strategy is employed for technology driven innovation. Such a strategy requires good timing and an ability to act quickly and opportunistically. We therefore strive to ensure that we maintain a good understanding of the market, players, framework conditions and growth trends so that we can assess timing.

Innovation work is carried out in close cooperation with the rest of Fjordkraft. Strategy reviews and leads the work in an early phase. In parallel with this, we build up new expertise in the business areas. Ownership of new ventures is quickly transferred to the business units that will take the ventures forward, supported by Strategy during the initial period.

At the core of the innovation work is business/platform model canvassing and value proposition design, combined with a hypothesis and test-based approach for identifying and solving customer needs.

The general criteria for assessing new sources of growth are profitable growth and growing the value of the company. Potential ventures will also be assessed in relation to KPIs linked to the strategic platform and strategic priority areas.

Which growth areas are actually materialising, and when, is assessed constantly in relation to timing/opportunity now and developments within the areas that are considered most attractive, including the market's maturity, competition situation, technological maturity and changes in framework conditions.

Smart energy services

In 2020, Fjordkraft launched a service that allows customers to connect smart heaters, air conditioners, thermostats, and electric cars in the Fjordkraft app. The service allows customers to control the temperature in their home and activate electric car charging via the Fjordkraft app.

Fjordkraft are offering smart energy services that gives customers added value by helping them optimise their energy consumption. Customers can now connect electric vehicles manufactured by Tesla, VW, BMW, and Audi to the Fjordkraft app and adapt the charging process dynamically.

Corporate governance

As a result of recent acquisitions, Fjordkraft has become a multinational group consisting of several electricity retailers in the Nordic countries of Norway, Sweden, and Finland. To manage these new parts of our organisation well, we are continuously developing our governance model and IT-infrastructure design. This will secure us leveraging synergies and further achieve economies of scale across our group, while ensuring that these companies continue to understand the uniqueness of their local markets. Thus, we will have a scalable foundation for increased profit and growth across the Nordics in the years to come.

New partnerships

Fjordkraft has grown into an attractive industrial partner, having provided scale through industrial partnerships for many years. We have now modified our strategy and decided to initiate joint ventures under the condition of running the business on the Fjordkraft Factory Platform.

We have also opened the way for co-ownership in other parts of the value chain. An recent example is our newly acquired 40% stake in Metzum, which offers rating and billing software to the sector.

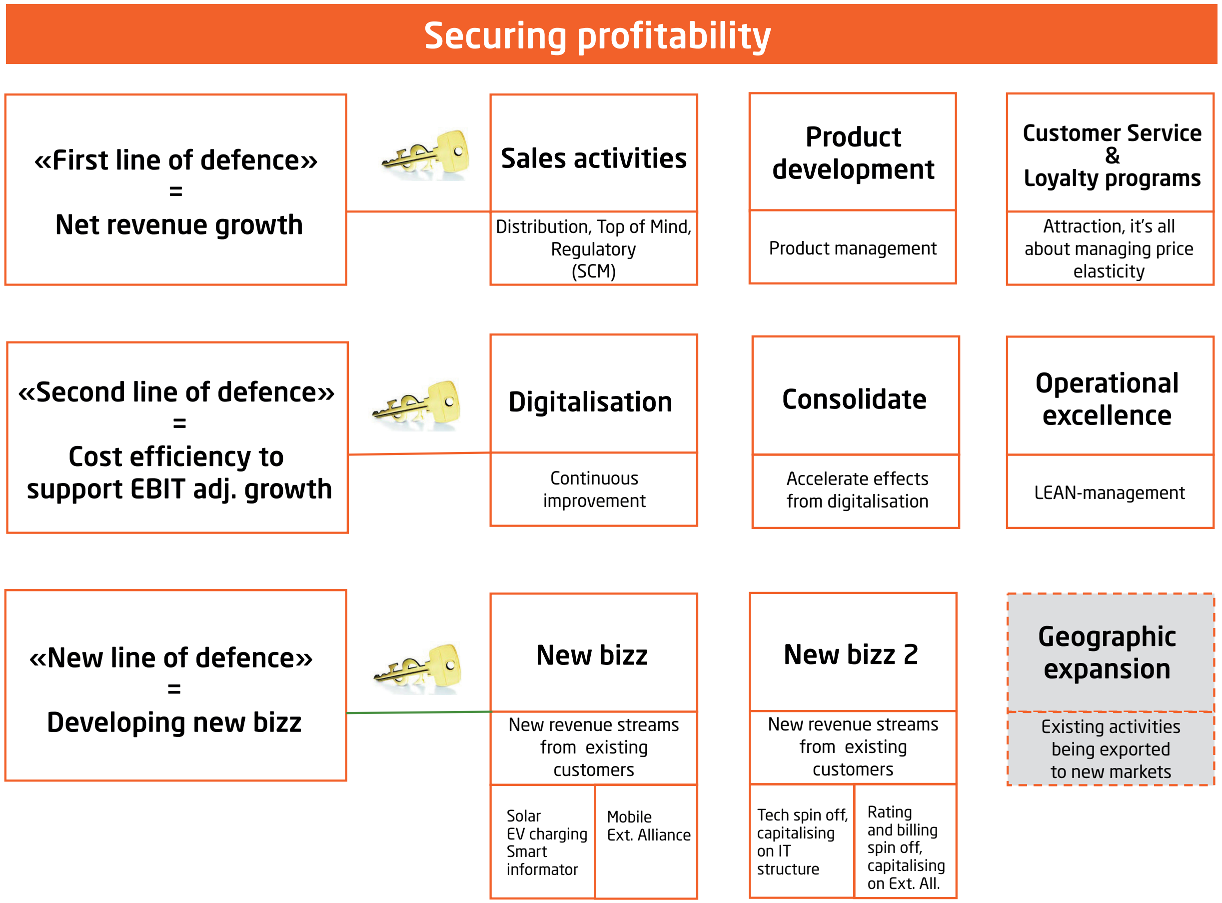
Scenario planning

The electricity market is evolving, in part because of the electrification of society and adjustments to the framework conditions. This makes extra demands when it comes to strategy; decisions one takes today could be vital for the value proposition and customer relationships in the future. In such circumstances, conventional strategy plans with a 3-5-year perspective are not always sufficient. Scenario planning is an approach that extends beyond this. By isolating selected risk elements and opportunities, we have pointed out some potential outcomes for the power market in 2030.

Working on the 2030 scenario has given the organisation greater confidence and the capacity to follow through. This is because we now have a better understanding of which factors we can and cannot control. In addition, thinking about how we will act in different scenarios means adaptation to new realities can be implemented quickly. We have also acquired a good basis for testing the robustness of the strategy we have developed against the various scenarios. By making the driving forces behind the scenarios visible, we are better able to consider them and adapt our strategy accordingly.

In this context, we have prepared clear "flags" describing which events might trigger the individual scenarios. The events are related to the critical uncertainties in the scenario model, and the scenario flags are evaluated and reported on a quarterly basis.

Securing profitability through the three <defensive lines>



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.

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.

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

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.

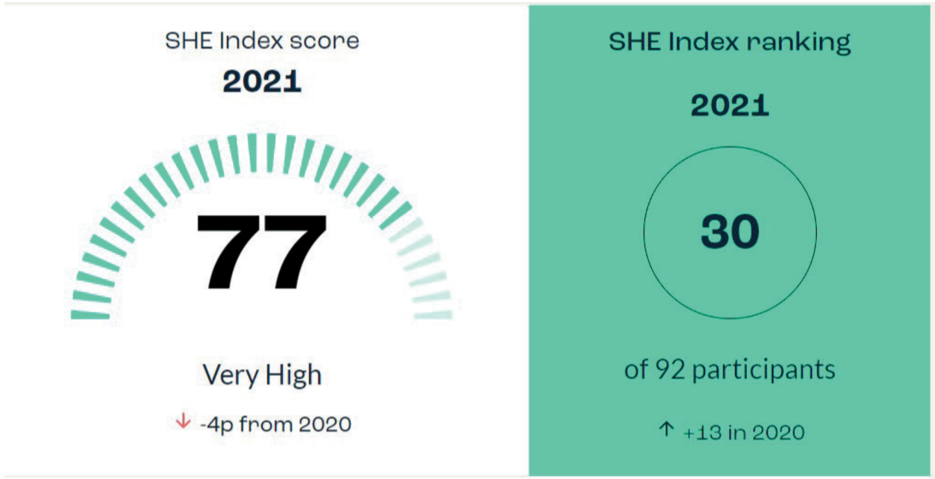
Equal opportunities

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'.

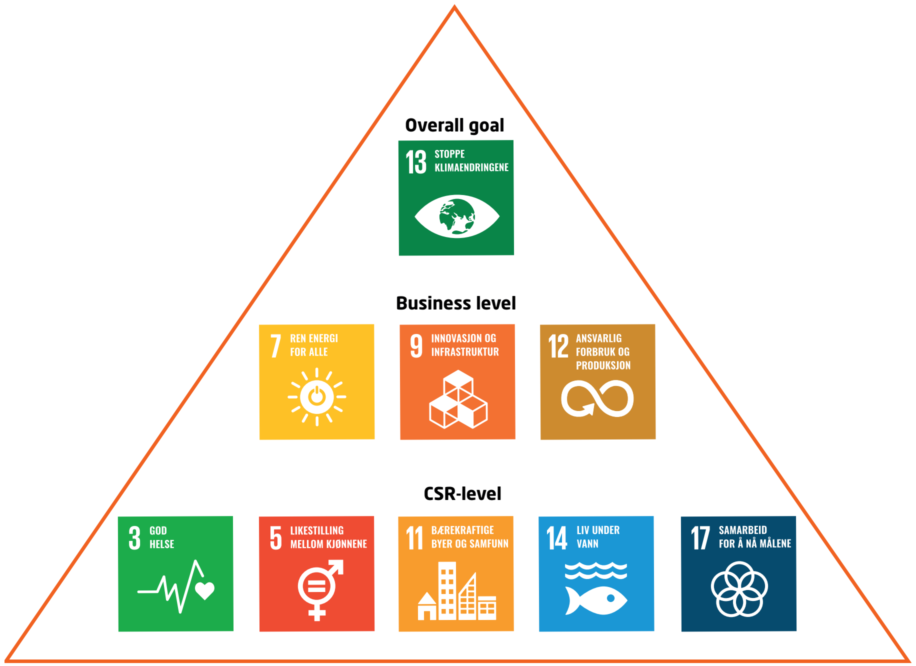
At the UN climate conference in Katowice in 2018, Fjordkraft's Klimanjaro climate initiative was chosen as one of the winners of the UN's Momentum for Change climate action award for 2018. Fjordkraft is the first Norwegian company to receive this award. Klimanjaro won the award in the Climate Neutral 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 transferable to all companies and industries – anywhere in the world.

The Board believes that companies in Fjordkraft's type of business can make a significant contribution to achieving the EU's sustainability goals in order to stop climate change and slow global warming. Fjordkraft is working towards several of the UN Sustainable Development Goals . This is 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 CO2 emissions that are in the order of 100 times greater than it could achieve by just cutting its own emissions. Suppliers must produce climate accounts, take action and offset their residual emissions.

Fjordkraft's business market division is also actively working to help its customers cut 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 sustainabil-



Sustainable Development Goals prioritised by Fjordkraft.

ity 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 CO_2 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 CO_2 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 that refurbishes used office furniture.

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

Fjordkraft's total CO_2 emissions from energy consumption from offices and employees' business travel was calculated at 492 tonnes CO_2e in 2020. Emissions in 2019 totalled 646 tonnes CO_2e, and the decrease amounts to 24 per cent. Of the emissions, 195 tonnes CO_2e came from energy consumption in the company's offices, compared with 336 tonnes CO_2e in 2019. Guarantees of origin (GoOs) were purchased for this volume. Business travel by road and air amounted to emissions of 102 tonnes CO_2e, 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

CO_2 emissions per employee were 0.4 tonnes CO_2e in 2020, compared with 1 tonne CO_2e 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

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**

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 current liabilities		**2 049 087**	**1 717 976**
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 Theresa Ose
Board member

Live Bertha Haukvik
Board member

Steinar Sønsteby
Board member

Lindi Bucher Vinsand
Board member

Rolf Barmen
CEO

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

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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 trans-

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lated 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

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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.

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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.

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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.

6. 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

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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

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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.

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)**

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.

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:

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

  ii. 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

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
Total current liabilities		**778 257**	**317 927**
Total liabilities		**1 181 600**	**320 921**
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

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**

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 comprehen-sive 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.

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;

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

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.

Deloitte.

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 Jd

Helge-Roald Johnsen
State Authorised Public Accountant (Norway)