2022
Annual Report

Elmera Group

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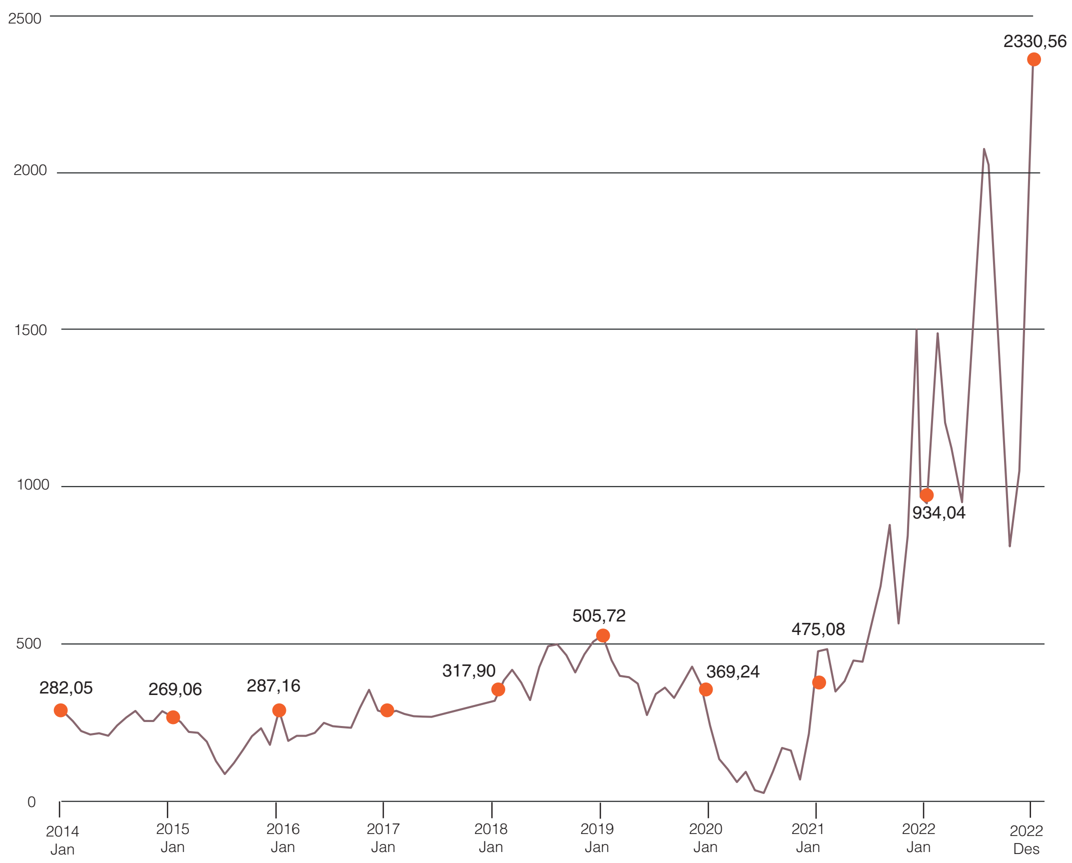
Electricity price (Nord Pool System price) y= NOK/MWh



Key figures

NOK in thousands	2022	2021
Revenue	25 521 514	15 075 445
Net revenue	1 697 995	1 718 299
Net revenue adjusted	1 711 002	1 724 378
EBIT reported	272 781	407 814
EBIT adjusted	460 054	609 930
EBITDA	662 737	810 898
EBITDA adjusted	717 685	824 385
Basic earnings per share (NOK)	0,67	2,25
Diluted earnings per share (NOK)	0,66	2,22
EBIT margin	16 %	24 %
EBIT margin adjusted	27 %	35 %
Net interest bearing debt (cash)	1 464 739	513 248
Capex excl. M&A	44 328	47 182
Volume sold (GWh)	17 506	20 193
# of deliveries ('000) excl. Extended Alliance	954	975

Part 1

1.1 Letter from the CEO

Letter from the CEO

2022 was characterised by war in Europe, crisis in the energy markets, increasing inflation rates and rising interest rates. This presented major challenges at all levels and from all perspectives: human, economic and societal – and also for the green transition.

At the time of writing, the price pressure in the gas and electricity markets has decreased significantly from the extreme levels in 2022. Both spot prices and electricity prices in the futures market have fallen, but there is a need for supply-side measures to increase the supply of renewable energy, while customers require greater predictability. The authorities' temporary measures must be followed up as soon as possible by permanent, forward-looking measures.

An Energy Commission set up by the Norwegian government submitted its recommendations in February this year. The Commission proposes to increase power supply by 60 TWh by 2030. This corresponds to an increase of 40 per cent compared to Norway's power production in 2022. According to Statnett (the system operator of the Norwegian power system), Norway might risk a power deficit as early as 2027 unless there is rapid expansion with significantly more power, while also investing in further incentives to reduce energy use.

The Energy Commission will be followed up by an "Electricity Pricing Committee" that will work until October 2023. The committee will present perspectives and discuss the challenges presented by the current model for determining power prices, as the power systems in our neighbouring counties achieve a very high production ratio for renewables. It must be considered how to incentivise the development of new renewable energy, while also shielding consumers and businesses from the greatest price fluctuations.

The Norwegian government has decided to shield Norwegian households from extraordinarily high prices by continuing its price support model to the end of 2024. Business customers are incentivised by adjusted tax terms for producers that stimulate improved fixed-price models. So far, the impact on the business market has been limited.

We have taken an active role vis-à-vis industry associations and authorities, since electricity and the industry are receiving a lot of attention. In our dialogue with the authorities and professional communities, we contribute broad expertise based on insights from the business market and the consumer market in Norway, Sweden and Finland. We also share our experience and input on further market development and market regulation.

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

Our stance in the political debate is that, despite its volatility, the power market functions according to normal market principles, where supply and demand regulate the consumption of electricity, as a finite commodity, in a good way.

Elmera Group is well-positioned to offer products and services to other energy companies and to end-customers in a market that will require more renewable energy, more efficient energy utilisation and the possibility of reducing risk and equalising costs.

From companies to a Group

This year we developed and strengthened our Group structure, based on our mission statement: *We will create the most attractive electricity retailers in the Nordics* – where we balance consideration of the four perspectives: customers, employees, investors and society. This is the Group's overarching mission. All our companies and business areas must contribute to this.

The Group thus provides electricity, billing and rating services and electricity-related technology solutions to consumers, businesses and the wholesale market. Elmera's electricity suppliers have Norway's largest customer base, supported by strong B2C brands and a B2B segment providing tailor-made solutions to businesses of all sizes.

The reputations of producers, power grid companies and end-user companies have taken a hit in recent years. We are pleased that last autumn one of our end-user companies, Gudbrandsdal Energi, regained the number 1 position when it comes to customer satisfaction, after being number 2 in 2021. Our largest end-user company, Fjordkraft, is also on a positive customer satisfaction trend and is top-of-mind in the industry.

Focus areas

In the coming year, cost efficiency and new net revenue streams are our focus areas to mitigate margin contractions, particularly in the consumer segment.

We have and will continue to revise and renew our product strategy in the consumer segment. This means reducing complexity and continuing the soft phase-out of "variable" products, to increase transparency. In 2023 we will introduce attractive new services to strengthen the Group's value propositions.

The Business segment in Norway is performing well. We will increase penetration in the Business and Nordic segments and have already started to replicate our successful Norwegian model in Sweden and Finland.

Furthermore, we will continue to seek growth opportunities through Nordic expansion, as the Nordic markets converge. Our strategy is to continue to pursue M&A opportunities, seeking accretive acquisitions, but we will also focus on organic growth in the Nordics in order to optimise capital allocation.

Improving cost efficiency

As stated in the Q4 presentation in February this year, we have initiated a NOK 100 million cost reduction programme. This includes continuously improving the scalability of our technical and operating platforms.

Nordic

The Group's experience from the Norwegian market will be used to roll out proven consumer concepts and solutions in Sweden and Finland. As from March, Nordic Green Energy Finland is launching a new app for consumers, based on our Norwegian app. The app aims to help customers manage their electricity consumption and costs, and thereby position the Nordic Green Energy brand as an attractive supplier in the Finnish market.

NGI

The market conditions also provide positive support for the Group's New Growth Initiatives, and we are committed to strengthening the contribution from the NGI segment.

When it comes to our mobile services, we look forward to capitalising on our new cooperation with Telia. We see this as beneficial for our customers, as well as for the profitability of the business area. The transaction will be finalised in Q1 2023.

The business plan of Steddi Payments (formerly Betalservice AS) involves expanding payment solutions to multiple retailers. End-users need to be able to spread the bill for electricity costs throughout the year. For the supplier, the value proposition is improved working capital, reduced interest costs, reduced churn and increased customer satisfaction.

AllRate – our billing and rating company offering services to our Alliance partners – has also introduced rating and billing services for grid companies. This is currently an unserved segment, and we look forward to seeing how this market develops in the next few years.

Metzum, our software company (40% ownership), is increasing its recurring revenue outside Elmera Group, and is well-positioned to take further market shares in both the retail and grid segments.

Solar panels and leasing solutions

The Group is strengthening its involvement in solar, offering solar panel installations and assisting our customers with the production, storage and sale of solar energy. In February this year, the Norwegian authorities announced that they would facilitate more solar production by housing associations and commercial buildings by allowing them to send up to 1 MW of electricity into the grid with exemption from grid tariffs and electricity tax.

The future

Elmera Group is a frontrunner in accelerating the green transition for over 1 million customers in the Nordic region.

We promote using our apps in order to save power and increase predictability. Our ongoing "Klimanjaro initiative" contributes to cutting emissions in cooperation with suppliers and customers.

With revenue streams from several brands, segments and countries, Elmera Group is well-positioned to become a leading player in the Nordic electricity market.

I am proud to state that all of our employees work extremely hard every day, in Norway, Sweden and Finland, to fulfil the Group's mission:

To create the most attractive electricity retailers in the Nordics. Attractive to customers, employees, investors and society.

Rolf Barmen , CEO

Part 2

2.1 Elmera Group at a glance

Our business

- Fjordkraft
- TrøndelagKraft
- Gudbrandsdal Energi
- AllRate
- KRAFTALLIANSEN
- Steddi
- Nordic Green Energy
- Fjordkraft Mobil
- METZUM

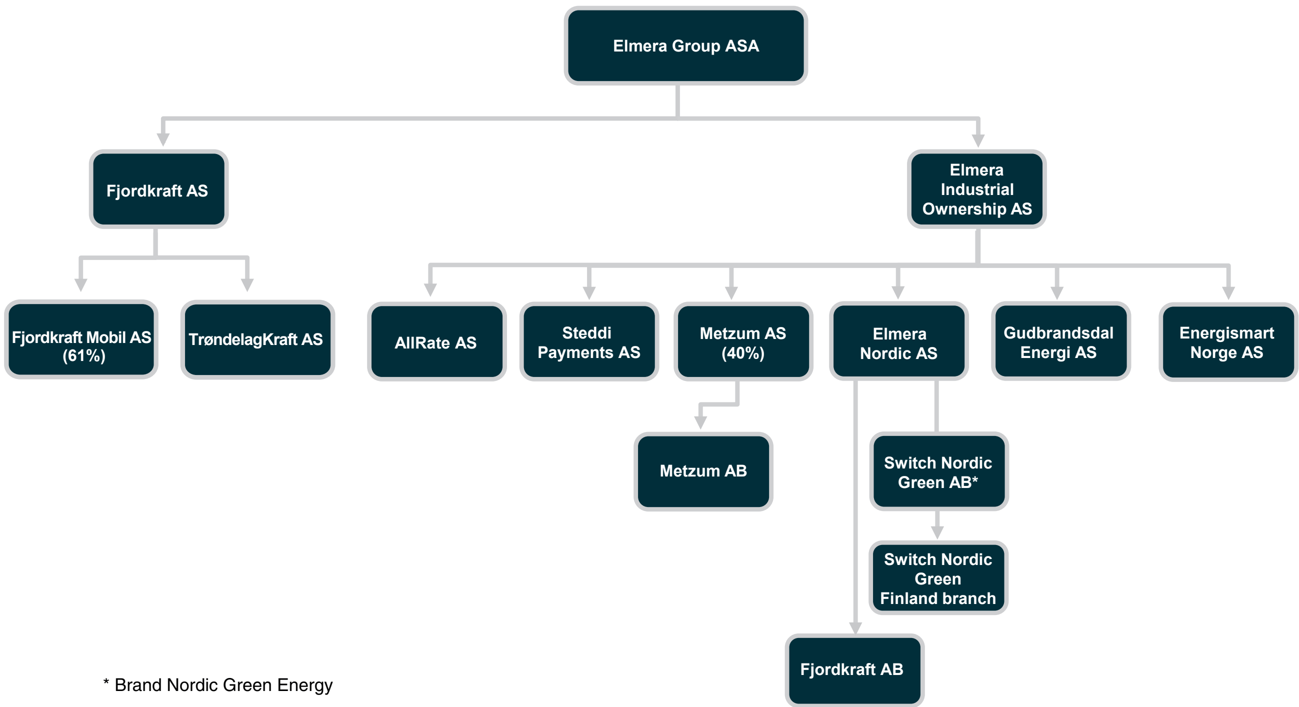
Elmera Group

The General Annual Meeting in 2022 approved changing the company's name from Fjordkraft Holding ASA to Elmera Group ASA. This to avoid confusion with the subsidiary and electricity supplier Fjordkraft AS.

Elmera Group provides consumers, businesses and the wholesale market with electricity, billing and rating services and electricity related technology solutions.

MISSION To create the most attractive electricity retailers in the Nordics
VISION Provide 3 million people with electricity services
VALUES Simplify - Be friendly - Create value

Company Structure:



* Brand Nordic Green Energy

Our business

Elmera Group ASA uses the following segments in its financial reporting:

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

Consumer market, Norway
The Group has several brands, Fjordkraft, TrøndelagKraft, Gudbrandsdal Energi and in total the Group accounted for a total of 685,000 electricity deliveries at the end of 2022 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 120,000 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.

Nordic
Elmera 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 149,000 electricity deliveries in Sweden and Finland.

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 144,000 mobile subscribers at the end of 2022. Fjordkraft is the largest mobile service provider in Norway without its own telecommunications network.
Elmera Group and Telia entered into cooperation on mobile customers through Fjordkraft Mobil AS. The transaction is expected to be completed in Q1 of 2023, and the customer migration will take place in Q2 2023. Fjordkraft AS' mobile business will be demerged to "Fjordkraft Mobil AS", a new limited liability company to be incorporated in Norway, and Telia will purchase 39% of the shares in Fjordkraft Mobil AS.

Extended Alliance
Elmera Group delivers billing and payment services for electricity and broadband to 20 companies via its Moment platform. The platform was developed by Fjordkraft and is operated and upgraded by its jointly owned software.

35 alliance partners
The alliance concept is Elmera's collaboration model for power producers and electricity retailers in rural areas. Elmera Group provides services related to power trading and market support to 35 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.

Deliveries

Numbers in thousands	Full year 2022	Full year 2021
Electrical deliveries Consumer segment	685	692
Electrical deliveries Business segment	120	111
Electrical deliveries Nordic segment	149	171
Total number of electrical deliveries*	**954**	**975**
Number of mobile subscriptions	144	160

** Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 1 033 thousand in Q4 2022.*

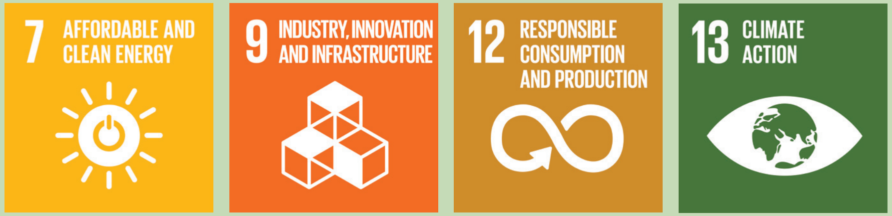
Our business

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 enduser company Switch Nordic Green AB and its branch in Finland, which trade under the brand name Nordic Green Energy.
- Sky mobile. Portfolio of approximately 34,000 mobile clients were acquired in October 2021.

Subsidiaries

- Fjordkraft AS owns 100 per cent of the shares in the electricity retailer TrøndelagKraft AS, which is based in Trondheim.
- Elmera Group through Elmera Industrail Ownership AS 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. Elmera Industrial Ownership AS owns 100 per cent of the company's shares. AllRate AS 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.
- Steddi Payment AS (former Betalservice AS). Predictable payment plans for households are currently offered in cooperation with electricity retailers in the Elmera Group, offering a differentiating value proposition. In 2023 Steddi Payments expects to launch several news in the market, aimed at reducing the frictions and negative surprises.



Elmera Group is in a position to accelerate the green shift for over 1 million customers in the Nordics by:
- Promoting the use of our apps in order to achieve power saving and predictability
- Cutting emissions in cooperation with suppliers and customers
- Offering solar cell installations and assist our customers with the production, storage and sale of solar energy

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, the group 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 has a Swedish branch in Stockholm.

Ownership structure

Fjordkraft was founded in 2001, following the merger of BKK's and Skagerak Energi's enduser 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

Our business

a significant owner, holding about 6.7% of the total shares outstanding as per year-end 2022. The Government Pension Fund Norway was the largest shareholder as per year-end 2022, holding 8.7% of outstanding shares.

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 climate initiative "Klimanjaro" was chosen as one of the winners of UN's Momentum for Change climate action award. Fjordkraft is the first and only Norwegian company to win this award. Klimanjaro won the award in the Climate Neutral Now category. Trough Klimanjaro, the company used its purchasing power and set climate neutrality as a requirement for those who wished to supply goods and services to Fjordkraft. The UN has since changed Climate Neutral Now, the initiative which Klimanjaro was based upon. Climate neutrality is no longer in the initiative's scope. Therefore, Klimanjaro was changed accordingly.

The revised climate pledge states that all regular suppliers must be climate committed. This implies that suppliers are required to deliver climate accounts, make a list of measures to reduce their emissions, and compensate their emissions with carbon offsets. Additionally, companies with approved science-based targets in line with the Science Based Targets initiative are also considered climate committed and accepted as a supplier.

In 2020 we launched the web portal Klimahub. Klimahub is a portal where users can check Norwegian companies' climate footprints, produce corporate climate accounts and invite partners to do the same. In 2022 we expanded Klimahub with a partner; TOBB. We aim to formalise more partnerships in 2023.

Power production and electricity consumption in Norway in 2022

In 2021, a production record for electrical power was set in Norway, with a total of 157 TWh produced. In 2022, production totalled 146 TWh. The decline from the record year was around 8 per cent. Less snow in the mountains and less precipitation contributed to lower reservoir levels in the southern part of Norway, with reduced production as a result.

Hydroelectric power accounted for 87.5 per cent of total domestic power generation in 2022. Wind power production in Norway increased in 2022 to 14.8 TWh, up from 12 TWh in 2021, and accounted for 10 per cent of production. The remaining 2.5 per cent is power generation in thermal power plants linked to industry that exploit municipal waste, industrial waste, surplus heat, oil, natural gas and coal.

The total consumption of electricity in Norway in 2022 amounted to 134 TWh. In overall terms, this is a decrease of 4 per cent compared to 2021, when a new record was set for electricity consumption in Norway. Consumption totalled 138.9 TWh in 2021.

Total consumption by Norwegian households was 35 TWh in 2022, which is the lowest level since 2014, according to figures from Elhub. Norwegian households reduced their consumption by around 13.1 per cent in total in 2022, compared to 2021. Variation in outdoor temperature is normally the factor with the greatest impact on households' consumption. The figures for 2022 show the greatest downturn in consumption in the regions with the highest area prices in the power market. In Central and Northern Norway, households cut consumption by 4.5 per cent, while for the three southern Norwegian price areas (NO1, NO2 and NO5) power consumption in 2022 was reduced by 16.4 per cent compared to the previous year.

2.2 Management

Organisation

Chief Executive Officer (CEO)
Rolf Barmen

Chief Financial Officer (CFO)
Henning Nordgulen

Chief Strategy Officer (CSO)
Arnstein Flaskerud

Chief Operational Officer (COO)
Solfrid Fluge Andersen

CEO Fjordkraft AS
Magnar Øyhovden

CEO Gudbrandsdal Energi AS
Marius Sveipe

Executive Vice-President Nordic
Per Heiberg-Andersen
Nordic Green Energy

Executive Vice-President Business
Roger Finnanger

Executive Vice-President Service Companies
Solfrid Kongshaug Aase
Allrate AS, Kraftallianse, Steddi Payments

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 until June 2022 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).

Henning Nordgulen

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

Background: Henning Nordgulen, born in 1965, is the Executive Vice-President (EVP) and Chief Financial Officer (CFO) of the Group. Mr. Nordgulen commenced employment with Elmera Group in 2022. He was previously CFO at Sbanken ASA from 2015 and prior to that CFO at Bergen Group ASA. In addition to that, he has held the position Director of Business at Sparebanken Vest.

Education: Mr. Nordgulen holds a Bachelor's degree from the Norwegian Business School (BI), and has additional education from IMF in Lausanne.

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".

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).

Marius Røed Sveipe
Chief Executive Officer,
Gudbrandsdal Energi AS

Background: Marius Røed Sveipe, born in 1981, is the Chief Executive Officer of Gudbrandsdal Energi AS.

Mr. Sveipe started his own company within software development at the age of 16. He has experience from Kongsberg Seatex within electronics design and embedded software. He also has experience as an engineer within subsea control systems from Equinor, where he was subsea control lead on the Gullfaks Subsea Compression project.

Mr. Sveipe started with Gudbrandsdal Energi AS in 2018 and has been the company's CEO since 2019.

Education: Mr. Sveipe is a civil engineer and holds a Master of Science in Communications Technology from NTNU.

Magnar Øyhovden
Chief Executive Officer, Fjordkraft AS

Background: Magnar Øyhovden, born in 1968, is the Chief Executive Officer (CEO) of Fjordkraft AS. Mr. Øyhovden has been the CEO since august 2022. He has extended experience within the finance industry as CEO of Sbanken ASA (previously Skandiabanken) from 2000 until 2019. From 2020 until 2022 Mr. Øyhovden was the Group Director of Media Bergen AS.

Education: Mr. Øyhovden is an Economist with a degree from the Norwegian School of Economics (NHH).

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, and later Elmera Group ASA.

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 Service Companies

Background: Solfrid Kongshaug Aase, born in 1969, is the Company's Executive Vice-President (EVP) and Head of Service Companies. 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 until August 2022 Ms Aase was Head of Alliances.

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

Per Heiberg-Andersen

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

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.

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).

About the report

Elmera Group has reported in accordance with the GRI Standards for the period 1.1.2022 – 31.12.2022. These are internationally recognised standards for reporting on environmental, social and economic issues.

In accordance with the GRI standards, we conducted a stakeholder analysis and materiality assessment to identify which sustainability themes are the most central to us and our stakeholders. This is described in the chapter entitled: The right balance. The GRI-index, published at the end of this report, provides a reference to where reported information for every GRI indicator can be found. We believe that the reporting is in accordance with the GRI reporting principles and the Norwegian Accounting Act's requirement to report on corporate social responsibility.

All subsidiaries where Elmera Group holds a majority interest are included in the report. Information have been gathered from relevant resources in each company and are either consolidated or presented for each company respectively where it is deemed more appropriate. It is clearly stated who the reported information applies to.

The report was audited by Deloitte. The auditor's statements can be found on page 55.

2.3

ESG-report
Environment - Social - Governance

The right balance

2022 was a year of turmoil, both in the world and in our industry. High and unpredictable electricity prices attracted a lot of attention.

As our customers have become more aware of their own electricity consumption, we are helping them transition to the renewable society – a society where customers look for sustainable solutions.

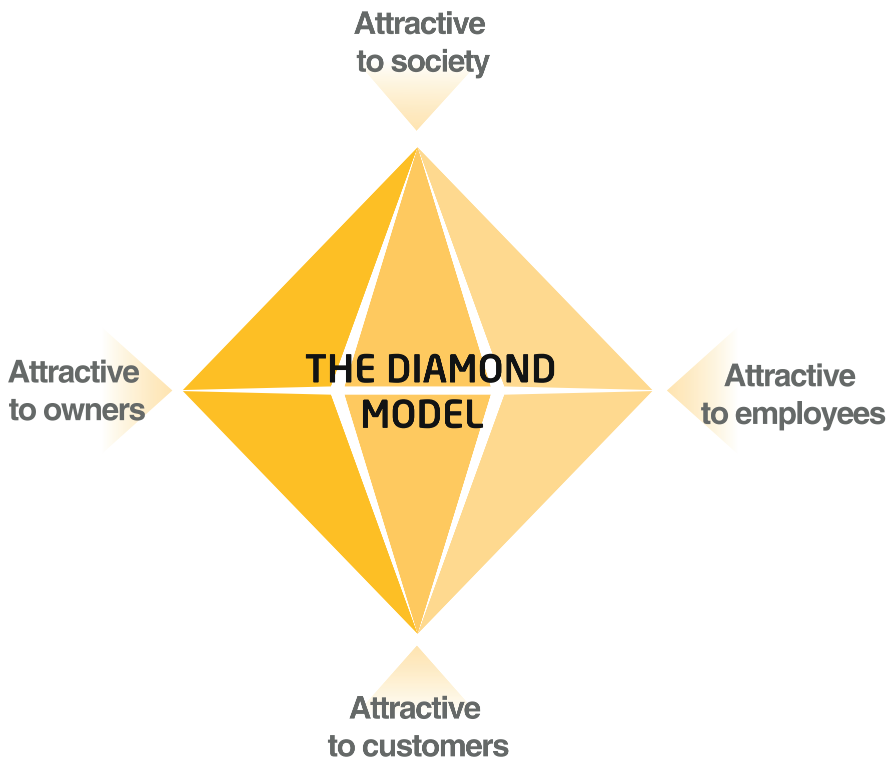
As a Group, we must be attractive to society, owners, customers and our employees. Negative media attention in 2022 had an impact on our stakeholder group. More people than before have switched electricity retailers. We have experienced losing customers and also gaining many new ones.

To find the right balance in our work, and concentrate our actions and reporting on the most material topics we have conducted a materiality assessment in accordance with the GRI Standards.

The process builds upon insights acquired through due diligence activities carried out in compliance with Norway's Transparency Act and stakeholder analysis. Resources from every function with executive responsibilities for ESG have been involved in all steps of the process, including identifying, assessing, and prioritizing Elmera Group's actual and potential impacts on environment, people and economy. The Executive Management Group have overseen the process and provided valuable insights. Material topics have been presented to the Board of Directors and approved.

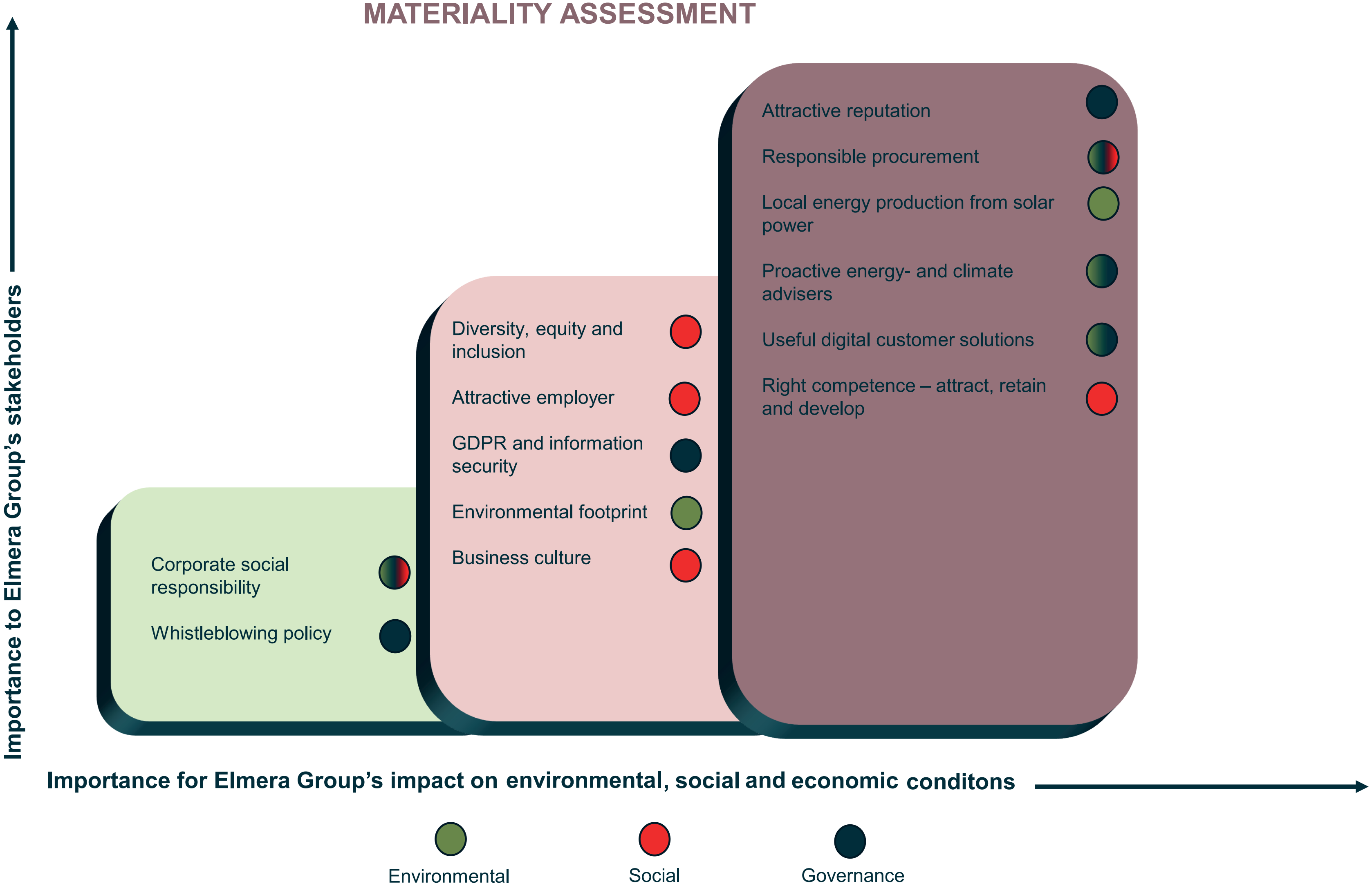
Stakeholder views were collected through interviews with employees in the organization who have direct contact with a stakeholder group. For instance, to cover topics significant to the investors, the Head of Investor Relations were interviewed. In addition to the investors, we have identified customers, employees, suppliers, and relevant authorities as our most important stakeholders. We continuously engage with stakeholders through various channels like customer service and employee surveys. Stakeholder engagements is integral to how we run our business, as it enables us to make informed decisions.

Based on our organizational context, and informed by the stakeholder analysis, we listed actual and potential impacts, both positive and negative, within each dimension of ESG. These were then prioritized based on significance. Criteria to judge significance for negative impacts were severity, scale and scope, and likelihood. Similarly, positive impacts were prioritized based on scale and scope and likelihood. Impacts where we can make the most significant differences were weighted.



The impacts were grouped in three levels based on significance for Elmera Group and our stakeholders. The results are presented in the table below. Topics deemed the most material are located in the right-hand column.

MATERIALITY ASSESSMENT



In brief about the most significant topics we will work on in the future:

Attractive reputation:

Reputation is in many ways the reflection of our actions. How we are perceived by the customers, investors, employees, and authorities is integral to our ability to deliver on strategic goals, and thus, our impact on environmental, social and economic conditions. Its fundamental importance is why it is classified as one of our most material topics. Read more about this under Governance.

GRI-indicators:

417-1, 417-2, 417-3, 418-1. GRI-indicators reported for responsible procurement and the right skills are also relevant for this material topic.

Goal:

Customer satisfaction above 70 for all brands.

Results from EPSI Norway's annual customer satisfaction survey 2022:

<u>Consumer segment:</u>
Fjordkraft: 65,8
Gudbrandsdal Energi: 75

<u>Business segment:</u>
Fjordkraft: 60,8

Responsible procurement:

For many years, we have set various requirements related to ESG for our fixed suppliers. We use our clout in a positive way, as procurement focuses on both climate and the environment, gender equality, diversity and inclusion, ethics and integrity, and human rights. The Norwegian Transparency Act helps us raise different topics and investigate our supply chain in greater detail.

GRI-indicators:

204-1, 205-1, 205-2, 205-3, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2.

Goal:

We pledge that our fixed suppliers are climate committed.

This is something we continuously monitor. In our latest thorough due diligence process, conducted in 2021, all regular suppliers were deemed compliant. Only a few minor inconsistencies were pointed out and corrected.

Power generation from local solar energy:

Sustainable business models are important for the Group. This includes having sufficient margins and ensuring that our products help create economic value without compromising society or the environment, but also that we take on a greater role in the transition to the renewable society. Power production from local solar energy is therefore one of our focus areas going forward. It ticks off all four of the UN Sustainable Development Goals that are most closely linked to our business strategy. By capitalising on our large customer base, we have the opportunity to make a significant contribution to more renewable energy.

Goal:

Number of customers with solar production to double annually.

Base year is 2022 and development will be reported for the first time in 2023.

Proactive energy and climate advisers:

Electricity has gone from low interest to high interest as a consequence of higher electricity prices. Our customers need good, proactive advisers in the transition to a renewable society, in both private and business markets.

Goal:

Our brands are perceived as trustworthy and transparent by 50 per cent or more of our customers.

Measured quarterly (annually for NGE) through the brandtracker, and scored as the mean of the three selected pillars. Each brand is weighted according to customer base.

Results Q4:

Fjordkraft: 50 %, an increase of 14 percentage points since Q3.
Gudbrandsdal Energi: 57 %*

Useful digital customer solutions:

In 2022, we saw how important digital solutions are for customers. Our app is a good example. It provides useful information about consumption, price and energy footprint, and contributes to positive changes in our customers' consumption.

Goal:

80 per cent of customers interact actively with our digital interfaces.

An active user is defined as someone who uses the app at least twice a month.

Result at the end of 2022:

Fjordkraft had close to 50 per cent active customers.

Right competence – attract, retain and develop:

We want to have the best employees in the Group. This makes it important to be an attractive employer that builds competence internally and attracts the best people. Management competence is regarded as particularly important.

GRI-indicators:

401-1, 401-2, 401-3, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1

Goal:

Human Capital Index above 25.

Result 2022:

25,1.

*Large margins of error because of a small sample size.

Environment

Elmera Group's climate pledge

At a meeting with employees, Mette Nygård Havre, head of sustainability in Elmera Group and Henrik Eliassen, business developer in Elmera Group, put forward a new climate pledge for the company. It was well received.

In autumn 2022, we adjusted Elmera Group's climate pledge, Klimanjaro. We pledge that our fixed suppliers are climate committed.

In the past, we have set the requirement of climate neutrality, but when the UN changed the Climate Neutral Now method, on which we relied, we also had to change our own requirement.

We still want to set clear requirements for our suppliers. When we ask them to be climate committed, this means the following:

Suppliers must prepare climate accounts and a list of measures to cut their emissions. These must be uploaded to the climate portal, Klimahub. They must also compensate for their emissions by purchasing allowances. We stand by the principle that the polluter should pay.

Suppliers whose Science Based Targets (in accordance with SBTi) have been approved are also accepted as our suppliers.

Why do we do this?

We want to use our influence in a positive way. We have experienced that setting these requirements enables us to reduce greenhouse gas emissions by far more than it would be possible for us to do on our own. This is what we call the ripple effect.

Klimahub.no

Elmera Group is not the climate police, but based on a wish of creating a national register for climate accounts which can be a driver for increased transparency, our fixed suppliers are required to register climate accounts and measures to reduce emissions on Klimahub, our climate portal. By the end of 2022, 448 companies had registered their climate accounts on the portal. Klimahub is open to all businesses.

Here, businesses can create climate accounts free of charge. If they already have climate accounts, a business can upload the total figures from Scope 1, 2 and 3 in order to register. The aim is for Klimahub to be the register we can use to monitor Norwegian companies' climate footprint. On Klimahub, it is also possible to compensate for emissions by purchasing allowances. Business partners and suppliers can also be invited to post their figures on Klimahub. This helps to increase the transparency of climate accounts.

Private individuals can use Klimahub to exert influence as consumers by choosing climate-friendly companies for their purchases and as their potential employers.

In 2022, we gained TOBB as a Klimahub partner. They use the climate portal to motivate all their members to create climate accounts and cut emissions. We are working to bring more partners onto Klimahub. Collaboration with other players in different sectors can make us stronger, and this will make Klimahub accelerate faster.

The goals for 'Klimanjaro' and Klimahub:	
100 per cent of Elmera Group's fixed suppliers must be climate committed	
100 per cent of Elmera Group's fixed suppliers must register on Klimahub.no	
We will have 1,000 registered companies on Klimahub.no by the end of 2023	

UN Sustainable Development Goals

In 2022, we pinpointed which of the UN Sustainable Development Goals Elmera Group can contribute towards the most. We chose four SDGs that are close to our business operations.

Number 13: Climate Action

This is the most important goal we are working towards achieving. By exerting our influence and making requirements of suppliers and sponsorships, we have created a domino effect and reduced greenhouse gas emissions significantly. We will be a beacon for others, and will continue to lead the way.

Number 7: Affordable and Clean Energy

Energy is the largest contributor to climate change, through emissions of CO2 and other greenhouse gases. The solution is renewable energy such as hydroelectric power, wind power and solar energy. Renewable energy is sustainable. We are part of the solution.

Number 9: Industry, Innovation and Infrastructure

Through innovation, we develop new and sustainable solutions for private customers and businesses. We ensure value creation.

Number 12: Responsible Consumption and Production

Today, we consume more than what is environmentally sustainable. To ensure good living conditions for current and future generations, each consumer must change their lifestyle. With the help of the app, PULS meter, Målbart (energy metering), Min Bedrift (My Business), customer service, climate footprint, etc., we help customers to make their consumption more efficient.

This is Elmera Group's prioritization of our chosen SDGs.

Everyone at Elmera Group must work hard to achieve these goals. If any of our business units want to work to achieve additional UN Sustainable Development Goals, they can do so, as long as they have a good reason.

Power generation from local solar energy

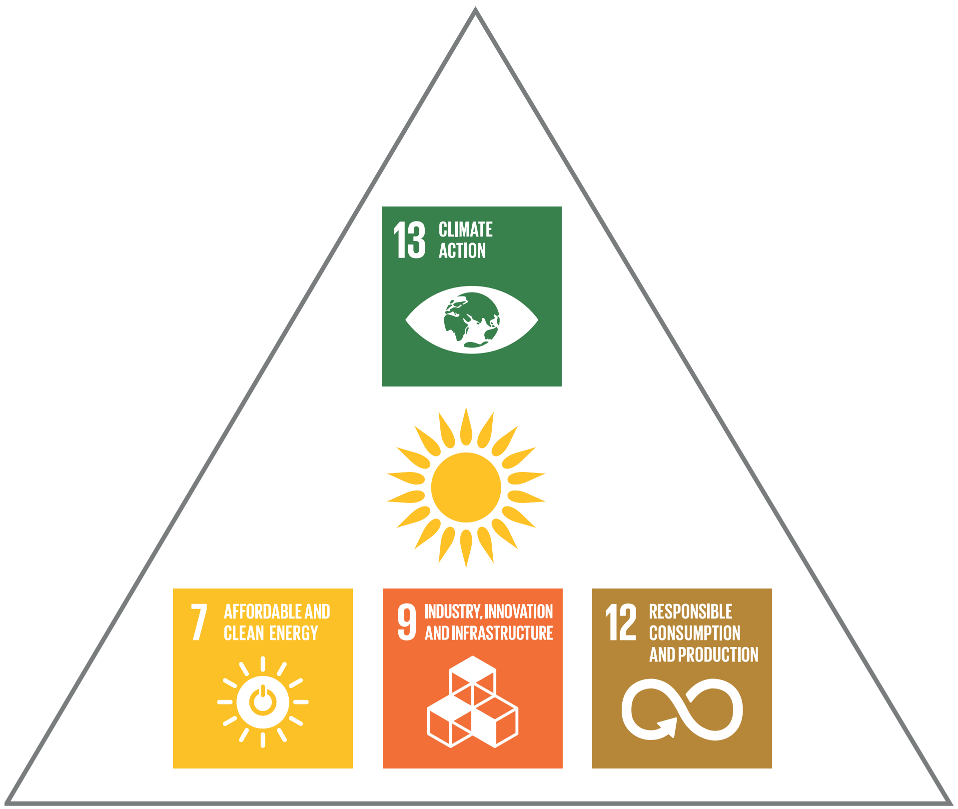
The transition to the renewable society requires that more of our customers, both private consumers and businesses, produce more of their own energy. Elmera Group has therefore set a new goal for the expansion of local solar energy to our customers.

The goal is as follows:

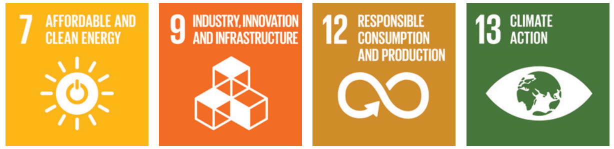
Number of customers with solar production to double annually.

Sustainable business models are important for the Group. This includes having sufficient margins and ensuring that our products help create economic value without compromising society or the environment, but also that we take on a greater role in the transition to the renewable society.

Power production from local solar energy is therefore one of our focus areas going forward. It ticks off all four of the UN Sustainable Development Goals that are most closely linked to our business strategy. By capitalising on our large customer base, we have the opportunity to make a significant contribution to more renewable energy.



Internal climate and environmental measures



Our fixed suppliers are required to be climate committed, but what do we do internally in Elmera Group to reduce our own emissions?

Our IT department collected used PCs in good condition and delivered to refuges from Ukraine in Bergen. *Photo: Frode Fjellstad*

In 2022, we established an internal sustainability group to consider various measures we can take in the climate, environmental and social areas. We are not a company with large emissions, but there are measures underway that we follow up in order to cut our own emissions. It is also important to get involved on a tangible basis and to make a difference. Here, we look at various opportunities going forward.

Together with our climate accounts, we annually draw up a list of measures showing where we should reduce our own emissions. According to our 2019 climate accounts, our greatest emissions were from our travel activities. We therefore set the goal to cut emissions related to air travel by 40 per cent per employee by the end of 2023. The zero point is based on 2019, which was the previous full "normal year". A lot has happened since 2019, however. We have become Elmera Group, comprising several companies, but we are still focused on reducing emissions.

2022 began with the pandemic and restrictions, but Norway opened up again quickly. This increased travel activity, but with the new learning that many meetings could be held online.

We also have a separate travel policy with clear guidelines for employees.

We are becoming a fossil-free company, but we are still waiting for our office premises in Bergen to phase out the use of oil for heating.

In 2022, we had the goal that 100 per cent of our used IT equipment would be reused or recycled. We have entered into an agreement with Atea and their 100 per cent club. The IT department held its own fundraiser at all our locations so that our employees could go though their drawers and cupboards at home to retrieve used mobile phones, PCs and tablets. They could bring these into work and leave them in collection cabinets. The IT department arranged handover to Atea, which in turn ensured reuse or recycling of the items.

The IT department also ensured that used PCs in good condition from Elmera Group were delivered to a school in Fyllingsdalen in Bergen, which received refugees from Ukraine. Our staff members went to the school to set up the PCs for the students. This was very well received by the refugees, while our employees greatly appreciated that they were able to contribute.

We adhere to our own climate commitment and focus on reducing our own greenhouse gas emissions. We buy electricity with a guarantee of origin and compensate for residual emissions by purchasing European Union Allowances (EUA). We are also working to motivate our own employees and customers to live more sustainably.

We publish our climate accounts in Klimapartner Vestland's annual emission report and on our own web portal, Klimahub. On the latter, our climate accounts and updated measures for further reductions can be viewed throughout the year. Klimahub is a register where you can check the climate footprint of Norwegian companies and use the information to make sustainable choices.

Elmera Group is expanding both in Norway and in the Nordic region. This means that the Group's total carbon footprint will increase in the years ahead. Our goal is to halve the carbon footprint per employee in the years to come, with the footprint from 2019 as the base year.

Elmera Group's residual emissions are compensated by the purchase of approved climate allowances For 2022, we purchased European Union Allowances (EUA) equivalent to our residual emissions. We also purchased CER (Certified Emission Reduction) allowances in line with our commitments as a participant in the UN's Climate Neutral Now initiative.

Targets for greenhouse gas reductions:	
100 per cent of Elmera Group's fixed suppliers must be climate committed.	🟢
100 per cent of Elmera Group's suppliers must register on Klimahub.no.	🟡
We will have 1,000 registered companies in Klimahub.no by the end of 2023.	🔴
ENERGY	
100 per cent of the electricity we use from the grid must be purchased with a guarantee of origin.	🟢
TRANSPORT	
We have created a separate travel policy whereby employees must always assess whether travel is necessary from a climate and cost perspective.	🟢
Our vehicle is fossil-free.	🟢
We will cut emissions from air travel by 40 per cent per employee by the end of 2023 (base year 2019).	🟡
WASTE	
100 per cent of our used IT equipment must be reused or recycled.	🟡
We set requirements for homeowners to sort waste at source.	🟢
OTHER	
Our locations in Bergen, Trondheim and Sandefjord, as well as in Hamar and Kongsvinger, hold Eco-Lighthouse certification We will start certification of Sortland in 2023. At the Oslo and Stavanger offices, there are so few employees that we will not undertake certification in 2023.	
We use technology to streamline the communication between our locations. When purchasing goods, reuse must always be considered.	
Employees who walk, cycle or use public transport to travel to work receive financial compensation. At the close of 2022, the compensation was increased from NOK 300 to NOK 500 per person.	
Employees can charge their electric cars at work.	
We undertake two beach clean-up days per year.	
All employees of Elmera Group must complete our digital sustainability school.	
All employees of Elmera Group must complete our internal sustainability certification.	

Elmera Group 2022		Fjordkraft 2019	
Number of employees	440	Number of employees	293
Emissions from air travel per employee	0,53 tCO2e	Emissions from air travel per employee	0,79 tCO2e
Total emissions per employee	0,6 tCO2e	Total emissions per employee	1 tCO2e

A group of employees at beach cleaning with Bergen og Omland Friluftsråd (BOF).
Photo: Frode Fjellstad

Elmera Group

Climate Accounts 2022

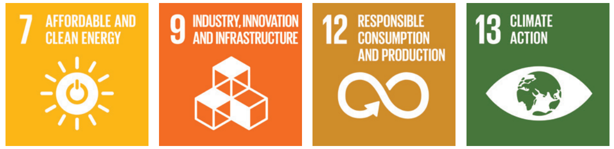
All our emissions are converted to CO2 equivalents through Klimahub which is built on the software solution GHG123, developed in compliance with the Greenhouse Gas Protocol. The solution utilizes emission conversion factors from DEFRA, DNV and IEA, among others, when calculating emissions.

Our climate accounts included emissions from all companies in the group for the first time in 2021. Thus, base year is set to 2021 for comparison. However, climate accounts prior to this, which includes only Fjordkraft, can be found in the annual report for 2021.

Input to the climate accounts have been gathered from all our locations in Norway, Sweden and Finland.

CLIMATE ACCOUNTS (TONNES CO2E.)	Elmera Group ASA 2022	Elmera Group ASA 2021	Difference 2021-2022
Fuel (vehicles and other consumption)	1,9	1,7	
Paraffin, propane and gas	8,8	13,0	
Total direct emissions (Scope 1)	**10,7**	**14,7**	**-27 %**
District heating/cooling	0	0	
Electricity market-based	0	0	
Total indirect emissions from purchased energy (Scope 2)	**0**	**0**	
Flights	232,0*	47,6	
Mileage allowance	13,8	23,0	
Other business travel	2,2	2,1	
Employee travel to/from work	11,6	6,0	
Purchased goods	3,6	0,0	
Waste to recycling	0,2	1,1	
Total other indirect emissions (Scope 3)	**263,5**	**79,9**	**230 %**
Total emissions	**274,2**	**94,6**	**190 %**
Total offsetting	**274,2**	**94,6**	
KEY FIGURES			
Number of employees	440	479	-8 %
Total energy consumption - MWh (fossil fuel + purchased energy)	851,9	946,6	-10 %
Heated area (m2)	9074	9074	
CLIMATE AND ENERGY DISCLOSURES			
Total emissions per employee excl. process emissions (tCO2e/employee)	0,6	0,2	215 %
Energy consumption for heating premises (kWh/m2)	93,9	104,3	-10 %

*The significant increase in emissions (133 tCO2e) from air travels is a result of better reporting.



Climate risk

Assessment of climate risk is part of Elmera Group's overall risk management and reporting.

Photo: Frode Fjellstad

We make annual assessments, but no one could have foreseen the events of the past year in Europe.

War, global climate challenges and the transition to a low-emission society resulted in very high electricity prices in 2022.

High electricity prices have led to a strong focus on our industry from the media, but also from our customers, who have become more price conscious. Many customers want to monitor electricity prices on a daily basis, and some even want to keep track in real time. Customers have become more aware of their own electricity consumption. This is essential in terms of fulfilling SDG 12, which states that we will have responsible consumption and production. In turn, as a Group we have been challenged to have even better technical solutions, for example in the various apps that our subsidiaries offer to customers.

In the future, we will make it easier for more of our customers to become self-sufficient by producing local electricity. We are therefore investing in more power production from local solar energy in 2023. There are opportunities for us as advisers to customers, but also as an innovative company that can offer services to help our customers transition to the renewable society.

Changes in customers' consumption because of high electricity prices driven by factors such as increased gas prices caused by the Russian invasion of Ukraine, have a direct impact on us and our customers. This also applies to the EU's climate goals and the phasing out of fossil energy production, as well as investment in renewable energy. The European power market has become increasingly weather-dependent, due to investment in solar- and wind power. This affects the price of electricity.

In the long term, more stable energy production is expected, which will probably lead to lower electricity prices. In a transitional phase, however, greater fluctuations than normal are expected. This will prevail for as long as there is war in Ukraine. Consumers have a low tolerance for high electricity prices, which entails risks for Elmera Group.

Climate risk

Risk categorisation	Risk assessment	Conclusion
Physical risk *Physical risk is the costs associated with physical damage due to climate change*	Elmera Group has very few assets that could be physically damaged as a consequence of climate change. The increased frequency of extreme weather conditions could result in significant damage to grid owners' infrastructure, which could affect Elmera Group's reputation in the event of prolonged power outages. Society has a low tolerance for disrupted power supplies	**Low risk**
Transition risk *Transition risk is economic uncertainty associated with the transition to a low-emission society, and is divided into four categories:* • Technology • Market • Policy • Reputation	**Power prices** are affected by the war in Ukraine and the transition to a low-emission society. The EU's climate targets and the phasing-out of fossil energy production, as well as a focus on renewable energy with a significant wind power element, have made the European power market increasingly dependent on prevailing weather conditions. In a transition phase, and for as long as the war continues, higher power prices and greater fluctuations than normal are expected **Challenges** In 2022, there were significantly higher power prices and greater fluctuations than normal. After two years of very unstable prices, consumers have a low tolerance for high electricity prices. High prices draw more negative attention and increase the industry's reputational challenges. In turn, this leads to more frequent supplier changes and greater uncertainty for us as an electricity supplier. Major fluctuations in power prices make power purchases/hedging more demanding. Agreements based on price hedging are subject to greater risk. As a consequence of the high electricity prices, the risk of political intervention in the market increases. **Opportunities** The transition to a low-emission society creates business opportunities for Elmera Group. Greater electrification leads to increased demand for products closely linked to Elmera Group's core business. Variations in electricity prices favourably affect the demand for hedging products. Elmera Group has high power trading expertise, which enables us to offer hedging products that provide customers with more predictable prices. The transition to a low-emission society also gives us good opportunities to invest more in local electricity production, such as solar systems.	**Medium risk**

Climate risk

Risk categorisation	Risk assessment	Conclusion
Transition risk *Involves economic uncertainty related to the transition to a low-emission society, and is divided into four categories: '* • Technology • Market • Policy • Reputation	Elmera Group is a major, reliable player that can offer customers deferred payment and repayment plans when electricity prices are high. We use our market-leading position in a positive way and hope this can help create trust over time. In the long term, far greater expansion of renewable energy is expected in Europe, with more stable energy production, leading to lower power prices. **Challenges:** Customers that are more self-sufficient in electricity can be a threat to the company in the long term. This relates to increased investment in solar energy, development of batteries and new storage technology. **Opportunities:** We see great opportunities in solar energy. When electricity prices are high, this is a more attractive solution for households and businesses. It will also reduce pressure on the market and be beneficial to the green transition if more people become self-sufficient in energy. We also intermediate sale of solar energy. This broadens our portfolio and can contribute to a positive reputation. **Energy management tools** provide new opportunities in the short term, but increasing energy efficiency presents a volume risk in the long term. The EU's new classification system, the **Taxonomy**, will come into force from 2023. Criteria are in place which reveal the significance of hydroelectric power to the green transition. But hydroelectric power will also be subject to additional reporting requirements that do not apply to other renewable sources.	**Medium risk**
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 "Klimahub", Elmera Group is helping to raise awareness of greenhouse gas emissions and cutting emissions within and outside our own value chain. "Klimanjaro" is recognised by the UN as a practical, innovative and scalable climate measure that can be replicated all over the world. Elmera Group has assumed greater responsibility for stopping climate change than is expected of comparable companies.	**Low risk**

Task Force on Climate-Related Financial Disclosure (TCFD) report

#	Governance	
1	**Describe the board's oversight of climate-related risks and opportunities.**	The Board is informed of the Group's most significant risks, including climate risk, through risk reporting, as described in the risk management section. The Board is informed of the results of the group executive management's annual climate risk assessment.
2	**Describe management's role in assessing and managing climate-related risks and opportunities.**	The responsibility for incorporating climate risk lies with the Risk Manager and Head of Sustainability. Climate risk is specifically included on the group executive management's agenda on an annual basis. Every year, the Risk Manager and Head of Sustainability arrange a climate risk workshop with the group executive management where it is discussed how climate-related threats and opportunities affect the Group's businesses, strategy and financial planning. This forms the basis for the Group's climate risk assessment. The management is informed of the Group's most significant risks, including climate risk, through quarterly risk reporting, as described in the risk management section.
	Strategy	
3	**Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.**	See the table "climate risk" above for assessment of climate-related threats and opportunities.
4	**Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.**	Climate-related risks and opportunities are defined as part of the Group's overall and annual strategy process. The group executive management and line management identify threats and opportunities and assess the impact these can have on Elmera Group's businesses, strategy and financial planning. See the table "climate risk" above for assessment of climate-related risks and opportunities.
5	**Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.**	Elmera Group's strategy has not been stress-tested against the different climate-related scenarios, but it is considered and assessed as a part of our scenario planning document.

#	Risk Management	
6	**Describe the organisation's processes for identifying and assessing climate-related risk.**	Climate risk is part of Elmera Group's framework for enterprise risk management. The Group has a structured process for identifying and assessing risk on a quarterly basis. All risk categories, including climate risk, are part of the overall risk management process. Risks that are considered to have a material impact on the Group's objectives and strategy are reported quarterly to the group executive management and the Board. If climate risk is considered to have a material impact on the Group's overall objectives and strategy, it will be included in the reporting to the group executive management and the Board. Climate risk is assessed at least annually, as described in the section on governance.
7	**Describe the organisation's processes for managing climate-related risk.**	Risks that are considered to have a material impact on the Group's objectives and strategy are reported quarterly to the group executive management. The management prioritises risks based on the severity in relation to the Group's risk appetite, and the prioritisation forms the basis for the management's risk management. This is reported to the Board.
8	**Describe how processes for identifying, assessing and managing climate-related risks are integrated into the company's overall risk management.**	Climate risk is an integral part of the Elmera Group's overall risk management, as described above.
	Metrics and Targets	
9	**Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process**	For Elmera Group, climate-related risks and opportunities are closely linked to the spot price of electricity, as described above. It is therefore natural to monitor developments in spot prices, but also other factors that influence price determination in the market. The most important factors now are hydrological balance, production of wind power on the continent, gas prices, which in 2022 was severely impacted by the Russian invasion of Ukraine, and how much is exported via export cables to the UK and Germany. Elmera Group's Power Trading Department closely monitors the development of these factors and assesses risk on an ongoing basis.
10	**Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.**	The Elmera Group reports climate accounts that include Scope 1, Scope 2 and Scope 3. Historical figures are published together with the year's results in order to measure developments.
11	**Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.**	Elmera Group aims to reduce emissions from air travel by 40 per cent by 2023, where 2019 is the zero point. The reason is that air travels stands for a majority of our internal emissions.

Products and services for the low-emission society

App

In 2022, nearly 550,000 unique users started using an app provided by Elmera Group. Fjordkraft and Gudbrandsdal Energi each have their own apps for customers. At the start of 2022, the services in the Fjordkraft app were added to a new app for TrøndelagKraft, and in the Q3 to Q4 transition, ten alliance partners implemented the app.

The apps provide customers with useful consumption and price information. In the apps, customers can see their electricity consumption in the previous month, so far this month, and estimated for the rest of the month. Customers can also view day-by-day consumption, and use a PULS meter to track hour-by-hour consumption. This overview enables customers to more easily take control and reduce their electricity consumption – and save money. In 2022, it also became possible to view the electricity subsidy via the estimated cost for the current month.

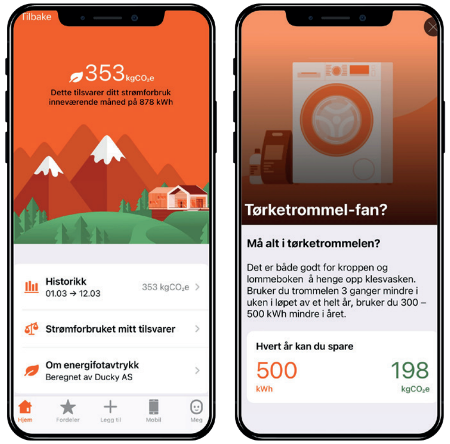
The apps have made it possible for more car brands to convert charged volumes into monetary amounts. In 2022, it also became possible to connect home chargers to the app. At Gudbrandsdal Energi alone, customers saved NOK 600,000 (including VAT) on smart charging throughout 2022.

Many of our stakeholders have clearly stated that digital solutions are important to them. We have therefore decided that useful digital customer solutions are one of the most important things to work on in the future.

App for Fjordkraft, TrøndelagKraft, Gudbrandsdal Energi and Nordic Green Energy. The NGE app was launched in Finland in Q1 2023.

Marketplace linked more closely to the app, and focus on the sale of physical products that reduce electricity consumption

"Marketplace" is a digital shopping centre where Fjordkraft's role is to interconnect climate-neutral suppliers and customers. The products sold are closely linked to Fjordkraft's core activities, electricity and mobile telephony. Everything from heat pumps and home chargers to reconditioned mobile phones are offered. Fjordkraft sells Apia's charging cable, which has plant-based plastic insulation and 100 per cent recycled packaging, making it one of the most environmentally friendly charging cables. In 2023, we are exploring more opportunities for greater reuse. An important Marketplace product concerns sale of the real-time PULS meter to both Fjordkraft and TrøndelagKraft customers. This connects to customers' smart meters (AMS) and sends data to the app. Customers can then view their own electricity consumption in real time and get more insight into how their consumption can be reduced.



The energy footprint in Fjordkrafts app.

Energy footprint

Fjordkraft's app includes a function that displays the energy footprint of the electricity used by customers. This was developed in collaboration with Ducky AS in 2021. The energy footprint is the sum of all greenhouse gas emissions


Photo: Frode Fjellstad

from the customer's energy consumption. We measure this in carbon equivalents (kgCO2e). Both CO2 and other greenhouse gases are included. To determine each customer's footprint, we multiply the energy consumption in kilowatt hours by a factor that describes how much CO2 the energy emits.

Together with the energy footprint, customers get good tips on how to reduce it. Did you know, for example, that if you use your tumble dryer three times less per week over the course of a full year, you will use 300-500 kWh less per year? You can save 500 kWh or 198 kgCO2e on an annual basis.

Solar cells for private customers

In collaboration with Solcellespesialisten, Fjordkraft designs solar panel systems in dialogue with customers in order to make the best possible use of the system for private households.

An online solution includes a solar map that displays which of the home's roof surfaces are suitable for solar panels. It can also estimate what proportion of the home's energy consumption could be replaced with self-produced solar energy. Customers choose between panel types with varying power output, appearance and price levels, and can see the size of the Enova subsidy they are entitled to.

Prosumers, i.e. customers who in some periods produce more electricity than they consume, can sell the surplus production to Fjordkraft. Prosumers can choose between selling surplus production continuously at market price, or using Solkonto.

Solkonto (solar account) functions as a virtual battery, whereby customers can save up kWh on an unlimited basis and then withdraw this power at a later time. Since the savings are in kWh, customers can make a profit by storing surplus production from the summer months and using this energy when their own production drops and electricity prices rise during the winter months. Customers therefore do not have to invest in physical batteries. The power stored on Solkonto must be used within 18 months of its production. Withdrawal can be managed by customers themselves from the Fjordkraft app.

Solar panels will continue to be a significant investment for private households. To make it even easier to invest in solar panels, Fjordkraft collaborates with DNB on Green Loans. As part of the ordering process, customers can see the price of loan-financed solar panels per month and can choose between loans with and without security.

Climate-smart solutions for the business market

The companies in Elmera Group want to be a business' energy partner. Under the climate-smart umbrella, we offer innovative products and services that help companies achieve a more energy-efficient everyday life. Common to the solutions is that they are local and sustainable, so they make a difference for the environment and for the company's energy costs.

Solar energy is an important energy source to meet future energy needs. 2022 was the year in which demand really gained momentum. We offer solar panels to companies as an "Energy-as-a-Service" solution and as purchased systems. The Energy-as-a-Service solution entails that the building owner makes their roof available, and that a long-term agreement to purchase electricity from the system is established. By handling project design, financing, installation and operation, we eliminate the entry barriers for companies. The customer benefits from green electricity and predictable electricity prices, without making any investment themselves. The solar panel system can also have a positive impact on the building's energy classification.

Other concepts under "Klimasmart" include charging solutions for electric cars (Ladesmart), energy metering systems (Målbart) and local energy plants with innovative heat pump technology (Energismart). The climate-smart concept is offered across our Norwegian companies: Fjordkraft, Gudbrandsdal Energi and TrøndelagKraft.

In the autumn of 2022, we launched our latest product, "Ladbart" (Chargeable), where we reuse batteries from electric cars as stationary energy storage devices in buildings. This is a very exciting initiative, whereby the customer can, among other things, use the battery to cut power peaks in electricity consumption and locally store their own surplus energy production. Since the batteries are in their second life cycle, Ladbart is also virtually emission-free.

Business customers are also offered guarantees of origin, consulting, energy labelling and energy mapping. All buildings over 1,000 m^2 must be energy labelled every ten years and have a valid energy certificate. This is mandatory for anyone selling or renting out commercial buildings. Energy mapping is the more extensive mapping of the building's energy consumption and how to reduce it.

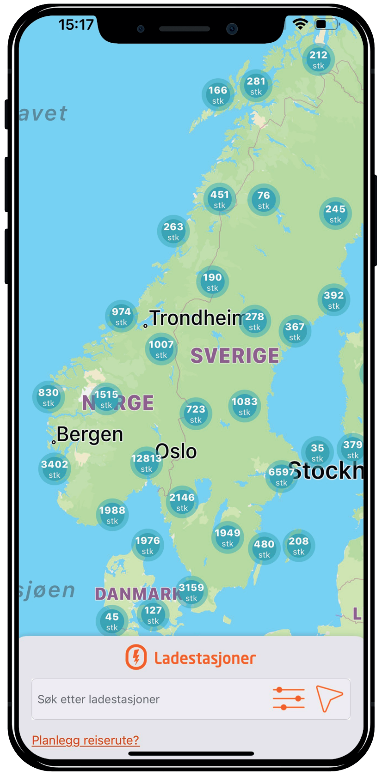
All business customers also have access to greenhouse gas accounts that adhere to the Greenhouse Gas Protocol's, standard, both through "Min Bedrift" (My Business) and via the Klimahub climate portal.

Home charger for electric cars

Fjordkraft offers private customers home chargers for electric cars and plug-inhybrids. The Norwegian Directorate for Civil Protection and Emergency Planning (DSB) recommends owners of electric cars to procure an approved wall charger for charging at home. It is not permitted to use an ordinary socket for regular charging because these sockets can be prone to overload and earthing faults. Nevertheless, regular charging in an ordinary socket is very widespread. Besides facilitating the use of rechargeable vehicles, Fjordkraft wants to make it easier for customers to charge safely.

Ladestasjoner.no

Fjordkraft provides the ladestasjoner.no service, which is available online and as a separate app. By using our charging map that retrieves data from Nobil, car owners can easily find nearby charging stations and get an overview of which charging points suit the various types of electric cars. The charging map provides an overview of more than 10,000 charging points in Norway and the Nordic region. Ladestasjoner.no also provides tips and advice on rapid charging and everything else that people need to know about charging electric cars.



The charging station app had 208 000 users in 2022.

Guarantees of origin from Norwegian hydroelectric power

Guarantees of origin are an electricity labelling scheme to show electricity customers that a given amount of power was generated from a specific energy source. The scheme was introduced with the EU's first renewable energy directive in 2001 to give consumers a choice between renewable and non-renewable power. Power producers who sell guarantees of origin also receive extra income from their renewable power production.

While purchasing electricity with guarantees of origin is widespread in the business market, there has been limited demand in the private market. Elmera Group has offered guarantees of origin under the collective designation of renewable energy sources included in selected power agreements.

In 2020, Fjordkraft launched a new solution for the purchase of guarantees of origin in the private market, called Norsk Vannkraft. This is an optional service that can be combined with all power agreements. Electricity customers can view pictures and information about their local hydroelectric power station in the app or on "Min side" (My page). GE and NGE have equivalent offers under their agreements.

Social

Our people

At Elmera Group, we are committed to building a healthy corporate culture.

We are also committed to having good ethical guidelines and to setting requirements for our suppliers. How we work with each other and the requirements we set internally and externally are becoming more and more important, not least after the Norwegian Transparency Act came into force on 1 July 2022.

Working environment, absence due to illness and welfare

The start of 2022 was marked by the continued pandemic. Many people were still working from home, but fortunately people could get back to the physical workplace as Norway opened up more and more. For many people, returning to the physical office from their home office was a major transition. For others, it was much anticipated.

Fjordkraft conducted an employee satisfaction survey in 2022. The goal is a Human Capital Index score of 25 or better. In 2022, we scored 25.1. The Group's Nordic company, Nordic Green Energy, uses an employee satisfaction survey with a scale from 1 to 5. The results for 2022 were 4.31 for the Sweden department, and 3.78 for the Finland department.

Group statistics for absence due to illness in 2022 only apply to the Norwegian part of the Group. Nordic Green Energy (NGE) will not be included in the Group's absence due to illness statistics until 2023. The target for absence due to illness in Elmera Group is set at below 4.9 per cent as from 2023. In 2022, the absence due to illness figures were as follows for the various companies: employees of Elmera Group ASA 3.5 per cent, Fjordkraft AS 9.3 per cent, Gudbrandsdal Energi 2.7 per cent and NGE 3.89 per cent. The figures for 2022 are not directly comparable with the figures for 2021. In 2021, we only reported figures for absence due to illness related to Fjordkraft AS.

Elmera Group has an active corporate sports team that works to promote everyday activity and reduce absence due to illness through support for exercise activities and organisation of keep-fit sessions.

Teambuilding in Fjordkraft. Some of our employees took part in "Trolljegeren". *Photo: Stavanger Fotoklubb*

Gender equality

Elmera Group has the following gender equality goals:

- The proportions of women/men in Elmera Group must be within the range of 40-60 per cent.
- The proportions of women/men in senior positions must be equivalent to the proportions of women/men employed.

At the end of 2022, women accounted for 45 per cent of all employees.

The Group management team consists of nine people; two women and seven men. The Board of Directors of Elmera Group consists of eight people; five women and three men.

There is a larger proportion of men with personnel responsibility within our sales activities. This is being addressed in recruitment processes.

SCAN ME

Link to the gender equality report

Attractive for young people

Elmera Group had two trainees in 2022. Jenny Trollebø Byrkjeland was the first, via Trainee Innlandet. She was followed by Henrik Eliassen, our first sustainability trainee, via the Bergen Chamber of Commerce and Industry's trainee programme.

In 2022, the IT department brought in five newly qualified developers via Experis Academy. They take an intensive course lasting around three months at Experis Academy, and then start a trial year at companies, with the possibility of permanent employment on completion of the contract. We have made use of this programme in recent years. It provides a great opportunity for graduates to get a job and is a good way for us to spot new young talent. In addition, three students were employed immediately after their graduation.

The Group is also an attractive workplace for young people who want to combine their studies with part-time jobs in sales or customer service. Many of these go on to full-time positions in the company.

Of 28 new employees in 2022, 11 external candidates and 17 hired employees gained a permanent job.

Competence development

Our skilled employees are the Group's most important resource. It is crucial to our competitiveness that we are able to further develop this expertise. We must also be able to attract the required expertise now and in the future. We are determined to achieve this.

The Group encourages and facilitates competence development. Through our study support scheme, permanent employees can apply for grants for continuing education. They can apply for support for individual subjects or a full degree at Master's or Bachelor's level. Support is granted for one semester at a time, but Elmera Group helps to facilitate completion of the programme. In the grant allocation process, there is emphasis on whether the education programme is relevant for the Group. In this way, the scheme will contribute to the required development of new competences. In 2022, there were five applicants for the spring semester and nine applicants for the autumn semester. In Gudbrandsdal Energi, one employee completed a Master's degree with support from the company. Another employee started a Master's degree in the autumn of 2022, which will continue into 2023. NGE has a similar scheme under which it is possible to apply for leave of absence for studies. Most studies are funded by the public authorities. NGE therefore has no costs associated with supporting students.

As an employer, we encourage our employees to develop their knowledge. Over the years, the company has devoted considerable resources to this. Competence development concerns everything from courses and studies to learning through everyday assignments and challenges. It is the employee's immediate manager that ensures continuity and the individual's development. As of today, the Group does not have systems that provide an overview of the number of hours of competence building per year, broken down by gender and job category. Reporting on this issue therefore presents a challenge.

Team development is offered to all teams in the Group. HR facilitates workshops based on the DISC model, or Big5, via the provider Assessio. In some parts of the Group, the occupational health service is also used for this. The intention is for each employee to get to know themselves and those they work closely with on a daily basis even better. This results in measures for a smoother and more effective working life, in interaction with the rest of the team, by getting to know each other better and finding even better ways to collaborate and develop.

- Measures such as job rotation are also used in parts of the Group, at Gudbrandsdal Energi.
- The management team in Elmera Group and its subsidiaries regularly share information and expertise at meetings where all managers in the company are gathered. This is shared across units and organisations.

Any manager with personnel responsibility must undertake regular follow-up of their employees, to ensure employee commitment and professional development.

The Group had no interdisciplinary competence programmes for employees in 2022. Each unit is responsible for ensuring this for its employees. This means that we do not have records of everything that has been completed.

Examples of competence-enhancing measures that have been implemented include activities such as the Fjordkraft Way of Sales. This involves all sales representatives, under the private and business academy, which is an academy programme that is held for all business employees at Fjordkraft. Customer service staff at Fjordkraft had 57 hours of training time and professional updating per employee in 2022. Gudbrandsdal Energi holds monthly professional evenings for all customer service employees, where relevant topics and issues are discussed. NGE is engaged in collaboration with the University of Vaasa, where professional challenges are addressed and used as training material.

In 2022, all managers in the Group with personnel responsibility attended our annual leadership development seminars. In 2022, psychological safety was on the agenda. The seminars were held with personal attendance to ensure even greater professional benefit, sharing of experience, networking and strengthening of existing relationships. At NGE, leadership development is linked to the employee satisfaction survey, including leadership days where, among other things, managers work with Elmera Group's leadership philosophy to strengthen the managers in their roles.

At company level, all employees and teams are followed up on this via our employee satisfaction survey, HKI. Examples of questions include "I have the necessary resources to do the job in a good way", and "I have the opportunity to do what I am best at every day at work". Employees also have the opportunity to share their thoughts and opinions in an open comment field. These are anonymised and cannot be traced back to the respondent, but can still provide useful learning for the team. At Gudbrandsdal Energi, similar questions are used, both in the employee satisfaction survey and in performance appraisal interviews.

Last year, NGE launched a new edition of the employee satisfaction survey in collaboration with pension insurance provider ELO. Their survey focuses on the same issues, including 25 statements in five categories to be considered by employees.

Expertise is shared across the Group's companies, for example on data protection.

Elmera Group has a strong focus on employees' life phases, as well as support in demanding phases of their working lives.

Employees approaching retirement age:

- Everyone employed by Elmera Group ASA and Fjordkraft are offered the opportunity to attend a pension preparation course. This takes place every other year, to ensure that everyone who wants to participate has this opportunity. The most recent course was held in Q1 2022. The course includes information about our pension schemes and tips on retirement life. This is a popular course with relatively high attendance.
- Gudbrandsdal Energi: As retirement age approaches, employees are offered follow-up and individual consultations by pension provider KLP.
- NGE: Pensions are also in focus, but to date no employees have taken retirement. No employees were approaching retirement age in 2022.

Termination of employment:

- Elmera Group assists employees in processes where an employment relationship is to end. This involves support from the immediate manager, HR, another relevant resource person, or several of these in combination. Career guidance tips are given by NAV in relevant cases. We also offer career guidance via a provider chosen by the employee in cases where the employment relationship is terminated on the basis of the employer's circumstances. This applies to the entire Group, including Gudbrandsdal Energi and NGE.

The Group has used promise-based management since 2004. This means that all employees make promises that will support the company's overall goals. In this way, everyone in the company will be on the same page by focusing on the same targets. We use result and follow-up interviews, abbreviated as ROS, between manager and employee to follow up on the individual's performance and clarify the needs and expectations of the individual employee. These take place once a quarter and, together with promise-based management, are an important tool in maintaining the required competence level and achieving good results.

All managers in the Group have a special responsibility for regular follow-up of their employees. The focus also includes follow-up on deliveries and career development. Elmera Group, Fjordkraft and Gudbrandsdal Energi facilitate this follow-up through processes in Simployer.

Throughout the year, the following interviews must be conducted as a minimum:

- Q1: ROS – interview (Result and follow-up interview) and Promise follow-up
- Q2: Performance appraisal interviews and updating promises
- Q4: ROS – interview and Promise follow-up

In NGE, quarterly follow-up interviews are conducted with all employees, with at least one interview defined as a performance appraisal interview. This is followed up in interviews held at least once per month. Managers with few employees follow up with interviews every other week to ensure professional development, clear assignments and general welfare.

In addition, managers conduct shorter or longer status interviews with their employees to ensure that adopted plans are implemented and adjusted for any necessary changes. This is also followed up at team level in e.g. departmental meetings.

Performance appraisal interviews:

All managers are assigned a process in Simployer, with deadlines for conducting performance appraisal interviews with all their employees. The status is continuously updated in the system by the manager. These processes are generated by HR, to ensure that all managers and units are covered.

Gudbrandsdal Energi conducts four performance appraisal interviews during the year, where the first interview has particular focus on competence development and a personal development plan.

In NGE, interviews are held as described above, where Timelapse was the system used in 2022.

When new employees are appointed, the manager is responsible for ensuring that the new employee receives a thorough introduction to work tasks and procedures, as well as the relevant training. Employees are followed up extra closely during the first six months. Via ROS and the ongoing dialogue, the manager must identify the need for competence-enhancing measures for all employees and allocate resources where deemed necessary. The Group has a great diversity of sound expertise. Internal competence sharing is therefore important. Managers can bring in external expertise in the form of courses and advisory services.

Managers should not only facilitate other employees' competence development, since as good role models, they must also ensure their own professional development. The company's managers attend a leadership development programme that comprises several seminars. Here, managers have the opportunity to share experience and are challenged through discussion and case solving, in addition to presenting professionally relevant content. This applies to the entire Group.

Business partners and certifications

Eco-Lighthouse

Elmera Group's offices in Bergen, Trondheim, Sandefjord, Hamar and Kongsvinger are certified under the Eco-Lighthouse certification scheme Our office in Sortland is in the process of certification. Being an Eco-Lighthouse means working systematically on measures to achieve more environmentally friendly operations and a good working environment. Each year, the various business units must prepare a climate and environmental report in which the effect of the actions is measured and new goals are set. The Eco-Lighthouse certification scheme is recognised by the EU.

Klimapartnere Vestland

Elmera Group is a member of the regional network project Klimapartnere Vestland, which works to reduce greenhouse gas emissions and stimulate green social and business development in the county of Vestland. The network consists of over 65 public and private enterprises. Klimapartnere Vestland publishes an annual report on its members' combined emissions.

FUTURE-PROOF

In September, CEO Rolf Barmen signed the FUTURE-PROOF poster on behalf of the entire Elmera Group. The poster was prepared by the Rafto Foundation and Bergen Chamber of Commerce and Industry. It shows that we stand together for human rights. Our commitment to FUTURE-PROOF demonstrates the following: 1) By sharing our own knowledge and experience, we will contribute to the FUTURE-PROOF initiative, where challenges are raised, discussed and resolved together. 2) We take our shared responsibility to respect human rights seriously. We do this by complying with the UN Guiding Principles on Business and Human Rights.

S-HUB

Elmera Group is a member of S-HUB: Sustainability Hub Norway. S-HUB's aim is to be Norway's leading knowledge network for sustainable business operations in business and industry. The members are large and small Norwegian companies that want to learn more across different industries.

Shift – Greenwashing Poster

The Greenwashing Poster consists of ten principles designed to prevent companies from greenwashing their own activities. The poster was prepared by Skift, Zero, WWF and The Future in Our Hands. Fjordkraft signed the poster in the summer of 2020 and announced that we would do our utmost to adhere to the poster's principles in all marketing and communication.

Elmera Groups CEO, Rolf Barmen, signing the FUTURE-PROOF poster. To the left, Johannes Magnus from Bergen Chamber, to the right; Jostein Hole Kobbeltvedt, Executive Director at Rafto Foundation for Human Rights. *Photo: Mette Havre*

Ten principles for green purchasing practices

In 2021, we signed the Skift initiative "Ten principles for green purchasing practices". The principles are intended as a simple guide that all businesses can endeavour to fulfil. For us, this will be a supplement to our climate committed requirement for all our fixed suppliers.

Sustainability reporting to customers

Elmera Group is not alone in setting requirements for its suppliers. In 2022, as an electricity supplier to a number of large Norwegian companies, we became subject to requirements to undertake various forms of sustainability reporting. We welcome this development. We can also see that the wide selection of reporting services, with sometimes highly varying reporting and documentation requirements, makes this a labour-intensive process.

Governance

Corporate governance is about establishing sensible guidelines to help owners, the board and management to manage and develop the company's resources in the best possible way. In Elmera Group, corporate governance is the foundation for sustainable operations aimed at creating long-term value for our investors and other stakeholders. Our corporate governance is aligned with NUES, The Norwegian Code of Practice for Corporate Governance. For additional information about corporate governance in Elmera Group, read the Corporate Governance report at page 56.

Responsible procurement

Elmera Group holds the position as Norway's leading electricity retailer. With that position comes substantial purchasing power, which we strive to manage in a way that benefits society at large.

This includes having strict requirements for social and environmental conditions in all supplier contracts. Some services are not covered by supplier contracts, and subsequently, are not subject to our climate pledge or social requirements. This typically applies to software licenses from global companies and other one-time purchases limited to 100.000 NOK. In spend, these instances make for less than one percent of the total. The suppliers in question are still considered in our due-diligence processes.

In addition to the requirements set through the "Klimanjaro"-initiative, Elmera Groups climate pledge, all suppliers are required to operate in compliance with the ILO conventions and specific policies for pay and working conditions. Additionally, the Group have a strict anti-corruption policy. All new suppliers are screened using the mentioned social and environmental criteria. Non-compliance with these contractual terms may be subject to sanctions. The strongest form of sanctions is immediate termination of the contract. This means that if Elmera Group uncover breaches of environmental or social requirements the supplier agreement may be terminated. In cases where human rights are at stake, the termination clause will only be used as a last resort if repeated attempts to remedy the negative impacts have proved unsuccessful. No contracts have been terminated due to non-compliance with environmental or social criteria during 2022.

Respect for human rights

The Group has a responsibility to ensure that the human rights of our employees and others affected by our activities are protected and respected. Elmera Group aspire to be an inclusive workplace where everybody is welcomed regardless of race, gender, age, religious or sexual orientation. We focus on facilitating a good, safe, and secure working environment. We support and respect all internationally recognised human rights and work to comply with the UN Guiding Principles on Business and Human Rights (UNGP), the OECD Guidelines and the ILO's Core Conventions. This means that we strive to not commit or contribute to human rights violations through our own activities, and that we will act immediately if we detect violations of the guidelines. We work to avoid and mitigate negative impacts on human rights in activities directly linked to our business through our suppliers and partners. All our suppliers are obliged to respect the eight core 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 that contribute to fulfil the contract with Elmera Group also comply with these conventions.

Reporting on the Transparency Act

The Groups commitment to respecting human rights is adopted by the board through a statement where the company commits to promote and respect human rights and decent working conditions. The declaration obliges Elmera to work actively and continuously with human rights and decent working conditions in its own operations and in the company's supply chains. The statement briefly sets out Elmeras approach to the challenge and briefly describes Elmeras continuous work in the area.

In general, Elmera is conscious of its responsibility to stop actual negative consequences and to limit significant risks of negative consequences in our supply chain. Risk for adverse impact on fundamental human rights and decent working conditions is integrated in the procurement policy. All new suppliers must document it's supply chain, and significant risks of negative consequences prior to contract implementation directly in the guidelines and procedures to the procurement processes.

A thorough human rights due diligence was conducted in 2022, in compliance with the Norwegian Transparency Act which came into force 1st of July. After mapping our entire value chain, service providers and suppliers

SCAN ME

Link to The Group's Code of Conduct.

to Fjordkraft Market place were identified as two segments associated with the most significant risks of adverse impact. The two segments were divided into supplier categories and scored based on probability and severity of potential human rights breaches. The assessment concluded that production of solar panels and IT equipment, including mobile phones, are associated with significant risks of severe human rights violations. The risks are mainly linked to the extraction of polysilicon, a critical component of solar panels, and cobalt, a critical component in batteries used in computers and mobile phones. Around 40 per cent of the worlds total supply of polysilicon comes from Xinjiang Uyghur Autonomous Region. More than half of the world's total supply of cobalt comes from the Democratic Republic of the Congo. Both operations are linked to extensive human rights violations, including child labour and forced labour. Consequently, Elmera Group have made inquiries and are in dialogue with two relevant suppliers to make sure that components are sourced responsibly.

Based on the assessments, Elmera has implemented measures to cease or mitigate actual adverse significant risks related to fundamental human rights and decent working conditions. There is a common understanding between Elmera Group and the suppliers in question that further investigations of the supply chain are necessary. However, the pandemic has made it difficult to gain physical access to key sub-contractors. Specifically, access to China, the biggest manufacturer of solar panels by some distance, has been restricted. Elmera will continue to monitor and assess these risks together with our supplier.

Notification-routines are available on: fjordkraft.no/apenhetsloven

Ethics and integrity

Elmera Group has a clear and unambiguous attitude towards anti-corruption. Corruption undermines integrity and ethical business activities, and pose a threat to our operations, reputation, individuals, and society at large. We have zero tolerance for corruption and strongly oppose conduct that violates anti-corruption legislation. Through the Group's Code of Conduct, employees, and everyone else representing Elmera Group receive guidance in ethical business activities and anti-corruption. The guidelines are based on national and international standards. They were updated and approved by the Board of Directors in 2022. All employees must sign a declaration each year confirming compliance with the guidelines. As part of the anti-corruption work, each department performs dilemma training annually. This has been completed in 2022. By simulating situations where internal guidelines are violated, employees can discuss and practise how to resolve them. Through good preparation, employees will be better equipped to act in line with the desired behaviour, thereby maintaining the integrity of the company.

Elmera Group sets strict requirements for ethical business activities within the organisation and expects the Group's partners to live up to these high standards. The Group wishes to send a clear signal that corruption is unacceptable in all parts of its operations. This is communicated to all business partners, including the Group's suppliers through a mandatory Supplier Code of Conduct. The requirements for zero tolerance of corruption are extended to the supplier's employees and subcontractors to ensure maximum impact. Before any new partnership is established, the employee responsible for the agreement must check out any potential conflict of interest and risks of corruption. The Group has the right to terminate an agreement if suppliers are convicted or fined for violation of this requirement. No violations of the Code of Conduct have been discovered internally or externally during the reporting year.

Good whistleblowing procedures and risk management are essential to uncover foul behaviour not in line with expected ethical conduct. The company have guidelines that define how employees can report situations that violates the Code of Conduct, legislation or generally accepted ethical norms. Risk related to corruption is defined as operational risk and is part of the Group's extensive risk management and internal control.

Risk is continuously monitored and reported to the group executive management. To reduce risk associated with corruption in the supplier sector, Elmera Group avoids suppliers from countries with high corruption risk. Today, a large majority of regular suppliers are located in the same areas as our norwegian operations. Thus, we strongly contribute to local value-creation. Along with the other Scandinavian countries, Norway is among the highest ranked on Transparency International's Corruption Perception Index. Choosing well-established players from countries that are considered to have low corruption risk is a risk-reducing strategy to compensate the fact that Elmera Group does not have the capacity to constantly monitor compliance.

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Attractive reputation

Reputation is in many ways the reflection of our actions. How we are perceived by the customers, investors, employees, and authorities is integral to our ability to deliver on strategic goals, and thus, our impact on environmental, social and economic conditions. Its fundamental importance is why it is classified as one of our most material topics.

Our industry has been under constant scrutiny throughout 2022. The sudden interest dating back two years is closely correlated with a substantial increase in electricity prices in the Nordics compared to historical data. In 2022 the prices exceeded anything we have seen before. Electricity is a good that everyone relies upon, and increasingly so. Consequently, it has been challenging for private consumers and businesses to cope with the huge increase in costs from electricity consumption. As electricity prices affects us all it has become one of the most discussed political topics. This, mixed with a continued stream of heavy criticism from the Director of the Norwegian Consumer Council where she repeatedly tries to discredit the entire industry, has had a negative impact on reputation. Especially our biggest brand, Fjordkraft, have endured negative publicity. Even though we believe some of the criticism to be unfounded we must acknowledge the feedback and act in a constructive manner to improve, to the best for our customers. We have taken several measures the past year to accommodate regulations and to enhance the customer experience. We wish to be perceived as trustworthy and transparent. These measures are all part of a holistic and continuous approach to enhance reputation and customer satisfaction.

The measures include:

- Simplifying our product portfolio by drastically reducing the number of electricity contracts available.
- Discontinued the sale of variable contracts. Price volatility combined with the introduction of the electricity support scheme and increased regulations have increased risk associated with the product substantially, and thus, harmed the value proposition. Existing customers have been advised to re-evaluate their choice of contract and been recommended a spot contract.
- Stopped door-to-door sales. We want to meet the customers in their preferred sales channels. Renewables Norway, the industry organization for production, distribution and trading of electricity, have since made it a requirement in the certification scheme Trygg Strømhandel to have no door-to-door sales.
- An overview of all active and inactive contracts along with information about them are available on our companies' websites, in line with a revised regulation that came into force 1st of November.

The market conditions have emphasized the importance of our role as experts. We can make sure that our customers make informed decisions by being proactive energy and climate advisers. Throughout 2022 the Group's power trading competencies saved costumers millions through positive hedging positions. In the Consumer segment Spot with trading was relaunched and beat the market price 12 out of 12 months. With a consumption of 25.000 kWh the estimated savings amounts to 9.500 NOK, adjusted for seasonal variations. Additionally, Gudbrandsdal Energi estimates that app users save on average 1.579 NOK compared to other customers. In the Business segment successful hedges worth in excess of 1.6 billion NOK was made on behalf of the customers, easing the burden of increased prices and the lack of a sufficient support scheme. These are all prime examples of how we as electricity retailers create value.

Privacy protection and information security

As a leading player in the Norwegian electricity market, in addition to having substantial customer portfolios in Sweden and Finland, Elmera Group processes large amounts of personal data. We therefore have a great responsibility to manage personal data of our employees, customers, and other partners in a safe and secure manner. We are committed to safeguarding the individual's rights and maintaining integrity and confidentiality associated with private information, in line with the Personal Data Act and the General Data Protection Regulation (GDPR). Elmera Group have established procedures and processes to ensure that personal data is used solely in accordance with the legislation.

In 2022 it is registered 11 security cases concerning data privacy. One of the cases were reported to the Norwegian Data Protection Authority. This was solved, and no sanctions were imposed. The remaining cases concerned very few customers and had little to no consequences for the parties involved. Thus, they were not reported to the relevant national government bodies.

Incidents of potential non-compliance

The Group Companies have not been subject to any non-compliance with regulations resulting in a fine, penalty or any other governmental reaction. However, there have been some issues that have received attention from the Norwegian Consumer Authorities. These cases are in particular related to The Cancellation Act (Angrerettsloven), product reporting to the authorities and the electricity contracts in the variable-portfolio.

The Consumer Authorities expressed in a joint letter to the power supply industry that they were of the perception that the majority of the industry, including Group Companies, were not giving consumers sufficient information of their right to cancel an agreement within 14 days, in compliance with The Cancellation Act. The Group Companies adhered to the recommendations and rectified the situation without challenging the legal perception of the Norwegian Consumer-authorities.

Fjordkraft was contacted by The Norwegian Regulatory Authorities (RME), claiming that Fjordkraft failed to report a complete product-portfolio (power supply agreements) to Strømpris.no which all power supply companies are committed to. The error arose due to Fjordkraft's belief that it was possible to bundle similar products and report these as one product. Fjordkraft rectified the situation immediately upon RMEs request.

In 2022 the Elmera Group power supply companies received significant criticism from the Consumer Authorities, as well as the media and customers, for the variable agreements -portfolio. The variable agreements are fully compliant with Norwegian legislation. Up until that point, variable agreements constituted a significant component of the Norwegian power supply retail industry and was the preferred agreement amongst many customers. However, due to inconsistency between the set-up of the variable-agreement and the authorities' electricity support scheme (Strømstøtten), a significant number of customers were subject to increased electricity costs in Q4 2022. This resulted in criticism of the use of variable agreements. Subsequently, the Group decided to stop all sale of variable products. The legality of the variable-portfolio was never in question in 2022 and so far in 2023, but the authorities have expressed that they are looking into possibilities of prohibiting such products in the future.

Due to the increased electricity costs in 2022, the Norwegian power supply retail industry received criticism from consumers. The electricity marked is complex, and therefor it is difficult for customers to understand the retailer's role, and that the retailer is not responsible for setting the spot-price in the marked. This was addressed through cross-sector media initiatives and regulatory discussions. Resultingly, over the span of the year, consumer perception generally changed.

In Norway, there is an independent tribunal (Elklagenemnda) handling consumer complaint related to electricity supply. In 2022, Fjordkraft was filed in 48 cases, pending result in 2023. Being the largest power supply retails company in Norway, it is natural that Fjordkraft receive more complaints than smaller companies. In percentage, the number of complaints is extremely low. In 2022 the customer was successful or partially successful in 3 cases filed in 2021. Without an admission of guilt, Fjordkraft complied with all received recommendations.

Certified through Trygg Strømhandel

Fjordkraft, TrøndelagKraft and Gudbrandsdal Energi are certified members of the certification scheme Trygg Strømhandel. The scheme was initiated by the industry organizations Renewables Norway and DistriktsEnergi and is a voluntary certification scheme for electricity retailers. Certified companies have to adhere to several requirements involving personnel training, marketing, products, sales, billing and customer service. The certification body is DNV, an international quality assurance and risk management company headquartered in Norway.

GRI - reporting 2022 - Elmera Group ASA

GRI reference	Description of the GRI standards	Comments	Reference	Omission
GRI 2 : GENERAL DISCLOSURES 2021 - THE ORGANIZATION AND ITS REPORTING PRACTICES				
2-1	Organizational details	Legal name: Elmera Group ASA. Headquarter: Folke Bernadottes vei 38, 5147 Fyllingsdalen. Operations in Norway, Sweden and Finland.	Our Business	
2-2	Entities included in the organization's sustainability reporting	Entities consolidated in the financial statements are included in the sustainability reporting	Note 26	
2-3	Reporting period, frequency and contact point	Reporting period: 1.1.2022-31.12.2022. Reporting cycle: Annually, in addition to financial quarterly reports. Publication date: 29.03.2023. Contact point		
2-4	Restatements of information	No restatements		
2-5	External assurance	Assurance report from Deloitte AS	Auditor's report, Corporate Governance Report - 15. Auditor	
GRI 2 : GENERAL DISCLOSURES 2021 - ACTIVITIES AND WORKERS				
2-6	Activities, value chain and other business relationships		Our Business, Strategy and strategy planning, Board of Director's report, Due diligence report on human rights	
2-7	Employees		ESG report - Social - Our people, Board of Director's report - Organisation, Equal opportunities report	
2-8	Workers who are not employees		Equal opportunities report - Section 1.5 - Position level and salary and Part 3	
GRI 2 : GENERAL DISCLOSURES 2021 - GOVERNANCE				
2-9	Governance structure and composition		Corporate Governance Report - 8. Corporate assembly and board of directors: composition and independence and 9. The work of the board of directors, Board of Directors	*2-9 -c-vi N/A*
2-10	Nomination and selection of the highest governance body		Corporate Governance Report - 7. Nomination committee and 8. Corporate assembly and board of directors: composition and independence	
2-11	Chair of the highest governance body	The chair of the highest governance body, Steinar Sønsteby, is not a senior executive in the organisation		*2-11-b N/A*
2-12	Role of the highest governance body in overseeing the management of impacts		ESG report - The right balance, Corporate Governance Report - 2. Business and and 9. The work of the board of directors	
2-13	Delegation of responsibility for managing impacts		Corporate Governance Report - 9. The work of the board of directors and 10. Risk management and internal control, Board of Directors report - Organisation	2-13-a-ii N/A
2-14	Role of the highest governance body in sustainability reporting		ESG report - The right balance	2-14-b N/A
2-15	Conflicts of interest		Corporate Governance Report - 9. The work of the board of directors	

GRI reference	Description of the GRI standards	Comments	Reference	Omission
GRI 2 : GENERAL DISCLOSURES 2021 - GOVERNANCE		**Continue**		
2-16	Communication of critical concerns		Corporate Governance Report - 10. Risk management and internal control	
2-17	Collective knowledge of the highest governance body		Board of Directors report - ESG	
2-18	Evaluation of the performance of the highest governance body	2.19-c: No actions taken	Corporate Governance Report - 9. The work of the board of directors	
2-19	Remuneration policies		Corporate Governance Report - 11. Remuneration of the Board of Directors and 12. Remuneration of executive personnel, Guidelines for remuneration	
2-20	Process to determine remuneration	2-20-b: The Board of Directors' guidelines for remuneration to directors were presented and approved at the General Meeting 21st of April 2021. A summary stipulated that 59,946,972 shares (with a corresponding number of votes) were represented at the meeting, which represents 52,46 % of all issued shares in the company. This not up for vote in 2022.	Guidelines for remuneration	
2-21	Annual total compensation ratio	2-21-a: Ratio of annual total compensation of the CEO to the average annual total compensation for Employees in Fjordkraft (1) and Elmera Group ASA (2): 7,83 (1) and 5,94 (2).	Our remuneration report for 2022 will be published here.	Information unavailable/incomplete: average total annual compensation used instead of median. NGE not included in the calculations. GE not included in 2-21-a.
GRI 2 : GENERAL DISCLOSURES 2021 - STRATEGY, POLICIES AND PRACTICES				
2-22	Statement on sustainable development strategy		Board of Directors report - ESG	
2-23	Policy commitments	https://investor.elmeragroup.no/corporate-social-responsibility/ethics-at-elmera-group/	ESG report - Governance - Responsible procurement	
2-24	Embedding policy commitments		ESG report - Governance - Responsible procurement, Due diligence report on human rights	
2-25	Processes to remediate negative impacts		ESG report - Governance - Responsible procurement	
2-26	Mechanisms for seeking advice and raising concerns		ESG report - Governance - Responsible procurement - Ethics and integrity	

GRI reference	Description of the GRI standards	Comments	Reference	Omission
GRI 2 : GENERAL DISCLOSURES 2021 - STRATEGY, POLICIES AND PRACTICES		**Continue**		
2-27	Compliance with laws and regulations		ESG report - Governance - Attractive reputation - Incidents of potential non-compliance	
2-28	Membership associations		ESG report - Social - Business partners and certifications	
GRI 2 : GENERAL DISCLOSURES 2021 - STAKEHOLDER ENGAGEMENT				
2-29	Approach to stakeholder engagement		ESG report - The right balance	
2-30	Collective bargaining agreements	All employees in Norway and Finland are covered by collective bargaining agreements. In Sweden, working conditions and terms of employment are not determined based on collective bargaining agreements.		2-30-b: Information unavailable
GRI 3 : MATERIAL TOPICS 2021				
3-1	Process to determine material topics		ESG report - The right balance	
3-2	List of material topics		ESG report - The right balance	3-2-b N/A: First material assessment conducted in 2022
MATERIAL TOPIC : ATTRACTIVE REPUTATION				
3-3	Management of material topics		ESG report - The right balance, Governance - Attractive reputation	
TOPIC STANDARD: GRI 417 - MARKETING AND LABELING				
417-2	Incidents of non-compliance concerning product and service information and labeling		ESG-report - Governance - Attractive reputation - Incidents of potential non-compliance	
417-3	Incidents of non-compliance concerning marketing communications		ESG-report - Governance - Attractive reputation - Incidents of potential non-compliance	
TOPIC STANDARD: GRI 418 - CUSTOMER PRIVACY				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		ESG report - Governance - Attractive reputation - Privacy protection and information security	418-1-c: N/A
ELMERA DISCLOSURE				
Elmera 1	Our brands are perceived as trustworthy and transparent by 50 % or more of our customers		ESG-report - The right balance	Information incomplete: Reported on FK and GE quarterly, and NGE annually. The goal was implemented late 2022. Results for NGE will first be available in 2023.
Elmera 2	Customer satisfaction above 70 for all brands		ESG-report - The right balance	Information incomplete: Nordic Green Energy is not included in the survey which the results are based upon. Results for NGE will first be available in 2023.

GRI reference	Description of the GRI standards	Comments	Reference	Omission
MATERIAL TOPIC : RESPONSIBLE PROCUREMENT				
3-3	Management of material topics		ESG report - The right balance, Governance - Responsible procurement	
TOPIC STANDARD: GRI 204 - PROCUREMENT PRACTICES				
204-1	Proportion of spending on local suppliers	Local defined as suppliers located in the same city as our locations	ESG report - Governance - Responsible procurement	
TOPIC STANDARD: GRI 205 - ANTI-CORRUPTION				
205-1	Operations assessed for risks related to corruption		ESG report - Governance - Responsible procurement	
205-2	Communication and training about anti-corruption policies and procedures		ESG report - Governance - Responsible procurement - Ethics and integrity	
205-3	Confirmed incidents of corruption and actions taken	No confirmed incidents		
TOPIC STANDARD: GRI 308 - SUPPLIER ENVIRONMENTAL ASSESSMENT				
308-1	New suppliers that were screened using environmental criteria		ESG report - Governance - Responsible procurement	
308-2	Negative environmental impacts in the supply chain and actions taken		ESG report - Governance - Responsible procurement	
TOPIC STANDARD: GRI 407 - FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		ESG report - Governance - Responsible procurement - Reporting on the Transparency Act	
TOPIC STANDARD: GRI 408 - CHILD LABOR				
408-1	Operations and suppliers at significant risk for incidents of child labor		ESG report - Governance - Responsible procurement - Reporting on the Transparency Act	
TOPIC STANDARD: GRI 409 - FORCED OR COMPULSORY LABOR				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		ESG report - Governance - Responsible procurement - Reporting on the Transparency Act	
TOPIC STANDARD: GRI 414 - SUPPLIER SOCIAL ASSESSMENT				
414-1	New suppliers that were screened using social criteria		ESG report - Governance - Responsible procurement - Reporting on the Transparency Act	
414-2	Negative social impacts in the supply chain and actions taken		ESG report - Governance - Responsible procurement - Reporting on the Transparency Act	
ELMERA DISCLOSURE				
Elmera 3	All regular suppliers must be climate committed	In our latest thorough due diligence process, conducted in 2021, all regular suppliers were deemed compliant. Only a few minor inconsistencies were pointed out and corrected. We are not aware of breaches in 2022.		

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GRI reference	Description of the GRI standards	Comments	Reference	Omission
MATERIAL TOPIC : RESPONSIBLE PROCUREMENT				
3-3	Management of material topics		ESG report - The right balance, Governance - Responsible procurement	
ELMERA DISCLOSURE				
Elmera 4	Number of customers with solar production to be doubled annually	Base year is 2022 and development will be reported for the first time in 2023.		Confidentiality contraint: We will not report spesific sales numbers for competitive reasons.
MATERIAL TOPIC : LOCAL ENERGY PRODUCTION FROM SOLAR POWER				
3-3	Management of material topics		ESG report - The right balance, Environment - Products and services for the low-emission society, Governance - Attractvie reputation	
ELMERA DISCLOSURE				
Elmera 1	Our brands are perceived as trustworthy and transparent by 50 % or more of our customers		ESG-report - The right balance	Information incomplete: Reported on FK and GE quarterly, and NGE annually. The goal was implemented late 2022. Results for NGE will first be available in 2023.
Elmera 2	Customer satisfaction above 70 for all brands		ESG-report - The right balance	Information incomplete: Nordic Green Energy is not included in the survey which the results are based upon.
MATERIAL TOPIC : USEFUL DIGITAL CUSTOMER SOLUTIONS				
3-3	Management of material topics		ESG report - The right balance, Environment - Products and services for the low-emission society	
ELMERA DISCLOSURE				
Elmera 5	80 % of customers actively interact with our digital interfaces	Interacting with our digital interfaces means using our app services.	ESG-report - The right balance	Information incomplete:data for GE and NGE not available. Goal implemented late 2022. The structure to compile the correct data is in place from 2023 for all brands.
MATERIAL TOPIC : RIGHT COMPETENCE - ATTRACT, RETAIN AND DEVELOP				
3-3	Management of material topics		ESG report - The right balance and Social	
TOPIC STANDARD: GRI 401 - EMPLOYMENT				
401-1	New employee hires and employee turnover		Equal Opportunities report - Section 1.2 and Part 3	
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees		Equal Opportunities report - Section 1.4 - Temporary employees and Part 3	

GRI reference	Description of the GRI standards	Comments	Reference	Omission
401-3	Parental leave		Equal Opportunities report - section 1.4 - Parental leave and Part 3 - Parental leave	401-3-d Information not available: We do not have statistics for employment status 12 months after parental leave ended as we do not se the relevance in the connection.
TOPIC STANDARD: GRI 404 - TRAINING AND EDUCATION				
404-1	Average hours of training per year per employee		ESG report - Social - Competence development	Information incomplete: We are unable to provide information on hours of training per employee. This is something we will try to improve going forward.
404-2	Programs for upgrading employee skills and transition assistance programs		ESG report - Social - Competence development	
404-3	Percentage of employees receiving regular performance and career development reviews		ESG report - Social - Competence development	
TOPIC STANDARD: GRI 405 - DIVERSITY AND EQUAL OPPORTUNITY				
405-1	Diversity of governance bodies and employees		Board of Directors, Equal Opportunities report - Section 1.2	
405-2	Ratio of basic salary and remuneration of women to men			Information not available: Only calculated and reported biennial, in line with Norwegian requirements. Will be reported in 2023.
TOPIC STANDARD: GRI 406 - NON-DISCRIMINATION				
406-1	Incidents of discrimination and corrective actions taken	No reported incidents		
ELMERA DISCLOSURE				
Elmera 6	Human Capital Index above 25	NGE uses a different survey with a scale from 1 to 5. This target is therefore not directly applicable for them. However, performance is tracked and reviewed in the same manner.	ESG-report - The right balance, Social - Working environment, absence due to illness and welfare	Information incomplete: NGE uses a different survey and reports on a different scale.
ADDITIONAL REPORTED TOPIC STANDARDS				
ECONOMIC TOPICS				
TOPIC STANDARD: GRI 201 - ECONOMIC PERFORMANCE				
201-1	Direct economic value generated and distributed		Financial statement Elmera Group	
201-2	Financial implications and other risks and opportunities due to climate change		ESG report - Environment - Climate risk	
201-3	Defined benefit plan obligations and other retirement plans		Notes Elmera Group - Note 18	
201-4	Financial assistance received from government		Notes Elmera Group - Note 16	

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GRI reference	Description of the GRI standards	Comments	Reference	Omission
ENVIRONMENTAL TOPICS				
TOPIC STANDARD: GRI 302 - ENERGY				
302-1	Energy consumption within the organization		ESG report - Environment - Climate accounts, Key figures	
302-3	Energy intensity		ESG report - Environment - Climate accounts	
302-4	Reduction of energy consumption		ESG report - Environment - Climate accounts	
TOPIC STANDARD: GRI 305 - EMISSIONS				
305-1	Direct (Scope 1) GHG emissions		ESG report - Environment - Climate accounts	
305-2	Energy indirect (Scope 2) GHG emissions		ESG report - Environment - Climate accounts	
305-3	Other indirect (Scope 3) GHG emissions		ESG report - Environment - Climate accounts	
305-4	GHG emissions intensity		ESG report - Environment - Climate accounts	
305-5	Reduction of GHG emissions		ESG report - Environment - Climate accounts	

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To the Management of Elmera Group ASA

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON ELMERA GROUP ASA'S SUSTAINABILITY REPORTING FOR 2022

We have been engaged by the Management of Elmera Group ASA to provide limited assurance in respect of the sustainability information in Elmera Group ASA Annual Report 2022, limited to the GRI Index table 2022 ("the Report"). Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

Responsibilities of the Management

The Management are responsible for the preparation and presentation of the Report prepared in accordance with the GRI Standards (2021), and other reporting criteria described in the Report. They are also responsible for establishing such internal controls that they determine are necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

Deloitte AS is subject to International Standard on Quality Control 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Considering the risk of material misstatement, our work included analytical procedures, interviews and meetings with management and individuals responsible for the preparation of the Report and for sustainability management, as well as a review on a sample basis of evidence supporting the information in the Report.

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters.

Conclusions

Based on our work, nothing has come to our attention causing us not to believe that:

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- Elmera Group ASA applies a reporting practice for its corporate responsibility reporting aligned with the Global Reporting Initiative (GRI) Universal Standards (2021) reporting principles in accordence with the GRI Standards. Elmera Group ASA's GRI index presented in the Report appropriately reflects where information on each of the disclosures of the GRI Standards is to be found within the Elmera Group ASA Annual Report 2022.

Bergen, 28 March 2023
Deloitte AS

Helge Roald Johnsen

Helge Roald Johnsen
State Authorised Public Accountant (Norway)

2.4 Corporate Governance Report

Corporate governance report

1. Implementation and reporting on corporate governance

This corporate governance report is prepared by the Board of Directors of Elmera Group ASA ("Elmera" or the "Company" or the "Group"). 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 not revised in October 2022.

The corporate governance report follows the Code of Practice. The Group'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), take-overs (chapter fourteen) and the auditor (chapter fifteen). The report reflects the revised Code of Practice from October 2021. 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 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.elmeragroup.no. Elmera Group 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 "simplify", "be friendly", and "create value", our goal is for Elmera Group to deliver electricity to the power outlets of 3 million people, both at home and at work.

Elmera Group 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. We make sure that social and environmental aspects are taken into account for all our products and services, and we aim to conduct our business in the most sustainable way possible.
In order to achieve this goal, we have based our strategy on the following:

- Profitable growth
- Product innovation
- Digitalisation and automation
- A strong brand
- Customer satisfaction
- Operational excellence
- Cost leadership

The Board of Elmera Group ASA conducts an annual evaluation of the Group'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.

Elmera Group 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 the Group. The code of conduct is updated regularly and approved by the Board of Elmera Group ASA on an annual basis. The group 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 Group have for many years set climate neutrality as a condition in all supplier agreements, in line with the EU initiative Climate Neutral Now. However, Climate Neutral Now have changed. Climate neutrality is no longer in the initiative's scope. We have changed our climate pledge accordingly. Our revised climate pledge states that all regular suppliers must be climate committed. This implies that suppliers are required to deliver climate accounts, make a list of measures to reduce their emissions, and compensate their emissions with carbon offsets. Additionally, companies with approved science-based targets in line with the Science Based Targets initiative are also considered climate committed and accepted as a supplier. All of the Company's contractual partners have to sign a letter of intent regarding climate commitment. If they fail to do so, Elmera Group will seek alternative partners.

Deviations from the Code of Practice: None

3. Equity and dividends

Shareholders' equity

At the General Meeting in 2022, the Board was granted the following authorities:

- The authority to increase the Company's share capital by up to NOK 3,430,554 through issuance of a maximum of 11,435,180 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 2023, however it will expire no later than 30 June 2023. As per 31 December 2022 there has not been an issuance of new shares.
- The authority to increase the Company's share capital by a maximum of NOK 343,055.40 through issuance of a maximum of 1,143,518 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 2023, however it will expire no later than 30 June 2023. As per 31 December 2022 there has not been issued 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 1,715,227. 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 2023, though no longer than until 30 June 2023. This authority was fully utilised in the share buyback program which was completed in June 2022.

At the General Meeting in 2021, the Board was granted the following authorities:

- The authority to increase the Company's share capital by up to NOK 3,428,454 through issuance of a maximum of 11,428,180 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 2022, however it will expire no later than 30 June 2022. As per the date of General Meeting in 2022, there has not been an issuance of new shares.
- The authority to increase the Company's share capital by a maximum of NOK 342,845.40 through issuance of a maximum of 1,142,818 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 2022, however it will expire no later than 30 June 2022. As per the date of General Meeting in 2022, there has been an issuance of 70,000 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 1,714,227. 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 2022, though no longer than until 30 June 2022. As per the date of the General Meeting in 2022, the authorisation has not been utilised.

Capital structure

As at 31 December 2022, the Group's total non-current assets amounted to NOK 4,313 million and total current assets to NOK 10,059 million. The Group's total non-current liabilities amounted to NOK 3,165 million, total current liabilities to NOK 9,967 million and shareholders' equity to NOK 1,240 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

Elmera Group'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

Elmera Group ASA 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. Elmera Group'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

Elmera Group ASA was listed on the stock exchange on 21 March 2018. In 2022 the Board has held ten meetings and in addition two meetings by e-mail circulation of documents. The Company's annual General Meeting took place on 26 April 2022. 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. Elmera Group 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 Elmera Group'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 Elmera Group'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. Elmera Group 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 one to three members. All current members are independent of the Board of Directors and the Group's executive management. The current members of the Nomination Committee are Lisbeth Nærø (Chairman), Ragnhild Stolt-Nielsen 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 Elmera Group'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 Elmera Group 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. Elmera Group'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 Group'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.

Elmera Group 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 2021-2022 are listed in the notes to the financial statements in the Annual Report 2022.

Board members, including their CVs, are presented in this Annual Report and on the website: https://investor.elmeragroup.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 of 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.

Attendance from Board members elected by the General Meeting: Three representatives gave notice of absence at one meeting and one representative at two meetings in 2022.

Elmera Group 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 Group.

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 Group practises proper internal control and has systems for risk management that are appropriate in relation to Elmera Group'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 Group's CFO bears executive responsibility for the management and follow-up of the Group's risk management and internal control.

Elmera Group 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 Group's second line is responsible for facilitating and reporting the Group's processes for risk management and internal control. The risk management function is part of the second line and consists of 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 Elmera Group'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 Elmera Group 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.

Elmera Group 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 Elmera Group'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 Elmera Group'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.

Elmera Group practises a general principle that risk is not to be avoided, but taken consciously and controlled while optimising it in relation to earnings. Elmera Group 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 Elmera Group's overall strategy and be a significant part of the strategic plan.

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

Risk willingness and limits

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

The CEO and the Group'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

Elmera Group 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 Group'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 Group has implemented a contingency plan for handling critical concerns. There has been no such critical concerns in 2022.

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 Elmera Group 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 Group to offer the executive management competitive remuneration based on current market standards, and group and individual performance. The remuneration consists of a basic salary element combined with a performance-based bonus programme. The performance-based compensation is limited up to a certain percentage of basic salary. The management is covered by the Group'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 Group 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 Elmera Group's web page: investor.elmeragroup.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 Elmera Group's website at the same time as it is sent to the shareholders.

Deviations from the Code of Practice: None

14. Take-overs

Elmera Group'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 Group'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 Group's accounting policies and material accounting estimates. The auditor will also report on any material matters in which there has been disagreement between Elmera Group'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 Group of the auditor for non-auditing services. These are intended to make the Group'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 Group's financial statements.

Deviations from the Code of Practice: None

2.5 Board of Directors

Steinar Sønsteby

Chair of the Board and Chair of the Remuneration Committee

Chair from 21 April 2021
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).

Per Oluf Solbraa

Board Member and Member of the Remuneration Committee

Member since March 2021

Background: Per Oluf Solbraa is the CEO of Gudbrandsdal Energi Holding AS and has been deputy Managing Director of Gudbrandsdal Energi Holding AS 2012-2019. From 2005 until 2012 he was an executive director in the municipality of Nord-Fron and has since 1989 held several positions within the administration of the municipality of Nord-Fron. Per Oluf Solbraa was elected as Board Member by the general meeting in 2021.

Mr. Solbraa is a member of the Board of Directors in Gudbrandsdal Energi AS and On Energi AS. He has former experience as member of the Board of Directors in Innlandskraft AS and Eidsiva Marked AS, Gudbrandsdal ski- og fritidssenter AS and a deputy member of the Board of Directors in Sparebank 1 Gudbrandsdal.

Mr. Solbraa holds a master's degree in business administration from the Norwegian University of Life Sciences (NMBU) 1985-1989. He attended the AFF management programme in 2014.

Per Oluf Solbraa was born in 1962 and lives in Sør-Fron in Gudbrandsdalen. He represents Gudbrandsdal Energi Holding AS and is personally not holding any shares in Fjordkraft Holding ASA.

Heidi Theresa Ose
Board Member and Member of the Audit Committee
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/ Elmera Group ASA since 14 May 2019. Heidi Thersa currently holds the position as Head Of Business Development at Store Norske Energi AS.
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 and Chair of the Audit Committee
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. Live Haukvik currently holds the position as CFO in EFD Induction Group. Ms Haukvik has been Assistant Professor at the University of South-Eastern Norway and is the owner of 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, SpareBank 1 BV (Buskerud Vestfold).

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).

Tone Wille

Board member and
Member of the Remuneration Committee

Member since April 2021

Background: Ms. Wille currently and since 2016 holds the position as President and CEO of Posten Norge AS. From 2012-2016 she was CFO in the Posten Group and from 2006-2012 the CFO of the Mail division, Posten Norge AS. Prior to joining Posten she has held senior management positions in Norfund (Norwegian Investment Fund for Developing Countries), Elkem ASA, GE Energy (Norway) AS and the Kværner Group. Ms. Wille was elected as Board Member on the general meeting in 2021.

Ms. Wille has broad board experience. She is currently a member of the Board of Directors in Arbeidsgiverforeningen (employers' association) Spekter, and in Skift ("Næringslivets klimaledere"). Previously she has been a Board member in Nordea Bank Norge ASA and Flytoget AS. From 2014 until 2015 she was Deputy Chair of the Board of Evry ASA and Chair of the Audit Committee. Tone Wille has also been a board member of SN Power Invest AS from 2004-2010 and of various Private Equity Fund Management companies partly owned by Norfund.

Ms. Wille holds a Master of Science in Economics and Business Administration (siviløkonom) from the Norwegian School of Economics (NHH). She attended the AFF "Solstrand programme" in 2011-2012.
Tone Wille was born in 1963 and lives in Oslo. She holds no shares in Fjordkraft Holding ASA.

Frank Økland

Board Member (employee representative) and
Member of the Audit Committee

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. Frank Økland currently holds the position as Manager of Market and Partnerships in Elmera Group ASA. 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/Elmera Group 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 Elmera Group. 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.

Marianne Unhjem-Solbjørg
Board Member (employee representative)
Member since April 2021

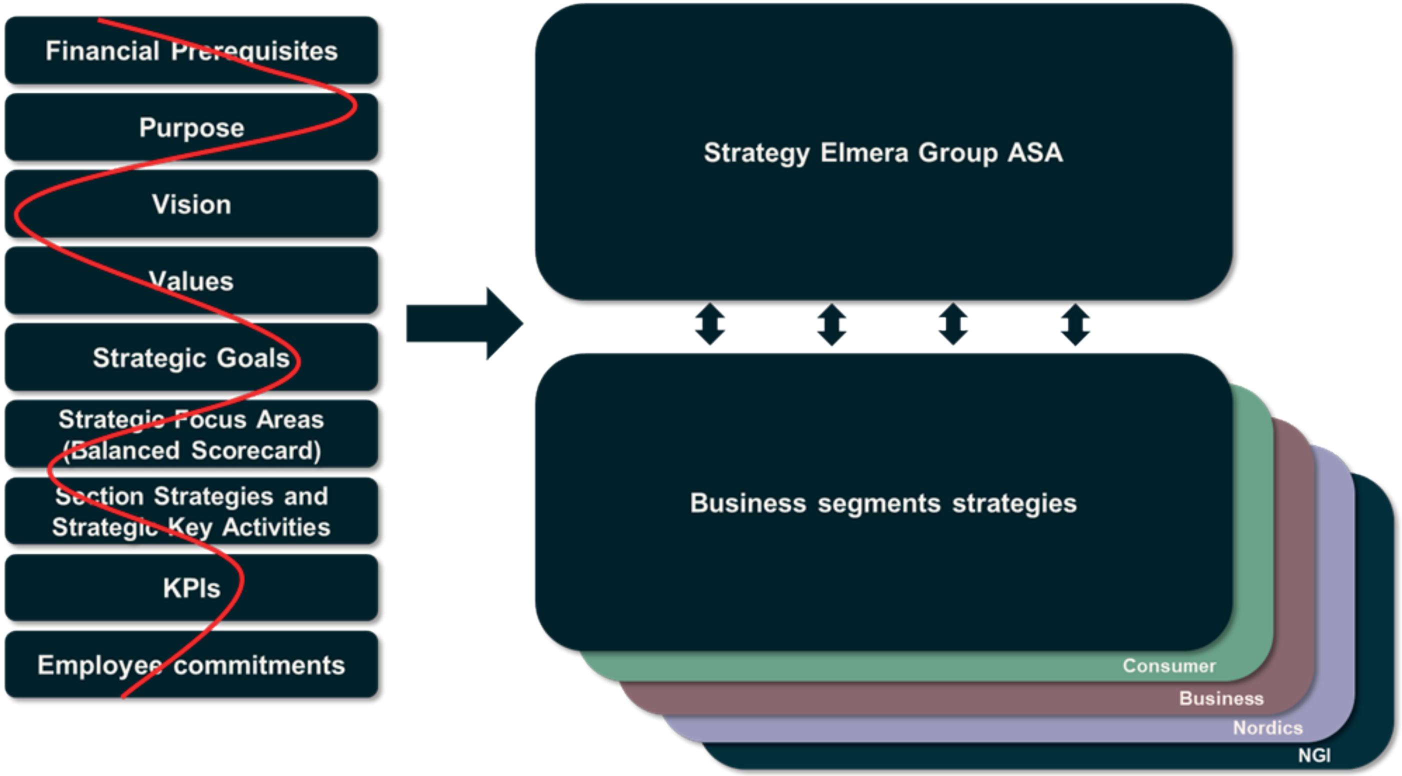
Background: Marianne Unhjem-Solbjørg was born in 1973 and lives in Orkanger. She has served as board member of Fjordkraft Holding ASA since 21 April 2021. Ms. Unhjem-Solbjørg has been deputy service manager since 2011 and assistant sales and service manager of Customer Service in Trondheim since 2020. She has been senior Advisor of Customer Service since 2010. Ms. Unhjem-Solbjørg has been with Fjordkraft since 2010 and has worked in Customer Service in Trondheim Energiverk 2001-2010.

Ms. Unhjem-Solbjørg's educational background is upper secondary school with specialization in accounting.

Part 3

3.1 Strategy and strategy planning at Elmera Group

The Elmera Group's strategy process is closely related to our management philosophy, ensuring that the strategy work is broad-based on the collective insight and knowledge of the Group and not an exclusive province of the senior management. An important element of a good strategy is to be prepared for different future scenarios. To enable the Group to foresee, monitor and prepare for different future outcomes, scenario planning is an important part of our strategy work. Elmera's strategy addresses how the Group will optimise and develop its current competitive advantages and earnings, and our approach to developing new competitive advantages and business areas, and how we approach partnerships and working with strategic partners.



In our strategy process, we think both in terms of the Group and the individual companies and brands. The Group strategy needs to be ambitious and set the overall direction.

Our philosophy

Elmera Group'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 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, market conditions, and regulative changes 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. Elmera Group wants to continuously adapt to trends and surroundings. We firmly believe that creating economies of scale will be a critical success factor going forward. 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.

Scenario planning

The electricity market is evolving rapidly, in part because of the electrification of society and adjustments to the framework conditions. This clearly underlines the importance of having a comprehensive and well-aligned strategy in place; 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 and 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 our strategy 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.

Strategic context

The electricity market is highly complex and is influenced by a number of factors. It is vital that the strategy process is designed to comprehend and utilize the contextual factors that surround our operations.

The electricity market was heavily affected by geopolitical conditions in Europe, as the Russian invasion of Ukraine made Russian energy a pawn in a political standstill between Russia and Europe. Russia was at the time of the invasion Europe's largest supplier of gas. A stark reduction in deliveries following the invasion escalated the European energy crisis, causing energy prices to skyrocket. As the Nordic market is connected to other European countries through overseas power cables we have experienced extreme price volatility also in the Nordic countries.

Political interventions

The challenging market conditions have led to increased political risk and several political interventions, in a bid to ease the economic burden on households and businesses as a result of high electricity prices. The Norwegian government launched an electricity support package for households at the end of 2021. The scheme has carried through 2022 and has been prolonged to be in place throughout 2024. Initially, the scheme would provide a deduction of 50 % of the average monthly market rate for electricity which exceeded 87,5 øre kWh. The deduction was later increased to 90 % of the exceeding amount. Additionally, a support scheme for businesses was launched at the end of the third quarter. However, only a small proportion of businesses qualified for support.

In addition to compensating those who suffer from increased prices the government decided to demand higher taxes from those who profits from them. Thus, they increased the resource rent tax for hydropower and introduced it for onshore wind power. Furthermore, they introduced high-price contribution from wind and hydropower, meaning a tax of 23 % of the part of the price that exceeds 70 øre per kWh. This makes investments in sustainable power generation less profitable and reduce the attractiveness of financial contracts for producers. This can reduce the liquidity on the future marked and limit the access to hedging instruments.

Regulatory changes

From November 1st the Price Disclosure Act entered into force, introducing stricter requirements for electricity suppliers in how they inform their customers. The customer must be notified of any contractual change 30 days in advance, an increase from 14 days prior to the new act. This means that price changes for our variable contracts must be announced 30 days in advance, while the customers can change to another contract at any time. In a volatile market, combined with the support scheme for households which is calculated based on market price, this increases the risk associated with the variable product drastically.

Strategic focus areas

Based on the evolvements described above and other insights we have identified three strategic focus areas which we believe will lead to sustainable growth going forward.

Revenue growth

We will utilize our experience and track record from the Norwegian electricity market to increase penetration in Sweden and Finland, both in the consumer and business segment. By introducing proven concepts and solutions we will replicate the success of our Norwegian brands.
We are revising our product strategy in the Consumer segment, tailoring it for today's market conditions. As a risk mitigating measure, we are reducing complexity and enhancing transparency connected to all our products and services.

Cost efficiency

The market conditions are challenging our margins. To mitigate these effects we have increased our efforts to become more cost efficient. A cost reduction programme has been initiated aimed at reducing costs by 100 MNOK, as well as continuing our focus on scalability in tech and operating platform solutions. We will pursue M&A opportunities and capitalize on this scalability.

New Business

We will strengthen the contribution from the NGI segment by capitalising on our partnership with Telia in Fjordkraft Mobil, establish AllRate as a service prover to the grid companies and by growing Steddi Payments through our electricity retailers.

We will develop new revenue streams and build assets by capitalising on our distribution power in new markets. We are increasing our efforts to contribute to more local energy production by taking a bigger role in selling and leasing solar panels.

Where do we create value?

Elmera Group works continuously to optimise the value proposals and services we offer to our various customer segments. We are focusing on four segments:

Consumer segment NORWAY

The Consumer segment comprises of energy sales to private households across Norway.

Fjordkraft, as the largest player, has a nationwide presence and a leading market position in the Norwegian consumer market, and also operates the brand TrøndelagKraft with a regional focus in Trøndelag.

The Elmera Group also operates the brand Gudbrandsdal Energi as a strong fighting brand with a nationwide approach. Gudbrandsdal Energi have the most satisfied customers in the industry according to EPSI's latest annual survey and the strongest reputation according to Apeland's traction report. They are also the highest rated company on Bytt.no, Norway's largest website for comparing Consumer products and services, in 2022.

Gudbrandsdal Energi

In addition to offering competitive products and prices, we believe that one of our most important tasks is to help customers save electricity and reduce their costs.

Throughout 2022, we have further developed our app and services, to increase stability, customer value and customer experience. For example, display of hourly prices in the app, clearer display of consumption and costs, optional push notification with tomorrow's spot prices, overview of estimated costs for the coming month and the governments support scheme.

As the first electricity company in Norway, we also rent pulse meters to our customers and give them access to real-time data about their power consumption.

The high electricity prices have led to increased awareness of own consumption. This has resulted in a large increase of app users. We now have close to 80,000 unique users. Analyses show that app users have reduced their consumption by 5 percentage points more than our other customers.

On average, app users saved NOK 1,579 more than other GE customers in 2022, in pure reduction of consumption. In addition comes savings from smart charging of electric cars. An analysis of the charging statistics and prices over the past 12 months shows that customers who have used this service, on average reduced their charging costs by approximately 15-20 percent.

By leading the way in the development of digital solutions and new smart services, GE shall be in front of understanding and offering the customer relevant and attractive products and services, related to the core product electricity. The customer must be helped by technology and people to use an increasingly complex electricity product in a smarter and more cost-effective way.

Fjordkraft

Fjordkraft has a leading market position as a recognized brand, which is proven by various consumer surveys. In the consumer segment Fjordkraft is:

- The largest and most well-known electricity retail brand in Norway
- Winner of Bearing Point's Digital Leader award within Energy in 2021
- Offering a broad product range with value added services and an industry-leading loyalty program.

We offer an attractive range of products that match varied consumer preferences. In 2022 we relaunched spot with trading at Fjordkraft allowing consumers to capitalise on the Group's power trading competence. In 2022 this product beat the market each month and has become a popular product particulary among the more conscious consumers.

During 2022 we launched cash points in Fjordkraft, giving consumers the opportunity to save up points that can be used to pay their electricity bill or get a discount on products at Fjordkraft's online Marketplace. We also launched an option that allows consumers to refer friends and acquaintances to Fjordkraft giving both parties 500 cash points.

Fjordkraft also offers an attractive benefit program in co-operation with external partners, and a wide range of value-added services including affinity insurance, flexible payment solutions, guarantees of origin, solar panels with sun account, EV home charger and smart charging.

Our digital ecosystem has a wide range of apps and websites serving specific roles and solving specific tasks for our customers. This includes the Fjordkraft-app, fjordkraft.no, My Page, The Fjordkraft Marketplace and the EV charging app. In 2022 we relaunched My Page on a new platform, providing the consumer with a better user experience. We also launched the TrøndelagKraft-app giving the regional brand a better ecosystem and competitive advantage in the region.

The app, regardless of brand, allows customers to move in and out of the different interfaces to solve their tasks, whether they want to view their monthly benefits, check their electricity usage, buy products from the marketplace, find their invoices or check status of their EV-charging.

In 2022 the Fjordkraft and TrøndelagKraft app in total had close to 450.000 unique users, and the high electricity prices in combination with relevant app-content have been a catalyst for record high user adoption. The app has a positive impact on both churn and customer satisfaction, as insights from our analytics shows that customers using the app have a significantly lower churn rate.

We are always looking for services that eliminates customer frictions and add customer value through innovation and smart technology. During 2022 we have focused on increasing the stability of the app to ensure great user experience. In addition, we have launched new optional push notifications to help consumers be aware of spot prices during the day and night in a highly volatile market. Furthermore, we gave consumers the chance to track their estimated cost for the current month. This increases awareness of the cost, which in turn, encourages the consumer to take measures regarding their electricity consumption. With high electricity prices this has turned out to be one of the most used functions among users in 2022. Based on customer feedback we also became one of the first companies to implement an option to show the electricity cost including the governments support scheme.

All of this comes on top of existing services that give our consumers access to a quick and easy overview of electricity consumption, solar energy production, mobile data usage, consumer benefits, and smart and easy-to-use services for overview and control of the charging of electrical vehicles. Most new EV brands and EV chargers are connected to our smart charging services.

To help consumers get even more insight in their electricity habits and help them save energy and electricity costs, we offer the Fjordkraft Pulse via Fjordkraft Marketplace. This unit can be connected into the smart meter in the house and give real time data of their electricity usage straight into the Fjordkraft or TrøndelagKraft app.

More services will follow, and these services all help customers to a more friction free daily life. With the Fjordkraft-app, we put ourselves in a great position to develop and launch more attractive products and services as new customer demands appear.

The Fjordkraft Marketplace was launched early 2021 and is based upon a platform business model. We are offering quality goods from quality 3rd part vendors. We have created an attractive distribution channel for our partners and at the same time we keep our position as an intangible service provider, letting the customers control their hardware through the Fjordkraft app. The demand for household appliances and gadgets that can be connected and controlled has increased along with the adoption of IOT in the consumers' homes. In 2022 we have ensured that the products offered through the marketplace will be products that complement and strengthen our core value proposition. This can be mobile phones, solar panels, home chargers and smart products for home and travel.

The continuing plan is that Fjordkraft Marketplace will give Fjordkraft new revenue streams and reduce customer churn. An example of a new revenue stream can be commission per order sold on the marketplace. Financing solutions, instead of cash settlement, have a proven record of reducing customer churn and are of course an available service through our financial partners.

Business segment

Elmera Group Business operates the brands Fjordkraft and Gudbrandsdal Energi in Norway and Nordic Green Energy in Sweden and Finland. We have a strong position in the business segment and a leading brand position through Fjordkraft, which is the best known electricity retailer brand in Norway with 89 % awareness in the B2B-segment and the highest top of mind score in the industry.

There are approximately 20 Norwegian players working on a national scale in total. Fjordkraft along with two other competitors are the only ones operating in the entire Business segment, which includes SOHO (small office/home office), SME`s, Large Customers and Public Entities. This is a strength for us, and it contributes to our awareness and our position as a professional player.

Our biggest competitive advantage is our distribution power and our national presence. Our presence does reflect a segmented and a national commitment. Including Gudbrandsdal energi and our activities in Sweden and Finland through Nordic Green Energy, we are well positioned to increase our B2B market position in the Nordics.

Business customers have a higher consumption and more complex products to which the customers are willing to pay for. Therefore, we have a higher net revenue per delivery compared to the Consumer segment. Our Portfolio is highly diversified. We recognize that different customers need different solutions, and we are targeting specific segments of the market with a wide range of products designed to meet their needs.

Our main product is Spot including Risk Management. Many business customers have a great need for predictable power costs, therefore they choose electricity plans that include risk management. We experience a higher loyalty and satisfaction from the customers that have electricity plans that includes risk management in combination with other value adding services. We have a very low risk associated with risk management products, because the customers fully own their positions. In 2022, we introduced these products in GE and Nordic Green Energy.

Value adding services are becoming more important to differentiate us from our competitors and to attract new customers. Through our online customer portal - Min Bedrift, we offer reports on consumption, comparison of consumption with temperature, cost reports, price forecasts and risk management reports. We also offer our customers a Climate reporting tool that uses the Greenhouse Gas Protocol Standard.

We offer local “energy as a service” - solutions in the form of solar panels and heat pumps, giving our customers the possibility to implement sustainable energy solutions without the need of a major capital investment. In our portfolio of “climate smart”-products, we also offer systems for energy optimalization in buildings, charging for electrical cars and solar panels for sale. In late 2022, we launched a new beta-project, using second-life batteries from electrical cars as local storage units for energy.

We will continue to expand this portfolio with new products that help our customers reduce their energy costs and emissions.

We have transitioned from an electricity supplier to an energy partner with value adding services that reduce our customers emissions. This attracts an even larger share of business customers. As a pan-Nordic retailer, we experience new opportunities for further growth within both our core offering and climate smart services. Elmera Group is well organized and positioned for further growth in the business segment!

Nordics

Through the acquisition of Switch Nordic Green AB in 2020, Elmera Group entered the Swedish and Finnish markets through the Nordic Green Energy brand. We are a challenger in these markets with growth ambitions in both Sweden and Finland. Due to the recent energy crisis, both markets have changed fundamentally. Especially Finland, where previous dominating fixed price products are no longer offered at competitive rates due to the risk carried by the electricity retailer. Nordic Green Energy stopped selling fixed price products early 2022, and recently most others have decided to follow. Instead spot based products are now offered. Nordic Green Energy is launching the Elmera Group app and several digital services on March 1st, 2023. Nordic Green is therefore well positioned to grow organically in the Finnish market building on the Elmera Group technological advantages. In Sweden, we are well positioned for further M&A-growth and we are targeting regional publicly owned energy companies where electricity retailing is no longer considered core business. In Sweden, as opposed to Finland, there are acquisition targets without fixed price portfolios and thus a more attractive risk profile. The Elmera Group technological platform and digital services are a good match for Swedish retail operations, and may, for some, even be a prerequisite for continuous success in the Swedish market. Elmera Group's relative technological advantage is still significant and is our opportunity to add value to possible acquisition targets.

NGI – New Growth Initiatives

The NGI segment consists of our mobile service offering, the Extended Alliance concept, AllRate AS, and Steddi Payment AS.

We are a mobile service provider to consumers across Norway. Our mobile subscription offering includes favourable prices for any customer that also holds a Fjordkraft electricity subscription. The favourable prices apply to the whole household. We see that the customers also holding a Fjordkraft mobile subscription, have a significantly lower churn rate and a higher customer satisfaction rate. Fjordkraft have made a massive impact in the mobile market, having grown to become the largest service provider. We offer highly attractive and competitive prices, we have an award-winning customer service, and we offer mobile phones through the Marketplace. At the end of 2022 we announced that Fjordkraft Mobil will continue as a subsidiary of Fjordkraft AS, co-owned by Telia AS. This partnership allows for more cost-effective operations and further development offerings and services. At the end of the year the customer portfolio comprised around 143.000 customers. Additionally, Gudbrandsdal Energi operates Gudbrandsdal Energi Mobil.

Our Extended Alliance concept offers operating services within message exchange, account settlement, invoicing and payment collection for alliance partners, capitalising on economies of scale in our IT platform. The platform has been developed to digitalise and simplify the Group's account settlement, invoicing, and payment collection processes.

AllRate AS are expending their technology platform by developing services for distribution network operators (DNOs). Currently, the platform delivers settlement services for electricity, broadband, and district heating. The service is being developed in cooperation with two DNOs who have agreed to function as pilot-customers. Furthermore, AllRate have signed agreements with other suppliers necessary to complete the service offering to DNOs. AllRate AS will be fully focused on offering their services and expand their presence in the SME segment for DNOs, awaiting completion of the pilot phase.

Steddi Payments offers predictable payment plans for households. With a normal payment plan, electricity bills vary from month to month. For customers with a predictable payment plan their future electricity costs are calculated and distributed over the next year, helping them budget their electricity costs. Customers with a predictable payment plan will always know how much their electricity bill will be the next month. Increased predictability goes hand in hand with reduced uncertainty and fewer negative surprises, which has led to higher customer satisfaction during a period with volatile electricity prices.

Predictable payment plans are currently offered in cooperation with electricity retailers in the Elmera Group, offering a differentiating value proposition. In 2023 Steddi expects to launch several news in the market, aimed at reducing the frictions and negative surprises customers experience regarding electricity costs.

How do we find new sources of growth?

Customer pains are often a good starting point when looking for new opportunities and solving customer pains is at the centre of our innovation agenda. We want to build an attractive ecosystem of products and services that are solving customer problems that together are adding more value to our customers and thereby increasing the customer loyalty.

Identifying opportunities that are commercially viable and can be developed into value adding products and services is key when it comes to finding new sources of growth. In a world where digitalisation is accelerating and the customer needs are changing fast, we have chosen an open innovation approach as we acknowledge that there are many bright opportunities outside the Group. This means that the Group doesn't just rely on our own internal knowledge, sources and resources for innovation, we also actively look for potential collaboration partners outside the group that can help us in identifying and developing new growth areas.

When it comes to investing, we are willing and able to invest in promising ideas and start-ups that fit into our ecosystem and strengthen our customer offerings. We have also made successful spinoffs from within the Group in the past few years through Metzum AS, AllRate AS and Betalservice AS.

Corporate governance and ESG

Fjordkraft is 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.

In terms of ESG, our strategy process is designed to make sure the Group is compliant with relevant standards and reporting requirements. All relevant standards and requirements are identified and analysed, and the implications of these provides important guiding for the upcoming strategy period. Since 2020, the company has reported on sustainability indicators in accordance with the GRI standard in the ESG report. For the financial year 2021, GRI reporting has been reviewed by the auditing firm Deloitte in accordance with the requirements for auditor-approved reporting.

The Group closely monitors developments within existing ESG standards and reporting requirements. We also aim to anticipate new standards and understand the consequence of these as early as possible in order to assess the impact and prepare the organisation.

To learn more about our ESG work and reporting, please view the ESG section.

Part 4

4.1 Board of Directors' Report

Elmera Group ASA and Group

Both internationally and in Norway, 2022 was a year affected by the energy crisis, high electricity prices and great volatility. Energy supply and electricity prices were on most people's agenda this year. The Group achieved an operating profit (EBIT adjusted) of NOK 460 million in 2022. The equivalent figure for 2021 was NOK 610 million. A decline in volume as a consequence of electricity savings and high volatility in the wholesale market characterise the comparison with previous years' results. Extremely high electricity prices resulted in extraordinarily high financing costs for electricity purchases, which affects the Group's reported profit before tax.

Summary of the figures for 2022

Net revenue adjusted amounted to NOK 1.711 billion in 2022, and EBIT adjusted to NOK 460million, down from NOK 610 million in 2021. Number of deliveries amounted to 954,000 electricity deliveries at year-end 2022, 975,000 at year-end 2021, and volume sold amounted to 17.5 TWh, down from 20.2 TWh in 2021.

The financial statements for 2022 were prepared in accordance with the IFRS accounting standards.

The Group's overall operations

At the Annual General Meeting in 2022, it was decided to change the company's name from Fjordkraft Holding ASA to Elmera Group ASA. The reason for the change was to avoid confusion with the subsidiary and electricity retailer Fjordkraft AS.

Elmera Group ASA is the listed parent company in a Group consisting of several companies that sell advisory services and other services, software for energy companies, electricity agreements and products for the low-emission society, as well as mobile telephony. Customers are end users of electricity in the private and business markets, the wholesale market and energy companies in Norway, Sweden and Finland.

The head office of Elmera Group ASA is located in Bergen.

The Group comprises four electricity retailers: Fjordkraft AS which is Norway's largest and best-known electricity retailer. Gudbrandsdal Energi has had for a number of years Norway's most satisfied electricity customers. TrøndelagKraft AS which is the local electricity retailer in Trondheim, and Switch Nordic Green AB which operates in Finland and Sweden, with the Nordic Green Energy brand.The subsidiary Elmera Industrial Ownership AS owns AllRate AS, Steddi Payments AS, Elmera Nordic AS, Gudbrandsdal Energi AS, Energismart Norway AS and also 40 per cent of the software company Metzum AS.

In 2022, Elmera Group's financial reporting was divided into the following segments:

- Consumer, Norway – sale of electricity and related services
- Business, Norway – sale of electricity and related services
- Nordic region – sale of electricity and related services in Finland and Sweden.
- New Growth Initiatives – purchase and sale of electricity for other energy companies – Kraftalliansen, mobile telephony, sales from solar panels, settlement services through AllRate AS and other products in Norway.

Wholesale market and fundamental conditions

Since 2019, Elhub has been a national neutral data hub in Norway that handles all metering data and market processes in the Norwegian power market. Standardised message exchange interfaces enable all market participants to deal with a single player. Elhub is an important prerequisite for managing the huge volumes of data resulting from the introduction of digital electricity meters (AMS).

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

Great variation in area prices and hourly rates 2022 was marked by war and energy crisis in Europe. This resulted in soaring gas and electricity prices, as well as increased price volatility, with great variation in prices throughout the day/night and between the different price areas. Electricity prices were also high in 2021. This was due to the transition to more renewable energy sources, international energy market conditions related to gas prices and carbon emission allowances, a new North Sea cable between Norway and the UK and low reservoir filling in Norwegian and Swedish reservoirs. Wind power and hydroelectric power generation in the Nordic region are significantly affected by weather conditions, temperature, consumption, prices of other energy carriers and macroeconomic conditions.

In 2022 and 2021, market prices for electricity were extremely high, while in 2020 they were exceptionally low. The average price on the Nordic power exchange was 137.3 øre/kWh for 2022, compared to 63.39 øre/kWh for 2021 and11.56 øre/hWh for 2020. The system price is a theoretically calculated average price for the Nordic and Baltic countries. The countries in this region are geographically divided into different electricity price areas, and area prices may deviate significantly from the system price, depending on transmission capacity, and production and consumption within the price area. The most expensive months in Norway (NO2), Sweden (SE3 and SE4) and Finland were August, September and December.

Historically, there have been small differences between the prices in the different electricity price areas within each country, and normally only for short periods. The price variations between the areas in 2022 were enormous and persisted for prolonged periods. There were also long periods with very large intraday price variations.

In August, Finland experienced extreme intraday variations in spot prices for electricity. On 8 August, the cheapest hour cost 79.5 øre and later that day the rate was 856 øre/kWh. The highest hourly rate in Norway (NO2) in 2022 was on 29 August, at a rate of 822 øre/kWh.

The business areas

Consumer market – Norway

In the many years of low electricity prices, for most consumers in Norway power agreements and power consumption were a low-interest product. This situation has changed as a consequence of the increased awareness of the international energy market and the high electricity prices in 2022.

The total consumption of electricity in Norway in 2022 amounted to 134 TWh. In overall terms, this is a decrease of 4 per cent compared to 2021. Total consumption by Norwegian households was 35 TWh in 2022, which is the lowest level since 2014, according to figures from Elhub. Norwegian households reduced their consumption by 13.1 per cent in total in 2022, compared to 2021. The figures are not temperature-adjusted and do not take account of the increasing number of electric cars and home charging of cars. The figures for 2022 show the greatest downturn in consumption in the regions with the highest area prices in the power market. In Central and Northern Norway, households cut consumption by 4.5 per cent, while for the three southern Norwegian price areas (NO1, NO2 and NO5) electricity consumption in 2022 was reduced by 16.4 per cent compared to the previous year.

Electricity price affects reputation and satisfaction

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

The electricity industry's reputation score is low and amounted to 34 points at the end of 2022, compared to 33 points at the end of 2021, according to Kantar's Energy Barometer for Q4 2022. The industry's lowest measured score was 30 points in 2006.

The record-high electricity prices and the Norwegian government's payment of an electricity subsidy to households via their electricity bills brought a huge increase in the number of enquiries to all companies' customer service centres.

Fjordkraft is the best-known electricity retailer. According to Kantar's survey for Q4 2022, no less than 93 per cent of the adult population in Norway had heard of Fjordkraft. 56 per cent of the Norwegian population mentioned Fjordkraft unprompted when asked to name an electricity retailer. Gudbrandsdal Energi came in fourth place among electricity retailers, with 16 per cent unprompted awareness. TrøndelagKraft is a local supplier and is mentioned by 1 per cent of customers nationwide.

The survey conducted in October/November 2022 by EPSI measured customer satisfaction with their own company among the Norwegian electricity customers of the eight largest electricity retailers. Gudbrandsdal Energi had Norway's most satisfied electricity customers and scored highest in the survey, with 75 points. This was an improvement of 2.6 points from the previous year. Fjordkraft scored 65.8 points, an increase of 6.9 points from the previous year. This placed Fjordkraft as number 6 out of 8 suppliers measured. Surveys of measures implemented for Fjordkraft's customers in the autumn of 2022 show that these measures have been noted by customers.

The electricity retailers in the Group are continuously working on various measures to improve the customer experience and our reputation. This is related to customer communication, power agreements and products, as well as the development of new services in the app.

The Trygg Strømhandel certification scheme

In 2021, the industry associations Energi Norge and DistriktsEnergi introduced a voluntary certification scheme for electricity retailers. The certification scheme is called Trygg Strømhandel. Elmera Group has been a driving force behind the scheme and the Group's three end-user companies in Norway were among the first to be certified. The scheme sets a number of requirements concerning the sale of electricity, and for information and transparency in products and customer communication. The scheme includes deviation reporting processes, to stimulate continuous improvement.

The recertification process under the auspices of the DNV accreditation company will take place in the summer of 2023. The Group has appointed a compliance officer with ongoing responsibility for monitoring internal follow-up of the certification requirements.

Customers keep track via the app

At the end of 2022, more than 400,000 of the Group's electricity customers in the Norwegian consumer market had started using the app to check electricity prices throughout the day/night, and smart charge electric cars in the cheapest hours of the day/night, as well as other services. The app creates awareness of customers' own electricity consumption and provides the knowledge customers need to be able to adjust their consumption. The aim is to further increase the number of users.

The Group's Norwegian electricity customers can check their own electricity consumption compared to the current temperature, monitor production from solar panels on their own roof, control the heat pump, use their customer benefits, check outdoor temperature, keep track of invoices, receive power saving tips, check their climate footprint and order additional services. For Fjordkraft's customers, the same app provides an overview of their own mobile phone use, enables them to order additional services and also provides an overview of their children's mobile data use. New features in the app are released regularly.

Payment solutions for customers
Continuous efforts are being made to develop effective payment solutions for customers and to meet customers' needs due to the great variations in households' electricity costs. The services are offered to electricity customers through the subsidiary Steddi Payments AS.

Business market – Norway

Like the consumer market, the business market for power agreements and portfolio management of electricity is fragmented, with many providers. Fjordkraft's business customers range in size from major Groups and energy-intensive enterprises to small and medium-sized local production and service companies. The Group's electricity retailers have a wide distribution network thanks to a presence and sales offices in Bergen, Hamar, Oslo, Sandefjord, Sortland, Stavanger, Trondheim and Vinstra.

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

In 2022, around 75 per cent of the Group's Norwegian business customers had risk management agreements to reduce the effect of price fluctuations in the wholesale market by financially hedging a share of the volume. As a consequence of the extraordinarily high prices, customers achieved savings totalling more than NOK 1 billion compared to trading continuously in the spot market.

A customer survey conducted by EPSI in the autumn of 2022 shows a result of 60.8 points, which is an increase of 1.9 points from the previous year. The industry average is 62.4 points and the company's goal is to continue its efforts to increase the satisfaction rate.

Financial instruments and fixed-price agreements
In 2023, the Norwegian government has changed the tax calculation model for power production to provide an incentive for large power producers to offer fixed-price agreements to business customers who so require. The agreements were launched in the market in December 2022, are offered via electricity retailers and have a duration of 3, 5 or 7 years. Fjordkraft has intermediated the long-term agreements from Statkraft.

A high proportion of the Group's business customers have electricity risk management agreements that reduce the exposure to price fluctuations by ensuring that some elements of the company's consumption volume are financially hedged via the Group's management products. The financial power exchange, Nasdaq, provides electricity retailers and customers with the instruments to be able to offer this.

The producers offer fixed-price agreements on market terms. So far, there has been little interest in these agreements. Very few have wished to enter a long-term commitment while prices are running high, and a lot of businesses already have electricity agreements with financial price hedging to dampen fluctuations in electricity prices.

Nordic

Switch Nordic Green AB
Switch Nordic Green AB sells renewable energy and electricity contracts with guarantees of origin (GoOs) under the Nordic Green Energy (NGE) brand name. In Sweden, the customer group is business customers, while in Finland it is both private and business customers. At year-end, Switch Nordic Green had 149,000 electricity deliveries in total for Sweden and Finland.

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

Profile risk from NGE's fixed price portfolio is reduced into 2023, due to sales stop of fixed price contracts with profile risk from January 2022. The market is moving towards spot-based products.

New growth initiatives

Kraftalliansen (the Power Alliance): Services for other electricity companies

One of the Group's business areas is the operation of an alliance concept consisting of several small and medium-sized Norwegian electricity companies that purchase various market, advisory and power trading services from Elmera Group and related companies. The concept also includes the purchase of production from smaller power producers, and the purchase of licensed power, as well as grid losses and the power grid companies' supply obligation. The concept operates under the brand name of 'Kraftalliansen'. The potential for future growth in service sales is assessed to be very good, both within and outside Norway.

AllRate AS
AllRate AS has energy companies in the Nordic region as its customer groups and offers service deliveries to electricity, broadband and district heating providers, as well as solutions for power grid companies. The service delivery handles every process, including metering, settlement, billing, payment collection and message exchange with Elhub. Other market-oriented digital services and solutions, such as mobile app, are also offered. The platform is scalable, with the capacity to handle higher transaction volumes resulting from acquisitions, so as to support the company's consolidation ambitions.

Steddi Payment AS

This is a newly established venture in Elmera Group that specialises in services related to payments to electricity retailers and to the consumer segment. In a rapidly changing electricity market, new customer needs arise in both customer segments. Consumers' incomes are generally the same every month, but electricity customers' bills vary widely between the summer and winter months. The company offers payment services that improve how customers experience electricity retailers and ensure customers better management of their finances when they can pay a predictable amount each month. In 2022, Steddi Payments operated under the name of Betalservice AS.

Mobile service company established

On 23 December 2022, it was announced that Fjordkraft AS and Telia Norge AS would join forces to establish and own Fjordkraft Mobil AS. Fjordkraft AS will own 61 per cent and Telia Norge 39 per cent of the company. Fjordkraft AS started its mobile activity in 2017 as part of the business in the power sales company and the company will continue to provide services and handle customer service for Fjordkraft Mobil AS. Fjordkraft Mobil AS is the largest mobile telephony provider without its own telecommunications network.

The cooperation with Telia Norge will boost the competitiveness of the largest independent mobile operator in Norway, and will be good for all Norwegian mobile customers.

PPA for solar business

The group offers solutions for locally producing energy through solar production for both the private and business segments. In the corporate market, PPAs (Power Purchase Agreements) are offered for solar cell production and heat pump technology.

Under a PPA between an electricity retailer and owners of commercial properties, the electricity retailer purchases energy from the property company that is generated from solar panels on the roof, or from heat pumps, at an agreed, 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 undertakes to purchase energy from the energy source, and Fjordkraft or Gudbrandsdal Energi, with associated partners, arrange installation, financing and operation.

Organisation

Employees

The Group has undergone a major reorganisation since August 2022. The purpose of the reorganisation was to achieve a clear Group structure for the companies included. Another aim was to streamline Fjordkraft's core activities in order to facilitate cost efficiency measures. Fjordkraft has the necessary support functions, and the company also sells 'largest user' services to other companies in the Group.

The Business area is a separate profit and loss unit in the Group. Fjordkraft's business customers are financially consolidated into Fjordkraft AS. As a consequence of the organisational change, the Business area holds matrix responsibility for all sales in the Group's business segment, including the Nordic region.

As part of the reorganisation, several operations, IT and staff functions which previously were organised in Fjordkraft AS, have been transferred to Elmera Group ASA. This transfer was carried out in August 2022 as a transfer of business ("virksomhetsoverdragelse"), and included the transfer of 81 employees.

In overall terms, the Elmera Group's wholly-owned companies, including operations in Sweden and Finland, had a total of 440 permanent employees at the end of 2022, equivalent to 412 FTEs. In Norway, there were 372 permanent employees in total at the end of 2022, equivalent to 367.1 FTEs. At the end of 2022, the parent company Elmera Group ASA had a total of 89 employees and 88 FTEs.

At the end of 2022, the Group had a total of 86.91 FTEs covered by staff contracted from manpower agencies. Hiring from a manpower agency took place mainly to cover a temporary need and to provide extra capacity in customer service and telemarketing.

In Norway, the Group is covered by the collective agreements for the Electricity and IT Union, the Norwegian Union of Municipal and General Employees (NUMGE) and NITO. Switch Nordic Green AB in Sweden and Finland is not covered by collective agreements.

The total absence due to illness for the Group's Norwegian companies was 8.2 per cent in 2022, compared to 5.9 per cent in 2021. The reason for the change from the previous year is increased long-term absence, as well as high short-term absence in February 2022. Elmera Group ASA and Fjordkraft AS have signed up to the 'Inclusive Working Life' scheme. In 2022, an employee survey was conducted to investigate how employees experienced their work situation and the extent to which they identified with the company's goals and values. The survey was conducted in March 2022 and showed that employee satisfaction is very high and that employees have a strong commitment to their workplace.

As from the spring of 2022, fears of extensive Covid-19 infection subsided and the special workplace measures were lifted Absenteeism was high at the start of the year and was generally higher throughout the year than in previous years. The general experience is that after conditions were normalised, absence as a consequence of other infection or illness was higher than at the time when everyone stayed at home due to Covid-19.

Equal opportunities

The purpose of the Norwegian Anti-Discrimination Act is to promote equality, ensure equal opportunities and rights, and prevent discrimination. At Elmera, men and women enjoy equal rights, opportunities and pay conditions for the same type of position. The company and the Group work actively to promote the aims of the Act. The activities encompass recruitment, pay and working conditions, promotion, development opportunities and protection against discrimination or harassment.

A full statement on gender equality is part of this Annual Report, ESG section.

The ratio for shareholder-elected Board members is 60 per cent women and 40 per cent men. When employee-elected members are included, the proportion of women on the Board totals 62.5 per cent. Furthermore, the Group's objective is for the ratio of female/male managers to be equivalent to the ratio for the general distribution of women and men among the employees. Elmera's Group management team has a total of nine members and the distribution between women and men is 22 and 78 per cent, respectively. The distribution between women and men employed by the company is 30 per cent and 70 per cent. For management positions with personnel responsibility in Elmera Group ASA at senior management level and for those reporting to Group management, the distribution is that 50 per cent of these positions are held by women.

Ownership and legal form

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

The composition of the Board is in line with the recommendations of the Norwegian Corporate Governance Board (NUES).

A full statement on Corporate Governance and the work of the Board of Directors is part of this Annual Report.

The Board of Directors held a total of nine meetings during the year. In addition, three Board meetings were held as the circulation and signing of documents via email. No Board committees involving only a selection of Board members were used during the year over and above what is required by law in the form of an audit committee and a remuneration committee. In March 2022, the Board conducted an evaluation of its work.

Elmera Group ASA has taken out Board liability insurance. Coverage applies to members of the Board of Directors, the general manager and other employees with independent management responsibility. The Board liability insurance also concerns the subsidiaries. The insurance thus covers the insured's liability for damage to assets due to claims against the insured during the insurance period.

For 2022, an executive remuneration report was prepared for submission to the general meeting. The report is available on the company's website: www.elmeragroup.no

Strategy

The Group's strategy plan for the 2023-2025 strategy period was updated during the year. The strategy work in 2022 was adapted to the increase in the number of companies in the Group and to ensuring synergies in the Group. Elmera Group ASA's tasks and role as parent company were also clarified.

The strategy provides the basis for the Group's collective ambitions, decisions and activities for owners, the Board, managers and employees in the company. All ordinary Board meetings include strategy assessments and discussions.

The strategy plan of the Elmera Group plays an important role in the managers' and employees' planning and everyday work. Managers at several levels help to shape the strategy for their areas of responsibility. Every year, as part of its evaluation and audit process, the Group chooses one priority area from the strategic plan which it subjects to particular scrutiny to test the validity of the assumptions.

The company's strategy process is related to the Group's management philosophy, ensuring that the strategy work is not the exclusive concern of the company's executive management. Over time, the company has developed a good process for involving and building commitment to the strategy plan from the company's middle management and other employees. Since 2004, promise-based management has been an important element of the company's culture and working methods to ensure that the strategy is converted to action in each employee's everyday work.

The Group's strategy concerns defending and maintaining the current competitive advantages and earnings, and developing new advantages and business areas. Scenario modelling is an important tool in the strategy work. The company has developed strategy accounts, which it has used for several years to measure and document its capacity for implementing strategic decisions and objectives.

For more information, see the strategy chapter in the Annual Report.

Investor relations

Elmera Group ASA has been listed on the main list of the Oslo Stock Exchange since 21 March 2018. In connection with the name change, the stock ticker was changed from FKRFT to ELMRA. The share price (FKRFT) fell by 66 per cent in the period from 1 January to 31 December 2022. The main index of the Oslo Stock Exchange fell by 1 per cent in the same period. The company's market capitalisation at year-end exceeded NOK 1.8 billion.

The company had around 9,800 shareholders at the close of the year. A list of the company's 20 largest shareholders is available at www.elmeragroup.no

In 2022, the company operated its investor relations activities in line with the strategy adopted for the area.

CSR/ESG

The company presented its first ESG Report in 2019. The ESG Report is included as a separate chapter of this Annual Report and concerns the initiatives on which the company has been working, as well as its GRI reporting. Since 2021, the GRI reporting has been reviewed by the Group's auditor, Deloitte. See the ESG Report, which is included as a separate element of this Annual Report. It also includes climate risk and greenhouse gas accounting. Report on gender equality and equal opportunities, see elmera.no.

Throughout the year, the Board regularly included ESG-related topics as part of its agenda. Climate risk, climate goals and sustainability were included in the Board's discussions and work in connection with the Group's strategy. Elmera Group has chosen four of the UN Sustainable Development Goals as the Group's focus areas.

Elmera Group and the Group have low greenhouse gas emissions as a consequence of the companies' activities. Targets for further reductions have been set.

The Board believes that companies such as Elmera Group ASA can contribute to the EU sustainability goals to stop climate change and curb global warming. Meanwhile, the company can make the greatest contribution to, and have the biggest impact on, reducing global warming and achieving the EU 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 carbon emissions that are in the order of 100 times greater than it could achieve by just cutting its own emissions.

Via the 'Klimanjaro initiative', the Group uses its purchasing power to set requirements for permanent contractual partners. In autumn 2022, the requirement for suppliers to be climate neutral to be able to deliver goods and services was changed to a requirement to be climate committed. This is a consequence of a change in the UN's methodology, and a change in the UN's definition of climate neutral as a concept. This is described in the ESG Report. Suppliers must prepare greenhouse gas accounts, take measures and offset their residual emissions.

Greenhouse gas accounts

Greenhouse gas accounts for 2022 have been prepared for the Group and for the companies comprising Fjordkraft, TrøndelagKraft, Gudbrandsdal Energi and Switch Nordic Green AB concerning Scope 1, 2 and 3 emissions. The operations are exclusively office-based and do not include any production processes or premises. The business does not cause emissions to the air or water beyond what is consumed by the company's employees' use of the offices and travel related to their work. Electricity consumed in the company's premises has guarantees of origin (GoOs) from hydroelectric power. This is described in the ESG chapter of the Annual Report, Greenhouse Gas Accounts.

Climate risk assessment

Elmera Group undertakes climate risk assessment as part of the overall risk management and reporting in the Group. The company works with the introduction of the increased formal requirements for how climate risk should be analysed and reported in accordance with the Task Force on Climate Related Financial Disclosures (TCFD).

Based on the company's deliveries and customer base, climate change is not believed to represent any critical risks or significant threats to the company's operations and customer base in the short term. In the long term, it is assessed that new guidelines from the authorities, the taxonomy and the new EU Sustainability Directive can result in regulation with a stronger impact on the company and the Group.

There is a direct link between global climate challenges and the electricity price level in the Nordic region. High electricity prices lead to changes in customers' consumption and have a direct impact on the company. Volatile electricity prices will increase demands for sustainable products and investments in the future. The climate risk in relation to the company's ability to implement its strategy is assessed to be low.

See the Climate Risk chapter in the ESG Report.

Ethics and compliance

As from 1 July 2022, the Transparency Act entered into force in Norway. The Act will promote businesses' respect for fundamental human rights and decent working conditions, and ensure access to information for the general public. The Act imposes a disclosure obligation on companies in Norway and a duty to undertake due diligence assessment of suppliers. The company has published its first due diligence assessment in accordance with the Act.

Tonnes CO_2E	2022
Scope 1	10,7
Scope 2	0
Scope 3	263,5
Total	**274,2**
Total compensations	274,2
Emmisions after compensations/ allowances	0

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.

The Group's ethical guidelines include a duty to notify employees of any censurable conditions, including breaches of internal guidelines, and statutory and regulatory provisions, and procedures for how such information is to be provided.

Elmera Group's Corporate Governance Report is part of the company's Annual Report for 2022. The report is prepared to describe all elements of the Norwegian Code of Practice for Corporate Governance.

Finances

Adjusted operating profit (EBIT adj.) amounted to NOK 460 million in 2022, a decrease from NOK 610 million in 2021. The Consumer segment was negatively impacted by significant product migration from variable contracts to spot contracts in the fourth quarter of 2022. In combination with highly volatile elspot prices, this was the main driver for the reduction in adjusted operating profit in the segment from 2021 to 2022. The Business segment continues the strong growth from previous years and delivered an all-time high operating profit in 2022. The demand for risk mitigating products and advisory services has further increased with the high elspot price level, providing the segment with a strong pipeline of potential new customers into 2023. The Nordic segment generated a negative adjusted operating profit in 2022, driven by profile costs on fixed price contracts. The associated contracts are phased out and the residual profile risk is reduced into 2023. New Growth Initiatives improved versus 2021 and delivered positive adjusted operating profit in 2022. There are several factors that are expected to have a positive impact on the segment as we head into 2023, like the cooperation with Telia on the Group's mobile offering and the increased demand for the Group's solar panel solutions.

The operating profit in 2022 was NOK 273 million (2021: NOK 408 million). Profit for the year was 74 million (2021: 257 million).

Financial statements

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

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

The going concern assumption is the basis for the statements, and according to the Board of Directors the financial statements provide a true and fair view of the Elmera Group's assets and liabilities, financial position, and result of operations.

The figures for 2021 have been restated. The restatements include adjustments to the recognition of estimated revenues from the sale of power, which did not to an adequate degree reflect all available information at the time of reporting. The fair value measurement of derivative customer contracts has also been adjusted in accordance with IFRS 9, resulting in restatements of prior period revenue and fair value of derivative financial instruments. Restatements have also been made to prior period direct cost of sales and onerous contract provisions. All adjustments have been detailed in note 3 to the financial statements.

The interest compensation for extended credit days related to electricity purchase from Statkraft Energi AS, the Group's main supplier of electrical power, has in previous annual reports been recorded in Direct cost of sales. In this report and going forward the interest compensation is reported in Interest expense. Comparative figures have been reclassified to align with current presentation.

The Group's total revenues in 2022 amounted to NOK 25,522 million, compared to NOK 15,075 million in 2021 and direct cost of sales amounted to NOK 23,824 million in 2022 compared to NOK 13,357 million in 2021. The significantly higher elspot prices is the main reason for higher total revenues and direct cost of sales in 2022. Total personnel and other operating expenses amounted to NOK 996 million, compared to NOK 898 million the previous year.

The Group's profit before tax was NOK 129 million (2021: NOK 335 million). Tax expenses was NOK 55 million (2021: NOK 78 million). Profit after tax for 2022 was NOK 74 million (2021: NOK 257 million).

The 2022 operating revenue (NOK 86 million) and operating expenses (NOK 132 million) of the parent company Elmera Group ASA are significantly increased compared to 2021 (Revenue: NOK 3 million, Operating expenses: NOK 22 million). This is a consequence of the Group's reorganisation in August 2022 which is described in the "Organisation"-section above. The 2022 operating revenue in Elmera Group ASA 2022 are revenues from providing management-, IT, and other support services to group companies.

The parent company's profit before tax was NOK 124 million (2021: NOK 388 million). Tax expenses was NOK 11 million (2021: NOK 6 million). Profit after tax for 2022 was NOK 112 million (2021: NOK 382 million). The decrease in profit is primarily due to a decrease in dividends from subsidiary Fjordkraft AS which is recognised as Income from investments in subsidiaries.

Allocation of the year's profit

As per IFRS accounting rules, the IFRS financial statements for 2022 show no provisions for dividends on 31 December 2022. The board has proposed a dividend of NOK 1.50 per share to be approved by the General Meeting.

Statement of financial position

The assets in the Elmera Group mainly consist of current assets in the form of trade receivables and derivative financial instruments, and non-current assets in the form of goodwill and intangible assets. Current assets amount to approximately 70 per cent of the Group's total assets, while non-current assets correspond to 30 per cent. Due to variations in price and consumption, the value of total assets varies significantly from period to period. Total assets have increased with NOK 4 255 million in 2022, mainly due to an increase in trade receivables and derivative financial instruments. In 2022, equity has decreased by NOK 434 million from NOK 1,674 million to NOK 1,240 million. The Group's equity ratio has decreased from 17 per cent on 31 December 2021 to 9 per cent on 31 December 2022. Total current liabilities have increased by NOK 3,101 million from 2021. This is largely related to increased trade and other payables, onerous contract provision and derivative financial instruments. Total non-current liabilities have increased by NOK 1,588 million. The main reasons are a NOK 1,252 million increase in derivative financial instruments and a NOK 447 million increase in onerous contract provisions.

In 2022, Elmera Group ASA total assets have increased with NOK 370 million, mainly due to an increase in Receivables from group companies, which are the amounts the Group companies have drawn on the group account system. The parent company is the holder of the group account system, which is connected to the group's Overdraft facility which have increased with NOK 534 million in 2022. Compared to 2021, Interest-bearing long-term debt has decreased with NOK 43 million, liabilities to related party has increased with NOK 111 million, and Interest-bearing short term debt has increased as the company drew NOK 125 million on the revolving credit facility in 2022 to finance a share buyback program. Elmera Group ASA equity has decreased with NOK 174 million, and the equity ratio has decreased from 57 per cent on 31 December 2021 to 46 per cent on 31 December 2022.

Key figures

In total, the Group had 1,041 electricity deliveries at year-end 2022. This is a decrease of 20 thousand electricity deliveries from 2021. The number of mobile subscribes in the Group was 144 thousand. There has been a 14 % decrease in total volume delivered to the Consumer and Business segments, from 16.96 TWh in 2021 to 14.63 TWh in 2022. The Nordic segment delivered 2.88 TWh in 2022.

ROE (Return on equity) was 5 per cent in 2022, compared to 14 per cent in 2021.

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 379 million in 2021 to NOK -370 million in 2022. The decrease is mainly driven by change in trade receivables and trade payables. Net cash used in investing activities was NOK 24 million in 2022 compared to 113 million in 2021.

Corporate Finance

The governance of the Elmera 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, climate risk, interest rates, security prices and foreign currency exchange rates.

Market risk – commodity prices

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

The market price for electricity (spot price) is the hourly price from the Nordic power exchange Nord Pool Spot. Norway, Sweden, and Finland are geographically divided into different electricity price areas. The spot price is determined by Nord Pool Spot within each of these price areas by the balance between demand and supply.

The electricity prices are affected by the war in Ukraine and the transition to a low-emission society. The EU's climate targets and the phasing-out of fossil energy production, as well as a focus on renewable energy with a significant wind power element, have made the European power market increasingly dependent on prevailing weather conditions. In a transition phase, and for as long as the war continues, higher power prices and greater fluctuations than normal are expected. The Group's ESG-report contains more information about climate risk and how these are managed.

When selling electricity to end users the Group offers a large scale of different product types with different pricing structures. The product types vary from spot-priced products, where the sales prices are connected to the spot price the Group pays when purchasing the electricity in the spot market, to variable price and fixed price contracts where the sales price is a fixed price for a fixed period.

The different product types expose the Group to different risks, including price risk, profile risk, and volume risk. Profile risk arises when using standardized electricity derivatives, where the contractual price is fixed for all hours during the contractual period, to hedge power sales in the retail market where power prices vary from hour to hour throughout the day and week.

The majority of end-user-sales in Norway are from spot-priced product types, where there is no price-, profile- or volume risk. Variable price contracts offer the customers the predictability of a fixed price without a fixed volume. The price in the variable price products in the consumer segment can be changed with a 30 days' notice period (increased from 14 days in 2022). In the business segment the notice period is seven days. Volume sold on variable price products in the consumer segment decreased towards the end of 2022 as significant numbers of customers migrated from variable to spot-priced products. The Group initiated sales stop of these contracts in the consumer segment and year-end 2022 this contract type represents less than 11% of the customers in the segment.

A substantial portion of end-user sales in the Nordic segment are at fixed price contracts. The volume of fixed price power contracts has decreased during the year due to a movement towards spot based products for new customers. At the beginning of the year the majority of the fixed price contracts were contracts without fixed volume, exposing the Group to both price-, profile-, and volume risks. The Group ended new sales of this type of fixed price contracts in the Nordic segment during the first quarter of 2022. Since then, new sales of fixed price contracts are contracts where the customer carries the price-, profile-, and volume risks. Thus the Group's exposure to these risks have been significantly decreased in 2022, and will continue to decrease in 2023 and going forward as old fixed price contracts expire.

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

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

When selling electricity to end users in Norway and Sweden, the Group is required to purchase and cancel el-certificates. Further, when selling electricity on products including guarantees of origination, the Group is required to purchase and cancel GoOs. To manage risk exposure towards fluctuations in el-certificate and GoO market prices, the Group purchases el-certificates and GoOs, either in the spot market, or by purchasing forward contracts.

Market risk – interest rates
The Group's exposure to interest rate risk arises from the Group's variable rate credit facilities. The long term loans, the revolving credit facility, the guarantee facility and the overdraft facility, are all variable rate facilities. In addition, 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 Group has set out parameters to actively monitor this risk going forward.

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

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

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

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, equals the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables consists of a large number of receivables on end-user customers, mainly households and business customers spread across diverse industries in Norway, Sweden and Finland. The Group uses an external credit scoring system to assess the potential customer's credit quality before accepting any new customer. The Group uses publicly available financial information and its own trading records to rate its business customers.

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 with the re-invoiced grid rent. However, in 2022 the Norwegian power support scheme ("strømstøtteordningen") has significantly reduced the amounts which are re-invoiced, and thus the related credit risk. The power support scheme has been revised by the Norwegian government and extended to include the year 2024. 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 the Group for any re-invoiced grid rent not settled by the customer.

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

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

Liquidity risk

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

Outlook

National and international energy situation

Nationally and internationally, the year was affected by the discussion of energy supply – and prices in the current situation, with war in Europe and high commodity prices. There is a need for the discussion to instead focus on measures and decisions that contribute to the development of more renewable energy sources in order to meet future energy requirements and avoid new gas and electricity price crises. The goals of increased electrification to replace fossil energy sources and reduce greenhouse gas emissions will increase electricity consumption. In order to balance demand and production, politicians and regulators must facilitate significant expansion of both power supplies and the grid, for the benefit of society and consumers.

Regulatory framework conditions

High electricity prices have consequences for international cooperation, framework conditions, government revenue and costs, the business sector and private individuals. It is natural that topics related to this have been at the top of the political agenda in many different contexts. The extremely high and volatile electricity price level during 2022 has made high demands of society as a whole and all types of operators.

During the year there were a number of political ideas and proposals related to changes in framework conditions for power production and electricity sales, and some of these were realised in new regulations. Elmera Group's companies in Norway were affected by the price information regulation's stricter requirements for information on price lists, as well as clarification of various price elements in conjunction with marketing, and the Settlement Regulation's amended terms and conditions for the content and appearance of invoices. Electricity producers gained a new tax model with a higher rate of tax on income from land, a land interest rate for wind power was introduced, and a production-based high-price contribution that affects prices above 70 øre/kWh was introduced. There was also discussion of further regulation of market models, power export opportunities, and products and prices in the end-user market.

During the year, the Group strengthened its dialogue with industry organisations, authorities and politicians. Elmera Group is a major player in both the business and consumer market, with operations in Norway, Sweden and Finland. The company's innovation experience, and experience with the formulation of guidelines, and as a representative of the Norwegian industry in Eurelectric, means that the company is listened to as a relevant discussion partner for various political and professional environments.

International

The European Commission's consultation on revised market design has a deadline in February 2023 and will be considered by Eurelectric and the industry organisation Fornybar Norway. Many important topics will be debated here, which in the long term may have an impact on both national and European regulations:

- Making Electricity Bills More Independent from the Short-Term Cost of Fossil Fuels
- Driving Renewable Investments – Europe's Way Out of the Crisis
- Alternatives to Gas to Keep the Electricity System in Balance
- Lessons Learned from Short Term Market Interventions
- Better Consumer Empowerment and Protection
- Stronger Protection against Market Manipulation

Financial market for risk reduction

So far, little use has been made of the new, long-term fixed-price agreements for the business market, but there is concern that changes in the regulation affecting Norwegian hydroelectric power producers' basis for calculating the tax on income from land as from 2023 will reduce revenue and liquidity in the Nasdaq financial power market. Given the expectation of continued volatile power markets, the Board considers it very important to preserve a liquid, transparent and well-functioning market for trading in financial electricity contracts.

Increased predictability for customers

2022 was a very demanding year for electricity customers. The Board is pleased that the increase in customers throughout the year entailed positive development for the Group.

The Elmera Group's companies will continue their efforts to further develop the value propositions for power agreements, services and solutions that create increased predictability, and opportunities for energy saving and management. There is a need to continue the work of raising awareness among customers through increased communication and transparency. Facilitating electricity agreements and payment solutions that make it easier for consumers and the business community to make choices adapted to their need for predictable finances will be an important task going forward.

Together with the industry organisation Fornybar Norway (formerly Energi Norway), the Group will continue to work to ensure that the Trygg Strømhandel (Safe Power Trade) certification scheme is a stamp of quality for the electricity retailers that achieve this certification. Measures such as Trygg Strømhandel, transparency and the launch of new value propositions to protect customers from price shocks are key aspects of these improvement initiatives.

Today, it is very easy, with low entry barriers, to become established as an electricity retailer in Norway. Norwegian market experience from autumn and winter 2022 has shown that consumer confidence can be increased by setting higher entry barriers in the market. The Group has proposed to both the industry organisation and politicians that specific equity requirements must be set for the power sales companies to be eligible for a licence to engage in electricity sales.

Increased focus on solar

The Group is continuously developing its service and product offering. The company also has an innovation portfolio that is continuously being refined and processed up to the takeover and operation of the line. High energy prices and an interest in energy saving, sustainability and production of own electricity present business opportunities. The Group is adapting its products and services on this basis.

The business areas for both Private and Business customers are working very actively to help their customers to reduce greenhouse gas emissions and streamline energy use. Both customer groups are offered several concepts to stimulate local production and reduce consumption through energy saving measures. To meet the surge in demand for solar installations, in 2023 the Group is increasing its focus on sales and advisory services related to the installation of solar panels.

Continued consolidation

In 2022, a volatile power market demanded the full attention of all players in the market, and the Group did not complete any acquisitions during the year. Market shares in Sweden and Finland are currently low and do not impede further expansion. In recent years, the regulatory framework conditions in the Nordic countries have drawn closer to each other. The Board has high hopes of being able to continue the Group's consolidation strategy in Norway and the Nordic region in 2023.

The cooperation with Telia Norge on Fjordkraft Mobil AS was agreed on just before the end of the year. The Board sees this as a good development opportunity for the mobile business.

In 2022, the Group's activities were developed and diversified in various business areas. In a complex and demanding market, the Elmera Group's size, resources and expertise are a very sound basis for further operation and development.

The Board would like to thank everyone who works for the Group for this year's results and their efforts in a year that was challenging for consumers, employees and everyone associated with the energy market.

The Board of Directors of Elmera Group ASA, Bergen, 28 March 2023.

Steinar Sønsteby
Chairman

Tone Wille
Board member

Elisabeth M. Norberg
Board member

Heidi Theresa Ose
Board member

Per Oluf Solbraa
Board member

Marianne Unhjem-Solbjørg
Board member

Frank Økland
Board member

Live Bertha Haukvik
Board member

Rolf Barmen
CEO

4.2 Financial statements Elmera Group

Consolidated statement of profit or loss

NOK in thousands	Note	2022	2021 *Restated*
Continuing operations			
Revenue	4, 5	25 521 514	15 075 445
Direct cost of sales	4, 6, 19	(23 823 519)	(13 357 147)
Personnel expenses	4, 11, 18, 23	(421 029)	(409 123)
Other operating expenses	4, 12	(574 946)	(488 517)
Depreciation and amortisation	4, 5, 15, 16,25	(389 956)	(403 084)
Impairment of intangible assets and cost to obtain contracts	16,19	(39 282)	(9 762)
Operating profit		**272 781**	**407 814**
Income/loss from investments in associates and joint ventures	28	429	2 637
Interest income	7	26 952	12 801
Interest expense lease liability	25	(1 934)	(2 374)
Interest expense	7	(156 876)	(66 464)
Other financial items, net	7, 12	(12 660)	(19 219)
Net financial income/(cost)		**(144 089)**	**(72 619)**
Profit/(loss) before tax		**128 692**	**335 195**
Income tax (expense)/income	13	(54 845)	(78 166)
Profit/(loss) for the year		**73 847**	**257 029**
Basic earnings per share (in NOK)	14	0,67	2,25
Diluted earnings per share (in NOK)	14	0,66	2,22

Consolidated statement of comprehensive income (loss)

NOK in thousands	Note	2022	2021 *Restated*
Profit/(loss) for the year		**73 847**	**257 029**
Other comprehensive income:			
Items which may be reclassified over profit or loss in subsequent periods:			
Hedging reserves, cash flow hedges (net of tax)	10	16 209	(71 347)
Currency translation differences		(756)	(56 574)
Total		**15 454**	**(127 921)**
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension obligations (net of tax)	13, 18	3 610	17 577
Total		**3 610**	**17 577**
Total other comprehensive income/(loss) for the year, net of tax		**19 064**	**(110 343)**
Total comprehensive income/(loss) for the year		**92 911**	**146 686**

Consolidated statement of financial position

NOK in thousands	Note	2022	2021 *Restated*
Assets			
Non-current assets			
Deferred tax assets	13	34 990	35 092
Right-of-use assets property plant and equipment	25	66 195	82 806
Property, plant and equipment	15	8 198	8 098
Goodwill	16	1 418 776	1 419 451
Intangible assets	16	558 325	694 630
Cost to obtain contracts	5	295 980	287 728
Investments in associates and joint ventures	28	14 234	13 805
Derivative financial instruments	7, 8, 9	1 863 551	348 745
Net plan assets of defined benefit pension plans	18	4 178	-
Other non-current financial assets	7	48 285	54 784
Total non-current assets		**4 312 711**	**2 945 136**
Current assets			
Intangible assets	16	763	7 518
Inventories		460	2 146
Trade receivables	7, 22	7 551 433	5 183 128
Derivative financial instruments	7, 8, 9	2 370 117	1 634 021
Other current assets	21	66 025	38 847
Cash and cash equivalents	7	70 548	306 627
Total current assets		**10 059 347**	**7 172 287**
Total assets		**14 372 058**	**10 117 423**
Equity and liabilities			
Equity			
Share capital	17	32 590	34 291
Share premium	17	993 294	992 094
Other equity		214 241	647 884
Total equity		**1 240 126**	**1 674 269**

Consolidated statement of financial position

NOK in thousands	Note	2022	2021 *Restated*
Non-current liabilities			
Employee benefit obligations	18	79 780	93 837
Interest-bearing long term debt	7	629 169	720 009
Deferred tax liabilitites	13	100 280	103 620
Lease liability- long term	25	49 477	65 259
Derivative financial instruments	7, 8, 9	1 492 743	240 622
Onerous contract provisions	19	784 239	337 135
Other provisions for liabilities		29 619	16 740
Total non-current liabilities		**3 165 307**	**1 577 223**
Current liabilities			
Trade and other payables	7, 22	5 828 373	4 516 589
Overdraft facilities	7	534 112	-
Interest-bearing short term debt	7	275 000	-
Current income tax liabilities	13	50 506	94 283
Derivative financial instruments	7, 8, 9, 10	1 692 584	721 854
Social security and other taxes		313 504	116 390
Lease liability- short term	25	20 284	21 055
Onerous contract provisions	19	285 336	751 893
Other current liabilities	7, 20	966 927	643 868
Total current liabilities		**9 966 625**	**6 865 932**
Total liabilities		**13 131 932**	**8 443 154**
Total equity and liabilities		**14 372 058**	**10 117 423**

The Board of Directors of Elmera Group ASA, Bergen, 28 March 2023.

Steinar Sønsteby
Chairman

Tone Wille
Board member

Frank Økland
Board member

Elisabeth M. Norberg
Board member

Heidi Theresa Ose
Board member

Live Bertha Haukvik
Board member

Per Oluf Solbraa
Board member

Marianne Unhjem-Solbjørg
Board member

Rolf Barmen
CEO

Consolidated statement of changes in equity

NOK in thousands	Issued capital	Treasury shares	Share premium	Hedging reserves	Foreign currency translation reserve	Retained earnings	Total
Balance at 31 December 2020 (As reported)	**34 285**	-	**991 614**	**-**	**(11 201)**	**929 348**	**1 944 047**
Prior period corrections (see note 3)	-	-	-	-	-	(20 873)	(20 873)
Balance at 1 January 2021	**34 285**	**-**	**991 614**	**-**	**(11 201)**	**908 475**	**1 923 173**
Profit/(loss) for the year	-	-	-	-	-	257 029	257 029
Share-based payment (note 27)	-	-	-	-	-	3 910	3 910
Other comprehensive income/(loss) for the year, net of tax	-	-	-	(71 347)	(56 574)	17 577	(110 343)
Total comprehensive income/(loss) for the period incl. share-based payment	**-**	**-**	**-**	**(71 347)**	**(56 574)**	**278 516**	**150 595**
Share capital increase (note 14)	6	-	480	-	-	-	486
Dividends paid (note 14)	-	-	-	-	-	(399 986)	(399 986)
Transactions with owners	**6**	**-**	**480**	**-**	**-**	**(399 986)**	**(399 500)**
Balance at 31 December 2021	**34 291**	**-**	**992 094**	**(71 347)**	**(67 775)**	**787 005**	**1 674 269**
Balance at 1 January 2022	**34 291**	**-**	**992 094**	**(71 347)**	**(67 775)**	**787 005**	**1 674 269**
Profit/(loss) for the year	-	-	-	-	-	73 847	73 847
Share-based payment (note 27)	-	-	-	-	-	4 790	4 790
Other comprehensive income/(loss) for the year, net of tax	-	-	-	16 209	(756)	3 610	19 064
Total comprehensive income/(loss) for the period incl. share-based payment	**-**	**-**	**-**	**16 209**	**(756)**	**82 247**	**97 701**
Share buyback (note 17)	-	(1 715)	-	-	-	(131 112)	(132 827)
Share capital increase (note 14)	15	-	1 200	-	-	-	1 215
Dividends paid (note 14)	-	-	-	-	-	(400 231)	(400 231)
Transactions with owners	**15**	**(1 715)**	**1 200**	**-**	**-**	**(531 343)**	**(531 843)**
Balance at 31 December 2022	**34 306**	**(1 715)**	**993 294**	**(55 137)**	**(68 531)**	**337 909**	**1 240 126**

Condensed consolidated statement of cash flows

NOK in thousands	Note	2022	2021 *Restated*
Operating activities			
Profit/(loss) before tax		128 692	335 195
Adjustments for:			
Depreciation	15,16	183 760	236 624
Depreciation right-of-use assets	25	20 303	19 687
Amortisation of cost to obtain contracts	5	185 893	146 773
Impairment of intangible assets	16	39 282	9 762
Interest income	7	(26 952)	(12 801)
Interest expense lease liability	25	1 934	2 374
Interest expense	7	156 876	66 464
Income/loss from investments in associates and joint ventures	28	(429)	(2 637)
Change in long-term receivables	7	25	(3 882)
Share based payment expense	27	4 790	3 910
Change in post-employment liabilities	18	(13 607)	5 544
Payments to obtain a contract	5	(237 550)	(264 152)
Changes in working capital (non-cash effect):			
Impairment loss recognised in trade receivables	7	4 403	(57 666)
Provision for onerous contracts	19	(39 256)	1 019 479
Change in fair value of derivative financial instruments	7, 8	12 182	(1 066 055)
Changes in working capital:			
Inventories		1 686	251
Trade receivables	7,22	(2 385 823)	(3 667 407)
Purchase of el-certificates	16	(9 032)	(86 044)
Non-cash effect from cancelling el-certificates	16,20	9 394	85 898
Purchase of guarantees of origination	16	(29 494)	(11 206)
Non-cash effect from disposal of guarantees of origination	16	35 979	7 028
Other current assets	21	(26 609)	127 465
Trade and other payables	7,22	1 297 999	3 505 284
Other current liabilities	20	515 278	158 236
Cash generated from operations		**(170 276)**	**558 125**
Interest paid		(123 449)	(67 860)
Interest received		26 952	12 801
Income tax paid	13	(103 339)	(123 774)
Net cash from operating activities		**(370 112)**	**379 293**

Consolidated statement of cash flows

NOK in thousands	Note	2022	2021 *Restated*
Investing activities			
Purchase of property, plant and equipment	15	(3 325)	(2 742)
Purchase of intangible assets	16	(41 007)	(83 225)
Net cash outflow on acquisition of subsidiares	20	-	(42 674)
Net (outflow)/proceeds from non-current receivables	7	6 474	12 975
Net (outflow)/proceeds from other long-term liabilities		13 485	3 164
Net cash used in investing activities		**(24 373)**	**(112 502)**
Financing activities			
Proceeds from overdraft facilities	7	534 112	(29 400)
Proceeds from revolving credit facility	7	275 000	-
Proceeds from issuance of shares	14	1 215	486
Dividends paid	14	(400 231)	(399 986)
Purchase of treasury shares	17	(132 827)	-
Instalments of long term debt	7	(93 700)	(93 700)
Payment of lease liability	25	(20 245)	(19 095)
Net cash used in financing activities		**163 324**	**(541 696)**
Net change in cash and cash equivalents		**(231 162)**	**(274 905)**
Cash and cash equivalents at 1 January		306 627	599 348
Effects of exchange rate changes on cash and cash equivalents		(4 918)	(17 816)
Cash and cash equivalents at 31 December		**70 548**	**306 627**

4.3

Notes Elmera Group

Note 1 Accounting policies

General information

These consolidated financial statements for Elmera Group ASA for the year ended 31 December 2022, was approved by the Board of Directors on 28 March 2023.

Elmera Group ASA and its subsidiaries (together 'the Group', "Elmera" or "the Elmera Group") 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.

Elmera Group ASA is incorporated and domiciled in Norway. The entity name was changed from Fjordkraft Holding ASA to Elmera Group ASA in 2022. 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 in 2022 adopted the amendments to IFRS that apply for the first time to financial reporting periods commencing on or after 1 January 2022. These amendments have not had a material impact on the Group's financials statements in the current reporting period.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 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 Elmera Group ASA and its subsidiaries (note 26).

Going concern

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

Basis of measurement

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

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

Note 1
Accounting policies

its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Joint ventures and associates

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

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

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

Changes in ownership interests

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

Business combinations and goodwill

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

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

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

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

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

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

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

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

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 Elmera Group ASA's func-

Note 1
Accounting policies

tional and presentation currency. The functional currency in all Norwegian subsidiaries in the Group is NOK. The functional currency in the subsidiary Switch Nordic Green AB is Swedish kroner (SEK) for its operations in Sweden, and Euro for its branch operating in Finland.

Transactions and balances

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

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

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

Group companies

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

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

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

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

The Group only applies the five-step model to contracts when it is probable that the Group will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of IFRS 15, the Group assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Group 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 5 - Revenue Recognition.

A proportion of the final settlement of the Group's sale of electrical power 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 4 - 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.

Note 1
Accounting policies

Deferred tax

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

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

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

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

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

Current tax and deferred tax for the year

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

Cash and cash equivalents

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

Trade receivables, loans and other receivables

Trade receivables, loans and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 7 and 9 for further information about the Group's accounting for trade receivables, loans, other receivables and credit risk.

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.

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

Note 1
Accounting policies

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.

Energy contracts and hedging activities
Energy contracts that are entered into and continue to be held for the purpose of the receipt or delivery of the power in accordance with the Group's expected purchase or sale are accounted for as "own use" contracts. These contracts do not qualify for recognition in the statement of financial position in accordance with IFRS 9 but are accounted for as revenue from contracts with customers in accordance with IFRS 15 or as cost of sales.

Energy contracts that are electricity derivatives and qualify for recognition in the statement of financial position in accordance with IFRS 9, are measured at fair value through profit and loss (unless they are designated as hedging instruments - see below). This includes the following types of energy contracts:

- Physical power sales contracts which are considered as readily convertible to cash and are not entered into for own use.
- Financial contracts to purchase and sell energy-related products classified as derivatives.
- Embedded derivatives are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract, and the host contract is not measured at fair value.

Electricity derivatives
All of the Group's financial electricity derivatives are either financial customer contracts, or purchased for the purpose of hedging physical or financial customer contracts. Hence electricity derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criterias, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in

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

See note 7, 8 and 9 for details about each type of derivatives.

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

Cash flow hedges that qualify for hedge accounting
The group use forward contracts to hedge forecast power purchase transactions. The effective portion of changes in the fair value of derivatives that are designated and qualify

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as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within Direct cost of sales.

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

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

The fair values of derivative financial instruments designated in hedge relationships, and movements in the hedging reserve in shareholders' equity are shown in note 10.

El-certificate foward contracts

The sale of electricity to end users in Norway and Sweden gives rise to an el-certificate cancellation liability. The Group enters 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 15.

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

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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.

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 16.

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 fol-

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lowing 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 16 for details about amortisation methods and periods used by the Group for intangible assets.

Impairment of tangible and intangible assets

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

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

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

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

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

Trade and other payables

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

Borrowings and credit facilities

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

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

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

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

Provisions

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

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

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

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ured reliably.

Onerous contracts

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

Provision for El-certificate cancellation liability

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

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

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

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

Employee benefits

Pension schemes and pension obligations

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

Defined benefit pension plans

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

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

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

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

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

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

Defined contribution plans

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

Share-based compensation

Employee share options at Elmera Group represents rights for employees to buy shares in the company at a future date at a predetermined exercise price. To exercise the option, 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

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proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Treasury shares
Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

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 in issue during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 14)

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.

Comparable figures and reclassifications
The consolidated statements of profit or loss, comprehensive income, financial position, equity, cash flow and notes provide comparable information in respect of the previous period. In addition to restatements of comparable figures which are described in detail in note 3, the following reclassifications to comparable figures have been made for 2022:

Presentation of interest compensation for extended credit days for electricity purchases
The interest compensation for extended credit days related to electricity purchase from Statkraft Energi AS, the Group's main supplier of electrical power, has in previous reporting been recorded in Direct cost of sales. From 2022 and going forward the interest compensation will be reported in Interest expense. Comparable figures for 2021 have been updated to reflect these changes, with the reclassification of interest compensation of NOKt 23 882.

Presentation of onerous contract provisions in statement of financial position
From 2021 Onerous contract provisions are presented as separate line items in the statement of financial position. When the onerous contracts are not intended to be settled within 12 months of the reporting date, the provisions are presented as non-current. The model used when determining the non-current part of onerous contract provisions have been updated in 2022. To align with the updated model comparative figures for 31 December 2021 in the statement of financial position have been updated, with an increase of NOKt 222 169 for non-current onerous contract provisions and a corresponding decrease for current onerous contract provisions.

Note 2 Significant accounting judgements, estimates and assumptions

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

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

The areas involving significant estimates or judgements are:

1) Onerous contract provisions

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

The Group has significant portfolios of fixed price power contracts with end user customers in the Nordic segment in which the volume is not fixed. These customer contracts do not qualify to be recognised as financial instruments. The price risk in these fixed price customer contracts are hedged with financial electricity derivatives which however are recognised as financial instruments. When hedging the price risk from these fixed price contracts, the electricity volume expected to be delivered on the fixed price contracts is estimated. To manage the volume risk in customer contracts without fixed volume the volume estimates are periodically updated, and the portfolios of hedging derivatives are rebalanced accordingly. The remaining risk exposure is taken into account when pricing these customer contracts. Please see note 9 for more information regarding the Group's different product types and related market risks.

Fixed price customer contracts are assessed as onerous contracts if the estimated unavoidable costs of purchasing the estimated power volumes to be delivered on these contracts exceed the fixed price to be received from the custumers. The hedged forward power prices in the corresponding portfolios of derivative hedge contracts are however not taken into consideration when estimating the unavoidable costs as hedge accounting is not applied. Please see note 19 for details of the movement in provisions for onerous contracts.

2) Impairment of goodwill and intangible assets

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

Value in use is calculated using the discounted cash-flow model and based on a five-year forecast made by Group management. Management has projected cash flows based on financial forecasts and strategy plans.

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 16 for more details regarding impairment testing of goodwill at year end, including a sensitivity analysis for significant assumptions.

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 the Group acquired this entity in November 2020. The Group has concluded that a portion of the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The majority of tax losses carried 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 13 for more details regarding deferred tax asset recognised in the Statement of financial position.

Note 2
Significant accounting judgements, estimates and assumptions

4) Defined benefit occupational pension scheme

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

The cost of the defined benefit pension scheme and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date. Please see note 18 for details of the assumptions used in the actuarial valuation of defined benefit pension obligations, and a sensitivity analysis for significant financial assumptions.

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 amortisation rate of cost to obtain contracts with customers

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

7) Hedge accounting

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

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

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

When system price forward contracts are designated for hedging area price risks in forecast power purchases in NO3 and NO4, the hedged item is therefore defined to include all variability in the forecast cash flow. In 2021 the Group's assessment was that there was a sufficient economic relationship between the hedging instrument and the hedged item (all variability in the area price) for the hedging relationship to qualify for the hedge effectiveness requirement in IFRS 9.6.4.1.c. Due to changes in market conditions the correlation between the Nordic system price and area prices in NO3 and NO4 has been significantly weakened. Thus from the beginning of 2022 the Group does no longer assess such hedging relationship to qualify for this hedge effectiveness requirement. The Group's strategy when hedging the future cash flows related to power purchases in price areas NO1, NO2 and NO5 has in 2022 changed towards using area price forward contracts as hedging instruments, rather than Nordic system price forward contracts. Please see note 10 for details and further description regarding hedge accounting.

Note 3 Restatement of prior periods

Prior period comparative figures have been restated in 2022.

Description of restatements

1) A substantial proportion of the Group's power sales in 2021 was finally settled after the Group had finalised its annual financial statement. Revenues related to sale of power were thus recognised based on an estimate. The Group's internal control procedures have discovered that the estimate as per 31 December 2021 did not to an adequate degree reflect all available information regarding power sales settled at the time of reporting. Revenue and Direct cost of sales have been restated as set out in the tables.

2) In prior period reporting the model for measuring fair value of derivative customer contracts did not adjust for the Group's price margins in such contracts. Thus the fair value of derivative financial instruments was overstated, and the contracts' total margins were recognised in revenue at initial recognition of the contract. To align with the practice set out in IFRS 9, the model for measuring fair value of these contracts have been adjusted to exclude margins. The revenue from margins are now recognised in the period the derivative contracts are delivered. Prior period Revenue (Unrealised gains and losses on derivative customer contracts), and fair value of Derivative financial instruments have been restated as set out in the tables.

3) At each reporting date, management assesses if there are contracts in which the unavoidable costs of meeting the Group's obligations under the contract exceed the economic benefits expected to be received (onerous contracts) in accordance with IAS 37. Internal control procedures have in 2022 identified that the assessment at year end 2021 failed to identify and recognise a portfolio of fixed price customer contracts as onerous contracts. Prior period Direct cost of sales (change in provisions for onerous contracts), and Onerous contract provisions have been restated as set out in the tables.

Consolidated statement of profit or loss - Prior period corrections

NOK in thousands	1)	2)	3)	Total 2021
Revenue	(73 132)	(22 414)	-	(95 546)
Direct cost of sales	8 963	-	(22 740)	(13 778)
Operating profit	**(64 169)**	**(22 414)**	**(22 740)**	**(109 324)**
Income tax (expense)/income	14 117	4 864	5 003	23 984
Profit/(loss) for the period	**(50 052)**	**(17 550)**	**(17 737)**	**(85 340)**
Basic earnings per share (in NOK)	(0,44)	(0,15)	(0,16)	(0,75)
Diluted earnings per share (in NOK)	(0,43)	(0,15)	(0,15)	(0,74)

Note 3
Restatement of prior periods

Consolidated statement of financial position - Prior period corrections

NOK in thousands	1)	2)	3)	1 January 2021
Assets				
Derivative financial instruments (non-current)	-	(13 709)	-	(13 709)
Derivative financial instruments (current)	-	(11 995)	-	(11 995)
Total assets	**-**	**(25 705)**	**-**	**(25 705)**
Equity and liabilities				
Retained earnings	-	(20 873)	-	(20 873)
Deferred tax liabilitites	-	(4 831)	-	(4 831)
Total equity and liabilities	**-**	**(25 705)**	**-**	**(25 705)**

NOK in thousands	1)	2)	3)	31 December 2021
Assets				
Derivative financial instruments (non-current)	-	(16 866)	-	(16 866)
Derivative financial instruments (current)	-	(27 203)	-	(27 203)
Trade receivables	(73 132)	-	-	(73 132)
Total assets	**(73 132)**	**(44 069)**	**-**	**(117 201)**
Equity and liabilities				
Retained earnings	(50 052)	(38 424)	(17 738)	(106 213)
Deferred tax liabilitites	-	(9 695)	(5 003)	(14 698)
Derivative financial instruments (non-current)	-	2 142	-	2 142
Derivative financial instruments (current)	-	1 908	-	1 908
Onerous contract provisions (non-current)	-	-	15 321	15 321
Onerous contract provisions (current)	-	-	7 420	7 420
Current income tax liabilities	(14 117)	-	-	(14 117)
Other current liabilities	(8 963)	-	-	(8 963)
Total equity and liabilities	**(73 132)**	**(44 069)**	**-**	**(117 201)**

Note 4 Segment information

Disaggregation of revenue from contracts with customers

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

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

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

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

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

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

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

Note 4
Segment information

2022

NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives	Total
Revenue adjusted	13 122 968	11 095 287	2 228 015	26 446 270	360 006	26 806 277
Direct cost of sales adjusted	(12 215 674)	(10 535 045)	(2 100 425)	(24 851 144)	(244 130)	(25 095 275)
Net revenue adjusted	**907 294**	**560 242**	**127 590**	**1 595 126**	**115 876**	**1 711 002**
Personnel and other operating expenses adjusted	(565 940)	(209 153)	(114 243)	(889 336)	(103 979)	(993 315)
Depreciation and amortisation adjusted	(175 347)	(28 983)	(47 712)	(252 042)	(5 591)	(257 633)
Total operating expenses adjusted	**(741 287)**	**(238 136)**	**(161 955)**	**(1 141 378)**	**(109 570)**	**(1 250 948)**
Operating profit adjusted	**166 007**	**322 106**	**(34 365)**	**453 748**	**6 306**	**460 054**
Acquisition related costs						-
Other one- off items						(2 660)
Depreciation of acquisitions *						(132 323)
Estimate deviations						(4 472)
Unrealised gains and losses on derivatives						(47 791)
Change in provisions for onerous contracts						39 256
Impairment of intangible assets and cost to obtain contracts						(39 282)
Operating profit (EBIT)						**272 781**

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

NOK in thousands	**2022**
TrønderEnergi Marked acquisition	(5 761)
Oppdal Everk Kraftomsetning acquisition	(1 702)
Vesterålskraft Strøm acquisition	(1 492)
Innlandskraft acquisition	(83 343)
Troms Kraft Strøm acquisition	(32 572)
Other customer acquisitions	(7 453)
Depreciation of acquisitions	**(132 323)**

Note 4
Segment information

2021 *Restated*

NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives	Total
Revenue adjusted	7 802 881	5 257 664	1 773 888	14 834 434	365 732	15 200 165
Direct cost of sales adjusted	(6 691 380)	(4 788 340)	(1 710 899)	(13 190 618)	(285 170)	(13 475 788)
Net revenue adjusted	**1 111 502**	**469 324**	**62 989**	**1 643 815**	**80 562**	**1 724 378**
Personnel and other operating expenses adjusted	(586 248)	(159 441)	(70 661)	(816 349)	(83 634)	(899 993)
Depreciation and amortisation adjusted	(164 206)	(27 213)	(17 931)	(209 350)	(5 105)	(214 455)
Total operating expenses adjusted	**(750 454)**	**(186 654)**	**(88 592)**	**(1 025 699)**	**(88 740)**	**(1 114 448)**
Operating profit adjusted	**361 048**	**282 671**	**(25 603)**	**618 116**	**(8 177)**	**609 930**
Acquisition related costs						(1 034)
Other one- off items						3 387
Unallocated revised net revenue						(64 169)
Depreciation of acquisitions *						(188 629)
Estimate deviations						11 515
Unrealised gains and losses on derivatives						1 066 055
Change in provisions for onerous contracts						(1 019 479)
Impairment of intangible assets						(9 762)
Operating profit (EBIT)						**407 814**

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

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

Note 5 Revenue recognition

The following table summarises revenue from contracts with customers:

Timing of revenue recognition
Over time:

NOK in thousands	2022	2021 *Restated*
Revenue - Consumer segment	13 025 916	7 697 878
Revenue - Business segment	11 041 944	5 219 008
Revenue - Nordic segment	2 228 015	1 773 888
Revenue - New growth initiatives	340 764	360 175
Total revenue recognised over time	**26 636 639**	**15 050 949**

At a point in time:

Revenue - Consumer segment	97 053	105 003
Revenue - Business segment	53 343	38 657
Revenue - Nordic segment	-	-
Revenue - New growth initiatives	19 242	5 557
Total revenue recognised at a point in time	**169 638**	**149 217**
Total revenue from contracts with customers (Revenue adjusted)	**26 806 276**	**15 200 165**

Other revenue:

Estimate deviations	-	8 422
Unallocated revised revenue	-	(73 132)
Unrealised gains and losses on derivative customer contracts	(1 284 761)	(60 010)
Total revenue	**25 521 514**	**15 075 445**

Note 5
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.

Note 5
Revenue recognition

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 recognizes revenue for the monthly amount billable to the customer.

Contracts with Multiple Performance Obligations

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

Cost to obtain Contracts

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

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

NOK in thousands	2022	2021
Balance as at 1 January	287 728	172 656
Additions	237 550	264 152
Amortisation during the year	(185 893)	(146 773)
Impairment*	(39 282)	-
Currency translation differences	(4 122)	(2 307)
Balance as at 31 December	**295 980**	**287 728**

*See note 19 for more details regarding impairment of cost to obtain contracts.

Contract Balances

The Group 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 Group performs its obligations under these arrangements. Amounts are recorded as accounts receivable when the Group's right to consideration is unconditional (when the customer obtains control of promised goods or services).

The Group 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 5
Revenue recognition

The following tables present changes in the Group's contract assets and liabilities during the year ended 31 December, 2021 and 2022:

Contract assets

NOK in thousands	2022	2021 *Restated*
Balance as at 1 January	3 831 626	787 514
Revenue recognised from performance obligations satisfied in previous periods	-	8 422
New contract assets during the period less transfer to receivables	2 007 670	3 046 977
Currency and other effects	(10 024)	(11 287)
Balance as at 31 December	**5 829 272**	**3 831 626**

Contract liabilities

NOK in thousands	2022	2021
Balance as at 1 January	47 280	124 043
Revenue recognised that was included in opening balance	(47 280)	(124 043)
New contract liabilities less transfer to revenue	31 978	47 280
Currency and other effects	-	-
Balance as at 31 December	**31 978**	**47 280**

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 2022 and 31 December 2021. 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 2022 and 31 December 2021.

As of 31 December 2022 and 31 December 2021 the Group do not have significant customers that comprises more than 10% of accounts receivable.

Note 6 Direct cost of sales

NOK in thousands	2022	2021 *Restated*
Purchase of electrical power and el certificates	24 804 557	13 165 847
Other direct cost of sales	295 188	297 885
Change in provisions for onerous contracts	(39 256)	1 019 479
Unrealised gains and losses on derivative hedge contracts	(1 236 970)	(1 126 064)
Total direct cost of sales	**23 823 519**	**13 357 147**

Note 7 Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets

NOK in thousands	Notes	2022	2021 *Restated*
Financial assets at amortised cost			
Trade receivables *	7(a)	1 722 161	1 351 502
Other non-current financial assets	7(a)	48 285	54 784
Cash and cash equivalents	7(d)	70 548	306 627
Derivative financial instruments			
Derivative financial instruments at fair value through OCI	8,9,10	2 077	-
Derivative financial instruments at fair value through profit or loss	8,9	4 231 590	1 982 766
Total financial assets		**6 074 662**	**3 695 679**

* excludes contract assets

Financial liabilities

NOK in thousands	Notes	2022	2021 *Restated*
Liabilities at amortised cost			
Trade and other payables	7(b)	5 828 373	4 516 589
Overdraft facilities	7(c)	534 112	-
Interest-bearing short term debt	7(c)	275 000	-
Interest-bearing long term debt	7(c)	722 869	813 709
Derivative financial instruments			
Derivative financial instruments at fair value through OCI	8,9,10	72 772	78 962
Derivative financial instruments at fair value through profit or loss	8,9	3 112 556	883 514
Total financial liabilities		**10 545 680**	**6 292 774**

Note 7
Financial assets and financial liabilities

Offsetting financial assets and financial liabilities:

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

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

2022
Financial assets

NOK in thousands	Gross amount	Gross amount set off	Net amount
Derivative financial instruments			
Electricity derivatives	7 273 986	(3 040 318)	4 233 668
Other derivatives	-	-	-
Total derivative financial assets	**7 273 986**	**(3 040 318)**	**4 233 668**

Financial liabilities

NOK in thousands	Gross amount	Gross amount set off	Net amount
Derivative financial instruments			
Electricity derivatives	6 225 317	(3 040 318)	3 184 999
Other derivatives	328	-	328
Total derivative financial liabilities	**6 225 645**	**(3 040 318)**	**3 185 327**

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	2022	2021 *Restated*
Interest from assets held at amortised cost		26 952	12 801
Interest expense from liabilites at amortised cost		(156 876)	(66 464)
Net impairment expense recognised on trade receivables*	7(a)	40 258	(22 348)
Unrealised gains and losses on derivative financial instruments**	5,6	(47 791)	1 066 056
Total net foreign exchange gains(losses) recognised in other financial items	12(b)	(3 351)	(7 648)
Total financial income and expense		**(140 809)**	**982 397**

* Impairment expense on trade receivables is recognised as "Other operating expenses" in the Consolidated statement of profit or loss
** Unrealised gains and losses on derivative financial instruments are recognised in a) Revenue - when the derivative instrument is a financial custumer contract (see note 5), or b) Direct cost of sales - when the derivative instrument is purchased for the purpose of hedging physical or financial customer contracts (see note 6).

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 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). For customers in the business segment, 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. For customers in the consumer segment, the expected credit losses on trade receivables are estimated by an individual assessment of each specific customer performed by the Group's Debt Collection Service provider. The customer's current financial position, adjusted for factors that are specific to the customers', general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, are all factors that are taken into account when measuring ECL.

There has been no changes in the estimation techniques or significant assumptions made during the year.

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.

2022				**Loss allowance provision - Days past due**				
NOK in thousands	**Current**	**31-60 days**	**61-90 days**	**91-120 days**	**121-180 days**	**More than 180 days**	**Total**	**Gross nominal amount**
Trade receivables - Power sales - Consumer customers	3 956	849	436	1 404	545	17 170	24 360	428 187
Trade receivables - Power sales - Business customers	2 089	257	3 990	3 366	2 244	12 762	24 706	1 341 488
Trade receivables - Mobile sales - Consumer customers	14	0	38	33	57	201	342	1 894
Total Loss allowance provision	**6 058**	**1 105**	**4 463**	**4 803**	**2 845**	**30 133**	**49 408**	**1 771 569**

2021				**Loss allowance provision - Days past due**				
NOK in thousands	**Current**	**31-60 days**	**61-90 days**	**91-120 days**	**121-180 days**	**More than 180 days**	**Total**	**Gross nominal amount**
Trade receivables - Power sales - Consumer customers	6 223	710	395	531	282	20 104	28 244	894 503
Trade receivables - Power sales - Business customers	1 414	445	102	768	1 155	12 638	16 522	500 113
Trade receivables - Mobile sales - Consumer customers	2	1	66	63	111	204	447	2 099
Total Loss allowance provision	**7 639**	**1 156**	**562**	**1 362**	**1 548**	**32 946**	**45 213**	**1 396 715**

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	2022	2021
Opening balance, 1 January	45 213	105 080
Loss allowance recognised in profit or loss for the period	4 403	(59 543)
Currency translation difference	(208)	(324)
At 31 December	**49 408**	**45 213**

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

NOK in thousands	2022	2021
Receivables written off	39 518	53 846
Movement in provision for impairment	4 403	(59 543)
Received payment on previously written off receiavbles	(3 663)	(16 651)
Net impairment expense recognised on trade receivables	**40 258**	**(22 348)**

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	2022	2021
Loans to employees*	14 076	16 251
Other long term receivables from customers**	21 686	21 711
Capitalised transaction costs***	6 190	11 240
Other	6 333	5 582
Total	**48 285**	**54 784**

* Loans to employees include next year's installments. Instalments in 2023 amount to NOKt 2 351.
** Customers who purchase home chargers for electrical vehicles can settle through a 36 month repayment plan. The Group has a lien in the home charger until it is repaid.
*** Transaction costs related to establishing the RCF, the guarantee facility and the overdraft facility, see more details in note 7(c).

7(b) Trade and other payables

Current liabilities

NOK in thousands	2022	2021
Trade and other payables	5 828 373	4 516 589

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The payment terms of the Group's power purchase agreement with Statkraft Energi AS are 30-days in Norway and 45-days in Sweden and Finland. In addition, this agreement in Norway includes a right for the Group to postpone these payments for additional 30 days if current cash in hand does not cover the liability. The power purchases under this agreement are invoiced monthly in arrear and are interest bearing.

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

NOK in thousands	Effective interest rate	2022	2021
Term loan	NIBOR 3 months + 1,30 %	726 175	819 875
Revolving credit facility	NIBOR 3 months + 1,30 %	275 000	
Total principal amounts		**1 001 175**	**819 875**

Credit facilities agreement
Elmera Group's facilities agreement with DNB 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 1 300 000 overdraft facility

The termination date of the term loan facility, the revolving credit facility, and the guarantee facility is in September 2024. In Q4 2022 the interest rate margin on the term loan facility and the revolving credit facility was decreased from 1,75% to 1,30%.

The term loan - NOKt 1 000 000 - The acquisition facility
Each term loan drawn upon the facility is to be repaid in quarterly repayments of 2,5 % of the original amount of the term loan, with the remainder being repaid in full on the termination date. The reference interest rate is NIBOR.
NOKt 460 000 was drawn upon this facility in September 2020, in order to repay a former term loan, and to partly finance the aquisition of Innlandskraft AS. In November 2020 additional NOKt 477 000 was drawn upon the facility in order to partly finance the aquisition of Troms Kraft Strøm AS. The term loan principals are being repaid in quarterly instalments of total NOKt 23 425. The first quarterly instalment was repaid in December 2020. At 31 December 2022 the remaining term loan principal balance is NOKt 726 175.

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

The revolving credit facility - NOKt 500 000 - The RCF
The revolving credit facility is available up until one month before the termination date. Any drawings for the purpose of financing permitted acquisitions shall be converted into term loan drawings with the same repayment profile as the acquisition facility, and amounts so converted shall not be available for re-drawing.
The Group drew NOKt 150 000 on this facility in Q1 2022, and another NOKt 125 000 in Q2 2022. The revolving credit facility is classified as interest-bearing short term debt in the statement of financial position.

7(c)
Credit facilities

The guarantee facility - NOKt 2 250 000
The purpose of the guarantee facility is the issuance of guarantees and letters of credit for the general corporate and working capital purpose of the group, hereunder gurantees related to re-invoicing agreements with grid owners, property rental agreements and so on. At 31 December 2022 guarantees of total NOKt 2 040 442 are issued under the guarantee facility.

The overdraft facility - NOKt 1 300 000
The overdraft facility has been renewed and is available one year from September 2022. The overdraft facility was increased from NOKt 1 000 000 to NOKt 1 300 000 in Q3 2022. At 31 December 2022 the Group has drawn NOKt 534 112 on the overdraft facility.

Security
The Group's trade receivables has been pledged as security for all credit facilities under the facilities agreement. See note 24.

Financial covenant
Under the 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 (term loan) deducted free cash 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.

The Group is in compliance with the covenant at the end of this reporting period.

Liabilities from financing activities

NOK in thousands	Interest-bearing long term debt*	Interest-bearing short term debt*	Lease liability	Overdraft facilities	Total
Balance at 1 January 2021	906 508	-	84 808	29 400	1 020 716
Cash flows	(93 700)	-	(19 095)	(29 400)	(142 195)
New leases	-	-	20 769	-	20 769
Foreign exchange adjustments	-	-	(167)	-	(167)
Other changes	901	-	-	-	901
Balance at 31 December 2021	**813 709**	**-**	**86 314**	**-**	**900 023**
Balance at 1 January 2022	**813 709**	**-**	**86 314**	**-**	**900 023**
Cash flows	(93 700)	275 000	(20 245)	534 112	695 167
New leases	-	-	3 638	-	3 638
Foreign exchange adjustments	-	-	54	-	54
Other changes	2 860	-	-	-	2 860
Balance at 31 December 2021	**722 869**	**275 000**	**69 761**	**534 112**	**1 601 741**

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

7(d) Cash and cash equivalents

Current assets

NOK in thousands	2022	2021
Cash at bank and in hand	70 548	306 627
Total	**70 548**	**306 627**

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 24 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. 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 2022

NOK in thousands	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	4 073 672	159 996	4 233 668
Total financial assets at fair value	**-**	**4 073 672**	**159 996**	**4 233 668**
Financial liabilities				
Derivative financial instruments	-	3 032 664	152 663	3 185 327
Total financial liabilities at fair value	**-**	**3 032 664**	**152 663**	**3 185 327**

Recurring fair value measurements At 31 December 2021 *Restated*

NOK in thousands	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	1 970 399	12 368	1 982 766
Total financial assets at fair value	**-**	**1 970 399**	**12 368**	**1 982 766**
Financial liabilities				
Derivative financial instruments	-	950 510	11 967	962 477
Total financial liabilities at fair value	**-**	**950 510**	**11 967**	**962 477**

Note 8
Fair value measurement of financial instruments

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 relies 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 to a fair value valuation are not based on observable market data, the instrument is included in level 3.

Valuation techniques used to determine fair values

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

Level 3 inputs consists of expected power prices for delivery periods which there is no observable market price:

- Nordic system price for delivery periods beyond the next 10 calendar years,
- Area prices for price areas in Norway for delivery periods beyond the next 3 calendar years,
- Area prices for price areas in Sweden and Finland for delivery periods beyond the next 4 calendar years.

The Group does not hold electricity derivatives with maturities beyond the next 10 calendar years at 31 December 2022, hence all level 3 derivatives are long term area price and EPAD forward contracts.

Note 8
Fair value measurement of financial instruments

Assets and liabilities measured at fair value based on level 3

At 31 December 2022

NOK in thousands	Assets	Liabilities	Total, net
Opening balance 1 January 2022	12 368	11 968	400
Transferred to level 2	(465)	(570)	105
Additions or derecognitions	-	-	-
Unrealised changes in value recognised in profit or loss	148 093	141 265	6 828
Closing balance 31 December 2022	**159 996**	**152 663**	**7 333**

Net realised gain (+) / loss (-) recognised in profit and loss 2022 **-**

Sensitivity analysis of factors classified to level 3

NOK in thousands	10 % reduction	10 % increase
Net effect from power prices	(1 798)	1 798

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 2022.

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, climate risk, interest rates, security prices and foreign currency exchange rates.

Market risk – commodity prices

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

The market price for electricity (spot price) is the hourly price from the Nordic power exchange Nord Pool Spot. Norway, Sweden, and Finland are geographically divided into different electricity price areas. The spot price is determined by Nord Pool Spot within each of these price areas by the balance between demand and supply.

The electricity prices are affected by the war in Ukraine and the transition to a low-emission society. The EU's climate targets and the phasing-out of fossil energy production, as well as a focus on renewable energy with a significant wind power element, have made the European power market increasingly dependent on prevailing weather conditions. In a transition phase, and for as long as the war continues, higher power prices and greater fluctuations than normal are expected. The Group's ESG-report contains more information about climate risk and how these are managed.

When selling electricity to end users the Group offers a large scale of different product types with different pricing structures. The product types vary from spot-priced products, where the sales prices are connected to the spot price the Group pays when purchasing the electricity in the spot market, to variable price and fixed price contracts where the sales price is a fixed price for a fixed period.

The different product types expose the Group to different risks, including price risk, profile risk, and volume risk. Profile risk arises when using standardized electricity derivatives, where the contractual price is fixed for all hours during the contractual period, to hedge power sales in the retail market where power prices vary from hour to hour throughout the day and week.

The majority of end-user-sales in Norway are from spot-priced product types, where there is no price-, profile- or volume risk. Variable price contracts offer the customers the predictability of a fixed price without a fixed volume. The price in the variable price products in the consumer segment can be changed with a 30 days' notice period (increased from 14 days in 2022). In the business segment the notice period is seven days. Volume sold on variable price products in the consumer segment decreased towards the end of 2022 as significant numbers of customers migrated from variable to spot-priced products. The Group initiated sales stop of these contracts in the consumer segment and year-end 2022 this contract type represents less than 11% of the customers in the segment.

A substantial portion of end-user sales in the Nordic segment are at fixed price contracts. The volume of fixed price power contracts has decreased during the year due to a movement towards spot based products for new customers. At the beginning of the year the majority of the fixed price contracts were contracts without fixed volume, exposing the Group to both price-, profile-, and volume risks. The Group ended new sales of this type of fixed price contracts in the Nordic segment during the first quarter of 2022. Since then, new sales of fixed price contracts are contracts where the customer carries the price-, profile-, and volume risks. Thus the Group's exposure to these risks have been significantly decreased in 2022, and will continue to decrease in 2023 and going forward as old fixed price contracts expire.

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

Note 9 Financial risk management objectives

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

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

Market risk – 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, 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 Group has set out parameters to actively monitor this risk going forward.

Market risk – security prices

The Group is indirectly exposed to security price risk through its defined employee benefit obligations where parts of the pension plan assets are invested in securities. This risk is managed through investment in diversified portfolios managed by external insurance companies. For further disclosure on fair value of plan assets and risk exposure related to employee benefit obligations, please refer to note 18.

Market risk – foreign exchange rates

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

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

Derivatives

All financial electricity derivatives are either financial customer contracts, or purchased for the purpose of hedging physical or financial customer contracts. Hence derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. The Group's accounting policy for cash flow hedges are set out in note 10.

Note 9
Financial risk management objectives

The group has the following derivative financial instruments:

NOK in thousands	2022	2021 *Restated*
Derivative financial assets		
Derivative financial instruments at fair value through OCI		
Electricity derivatives - Hedge contracts	2 077	-
Derivative financial instruments at fair value through profit or loss		
Electricity derivatives - Hedge contracts	2 745 315	1 451 547
Electricity derivatives - Customer contracts	1 486 276	531 220
Other derivatives	-	-
Total derivative financial assets	**4 233 668**	**1 982 766**
Derivative financial liabilities		
Derivative financial instruments at fair value through OCI		
Electricity derivatives - Hedge contracts	72 772	78 962
Derivative financial instruments at fair value through profit or loss		
Electricity derivatives - Hedge contracts	129 552	320 611
Electricity derivatives - Customer contracts	2 982 676	561 659
Other derivatives	328	1 245
Total derivative financial liabilities	**3 185 327**	**962 477**

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 of 31 December 2022, 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 consists of a large number of receivables on end-user customers, mainly households and business customers spread across diverse industries in Norway, Sweden and Finland. The Group uses an external credit scoring system to assess the potential customer's credit quality before accepting any new customer. The Group uses publicly available financial information and its own trading records to rate its business customers. Refer to note 7 for details of concentration of credit risk related to trade receivables.

In addition to invoicing electricity sales and other services provided to customers, the Group provides re-invoicing to customers in Norway related to grid rent on behalf of the grid owners ("gjennomfakturering"). This contributes to an increase in credit risk as the amount of trade receivables increases with the re-invoiced grid rent. However, in 2022 the Norwegian power support scheme ("strømstøtteordningen") has significantly reduced the amounts which are re-invoiced, and thus the related credit risk. The power support scheme has been revised by the Norwegian government and extended to include the year 2024. 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 the Group for any re-invoiced grid rent not settled by the customer.

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

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

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves, bank overdraft facilities and reserve credit facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Electricity purchased under the Group's electricity purchase agreement with Statkraft, which is the Group's most significant purchase agreement, are invoiced monthly in arrear, with a 30-day payment term in Norway and 45-day payment term in Sweden and Finland. In addition, this agreement in Norway includes a right for the Group 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 its disposal to further reduce liquidity risk are set out in note 7(c), Credit facilities.

Note 9
Financial risk management objectives

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

Contractual maturities of non-derivative financial liabilities

31 December 2022

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*	5 828 373	-	-	-	-	5 828 373	5 828 373
Overdraft facilities	-	-	-	534 112	-	534 112	534 112
Interest-bearing short term debt	-	-	-	275 000	-	275 000	275 000
Interest-bearing long term debt	-	23 425	70 275	632 475	-	726 175	722 869
Total	**5 828 373**	**23 425**	**70 275**	**1 441 587**	**-**	**7 363 659**	**7 360 353**

* 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. The Group also has the right to postpone the payments by an additional 30 days if their current cash in hand does not cover the liability. The agreement expires in April 2024.
At 31 December 2022, the interest bearing balance with Statkraft was NOKt 5 249 292 (31 December 2021 was NOKt 3 851 298).

Contractual maturities of derivative financial liabilities

31 December 2022

NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Electricity derivatives - Hedge contracts	-	35 118	40 377	137 684	2 479	215 658	202 324
Electricity derivatives - Customer contracts	-	530 303	1 112 370	1 426 042	54 140	3 122 855	2 982 676
Other derivatives	23	48	262	-	-	333	328
Total	**23**	**565 469**	**1 153 009**	**1 563 727**	**56 619**	**3 338 847**	**3 185 327**

Note 10 Hedge accounting

Cash flow hedges of forecast power purchase transactions

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

Elmera Group sells retail electricity-contracts with different pricing structures. All electricity purchases are however made in the spot market. The majority of the customers have contracts where the price is based on spot market prices. The Group also offers fixed price contracts for a defined period, and variable price contracts with or without price ceiling.

In Norway, the price in the variable price products in the consumer segment can be changed with a 30 days' notice period (increased from 14 days in 2022). In the business segment the notice period is seven days. The group revised its risk management strategy and policy for power purchases in the Norwegian group entities in July 2021. In the revised strategy Elmera will seek to reduce price variability for a higher percentage of the future power purchases in Norway. This will support the commercial goal to reduce the number of price changes for the variable price products, at the same time acknowledging the risk that the Group might not be fully able to follow the price curve in a market with reduced prices.

Because of the increased volume of hedging activity for future power purchases, the group implement hedge accounting in 2021. Hedge accounting only applies to contracts entered into after the revised risk management policy. Elmera uses different derivatives to reduce variability in future power purchases, depending on availability in the market. The Group has prepared formal hedge documentation for area price forward contracts, Nordic system price forward contracts, EPAD (Electricity Price Area Difference) forward contracts, and for combinations of system price forward contracts and EPAD forward contracts, that are all part of the same risk management strategy. The Norwegian group entities purchase electricity in all five Norwegian price areas. When a Nordic system price forward contract is designated as a hedge instrument, the contract is designated to the different price areas at the inception of the hedge.

The Nordic system price is the main reference price in the Nordic electricity market, with area prices to a varying degree correlating to the system price. The three southern price areas in Norway (NO1, NO2 and NO5) are highly correlated with both the system price and each other. The correlation for the area prices in the two northern areas (NO3 and NO4) and the system price is significantly weaker than for the southernmost areas.

When implementing hedge accouting in 2021, management considered the market structure and concluded that the system price can be characterized as an identifiable and measurable component of the power price. In general, a change in the system price will cause a change in the price in all price areas and will also impact the pricing of long-term contracts in all areas. In addition, most market participants develop expectation of future prices estimating future system price and area differentials individually. This implies that the system price is an identifiable risk component in the future purchase of electricity. When designating system price forward contracts as hedging instruments for power purchases in price areas where the forward area price is expected to be higher than the forward system price (NO1, NO2 and NO5), the hedged item is defined as the cash flows related to future purchase of electricity in the relevant areas, but only for those changes that are attributable to changes in the system price.

From the beginning of 2022 the Group does not designate system price forward contracts as hedging instruments for power purchases in price areas NO3 and NO4, unless they are part of a hedge where the hedging instrument is a combination of a system price forward contract and an EPAD forward contract. The Group's strategy when hedging the future cash flows related to power purchases in price areas NO1, NO2 and NO5 has in 2022 changed towards using area price forward contracts as hedging instruments, rather than Nordic system price forward contracts.

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

The accounting implications of hedge accounting for the period are summarised in the table below.

Note 10
Hedge accounting

Fair value of hedging instruments where hedge accounting is applied

31 December 2022	Fair value hedge instrument*	Effective portion in OCI*	Ineffectiveness in P&L*	Hedged volume Q1 2023**	Hedged volume beyond Q1 2023**
Cash flow hedge of highly probable power purchase in price areas:					
South Norway (NO1, NO2, NO5)	(71 809)	(71 809)	-	61	0
Trondheim (NO3)	2 099	2 103	(3)	29	1
Tromsø (NO4)	(984)	(983)	(2)	8	1
Total derivatives - Cash flow hedges	**(70 694)**	**(70 689)**	**(5)**	**98**	**2**

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

** NOK in thousands*
*** GWh in thousands*

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

NOK in thousands	2022	2021
Cash flow hedge of highly probable power purchase:		
Ineffective portion, recognised in P&L, total	(12 513)	12 508
Effective portion, recognised in OCI, total	20 781	(91 470)
Change in fair value, total	**8 268**	**(78 962)**
Effective portion, recognised in OCI, net of tax (22 %)	16 209	(71 347)

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

Hedging reserves

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

NOK in thousands	2022	2021
Opening balance 1 January	(71 347)	-
Effective portion of unrealised change in fair value of hedging instruments	(381 080)	51 765
Realised (gains) and losses reclassified to profit or loss	401 862	(143 235)
Deferred tax	(4 572)	20 123
Closing balance 31 December	**(55 137)**	**(71 347)**

Note 11 Personnel expenses

NOK in thousands	2022	2021
Salaries	322 878	313 959
Social security	44 091	44 338
Pension expenses	40 298	41 678
Other benefits	14 870	11 084
Gross personnel expenses	**422 137**	**411 060**
- Capitalised R&D costs	(1 109)	(1 937)
Total personnel expenses	**421 029**	**409 123**
Number of full-time equivalents (FTEs) as of 31 December	**412**	**475**

For information regarding pension schemes please refer to note 18.
For information regarding management option program please refer to note 27.
For information regarding remuneration to executive management and Board of Directors please refer to note 23.

Note 12 Other operating expenses and other financial items

12(a) Other operating expenses

Other operating expenses

NOK in thousands	2022	2021
Sales and marketing costs	135 526	129 938
IT cost	134 331	103 307
Purchase of third- party services and external personnel	107 011	104 448
Net impairment expense on trade receivables and other losses	35 317	(21 113)
Professional fees *	93 184	113 995
Other operating costs	69 577	57 941
Total other operating expenses	**574 946**	**488 517**

* Includes legal fees, auditor, consultants

Auditor's remuneration

NOK in thousands	2022	2021
Statutory audit - Deloitte	3 884	4 149
Other assurance services - Deloitte	618	623
Other non-assurance services - Deloitte	235	-
Total	**4 736**	**4 773**

12(b) Other financial items, net

NOK in thousands	2022	2021
Foreign exchange gain/(losses)	(3 351)	(9 561)
Other financial expenses	(9 311)	(9 657)
Total other financial items, net	**(12 660)**	**(19 219)**

Note 13 Income tax

Specification of tax expense recognised in statement of profit or loss

NOK in thousands	2022	2021 *Restated*
Tax payable on profit for the year	64 831	87 570
Adjustments to prior years tax payable	(208)	3 188
Adjustments to prior years deferred tax expense (income)	208	(6 712)
Change in deferred tax/(tax asset) from origination and reversal of temporary differences	(9 986)	(5 880)
Tax expense recognised in statement of profit or loss	**54 846**	**78 166**

Specification of current income tax liabilities

NOK in thousands	2022	2021 *Restated*
Tax payable on profit for the year	64 831	87 570
Adjustments prior years tax payable	(14 325)	6 713
Current income tax liabilities recognised in balance sheet	**50 506**	**94 283**

Reconciliation of statutory tax rate to effective tax rate:

NOK in thousands	2022	2021 *Restated*
Profit before tax	128 692	335 195
Income tax at statutory tax rate (22%)	**28 312**	**73 743**
Tax expense recognised in statement of profit or loss	54 846	78 166
Difference	**(26 533)**	**(4 423)**
Permanent differences	3 107	1 945
Change in deferred tax/(tax asset) from change in valuation allowance for deferred tax assets	23 442	7 446
Adjustments prior years tax payable	(15)	(4 968)
Difference	**26 533**	**4 423**

Note 13
Income tax

Specification of basis for deferred tax

NOK in thousands	2022 Norway	2022 Sweden & Finland	2022 Total	2021 Total *Restated*
Fixed assets/intangible assets	286 815	149 205	436 020	530 557
Receivables	(33 617)	-	(33 617)	(23 860)
Pension liabilities	(62 185)	-	(62 185)	(93 837)
Cost to obtain contracts	192 420	-	192 420	198 668
Provisions for onerous contracts	(48 956)	(1 020 619)	(1 069 575)	(1 083 854)
Other current liabilities	(5 115)	-	(5 115)	(5 358)
Derivative financial instruments	34 359	1 013 844	1 048 203	1 020 246
Leasing liabilities	(3 530)	(36)	(3 566)	(3 509)
Other	6 322	-	6 322	17 449
Losses carried forward	(42)	(2 005 443)	(2 005 484)	(2 018 659)
Temporary differences	**366 471**	**(1 863 049)**	**(1 496 578)**	**(1 462 156)**
Tax rate	22%	20,6% / 20%		
Deferred tax/(tax asset)	80 624	(383 889)	(303 265)	(295 873)
Valuation allowance for deferred tax assets*	-	368 555	368 555	364 401
Deferred tax asset recognised in statement of financial position	**-**	**34 990**	**34 990**	**35 092**
Deferred tax recognised in statement of financial position	**80 624**	**19 656**	**100 280**	**103 620**
Net position	*(80 624)*	*15 334*	*(65 290)*	*(68 528)*

*** Valuation allowance for deferred tax asset**
There are significant tax losses carried forward in the entities in Sweden and Finland which were acquired as part of the Troms Kraft Strøm AS acquisition in 2020. A deferred tax asset related to the portion of these tax losses carried forward which are expected to be utilised by net taxable profit in the acquired businesses in Sweden (NOKt 22 870) and Finland (NOKt 12 121), was recognised as part of the purchase price allocation when accounting for the business combination. The deferred tax asset related to the remaining tax losses carried forward are not recognised in the statement of financial position at year end 2022.

Of the unrecognised deferred tax assets, NOKt 374 307relates to losses carried forward in Sweden and NOKt 3 360 relates to losses carried forward in Finland. Tax losses in Finland may be carried forward for ten subsequent years. The tax losses carried forward in Finland are from the period between 2013 and 2022. Utilisation of the tax losses in Sweden is without time limitation.

Note 13
Income tax

Changes in deferred tax balances

2022 NOK in thousands	1 January 2022	Changes recognised in statement of profit or loss	Changes recognised in other comprehen-sive income	Changes from business combinations	31 December 2022
Fixed assets/intangible assets	102 056	(20 356)	1 056	-	82 756
Receivables	(5 249)	(2 147)	-	-	(7 396)
Pension liabilities	(20 644)	5 945	1 018	-	(13 681)
Cost to obtain contracts	43 707	(1 375)	-	-	42 332
Provisions for onerous contracts	(8 541)	(2 230)	-	-	(10 770)
Other current liabilities	(1 179)	53	-	-	(1 125)
Derivative financial instruments	(9 563)	12 550	4 572	-	7 559
Leasing liabilities	(763)	(14)	-	-	(777)
Other assets	3 839	(2 448)	-	-	1 391
Losses carried forward	(35 136)	35	101	-	(35 000)
Total	**68 528**	**(9 986)**	**6 747**	**-**	**65 290**

2021 *Restated* NOK in thousands	1 January 2021	Changes recognised in statement of profit or loss	Changes recognised in other comprehen-sive income	Changes from business combinations	31 December 2021
Fixed assets/intangible assets	142 043	(38 985)	(1 002)	-	102 056
Receivables	(7 635)	2 386	-	-	(5 249)
Pension liabilities	(24 382)	(1 220)	4 958	-	(20 644)
Cost to obtain contracts	29 655	14 052	-	-	43 707
Provisions for onerous contracts	-	(8 541)	-	-	(8 541)
Other current liabilities	(10 538)	9 360	-	-	(1 179)
Derivative financial instruments	(794)	11 355	(20 123)	-	(9 563)
Leasing liabilities	(676)	(87)	-	-	(763)
Other assets	4 725	(886)	-	-	3 839
Losses carried forward	(44 045)	6 685	2 224	-	(35 136)
Total	**88 351**	**(5 880)**	**(13 943)**	**-**	**68 528**

Note 14 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

	2022	2021 *Restated*
Profit/(loss) attributable to equity holders of the company (NOK in thousands)	73 847	257 029
Total comprehensive income attributable to equity holders of the company (NOK in thousands)	92 911	146 686
Weighted average number of ordinary shares outstanding	110 833 229	114 291 767
Earnings per share in NOK	**0,67**	**2,25**
Total comprehensive income per share in NOK	**0,84**	**1,28**
Share options (see note 27)	1 710 000	1 500 000
Diluted earnings per share in NOK	**0,66**	**2,22**
Dividend per share in NOK	**3,50**	**3,50**

Note 15 Property, plant and equipment

2022

NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Accumulated cost 1 January 2022	18 653	27 260	33	45 946
Additions	675	2 593	57	3 325
Currency translation difference	(15)	(40)	-	(55)
Accumulated cost 31 December 2022	**19 313**	**29 813**	**90**	**49 216**
Accumulated depreciation 1 January 2022	(11 996)	(25 852)	-	(37 848)
Depreciation for the year	(2 240)	(954)	-	(3 194)
Currency translation difference	10	15	-	25
Accumulated depreciation 31 December 2022	**(14 226)**	**(26 790)**	**-**	**(41 017)**
Carrying amount 31 December 2022	**5 087**	**3 023**	**90**	**8 198**

2021

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

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

The Group has no stranded assets.

Note 16 Intangible assets

Non-current intangible assets

2022

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
Accumulated cost 1 January 2022	345 582	5 339	796 218	229 668	145 607	1 522 414	1 419 451	2 941 866
Additions - Purchase	8 910	32 439	4	-	-	41 353	-	41 353
Additions - Internally generated	858	105	-	-	-	963	-	963
Transferred from construction in progress	28 294	(28 294)	-	-	-	-	-	-
Government grants	(1 308)	-	-	-	-	(1 308)	-	(1 308)
Currency translation differences	136	(143)	3 446	3 901	281	7 621	(675)	6 946
Accumulated cost 31 December 2022	**382 472**	**9 446**	**799 668**	**233 569**	**145 888**	**1 571 044**	**1 418 775**	**2 989 819**
Accumulated depreciation 1 January 2022	(221 534)	-	(321 346)	(49 842)	(32 514)	(625 236)	-	(625 237)
Depreciation for the year	(47 861)	-	(123 977)	-	(8 726)	(180 565)	-	(180 565)
Currency translation differences	(131)	-	(337)	(847)	-	(1 315)	-	(1 315)
Accumulated depreciation 31 December 2022	**(269 527)**	**-**	**(445 660)**	**(50 688)**	**(41 240)**	**(807 116)**	**-**	**(807 117)**
Accumulated impairment 1 January 2022	(22 724)	-	-	(179 826)	-	(202 550)	-	(202 550)
Impairment for the year	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	(3 054)	-	(3 054)	-	(3 054)
Accumulated impairment 31 December 2022	**(22 724)**	**-**	**-**	**(182 881)**	**-**	**(205 604)**	**-**	**(205 604)**
Carrying amount 31 December 2022	**90 221**	**9 446**	**354 007**	**-**	**104 648**	**558 324**	**1 418 775**	**1 977 100**
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
** Refer note 19 for more information regarding depreciation and impairment of fixed price customer contracts.

Note 16
Intangible assets

Non-current intangible assets

2021

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios****	Fixed price customer contracts**	Other intangible assets	Totalt non-current intangible assets excl. Goodwill	Goodwill	Total non-current intangible assets
Accumulated cost 1 January 2021	297 473	9 063	770 256	243 640	147 531	1 467 963	1 442 849	2 910 813
Additions - Purchase	889	41 655	38 784	-	-	81 328	-	81 328
Additions - Internally generated	1 811	86	-	-	-	1 897	-	1 897
Additions from business combinations***	-	-	-	-	-	-	(4 802)	(4 802)
Transferred from construction in progress	45 456	(45 456)	-	-	-	-	-	-
Currency translation differences	(47)	(8)	(12 823)	(13 972)	(1 924)	(28 773)	(18 596)	(47 369)
Accumulated cost 31 December 2021	**345 582**	**5 339**	**796 218**	**229 668**	**145 607**	**1 522 414**	**1 419 451**	**2 941 866**
Accumulated depreciation 1 January 2021	(176 096)	-	(149 408)	(52 761)	(17 383)	(395 648)	-	(395 648)
Depreciation for the year	(45 401)	-	(173 251)	-	(15 131)	(233 783)	-	(233 783)
Currency translation differences	(37)	-	1 312	2 919	-	4 195	-	4 195
Accumulated depreciation 31 December 2021	**(221 534)**	**-**	**(321 346)**	**(49 842)**	**(32 514)**	**(625 236)**	**-**	**(625 237)**
Accumulated impairment 1 January 2021	(22 724)	-	-	(180 026)	-	(202 750)	-	(202 750)
Impairment for the year	-	-	-	(9 762)	-	(9 762)		(9 762)
Currency translation differences	-	-	-	9 961	-	9 961		9 961
Accumulated impairment 31 December 2021	**(22 724)**	**-**	**-**	**(179 826)**	**-**	**(202 550)**	**-**	**(202 550)**
Carrying amount 31 December 2021	**101 324**	**5 339**	**474 873**	**0**	**113 093**	**694 630**	**1 419 451**	**2 114 081**
Useful life	3 years		2-12 years	Up to 5 years	3 years			
Depreciation method	Straight line		Other*/ straight line	Other**	Straight line			

* Depreciations for the majority of customer portfolios is calculated on basis of expected churn-profile of the customer portfolio
** Refer note 19 for more information regarding depreciation and impairment of fixed price customer contracts.
*** The changes to Goodwill included in Additions from business combinations are adjustments to the goodwill recognised when the group acquired Innlandskraft AS and Troms Kraft Strøm AS in 2020. These changes are mainly caused by adjustments to the final purchase consideration.
**** Of total additions of customer portfolios, NOKt 37 348 relates to the acquisition of Skymobil AS' portfolio of mobile customers. The amount comprises the purchase price for the portfolio and directly attributable costs.

Note 16 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 2022 in accordance with IAS 36, using the methods outlined in note 2. Goodwill as at 31 December 2022, has a total carrying value of NOKt 1 418 775 and intangible assets with indefinite useful life has a total carrying value of NOKt 84 772.

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

NOK in thousands	Goodwill	Intangible assets with indefinite useful life
Consumer segment	771 012	42 017
Business segment	353 235	19 250
Nordic segment	294 528	23 505
Total	**1 418 775**	**84 772**

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.

The key assumptions on which management has based its determination of the recoverable amount are Weighted Average Cost of Capital (WACC), net revenue growth and operating expenditure growth.

Key assumptions – Consumer and Business segments
When calculating value in use for both Consumer and Business segments the weighted average cost of capital used was 10,2 % and estimated growth rate in the terminal year was set at nominal 0,5 %.

For goodwill and intangible assets with indefinite useful life allocated to the Consumer and Business segments, the calculated recoverable amount significantly exceeds the carrying amount, and reasonably possible changes in key assumptions would not lead to impairment of the assets.

Key assumptions – Nordic segment
For the Nordic segment, country specific weighted average cost of capital used was 12,0 % for Sweden and 12,1 % for Finland. Estimated growth rate in the terminal year was set at nominal 1,0 %.

Compound annual growth rate for net revenue was set at 12,0 % and compound annual growth rate for operating expenditure was set at 4,7 % in the period 2024-2027. Growth rates are calculated from 2024 as net revenue in 2023 is estimated to be significantly affected by unprofitable fixed price customer contracts where a substantial proportion expires in 2023.

For goodwill and intangible assets with indefinite useful life allocated to the Nordic segment, the calculated recoverable amount exceeds the carrying amount by NOKt 41 543. An increase in WACC by 0,64 percentage points, a reduction in compound annual growth rate for net revenue of 1,1 percentage points or an increase compound annual growth rate for operating expenditure of 2,4 percentage points would decrease the recoverable amount below the carrying amount.

The key assumptions used in the estimates are associated with uncertainty, as the electricity markets in Sweden and Finland are transitioning towards spot based products following the increased price volatility and peak/off-peak price differences.

Note 16 Intangible assets

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 60 128, NOKt 19 124 has been expensed as other operating expenses and NOKt 41 004 has been recognized as R&D assets.
It is expected that future earnings of ongoing R&D will correspond to expenses incurred.

Government grants
The Group has been awarded two government grants (SkatteFUNN and ENOVA) in 2022.
One of the grants relates to a project regarding development of a plattform for local power production, storage and distribution.
The other grant relates to a project regarding development of an app that gives consumers an overview of their power consumption.
The total grants of NOK 1 308 thousand has been booked as a reduction of the cost price of the related assets.

Current intangible assets

2022

NOK in thousands	El-certificates	Guarantees of origination	Carbon credits	Total current intangible assets
Accumulated cost 1 January 2022	417	6 786	314	7 518
Additions - Purchase	9 032	29 494	3 516	42 041
Disposals*	(9 394)	(35 979)	(3 422)	(48 795)
Accumulated cost 31 December 2022	**54**	**301**	**408**	**763**
Carrying amount 31 December 2022	**54**	**301**	**408**	**763**

2021

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

* Disposals of El-certificates refers to amount of certificates being handed over to the government to offset el-certificate cancellation liability.
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 17 Share capital

Shareholders at 31 December 2022

	Number of shares	Nominal	Nominal value	Voting rights	Ownership
Folketrygdfondet	10 182 840	0,30	3 054 852	9,37 %	8,90 %
Gudbrandsdal Energi Holding AS	7 682 161	0,30	2 304 648	7,07 %	6,72 %
Verdipapirfondet Nordea Norge Verd	4 596 744	0,30	1 379 023	4,23 %	4,02 %
Rieber & Søn AS	3 946 969	0,30	1 184 091	3,63 %	3,45 %
Vpf Dnb Am Norske Aksjer	3 238 318	0,30	971 495	2,98 %	2,83 %
Verdipapirfondet Holberg Norge	3 000 000	0,30	900 000	2,76 %	2,62 %
Landkreditt Utbytte	3 000 000	0,30	900 000	2,76 %	2,62 %
Verdipapirfondet Dnb Norge	2 547 863	0,30	764 359	2,35 %	2,23 %
Perestroika AS	2 501 394	0,30	750 418	2,30 %	2,19 %
Hsbc Bank Plc	2 129 093	0,30	638 728	1,96 %	1,86 %
Geveran Trading Co Ltd	2 044 000	0,30	613 200	1,88 %	1,79 %
The Bank Of New York Mellon Sa/Nv	1 942 516	0,30	582 755	1,79 %	1,70 %
Verdipapirfondet Dnb Smb	1 867 442	0,30	560 233	1,72 %	1,63 %
Nordnet Bank AB	1 592 812	0,30	477 844	1,47 %	1,39 %
Verdipapirfondet Nordea Avkastning	1 509 527	0,30	452 858	1,39 %	1,32 %
J.P. Morgan Se	1 385 968	0,30	415 790	1,28 %	1,21 %
Clearstream Banking S.A.	1 338 344	0,30	401 503	1,23 %	1,17 %
Melesio Invest AS	1 064 840	0,30	319 452	0,98 %	0,93 %
Varde Norge AS	1 050 000	0,30	315 000	0,97 %	0,92 %
Catilina Invest AS	1 023 720	0,30	307 116	0,94 %	0,90 %
Others	50 989 659	0,30	15 296 898	46,94 %	44,59 %
Total outstanding shares	**108 634 210**		**32 590 263**	**100 %**	**95 %**
Treasury shares	5 717 590	0,30	1 715 277	0,00 %	5,00 %
Total shares in issue	**114 351 800**		**34 305 540**	**100 %**	**100 %**

Share capital and share premium

NOK in thousands	Share capital	Share premium	Total
31 December 2021	32 590	993 294	1 025 884
31 December 2020	34 291	992 094	1 026 385

Fully paid ordinary shares which have a par value of NOK 0.30 carry one vote per share and carry a right to dividends (except for treasury shares).
All outstanding shares have equal voting rights and the right to receive dividend.
For computation of earning per share and diluted earning per share see Note 14.

Note 17
Share capital

Treasury shares
In the second quarter of 2022 the Group initiated a share buyback program where a total of 5 717 590 shares were purchased, corresponding to 5 % of the share capital, for a total amount of NOKt 132 827.
The program's purpose is to: (i) fulfil obligations arising as a result of the Group's share option program, and (ii) to redeem (i.e. cancel) shares by way of a share capital decrease in the Company, subject to approval from the general meeting.

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

31 December 2022	Number of shares	Number of options
Rolf Barmen (Chief Executive Officer)	59 052	240 000
Henning Nordgulen (Chief Financial Officer)1	50 000	-
Roger Finnanger (Head of Business)	3 378	120 000
Arnstein Flaskerud (Head of Strategy and M&A)	40 760	120 000
Solfrid K. Aase (Head of Service Companies)	11 156	120 000
Solfrid Fluge Andersen (Head of Operations)	5 171	120 000
Per Heiberg-Andersen (Head of Nordic and other end-user companies)	5 000	80 000
Marius Sveipe (Chief Executive Officer, Gudbrandsdal Energi AS)2	500	10 000
Magnar Øyhovden (Chief Executive Officer, Fjordkraft AS)3	44 600	20 000
Birte Strander (Chief Financial Officer)4	35 894	120 000
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)5	26 028	80 000
Christian Kalvenes (Head of Consumer)6	931	60 000
Alf-Kåre Hjartnes (Chief Operating Officer)5	8 833	50 000
Steinar Sønsteby (Chairman of the Board)	16 129	-
Live Bertha Haukvik (Boardmember)	5 000	-
Heidi Theresa Ose (Boardmember)	1 500	-
Tone Wille (Boardmember)	-	-
Per Oluf Solbraa (Boardmember)	-	-
Marianne Unhjem (Boardmember, Employee representative)	-	-
Elisabeth M. Norberg (Boardmember, Employee representative)	3 325	-
Frank Økland (Boardmember, Employee representative)	645	-
Total	**317 902**	**1 140 000**

Terms and details for the management option program are outlined in note 27.

1) From 1 October 2022.
2) From 1 August 2022
3) From 8 August 2022
4) Until 31 May 2022.
5) Until 31 July 2022
6) Until 16 May 2022

Note 18 Pension liabilities

Description of the pension schemes

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

Defined benefit plans

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

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

Defined contribution plans

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

Pension schemes in the Norwegian group entities

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

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

At the end of 2022 the group companies Elmera Group ASA, Fjordkraft AS and AllRate AS have a defined contribution pension scheme covering a total of 333 active members. The contribution rates for the defined contribution plan are set to 5 per cent of salaries between 0 and 7,1 times G (where G is the National Insurance scheme basic amount, NOKt 111 in 2022), 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, Elmera 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, enteteling them to additional annual contribution for salary exceeding 12 G.

Defined contribution plan covering empoyees in Gudbrandsdal Energi AS

The subsidiary Gudbrandsdal Energi AS have defined contribution pension schemes which at the end of 2022 are covering 24 active members. The contribution rates for the defined contribution plans are 6 per cent of salaries between 0 and 7,1 times G (where G is the National Insurance scheme basic amount, NOKt 111 in 2021), and 25,1 per cent of salaries between 7,1 and 12 times G. The pension schemes includes retirement pension, disability pension, spouse's pension and children's pension.

Defined benefit plans in BKK Pensjonskasse

At the end of 2022 the defined benefit pension scheme in BKK Pensjonskasse covers 13 active members, 97 pensioners and 539 deferred vested members.These numbers include employees previously employed by Eidsiva Marked AS (which were merged into Fjordkraft AS in 2021), whom have been transferred from KLP to BKK Pensjonskasse in 2022. 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

Note 18
Pension liabilities

covers a total of 21 active members and 3 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 2022.

Defined benefit plans in KLP

The defined benefit plans in KLP is covering employees in Gudbrandsdal Energi AS. These defined benefit plans were closed to new members from July 2016. These funded schemes are public occupational pension schemes that ensures the pensioner 66% of final salary upon 30 years of service. Retirement age is 67 years. At the end of 2022 the defined benefit pension schemes still covers 1 active member, 2 pensioners and 9 deferred vested members. The pension schemes includes retirement pension, disability pension, spouse's pension and children's pension. The liabilities are covered through the insurance company KLP. The defined benefit plan covering employees previously employed by Eidsiva Marked AS (which were merged into Fjordkraft AS in 2021), have been transferred from KLP to BKK Pensjonskasse in 2022.

Pension schemes in Switch Nordic Green AB

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 2022 are covering a total of 8 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 Inkomstbasbelopp (IBB = The Swedish National Insurance scheme basic amount, where one IBB equals NOKt 67 in 2022), and 30 per cent of salaries between 7,5 and 30 times the IBB. 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 2022 are covering a total of 61 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 25,85 per cent of salaries, which includes the employee's share of the contribution that was 7,15 per cent at the end of 2022. 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 18
Pension liabilities

Amounts recognised in statement of financial position:

NOK in thousands	31 December 2022	31 December 2021
Present value of funded obligations	361 631	361 192
Fair value of plan assets	355 132	345 243
Deficit for funded plans	**6 499**	**15 949**
Present value of unfunded obligations	64 211	73 785
Total deficit of defined benefit pension plans	**70 709**	**89 734**
Other employee benefit obligations	4 893	4 103
Employee benefit obligations recognised in Statement of financial position	**75 602**	**93 837**

Presentation in statement of financial position:

Net plan assets of defined benefit pension plans	4 178	-
Net employee defined benefit plan liabilities	79 780	93 837
Employee benefit obligations recognised in Statement of financial position, net	**75 602**	**93 837**

Note 18
Pension liabilities

Amounts recognised in statement of profit or loss:

2022

NOK in thousands	Funded obligations	Non-funded obligations	Total
Accrued pension entitlement for the year	1 404	3 769	5 173
Payroll tax (PT)	197	531	728
Net interest expense / (income)	4 554	1 215	5 769
Expected return on plan assets	(4 355)	-	(4 355)
Expenses paid	31	-	31
Members' contribution	(168)	-	(168)
Total amount recognised in profit or loss	**1 664**	**5 515**	**7 179**

2021

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

Note 18
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 2022	**361 192**	**345 243**	**15 949**	**73 785**	**89 734**
Accrued pension entitlement for the year	1 404	-	1 404	3 769	5 173
Payroll tax (PT)	197	-	197	531	728
Interest expense (income)	4 554	-	4 554	1 215	5 769
Return on plan assets	-	4 355	(4 355)	-	(4 355)
Actuarial gains and losses	3 364	(5 998)	9 362	(13 990)	(4 628)
Benefits paid	(6 640)	(6 640)	-	(964)	(964)
Contribution	-	20 423	(20 423)	-	(20 423)
Members' contribution	-	168	(168)	-	(168)
Expenses paid	(2 387)	(2 418)	31	(136)	(105)
Payroll tax of contribution	(53)	-	(53)	-	(53)
At 31 December 2022	**361 631**	**355 132**	**6 499**	**64 211**	**70 709**

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 2021	**349 079**	**304 808**	**44 271**	**64 165**	**108 436**
Accrued pension entitlement for the year	3 626	-	3 626	3 577	7 203
Payroll tax (PT)	568	-	568	509	1 077
Interest expense (income)	5 175	-	5 175	960	6 135
Return on plan assets	-	4 605	(4 605)	-	(4 605)
Past service cost	-	-	-	-	-
Actuarial gains and losses	10 364	37 475	(27 110)	4 575	(22 536)
Benefits paid	(6 902)	(6 902)	-	-	-
Contribution	-	5 245	(5 245)	-	(5 245)
Members' contribution	-	200	(200)	-	(200)
Expenses paid	-	(187)	187	-	187
Payroll tax of contribution	(719)	-	(719)	-	(719)
At 31 December 2021	**361 192**	**345 243**	**15 949**	**73 785**	**89 734**

Note 18
Pension liabilities

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

NOK in thousands	**2022**	**2021**
Net actuarial gains/(losses) recognised in OCI during the year	3 610	17 577
Tax effects of actuarial gains/(losses) recognised in OCI	1 018	4 958

Significant actuarial assumptions	**2022**	**2021**
Discount rate	3,60 %	1,70 %
Salary growth rate	3,75 %	2,50 %
Expected growth in base social security amount (G)	3,50 %	2,25 %
Estimated return on plan assets	3,60 %	1,70 %
Pension growth rate	2,75 %	1,50 %
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 yrs - 60 yrs - 2,0%	45 yr - 60 yr - 2,0 %
	Afte 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 significant financial assumptions

	Change in pension cost		**Change in employee defined benefit obligations**	
NOK in thousands	1.00 %	-1.00 %	1.00 %	-1.00 %
Discount rate	(746)	955	(76 650)	102 473
Salary growth rate	301	(274)	6 185	(5 597)
Expected growth in base social security amount (G)	625	(519)	95 634	(73 039)

Note 18
Pension liabilities

Pension assets
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 2022 the plan assets were invested as follows:

NOK in thousands	Level 1 Exchange listed prices	Level 2 Observable prices	Level 3 Non-observable prices	Total	%-share
Equity instruments	48 977	84 630	44 680	178 287	50%
Interest bearing instruments	12 457	160 594	1 078	174 129	49%
Real estate	-	-	2 715	2 715	1%
Total investments	**61 434**	**245 224**	**48 473**	**355 132**	**100%**

The total contribution to defined benefit plans for next annual reporting period is expected to be NOKt 19 050.

Note 19 Onerous contract provisions

Fixed price customer contracts
The Group has significant portfolios of fixed price power contracts with end user customers where the volume is not fixed, mainly in the Nordic segment. These customer contracts do not qualify to be recognised as financial instruments. Portfolios of Fixed price customer contracts acquired as part of business combinations are however recognised as intangible assets (refer note 16), and depreciated systematically over the contract lengths using a pattern that reflect how the acquisition value of the contracts are distributed over the remaining length of the contracts (up to five years) (cost model in IAS 38). Fixed price customer contracts, not acquired through a business combination, are not recognised in the statement of financial position, unless the contracts are identified as onerous contracts. Fixed price customer contracts are assessed as onerous contracts if the estimated unavoidable costs of purchasing the estimated power volumes to be delivered on these contracts exceed the fixed price to be received from the costumers.

The price risk related to fixed price customer contracts are hedged with portfolios of electricity derivatives which are recognised as derivative financial instruments and measured at fair value through profit and loss. The hedged forward power prices in the corresponding portfolios of derivative hedge contracts are not taken into consideration when estimating the contracts' unavoidable costs as hedge accounting is not applied.

The Group has recognised the following provisions for onerous contracts:

NOK in thousands	**31 December 2022**	**31 December 2021** *Restated*
Onerous contract provisions - Non-current	784 239	337 135
Onerous contract provisions - Current	285 336	751 893
Onerous contract provisions - Total	**1 069 575**	**1 089 027**

When the onerous contracts are intended to be settled within 12 months of the reporting date, the provisions are presented as current.
The difference between the change in onerous contracts provisions in the statement of financial position and the corresponding amount recognised in the statement of profit or loss (see table below) is due to currency translation differences.

The following table shows the movement in provisions for onerous contracts:

NOK in thousands	**2022**	**2021** *Restated*
Opening balance 1 January	1 089 027	78 515
Release of provisions	(1 018 751)	(74 778)
New and changed provisions	1 019 102	1 088 790
Currency translation difference	(19 804)	(3 500)
Closing balance 31 December	**1 069 575**	**1 089 027**

Note 19
Onerous contract provisions

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

NOK in thousands	Note	2022	2021 *Restated*
Impairment and provisions for onerous contracts:			
Change in provisions for onerous contracts		39 256	(1 019 479)
Depreciation of intangible assets - Fixed price customer contracts	16	-	-
Impairment of intangible assets - Fixed price customer contracts	16	-	(9 762)
Impairment of cost to obtain contracts		(39 282)	-
Total depreciation, impairment and provisions for onerous contracts:		**(26)**	**(1 029 241)**
Unrealised gains and losses on derivatives related to fixed price customer contracts		(6 439)	1 029 510
Net unrealised gain/loss recognised in statement of profit or loss		**(6 465)**	**269**

As a result of increased forward market prices of electrical power in 2020 and 2021, indicators of impairment was identified, and impairment charges were recognised to the fixed price customer contracts recognised as intangible assets in the statement of financial position. As these intangible assets were fully impaired in 2021, there has been no further depreciation or impairment charges in 2022.

Change in provisions for onerous contracts includes both release of provisions for (parts of) contracts which have been delivered in the period, and change in provisions for new and remaining contracts. Forward market prices has increased significantly in 2022. The volume of fixed price power contracts have decreased however, due to a movement towards spot based products for new customers and existing fixed price customer contracts being delivered. In total, these effects has lead to a slight decrease in provisions for onerous contracts and the unrealised gains on the corresponding portfolios of derivative hedge contracts.

Market conditions in 2022, with high and volatile power prices, has lead to high profile costs. Expectations of high profile costs going forward causes negative estimated margins on some fixed price customer contracts in the Nordic segment, leading to a corresponding impairment of the cost to obtain these contracts.

The net impact in the statement of profit or loss, which is an unrealised net loss in 2022 of NOKt 6 465 (2021: NOKt 269 net gain) is mainly caused by (negative) margins in the customer contracts and imbalance between the portfolios of customer contracts, and the corresponding portfolios of derivative hedge contracts. Change in provision for onerous contracts and unrealised gains and losses on derivatives related to fixed price customer contracts are both presented as Direct cost of sales in the statement of profit or loss, while impairment of cost to obtain contracts is presented on a separate line.

Note 20 Other current liabilities

NOK in thousands	Note	2022	2021 *Restated*
El-certificate cancellation liabilities		9 641	16 628
Accrued power purchase		731 799	407 428
Prepayments from customers		46 656	56 948
Instalments on long term loan due within 12 months	7	93 700	93 700
Payroll liabilities		58 537	57 727
Other		26 594	11 436
Total Other current liabilities		**966 927**	**643 868**

Note 21 Other current assets

Other current assets consists of the following:

NOK in thousands	2022	2021
VAT receivable	5 901	-
Other prepaid costs	58 128	37 419
Prepaid taxes	1 996	1 427
Total other current assets	**66 025**	**38 847**

Note 22 Related party transactions

As at 31 December 2022, the Group's related parties include Board of Directors and key management. Transactions related to these groups are disclosed in note 23. The Board of Directors previously included a representative from former major shareholder Eviny AS (previous BKK AS). In the general meeting held in the second quarter of 2021, this board member was not re-elected. Eviny AS and subsidiaries were therefore considered to be related parties in the first two quarters of 2021, but not as of 30 June 2021.

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

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

Income from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2022	2021
Eviny AS and subsidiaries	Major shareholder	Sale of electrical power	-	31 131

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

Expenses to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2022	2021
Eviny AS and subsidiaries	Major shareholder	Purchase of electrical power	-	6 588
Eviny AS and subsidiaries	Major shareholder	Purchase of other services	-	12 726
Metzum AS	Associated company	Purchase of other services	38 500	38 743
Atea AS	Other*	Purchase of products and other services	9 922	8 853

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

Purchase of assets (NOK in thousands)

Related party	Relation	Purpose of transactions	2022	2021
Eviny AS and subsidiaries	Major shareholder	Purchase of customer portfolio	-	181
Metzum AS	Associated company	Research and development	2 666	8 284
Atea AS	Other*	Products and development	481	4 077

Current liabilities to related parties (NOK in thousands)

Related party	Relation		31 December 2022	31 December 2021
Metzum AS	Associated company	Research and development	959	1 411
Atea AS	Other*	Products and development	138	1 956

* The chairman of the Board of Directors in Elmera Group ASA is the CEO of Atea ASA.

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

Note 23 Remuneration to the Executive management and Board of Directors

Executive management 2022:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 311	500*	150	846	4 807	294
Henning Nordgulen (Chief Financial Officer)1	660	-	38	86	784	-
Roger Finnanger (Head of Business)	1 692	54	100	219	2 065	-
Arnstein Flaskerud (Head of Strategy and M&A)	1 934	67	120	430	2 551	-
Solfrid K. Aase (Head of Service Companies)	1 612	67	100	354	2 133	-
Solfrid Fluge Andersen (Head of Operations)	1 667	67	100	219	2 053	-
Per Heiberg-Andersen (Head of Nordic and other end-user companies)	1 662	67	100	173	2 002	-
Marius Sveipe (Chief Executive Officer, Gudbrandsdal Energi AS)2	467	50	-	53	570	-
Magnar Øyhovden (Chief Executive Officer, Fjordkraft AS)3	995	-	60	127	1 182	-
Birte Strander (Chief Financial Officer)4	792	54	50	183	1 079	-
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)5	1 021	67	70	237	1 395	-
Christian Kalvenes (Head of Consumer)6	592	54	37	68	751	-
Alf-Kåre Hjartnes (Chief Operating Officer)5	1 016	54	70	199	1 339	290
Total remuneration executive management 2022	**17 421**	**1 101**	**995**	**3 194**	**22 711**	**584**

*In 2022 the CEO received a discretionary bonus of NOKt 500 based on the Group's performance in 2021.
In 2022 the Board of Directors have awarded the CEO a discretionary bonus of NOKt 375 based on the Group's performance, paid in 2023.

Executive management 2021:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 231	1266*	150	724	5 371	354
Birte Strander (Chief Financial Officer)	1 743	261	120	392	2 516	-
Jeanne K. Tjomsland (Head of HR & Communications)	1 721	261	120	374	2 475	-
Arnstein Flaskerud (Head of Strategy and M&A)	1 878	261	120	326	2 585	-
Solfrid K. Aase (Head of Service Companies)	1 565	261	100	285	2 210	-
Christian Kalvenes (Head of Consumer)	1 565	209	100	170	2 043	-
Ole Johan Langenes (Acting Chief Financial Officer) 7	644	209	42	71	965	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 721	209	120	314	2 363	365
Roger Finnanger (Head of Business)	1 565	261	100	173	2 098	-
Solfrid Fluge Andersen (Head of Operations)	1 565	209	100	173	2 046	-
Per Heiberg-Andersen (Head of Nordics and other end-user companies)	1 565	170	100	169	2 003	-
Total remuneration executive management 2021	**18 759**	**3573**	**1172**	**3171**	**26 674**	**719**

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

1) From 1 October 2022
2) From 1 August 2022
3) From 8 August 2022
4) Until 31 May 2022
5) Until 31 July 2022
6) Until 16 May 2022
7) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave

Remuneration included in the tables is valid for the period from/to the dates stated above.

Note 23
Remuneration to the Executive management and Board of Directors

The members of the Board of Directors have received the following remuneration during the year ended 31 December 2022 and 2021:

NOK in thousands	2022	2021
Steinar Sønsteby (Chairman)1	545	461
Per Axel Koch (Chairman)2	-	161
Live Bertha Haukvik (Boardmember)	401	383
Heidi Theresa Ose (Boardmember)	360	396
Tone Wille (Boardmember)1	312	212
Per Oluf Solbraa (Boardmember)1	312	212
Marianne Unhjem (Boardmember, Employee representative)1	108	73
Lindi Bucher Vinsand (Boardmember, Employee representative)2	-	32
Elisabeth M. Norberg (Boardmember, Employee representative)	108	104
Frank Økland (Boardmember, Employee representative)	108	104
Lisbet Nærø (Chairman of the Nomination committee)	53	52
Atle Kvamme (Member, Nomination committee)	32	31
Jannicke Hilland (Member, Nomination committe)3	-	9
Ragnhild Stolt-Nielsen (Member, Nomination committee)	32	22
Total remuneration Board of directors	**2 371**	**2 252**

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

There are no additional bonus agreements or agreement of similar profit sharing with the CEO or Chairman of the board.
The rest of the executive management is also included in the Group's performance bonus scheme.

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

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

The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus up to 1 percentage point. Current limit for taxation of benefits is 2,3 %.

The CEO and Group management is included in the current pension plan for the Group - see note 18.

Note 23
Remuneration to the Executive management and Board of Directors

The Board of Director’s guidelines for remuneration to directors in accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act

These guidelines have been prepared by the Board of Directors of Elmera Group ASA (“Elmera” or the “Company”) in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16a and related regulations. The guidelines was approved by the Company’s annual general meeting in 2021 and shall apply until the Company’s annual general meeting in 2025, unless amended or replaced earlier.

The guidelines apply for the following (jointly referred to as “directors”): the executive management, (ii) employee elected board members, (iii) the CEO and (iv) other leading employees defined as key employees.

Remuneration to persons mentioned in (ii) are regulated by “Remuneration to employee elected board members”.

Purpose and general principles for remuneration

The main principle of the Company`s guidelines for remuneration, is that the directors shall receive a competitive salary, including a result-based salary tied to the business results and shareholder value to ensure the desired competence and director incentives.

Remuneration is an important instrument in order to harmonize the interests of the Company and its directors. The Company’s remuneration principles are designed to ensure that the Company is able to attract and keep qualified directors, without being a wage leader in the relevant business sector, and without the variable wage element constituting such a large proportion of the total wage compensation that it can give unfortunate incentives and short-termism.

The remuneration shall generally stimulate to goal achievements and good risk management, counteract excessive risk-taking, and contribute to avoid conflict of interests. The remuneration shall be in line with the Company`s long term interests and economic financial sustainability. In general, the remuneration shall be equal for male and female employees for equal work or work of equal value. The Company conducts annual reviews of the practice of the remuneration principles, and the Company`s written report (the “Remuneration Report”) is reviewed by independent control functions.

Elements of remuneration

Remuneration includes all benefits a person receives by virtue of his/her position as a leading person in the Company. This includes base salary, bonuses, allotment of shares, warrants, options and other forms of remuneration related to shares or the development of the share price in the company, pension schemes, early retirement schemes, and all forms of other variable elements in the remuneration, or special benefits that are in addition to the basic salary.

Principles for fixed salary

Fixed cash salary allows the Company to attract and recruit directors that are necessary for the long term profitability and sustainability of the Company. It is the Company’s policy that base salaries shall reflect the individual’s position and degree of responsibility. The size of the fixed cash salary shall be in line with market conditions, be competitive with comparable businesses within the industry, and shall take into account inter alia the scope and responsibility associated with the position, as well as the skills, experience, and performance of each director. The fixed cash salaries have no maximum levels.

For directors, the base salary constitutes the most significant part of the remuneration.

Principles for variable cash salary

Variable cash salary (i.e. cash bonuses) shall be based on a set of predetermined and measurable performance criteria that reflect the key drivers for pursuing the Company’s business strategy, longterm interests, and sustainable business practices.

Principles for pension benefits

Directors` pension arrangements shall generally follow the arrangements established for the employees in Elmera Group ASA and Fjordkraft AS. Pension benefits shall be based on local practices and applicable law. More information concerning pension is included in note 18 of the annual account.

Principles for non-financial benefits

Non-financial benefits shall be based on market terms and shall facilitate the duties of the executive management. The Company aims

Note 23
Remuneration to the Executive management and Board of Directors

to have sufficiently competitive salary and incentive programs to minimize additional non-financial benefits, and such shall generally be offered only to the extent they are in line with generally accepted customs locally.

The executive management may receive certain limited benefits in kind, including company car/car arrangement, telephone, internet access, and magazine/newspaper subscriptions.

Purchase of shares

The management may participate in any Company employee share purchase plans or similar plans on substantially on the same terms as all employees.

Share-based incentive programs

Share-based payments, settled in shares or cash, are used as part of the Company's incentive schemes. In the view of the Board of Directors, attractive share-based long-term incentive programs is an important part of the total compensation for the executive management, and which may be necessary to allow the Company to retain and hire the talent it needs for further growth.

The executive management and key personnel shall be concerned with the value development for the Company`s shareholders. A share option program may bind the key employees to the Company and may also contribute to a more cautious wage growth in the years to come.

The following specific limitations apply for granting of share options in the Company: (i) as a main rule, share options may not be redeemed before three years have elapsed, (ii) the maximum amount of share options signed in a given year shall not exceed 0.6 percent of the Company`s outstanding shares, (iii) the exercise price for share options shall be set at market price at the time of allotment, (iv), the exercise price shall be adjusted for dividend paid before redemption, (v) the share options have a cap on gains of three times the exercise price (before adjustments for dividend payments). The options can be settled by the Company in cash if the share price exceeds the cap set out in (v), and if so, based on the gain of such cap, which constitutes the limit of maximum potential gain.

Employment agreements

The CEO and executive management have six month notice periods.

The CEO is entitled to a severance pay in case of termination of employment by the Company for a period of 12 months after expiry of the ordinary notice period. During employment and for 12 months after expiry of the notice period (or from the time of dismissal), the CEO is bound by the provisions on non-competition and recruiting the Company's customers and employees in accordance with the provisions in chapter 14A of the Working Environment Act of 2005.

Remuneration to employee elected board members

The level of remuneration to employee elected board members for their role as board members is proposed by the Remuneration Committee and is handled further by the Nomination Committee which propose a remuneration to the general meeting. The determination of the remuneration takes into consideration the work load, comparable companies and the general wages in the Company.

Deviations from these guidelines

The Board of Directors may, on recommendation from the Remuneration Committee, in the circumstances described below resolve to deviate from any sections of these remuneration guidelines:

- upon change of the CEO;
- upon material changes in Company's organization, ownership and/or business
- upon material change in the Company's strategy;
- upon changes in or amendments to the relevant laws, rules, or regulations;
- upon other exceptional circumstances where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

Any deviation from these guidelines shall be reported in the Remuneration Report for the relevant year.

The Board's declaration on determining directors pay will be sent out or made available to the shareholders on the Company's web site, together with notice of the annual general meeting of the Company and the Company's annual report and accounts.

Note 24 Collateral and restricted assets

NOK in thousands	Item in Statement of financial position	Note	31 December 2022	31 December 2021
Collateral				
Security over trade receivables 1)	Trade receivables	7	7 138 260	4 842 012
Total collateral			**7 138 260**	**4 842 012**
Restricted assets				
Restricted cash - Payroll tax deductions	Cash and cash equivalents		21	320
Total restricted assets			**21**	**320**

1) Trade receivables held by the Norwegian entities in the group are pledged as collateral for credit facilities - see note 7.

Note 25 IFRS 16 Leases

The Group's leasing activities
The Group's lease agreements mainly consists of various office leases, car-leases and office machine-leases used in the operating activities. Cars usually have a lease term of 3 years, while several of the office leases have longer lease terms. The office machines are leased on 3-5 year contracts. Some of the office 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	2022	2021
Non-current assets		
Right of use assets		
Property	64 769	80 253
Equipment	643	976
Cars	782	1 576
Total	**66 195**	**82 806**

NOK in thousands	2022	2021
Non-current liabilities		
Lease liability long term	49 477	65 259
Current liabilities		
Lease liability short term	20 284	21 055
Total	**69 761**	**86 314**

Additions to the right-of-use assets in 2022 were NOKt 3 692

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	2022	2021
Depreciation right-of-use assets		
Property	19 250	18 596
Equipment	333	333
Cars	720	757
Total	**20 303**	**19 687**
Interest expense lease liability	1 934	2 374
Expenses relating to short-term leases	1 400	1 678
Expenses relating to leases of low-value	1 320	136

The total cash outflow for leases in 2022 was NOKt 24 824

Note 25
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 instalments on leasing liabilities.

Year ended 31 December 2022

NOK in thousands	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Property	21 698	57 841	-	79 539
Equipment	355	330	-	685
Cars	736	92	-	828
Total	**22 789**	**58 263**	**-**	**81 052**

Note 26 List of subsidiaries

The following subsidiaries are fully consolidated in the financial statements as per 31 December 2022.

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

Note 27 Option program

Elmera Group 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 390 000 share options were issued to employees during 2022.

Type	**Options**	**Options**
Grant Date	**9 February 2022**	**8 August 2022**
Vesting conditions	The options vest in one tranche with vesting 14 February 2025. The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.	The options vest in one tranche with vesting 14 February 2026. The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.
Expiry date	14 February 2028	14 February 2029
Exercise price (NOK)	37,00	21,50
Total number outstanding	370 000	20 000

Type	**Options**	**Options**
Grant Date	9 February 2022	8 August 2022
Measurement date	9 February 2022	8 August 2022
Share price (NOK)	37,28	21,50
Lifetime* (years)	3,02	3,52
Volatility	30,00 %	37,47 %
Risk-free interest rate*	1,92 %	2,73 %
Fair Value* (NOK)	9,4212	5,8469

volume weighted average for options

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

The expected volatility for options issued in 2022 is estimated at average of 30% where historical volatility is not available. Where historical volatility is available this is calculated using the Elmera Group ASA share price.

Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

The total carrying amount per 31 December 2022 is NOKt 14 946, not including social security

Note 27
Option Program

The following table shows the changes in outstanding options in 2021 and 2022:

Period activity:

	01.01.2022 - 31.12.2022		01.01.2021 - 31.12.2021	
	Shares	Weighted Average Exercise Price (NOK)	Shares	Weighted Average Exercise Price (NOK)
Outstanding at the beginning of period	1 500 000	44,57	1 190 000	39,43
Granted	390 000	36,09	330 000	78,00
Exercised	-50 000	24,30	(20 000)	24,30
Forfeited	-130 000	52,58	-	-
Outstanding at the end of period	1 710 000	38,92	1 500 000	44,57
Vested outstanding	790 000	22,41	510 000	24,61
Vested and expected to vest	1 710 000	38,92	1 500 000	44,57
Intrinsic value of in-the-money outstanding at the end of the period	-	-	820 000	18 918 200
Intrinsic value vested outstanding at the end of the period	-	-	510 000	11 755 600

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

	Outstanding instruments		Vested outstanding	
Exercise price	**Outstanding per 31 December 2022**	**Weighted average remaining Contractual Life**	**Vested options per 31 December 2022**	**Weighted Average Exercise Price (NOK)**
0,00 - 25,00	20 000	6,13	-	-
25,00 - 30,00	-	-	-	-
30,00 - 35,00	740 000	1,83	740 000	33
35,00 - 40,00	350 000	4,87	30 000	38
40,00 - 45,00	-	-	-	-
45,00 - 50,00	-	-	-	-
50,00 - 55,00	-	-	-	-
55,00 - 60,00	-	-	-	-
60,00 - 65,00	-	-	-	-
65,00 - 70,00	270 000	4,13	-	-
70,00 -	330 000	4,76	20 000	79,7
Total	**1 710 000**	**3,43**	**790 000**	**34,48**

Note 28 Investments in associates and joint ventures

On 6 January 2020 Elmera Group 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 Elmera Group's 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 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 2022 (40%)	Profit 2022 (40%)	Book value
Metzum AS	Dale, Norway	40 %	14 234	429	14 234

Note 29 Events after the reporting period

The Board of Directors has in the Board Meeting on 15 February 2023 proposed a dividend to the shareholders of NOK 1.50 per share. The proposed dividend is subject to approval by the general meeting.

The mobile business in Fjordkraft AS, a wholly owned subsidiary of Elmera Group ASA, will be demerged to a new entity Fjordkraft Mobil AS in Q1 2023. Elmera has entered into a share purchase agreement with Telia Company AB to sell 39 % of the shares in Fjordkraft Mobil AS, and the transaction is expected to be completed in Q1 2023. The purchase price which will be settled in cash, will be based on the number of successfully migrated mobile customer subscriptions, and is estimated to NOKt 120 000.

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 Elmera Group ASA, for the year ended 31 December 2022 (Annual report 2022).

Elmera Group 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 Elmera Group ASA have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, amended on 28 December 2020. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2022 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 2022 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 Directors of Elmera Group ASA, Bergen, 28 March 2023.

Steinar Sønsteby
Chairman

Tone Wille
Board member

Frank Økland
Board member

Elisabeth M. Norberg
Board member

Heidi Theresa Ose
Board member

Live Bertha Haukvik
Board member

Per Oluf Solbraa
Board member

Marianne Unhjem-Solbjørg
Board member

Rolf Barmen
CEO

Alternative performance measures

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

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

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

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

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

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

- *Acquisition related costs and other one-off items:* Items that are not part of the ordinary business
- *Estimate deviations from previous periods*: A substantial proportion of the Group's power sales has historically been finally settled after the Group has finalised its periodical financial statements. Revenues related to sale of power were thus recognised based on estimates. Any estimate deviation related to the previous reporting period is recognised in the following reporting period
- *Unallocated revised net revenue represents net revenue* items which are revised due to prior period adjustment requirements.
- *Unrealised gains and losses on derivatives:* Consist of unrealised gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- *Impairment of intangible assets and cost to obtain contracts:* Consist of impairment of intangible assets and cost to obtain contracts related to fixed price customer contracts
- *Depreciation of acquisitions:* Consist of depreciations of customer portfolios acquired separately and recognised as intangible assets, and depreciations of customer portfolios and other intangible assets recognised as part of a business combination.
- *Change in provisions for onerous contracts:* Consist of change in provisions for onerous contracts associated with the purchase and sale of electricity

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

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

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

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

- *Acquisition related costs and other one-off items:* Items that are not part of the ordinary business
- *Estimate deviations from previous periods:* A substantial proportion of the Group's power sales has historically been finally settled after the Group has finalised its periodical financial statements. Revenues related to sale of power were thus recognised based on estimates. Any estimate deviation related to the previous reporting period is recognised in the following reporting period
- *Unallocated revised net revenue represents*

Alternative performance measures

net revenue items which are revised due to prior period adjustment requirements.

- *Unrealised gains and losses on derivatives:* Consist of unrealised gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- *Impairment of intangible assets and cost to obtain contracts:* Consist of impairment of intangible assets and cost to obtain contracts related to fixed price customer contracts
- *Change in provisions for onerous contracts:* Consist of change in provisions for onerous contracts associated with the purchase and sale of electricity

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

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

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

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

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

- *Other one- off items:* which represents non-recurring income which is recognised in the profit or loss for the period
- *Estimate deviations from previous periods*: A substantial proportion of the Group's power sales has historically been finally settled after the Group has finalised its periodical financial statements. Revenues related to sale of power were thus recognised based on estimates. Any estimate deviation related to the previous reporting period is recognised in the following reporting period
- *Unallocated revised net revenue* represents net revenue items which are revised due to prior period adjustment requirements.
- *Unrealised gains and losses on derivatives:* Consist of unrealised gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- *Change in provisions for onerous contracts:* Consist of change in provisions for onerous contracts associated with the purchase and sale of electricity

Net working capital (NWC) is used to measure short-term liquidity and the ability to utilise assets in an efficient matter. NWC includes the following items from current assets: *Inventories, Intangible assets, Trade receivables* and *Other current assets* (that is, all current assets in the statement of financial position except *Derivative financial instruments* and *Cash and cash equivalents*); and the following items from current liabilities; *Trade payables, Current income tax liabilities, Social security and other taxes, Lease liability - short term,* and *other current liabilities.* First year instalments of interest-bearing long term debt, which are included in Other current liabilities, are however classified as interest bearing debt. The definition of NWC has been changed compared to the definition used in the group's previous financial reports, as Derivative financial instruments and Onerous contract provisions are no longer included in NWC. The comparable figure for NWC 2021 has been updated accordingly.

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

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

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

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

Alternative performance measures

Financial statements with APM's

Reported amounts:

NOK in thousands	2022	2021 *Restated*
Revenue	25 521 514	15 075 445
Direct cost of sales	(23 823 519)	(13 357 147)
Net revenue	**1 697 995**	**1 718 299**
Personnel expenses	(421 029)	(409 123)
Other operating expenses	(574 946)	(488 517)
Impairment of intangible assets and cost to obtain contracts	(39 282)	(9 762)
Operating expenses	**(1 035 258)**	**(907 401)**
EBITDA	**662 737**	**810 898**
Depreciation & amortisation	(389 956)	(403 084)
EBIT reported (Operating profit)	**272 781**	**407 814**
Net financials	(144 089)	(72 619)
Profit/ (loss) before taxes	**128 692**	**335 195**
Taxes	(54 845)	(78 166)
Profit/ (loss) for the year	**73 847**	**257 029**
EBIT reported margin	**16%**	**24%**

Alternative performance measures

Adjusted amounts:

NOK in thousands	2022	2021 *Restated*
Net revenue	**1 697 995**	**1 718 299**
Other one- off items	-	-
Unallocated revised net revenue	-	64 169
Estimate deviations previous periods	4 472	(11 515)
Unrealised gains and losses on derivatives	47 791	(1 066 055)
Change in provisions for onerous contracts	(39 256)	1 019 479
Net revenue adjusted	**1 711 002**	**1 724 378**
EBITDA	**662 737**	**810 898**
Acquisition related costs	-	1 034
Other one- off items	2 660	(3 387)
Unallocated revised net revenue	-	64 169
Estimate deviations previous periods	4 472	(11 515)
Impairment of intangible assets	39 282	9 762
Unrealised gains and losses on derivatives	47 791	(1 066 055)
Change in provisions for onerous contracts	(39 256)	1 019 479
EBITDA adjusted	**717 685**	**824 385**
EBIT reported (Operating profit)	**272 781**	**407 814**
Acquisition related costs	-	1 034
Other one- off items	2 660	(3 387)
Unallocated revised net revenue	-	64 169
Estimate deviations previous periods	4 472	(11 515)
Impairment of intangible assets	39 282	9 762
Unrealised gains and losses on derivatives	47 791	(1 066 055)
Change in provisions for onerous contracts	(39 256)	1 019 479
Depreciation of acquisitions	132 323	188 629
EBIT adjusted	**460 054**	**609 930**
EBIT margin adjusted	**27%**	**35%**

Alternative performance measures

Other financial APM's

Net interest bearing debt (cash)

NOK thousands	2022	2021
Interest-bearing long term debt	629 169	720 009
Interest-bearing short term debt	275 000	-
Transaction costs recognised as part of amortised cost of Interest-bearing long term debt	3 306	6 166
Reclassification of first year instalments long term debt	93 700	93 700
Overdraft facilities	534 112	-
Cash and cash equivalents	(70 548)	(306 627)
Net interest bearing debt (cash)	**1 464 739**	**513 248**

Financial position related APM's

NOK thousands	2022	2021 *Restated*
Net working capital (NWC)*	532 789	(66 847)
OpFCF before tax and change in NWC	435 807	513 050
Capex excl. M&A	44 328	47 182

* The definition of NWC has been changed compared to the definition used in the group's previous financial reports. The comparable figure for NWC 2021 has been updated accordingly.

Non-financial APM's

Deliveries

Numbers in thousands	2022	2021
Electrical deliveries Consumer segment	685	692
Electrical deliveries Business segment	120	111
Electrical deliveries Nordic segment	149	171
Total number of electrical deliveries*	**954**	**975**
Number of mobile subscriptions	144	160

* Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 1 041 thousand in 2022.

Volume in GWh	2022	2021
Consumer segment	7 648	9 486
Business segment	6 978	7 478
Nordic segment	2 879	3 229
Total volume	**17 506**	**20 193**

Elmera Group

4.4 Financial statements Elmera Group ASA

Elmera Group

Statement of comprehensive income (loss)

NOK in thousands	Note	2022	2021
Revenue	10	86 498	3 216
Direct cost of sales		-	-
Personell expenses	3, 8	(53 181)	(12 505)
Operating expenses	4, 10	(78 805)	(9 859)
Depreciation and amortisation		-	(50)
Operating profit		**(45 488)**	**(19 198)**
Income from investments in subsidiaries	6, 10	196 500	424 396
Interest income	10,13	8 008	4 290
Interest expense	13	(34 989)	(21 344)
Other financial items, net		(299)	(246)
Net financial income/(cost)		**169 220**	**407 096**
Profit/(loss) before tax		**123 732**	**387 899**
Income tax (expense)/income	5	(11 375)	(5 946)
Profit/(loss) for the year		**112 357**	**381 953**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension obligations (net of tax)	8	3 641	(141)
Total other comprehensive income for the year, net of tax		**3 641**	**(141)**
Total comprehensive income/(loss) for the year		**115 998**	**381 812**

Statement of financial position

NOK in thousands	Note	2022	2021
Assets:			
Non-current assets			
Investments in subsidiaries	6,13	2 285 307	2 285 307
Other non-current assets		9 286	12 529
Total non-current assets		**2 294 593**	**2 297 836**
Current assets			
Trade receivables		1 289	-
Receivables from group companies	10, 13	1 265 247	684 833
Other current assets		13 666	-
Cash and cash equivalents	13	-	222 348
Total current assets		**1 280 201**	**907 182**
Total assets		**3 574 794**	**3 205 018**
Equity and liabilities:			
Equity			
Share capital	7	32 590	34 291
Share premium	7	1 570 810	1 569 610
Other equity		40 419	213 868
Total equity		**1 643 819**	**1 817 769**
Non-current liabilities			
Employee benefit obligations	8	16 801	5 762
Interest-bearing long term debt	13,14	307 194	350 334
Deferred tax liabilities	5	981	2 476
Total non-current liabilities		**324 976**	**358 572**

Statement of financial position

NOK in thousands	Note	2022	2021
Current liabilities			
Trade and other payables	10,13,14	31 417	499
Liabilities to group companies	10,13,14	676 600	565 447
Overdraft facilities	13,14	534 112	-
Interest-bearing short term debt	13,14	125 000	-
Current income tax liabilities	5	13 896	10 851
Dividend payable	10	162 951	400 056
Social security and other taxes		8 023	4 920
Other current liabilities	9	54 001	46 903
Total current liabilities		**1 606 000**	**1 028 677**
Total liabilities		**1 930 975**	**1 387 249**
Total equity and liabilities		**3 574 794**	**3 205 018**

The Board of Directors of Elmera Group ASA, Bergen, 28 March 2023.

Steinar Sønsteby
Chairman

Tone Wille
Board member

Frank Økland
Board member

Elisabeth M. Norberg
Board member

Heidi Theresa Ose
Board member

Live Bertha Haukvik
Board member

Per Oluf Solbraa
Board member

Marianne Unhjem-Solbjørg
Board member

Rolf Barmen
CEO

Statement of changes in equity

NOK in thousands	Issued capital	Treasury shares	Share premium	Retained earnings	Total equity
Opening balance at 1 January 2021	**34 285**	**-**	**1 569 130**	**228 203**	**1 831 618**
Profit/(loss) for the year	-	-	-	381 953	381 953
Other comprehensive income	-	-	-	(141)	(141)
Share capital increase	6	-	480	-	486
Share-based payment (note 12)	-		-	3 910	3 910
Dividend	-	-	-	(400 056)	(400 056)
Closing balance 31 December 2021	**34 291**	**-**	**1 569 610**	**213 868**	**1 817 769**
Opening balance at 1 January 2022	**34 291**	-	**1 569 610**	**213 868**	**1 817 769**
Profit/(loss) for the year	-	-	-	112 357	112 357
Other comprehensive income	-	-	-	3 641	3 641
Share buyback (note 7)	-	(1 715)	-	(131 112)	(132 827)
Share capital increase	15	-	1 200	-	1 215
Share-based payment (note 12)	-	-	-	4 790	4 790
Dividend	-	-	-	(163 126)	(163 126)
Closing balance 31 December 2022	**34 306**	**(1 715)**	**1 570 810**	**40 418**	**1 643 819**

Statement of cash flows

NOK in thousands	Note	2022	2021
Operating activites			
Profit/(loss) before tax		123 732	387 899
Adjustments for:			
Depreciation		-	50
Dividend recognised, not received	10	(196 500)	(424 396)
Share based payment expense	12	4 790	3 910
Change in post-employment liabilities, no cash effect	8	(1 066)	1 257
Amortisation of transactions costs, no cash effect	13a	8 210	8 426
Changes in working capital:			
Trade receivables	10	677	-
Other current assets		3 106	1 127
Trade and other payables	10	(116 294)	(986)
Other current liabilities	9	10 200	(1 382)
Income tax paid	5	(10 851)	-
Net cash from operating activities		**(173 996)**	**(24 097)**
Investing activities			
Payment upon acquisition of subsidiaries		-	2 494
Dividends received from subsidiary	10	424 396	454 822
Net (outflow)/proceeds from current loans to/from subsidiaries	10	(551 911)	269 160
Net (outflow)/proceeds from other long-term liabilities		(1 807)	(775)
Net cash used in investing activities		**(129 321)**	**725 702**
Financing activites			
Proceeds from overdraft facilities	13a	534 112	(29 400)
Proceeds from revolving credit facility	13a	125 000	-
Dividends paid	10	(400 231)	(399 986)
Proceeds from issuance of shares		1 215	486
Purchase of treasury shares	7	(132 827)	-
Transactions costs (credit facilities) paid	13a	(300)	(4 356)
Instalments of long term debt	13a	(46 000)	(46 000)
Net cash used in financing activities		**80 969**	**(479 256)**
Net change in cash and cash equivalents		**(222 348)**	**222 348**
Cash and cash equivalents at 1 January		222 348	-
Cash and cash equivalents at 31 December		**-**	**222 348**

4.5 Notes Elmera Group ASA

Note 1 General information

Elmera Group 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 Elmera 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.

Elmera Group ASA is registered and domiciled in Norway. The entity name was changed from Fjordkraft Holding ASA to Elmera Group ASA in 2022.

The address of its registered office is Folke Bernadottes Vei 38, 5147 Bergen, Norway.

As part of an internal group reorganisation, overhead- and support-functions which previously were organised in the subsidiary Fjordkraft AS, have been transferred to Elmera Group ASA in 2022.

This transfer was carried out as a transfer of business ("virksomhetsoverdragelse") and included the transfer of 81 employees.

Note 2 Accounting policies

Basis for preparation

The financial statements of the Company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, amended on 28 December 2020. Principally this means that recognition and measurement comply with the International Accounting Standards (IFRS) and presentation and note disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. Any exceptions from measurement and recognition according to IFRS is disclosed below.

The accounting principles applied when preparing the separate financial statement of Elmera Group ASA are consistent with the accounting principles in the group, described in note 1 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. Elmera Group ASA is the group account holder in a group account system for bank deposits and bank overdrafts, where the Norwegian subsidiaries in Elmera 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	2022	2021
Salaries	41 795	9 421
Social security	5 009	1 012
Pension expenses	3 641	1 160
Other benefits	2 736	912
Total	**53 181**	**12 505**
Number of full-time equivalents (FTEs) as of 31 December	88	3

Salaries includes payments to Board of directors. See note 12.
The change in FTE's from 2021 includes 81 employees which where transferred from the subsidiary Fjordkraft AS as part of an internal group reorganisation in August 2022.

Loans to employees

NOK in thousands	2022	2021
Loans	294	354

Loans to employees has been granted on the following terms:

Maximum duration for loans to employees are 15 years.
The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus up to 1 percentage point.
Current limit for taxation of benefits is 2,30 %.
Employee loans are handled by the subsidiary Fjordkraft AS.

Note 4 Operating expenses

NOK in thousands	2022	2021
Sales and marketing costs	1 173	69
IT costs	30 953	175
Purchase of third-party services and external personnel	8 845	6 398
Professional fees*	32 063	2 507
Other operating costs	5 771	710
Toal operating expenses	**78 805**	**9 859**

* includes legal fees, auditor, consultants

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

NOK in thousands	2022	2021
Statutory audit	1 125	1 427
Tax advisory services	19	-
Other non-audit related services	410	297
Total auditors remuneration	**1 555**	**1 724**

Note 5 Income Tax

Specification of tax expense recognised in statement of profit or loss

NOK in thousands	2022	2021
Tax payable on profit for the year	13 896	10 851
Adjustments prior years tax payable	-	(3 835)
Change in deferred tax/(tax asset) from origination and reversal of temporary differences	(2 521)	(1 071)
Tax expense/(-income) recognised in statement of profit or loss	**11 375**	**5 946**
Specification of tax expense recognised in other comprehensive income		
Change in deferred tax/(tax asset) from origination and reversal of temporary differences	1 027	(40)
Tax expense/(-income) recognised in other comprehensive income	**1 027**	**(40)**
Reconciliation of statutory tax rate to effective tax rate:		
Profit/(loss) before tax	123 732	387 899
Income tax at statutory tax rate (22%)	27 221	85 338
Tax effect of following items:		
Non-deductible costs	764	210
Tax exemption method dividends	(16 610)	(75 767)
Adjustments prior years tax payable	-	(3 835)
Tax expense/(-income)	**11 375**	**5 945**
Specification of basis for deferred tax:		
Pension liabilities	(3 383)	(5 762)
Other current liabilities	-	(390)
Other non-current financial assets	9 496	17 406
Interest carried forward	(1 652)	-
Basis for calculation of deferred tax/(tax assets)	**4 461**	**11 254**
Total deferred tax liability/(tax assets) (22 %)	**981**	**2 476**

Changes in deferred tax balances

NOK in thousands	1 January 2022	Changes recognised in statement of profit or loss	Changes recognised in other comprehensive income	31 December 2022
Pension liabilities	(1 268)	(504)	1 027	(744)
Other current liabilities	(86)	86	-	-
Other non-current financial assets	3 829	(1 740)	-	2 089
Interest carried forward	-	(364)	-	(364)
Total deferred tax liability/(tax assets) (22 %)	**2 476**	**(2 521)**	**1 027**	**981**

Note 6 Investments in subsidiaries

NOK in thousands	Location	Ownership/ voting right	Equity year end 2022 (100%)	Profit or loss 2022 (100%)	Book value
Fjordkraft AS	Bergen, Norway	100 %	729 682	414 154	1 636 984
Elmera Industrial Ownership AS	Bergen, Norway	100 %	350 414	(9 691)	648 322
Book value at 31 December 2022					**2 285 307**

Dividends
The board of directors in Fjordkraft AS has approved a dividend of NOKt 75 500 and a group contribution of NOKt 121 000 which have been recognised as income from investments in subsidiaries in profit or loss for 2022.

Note 7 Share capital and shareholder information

Shareholders at 31 December 2022	Number of shares	Nominal value per share	Nominal value	Voting rights	Ownership
Folketrygdfondet	10 182 840	0,30	3 054 852	9,37 %	8,90 %
Gudbrandsdal Energi Holding AS	7 682 161	0,30	2 304 648	7,07 %	6,72 %
Verdipapirfondet Nordea Norge Verd	4 596 744	0,30	1 379 023	4,23 %	4,02 %
Rieber & Søn AS	3 946 969	0,30	1 184 091	3,63 %	3,45 %
Vpf Dnb Am Norske Aksjer	3 238 318	0,30	971 495	2,98 %	2,83 %
Verdipapirfondet Holberg Norge	3 000 000	0,30	900 000	2,76 %	2,62 %
Landkreditt Utbytte	3 000 000	0,30	900 000	2,76 %	2,62 %
Verdipapirfondet Dnb Norge	2 547 863	0,30	764 359	2,35 %	2,23 %
Perestroika AS	2 501 394	0,30	750 418	2,30 %	2,19 %
Hsbc Bank Plc	2 129 093	0,30	638 728	1,96 %	1,86 %
Geveran Trading Co Ltd	2 044 000	0,30	613 200	1,88 %	1,79 %
The Bank Of New York Mellon Sa/Nv	1 942 516	0,30	582 755	1,79 %	1,70 %
Verdipapirfondet Dnb Smb	1 867 442	0,30	560 233	1,72 %	1,63 %
Nordnet Bank AB	1 592 812	0,30	477 844	1,47 %	1,39 %
Verdipapirfondet Nordea Avkastning	1 509 527	0,30	452 858	1,39 %	1,32 %
J.P. Morgan Se	1 385 968	0,30	415 790	1,28 %	1,21 %
Clearstream Banking S.A.	1 338 344	0,30	401 503	1,23 %	1,17 %
Melesio Invest AS	1 064 840	0,30	319 452	0,98 %	0,93 %
Varde Norge AS	1 050 000	0,30	315 000	0,97 %	0,92 %
Catilina Invest AS	1 023 720	0,30	307 116	0,94 %	0,90 %
Others	50 989 659	0,30	15 296 898	46,94 %	44,59 %
Total outstanding shares	**108 634 210**		**32 590 263**	**100 %**	**95 %**
Treasury shares	5 717 590	0,30	1 715 277	0,00 %	5,00 %
Total shares in issue	**114 351 800**		**34 305 540**	**100 %**	**100 %**

Note 7
Share capital and shareholder information

Share capital and share premium	Share capital	Share premium	Total
NOK in thousands			
31 December 2022	32 590	1 570 810	1 603 400
31 December 2021	34 291	1 569 610	1 603 900

Fully paid ordinary shares which have a par value of NOK 0.30 carry one vote per share and carry a right to dividends (except for treasury shares). All outstanding shares have equal voting rights and the right to receive dividend.

Treasury shares
In the second quarter of 2022 the Group initiated a share buyback program where a total of 5 717 590 shares were purchased, corresponding to 5 % of the share capital, for a total amount of NOKt 132 827.
The program's purpose is to: (i) fulfil obligations arising as a result of the Group's share option program, and (ii) to redeem (i.e. cancel) shares by way of a share capital decrease in the Company, subject to approval from the general meeting

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	2022	2021
Profit/(loss) attributable to equity holders of the company (NOK in thousands)	112 357	381 953
Weighted average number of ordinary shares outstanding	110 833 229	114 291 767
Earnings per share in NOK	**1,01**	**3,34**
Share options (see note 12)	1 710 000	1 500 000
Diluted earnings per share in NOK	**1,00**	**3,30**

Note 7
Share capital and shareholder information

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

31 December 2022	Number of shares	Number of options
Rolf Barmen (Chief Executive Officer)	59 052	240 000
Henning Nordgulen (Chief Financial Officer)1	50 000	-
Roger Finnanger (Head of Business)	3 378	120 000
Arnstein Flaskerud (Head of Strategy and M&A)	40 760	120 000
Solfrid K. Aase (Head of Service Companies)	11 156	120 000
Solfrid Fluge Andersen (Head of Operations)	5 171	120 000
Per Heiberg-Andersen (Head of Nordic and other end-user companies)	5 000	80 000
Marius Sveipe (Chief Executive Officer, Gudbrandsdal Energi AS)2	500	10 000
Magnar Øyhovden (Chief Executive Officer, Fjordkraft AS)3	44 600	20 000
Birte Strander (Chief Financial Officer)4	35 894	120 000
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)5	26 028	80 000
Christian Kalvenes (Head of Consumer)6	931	60 000
Alf-Kåre Hjartnes (Chief Operating Officer)5	8 833	50 000
Steinar Sønsteby (Chairman of the Board)	16 129	-
Live Bertha Haukvik (Boardmember)	5 000	-
Heidi Theresa Ose (Boardmember)	1 500	-
Tone Wille (Boardmember)	-	-
Per Oluf Solbraa (Boardmember)	-	-
Marianne Unhjem (Boardmember, Employee representative)	-	-
Elisabeth M. Norberg (Boardmember, Employee representative)	3 325	-
Frank Økland (Boardmember, Employee representative)	645	-
Total	**317 902**	**1 140 000**

Terms and details for the management option program are outlined in note 12.

1) From 1 October 2022.
2) From 1 August 2022
3) From 8 August 2022
4) Until 31 May 2022.
5) Until 31 July 2022
6) Until 16 May 2022

Note 8
Pension liabilities

Description of pension schemes

Elmera Group'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 Elmera Group ASA

Until the end of 2019 the group companies had a single pension scheme covering all employees. As of 1.1.2020 all Group employees born in 1963 and later was transferred to a defined contribution pension scheme. Employees born before 1963 maintained their membership in defined benefit pension scheme, which at the same time was closed for new members. Members who were enrolled in the defined contribution pension plan received a paid-up policy for earned entitlements for the time they have earned rights in the defined benefit pension scheme if they had at least three years of service.

At the beginning of 2022 Elmera Group ASA had 3 employees. During the year 81 employees where transferred from the subsidiary Fjordkraft AS to Elmera Group ASA as part of a transfer of business. Fjordkraft AS' defined benefit plan liabilities related the transferred employees where transferred to Elmera Group ASA as part of the transfer of business. The employees' right to continue earning pensions in accordance with the Group's pension schemes is continued in Elmera Group ASA.

Defined contribution plan

At the end of 2022 Elmera Group ASA has a defined contribution pension scheme covering a total of 86 active members and no pensioners. The contribution rates for the defined contribution plan are set to 5 per cent of salaries between 0 and 7,1 times G (where G is the National Insurance scheme basic amount, NOKt 106 in 2021), and 15 per cent of salaries between 7,1 and 12 times G.

The defined-contribution pension scheme also includes disability pension, spouse's pension and children's pension. In addition, Elmera 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, enteteling them to additional annual contribution for salary exceeding 12 G.

Defined benefit plans

At the end of 2022 the defined benefit pension scheme covers 2 active members, 1 pensioner and 51 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 2 active members and 0 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 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 2 active members and 0 pensioners in Elmera Group ASA at the end of 2022.

Note 8
Pension liabilities

Risk exposure

Through its defined benefit occupational pension plans, the company 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 company 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 company'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 2022	**31 December 2022**	**31 December 2021**
NOK in thousands		
Present value of funded obligations	68 221	1 749
Fair value of plan assets	62 654	1 431
Deficit for funded plans	5 567	318
Present value of unfunded obligations	8 137	4 155
Total deficit of defined benefit pension plans	**13 705**	**4 473**
Other employee benefit obligations	3 096	1 289
Employee benefit obligations recognised in Statement of financial position	**16 801**	**5 762**

Change in defined benefit obligation NOK in thousands	**Present value of funded obligation**	**Fair value of plan assets**	**Total, Funded obligations, net of plan**	**Present value of non-funded obligation**	**Total, net**
At 1 January 2021	**1 749**	**1 431**	**318**	**4 155**	**4 473**
Additions from transfer of business	67 856	55 158	12 698	4 074	16 772
Accrued pension entitlement for the year			-	583	583
Payroll tax (PT)	(444)	(444)	-	82	82
Interest expense (income)	30		30	71	101
Return on plan assets		24	(24)	-	(24)
Actuarial gains and losses	(236)	3 604	(3 840)	(828)	(4 668)
Benefits paid	(734)	(734)	-	-	-
Contribution	-	3 614	(3 614)	-	(3 614)
At 31 December 2022	**68 221**	**62 653**	**5 568**	**8 137**	**13 705**

Note 8
Pension liabilities

Amounts recognised in statement of financial position 2022	Funded obligations	Non-funded obligations	Total
NOK in thousands			
Accrued pension entitlement for the year	-	583	583
Payroll tax (PT)	-	82	82
Net interest expense / (income)	30	71	101
Expected return on plan assets	(24)	-	(24)
Pension expenses defined benefit pension schemes	**6**	**736**	**742**
Pension expenses defined contribution pension scheme			2 900
Total amount recognised in profit or loss			**3 642**

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

NOK in thousands	2022	2021
Net actuarial gains/(losses) recognised in OCI during the year	4 668	(181)
Tax effects of actuarial gains/(losses) recognised in OCI	1 027	(40)

Significant actuarial assumptions

Discount rate	3,60 %	1,70 %
Salary growth rate	3,75 %	2,50 %
Expected growth in base social security amount (G)	3,50 %	2,25 %
Estimated return on plan assets	3,60 %	1,70 %
Pension growth rate	2,75 %	1,50 %
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 yrs - 60 yrs - 2,0%	45 yr - 60 yr - 2,0 %
	Afte 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 8
Pension Liabilities

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

	Change in pension cost		Change in employee defined benefit liabilities	
NOK in thousands	1,00 %	-1,00 %	1,00 %	-1,00 %
Discount rate	(75)	94	(14 513)	19 486
Salary growth rate	34	(32)	982	(913)
Expected growth in base social security amount (G)	56	(48)	18 306	(13 861)

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 2022 the plan assets were invested as follows:

NOK in thousands	Level 1 Exchange listed prices	Level 2 Observable prices	Level 3 Non-observable prices	Total	%-share
Equity instruments	8 369	15 602	8 253	32 224	51%
Interest bearing instruments	823	29 607		30 430	49%
Total investments	**9 192**	**45 209**	**8 253**	**62 654**	**100 %**

Note 9
Other current liabilities

Other Current Liabilities consist of the following:

NOK in thousands	2022	2021
Accrued expenses	591	90
Installments on long term loan due within 12 months	46 000	46 000
Payroll liabilities	7 410	813
Total other current liabilities	**54 001**	**46 903**

Note 10 Related party transactions

Related parties include major shareholders, Board of Directors and key management. Transactions related to these groups are disclosed in note 11.

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

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

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

Income from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2022	2021
Fjordkraft AS	Subsidiary	Dividend	75 500	344 396
Fjordkraft AS	Subsidiary	Group contribution	121 000	80 000
Fjordkraft AS	Subsidiary	Management-, IT-, and other services	71 740	-
TrøndelagKraft	Subsidiary	Management-, IT-, and other services	7 777	-
Allrate AS	Subsidiary	Management-, IT-, and other services	3 752	240
Steddi Payments AS	Subsidiary	Management-, IT-, and other services	840	-
Elmera Nordic AS	Subsidiary	Management-, IT-, and other services	2 039	-
Elmera Industrial Ownership AS	Subsidiary	Management-, IT-, and other services	525	2 975
Other	Subsidiaries	Interest income cash pool	5 142	4 290

Distributions received from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2022	2021
Fjordkraft AS	Subsidiary	Purchase of other services	3 230	4 333
Metzum AS	Associated company	Purchase of other services	13 112	-
Atea AS	Other**	Purchase of products and other services	687	-

Note 10
Related party transactions

Current receivables from related parties (NOK in thousands)

Related party	Relation	2022	2021
Fjordkraft AS*	Subsidiary	1 003 869	475 557
TrøndelagKraft AS	Subsidiary	8 067	365
Allrate AS	Subsidiary	3 752	-
Elmera Industrial Ownership AS*	Subsidiary	228 432	207 843
Steddi Payments AS	Subsidiary	840	-
Elmera Nordic AS	Subsidiary	2 039	-
Switch Nordic Green AB	Subsidiary	965	726
Gudbrandsdal Energi AS*	Subsidiary	17 282	342

* Includes receivables in group account system, refer note 13.

Current liabilities to related parties (NOK in thousands)

Related party	Relation	2022	2021
Fjordkraft AS	Subsidiary	143 185	290 093
TrøndelagKraft AS*	Subsidiary	281 888	211 022
Allrate AS*	Subsidiary	16 888	12 956
Steddi Payments AS*	Subsidiary	234 520	210
Energismart Norge AS*	Subsidiary	4	4
Elmera Nordic AS*	Subsidiary	115	3 360
Gudbrandsdal Energi AS*	Subsidiary	-	47 802
Metzum AS	Associated company	959	-
Atea AS	Other**	67	-

* Includes liabilities in group account system, refer note 13.
** The chairman of the Board of Directors in Elmera Group ASA is the CEO of Atea ASA.

Note 11 Remuneration to the Executive management and Board of Directors

Executive management 2022:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 311	500*	150	846	4 807	294
Henning Nordgulen (Chief Financial Officer)1	660	-	38	86	784	-
Roger Finnanger (Head of Business)	1 692	54	100	219	2 065	-
Arnstein Flaskerud (Head of Strategy and M&A)	1 934	67	120	430	2 551	-
Solfrid K. Aase (Head of Service Companies)	1 612	67	100	354	2 133	-
Solfrid Fluge Andersen (Head of Operations)	1 667	67	100	219	2 053	-
Per Heiberg-Andersen (Head of Nordic and other end-user companies)	1 662	67	100	173	2 002	-
Marius Sveipe (Chief Executive Officer, Gudbrandsdal Energi AS)2	467	50	-	53	570	-
Magnar Øyhovden (Chief Executive Officer, Fjordkraft AS)3	995	-	60	127	1 182	-
Birte Strander (Chief Financial Officer)4	792	54	50	183	1 079	-
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)5	1 021	67	70	237	1 395	-
Christian Kalvenes (Head of Consumer)6	592	54	37	68	751	-
Alf-Kåre Hjartnes (Chief Operating Officer)5	1 016	54	70	199	1 339	290
Total remuneration executive management 2022	**17 421**	**1 101**	**995**	**3 194**	**22 711**	**584**

*In 2022 the CEO received a discretionary bonus of NOKt 500 based on the Group's performance in 2021.
In 2022 the Board of Directors have awarded the CEO a discretionary bonus of NOKt 375 based on the Group's performance, paid in 2023.

Executive management 2021:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 231	1266*	150	724	5 371	354
Birte Strander (Chief Financial Officer)	1 743	261	120	392	2 516	-
Jeanne K. Tjomsland (Head of HR & Communications)	1 721	261	120	374	2 475	-
Arnstein Flaskerud (Head of Strategy and M&A)	1 878	261	120	326	2 585	-
Solfrid K. Aase (Head of Service Companies)	1 565	261	100	285	2 210	-
Christian Kalvenes (Head of Consumer)	1 565	209	100	170	2 043	-
Ole Johan Langenes (Acting Chief Financial Officer) 7	644	209	42	71	965	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 721	209	120	314	2 363	365
Roger Finnanger (Head of Business)	1 565	261	100	173	2 098	-
Solfrid Fluge Andersen (Head of Operations)	1 565	209	100	173	2 046	-
Per Heiberg-Andersen (Head of Nordics and other end-user companies)	1 565	170	100	169	2 003	-
Total remuneration executive management 2021	**18 759**	**3573**	**1172**	**3171**	**26 674**	**719**

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

1) From 1 October 2022
2) From 1 August 2022
3) From 8 August 2022
4) Until 31 May 2022
5) Until 31 July 2022
6) Until 16 May 2022
7) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave

Remuneration included in the tables is valid for the period from/to the dates stated above.

Note 11
Remuneration to the Executive management and Board of Directors

The members of the Board of Directors have received the following remuneration during the year ended 31 December 2022 and 31 December 2021:

The Board of Directors:

NOK in thousands	2022	2021
Steinar Sønsteby (Chairman)1	545	461
Per Axel Koch (Chairman)2	-	161
Live Bertha Haukvik (Boardmember)	401	383
Heidi Theresa Ose (Boardmember)	360	396
Tone Wille (Boardmember)1	312	212
Per Oluf Solbraa (Boardmember)1	312	212
Marianne Unhjem (Boardmember, Employee representative)1	108	73
Lindi Bucher Vinsand (Boardmember, Employee representative)2	-	32
Elisabeth M. Norberg (Boardmember, Employee representative)	108	104
Frank Økland (Boardmember, Employee representative)	108	104
Lisbet Nærø (Chairman of the Nomination committee)	53	52
Atle Kvamme (Member, Nomination committee)	32	31
Jannicke Hilland (Member, Nomination committe)3	-	9
Ragnhild Stolt-Nielsen (Member, Nomination committee)	32	22
Total remuneration Board of directors	**2 371**	**2 252**

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

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

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

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

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

Maximum duration for loans to employees are 15 years.
The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus up to 1 percentage point.
Current limit for taxation of benefits is 2,3 %.

The CEO and Group management is included in the current pension plan for the Group - see note 8.

Note 11
Remuneration to the Executive management and Board of Directors

The Board of Director's guidelines for remuneration to directors in accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act

These guidelines have been prepared by the Board of Directors of Elmera Group ASA ("Elmera" or the "Company") in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16a and related regulations. The guidelines was approved by the Company's annual general meeting in 2021 and shall apply until the Company's annual general meeting in 2025, unless amended or replaced earlier.

The guidelines apply for the following (jointly referred to as "directors"): the executive management, (ii) employee elected board members, (iii) the CEO and (iv) other leading employees defined as key employees.

Remuneration to persons mentioned in (ii) are regulated by "Remuneration to employee elected board members".

Purpose and general principles for remuneration

The main principle of the Company`s guidelines for remuneration, is that the directors shall receive a competitive salary, including a result-based salary tied to the business results and shareholder value to ensure the desired competence and director incentives.

Remuneration is an important instrument in order to harmonize the interests of the Company and its directors. The Company's remuneration principles are designed to ensure that the Company is able to attract and keep qualified directors, without being a wage leader in the relevant business sector, and without the variable wage element constituting such a large proportion of the total wage compensation that it can give unfortunate incentives and short-termism.

The remuneration shall generally stimulate to goal achievements and good risk management, counteract excessive risk-taking, and contribute to avoid conflict of interests. The remuneration shall be in line with the Company`s long term interests and economic financial sustainability. In general, the remuneration shall be equal for male and female employees for equal work or work of equal value. The Company conducts annual reviews of the practice of the remuneration principles, and the Company`s written report (the "Remuneration Report") is reviewed by independent control functions.

Elements of remuneration

Remuneration includes all benefits a person receives by virtue of his/her position as a leading person in the Company. This includes base salary, bonuses, allotment of shares, warrants, options and other forms of remuneration related to shares or the development of the share price in the company, pension schemes, early retirement schemes, and all forms of other variable elements in the remuneration, or special benefits that are in addition to the basic salary.

Principles for fixed salary

Fixed cash salary allows the Company to attract and recruit directors that are necessary for the long term profitability and sustainability of the Company. It is the Company's policy that base salaries shall reflect the individual's position and degree of responsibility. The size of the fixed cash salary shall be in line with market conditions, be competitive with comparable businesses within the industry, and shall take into account inter alia the scope and responsibility associated with the position, as well as the skills, experience, and performance of each director. The fixed cash salaries have no maximum levels.

For directors, the base salary constitutes the most significant part of the remuneration.

Principles for variable cash salary

Variable cash salary (i.e. cash bonuses) shall be based on a set of predetermined and measurable performance criteria that reflect the key drivers for pursuing the Company's business strategy, longterm interests, and sustainable business practices.

Principles for pension benefits

Directors` pension arrangements shall generally follow the arrangements established for the employees in Elmera Group ASA and Fjordkraft AS. Pension benefits shall be based on local practices and applicable law. More information concerning pension is included in note 18 of the annual account.

Principles for non-financial benefits

Non-financial benefits shall be based on market terms and shall facilitate the duties of the executive management. The Company aims

Note 11
Remuneration to the Executive management and Board of Directors

to have sufficiently competitive salary and incentive programs to minimize additional non-financial benefits, and such shall generally be offered only to the extent they are in line with generally accepted customs locally.

The executive management may receive certain limited benefits in kind, including company car/car arrangement, telephone, internet access, and magazine/newspaper subscriptions.

Purchase of shares

The management may participate in any Company employee share purchase plans or similar plans on substantially on the same terms as all employees.

Share-based incentive programs

Share-based payments, settled in shares or cash, are used as part of the Company's incentive schemes. In the view of the Board of Directors, attractive share-based long-term incentive programs is an important part of the total compensation for the executive management, and which may be necessary to allow the Company to retain and hire the talent it needs for further growth.

The executive management and key personnel shall be concerned with the value development for the Company`s shareholders. A share option program may bind the key employees to the Company and may also contribute to a more cautious wage growth in the years to come.

The following specific limitations apply for granting of share options in the Company: (i) as a main rule, share options may not be redeemed before three years have elapsed, (ii) the maximum amount of share options signed in a given year shall not exceed 0.6 percent of the Company`s outstanding shares, (iii) the exercise price for share options shall be set at market price at the time of allotment, (iv), the exercise price shall be adjusted for dividend paid before redemption, (v) the share options have a cap on gains of three times the exercise price (before adjustments for dividend payments). The options can be settled by the Company in cash if the share price exceeds the cap set out in (v), and if so, based on the gain of such cap, which constitutes the limit of maximum potential gain.

Employment agreements

The CEO and executive management have six month notice periods.

The CEO is entitled to a severance pay in case of termination of employment by the Company for a period of 12 months after expiry of the ordinary notice period. During employment and for 12 months after expiry of the notice period (or from the time of dismissal), the CEO is bound by the provisions on non-competition and recruiting the Company's customers and employees in accordance with the provisions in chapter 14A of the Working Environment Act of 2005.

Remuneration to employee elected board members

The level of remuneration to employee elected board members for their role as board members is proposed by the Remuneration Committee and is handled further by the Nomination Committee which propose a remuneration to the general meeting. The determination of the remuneration takes into consideration the work load, comparable companies and the general wages in the Company.

Deviations from these guidelines

The Board of Directors may, on recommendation from the Remuneration Committee, in the circumstances described below resolve to deviate from any sections of these remuneration guidelines:

- upon change of the CEO;
- upon material changes in Company's organization, ownership and/or business
- upon material change in the Company's strategy;
- upon changes in or amendments to the relevant laws, rules, or regulations;
- upon other exceptional circumstances where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

Any deviation from these guidelines shall be reported in the Remuneration Report for the relevant year.

The Board's declaration on determining directors pay will be sent out or made available to the shareholders on the Company's web site, together with notice of the annual general meeting of the Company and the Company's annual report and accounts.

Note 12 Option program

Elmera Group 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 390 000 share options were issued to employees during 2022.

Type	Options	Options
Grant Date	**9 February 2022**	**8 August 2022**
Vesting conditions	TThe options vest in one tranche with vesting 14 February 2025. The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.	The options vest in one tranche with vesting 14 February 2026. The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.
Expiry date	14 February 2028	14 February 2029
Exercise price (NOK)	37,00	21,50
Total number outstanding	370 000	20 000

Type	Options	Options
Grant Date	9 February 2022	8 August 2022
Measurement date	9 February 2022	8 August 2022
Share price (NOK)	37,28	21,50
Lifetime* (years)	3,02	3,52
Volatility	30,00 %	37,47 %
Risk-free interest rate*	1,92 %	2,73%
Fair Value* (NOK)	9,4212	5,8469

**volume weighted average for options*

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

The expected volatility for options issued in 2022 is estimated at average of 30% where historical volatility is not available. Where historical volatility is available this is calculated using the Elmera Group ASA share price.

Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

The total carrying amount per 31 December 2022 is NOKt 14 946, not including social security.

Note 12
Option Program

The following table shows the changes in outstanding options in 2021 and 2022:

	1 January 2022 - 31 December 2022		1 January 2021 - 31 December 2021	
	Shares	**Weighted Average Exercise Price (NOK)**	**Shares**	**Weighted Average Exercise Price (NOK)**
Outstanding at the beginning of period	1 500 000	44,57	1 190 000	39,43
Granted	390 000	36,09	330 000	78,00
Exercised	-50 000	24,30	(20 000)	24,30
Cancelled	-	-	-	-
Forfeited	-130 000	52,58	-	-
Expired	-	-	-	-
Adjusted quantity	-	-	-	-
Modification / Dividends	-	-	-	-
Outstanding at the end of period	1 710 000	38,92	1 500 000	44,57
Vested outstanding	790 000	22,41	510 000	24,61
Vested and expected to vest	1 710 000	38,92	1 500 000	44,57
Intrinsic value of in-the-money outstanding at the end of the period	-	-	820 000	18 918 200
Intrinsic value vested outstanding at the end of the period	-	-	510 000	11 755 600

At 31 December 2022, the range of exercise prices and weighted average remaining contractual life of the options were as follows :

	Outstanding instruments		Vested outstanding	
Exercise price	**Outstanding per 31.12.2022**	**Weighted average remaining Contractual Life**	**Vested outstanding per 31.12.2022**	**Weighted Average Exercise Price (NOK)**
0,00 - 25,00	20 000	6,13	-	-
25,00 - 30,00	-	-	-	-
30,00 - 35,00	740 000	1,83	740 000	33
35,00 - 40,00	350 000	4,87	30 000	38
40,00 - 45,00	-	-	-	-
45,00 - 50,00	-	-	-	-
50,00 - 55,00	-	-	-	-
55,00 - 60,00	-	-	-	-
60,00 - 65,00	-	-	-	-
65,00 - 70,00	270 000	4,13	-	-
70,00 -	330 000	4,76	20 000	79,7
Total	**1 710 000**	**3,43**	**790 000**	**34,48**

Note 13 Financial assets and financial liabilities

The company holds the following financial instruments:

Financial assets

NOK in thousands	Notes	2022	2021
Financial assets at amortised cost			
Trade receivables (1)		1 289	-
Receivables from group companies (1)	10,13(b)	1 068 747	260 437
Cash and cash equivalents (1)	13(b)	-	222 348
Total financial assets		**1 070 035**	**482 785**

Financial liabilities

NOK in thousands	Notes	2022	2021
Liabilities at amortised cost			
Trade and other payables (1)		31 417	499
Liabilities to group companies (1)	10,13(b)	676 600	565 447
Overdraft facilities (1)	13(a)	534 112	-
Interest-bearing short term debt (1)	13(a)	125 000	-
Interest-bearing long term debt (2)	13(a)	353 194	396 334
Total financial liabilities		**1 720 322**	**962 280**

(1) The fair value of cash and cash equivalents, trade receivables, receivables from group companies, overdraft facilities, interest-bearing short term debt, 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. Interest-bearing long term debt includes installments due within the next 12 months which is included in other current liabilities.

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

NOK in thousands	2022	2021
Interest from assets held at amortised cost	8 008	4 290
Interest expense from liabilites at amortised cost	(34 989)	(21 344)
Total financial income and expense	**(26 981)**	**(17 054)**

13(a) Credit facilities

NOK in thousands	Effective interest rate	2022	2021
Term loan	NIBOR 3 months + 1,30 %	356 500	402 500
Revolving credit facility	NIBOR 3 months + 1,30 %	125 000	-
Total principal amounts		**481 500**	**402 500**

Credit facilities agreement

Elmera Group's facilities agreement with DNB includes the following credit facilities which are available for Elmera Group 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 1 300 000 overdraft facility

The termination date of the term loan facility, the revolving credit facility, and the guarantee facility is in September 2024. Elmera has the option to extend the termination date by another period of twelve months. In Q4 2022 the interest rate margin on the term loan facility and the revolving credit facility was decreased from 1,75% to 1,30%.

The term loan - NOKt 1 000 000 - The acquisition facility

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. In Q4 2022 the interest rate margin on the term loan facility was decreased from 1,75% to 1,30%.

Elmera Group ASA drew NOKt 460 000 upon this facility in September 2020, in order to repay a former term loan, and to partly finance the aquisition of Innlandskraft AS. The term loan principals are being repaid in quarterly instalments of total NOKt 11 500. At 31 December 2022 the remaining term loan principal balance is NOKt 356 500.

The loan instalments of NOKt 46 000 that are due the next twelve months have been reclassified from interest-bearing long term debt to interest-bearing short term debt, which is included in other current liabilities in the statement of financial position. Elmera Industrial Ownership AS, a subsidiary of Elmera Group ASA drew an additional NOKt 477 000 upon the facility in 2020.

The revolving credit facility - NOKt 500 000 - The RCF

The revolving credit facility is available up until one month before the termination date in september 2024. 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.
Elmera Group ASA drew NOKt 150 000 on this facility in Q1 2022, and Elmera Industrial Ownership AS, a subsidiary of Elmera Group ASA drew another NOKt 125 000 in Q2 2022.

The revolving credit facility is classified as interest-bearing short term debt in the statement of financial position.

The guarantee facility - NOKt 2 250 000

The purpose of the guarantee facility is the issuance of guarantees and letters of credit for the general corporate and working capital purpose of the group, hereunder gurantees related to re-invoicing agreements with grid owners, property rental agreements and so on. At 31 December 2022 guarantees of total NOKt 2 040 442 are issued under the guarantee facility.

The overdraft facility - NOKt 1 300 000

The overdraft facility has been renewed and is available one year from September 2022. The overdraft facility was increased from NOKt 1 000 000 to NOKt 1 300 000 in Q3 2022. At 31 December 2022 the Group has drawn NOKt 534 112 on the overdraft facility.

Security

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

Transaction costs

Transactions costs of NOKt 9 842 related to establishing and extending the Term loan facility are recognised as part of amortised cost of the Term loan. Transaction costs of NOKt 18 605 related to establishing and extending the RCF, The guarantee facility, and the overdraft facility are amortised on a straight line basis over the period from establishing the facilities to the extended termination date.

Financial covenant

Under the 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 (term loan) deducted free cash 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.

The Group is in compliance with the covenant at the end of this reporting period.

13(b) Cash and cash equivalents

Current assets

NOK in thousands	2022	2021
Cash at bank and in hand	-	222 348
Total	**-**	**222 348**

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

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

Elmera Group ASA is the group account holder in a group account system for bank deposits and bank overdrafts, where the Norwegian subsidiaries in the Elmera 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
The company does not hold any restricted cash deposits at 31 December 2022.

Note 14 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 13 for description of the Group's credit facilities. The company has a term loan drawn upon the Group's term loan facility, a short term loan drawn upon the Group's revolving credit facility, and as the group account holder of the Group's group account system it has a net overdraft at year end 2022. 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.

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 2022, 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 statement of financial position, see note 13. At year end 2022 the company's only financial assets are trade receivables and receivables on group companies.Receivables on group companies 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 13(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 2022.

Contractual maturities of financial liabilities

31 December 2022

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*	31 417	-	-	-	-	31 417	31 417
Liabilities to group companies**	-	-	-	-	-	-	676 600
Overdraft facilities	-	-	-	534 112	-	534 112	534 112
Interest-bearing short term debt	-	-	-	125 000	-	125 000	125 000
Interest-bearing long term debt	-	11 500	34 500	310 500	-	356 500	353 194
Total	**31 417**	**11 500**	**34 500**	**969 612**	**-**	**1 047 028**	**1 720 322**

* 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 15

Events after the reporting period

The Board of Directors has in the Board Meeting on 15 February 2023 proposed a dividend to the shareholders of NOK 1,50 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.

4.6 Auditor's report

Deloitte.

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To the General Meeting of Elmera Group ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Elmera Group ASA, which comprise:

- The financial statements of the parent company Elmera Group ASA (the Company), which comprise the statement of financial position as at 31 December 2022, 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 Elmera Group ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss statement, consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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

Basis for Opinion

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

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

The Company was publicly listed in March 2018. We have been the auditor of the Company since before the Company was listed. Subsequent to the listing, when including the year of listing, we have been the auditor of the Company for 5 consecutive years.

Deloitte.

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 proportion 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 5 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 5 to the consolidated financial statements.

Goodwill – Nordic Cash Generating Unit

Key audit matters	How the matter was addressed in the audit
In addition to their annual assessment of the carrying value of goodwill, management continuously monitors both external and internal factors to determine if there are indicators that the goodwill may be impaired. Coinciding with the annual assessment of goodwill, impairment indicators were identified for the Nordic Cash Generating Unit ("CGU"). Given the significance of the goodwill associated with the Nordic Cash Generating Unit ("CGU") to the financial reporting, an impairment charge could have a material impact on the Group's financial reporting. As of December 31, 2022, the carrying value of goodwill for the Nordic CGU is MNOK 295. We refer to details in note 1, 2 and 16 in the consolidated financial statements. When determining the value in use of the goodwill, Management applied a significant level of judgment when determining the assumptions used to calculate the value in use, especially regarding the expected future net revenue, the weighted average cost of capital and expected operating expenses. Given the significance of the carrying value of the goodwill to the financial statements combined with the level of judgment involved, performing the audit procedures to evaluate the reasonableness of management's estimates and assumptions, such as the weighted average cost of capital, expected future revenue and future expected operating expenses applied in determining the recoverable amount of the goodwill, this required a high degree of auditor judgment and consequently we have assessed this to be a Key Audit Matter.	In responding to the identified key audit matter, we completed, among others, the following audit procedures: • Obtained an understanding of relevant key controls related to management's assessment of Goodwill by assessing the design and implementation of key controls. • Evaluated management's ability to accurately forecast future net revenue and operating expenses. • Assessed whether these assumptions were consistent with evidence obtained in other areas of the audit as well as internal communications to management and the Board of Directors. • With the assistance of our internal fair value specialists, we evaluated the reasonableness of the weighted average cost of capital by developing an independent range of reasonable rates and comparing this to the weighted average cost of capital as considered by management. We have also assessed the appropriateness of consolidated financial statement disclosures in relation to Goodwill as disclosed in Note 1, 2 and 16.

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

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

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

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

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

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 2138006BSHJVCD9SR489-2022-12-31-en.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

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

Management's Responsibilities

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

Auditor's Responsibilities

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

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

Bergen, 28 March 2023
Deloitte AS

Helge Roald Johnsen

Helge-Roald Johnsen
State Authorised Public Accountant

Elmera Group