

# Fjordkraft Holding ASA and the Fjordkraft Group

Quarterly report - Q2 2020



## Q2 Highlights

- Strong financial performance with a 15% YoY increase in net revenue and 26% YoY growth in EBIT adj.
- Tailwind from favourable price development throughout Q1 and historically low prices in Q2
- Solid organic growth across all segments
- Successful acquisition of Innlandskraft, Norway's 3rd largest retailer, in July. Closing expected in September

## Key figures Q2\*

NOK in thousands	Q2 2020	Q2 2019	YTD 2020
Gross revenue	671 380	1 428 751	1 981 637
Net revenue	330 413	283 194	811 815
Net revenue adjusted	314 023	273 828	795 425
EBIT reported	132 082	94 705	363 453
EBIT adjusted	124 168	98 436	361 810
Net income	102 601	76 133	286 271
Basic earnings per share (in NOK)	0,98	0,73	2,74
Diluted earnings per share (in NOK)	0,97	0,72	2,71
EBIT margin	40 %	33 %	45 %
EBIT margin adjusted	40 %	36 %	45 %
Net interest bearing debt (cash)	-582 645	-292 249	-582 645
Capex excl. M&A	21 898	12 002	35 896
Volume sold (GWh)	2 798	2 697	6 952
# of deliveries ('000) excl. Extended Alliance	625	608	625

\*Alternative Performance Measures (APM)- see separate chapter for definition and reconciliation

## Another strong quarter

One thing is certain – the electricity market is never boring. After a first quarter where elspot prices fell to a historically low level, the second quarter has been just as eventful. With continued all time low elspot prices throughout the quarter, and even negative prices at certain hours, it has truly been an unusual quarter.

For Fjordkraft, this has been another strong quarter with a 15% YoY increase in adjusted net revenue and a 26% YoY growth in adjusted EBIT. The organic growth has been solid, and all business areas show a positive development. Volume sold is increasing 4% YoY due to organic growth and because two out of three months in the quarter were colder than last year.

M&A has been a key element in Fjordkraft's strategy. It was therefore very pleasing to announce the acquisition of Innlandskraft in July 2020. Innlandskraft is Norway's 3rd largest retailer and the acquisition will strengthen Fjordkraft's position as the leading electricity supplier in Norway. Closing of the transaction is expected to take place in September 2020.

### Consumer

Number of electricity deliveries in the Consumer segment increased by 2,060 deliveries in the quarter. At the end of Q2 2020 the segment comprised 544 thousand deliveries, which represents a growth of 12 thousand deliveries YoY. The volume sold in second quarter 2020 was 1,549 GWh, which is a 12% increase from the second quarter 2019. The increase in average volume per delivery is the main driver for the increase.

Adjusted net revenue in the Consumer segment amounts to 230 NOKm, a YoY growth of 20%. The increase is driven 60/40 by volume growth and

margin improvement.

Adjusted OPEX amounts to 138 NOKm in the second quarter of 2020, compared to 128 NOKm in the second quarter of 2019. Increased sales and marketing costs, administrative costs and variable costs are the main drivers for the increase.

EBIT adjusted amounts to 92 NOKm in the quarter, which is an increase of 29 NOKm compared to the second quarter of 2019. This corresponds to an adjusted EBIT margin of 40%, and a YoY increase of 7 percentage points.

### Business

At the end of second quarter 2020, the Business segment comprised 81 thousand electricity deliveries, which represents an increase of 1,502 deliveries in the quarter. The volume sold in second quarter 2020 was 1,249 GWh, a decrease of 5% compared to second quarter 2019. The decrease is driven by a 10% decrease in average volume per delivery due to fewer tender customers and Covid-19.

Adjusted net revenue in the Business segment amounts to 75 NOKm, a YoY growth of 3%. The growth is driven by improved margins.

Adjusted OPEX amounts to 34 NOKm in the quarter, compared to 33 NOKm in the second quarter of 2019.

EBIT adjusted amounts to 41 NOKm in the quarter, which is a 1 NOKm increase from second quarter 2019. Adjusted EBIT margin in the quarter was 55%, which is the same as in Q2 2019.

### New Growth Initiatives

At the end of second quarter 2020, the number of mobile subscribers was 118 thousand, which represents an organic growth of 7,671 subscribers

from first quarter 2020.

Alliance volume in second quarter 2020 was 865 GWh, which is a 1% YoY increase. Extended Alliance grew by 9,288 deliveries in the quarter.

Adjusted net revenue in the New Growth Initiatives segment amounts to 10 NOKm, a YoY decrease of 5%. The decrease in net revenue is driven by reduced margins within Mobile, which is negatively affected by increased voice activity due to Covid-19, increasing COGS.

OPEX adjusted amounted to 19 NOKm, an increase from 15 NOKm in second quarter 2019, due to increased sales and marketing costs and variable costs.

EBIT adjusted amounted to -9 NOKm, a decrease of 4 NOKm from second quarter 2019, driven by reduced margins within mobile and increased costs due to customer growth within the segment.

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## Financials

Figures from the corresponding period the previous year are in brackets, unless otherwise specified.

**Gross revenue** amounted to 671 NOKm (1,429 NOKm), a decrease of 53%, due to lower elspot prices.

**Adjusted net revenue** amounted to 314 NOKm (274NOKm), an increase of 15%. The increase is mainly driven 75/25 by margin improvement and volume growth.

**Adjusted operating expenses** amounted to 190 NOKm (175 NOKm), an increase of 8%, driven by sales and marketing costs, administrative costs and variable costs.

**Adjusted EBIT** amounted to 124 NOKm (98 NOKm), a growth of 26% YoY due to the factors described above.

**Net financial income** amounted to -0.3 NOKm (3.3 NOKm).

**Profit for the period** amounted to 103 NOKm (76 NOKm) in the quarter due to the factors described above.

### Consolidated cash flow

Net cash generated from operating activities was 411 NOKm (560 NOKm), mainly driven by a reduction in NWC. Net cash used in investing activities was -23 NOKm (-12 NOKm) driven by various R&D initiatives. Net cash used in financing activities was NOK -330 NOKm (-246 NOKm), primarily consisting of payment of dividends.

### Financial position

The total capital as of 30.06.2020 was 2,071 NOKm (2,315 NOKm), a decrease of 244 NOKm from Q2 2019. The main driver for the decrease is lower current assets.

### Events after the reporting period

On 17 July 2020, Fjordkraft Holding ASA entered into an agreement for the acquisition of 100% of the shares in Innlandskraft AS. The agreement was signed 17 July 2020 at an enterprise value of 1 410 NOKm, in addition to a locked box interest for Innlandskraft AS's results between 30 June and the date of closing. Innlandskraft AS will be consolidated in the Group accounts from 1 July 2020. There are no other significant events after the reporting period that has not been reflected in the consolidated financial statements.

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## Risks and uncertainties

The demand for electricity, electricity prices, customer churn and competition are the main uncertainties in a short-term perspective. The demand for electricity varies with i.a. weather conditions and temperature. Electricity prices are determined by supply and demand through Nordpool, the marketplace for electricity in the Nordics. Fjordkraft seeks to reduce market risk to a low level and does not take speculative positions in the electricity market.

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## Outlook

The Group has an ambition to grow organically in all segments, as well as acting as a consolidator in a fragmented market. The Group's financial targets are presented in the quarterly presentation.

# Condensed interim financial statements



## Condensed consolidated statement of profit or loss

NOK in thousands	Note	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full Year 2019
<b>Continuing operations</b>							
Revenue	2,9	1 310 256	671 380	1 428 751	1 981 637	3 974 385	7 122 528
Direct cost of sales	2	(828 855)	(340 967)	(1 145 557)	(1 169 822)	(3 312 830)	(5 827 394)
<b>Revenue less direct cost of sales</b>		<b>481 402</b>	<b>330 413</b>	<b>283 194</b>	<b>811 815</b>	<b>661 555</b>	<b>1 295 134</b>
Personnel expenses	2	(78 596)	(54 648)	(47 910)	(133 243)	(112 335)	(236 106)
Other operating expenses	2	(124 593)	(97 758)	(92 517)	(222 352)	(190 426)	(379 973)
Depreciation right-of-use assets		(3 100)	(3 133)	(2 213)	(6 233)	(4 426)	(10 404)
Depreciation and amortisation	2,5,6	(45 647)	(45 360)	(45 758)	(91 008)	(88 638)	(190 528)
<b>Total operating expenses</b>		<b>(251 936)</b>	<b>(200 899)</b>	<b>(188 398)</b>	<b>(452 835)</b>	<b>(395 824)</b>	<b>(817 011)</b>
Other gains and losses, net	7	1 906	2 568	(92)	4 474	(84)	4 615
<b>Operating profit</b>		<b>231 371</b>	<b>132 082</b>	<b>94 705</b>	<b>363 453</b>	<b>265 647</b>	<b>482 738</b>
Income/loss from investments in associates and joint ventures	12	(153)	(198)	-	(351)	-	-
Interest income		6 381	4 067	5 553	10 448	10 435	20 071
Interest expense lease liability		(429)	(410)	(179)	(838)	(371)	(1 677)
Interest expense		(1 658)	(1 052)	(1 650)	(2 710)	(3 228)	(6 956)
Other financial items, net		240	(2 677)	(416)	(2 437)	(1 503)	(3 737)
<b>Net financial income/(cost)</b>		<b>4 382</b>	<b>(270)</b>	<b>3 307</b>	<b>4 112</b>	<b>5 333</b>	<b>7 701</b>
<b>Profit/ (loss) before tax</b>		<b>235 754</b>	<b>131 812</b>	<b>98 012</b>	<b>367 565</b>	<b>270 980</b>	<b>490 440</b>
Income tax (expense)/ income	3	(52 084)	(29 211)	(21 879)	(81 294)	(60 422)	(120 269)
<b>Profit/ (loss) for the period</b>		<b>183 670</b>	<b>102 601</b>	<b>76 133</b>	<b>286 271</b>	<b>210 558</b>	<b>370 171</b>
Basic earnings per share (in NOK)*	4	1,76	0,98	0,73	2,74	2,01	3,54
Diluted earnings per share (in NOK)*	4	1,74	0,97	0,72	2,71	2,00	3,51

\* Based on a weighted average of 1 04 555 730 shares outstanding. It is issued 1 150 000 share options to employees.

## Condensed consolidated statement of comprehensive income

NOK in thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full Year 2019
<b>Profit/ (loss) for the period</b>	183 670	102 601	76 133	286 271	210 558	370 171
<b>Other comprehensive income/ (loss):</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
Actuarial gain/ (loss) on pension obligations, net of tax	(26 024)	-	-	(26 024)	-	(11 091)
<b>Total</b>	<b>(26 024)</b>	<b>-</b>	<b>-</b>	<b>(26 024)</b>	<b>-</b>	<b>(11 091)</b>
<b>Total other comprehensive income/ (loss) for the period, net of tax</b>	<b>(26 024)</b>	<b>-</b>	<b>-</b>	<b>(26 024)</b>	<b>-</b>	<b>(11 091)</b>
<b>Total comprehensive income/ (loss) for the period</b>	<b>157 646</b>	<b>102 601</b>	<b>76 133</b>	<b>260 248</b>	<b>210 558</b>	<b>359 080</b>

## Condensed consolidated statement of financial position

NOK in thousands	Note	31 March 2020	30 June 2020	30 June 2019	31 December 2019
<b>Assets:</b>					
<b>Non-current assets</b>					
Right-of-use assets property, plant and equipment		62 255	63 430	26 835	65 976
Property, plant and equipment	5	6 656	6 205	4 685	7 108
Goodwill	6	166 696	166 696	155 849	166 696
Intangible assets	6	166 816	172 466	190 531	178 542
Cost to obtain contracts		154 149	152 559	151 768	159 235
Investments in associates and joint ventures	12	9 847	9 649	-	-
Other non-current financial assets		39 510	25 764	22 629	25 365
<b>Total non-current assets</b>		<b>605 929</b>	<b>596 769</b>	<b>552 298</b>	<b>602 923</b>
<b>Current assets</b>					
Intangible assets	6	4 730	1 950	19 311	23 760
Inventories		452	801	1 217	794
Trade receivables	8	867 893	455 853	1 074 816	1 507 467
Derivative financial instruments	7	350 901	229 834	115 362	79 274
Other current assets		113 324	36 038	36 907	18 466
Cash and cash equivalents		691 735	749 445	514 649	775 536
<b>Total current assets</b>		<b>2 029 035</b>	<b>1 473 923</b>	<b>1 762 262</b>	<b>2 405 297</b>
<b>Total assets</b>		<b>2 634 964</b>	<b>2 070 691</b>	<b>2 314 560</b>	<b>3 008 220</b>
<b>Equity and liabilities:</b>					
<b>Equity</b>					
Share capital		31 372	31 376	31 349	31 349
Share premium		127 353	127 738	125 035	125 035
Retained earnings		1 005 256	794 929	696 845	846 833
<b>Total current assets</b>		<b>1 163 980</b>	<b>954 043</b>	<b>853 228</b>	<b>1 003 216</b>



**Condensed consolidated statement  
of financial position**

NOK in thousands	Note	31 March 2020	30 June 2020	30 June 2019	31 December 2019
<b>Non-current liabilities</b>					
Net employee defined benefit plan liabilities		100 008	96 489	77 793	64 062
Interest-bearing long term debt	10	125 100	111 200	166 800	139 000
Deferred tax liabilities	3	17 667	15 800	17 116	27 451
Lease liability - long term		52 848	54 111	18 323	56 515
Other provisions for liabilities		-	-	732	-
<b>Total non-current liabilities</b>		<b>295 623</b>	<b>277 600</b>	<b>280 763</b>	<b>287 027</b>
<b>Current liabilities</b>					
Trade and other payables	8	388 040	160 164	563 751	818 143
Current income tax liabilities	3	76 160	107 237	84 450	111 656
Derivative financial instruments	7	337 719	214 085	107 249	67 999
Social security and other taxes		105 678	103 669	40 812	142 620
Lease liability - short term		11 951	12 031	8 715	11 428
Other current liabilities		255 812	241 862	375 592	566 129
<b>Total current liabilities</b>		<b>1 175 360</b>	<b>839 049</b>	<b>1 180 568</b>	<b>1 717 976</b>
<b>Total liabilities</b>		<b>1 470 983</b>	<b>1 116 649</b>	<b>1 461 332</b>	<b>2 005 004</b>
<b>Total equity and liabilities</b>		<b>2 634 964</b>	<b>2 070 691</b>	<b>2 314 560</b>	<b>3 008 220</b>

The Board of Fjordkraft Holding ASA, Bergen, 19 August 2020



Per Axel Koch  
Chairman



Birthe Iren Grotle  
Board member



Frank Økland  
Board member



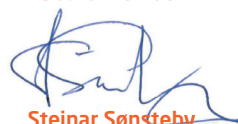
Elisabeth M. Norberg  
Board member



Heidi Theresa Ose  
Board member



Live Bertha Haukvik  
Board member



Steinar Sønsteby  
Board member



Lindi Bucher Vinsand  
Board member



Rolf Jørgen Barmen  
CEO

## Condensed consolidated statement of changes in equity

NOK in thousands	Share capital	Share premium	Treasury shares	Retained earnings	Total
<b>Balance at 1 January 2019</b>	<b>31 349</b>	<b>125 035</b>	-	<b>714 651</b>	<b>871 035</b>
Profit/(loss) for the year	-	-	-	210 558	210 558
Other paid-in equity	-	-	-	1 527	1 527
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	<b>212 085</b>	<b>212 085</b>
Dividends paid (note 4)	-	-	-	(229 892)	(229 892)
<b>Transactions with owners</b>	-	-	-	<b>(229 892)</b>	<b>(229 892)</b>
<b>Balance at 30 June 2019</b>	<b>31 349</b>	<b>125 035</b>	-	<b>696 845</b>	<b>853 228</b>
<b>Balance at 1 January 2020</b>	<b>31 349</b>	<b>125 035</b>	-	<b>846 833</b>	<b>1 003 216</b>
Profit/ (loss) for the period	-	-	-	286 271	286 271
Other paid-in equity	-	-	-	1 569	1 569
Other comprehensive income/ (loss) for the period, net of tax	-	-	-	(26 024)	(26 024)
<b>Total comprehensive income/ (loss) for the period</b>	-	-	-	<b>261 816</b>	<b>261 816</b>
Share capital increase (note 4)	27	2 703	-	-	2 730
Dividends paid (note 4)	-	-	-	(313 717)	(313 717)
<b>Transactions with owners</b>	<b>27</b>	<b>2 703</b>	-	<b>(313 717)</b>	<b>(310 987)</b>
<b>Balance at 30 June 2020</b>	<b>31 376</b>	<b>127 738</b>	-	<b>794 929</b>	<b>954 043</b>

## Condensed consolidated statement of cash flows

NOK in thousands	Note	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
<b>Operating activities</b>							
Profit/ (loss) before tax		235 754	131 812	98 012	367 565	270 980	490 440
<b>Adjustments for</b>							
Depreciation	5, 6	17 257	17 525	18 769	34 782	36 826	82 158
Depreciation right-of-use assets		3 100	3 133	2 213	6 233	4 426	10 404
Amortisation of contract assets		28 391	27 835	26 989	56 226	51 812	108 370
Interest income		(6 381)	(4 067)	(5 553)	(10 448)	(10 435)	(20 071)
Interest expense lease liability		429	410	179	838	371	1 677
Interest expense		1 658	1 052	1 650	2 710	3 228	6 956
Income/loss from investments in associates and joint ventures		153	198	-	351	-	-
Change in long-term receivables		(13 820)	13 820	(309)	-	(2 754)	(2 879)
Share based payment expense		777	802	659	1 579	1 527	2 994
Change in post-employment liabilities		2 582	(3 518)	(7 864)	(936)	(1 514)	(29 556)
Payments to obtain a contract		(23 304)	(26 245)	(28 198)	(49 550)	(53 668)	(117 693)
<b>Changes in working capital (non-cash effect)</b>							
Impairment loss recognised in trade receivables		16 736	3 505	5 722	20 240	18 288	23 502
Change in fair value of derivative financial instruments		(1 906)	(2 568)	92	(4 474)	84	(4 615)
<b>Changes in working capital</b>							
Inventories		342	(349)	(956)	(7)	(684)	(262)
Trade receivables	8	622 838	408 535	889 995	1 031 373	913 223	489 360
Purchase of el-certificates	6	(245 712)	-	(1 732)	(245 712)	(242 596)	(242 596)
Non-cash effect from cancelling el-certificates	6	263 782	(187)	11 273	263 594	246 569	246 569
Purchase of guarantees of origination	6	(1 397)	(176)	(14)	(1 573)	(6 209)	(12 975)
Non-cash effect from disposal of guarantees of origination	6	2 357	3 143	2 961	5 501	16 520	18 837
Other current assets		(94 858)	77 286	76 821	(17 572)	(4 165)	20 715
Trade and other payables	8	(430 103)	(227 876)	(501 280)	(657 979)	(536 435)	(297 054)
Other current liabilities		(347 136)	(15 526)	(33 701)	(362 662)	(215 288)	72 774
<b>Cash generated from operations</b>		<b>31 536</b>	<b>408 542</b>	<b>555 728</b>	<b>440 079</b>	<b>490 104</b>	<b>847 054</b>
Interest paid		(2 209)	(1 898)	(1 717)	(4 107)	(3 302)	(8 627)
Interest received		6 381	4 067	5 553	10 448	10 435	20 071
Income tax paid	3	(90 024)	-	-	(90 024)	(73 906)	(93 793)
<b>Net cash from operating activities</b>		<b>(54 316)</b>	<b>410 711</b>	<b>559 563</b>	<b>356 395</b>	<b>423 331</b>	<b>764 704</b>

**Condensed consolidated statement  
of cash flows**

NOK in thousands	Note	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
<b>Investing activities</b>							
Purchase of property, plant and equipment	5	-	-	(973)	-	(1 086)	(3 791)
Purchase of intangible assets	6	(15 079)	(22 724)	(11 503)	(37 803)	(26 860)	(47 589)
Sale of intangible assets	6	10 000	-	-	10 000	-	-
Net cash outflow on aquisition of subsidiaries		-	-	-	-	-	(22 066)
Net cash outflow on aquisition of shares in associates	12	(10 000)	-	-	(10 000)	-	-
Net (outflow)/proceeds from non-current receivables		(325)	(74)	636	(399)	214	(2 396)
Net (outflow)/proceeds from other long-term liabilities		-	-	-	-	(74)	(805)
<b>Net cash used in investing activities</b>		<b>(15 404)</b>	<b>(22 798)</b>	<b>(11 840)</b>	<b>(38 201)</b>	<b>(27 805)</b>	<b>(76 648)</b>
<b>Financing activities</b>							
Proceeds from issuance of shares	4	2 341	389	-	2 731	-	-
Dividends paid	4	-	(313 717)	(229 892)	(313 717)	(229 892)	(229 892)
Formation expenses		-	(10)	-	(10)	-	-
Proceeds from interest-bearing long term debt		-	-	-	-	-	-
Instalments long term debt		(13 900)	(13 900)	(13 900)	(27 800)	(27 800)	(55 600)
Payment of lease liability		(2 522)	(2 966)	(2 310)	(5 488)	(4 594)	(8 438)
<b>Net cash used in financing activities</b>		<b>(14 081)</b>	<b>(330 204)</b>	<b>(246 102)</b>	<b>(344 284)</b>	<b>(262 286)</b>	<b>(293 930)</b>
<b>Net change in cash and cash equivalents</b>		<b>(83 801)</b>	<b>57 710</b>	<b>301 621</b>	<b>(26 091)</b>	<b>133 240</b>	<b>394 126</b>
Cash and cash equivalents at start of period		775 536	691 735	213 027	775 536	381 409	381 409
<b>Cash and cash equivalents at end of period</b>		<b>691 735</b>	<b>749 445</b>	<b>514 649</b>	<b>749 445</b>	<b>514 649</b>	<b>775 536</b>

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## Note 1

# Accounting policies

### General information

Fjordkraft Holding ASA and its subsidiaries (together 'the Group') is a supplier of electrical power in Norway. The Group's core business is concentrated at purchase, sales and portfolio management of electrical power to households, private and public companies, and municipalities. In 2017, the Group also became a provider of mobile phone services to private customers in Norway.

Fjordkraft Holding ASA is incorporated and domiciled in Norway. The address of its registered office is Folke Bernadottes Vei 38, 51 47 Bergen, Norway.

These interim financial statements were approved by the Board of Directors for issue on 19 August 2020.

A review of the interim financial statements has been carried out by the independent auditor of the Group.

### Basis of preparation

These interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". These interim financial statements do not provide the same scope of information as the annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS.

### Going concern

The Group has adopted the going concern basis in preparing its consolidated financial statements. 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.

### Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that income tax expense is recognised in each interim period using the expected weighted average annual income tax rate for the full financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

### Use of estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, except for income taxes, post-employment benefits and judgements regarding the estimated effects of the COVID-19 pandemic.

The judgements regarding estimated effects of the COVID-19 pandemic are outlined in note 11.

Income tax expense and deferred income tax liability is calculated by applying a weighted

average of tax rates across jurisdictions, while in annual financial statements income tax expense and deferred income tax liability is calculated by applying the tax rate for each individual jurisdiction to measures of income for each jurisdiction.

Present value of defined benefit obligations and the fair value of plan assets at the end of each interim reporting period is estimated by extrapolation of the latest actuarial valuation, while in the annual financial statements this estimate is based on an updated actuarial valuation.

The Group provides re-invoicing to its customers related to grid rent. This means that the trade receivables, as shown in the consolidated statement of financial position, in addition to power sales also includes grid rent. This makes the amount of trade receivables relatively high in comparison with the amount of gross revenue as shown in the consolidated statement of profit and loss.

### 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).

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**Note 1**  
**Accounting policies**

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.

**Share-based compensation**

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

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

**Incremental costs of obtaining a contract**

IFRS 15 requires capitalisation of incremental costs of obtaining a contract which the entity expects to recover, if the amortisation period is more than one year, such as for sales commissions. Incremental costs of obtaining a contract were under the previous accounting policy expensed as incurred. Amortisation of the capitalised costs of obtaining a contract is recognised as part of Operating profit.

**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.

**Investment in joint ventures and associates**

The Group's investments in joint ventures and associates are accounted for by using the equity method. 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.

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## Note 2 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. The Board 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
- Business segment - Sale of electrical power and related services to business consumers

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

The segment profit measure is adjusted operating profit which is defined as profit before tax earned by each segment without the allocation of non-recurring expenses, depreciation of acquisitions, other gains and losses, interest income, interest expense, and other financial items, net. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The accounting policies of the reportable segments are the same as the Group's accounting policies.

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

The tables below is an analysis of the Group's revenue and results 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 2**  
**Segment information**

NOK in thousands	Q1 2020			
	Consumer	Business	New growth initiatives*	Total segments
<b>Revenue</b>				
Revenue adjusted	739 990	504 478	65 788	1 310 256
<b>Total external segment revenue adjusted</b>	<b>739 990</b>	<b>504 478</b>	<b>65 788</b>	<b>1 310 256</b>
Direct cost of sales adjusted	(378 241)	(396 359)	(54 254)	(828 855)
<b>Revenue less direct cost of sales adjusted</b>	<b>361 749</b>	<b>108 119</b>	<b>11 534</b>	<b>481 402</b>
<b>Expenses</b>				
Personnel and other operating expenses adjusted	(139 593)	(44 125)	(19 471)	(203 189)
Depreciation and amortisation adjusted	(33 460)	(4 659)	(2 452)	(40 571)
<b>Total operating expenses adjusted</b>	<b>(173 053)</b>	<b>(48 784)</b>	<b>(21 923)</b>	<b>(243 760)</b>
<b>Operating profit adjusted</b>	<b>188 696</b>	<b>59 335</b>	<b>(10 389)</b>	<b>237 642</b>
<b>Q2 2020</b>				
NOK in thousands	Consumer	Business	New growth initiatives*	Total segments
<b>Revenue</b>				
Revenue adjusted	323 666	253 299	71 796	648 761
<b>Total external segment revenue adjusted</b>	<b>323 666</b>	<b>253 299</b>	<b>71 796</b>	<b>648 761</b>
Direct cost of sales adjusted	(94 139)	(178 672)	(61 927)	(334 738)
<b>Revenue less direct cost of sales adjusted</b>	<b>229 527</b>	<b>74 627</b>	<b>9 869</b>	<b>314 023</b>
<b>Expenses</b>				
Personnel and other operating expenses	(104 430)	(28 696)	(16 354)	(149 479)
Depreciation and amortisation	(32 659)	(5 119)	(2 598)	(40 376)
<b>Total operating expenses adjusted</b>	<b>(137 089)</b>	<b>(33 815)</b>	<b>(18 952)</b>	<b>(189 856)</b>
<b>Operating profit adjusted</b>	<b>92 438</b>	<b>40 812</b>	<b>(9 083)</b>	<b>124 168</b>

**Note 2**  
**Segment information**

NOK in thousands	Q2 2019			
	Consumer	Business	New growth initiatives*	Total segments
<b>Revenue</b>				
Revenue adjusted	747 141	575 338	51 302	1 373 782
<b>Total external segment revenue adjusted</b>	<b>747 141</b>	<b>575 338</b>	<b>51 302</b>	<b>1 373 782</b>
Direct cost of sales adjusted	(556 285)	(502 798)	(40 870)	(1 099 954)
<b>Revenue less direct cost of sales adjusted</b>	<b>190 856</b>	<b>72 540</b>	<b>10 432</b>	<b>273 828</b>
<b>Expenses</b>				
Personnel and other operating expenses	(96 784)	(28 646)	(12 999)	(138 429)
Depreciation and amortisation	(30 899)	(3 919)	(2 144)	(36 962)
<b>Total operating expenses adjusted</b>	<b>(127 683)</b>	<b>(32 565)</b>	<b>(15 143)</b>	<b>(175 392)</b>
<b>Operating profit adjusted</b>	<b>63 173</b>	<b>39 975</b>	<b>(4 711)</b>	<b>98 436</b>

NOK in thousands	YTD 2020			
	Consumer	Business	New growth initiatives*	Total segments
<b>Revenue</b>				
Revenue adjusted	1 063 656	757 777	137 584	1 959 017
<b>Total external segment revenue adjusted</b>	<b>1 063 656</b>	<b>757 777</b>	<b>137 584</b>	<b>1 959 017</b>
Direct cost of sales adjusted	(472 380)	(575 031)	(116 181)	(1 163 592)
<b>Revenue less direct cost of sales adjusted</b>	<b>591 276</b>	<b>182 746</b>	<b>21 403</b>	<b>795 425</b>
<b>Expenses</b>				
Personnel and other operating expenses	(244 023)	(72 821)	(35 825)	(352 668)
Depreciation and amortisation	(66 119)	(9 778)	(5 050)	(80 947)
<b>Total operating expenses adjusted</b>	<b>(310 142)</b>	<b>(82 599)</b>	<b>(40 875)</b>	<b>(433 615)</b>
<b>Operating profit adjusted</b>	<b>281 134</b>	<b>100 147</b>	<b>(19 472)</b>	<b>361 810</b>

**Note 2**  
**Segment information**

	YTD 2019			
	Consumer	Business	New growth initiatives*	Total segments
NOK in thousands				
<b>Revenue</b>				
Revenue adjusted	2 182 057	1 638 052	99 307	3 919 416
<b>Total external segment revenue adjusted</b>	<b>2 182 057</b>	<b>1 638 052</b>	<b>99 307</b>	<b>3 919 416</b>
Direct cost of sales adjusted	(1 724 584)	(1 468 049)	(74 592)	(3 267 227)
<b>Revenue less direct cost of sales adjusted</b>	<b>457 473</b>	<b>170 003</b>	<b>24 715</b>	<b>652 189</b>
<b>Expenses</b>				
Personnel and other operating expenses	(209 033)	(63 690)	(28 040)	(300 763)
Depreciation and amortisation	(59 370)	(7 440)	(4 242)	(71 052)
<b>Total operating expenses adjusted</b>	<b>(268 403)</b>	<b>(71 130)</b>	<b>(32 282)</b>	<b>(371 815)</b>
<b>Operating profit adjusted</b>	<b>189 070</b>	<b>98 873</b>	<b>(7 567)</b>	<b>280 374</b>
	Full Year 2019			
	Consumer	Business	New growth initiatives*	Total segments
NOK in thousands				
<b>Revenue</b>				
Revenue adjusted	3 948 175	2 899 333	218 924	7 066 432
<b>Total external segment revenue adjusted</b>	<b>3 948 175</b>	<b>2 899 333</b>	<b>218 924</b>	<b>7 066 432</b>
Direct cost of sales adjusted	(3 046 521)	(2 563 430)	(172 760)	(5 782 711)
<b>Revenue less direct cost of sales adjusted</b>	<b>901 654</b>	<b>335 903</b>	<b>46 164</b>	<b>1 283 721</b>
<b>Expenses</b>				
Personnel and other operating expenses	(444 956)	(137 511)	(59 454)	(641 921)
Depreciation and amortisation	(125 305)	(16 531)	(8 911)	(150 748)
<b>Total operating expenses adjusted</b>	<b>(570 261)</b>	<b>(154 042)</b>	<b>(68 365)</b>	<b>(792 668)</b>
<b>Operating profit adjusted</b>	<b>331 393</b>	<b>181 861</b>	<b>(22 201)</b>	<b>491 053</b>

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

**Note 2**  
**Segment information**

**Reconciliation to statement of profit and loss for the period**

NOK in thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
<b>Revenue adjusted</b>	<b>1 310 256</b>	<b>648 761</b>	<b>1 373 782</b>	<b>1 959 017</b>	<b>3 919 416</b>	<b>7 066 432</b>
Corporate 1)	-	20 904	54 969	20 904	54 969	56 096
Special items 2)	-	1 716	-	1 716	-	-
<b>Revenue</b>	<b>1 310 256</b>	<b>671 380</b>	<b>1 428 751</b>	<b>1 981 637</b>	<b>3 974 385</b>	<b>7 122 528</b>
<b>Direct cost of sales adjusted</b>	<b>(828 855)</b>	<b>(334 738)</b>	<b>(1 099 954)</b>	<b>(1 163 592)</b>	<b>(3 267 227)</b>	<b>(5 782 711)</b>
Corporate 1)	-	(6 230)	(45 603)	(6 230)	(45 603)	(44 681)
<b>Direct cost of sales</b>	<b>(828 855)</b>	<b>(340 967)</b>	<b>(1 145 557)</b>	<b>(1 169 822)</b>	<b>(3 312 830)</b>	<b>(5 827 394)</b>
<b>Revenue less direct cost of sales adjusted</b>	<b>481 402</b>	<b>314 023</b>	<b>273 828</b>	<b>795 425</b>	<b>652 189</b>	<b>1 283 721</b>
Corporate 1)	-	14 674	9 366	14 674	9 366	11 414
Special items 2)	-	1 716	-	1 716	-	-
<b>Revenue less direct cost of sales</b>	<b>481 402</b>	<b>330 413</b>	<b>283 194</b>	<b>811 815</b>	<b>661 555</b>	<b>1 295 134</b>
<b>Total operating expenses adjusted</b>	<b>(243 760)</b>	<b>(189 856)</b>	<b>(175 392)</b>	<b>(433 615)</b>	<b>(371 815)</b>	<b>(792 668)</b>
Special items 2)	-	(2 927)	(1 997)	(2 927)	(1 997)	21 218
Depreciation of acquisitions 3)	(8 177)	(8 116)	(11 009)	(16 293)	(22 011)	(45 560)
<b>Total operating expenses</b>	<b>(251 936)</b>	<b>(200 899)</b>	<b>(188 398)</b>	<b>(452 835)</b>	<b>(395 824)</b>	<b>(817 011)</b>
Other gains and losses 4)	1 906	2 568	(92)	4 474	(84)	4 615
<b>Operating profit</b>	<b>231 371</b>	<b>132 082</b>	<b>94 705</b>	<b>363 453</b>	<b>265 647</b>	<b>482 738</b>
Income/loss from investments in associates and joint ventures	(153)	(198)	-	(351)	-	-
Interest income	6 381	4 067	5 553	10 448	10 435	20 071
Interest expense lease liability	(429)	(410)	(179)	(838)	(371)	(1 677)
Interest expense	(1 658)	(1 052)	(1 650)	(2 710)	(3 228)	(6 956)
Other financial items, net	240	(2 677)	(416)	(2 437)	(1 503)	(3 737)
<b>Profit/(loss) before tax</b>	<b>235 754</b>	<b>131 812</b>	<b>98 012</b>	<b>367 565</b>	<b>270 980</b>	<b>490 440</b>

1) Corporate consists of estimate deviations previous year and special revenue items. A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises electricity revenue and the associated cost of sales based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period. Management is of the opinion that the underlying operating profit in the reporting period should be adjusted for such estimate deviations related to previous reporting periods.

## Note 2

### Segment information

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

NOK in thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
Special items incurred specific to:						
- acquisition related costs and implementation costs	-	(2 927)	(1 997)	(2 927)	(1 997)	(3 145)
- income related to compensatory damages	-	1 716	-	1 716	-	-
- change in pension plan	-	-	-	-	-	28 969
- Impairment charge	-	-	-	-	-	(4 606)
<b>Special items</b>	<b>-</b>	<b>(1 210)</b>	<b>(1 997)</b>	<b>(1 210)</b>	<b>(1 997)</b>	<b>21 218</b>

3) Depreciation of acquisitions consists of depreciation related to customer portfolios and acquisitions of companies accounted for in intangible assets in the consolidated statement of financial position.

NOK in thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
TrønderEnergi Marked acquisition	(5 180)	(5 180)	(7 788)	(10 359)	(15 576)	(32 753)
Oppdal Everk Kraftomsetning acquisition	(787)	(787)	(1 085)	(1 574)	(2 171)	(4 342)
Vesterålskraft Strøm acquisition	(565)	(565)	-	(1 131)	-	(1 516)
Other customer acquisitions	(1 645)	(1 584)	(2 136)	(3 229)	(4 264)	(6 949)
<b>Depreciation of acquisitions</b>	<b>(8 177)</b>	<b>(8 116)</b>	<b>(11 009)</b>	<b>(16 293)</b>	<b>(22 011)</b>	<b>(45 560)</b>

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

## Note 3

### Income tax

NOK in thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
Profit before tax	235 754	131 812	98 012	367 565	270 980	490 440
Tax expense	(52 084)	(29 211)	(21 879)	(81 294)	(60 422)	(120 269)
<i>Average tax rate</i>	<i>22,1 %</i>	<i>22,2 %</i>	<i>22,3 %</i>	<i>22,1 %</i>	<i>22,3 %</i>	<i>24,5 %</i>
Tax payable	54 528	31 077	21 976	85 605	64 143	112 790
Adjustments to prior years tax payable	-	-	-	-	-	33
Change in deferred tax	(2 444)	(1 867)	(97)	(4 311)	(3 721)	7 446
<b>Tax expense recognised in statement of profit or loss</b>	<b>52 084</b>	<b>29 211</b>	<b>21 879</b>	<b>81 294</b>	<b>60 422</b>	<b>120 269</b>

## Note 4

### 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

	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
Profit/(loss) attributable to equity holders of the company *	183 670	102 601	76 133	286 271	210 558	370 171
Total comprehensive income attributable to equity holders of the company *	157 646	102 601	76 133	260 248	210 558	359 080
Total number of ordinary shares in issue	104 572 216	104 586 216	104 496 216	104 586 216	104 496 216	104 496 216
Weighted average number of ordinary shares in issue	104 532 527	104 578 749	104 496 216	104 555 730	104 496 216	104 496 216
<b>Earnings per share in NOK</b>	<b>1,76</b>	<b>0,98</b>	<b>0,73</b>	<b>2,74</b>	<b>2,01</b>	<b>3,54</b>
<b>Total comprehensive income per share in NOK</b>	<b>1,51</b>	<b>0,98</b>	<b>0,73</b>	<b>2,49</b>	<b>2,01</b>	<b>3,44</b>
Share options	1 164 000	1 150 000	930 000	1 150 000	930 000	930 000
<b>Diluted earnings per share in NOK</b>	<b>1,74</b>	<b>0,97</b>	<b>0,72</b>	<b>2,71</b>	<b>2,00</b>	<b>3,51</b>
<b>Dividend per share in NOK</b>	<b>-</b>	<b>3,00</b>	<b>2,20</b>	<b>3,00</b>	<b>2,20</b>	<b>2,20</b>

\*NOK in thousands

The change in share options is due to extension of the share option program with one extra year (a total of 310 000 new share options) and first and second vesting periods where a total of 90 000 share options were exercised.

## Note 5

### Property, plant and equipment

<b>Q1 2020</b>				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2020	14 113	26 274	-	40 387
Additions	-	-	-	-
Transferred from construction in progress	-	-	-	-
Disposals	-	-	-	-
<b>Cost price 31 March 2020</b>	<b>14 113</b>	<b>26 274</b>	<b>-</b>	<b>40 387</b>
Accumulated depreciation 1 January 2020	(8 362)	(24 917)	-	(33 279)
Depreciation for the period	(349)	(102)	-	(451)
Disposals	-	-	-	-
<b>Accumulated depreciation 31 March 2020</b>	<b>(8 712)</b>	<b>(25 019)</b>	<b>-</b>	<b>(33 731)</b>
<b>Carrying amount 31 March 2020</b>	<b>5 401</b>	<b>1 255</b>	<b>-</b>	<b>6 656</b>

<b>Q2 2020</b>				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 April 2020	14 113	26 274	-	40 387
Additions	-	-	-	-
Transferred from construction in progress	-	-	-	-
Disposals	-	-	-	-
<b>Cost price 30 June 2020</b>	<b>14 113</b>	<b>26 274</b>	<b>-</b>	<b>40 387</b>
Accumulated depreciation 1 April 2020	(8 711)	(25 019)	-	(33 730)
Depreciation for the period	(349)	(102)	-	(451)
Disposals	-	-	-	-
<b>Accumulated depreciation 30 June 2020</b>	<b>(9 060)</b>	<b>(25 122)</b>	<b>-</b>	<b>(34 182)</b>
<b>Carrying amount 30 June 2020</b>	<b>5 052</b>	<b>1 152</b>	<b>-</b>	<b>6 204</b>

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**Note 5**
**Property, plant and equipment**

<b>Q2 2019</b>				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 April 2019	9 639	25 279	1 489	36 407
Additions	-	-	973	973
Transferred from construction in progress	1 376	-	(1 376)	-
Disposals	-	-	-	-
<b>Cost price 30 June 2019</b>	<b>11 015</b>	<b>25 279</b>	<b>1 086</b>	<b>37 381</b>
Accumulated depreciation 1 April 2019	(7 598)	(24 758)	-	(32 357)
Depreciation for the year	(286)	(53)	-	(339)
Disposals	-	-	-	-
<b>Accumulated depreciation 30 June 2019</b>	<b>(7 884)</b>	<b>(24 811)</b>	<b>-</b>	<b>(32 695)</b>
<b>Carrying amount 30 June 2019</b>	<b>3 131</b>	<b>468</b>	<b>1 086</b>	<b>4 685</b>
<b>YTD 2020</b>				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2020	14 113	26 274	-	40 387
Additions	-	-	-	-
Additions from business combinations	-	-	-	-
Transferred from construction in progress	-	-	-	-
Disposals	-	-	-	-
<b>Cost price 30 June 2020</b>	<b>14 113</b>	<b>26 274</b>	<b>-</b>	<b>40 387</b>
Accumulated depreciation 1 January 2020	(8 362)	(24 917)	-	(33 279)
Depreciation for the year	(598)	(205)	-	(803)
Disposals	-	-	-	-
<b>Accumulated depreciation 30 June 2020</b>	<b>(9 061)</b>	<b>(25 122)</b>	<b>-</b>	<b>(34 183)</b>
<b>Carrying amount 30 June 2020</b>	<b>5 052</b>	<b>1 153</b>	<b>-</b>	<b>6 205</b>



## Note 5

## Property, plant and equipment

<b>YTD 2019</b>				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2019	9 639	25 279	1 376	36 294
Additions	-	-	1 086	1 086
Transferred from construction in progress	1 376	-	(1 376)	-
Disposals	-	-	-	-
<b>Cost price 30 June 2019</b>	<b>11 015</b>	<b>25 279</b>	<b>1 086</b>	<b>37 381</b>
Accumulated depreciation 1 January 2019	(7 449)	(24 706)	-	(32 155)
Depreciation for the year	(435)	(105)	-	(540)
Disposals	-	-	-	-
<b>Accumulated depreciation 30 June 2019</b>	<b>(7 884)</b>	<b>(24 811)</b>	<b>-</b>	<b>(32 695)</b>
<b>Carrying amount 30 June 2019</b>	<b>3 131</b>	<b>468</b>	<b>1 086</b>	<b>4 685</b>

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

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

## Note 6 Intangible assets

### Non-current intangible assets

#### Q1 2020

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets, excl. goodwill	Goodwill	Total non-current intangible assets
Cost price 1 January 2020	213 393	15 147	170 805	13 903	413 249	166 696	579 945
Additions - Purchase	-	13 240	1 081	-	14 321	-	14 321
Additions - Internally generated	454	304	-	-	758	-	758
Transferred from construction in progress	4 761	(4 761)	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-
Disposals*	-	(10 000)	-	-	(10 000)	-	(10 000)
<b>Cost price 31 March 2020</b>	<b>218 609</b>	<b>13 929</b>	<b>171 886</b>	<b>13 903</b>	<b>418 328</b>	<b>166 696</b>	<b>585 024</b>
Accumulated depreciation 1 January 2020	(144 240)	-	(81 281)	(9 189)	(234 710)	-	(234 710)
Depreciation for the period	(8 581)	-	(7 351)	(873)	(16 805)	-	(16 805)
Disposals	-	-	-	-	-	-	-
<b>Accumulated depreciation 31 March 2020</b>	<b>(152 821)</b>	<b>-</b>	<b>(88 632)</b>	<b>(10 062)</b>	<b>(251 515)</b>	<b>-</b>	<b>(251 515)</b>
<b>Carrying amount 31 March 2020</b>	<b>65 787</b>	<b>13 929</b>	<b>83 258</b>	<b>3 842</b>	<b>166 813</b>	<b>166 696</b>	<b>333 512</b>

\* Disposal of NOKt 10 000 relates to sale of asset to the associated company Metzum AS. See note 12 for more information regarding the investment in Metzum AS.

Q2 2020	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets, excl. goodwill	Goodwill	Total non-current intangible assets
NOK in thousands							
Cost price 1 April 2020	218 609	13 929	171 886	13 903	418 328	166 696	585 024
Additions - Purchase	-	21 321	825	-	22 146	-	22 146
Additions - Internally generated	344	234	-	-	578	-	578
Transferred from construction in progress	16 098	(16 098)	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Cost price 30 June 2020</b>	<b>235 051</b>	<b>19 385</b>	<b>172 712</b>	<b>13 903</b>	<b>441 051</b>	<b>166 696</b>	<b>607 747</b>
Accumulated depreciation 1 April 2020	(152 821)	-	(88 632)	(10 062)	(251 515)	-	(251 515)
Depreciation for the period	(8 957)	-	(7 291)	(826)	(17 074)	-	(17 074)
Impairment for the period	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Accumulated depreciation 30 June 2020</b>	<b>(161 778)</b>	<b>-</b>	<b>(95 923)</b>	<b>(10 888)</b>	<b>(268 589)</b>	<b>-</b>	<b>(268 589)</b>
<b>Carrying amount 30 June 2020</b>	<b>73 274</b>	<b>19 385</b>	<b>76 793</b>	<b>3 016</b>	<b>172 468</b>	<b>166 696</b>	<b>339 162</b>

**Note 6**  
**Intangible assets**

**Non-current intangible assets**

**Q2 2019**

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets, excl. goodwill	Goodwill	Total non-current intangible assets
Cost price 1 April 2019	156 153	42 522	157 679	12 633	368 987	155 849	524 836
Additions - Purchase	-	10 792	474	-	11 266	-	11 266
Additions - Internally generated	34	203	-	-	237	-	237
Transferred from construction in progress	8 986	(8 986)	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Cost price 30 June 2019</b>	<b>165 173</b>	<b>44 530</b>	<b>158 153</b>	<b>12 633</b>	<b>380 490</b>	<b>155 849</b>	<b>536 339</b>
Accumulated depreciation 1 April 2019	(115 761)	-	(50 175)	(5 593)	(171 530)	-	(171 530)
Depreciation for the period	(7 374)	-	(9 990)	(1 067)	(18 431)	-	(18 431)
Disposals	-	-	-	-	-	-	-
<b>Accumulated depreciation 30 June 2019</b>	<b>(123 135)</b>	<b>-</b>	<b>(60 165)</b>	<b>(6 660)</b>	<b>(189 959)</b>	<b>-</b>	<b>(189 959)</b>
<b>Carrying amount 30 June 2019</b>	<b>42 038</b>	<b>44 530</b>	<b>97 988</b>	<b>5 973</b>	<b>190 529</b>	<b>155 849</b>	<b>346 380</b>

**YTD 2020**

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets, excl. goodwill	Goodwill	Total non-current intangible assets
Cost price 1 January 2020	213 393	15 147	170 805	13 903	413 249	166 696	579 945
Additions - Purchase	-	34 560	1 906	-	36 467	-	36 467
Additions - Internally generated	798	538	-	-	1 336	-	1 336
Transferred from construction in progress	20 860	(20 860)	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-
Disposals*	-	(10 000)	-	-	(10 000)	-	(10 000)
<b>Cost price 30 June 2020</b>	<b>235 051</b>	<b>19 385</b>	<b>172 712</b>	<b>13 903</b>	<b>441 051</b>	<b>166 696</b>	<b>607 747</b>
Accumulated depreciation 1 January 2020	(144 240)	-	(81 281)	(9 189)	(234 710)	-	(234 710)
Depreciation for the year	(17 538)	-	(14 642)	(1 699)	(33 879)	-	(33 879)
Impairment for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Accumulated depreciation 30 June 2020</b>	<b>(161 778)</b>	<b>-</b>	<b>(95 923)</b>	<b>(10 888)</b>	<b>(268 589)</b>	<b>-</b>	<b>(268 589)</b>
<b>Carrying amount 30 June 2020</b>	<b>73 272</b>	<b>19 385</b>	<b>76 793</b>	<b>3 016</b>	<b>172 466</b>	<b>166 696</b>	<b>339 162</b>

\* Disposal of NOKt 10 000 relates to sale of asset to the associated company Metzum AS. See note 12 for more information regarding the investment in Metzum AS.

## Note 6 Intangible assets

<b>Non-current intangible assets</b>							
<b>YTD 2019</b>							
NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets, excl. goodwill	Goodwill	Total non-current intangible assets
Cost price 1 January 2019	140 692	42 869	157 435	12 633	353 630	155 849	509 479
Additions - Purchase	-	25 461	718	-	26 179	-	26 179
Additions - Internally generated	194	487	-	-	681	-	681
Transferred from construction in progress	24 286	(24 286)	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Cost price 30 June 2019</b>	<b>165 173</b>	<b>44 530</b>	<b>158 153</b>	<b>12 633</b>	<b>380 490</b>	<b>155 849</b>	<b>536 339</b>
Accumulated depreciation 1 January 2019	(108 955)	-	(40 192)	(4 527)	(153 674)	-	(153 672)
Depreciation for the year	(14 180)	-	(19 973)	(2 134)	(36 287)	-	(36 287)
Impairment for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Accumulated depreciation 30 June 2019</b>	<b>(123 135)</b>	<b>-</b>	<b>(60 165)</b>	<b>(6 660)</b>	<b>(189 959)</b>	<b>-</b>	<b>(189 959)</b>
<b>Carrying amount 30 June 2019</b>	<b>42 038</b>	<b>44 530</b>	<b>97 988</b>	<b>5 973</b>	<b>190 529</b>	<b>155 849</b>	<b>346 380</b>
<b>Full year 2019</b>							
NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets, excl. goodwill	Goodwill	Total non-current intangible assets
Cost price 1 January 2019	140 692	42 869	157 435	12 633	353 630	155 849	509 479
Additions - Purchase	-	45 314	1 008	-	46 322	-	46 322
Additions - Internally generated	1 094	173	-	-	1 267	-	1 267
Additions from business combinations	-	-	12 362	1 270	13 632	10 847	24 479
Transferred from construction in progress	71 606	(71 606)	-	-	-	-	-
Government grants (SkatteFUNN)	-	(1 602)	-	-	(1 602)	-	(1 602)
Disposals	-	-	-	-	-	-	-
<b>Cost price 31 December 2019</b>	<b>213 393</b>	<b>15 147</b>	<b>170 805</b>	<b>13 903</b>	<b>413 249</b>	<b>166 696</b>	<b>579 945</b>
Accumulated depreciation 1 January 2019	(108 955)	-	(40 193)	(4 527)	(153 675)	-	(153 675)
Depreciation for the year	(29 492)	-	(41 087)	(4 662)	(75 241)	-	(75 241)
Impairment for the year	(5 794)	-	-	-	(5 794)	-	(5 794)
Disposals	-	-	-	-	-	-	-
<b>Accumulated depreciation 31 December 2019</b>	<b>(144 240)</b>	<b>-</b>	<b>(81 281)</b>	<b>(9 189)</b>	<b>(234 710)</b>	<b>-</b>	<b>(234 710)</b>
<b>Carrying amount 31 December 2019</b>	<b>69 155</b>	<b>15 147</b>	<b>89 526</b>	<b>4 715</b>	<b>178 542</b>	<b>166 696</b>	<b>345 238</b>
Useful life	3 years		2-12 years	3 years			
Depreciation method	Straight line		Straight line/other*	Straight line			

\* For the majority of customer portfolios amortisation is calculated on basis of expected churn-profile of the customer portfolios.

## Note 6

### Intangible assets

#### Current intangible assets

##### Q1 2020

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2020	18 128	5 632	23 760
Additions - Purchase	245 712	1 397	247 109
Disposals*	(263 782)	(2 357)	(266 139)
<b>Cost price 31 March 2020</b>	<b>58</b>	<b>4 672</b>	<b>4 730</b>
Accumulated depreciation 1 January 2020	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
<b>Accumulated depreciation 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount 31 March 2020</b>	<b>58</b>	<b>4 672</b>	<b>4 730</b>

##### Q2 2020

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 April 2020	58	4 672	4 730
Additions - Purchase	-	176	176
Disposals* / **	187	(3 143)	(2 956)
<b>Cost price 30 June 2020</b>	<b>246</b>	<b>1 705</b>	<b>1 950</b>
Accumulated depreciation 1 April 2020	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
<b>Accumulated depreciation 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount 30 June 2020</b>	<b>246</b>	<b>1 705</b>	<b>1 950</b>

\* 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. Depreciation and impairment of intangible assets are included in the line 'Depreciation and amortisation' in the consolidated statement of profit and loss.

\*\* At the end of the first quarter the amount of disposals of El-certificates was based on estimates. Actual amount was lower than estimated and the effect is shown as a positive amount in disposals in the second quarter.

## Note 6

### Intangible assets

<b>Current intangible assets</b>			
<b>Q2 2019</b>			
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 April 2019	27 669	4 129	31 799
Additions - Purchase	1 732	14	1 746
Disposals*	(11 273)	(2 961)	(14 234)
<b>Cost price 30 June 2019</b>	<b>18 128</b>	<b>1 183</b>	<b>19 311</b>
Accumulated depreciation 1 April 2019	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
<b>Accumulated depreciation 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount 30 June 2019</b>	<b>18 128</b>	<b>1 183</b>	<b>19 311</b>
<b>YTD 2020</b>			
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2020	18 128	5 632	23 760
Additions - Purchase	245 712	1 573	247 285
Disposals*	(263 594)	(5 501)	(269 095)
<b>Cost price 30 June 2020</b>	<b>246</b>	<b>1 705</b>	<b>1 950</b>
Accumulated depreciation 1 January 2020	-	-	-
Depreciation for the year	-	-	-
Disposals	-	-	-
<b>Accumulated depreciation 30 June 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount 30 June 2020</b>	<b>246</b>	<b>1 705</b>	<b>1 950</b>

\* Disposals of EI-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. Depreciation and impairment of intangible assets are included in the line 'Depreciation and amortisation' in the consolidated statement of profit and loss.

**Note 6**  
**Intangible assets**

<b>Current intangible assets</b>			
<b>YTD 2019</b>			
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2019	22 101	11 494	33 595
Additions - Purchase	242 596	6 209	248 805
Disposals*	(246 569)	(16 520)	(263 089)
<b>Cost price 30 June 2019</b>	<b>18 128</b>	<b>1 183</b>	<b>19 311</b>
Accumulated depreciation 1 January 2019	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
<b>Accumulated depreciation 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount 30 June 2019</b>	<b>18 128</b>	<b>1 183</b>	<b>19 311</b>
<b>Full year 2019</b>			
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2019	22 101	11 494	33 595
Additions - Purchase	242 596	12 975	255 571
Disposals*	(246 569)	(18 837)	(265 405)
<b>Cost price 31 December 2019</b>	<b>18 128</b>	<b>5 632</b>	<b>23 760</b>
Accumulated depreciation 1 January 2019	-	-	-
Depreciation for the year	-	-	-
Disposals	-	-	-
<b>Accumulated depreciation 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount 31 December 2019</b>	<b>18 128</b>	<b>5 632</b>	<b>23 760</b>

\* 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.  
Depreciation and impairment of intangible assets are included in the line 'Depreciation and amortisation' in the consolidated statement of profit and loss.

## Note 7 Fair value measurement of financial instruments

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

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>At 31 March 2020</b>				
NOK in thousands				
<b>Financial assets</b>				
Derivative financial instruments	-	227 964	122 937	350 901
<b>Total financial assets at fair value</b>	<b>-</b>	<b>227 964</b>	<b>122 937</b>	<b>350 901</b>

<b>Financial liabilities</b>				
Derivative financial instruments	-	220 554	117 166	337 719
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>220 554</b>	<b>117 166</b>	<b>337 719</b>

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>At 30 June 2020</b>				
NOK in thousands				
<b>Financial assets</b>				
Derivative financial instruments	-	154 616	75 219	229 834
<b>Total financial assets at fair value</b>	<b>-</b>	<b>154 616</b>	<b>75 219</b>	<b>229 834</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	143 985	70 100	214 085
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>143 985</b>	<b>70 100</b>	<b>214 085</b>

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>At 30 June 2019</b>				
NOK in thousands				
<b>Financial assets</b>				
Derivative financial instruments	-	82 466	32 896	115 362
<b>Total financial assets at fair value</b>	<b>-</b>	<b>82 466</b>	<b>32 896</b>	<b>115 362</b>

<b>Financial liabilities</b>				
Derivative financial instruments	-	78 858	28 390	107 249
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>78 858</b>	<b>28 390</b>	<b>107 249</b>



**Note 7**  
**Fair value**  
**measurement of**  
**financial instruments**

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
<b>At 31 December 2019</b>				
NOK in thousands				
<b>Financial assets</b>				
Derivative financial instruments	-	50 875	28 399	79 274
<b>Total financial assets at fair value</b>	<b>-</b>	<b>50 875</b>	<b>28 399</b>	<b>79 274</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	43 779	24 220	67 999
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>43 779</b>	<b>24 220</b>	<b>67 999</b>

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. After an updated assessment of the classification of derivative financial instruments the Group have chosen to reclassify the fair value of some instruments from level 2 to level 3, due to inputs not being directly observable. Comparable figures from 2019 has been reclassified accordingly. Total amounts remain unchanged as there has not been any change in the value of the inputs.

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

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

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

**Valuation techniques used to determine fair values**

Specific valuation techniques used to value derivative financial instruments include present value of future cash flows, based on forward prices from Nasdaq OMX Commodities at the balance sheet date. In the case of material long-term contracts,

the cash flows are discounted at a discount rate of 0,4 per cent (2019: 1,3 per cent). Valuation method is used for forward contracts and option contracts associated with purchase and sale of electricity. Key inputs to the valuation are discount rates, contract- and market prices. Level 3 input consists of area prices from Bergen and Kristiansand as these do not have observable market data.

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 amount at 30 June 2020.

**Note 7**  
**Fair value**  
**measurement of**  
**financial instruments**

<b>Assets and liabilities measured at fair value based on level 3 Recurring fair value measurements</b>			
<b>At 31 March 2020</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Total, net</b>
NOK in thousands			
Opening balance 1 January 2020	28 399	24 220	4 179
Additions or derecognitions	(231)	(1 296)	1 065
Unrealised changes in value recognised in profit and loss	94 768	94 242	527
<b>Closing balance 31 March 2020</b>	<b>122 937</b>	<b>117 166</b>	<b>5 771</b>
<b>Net realised gain (+) / loss (-) recognised in profit and loss Q1 2020</b>			<b>2 161</b>
<b>At 30 June 2020</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Total, net</b>
NOK in thousands			
Opening balance 1 April 2020	122 937	117 166	5 771
Additions or derecognitions	(1 777)	(1 577)	(200)
Unrealised changes in value recognised in profit and loss	(45 941)	(45 488)	(453)
<b>Closing balance 30 June 2020</b>	<b>75 219</b>	<b>70 100</b>	<b>5 118</b>
<b>Net realised gain (+) / loss (-) recognised in profit and loss Q2 2020</b>			<b>(2 157)</b>
<b>At 30 June 2019</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Total, net</b>
NOK in thousands			
Opening balance 1 April 2019	75 044	67 435	7 609
Additions or derecognitions	1 970	250	1 719
Unrealised changes in value recognised in profit and loss	(44 118)	(39 295)	(4 823)
<b>Closing balance 30 June 2019</b>	<b>32 896</b>	<b>28 390</b>	<b>4 505</b>
<b>Net realised gain (+) / loss (-) recognised in profit and loss Q2 2019</b>			<b>(176)</b>
<b>At 31 December 2019</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Total, net</b>
NOK in thousands			
Opening balance 1 January 2019	189 363	166 104	23 259
Additions or derecognitions	(164 550)	(145 556)	(18 994)
Unrealised changes in value recognised in profit and loss	3 586	3 672	(86)
<b>Closing balance 31 December 2019</b>	<b>28 399</b>	<b>24 220</b>	<b>4 179</b>
<b>Net realised gain (+) / loss (-) recognised in profit and loss 2019</b>			<b>2 810</b>
<b>Sensitivity analysis of factors classified to level 3</b>			
NOK in thousands			
Net effect from power prices		<b>10 % reduction</b>	<b>10 % increase</b>
		(467)	467

## Note 8

### Related party transactions

Per 30 June 2020, the Group's related parties include major shareholders, Board of Directors, associated company and key management.

In 2019 two major shareholders, BKK AS and Skagerak Energi AS, sold shares in Fjordkraft Holding ASA. As a result of this Skagerak Energi AS, their parent company Statkraft AS, Skagerak Energi Group and Statkraft Group are no longer considered to be related parties. The Board of Directors include a representative from BKK AS. BKK AS and subsidiaries are therefore considered to be related parties.

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

#### Income from related parties

Related party	Relation	Purpose of transactions	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
BKK AS	Major shareholder	Sale of electrical power	578	10	2 387	588	6 163	10 509
BKK Energitjenester AS	Subsidiary of major shareholder	Sale of electrical power	893	1 415	1 334	2 308	1 334	1 046
BKK Nett AS	Subsidiary of major shareholder	Sale of electrical power	1 351	975	1 187	2 325	2 748	4 879
BKK Varme AS	Subsidiary of major shareholder	Sale of electrical power	3 067	2 861	-	5 927	-	-
Skagerak Energi AS	Major shareholder	Sale of electrical power	-	-	-	-	1 699	1 699
Skagerak Nett AS	Subsidiary of major shareholder	Sale of electrical power	-	-	-	-	1 748	1 748
Skagerak Varme AS	Subsidiary of major shareholder	Sale of electrical power	-	-	-	-	4 494	4 494
Statkraft AS	Parent company of major shareholder	Sale of electrical power	-	-	-	-	1 795	1 795
Statkraft Varme AS	Subsidiary of parent company of major shareholder	Sale of electrical power	-	-	-	-	27 381	27 381
Other	Related party	Other	481	242	67	723	2 146	3 484

Sale of electrical power in some cases includes re invoiced grid rent.

#### Expenses to related parties

Related party	Relation	Purpose of transactions	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
BKK AS	Major shareholder	Purchase of electrical power	-	-	448	-	876	1 545
BKK Produksjon AS	Subsidiary of major shareholder	Purchase of electrical power	2 569	2 988	1 863	5 557	6 131	12 689
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of electrical power	-	-	-	-	1 055 212	1 055 212
BKK AS	Major shareholder	Purchase of other services	6 130	5 937	6 596	12 067	13 492	27 211
BKK Regnskapsservice AS	Subsidiary of major shareholder	Purchase of other services	-	-	(72)	-	2 109	1 875
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of other services	408	416	870	824	870	1 829
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of other services	-	-	-	-	2 029	2 029
Metzum AS	Associated company	Purchase of other services	3 114	2 987	-	6 100	-	-
Other	Related party	Other	-	206	82	206	148	264

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

## Note 8

### Related party transactions

#### Purchase of assets

Related party	Relation	Purpose of transactions	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
BKK AS	Major shareholder	Research and development	-	-	(136)	-	(86)	(86)
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of customer portfolio	73	374	474	447	718	1 008
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of el-certificates	-	-	-	-	240 864	240 864
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of guarantees of origination	-	-	-	-	6 195	6 195
Metzum AS	Associated company	Research and development	6 705	6 265	-	12 969	-	-

#### Distributions to related parties

Related party	Relation	Purpose of transactions	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
BKK AS	Major shareholder	Dividend	-	47 799	35 053	47 799	35 053	35 053

#### Current receivables from related parties

Related party	Relation	Purpose of transactions	31 Mar 2020	30 Jun 2020	30 Jun 2019	31 Dec 2019
Other	Related party	Sale of electrical power	483	1 621	463	1 010

#### Current liabilities to related parties

Related party	Relation	Purpose of transactions	31 Mar 2020	30 Jun 2020	30 Jun 2019	31 Dec 2019
BKK AS	Major shareholder	Other	206	2	313	195
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of other services	169	-	-	-
BKK Varme AS	Subsidiary of major shareholder	Purchase of other services	-	189	-	-
Metzum AS	Associated company	Research and development	4 313	3 813	-	-
Other	Related party	Other	-	-	158	-

Payables to Statkraft Energi AS (SEAS) mainly relates to purchase of electricity. The Group purchases electricity at Nord Pool through Statkraft Energi AS. The daily transactions and payments with Nord Pool is completed by SEAS, while Fjordkraft AS settles their liabilities towards Statkraft Energi AS monthly. Payables are normally settled in 30 days, but Fjordkraft has the right to postpone the payments by 30 days if their current cash in hand does not cover the liability.

As compensation for the time difference between Fjordkraft's payments and Statkraft Energi AS' settlements towards Nord Pool, Fjordkraft is charged with interests. Interest rate is based on 1M NIBOR plus a margin based on current market terms.

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

As SEAS handles the guarantees on Nord Pool, the Group has no direct exposure on Nord Pool.

## Note 9

### Revenue recognition

The following table summarises revenue from contracts with customers:

<b>Revenue</b>						
NOK in thousands	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Full year 2019</b>
Revenue - Consumer segment (1)	739 990	323 666	747 141	1 063 656	2 182 057	3 948 175
Revenue - Business segment (2)	504 478	253 299	575 338	757 777	1 638 052	2 899 333
Revenue - New growth initiatives (3)	65 788	71 796	51 302	137 584	99 307	218 924
Revenue - Corporate	-	22 620	54 969	22 620	54 969	56 096
<b>Total revenue</b>	<b>1 310 256</b>	<b>671 380</b>	<b>1 428 751</b>	<b>1 981 637</b>	<b>3 974 385</b>	<b>7 122 528</b>

#### Timing of revenue recognition

##### Over time:

NOK in thousands	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Full year 2019</b>
Revenue - Consumer segment	728 506	312 256	733 668	1 040 762	2 152 943	3 896 620
Revenue - Business segment	497 780	246 896	569 378	744 676	1 626 369	2 874 572
Revenue - New growth initiatives	65 372	71 365	50 969	136 737	98 608	217 523
Revenue - Corporate	-	22 620	54 969	22 620	54 969	56 096
<b>Total revenue recognised over time</b>	<b>1 291 658</b>	<b>653 136</b>	<b>1 408 984</b>	<b>1 944 795</b>	<b>3 932 889</b>	<b>7 044 811</b>

##### At a point in time:

NOK in thousands	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q2 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Full year 2019</b>
Revenue - Consumer segment	11 484	11 410	13 473	22 894	29 114	51 556
Revenue - Business segment	6 698	6 403	5 960	13 101	11 683	24 761
Revenue - New growth Initiatives	416	431	333	847	699	1 401
<b>Total revenue recognised at a point in time</b>	<b>18 598</b>	<b>18 245</b>	<b>19 766</b>	<b>36 843</b>	<b>41 496</b>	<b>77 717</b>
<b>Total revenue</b>	<b>1 310 256</b>	<b>671 380</b>	<b>1 428 751</b>	<b>1 981 637</b>	<b>3 974 385</b>	<b>7 122 528</b>

(1) Revenue in the consumer segment comprise sale of electrical power to private consumers

(2) Revenue in the business segment comprise sale of electrical power to businesses

(3) Comprise of other business activities (sale of mobile service to private customers and power sale, included related services, to Alliance partners)

## Note 10

### Long term debt

<b>Long term debt</b>					
NOK in thousands	Effective interest rate	31 Mar 2020	30 Jun 2020	30 Jun 2019	31 Dec 2019
Long term debt DNB	NIBOR 3 months + 1,35 %	180 700	166 800	222 400	194 600
<b>Total</b>		<b>180 700</b>	<b>166 800</b>	<b>222 400</b>	<b>194 600</b>

Fjordkraft AS has long term debt to DNB related to the purchase of TrønderEnergi Marked AS in 2018.

The interest rate is a calculated weighted average. The reference interest rate is NIBOR. Repayment profile is five years, with quarterly instalments. The loan instalments (NOKt 55 600) that are due the next twelve months have been reclassified from interest-bearing long term debt to other non-current liabilities.

## Note 11

### Special events - Covid-19 Pandemic

This note is provided as a summary of the judgements and estimates made in determining the effects of the ongoing Covid-19 pandemic on the Group's financial statements. All judgements and estimates are made with a high degree of uncertainty as the economic impact of the pandemic and the Government's response to the pandemic are still unclear.

#### Financial Risk Management

The Group classifies the following categories of financial risks:

- Market risk
- Credit risk
- Liquidity risk

#### Market risk

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

Many employees in Norway are working from their homes due to the COVID-19 outbreak. Therefore, demand in the consumer segment is expected to be relatively stable.

In the Business segment there has been a reduction in demand due to temporary closed offices

and facilities. Market risk related to commodity prices has not been significantly affected by the current situation as electricity prices is mostly dependent on weather conditions in the short term.

Interest rate risk is expected to be lower in the current situation as part of the Government's response to the economic consequences of the pandemic has been to lower the policy rate which in turn affects the interest rate on the Group's bank loans and credit facility.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Many industries have been negatively affected by the strong measures taken by the Norwegian Government to counter the COVID-19 outbreak and there has already been an increase in bankruptcies, especially in the small business segment. The Norwegian Government has responded to these effects by, among other things, offering companies a Compensation scheme for unavoidable business expenses and by offering loans, funds and grants to secure liquidity. These measures have mitigated the negative effects, but the Group is still expecting an increase in credit losses in the Business segment.

The increase in bankruptcies and struggling companies has led to a large increase in layoffs, which is expected to influence credit losses in the Consumer segment. The effect of layoffs is mitigated by Government responses which includes extended unemployment benefit period and lowering the policy rate which in turn affects interest rates on bank loans. Banks has also mitigated the

effect of the income loss in the short term by offering instalment-free periods to all customers. As mortgage is the largest cost for most households, this is expected to have a good effect on the household economy. Despite the measures in place, the Group is still expecting an increase in credit losses in the Consumer segment.

The full effect of the Covid-19 pandemic and the Government responses are still unclear and at the current time the economic consequences are hard to predict. The uncertainty about future development makes it hard to estimate expected credit losses (ECL). Actual bankruptcies are already accounted for in the model for calculating ECL, but not expected bankruptcies and expected effects from layoffs of customers in the consumer segment. To account for these effects, the Group has increased the provision for losses by NOKt 8 400 in the first two quarters of 2020.

#### Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, bank facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Overall sales and activity is expected to be relatively stable, but an increase in credit losses will have a negative effect on the cash flow. In addition, the Group has offered payment plans and deferred payment to customers negatively affected by the current situation, which is also expected to have a negative effect on the cash flow in the short run. The Group has good liquidity reserves with cash and cash equivalent amounting to NOKt 749 445 at 30 June 2020 and additional undrawn facilities of NOKt 1 000 000 through a credit facility from DNB Bank ASA.

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**Note 11**  
**Special events -**  
**Covid-19 Pandemic**

The increased liquidity risk due to the current situation is therefore considered to be sufficiently covered.

**Impairment of intangible assets (including Goodwill)**

Sale of electricity enjoys a robust demand and the Group does not expect a significant change in overall activity due to the ongoing pandemic. The effect of a potential increase in losses on trade receivables is not considered to materially change the impairment test performed at 31 December 2019.

For the impairment test of Goodwill, a sensitivity analysis was performed at 31 December 2019. It did not result in impairment even when reducing operating income by 10 percent, which is considered an unlikely scenario even in the current circumstances.

Overall, the Group does not consider the current circumstances to be an indication that intangible assets (including Goodwill) may be impaired and has not performed an updated impairment test.

**Fair value of derivatives**

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

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

Government responses to the economic conse-

quences of the COVID-19 pandemic include a significant reduction of the policy rate, which in turn affects market interest rates. This change affects both present value of defined benefit obligations and the fair value of plan assets.

A significant share of the Group's plan assets is invested in bonds and money-market placements (approximately 65 % of total investments at 31 December 2019). The fair value of these investments is highly dependent on current market interest rates and reduced market rates has led to a reduction of the fair value of approximately NOKt 9 555.

Reduced market rates also affect the discount rate used to calculate present value of defined benefit obligations and an updated discount rate has led to an increase in the present value of approximately NOKt 32 268.

The current situation also affects expected growth in base social security amount (G) which is an input in calculating present value of defined benefit obligations. A lower growth rate is expected which has led to a reduction in the present value of approximately NOKt 8 460.

In total, the current market conditions have led to actuarial losses on pension obligations of NOKt 33 363 in the first two quarters of 2020. The change has been recognised through other comprehensive income (NOKt 26 024 net of tax).

Due to the long-term nature and significant amounts involved, relatively small changes in one or more of the inputs used in calculating present value of defined benefit obligations and the fair value of plan assets can lead to significant gains or losses on pension obligations. The loss recognised in the first two quarters of 2020 is significant but is a direct effect of government measures which

is expected to be relatively short term in nature. In the longer term, these effects are expected to even out.

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



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## Note 12 Investments in associates and joint ventures

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

The purchase price for Fjordkraft AS' shares was NOKt 10 000. The share of profit and loss and financial position from investments in associates and joint ventures are recognised based on the equity method in the interim financial statements.

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## Note 13 Events after the reporting period

On 17 July 2020, Fjordkraft Holding ASA entered into an agreement for the acquisition of 100% of the shares in Innlandskraft AS. The agreement was signed 17 July 2020 at an enterprise value of 1 410 NOKm, in addition to a locked box interest for Innlandskraft AS's results between 30 June and the date of closing. Innlandskraft AS will be consolidated in the Group accounts from 1 July 2020.

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

## Directors responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first six months of 2020, which have been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations.

To the best of our knowledge, the interim report for the first six months of 2020 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining half of 2020, and major related party transactions.

The Board of Fjordkraft Holding ASA, Bergen, 19 August 2019



Per Axel Koch  
Chairman



Birthe Iren Grotle  
Board member



Frank Økland  
Board member



Elisabeth M. Norberg  
Board member



Heidi Theresa Ose  
Board member



Live Bertha Haukvik  
Board member



Steinar Sønsteby  
Board member



Lindi Bucher Vinsand  
Board member



Rolf Jørgen Barmen  
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To the Board of Directors of Fjordkraft Holding ASA

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim financial statement of Fjordkraft Holding ASA and the Fjordkraft Group. The condensed interim financial statement consists of the condensed consolidated statement of financial position as of 30 June 2020, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income (loss), the condensed statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2020, and its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Bergen, 19 August 2020  
Deloitte AS



**Helge-Roald Johnsen**  
State Authorised Public Accountant

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Organisasjonsnummer: 980 211 282

# Appendix



## Alternative performance measures

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

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

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

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

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

### EBIT adjusted

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

- *Estimate deviations from previous years:* A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises electricity revenue and the associated cost of sales, based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
- *Other gains and losses, net:* Consist of gains and losses on derivative financial instruments associated with the purchase and sale of electricity

- *Special items:* Items that are not part of the ordinary business, such as acquisition related costs and launch of new services
- *Depreciation of acquisitions:* Depreciation related to customer portfolios and acquisitions of companies. The Group has decided to report the operating profit of the segments adjusted for depreciation of acquisitions

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

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

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

### EBITDA adjusted

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

- *Estimate deviations from previous years:* A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises electricity revenue and the associated cost of sales based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
- *Other gains and losses, net:* Consist of gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- *Special items:* items that are not part of the ordinary business, such as acquisition related costs and launch of new services

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

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

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## Alternative performance measures

**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:  $[(\text{Adjusted EBIT} + \text{net finance}) \times (1 - \text{average tax rate}) - \text{amortisation of acquisition debt}]$ .

**Net interest-bearing debt (NIBD)** shows the net cash position and how much cash would remain if all interest-bearing debt was paid. The calculation is total interest-bearing liabilities deducted cash and cash equivalents.

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

### Net revenue adjusted

This APM presents Net revenue adjusted for:

- *Estimate deviations from previous years:* A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises electricity revenue and the asso-

ciated cost of sales based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period

- *Other special revenue adjustments:* which represents non-recurring income which is recognised in the profit or loss for the period

**Net working capital (NWC)** is used to measure short-term liquidity and the ability to utilise assets in an efficient matter. NWC includes the following items from current assets: Inventories, intangible assets, trade receivables, derivative financial instruments and other current assets (that is, all current assets in the balance sheet except cash and cash equivalents); and the following items from current liabilities: trade payables, current income tax liabilities, derivative financial instruments, social security and other taxes and other current liabilities. First year instalments related to long term debt from acquisition is classified as interest bearing debt.

**Non-cash NWC elements and other items** is used when analysing the development in NIBD. Non-cash NWC relates to items included in "change in NWC" that are not affecting Net interest-bearing

debt while other items include interest, tax, change in long-term receivables, proceeds from non-current receivables, proceeds from other long-term liabilities and adjustments made on EBITDA.

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

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

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

## Alternative performance measures

## Financial statements with APM's

Reported amounts:

NOK in thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
Operating income	1 310 256	671 380	1 428 751	1 981 637	3 974 385	7 122 528
Cost of sales	(828 855)	(340 967)	(1 145 557)	(1 169 822)	(3 312 830)	(5 827 394)
<b>Net revenue</b>	<b>481 402</b>	<b>330 413</b>	<b>283 194</b>	<b>811 815</b>	<b>661 555</b>	<b>1 295 134</b>
Personnel expenses	(78 596)	(54 648)	(47 910)	(133 243)	(112 335)	(236 106)
Other operating expenses	(124 593)	(97 758)	(92 517)	(222 352)	(190 426)	(379 973)
<b>Operating expenses</b>	<b>(203 189)</b>	<b>(152 406)</b>	<b>(140 427)</b>	<b>(355 595)</b>	<b>(302 761)</b>	<b>(616 079)</b>
Other gains and losses, net	1 906	2 568	(92)	4 474	(84)	4 615
<b>EBITDA</b>	<b>280 119</b>	<b>180 575</b>	<b>142 675</b>	<b>460 694</b>	<b>358 711</b>	<b>683 670</b>
Depreciation & amortisation	(48 748)	(48 493)	(47 971)	(97 241)	(93 064)	(200 932)
<b>EBIT reported (Operating profit)</b>	<b>231 371</b>	<b>132 082</b>	<b>94 705</b>	<b>363 453</b>	<b>265 647</b>	<b>482 738</b>
Net financials	4 382	(270)	3 307	4 112	5 333	7 701
<b>Profit/ (loss) before taxes</b>	<b>235 754</b>	<b>131 812</b>	<b>98 012</b>	<b>367 565</b>	<b>270 980</b>	<b>490 440</b>
Taxes	(52 084)	(29 211)	(21 879)	(81 294)	(60 422)	(120 269)
<b>Profit/ (loss) for the period</b>	<b>183 670</b>	<b>102 601</b>	<b>76 133</b>	<b>286 271</b>	<b>210 558</b>	<b>370 171</b>
<b>EBIT reported margin</b>	<b>48%</b>	<b>40%</b>	<b>33%</b>	<b>45%</b>	<b>40%</b>	<b>37%</b>

## Alternative performance measures

### Adjusted amounts:

NOK in thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
<b>Net revenue</b>	<b>481 402</b>	<b>330 413</b>	<b>283 194</b>	<b>811 815</b>	<b>661 555</b>	<b>1 295 134</b>
Adjustment: (Positive/ negative estimate deviations previous year)	-	(14 674)	(9 366)	(14 674)	(9 366)	(11 414)
Special items*	-	(1 716)	-	(1 716)	-	-
<b>Net revenue adjusted</b>	<b>481 402</b>	<b>314 023</b>	<b>273 828</b>	<b>795 425</b>	<b>652 189</b>	<b>1 283 721</b>
<b>EBITDA</b>	<b>280 119</b>	<b>180 575</b>	<b>142 675</b>	<b>460 694</b>	<b>358 711</b>	<b>683 670</b>
Adjustment: (Positive/ negative estimate deviations previous year)	-	(14 674)	(9 366)	(14 674)	(9 366)	(11 414)
Other gains and losses	(1 906)	(2 568)	92	(4 474)	84	(4 615)
Special items*	-	1 210	1 997	1 210	1 997	(21 218)
<b>EBITDA adjusted (before unallocated and estimate deviations)</b>	<b>278 213</b>	<b>164 544</b>	<b>135 398</b>	<b>442 757</b>	<b>351 425</b>	<b>646 422</b>
<b>EBIT reported (Operating profit)</b>	<b>231 371</b>	<b>132 082</b>	<b>94 705</b>	<b>363 453</b>	<b>265 647</b>	<b>482 738</b>
Adjustment: (Positive/ negative estimate deviations previous year)	-	(14 674)	(9 366)	(14 674)	(9 366)	(11 414)
Other gains and losses	(1 906)	(2 568)	92	(4 474)	84	(4 615)
Special items*	-	1 210	1 997	1 210	1 997	(21 218)
Part of depreciation related to acquisitions	8 177	8 116	11 009	16 293	22 011	45 560
<b>EBIT adjusted (before unallocated and estimate deviations)</b>	<b>237 642</b>	<b>124 168</b>	<b>98 436</b>	<b>361 810</b>	<b>280 374</b>	<b>491 053</b>
<b>EBIT margin adjusted</b>	<b>49%</b>	<b>40%</b>	<b>36%</b>	<b>45%</b>	<b>43%</b>	<b>38%</b>

\* Special items consists of the following:

NOK in thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
Acquisition related costs	-	(2 927)	(1 997)	(2 927)	(1 997)	(3 145)
Income related to compensatory damages	-	1 716	-	1 716	-	-
Change in pension plan	-	-	-	-	-	28 969
Impairment R&D (P&I project)	-	-	-	-	-	(4 606)
<b>Special items</b>	<b>-</b>	<b>(1 210)</b>	<b>(1 997)</b>	<b>(1 210)</b>	<b>(1 997)</b>	<b>21 218</b>



## Alternative performance measures

## Other financial APM's

## Net interest bearing debt (cash)

NOK thousands	31 Mar 2020	30 June 2020	30 June 2019	31 Dec 2019
Interest-bearing long term debt	125 100	111 200	166 800	139 000
Reclassification of first year instalments long term debt	55 600	55 600	55 600	55 600
Overdraft facilities	-	-	-	-
Cash and cash equivalents	(691 735)	(749 445)	(514 649)	(775 536)
<b>Net interest bearing debt (cash)</b>	<b>(511 035)</b>	<b>(582 645)</b>	<b>(292 249)</b>	<b>(580 936)</b>

## Financial position related APM's

NOK thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
Net working capital	217 540	(58 971)	122 644	(32 615)	122 644	(32 615)
OpFCF before tax and change in NWC	240 911	116 400	95 198	357 311	270 529	478 358
Capex excl. M&A	13 998	21 898	12 002	35 896	27 228	50 372

## Non-financial APM's

## Deliveries

Numbers in thousands	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
Electrical deliveries Consumer segment	542	544	532	544	532	544
Electrical deliveries Business segment	79	81	76	81	76	78
<b>Total number of electrical deliveries *</b>	<b>621</b>	<b>625</b>	<b>608</b>	<b>625</b>	<b>608</b>	<b>622</b>
Number of mobile subscriptions	110	118	81	118	81	100

\* Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 671 thousand in 2020.

Volume in GWh	Q1 2020	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Full year 2019
Consumer segment	2 328	1 549	1 381	3 877	3 680	7 070
Business segment	1 826	1 249	1 316	3 075	3 419	6 338
<b>Total volume</b>	<b>4 154</b>	<b>2 798</b>	<b>2 697</b>	<b>6 952</b>	<b>7 099</b>	<b>13 407</b>

## Market churn- LTM\*\*

	Full year 2019
Consumer	24,2%
Business	12,5%

\*\* Market churn is based on the latest available data from the Norwegian Water Resources and Energy Directorate. The latest available data is from 2019 (updated historical numbers from NVE 06.06.20).