



2021 Annual Report

Fjordkraft Holding

MAIN OFFICE, BERGEN:
 Fjordkraft Holding ASA and Fjordkraft AS
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 Norway

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Key figures

Key figures

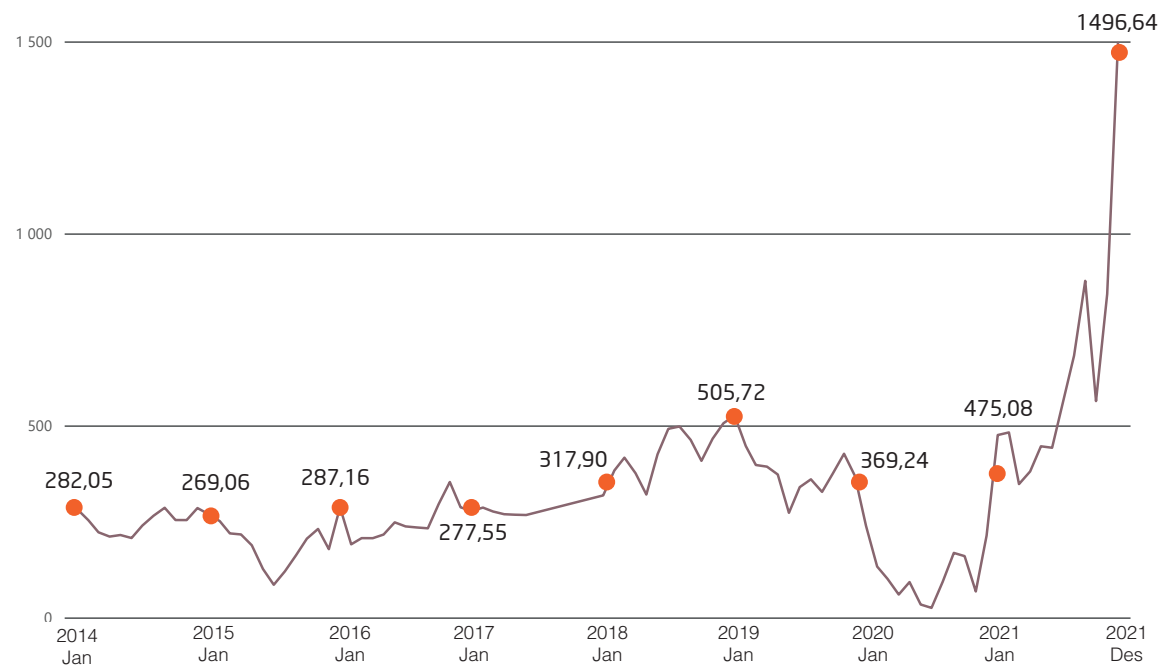
NOK in thousands	2021	2020
Net revenue	1 803 741	1 828 239
Net revenue adjusted	1 700 496	1 543 486
EBIT reported	493 256	525 172
EBIT adjusted	586 048	608 278
EBITDA	896 340	830 346
EBITDA adjusted	800 503	779 474
Basic earnings per share (in NOK)	3,00	3,73
Diluted earnings per share (in NOK)	2,96	3,69
EBIT margin	27 %	29 %
EBIT margin adjusted	34 %	39 %
Net interest bearing debt (cash)	513 248	343 626
Capex excl. M&A	47 182	64 926
Volume sold (GWh)	20 193	14 916
# of deliveries ('000) excl. Extended Alliance	975	1 027

Number of switches between electricity providers in Norway per year

Year	Consumer	Business	Total
2014	13,3 %	9,1 %	12,8 %
2015	13,7 %	10,6 %	13,3 %
2016	18,4 %	13,0 %	17,8 %
2017	18,6 %	14,8 %	18,1 %
2018	20,9 %	17,7 %	20,6 %
2019	24,2 %	12,5 %	22,2 %
2020	20,8 %	9,4 %	19,0 %
2021	24,1 %	9,1 %	21,6 %

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

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



Part 1

1.1

Letter from the CEO

Letter from the CEO

At the time of writing, global energy markets are impacted by the war in Ukraine resulting from the Russian invasion in February 2022. Extremely high oil and gas prices are having a correspondingly significant impact on electricity prices in both the wholesale and end-user markets. It is impossible to predict the duration and scope of this. The electricity and energy markets were also characterised by exceptional conditions during the winter of 2021–2022.

In many ways, 2021 was an extraordinary year for customers, owners, the energy industry and the Fjordkraft Group. Electricity prices in the wholesale and end-user markets went from record lows in 2020 to record highs in 2021. As a result of the high prices, electricity has gone from being a low-involvement product to becoming a product of interest to everyone. This winter has also shown us just how complex the electricity market is.

Many consumers and businesses in Europe have experienced enormous electricity and gas price increases as a result of a combination of unfavourable weather conditions and the developments in the international energy markets. We have experienced price levels and volatility that far exceed anything we have previously experienced in the energy markets in Norway, Sweden and Finland.

The consequences of the green transition and increased demand for renewable energy are now very much in the spotlight. Demand for increased electrification is creating increased demand for electricity, with a huge impact on price levels and our customers.

As a nation, Norway has enjoyed formidable additional revenues from gas exports, state-owned energy production and increased revenues from taxes. The Norwegian government has therefore decided to support consumers by allocating around NOK 14 billion to alleviate the effect of the extraordinarily high electricity prices.

Taking better care of our customers

In Norway, approximately 35 per cent of total household electricity consumption is in the winter months, and no essential outgoings vary as much as electricity prices on a month-by-month basis. Not everyone has the finances to withstand major price fluctuations. I am therefore glad that we have been able to provide long-term repayment plans for personal customers who need these.

Just under four per cent of Norwegian homes have chosen fixed price agreements for electricity. For several years, the Norwegian Consumer Council has



Rolf Barmen, CEO at Fjordkraft.

Photo: Fjordkraft

recommended spot price agreements, and Norwegian consumers have therefore largely been at the mercy of events reflecting conditions in the wholesale market. Fixed price agreements or agreements with an element of portfolio-management are the most common choices for business customers in Norway and companies and consumers in Norway's neighbouring countries.

The market situation that has arisen this winter has also shown that customers in the consumer market will have an increased need for predictable electricity agreements. We have extensive experience of the use of financial hedging in the business market in order to hedge our customers' electricity agreements. During the winter of 2021–2022, many compa-

nies and local authorities have benefited from highly favourable electricity prices as a result of our successful portfolio management. The ability to adapt predictability to the degree of exposure to prices in the spot market will become increasingly important. We will therefore use the expertise we have gained from the business market to meet the same needs in the consumer market.

Increased liquidity in the financial market for hedging contracts is important for ensuring that it remains an attractive trading place for power producers and electricity retailers. I sense widespread agreement within the industry in Norway concerning the need to look at how financial trading can be strengthened as an instrument for offering the possi-

bility of increased predictability and financial hedging to all parties. This will also benefit end users, as it will be easier to adapt agreements to meet their needs, while also reducing risk premiums.

The reputations of producers, power grid companies and end user companies have taken a hit over the past year. Restoring these reputations will take time and is a priority task. On our part, it means that we need to succeed in meeting the varying needs of our customers, while also offering agreements and terms that are easy to understand. The Trygg Strømhandel certification provides an excellent foundation to build on. Trygg Strømhandel sets out strict requirements concerning the training of sales reps and customer advisors. There are also requirements for clear communication to customers, proper notification procedures and proper insight into the unique characteristics of the products. In order to promote a positive culture of improvement among end-user companies, we also need to look at how we manage any issues that may arise in ongoing customer relationships. DNV certification reflects having ambitious quality requirements and proper internal processes in place.

Crucial value chain

The power producers' revenues are dependent on developments in wholesale market prices for electricity, while we, the electricity retailers, are part of a margin industry. Increased volatility and high price levels also highlight the role electricity retailers play in the value chain. In addition to creating competition at the final level, retailers provide guarantees and conduct power trading. Customer consumption forecasts are updated daily so that producers know how much power to produce. Retailers bill for consumption and ensure daily payment to the energy exchange, while customers pay their bills retrospectively.

For companies and key account consumers, for whom increased electricity prices constitute a risk to operations, we offer risk-mitigating products, as well as analyses of consumption and advice on energy saving. In this way, through financial management in the energy market, businesses and local authorities get help to reduce the business risk arising from fluctuations in the Nordic and international energy markets.

Every single day, we respond to thousands of customer enquiries relating to prices and price developments, consumption and ways to save. The companies also contribute to

energy optimisation through technology and services that provide customers with real-time information, notification solutions and smart power management for home charging and heating. Innovation is continuous in this field.

The Fjordkraft app and the Fjordkraft Puls real-time power consumption meter create value for customers by making it easier to reduce consumption and electricity costs. Together with smart charging of electric vehicles and smart products for the home, these services help our customers to reduce their power consumption.

High electricity prices have also led to increased interest in our services relating to Power Purchase Agreements and solar panel systems. This year, we will step up our efforts to meet the demand from an increasing number of customers who want to become prosumers using solar or heat pump technology.

Sustainability in accounting notes

The ESG report has become an integral part of the annual report. While there has been extensive focus on the E (Environmental), increasing emphasis is now being placed on reporting and measures relating to both Social and Governance.

From 2020 to 2021, the index for shares

with a “green” or sustainability focus in the Oslo Stock Exchange moved from a relatively high rise in value to a significant decline. Nevertheless, the focus on sustainability has very much entered boardrooms and general operations, driven in no small part by the upcoming requirements relating to reporting under the TCFD and EU Taxonomy. For the first time, we are including climate risk in the notes on the annual financial statements, and this will become the new norm.

In 2020 and 2021, the Fjordkraft Group grew to include more companies and different types of businesses, with activities in Norway, Sweden and Finland. We must expect the electricity market to provide us with many exciting opportunities and difficult challenges in 2022 and we look forward to developing the Group further.

Rolf Barmen
CEO

Part 2

2.1

Fjordkraft at a glance

Our business

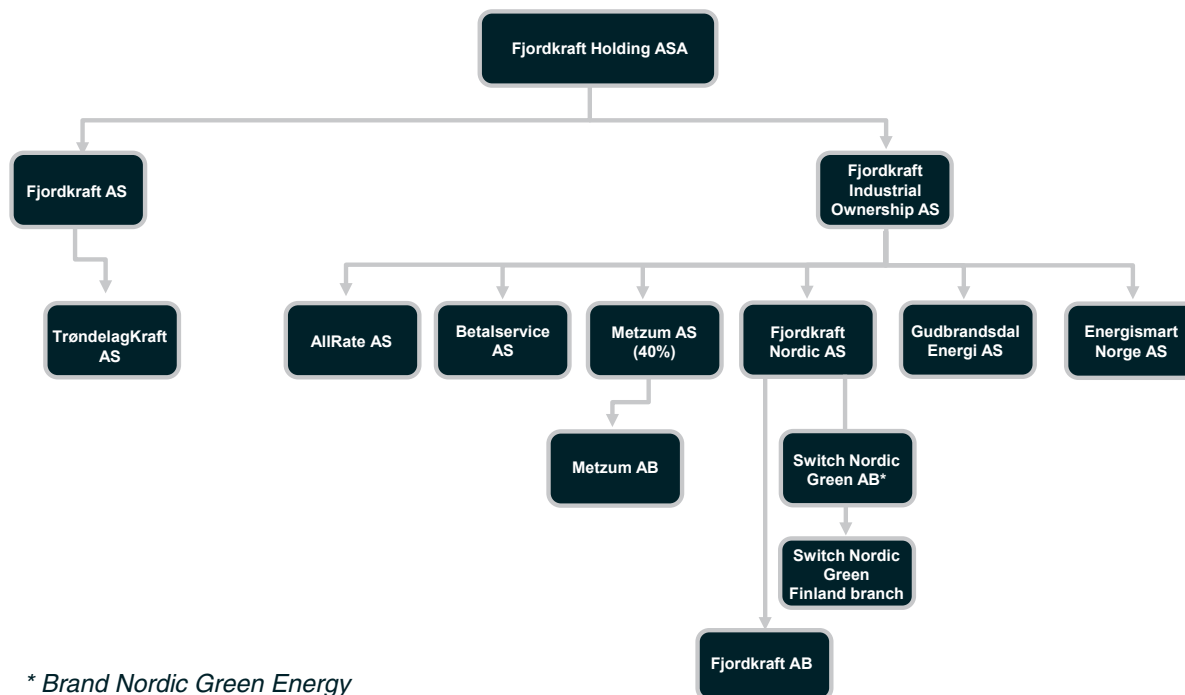
PURPOSE

To be the most attractive electricity retailer in the Nordics.

GOAL

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

Company Structure from April 2021:



* Brand Nordic Green Energy

Our business

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

- Consumer
- Business
- Nordic
- New Growth Initiatives (NGI), which consists of its mobile services business, the alliance segment and the Extended Alliance.

Consumer market, Norway

The Group has several brands, Fjordkraft, TrøndelagKraft, Gudbrandsdal Energi and in total the Group accounted for a total of 692,000 electricity deliveries at the end of 2021 in the Norwegian consumer segment. Its overall market share in the consumer segment in Norway is approximately 27 per cent.

Business market, Norway

Fjordkraft is a leading supplier to the business market and accounted for a total of 111,000 deliveries in the Norwegian business market. Products range from straightforward electricity contracts to advanced power portfolio management. Customers range from energy-intensive industrial manufacturers and large corporations with facilities all over the country to small local businesses. Digital energy

reporting and analysis tools help businesses achieve efficient energy use. Fjordkraft also offers various power purchase agreements and energy and environmental advice.

Nordic

The Fjordkraft Group has a subsidiary called Switch Nordic Green AB. The company sells renewable energy and electricity contracts with guarantees of origin (GoOs) in the consumer and business markets under the brand name Nordic Green Energy.

At the end of the year, Switch Nordic Green had a combined total of 171,000 electricity deliveries in Sweden and Finland.

NGI – New Growth Initiatives

Mobile

In April 2017, Fjordkraft became a mobile service provider. Fjordkraft offers its customers low-cost mobile services via Telenor's network. The Group had 160,000 mobile subscribers at the end of 2021. Fjordkraft is the largest mobile service provider in Norway without its own telecommunications network.

Extended Alliance

Fjordkraft delivers billing and payment services for electricity and broadband to 20 com-

panies via its Moment platform. The platform was developed by Fjordkraft and is operated and upgraded by its jointly owned software.

35 alliance partners

The alliance concept is Fjordkraft's collaboration model for power producers and electricity retailers in rural areas. Fjordkraft provides services related to power trading and market support to 35 electricity companies across Norway. These are electricity retailers, power grid companies and power producers.

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

Acquisitions

- On 1 July 2019, Fjordkraft acquired 100 per cent of the shares in the end-user company Vesterålskraft Strøm AS.
- In February 2018, an agreement was signed to acquire the shares in TrønderEnergi Marked AS, an electricity retailer in the Trøndelag region.
- In August 2018, Fjordkraft completed another transaction with the TrønderEnergi Group, this time acquiring all of the shares

in Oppdal Everk Kraftomsetning AS.

- In October 2018, the company completed a transaction with BKK AS to take over the customer portfolio of Etne Elektrisitetslag.
- In September 2020, Fjordkraft completed the acquisition of Innlandskraft AS. Innlandskraft AS comprised the end-user companies Gudbrandsdal Energi AS and Eidsiva Marked AS.
- In November 2020, Fjordkraft acquired 100 per cent of the shares in the Swedish enduser company Switch Nordic Green AB and its branch in Finland, which trade under the brand name Nordic Green Energy.
- Sky mobile. Portfolio of approximately 34,000 mobile clients were acquired October 2021.

Fjordkraft subsidiaries

- Fjordkraft owns 100 per cent of the shares in the electricity retailer TrøndelagKraft AS, which is based in Trondheim.
- The Group owns 100 per cent of the shares in the electricity retailer Gudbrandsdal Energi AS, which is based in Vinstra.
- AllRate AS was established in January 2020. Fjordkraft Industrial Ownership AS owns 100 per cent of the company's shares. Fjordkraft has been investing in and devel-

Our business

opening the Fjordkraft platform since 2012. AllRate delivers rating and billing services across the value chain to end-user companies and grid companies in Norway. The company also aims to win customers in Northern Europe.

Joint ventures

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

Ownership structure

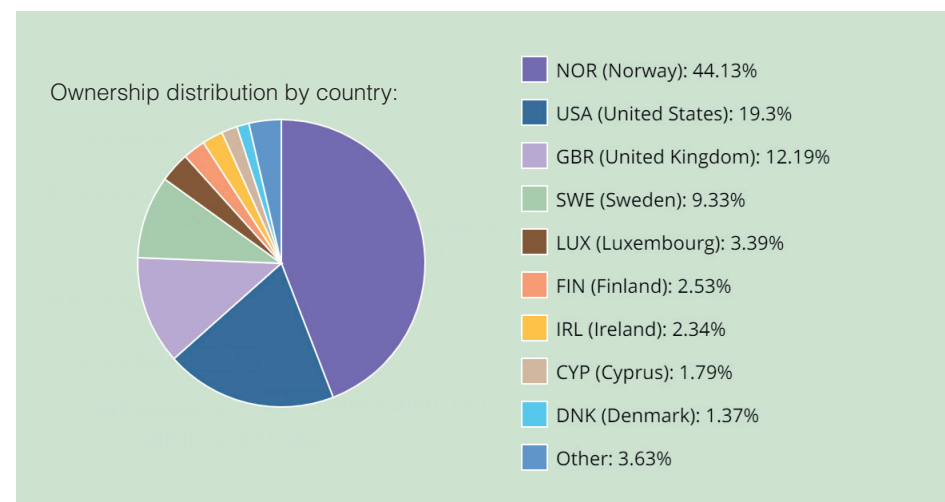
Fjordkraft was founded in 2001, following the merger of BKK's and Skagerak Energi's end-user customer portfolios. Through the IPO of Fjordkraft in 2018, both parties reduced their holdings, and during 2020 both BKK and Skagerak Energi reduced their holdings. Skagerak Energi sold all their remaining shares in May 2020, while BKK sold all their remaining shares in January 2021. Through the acquisition of Innlandskraft in

2020, Gudbrandsdal Energi Holding became a significant owner, holding about 6.7% of the total shares outstanding as per year-end 2021. The Government Pension Fund Norway was the largest shareholder as per year-end 2021, holding 9.3% of outstanding shares.

History

Fjordkraft was founded on 1 April 2001 with the ambition of becoming a leading company in the sale of electricity to the end-user

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



Klimanjaro and www.klimahub.no

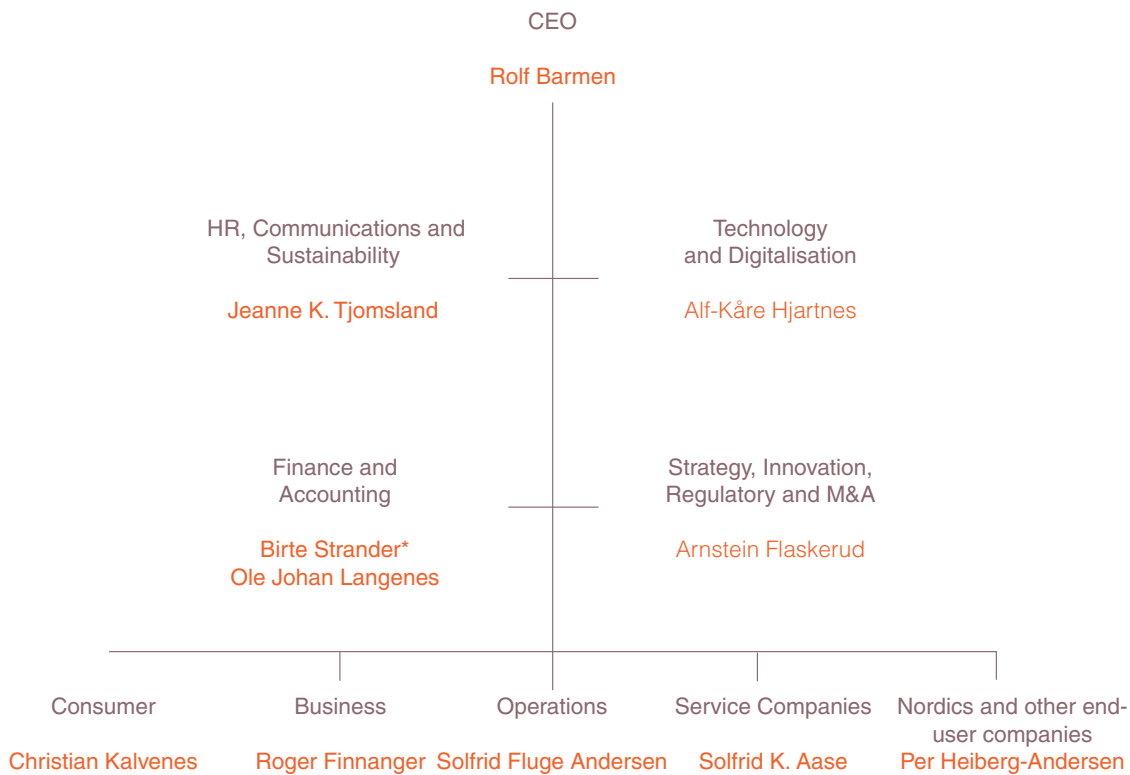
At the UN climate conference in Katowice in 2018, Fjordkraft's "Klimanjaro" climate initiative was chosen as one of the winners of the UN's Momentum for Change climate action award for 2018. Fjordkraft was the first Norwegian company to win this award. Klimanjaro won the award in the Climate Neutral Now category. In Klimanjaro, the company uses its purchasing power and requires all of its suppliers to become climate neutral if they wish to supply goods and services to Fjordkraft. The reduction in emissions Fjordkraft achieves via its suppliers is 100 times greater than the company's own emissions. Suppliers must produce climate accounts, take action and offset their residual emissions.

In January 2020 Fjordkraft launched the Klimahub.no web portal. Klimahub.no is a portal where users can check Norwegian companies' climate footprints, produce corporate climate accounts and invite partners to help create a climate neutral value chain. The aim is to develop the portal further and expand the portal's usage and scope in 2021 through formalising a partnership and joint ownership with external partners.

2.2

Management

Organisation



Rolf Barmen

President and Chief Executive Officer (CEO)

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

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

* Maternity leave until June 2021



* Maternity leave until June 2021

Birte Strander *

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

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

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



Ole Johan Langenes

Acting Chief Financial Officer (CFO) until June 2021

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

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



Arnstein Flaskerud

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

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

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



Jeanne Katralen Tjomsland

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

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

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



Alf-Kåre Hjartnes

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

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

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



Solfrid Fluge Andersen

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

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

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



Solfrid Kongshaug Aase

Executive Vice-President (EVP)
and Head of Service Companies

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

Since 2019 Ms Aase has been Head of Alliances.

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

**Christian Kalvenes**

Executive Vice-President (EVP) and head of Consumer

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

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

**Roger Finnanger**

Executive Vice-President (EVP) and Head of Business

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

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

**Per Heiberg-Andersen**

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

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

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

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



About the report

Fjordkraft reports in accordance with GRI Standard Core. This is an internationally recognised standard for reporting on economic, environmental and social conditions.

We have conducted a stakeholder analysis, in line with GRI-Standards, to identify sustainability issues most relevant to us and our stakeholders. This is described in the section “The right balance”. The GRI-index located at the end of the report links each GRI-standard to relevant sections in the annual report.

In our opinion, the present report is in accordance with the GRI reporting principles and fulfils the Core level of the GRI Standards. In addition, the Norwegian Accounting Act’s requirements on corporate social responsibility are fulfilled.

The report has been subject to an independent attestation conducted by Deloitte AS, in accordance with the GRI Standards. The auditor’s statement is cited at page 55.

2.3

ESG-report Environment - Social - Governance

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Thoughts from the head of sustainability

In 2021 we focused on keeping our emissions low. We have developed Klimahub.no as a register for climate accounts, and we have set new, clear requirements for our sponsorships.

Fjordkraft is one of Norway's largest sponsors. Thus, it is important that we use our strengths in a positive way. Our head of sponsorships has been involved in the debate about sports-washing, and has updated our requirements and expectations for sponsorships in terms of reducing greenhouse gas emissions, diversity and human rights. We had already set climate requirements for our regular suppliers, so it is natural to set requirements for those we sponsor.

In the past year, we have experienced many new demands for sustainability reporting from suppliers and partners. We warmly welcome this. By making demands on each other, we also make progress on sustainability work.

Internally in Fjordkraft, we had set some new climate goals for 2021. We are now building on these and setting new goals in 2022 tied to the forthcoming new Norwegian Act relating to Transparency of Enterprises.

We continue to experience good internal involvement with sustainability efforts. We try small dribs and drabs such as 'Environmental Tips of the Week' in internal channels, we encourage reuse and we have participated in the beach cleanup week. Walking along the beach and clearing up waste left behind does something to people. Attitudes and behaviours change. There is strength in numbers, and everyone realize that they can contribute.

The pandemic also put an end to a great deal of activity in 2021. But in Sortland they were able to complete the "Fjordkloden Cup" for children and young people. We hope this will be an initiator for other sporting events that want to be climate neutral. This will be continued in the new year.

We have worked extensively with the climate portal Klimahub.no in 2021. We did not reach our target for the number of businesses registered in the portal, but we are working with several potential partners with whom we see great opportunities to continue to build Klimahub.no together. We see that there lies a potential to build a national register for climate accounting.

The Fjordkraft Group is expanding, and the number of employees increased in 2021, which also means a larger overall climate foot-

print. But we are working to set new goals for the future so that we can keep the climate footprint per employee low. We are also working to set new objectives for social conditions and business ethics.

Sustainability is a major field of expertise – it will be implemented in all departments, by all employees. This is a task that will take time. We are far from reaching our objective with this work, but we are well underway. Greater demands from both the EU and national

authorities mean that the focus on sustainability is higher on the agenda. Price is still most important for the electricity customer, but Fjordkraft is actively working to show that the industry is an important participant in the change to the green economy. In 2021, electricity went from being a low-interest to a high-interest industry. We must take advantage of this in our sustainability work. We are facing exciting times.



Head of sustainability, Mette Nygård Havre, found a lot of different waste when a group from Fjordkraft participated in beach cleaning last autumn. Even whole boxes of food that had been thrown away.



Fjordkraft's climate pledge

Our climate pledge, 'Klimanjaro', sets requirements for our regular suppliers for a climate-neutral value chain. Two hundred suppliers have become climate neutral since the requirement was introduced in 2019. In 2021, we took the climate pledge a step further by demanding climate neutrality in our sponsorship agreements.

Fjordkraft has been climate neutral since 2007. However, the greatest effect came when we started to set requirements for our suppliers. They are required to set up climate

accounts, draw up action plans for how they will cut their emissions and prove that they have purchased quotas to offset their remaining emissions to become climate neutral. Regarding quota purchases, we stipulated in 2021 that our regular suppliers had to purchase a minimum of 80% European Union Allowances. Many companies purchase 100% European Union Allowances, but those who want to satisfy the terms and conditions of the UN 'Climate Neutral Now' initiative, must also purchase 20% Certified Emission Reduction quotas. From 2022, we will change this to a recommendation to purchase European Union Allowances.

The goals for 'Klimanjaro' and Klimahub:	
100 per cent of Fjordkraft's regular suppliers must be climate neutral	●
100 per cent of Fjordkraft's regular suppliers must register on klimahub.no	●
We aim to have 1000 companies registered in klimahub.no by the end of 2023	●

Klimahub.no

Fjordkraft does not intend to act as a climate police. Our goal is to increase transparency and create what can become a national register for climate accounts. Therefore, in addition to setting requirements for our regular suppliers we also demand that our sponsorships set up climate accounts and action plans to reduce emissions, and register this information in the climate portal Klimahub.no. By the end of 2021, 353 companies had registered their climate accounts in the portal. This is open for all companies to use. Here companies can create climate accounts free of charge. If they already have climate accounts, the company can upload the total figures from Scopes 1, 2 and 3 to register. The objective is for Klimahub.no to be the register where people can check the climate footprint of Norwegian enterprises. Klimahub.no also

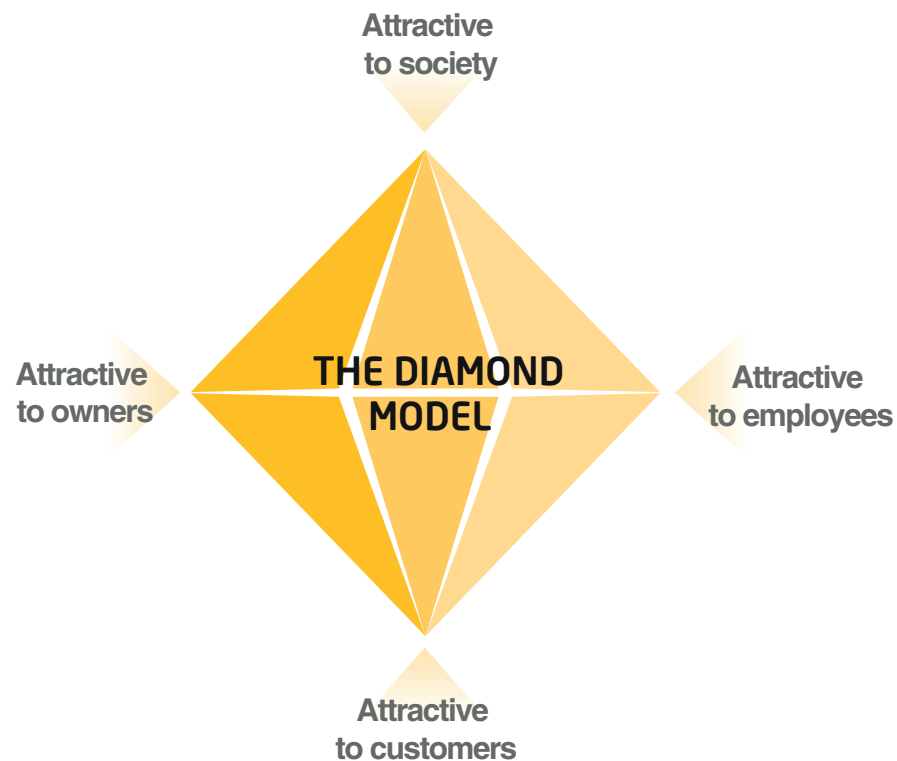
offers the opportunity to offset residual emissions by buying quotas in order to be defined as a climate-neutral enterprise. Additionally, it is possible to invite business partners and suppliers to join klimahub.no and create a climate-neutral value chain.

Private individuals can use klimahub.no to exercise their consumer power by choosing climate-friendly companies, both for purchases and in a work context.

We are currently searching for partners to join Klimahub.no in 2022. Cooperation with other actors in different industries makes us stronger, and this will make Klimahub.no grow faster.



The right balance



How do you find the right balance when what you do goes from being low interest to high interest among the population in the blink of an eye?

Electricity prices skyrocketed towards the end of 2021. This put our sector on the map in a whole new way. In addition, there were many cases in the media where the electricity industry – and we at Fjordkraft – were mentioned in negative terms. Of course, this has an effect on the balance of our model.

We aim to be attractive to society, shareholders, customers and our employees. But what happens when the media image is negative and prices skyrocket? How does this affect our stakeholder group? We conduct an annual stakeholder analysis. Based on these insights we are able to identify the most material sustainability issues for the Fjordkraft group and our stakeholders.

The record-high electricity prices at the end of 2021 showed the advantages of being a customer of a large company like us. We have the opportunity to help customers with deferred payment and repayment plans for their electricity bills. For many consumers, this is important when they experience extremely

high electricity bills. They need help when they are in a tight financial position.

It is challenging to find the right balance when we are surrounded by a great deal of unrest. The situation has made it particularly interesting to hear from our various stakeholder groups. This gives us a picture of the situation we are in and allows us to identify needed measures. Among the inputs that feature high on the list from all our stakeholder groups is that we must be transparent and have a sustainable business model. However, price is still the factor that ranks highest among most of our stakeholders, together with the fact that pricing must be clear and understandable.

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

The scope of our stakeholder group is large. Expectations vary, but everyone wants us to run our business sustainably.

Authorities

Naturally, the authorities require compliance with applicable laws and regulations. The Government issued a new climate plan in early 2021. It sets guidelines for significant cuts in CO₂ in the years to come. It is also intended that large parts of society will be electrified – something that creates opportunities for us as an electricity retailer and service provider. The taxonomy introduced from 2022 also sets the direction for industry and commerce. In addition, the authorities expect that we help our customers in these extraordinary times. We have done this by offering both deferral of payment and repayment plans to ease the challenging financial situation many customers find themselves in because of high electricity prices.

Owners and investors

In 2021, several negative stories about Fjordkraft were published in the media – including cases with the Norwegian Consumer Authority and the Norwegian Consumer Council, and many cases concerning high electricity prices. This amplifies the need for transparency towards our owners and investors, among others. They are concerned with reputation and sustainable business models. They are also calling for more reporting on ESG. We are therefore working to implement sustainability at all levels of the company.

Employees

Today's employees want to work in workplaces with diversity, equal opportunities, a

good corporate culture, and a focus on the environment. The pandemic, mixed with the negative attention on the industry from media, has increased the need for internal communication and to create security in the workplace. In September 2021, an employee survey was carried out in Fjordkraft. The survey measures commitment, which is decisive for an individual to feel that they master their job. The general target figure for having emotionally committed employees is >24. In Fjordkraft, we have set the target slightly higher, at >25. The result for 2021 was 25.1, a slight decrease from 2020 when the figure was 25.6.

Future employees

When recruiting new employees, the HR department has noticed that many of them are concerned about sustainability. This includes a focus on climate and the environment, but also on a good working environment and the company's reputation. Jobseekers are also concerned with competitive conditions. It is good that many of those who apply to us already know that Fjordkraft focuses on sustainable operations. Future employees want an employer that sets clear goals and makes a difference.

Customers

We distinguish between private and business customers, but both groups of customers are primarily concerned with price. Second to this comes good digital solutions and then transparency. Private customers are primarily concerned with practical issues related

to the customer relationship, while business customers have more focus on documentation and the fact that we have management knowledge. Business customers are concerned with sustainability, while private customers do not mention this. Part of the reason for this may be that customers are still unsure as to what we in the energy industry are doing in terms of sustainability. Besides, price trumps most things, and this is where our customers' main focus lies.

Local communities

For local communities, it is important that major players such as Fjordkraft help create jobs and support activities for children and young people. A good example is Sortland in Vesterålen, where Fjordkraft has an office and was a contributor to the Fjordkloden football tournament in 2021. The local community wants us to contribute with both financial support and initiatives for activities. We try to achieve this at all our local and regional offices.

Suppliers and business partners

We set requirements for our suppliers and business partners to be climate neutral, although we are also seeing more requirements and expectations regarding sustainable operations being placed on us. The suppliers want us to report on different sustainability parameters and to state what environmental certifications we have. A good reputation is also high on the agenda.

Industry organisations

Fjordkraft collaborates with many different industry organisations. We find that everyone focuses on reputation, good business ethics and sustainability. With regards to sustainability, this applies primarily to compliance with the ILO Conventions. For the industry organisations, it is also important that we as an electricity retailer can accommodate customers in special situations, which we are experiencing now, with high electricity prices.

STAKEHOLDER ANALYSIS

Stakeholder groups	What are their concerns?	Arena for engagement
Authorities	Compliance with applicable laws and regulations	Meetings
	Privacy	Submissions on public consultations
	Competition	Letters/email
	Open, ethical and active ownership	Reporting
	Helping customers in an extraordinary situation	Industry associations
Owners/investors	Reputation	Digital and physical meetings
	Sustainable business model	Investor meetings
	Responsible purchasing	Quarterly and annual reporting
	Good value propositions	Conferences
	Transparency	General Assembly
Employees	Employee satisfaction	Employee surveys
	Reputation	Cooperation committee
	Sustainability	Guidelines and training
	Diversity, equal opportunities and culture	Digital and physical meetings
	Safe working conditions	General meetings and large meetings
	Responsible purchasing	Workplace/intranet
Future employees	Sustainability	Sustainability reporting
	Working environment	Media
	Reputation	Social media
	Competitive terms	Job interviews
Customers - consumer	Price	Customer service
	Transparency	Social media
	Good digital solutions	Customer surveys
	Reputation	Sale channels
	Practical matters related to customer relationships	Quarterly and annual reporting
Customers - business	Price	Meetings
	Good digital solutions	Conversations
	Good invoicing solutions	Presentations
	Transparency	Customer service
	Good documentation	Quarterly and annual reporting
	Power-price hedging knowledge	Customer surveys
	Sustainability	

STAKEHOLDER ANALYSIS

Stakeholder groups	What are their concerns?	Arena for engagement
Local communities	Local jobs	Meetings and conversations
	Local offices	Social media/ the press
	Economic support	Sustainability reporting
	Initiatives for kids and young people	
Suppliers	Sustainable operations	Meetings and conversations
	Reputation	Email
	Ability and willingness to pay	Media
	Conduct in purchasing	Conferences Business network
Chains and business partners	Favourable terms	Digital and physical meetings
	Good value propositions	Events hosted by businesspartners
	Reputation	Email
	Tailor-made agreements	
	Sustainability	
Industry organisations	Reputation	Meetings and conversations
	Business ethics	Email
	Competition	Formulation of guidelines
	Innovation	Conferences
	Professional knowledge	Publications
	Compliance with ILO-conventions	
	Helping customers in an extraordinary situation	

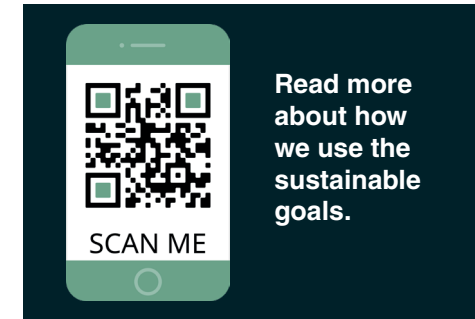
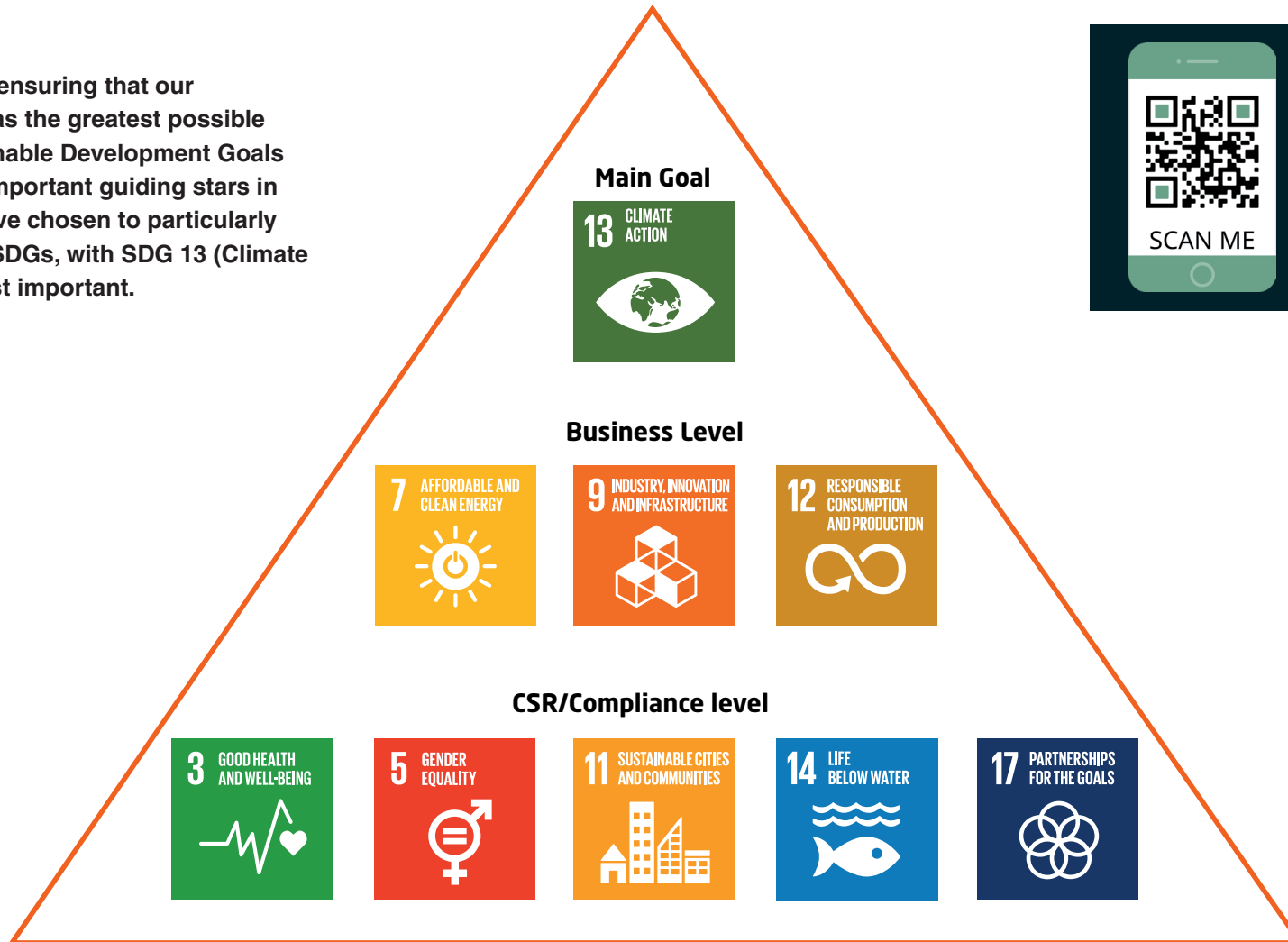
The insights from the stakeholder analysis have been integral when identifying material sustainability issues for the Fjordkraft Group, and thus, have been focus areas in our reporting. Which GRI Standards that are being reported, based on based on this assessment, is presented in the GRI-index.



Environment

UN Sustainable Development Goals

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



This is Fjordkraft's prioritization of our chosen SDGs.



Internal climate and environmental measures

We set climate-neutrality requirements for our suppliers, but what are we doing internally in Fjordkraft to reduce our own emissions?

We experience great internal interest in sustainability, especially as regards climate and the environment, equal rights and diver-

sity. We work with an internal Sustainability Academy that all employees must complete – including new employees. This opens up for knowledge sharing, dialogue and discussion.

Together with our climate accounts, we create an action list each year that shows where to reduce our own emissions. Based on our climate accounts for 2019, we saw that travel was the cause of our greatest emissions. We therefore set a target of cutting emissions from

air travel by 40% per employee by the end of 2023. The zero point is taken from 2019, which was the previous whole “normal year”. 2021 was also affected by the pandemic and restrictions. This led to less travel than before. We therefore cut air travel emissions by 82%. We have our own travel policy with clear guidelines for employees.

In 2021, we achieved our goal of a fossil-free vehicle fleet. The only thing that remains in order for us to achieve fossil-free climate accounts is to stop using oil for heating in our office building at Fyllingsdalen in Bergen. The landlord has promised that this will be phased out as soon as the Bybanen light rail reaches Fyllingsdalen, when it will become possible to excavate for pipes for district heating. Hopefully this will happen in 2023.

In 2021 we also had a goal for 100% of our used IT equipment to be reused or recycled. We have entered into an agreement with Atea and their 100% Club. We did not get started on this in 2021, but we are focusing on this from 2022.

We will remain a climate-neutral company by reducing our own greenhouse gas emissions, purchasing electricity with an origin guarantee, and compensating for residual emissions by purchasing European Union Allowances. We will also continue to work on motivating our own employees and customers

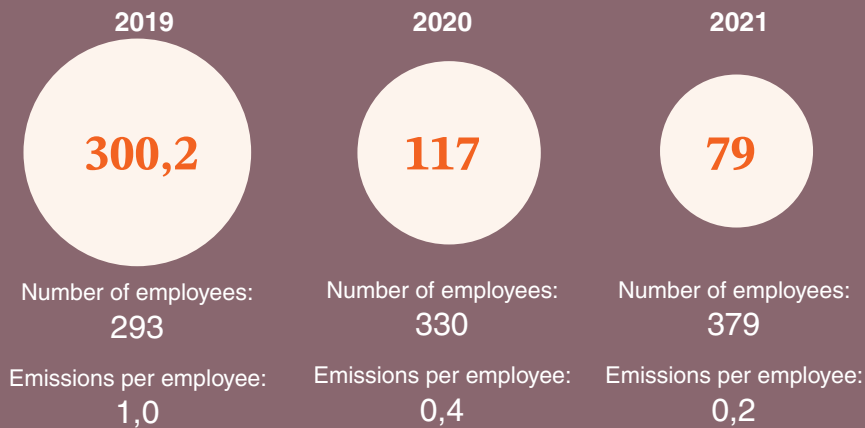
Fjordkraft’s residual emissions are offset by purchasing certified climate quotas. For 2021, we purchased European Union Allowances equivalent to our residual emissions. We also purchased Certified Emission Reduction (CER) quotas in line with our obligations as a participant in the UN Climate Neutral Now Initiative.

to live more sustainably.

We publish our climate accounts in Klimapartner Vestland’s annual emissions report and in our own web portal, Klimahub.no. The latter presents our climate accounts and updated measures for further cuts throughout the entire year. Klimahub is a register that enables interested parties to check the climate footprint of Norwegian companies and to use this information to make sustainable choices.

Fjordkraft is expanding in both Norway and the Nordic region. This means that the Fjordkraft Group’s total climate footprint will increase in the years ahead. Our goal will therefore be to halve the climate footprint per employee in the years to come, based on the footprint from 2019.

Fjordkraft AS emissions



Emissions in tonnes of CO2 equivalents.

Targets for greenhouse gas reductions:

100% of Fjordkraft's regular suppliers must be climate neutral ●

100% of Fjordkraft's suppliers must register on Klimahub.no ●

We aim to have 1000 companies registered in Klimahub.no by the end of 2023 ●

ENERGY

100% of the electricity we consume must be purchased with a guarantee of origin ●

TRANSPORT

We have drawn up a travel policy that states that employees must always consider whether it is necessary to travel from a climate and cost perspective. ●

Our vehicle fleet shall be fossil-free ●

We will cut emissions from air travel by 40% per employee by the end of 2023 (zero point in 2019) ●

WASTE

100% of our used IT equipment must be reused or recycled ●

We require landlords to sort recyclable waste at source ●

OTHER

Our locations in Bergen, Trondheim and Sandefjord, as well as Hamar and Kongsvinger, are Eco-Lighthouse certified. We will start certification of Sortland in 2022. At the Oslo and Stavanger offices, there are so few employees that we will not be necessary to carry out certification in 2022.

We use technology to streamline the communication between our locations. This has become completely natural during the pandemic and will be continued after the pandemic.

We have committed to reducing the use of plastics as a #Plastsmart partner in Bergen Næringsråd. Reuse must always be considered when purchasing products.

We encourage our employees to buy second-hand office furniture for use when working from home.

Employees who walk, cycle or travel by public transport to work receive financial compensation.

Employees can charge their electric cars at work.

All employees of Fjordkraft must complete our digital Sustainability Academy.

All employees of Fjordkraft must complete internal sustainability certification by the end of 2022.



Solar panels at the roof of our headquarters in Fyllingsdalen.

Climate Accounts 2021

CLIMATE ACCOUNTS (TONNES CO2E.)	GE	NGE	Fjordkraft			
	2021	2021	2021	2020	2019	Difference 2020-2021
Fuel (vehicles and other consumption)	1,6	0,1		-	-	
Heating oil				-	-	
Process emissions				-	-	
Paraffin, propane and gas			13	15	-	-13 %
Total direct emissions (Scope 1)	1,6	0,1	13	15	-	-13 %
District heating/cooling	0	0	0	0	0,1	
Electricity market-based	0	0	0	0	0	
Total indirect emissions from purchased energy (Scope 2)	0	0	0	0	0,1	
Flights	1,4	4,3	41,9	56,6	230,6	-26 %
Mileage allowance	0	0,0	23	45	66,5	-49 %
Other business travel	0,8	1,3	0			
Employee travel to/from work	6		0			
Waste to recycling	0	0,0	1,1	0,4	3	175 %
Total other indirect emissions (Scope 3)	8,3	5,6	66	102	300,1	-35 %
Total emissions	9,9	5,7	79	117	300,2	-32 %
Total offsetting	9,9	5,7	79	117	300,2	
Total emissions after offsetting	0	0	0	0	0	
KEY FIGURES						
Number of employees	23	77	379	330	293	15 %
Total energy consumption - MWh (fossil fuel + purchased energy)	82	62	803	492	646	63 %
Heated area (m2)	499	955	7620	5444	5444	40 %
CLIMATE AND ENERGY DISCLOSURES						
Total emissions per unit sold (tCO2e/NOK million)			0,005	0,03	0,04	-83 %
Total emissions per employee excl. process emissions (tCO2e/employee)	0,4	0,07	0,2	0,4	1	-48 %
Energy consumption for heating premises (kWh/m2)	164,0	64,5	105,3	90,4	118,7	17 %

Guarantees of origin are purchased for electricity consumption and approved climate quotas for residual emissions.

For the first time subsidiaries Gudbrandsdal Energi (GE) and Nordic Green Energy (NGE) are included in the climate accounts, in addition to Fjordkraft and TrøndelagKraft. Thus, the climate accounts are presented in three parts, showing emissions from GE, NGE and Fjordkraft (including TrøndelagKraft).



Climate risk

Towards the end of 2021, we saw a clear, direct link between global climate challenges and the price level of electricity in Norway.

This forms the background for the work of the group executive management in Fjordkraft in preparing their climate risk assessment for the time to come.

Since 2019, we have formalised climate risk assessment as part of the overall risk management and reporting in the company. This work is under development, in line with the introduction of the increased formal requirements for how climate risk should be analysed and reported according to the Task Force on Climate Related Financial Disclosures (TCFD).

Electricity prices are affected by the transition to a low-emission society. The EU's climate goals and phasing out of fossil energy production, as well as investment in renewable energy with a significant share of wind power, mean that the European power market is becoming increasingly weather-dependent. This affects electricity prices, and in 2021 there were considerably higher electricity prices and wider fluctuations than normal. In the long term, more stable energy production is expected, which will lead to lower electricity prices. However, in a transitional phase, higher electricity prices and wider fluctuations

are expected than normal. Consumers have a low tolerance for high electricity prices, and this entails a risk for Fjordkraft.

From 2022, the Taxonomy, the EU's new sustainability classification system, will be introduced. There were concerns in the electricity industry that parts of Norwegian hydropower would be considered unsustainable and thereby weaken hydropower's role in the shift towards a green economy. But good work from the authorities, power companies and Energy Norway meant that, when the taxonomy was presented in 2021, the position of hydropower as a sustainable energy source was strengthened.



Climate risk

Risk categorisation	Risk assessment	Conclusion
<p>Physical risk</p> <p><i>Involves costs associated with physical damage due to climate change.</i></p>	<p>Fjordkraft has very few assets that could be physically damaged due to climate change.</p> <p>The increased frequency of extreme weather events may result in major damage to the grid companies' infrastructure, which might affect Fjordkraft's reputation in the event of prolonged power cuts. Society's tolerance for interruptions to the electricity supply is low.</p>	<p>Low risk</p>
<p>Transition risk</p> <p><i>Involves economic uncertainty related to the transition to a low-emission society, and is divided into four categories:</i></p> <ul style="list-style-type: none"> • Technology • Market • Policy • Reputation 	<p>Electricity prices are affected by the transition to a low-emission society. The EU's climate goals and phasing out of fossil energy production, as well as investment in renewable energy with a significant share of wind power, mean that the European power market is becoming increasingly weather-dependent. In a transitional phase, higher than normal electricity prices and wider fluctuations are expected.</p> <p>Challenges</p> <p>This affects electricity prices, and in 2021 there were considerably higher electricity prices and wider fluctuations than normal. Consumers have a low tolerance for high electricity prices. This leads to negative attention and reputational challenges for the industry. This in turn leads to more frequent supplier changes and increased uncertainty for us as an electricity retailer. Wider fluctuations in electricity prices lead to more demanding power purchases/hedging. There is a higher risk related to agreements that are based on price hedging. As a result of high electricity prices, the risk of political intervention in the market increases.</p> <p>Opportunities</p> <p>The transition to low-emission society will create business opportunities for Fjordkraft due to greater electrification and demand for products closely associated with Fjordkraft's core operations.</p> <p>Variation in electricity prices is favourable to the demand for hedging products. Fjordkraft has high power trading expertise, which allows us to offer hedging products that give customers more predictable prices.</p>	<p>Medium risk</p>

Risk categorisation	Risk assessment	Conclusion
<p>Transition risk</p> <p><i>Involves economic uncertainty related to the transition to a low-emission society, and is divided into four categories:</i></p> <ul style="list-style-type: none"> • Technology • Market • Policy • Reputation 	<p>Solar energy becomes more attractive to households and businesses when electricity prices are high.</p> <p>Challenges The development of battery or storage technology, which will make customers more self-sufficient, can become a threat in the long term.</p> <p>Opportunities We are a sales organisation. This gives us a broader portfolio and can contribute to a positive reputation. It is important for the overall electricity market that more people become self-sufficient.</p> <p>Energy management tools offer opportunities in the short term, although increased energy efficiency represents volume risk in the long term.</p> <p>The EU's new classification requirements, the Taxonomy, will take effect from 2022. Criteria are in place that shed light on the importance of hydropower in the shift towards a green economy. But there have also been additional requirements for reporting on hydropower that do not apply to other renewable sources.</p>	<p>Medium risk</p>
<p>Third party risk</p> <p><i>Claims for damages related to decisions or a failure to make decisions that can somehow be linked to climate policy or climate change.</i></p>	<p>Through "Klimanjaro", and now also "Klimahub", Fjordkraft is helping to raise awareness about greenhouse gas emissions and cutting emissions in and outside our own value chain.</p> <p>"Klimanjaro" has been recognised by the UN as a practical, innovative and scalable climate measure that can be replicated across the world.</p> <p>Fjordkraft has assumed more responsibility for stopping climate change than is expected of comparable companies.</p>	<p>Low risk</p>

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

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

#	Risk Management	
6	Describe the organisation's processes for identifying and assessing climate-related risk.	<p>Climate risk is part of Fjordkraft's framework for enterprise risk management. The Group has a structured process for identifying and assessing risk on a quarterly basis. All risk categories, including climate risk, are part of the overall risk management process.</p> <p>Risks that are considered to have a material impact on the Group's objectives and strategy are reported quarterly to the group executive management and the Board. If climate risk is considered to have a material impact on the Group's overall objectives and strategy, it will be included in the reporting to the group executive management and the Board.</p> <p>Climate risk is assessed at least annually, as described in the section on governance.</p>
7	Describe the organisation's processes for managing climate-related risk.	<p>Risks that are considered to have a material impact on the Group's objectives and strategy are reported quarterly to the group executive management. The management prioritises risks based on the severity in relation to the Group's risk appetite, and the prioritisation forms the basis for the management's risk management. This is reported to the Board.</p>
8	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the company's overall risk management.	<p>Climate risk is an integral part of the Fjordkraft Group's overall risk management, as described above.</p>
Metrics and Targets		
9	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	<p>For Fjordkraft, climate-related risks and opportunities are closely linked to the spot price of electricity, as described above. It is therefore natural to monitor developments in spot prices, but also other factors that influence price determination in the market.</p> <p>The most important factors now are hydrological balance, production of wind power on the continent, gas prices, and how much is exported via export cables to the UK and Germany. Fjordkraft's Power Trading Department closely monitors the development of these factors and assesses risk on an ongoing basis</p>
10	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	<p>The Fjordkraft Group reports climate accounts that include Scope 1, Scope 2 and Scope 3. From 2021, the climate accounts also include the brands Gudbrandsdal Energi and Nordic Green Energy, in addition to TrøndelagKraft and Fjordkraft. Historical figures are published together with the year's results in order to measure developments.</p>
11	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	<p>Fjordkraft aims to reduce emissions from air travel by 40 per cent by 2023, where 2019 is the zero point. Air travel has accounted for almost 80 per cent of Fjordkraft's total emissions in the years preceding the pandemic. Through "Klimanjaro" and "Klimahub", Fjordkraft is helping to raise awareness about greenhouse gas emissions and cutting emissions in and outside our own value chain.</p> <p>"Klimanjaro" has been recognised by the UN as a practical, innovative and scalable climate measure that can be replicated across the world</p>



Products and services for the low-emission society

The Fjordkraft app

In our stakeholder analysis, it emerged that digital services are important to customers. By the end of 2021, more than 300,000 users had adopted Fjordkraft's app for private customers. That is almost twice as many users as the year before.

With the app, customers can gain control over their electricity consumption. Here customers can see how much electricity was used during the previous month, how much has been used to date that month, and the estimated usage for the rest of the month.

Customers can even see their consumption day by day and hour by hour. With this overview, customers can more easily take control and reduce their electricity consumption – thus saving money and emissions.

Marketplace with used mobiles

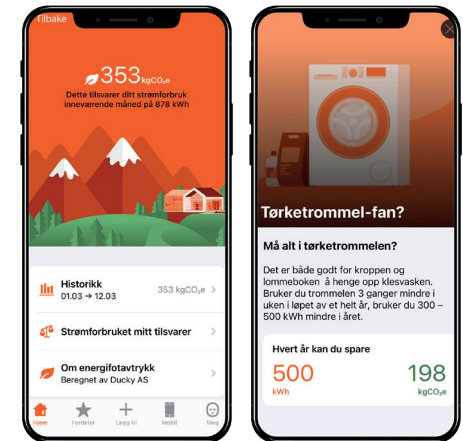
In January 2021, Markedsplass was launched in the app. Here climate-neutral suppliers can sell products to Fjordkraft customers. The products are closely related to Fjordkraft's core businesses, electricity and mobile services. Among other things, used mobile

phones are being offered – which became an immediate success. During 2021, almost 2,000 used mobile phones were sold via Markedsplass. Here we see opportunities to sell more reused products. In Markedsplass, we also launched Fjordkraft Puls in 2021 which measures electricity consumption in real-time. This is connected to the customer's automated electricity meter and sends data to the Fjordkraft app. Thus, customers can see their own electricity consumption in real time.

The energy footprint

In 2021, we launched a function in the app that shows the energy footprint of the electricity being used. We developed this in collaboration with Ducky AS. The energy footprint is the sum of all the greenhouse gas emissions caused by the customer's energy consumption. We measure this in CO2 equivalents (kgCO₂e). Both CO₂ and other greenhouse gases are included. To find out how large the footprint of the individual customer is, we multiply the energy consumption in kilowatt hours by a factor that describes how much CO₂ the energy emits.

Along with their energy footprint, customers get good tips on how to reduce it. For example, did you know that using a tumble dryer three times less per week will result in



The energy footprint in our app.

a reduction of 300-500 kWh per year? This enables annual savings of 500 kWh or 198 kgCO₂e per customer.

In addition to getting an overview of invoices, weather data, loyalty programmes, mobile usage, expected electricity consumption and energy footprint, the Fjordkraft app can be used to control electric panel heaters, heat pumps and electric car chargers.

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

In 2021 the Fjordkraft app had 300.000 unique users.





Solar panels for private customers

In collaboration with Solcellespesialisten, Fjordkraft offers a simple, informative online solution for ordering solar panels for private households. It is also possible to see and order solar cells in selected Power shops in Norway.

The online solution includes a sun map that shows which of a house's roof surfaces are suitable for solar panels and estimates how much of the home's energy consumption could be saved by self-produced solar

energy. Customers can choose between panel types with different outputs, appearances and prices, and can also see how much support they are eligible to receive from Enova.

'Plus Customers' (i.e. customers who at times produce more electricity than they use) can sell their surplus production to Fjordkraft. Plus Customers will be able to choose between selling their surplus production immediately at the market price or using a Sun Account.

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

administer withdrawals from the Fjordkraft app themselves.

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

Climate-smart solutions for the business market

Soleklart

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

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

Fjordkraft's initiative will target the entire business market, with properties in the private

and public sectors, developers and managers as important target groups. Smaller industry players can buy their own solar panel systems through Fjordkraft in the same way as private customers.

Målbart

A similar lending solution is available for heat pumps that can be connected to the 'Målbart' energy optimisation system. 'Målbart' collects all of a building's energy data into a single user surface. With a full overview and control over all energy carriers in the building, the customer can expect energy savings of around ten per cent plus reduced costs related to administration and services, such as invoicing tenants. Fjordkraft also offers charging solutions for housing cooperatives and co-ownerships.

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

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

to reduce it.

All business customers also have access to climate accounts that follow the Greenhouse Gas Protocol standard, both through "My Company" and through the climate portal klimahub.no.

Home chargers for electric cars

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

Ladestasjoner.no

Fjordkraft provides the service 'ladestasjoner.no', which is available online and as a separate app. Using our charging map, which retrieves data from Nobil, users can easily find charging points nearby and get an overview of which charging points are suitable for the different types of cars. The charging map provides a list of more than 10,000 charging

points in Norway and the Nordic countries. At ladestasjoner.no, users will also find tips and advice on rapid charging and everything else they need to know about charging their electric car.

Guarantees of origin from Norwegian Hydropower

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

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

In 2020, we launched a new solution for purchasing guarantees of origin in the consumer market called Norsk Vannkraft. Norsk Vannkraft is an optional service that can be combined with all of Fjordkraft's electricity contracts. Electricity customers can see an image of, and information about, their local hydropower plant in the Fjordkraft app or on their online account page.





New requirements for sponsorships

Fjordkraft is one of Norway's largest sponsors in elite and recreational sports, and in 2021 we started to impose even stricter requirements for sustainability on our sponsorships.

In the major agreements, clubs must now substantiate that they meet our climate, sportswashing and diversity requirements.

Sustainability is the focus of all our agreements. We have therefore developed the concept of 'Fjordkloden', which aims to become a guide for climate-positive sporting events in Norway.

Non-commercial sponsorships

A distinction is made between commercial and non-commercial sponsorships, so-called social sponsorships. The largest agreement in the latter category is with Kirkens Bymisjon. This year we have extended our cooperation until 2025, and will try to further strengthen our contribution to efforts to reduce inequalities in society. Among other things, we will do this by helping to encourage more children to participate in recreational activities and by raising awareness of Kirkens Bymisjon's efforts to create a warmer society. Through this work, we

handed out tracksuits and club equipment to more than 100 clubs and associations in 2021.

Fjordkraft also supports Rein By, which employs persons who for various reasons fall outside the ordinary labour market. We also provide support to various environmental organisations and charitable initiatives.

Fjordkloden Cup

2021 was characterised by the coronavirus, which also had a major impact on sports. Sortland IL nevertheless managed to organise 'Fjordkloden' - Norway's first climate-neutral football tournament for children and young people. Fjordkraft is a general sponsor of this event.

The Fjordkloden Cup is a concept that aims to make it easier for sports clubs to hold climate-neutral sporting events. In 2021, the pilot project was carried out in Vesterålen. We hope this will lay the foundation for an event guide for climate-neutral sporting events throughout the country. The guide is intended to help organising clubs to identify and take measures that can contribute to making the event climate neutral. In addition, the event will engage athletes and their families in sustainability issues, and increase knowledge about the climate and the environment through activities and entertainment.



The Fjordkloden Cup will set the standard for future sporting events. This will be achieved by focusing on positive climate measures within the following categories:

- Transport
- Waste and recycling
- Knowledge
- Facilities

The aim is for anyone in Norway to be able to arrange their own Fjordkloden Cup by implementing the measures in the guide. In order for a sports club to be an organiser of the Fjordkloden Cup, they must themselves be climate neutral, so we therefore encourage them to use the climate portal Klimahub.no.

Climate neutrality requirement

For all our largest sponsorships, we require climate neutrality. For the smaller sponsorships, we encourage climate neutrality. This means that our sponsors are committed to becoming climate neutral during the contract period they have with us. They must also register in Klimahub.no to document climate accounts and action lists on how they intend to cut their emissions. If the sponsorships do not live up to this provision, it will be consid-

ered a material breach, and the agreement may be terminated.

Sportswashing

We also require our sponsors in elite sports to refrain from locating training camps or playing training matches in countries where systematic and serious violations of human rights or the law or armed conflict are committed.

Partners shall not enter into sponsorship or cooperation agreements with states or companies with the same name as countries where systematic and serious human rights violations have been documented. The same applies to companies that are wholly owned by such states.

Partners shall not enter into sponsorship or cooperation agreements with private companies that in their activities do not respect human rights, including companies engaged in activities contrary to the rights of indigenous peoples, cf. the ILO Convention on the Rights of Indigenous Peoples.



Head of sponsorship at Fjordkraft, Stian Madsen, talks to The sales and commercial association (SRF) in Bergen about sportswashing and diversity.

Sportswashing is a term used when a state arranges, sponsors or takes ownership of high-profile sporting events or sporting organisations with the intention of diverting attention from conditions for which the same state is subject to strong criticism.

Diversity: In order to raise awareness among clubs about social sustainability, we demand that they do not violate the UN Sustainable Development Goals concerning gender equality and that they do not discriminate based on ethnicity or sexual orientation.



Read a post about sportswashing from our head of sponsorship, Stian Madsen.



Social



Employees

How we work with each other, and the requirements we set internally and externally, become more and more important.

More transparency will also be required around this when the Norwegian Act relating to Transparency of Enterprises is introduced on 1 July 2022.

At Fjordkraft, we are committed to building a healthy corporate culture. We are also committed to having good ethical guidelines and setting requirements for our suppliers.

Working environment, absence due to sickness, and well-being

The whole of 2021 was characterised by the fact that we were in a pandemic. Working from home affects employees. The working environment changes. Some thrive in home offices, others yearn to be part of a community.

Fjordkraft conducts two employee surveys a year. The target is a Human Capital Index (HCI) score of 25 or better. In 2021, we scored 25.1 – just above the target – despite the special situation due to the pandemic. The Group's Nordic company, Nordic Green Energy, uses an employee survey with a scale

of 1 to 5. The results for 2021 were 4.47 for the Swedish division and 3.89 for the Finnish division.

The target for absence due to sickness in Fjordkraft is less than 4.5 per cent. Total absence due to sickness in 2021 amounted to 5.9 per cent, compared to 5.1 per cent in 2020. Nordic Green Energy's total absence due to sickness amounted to 4.1 per cent. Their target for absence due to sickness is less than 3 per cent.

30 percent of employees in Norway are organized and covered by bargaining agreements.

Fjordkraft has an active company sports club that works to promote everyday activity and reduce absence due to sickness by supporting exercise activities and the organisation of fitness campaigns. The pandemic has presented challenges for the implementation of collective activities, but when infection control measures have allowed it, employees have got together for circuit training, spinning, football and games of padel, among other things.



A group of Fjordkraft employees at beach cleaning on Sotra, Bergen.



Equal Opportunities Report – Fjordkraft Holding ASA

Fjordkraft Holding ASA promotes equal opportunities and anti-discrimination. Everyone associated with the company must be treated as being of equal worth and have equal opportunities and equal rights.

Fjordkraft Holding ASA has enshrined in the Group's Code of Conduct that the company wants an inclusive work culture. We must recognise and appreciate that everyone is unique and valuable and should be respected for their individual abilities. Fjordkraft does not accept any form of harassment or discrimination on the basis of gender, religion, race, national or ethnic origin, cultural background, social affiliation, disability, health, sexual orientation, civil status, family situation, age or political opinion.

The company has procedures for reporting undesirable incidents. These may be incidents related to, among other things, discrimination and sexual harassment. The notifications are sent to HR to be dealt with and processed.

The company's whistleblowing procedure is available to all employees.

Ensuring diversity in the company is safeguarded, among other things, through our recruitment processes, where we always focus on finding the best candidate. HR participates as a neutral party in all recruitment processes to ensure that discrimination does

not occur.

Fjordkraft Holding ASA practices this through its recruitment processes, equal pay, access to career development, promotion, facilitation and combination of work and family life.

The figures in tables 1– 5 apply to employees of Fjordkraft AS.

Subsidiaries are not included in the report since the requirement only applies to companies with more than 50 employees.

Part 1: Current status of gender equality

Part 1 deals with the status of gender equality for employees of the company as at 31/12/2021. The data for part 1 was collected in cooperation with the Working Environment Committee (AMU) and the Joint Elected Representative Committee (FTU).

The company reports key gender balance figures in the company every year to the SHE Index, which is prepared and published by the consulting and auditing company EY.

Figures presented in this report are based on all employees who have an employment contract with the company. Employees whose employment is external to the company are not included in the analysis.

1.1 Gender balance

Category 1 primarily includes customer advisors and TM salespersons

Category 2 primarily includes advisors

Category 3 is defined as senior advisor

Category 4 includes senior advisors, supervisors and group leaders

Category 5 is defined as department managers and supervisors

Category 6 is the management division (group executive management)

Gender balance and age distribution

Job category, gender and age group	20-29 years	30-39 years	40 - 49 years	50 - 59 years	60 - 69 years	Total
Category 1	35	54	14	5	3	111
Women	15	29	9	5	3	61
Men	20	25	5			50
Category 2	13	30	12	7	1	63
Women	3	11	10	5	1	30
Men	10	19	2	2		33
Category 3	17	23	15	3	4	62
Women	3	7	9	2	3	24
Men	14	16	6	1	1	38
Category 4	7	26	43	24	5	105
Women	1	8	15	10	3	37
Men	6	18	28	14	2	68
Category 5	1	5	12	8	4	30
Women	1	1	3	3	1	9
Men		4	9	5	3	21
Category 6			5	4		9
Women			2	2		4
Men			3	2		5
Total	73	138	101	51	17	380

An overview of job categories and associated assessment criteria is available to all employees on the company's intranet.

The distribution in Table 1) is based on existing job categories in the company. We have assessed equal work and work of equal value in our formulation of job categories and have defined requirements/assessment criteria related to relevant education, relevant experience, other skills/knowledge as well as responsibilities and content of the job. Within the job categories there are several different types of jobs with different requirements.

Organisational placement is also taken into account in levels 5 and 6 (with few exceptions related to the nature and content of the job). We also have some exceptions that differ from the requirements of the different categories. This is based on historical factors such as transfer of business and employees who have previously held senior positions.

Gender balance shows that the proportion of women in the company as at 31/12/2021 was 43.5 per cent.

An analysis of the gender balance in the company shows that we have a relatively equal distribution of women and men in job categories 1 and 2.

Further analysis shows that women are underrepresented in job categories 3, 4 and 5. In job categories 4 and 5, women represent about 30 per cent.

On a general basis, we can say that the private sector, energy industry, and positions related to sales management and IT have historically been dominated by men and increas-

ing the proportion of women in the industry, and especially in management positions, takes time.

Active efforts are therefore being made to recruit women to jobs included in these categories – both through internal and external recruitment.

Measures include HR making recruiters aware, when preparing for recruitment processes, that they should be looking for candidates of both genders, and specifying in assignment descriptions for recruitment agencies, when they are used, that the company expects to be presented with candidates of both genders. Other measures in 2021 are described in section 2.2.

The company's group executive management comprises 10 members and the gender distribution is women 40 per cent and men 60 per cent.

1.2 Position level and salary

The average annual fixed salary in the company in 2021, excluding the group executive management, was NOK 621,745. The average salary for women was NOK 596,845, while for men it was NOK 646,645. The disparities are explained by the fact that more men than women hold management positions with personnel responsibilities. Sales management is an essential part of Fjordkraft's activities, and it is notable that, in sales, there is predominance of men with personnel responsibilities.

When calculating pay differences, the company has looked at:

- Total cash benefits (agreed salary, bonus,

overtime pay, commission and other fixed supplements) *)

- Taxable benefits in kind

Job category	Total all cash benefits *)	Taxable benefits in kind
1	100.8%	107.2%
2	101.5%	98.0%
3	99.8%	103.0%
4	99.2%	40.0%
5	90.2%	47.4%
6	103.9%	95.3%

Table 2 - Women's share of men's wages in %

Result of the payroll survey. The overview shows women's share of men's wages as a percentage.

The survey shows that there are small pay disparities between women and men in the various job categories.

The individual job category has a corresponding pay framework in accordance with the company's current salary scale at all times.

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

In cases where the job has equal value, but is paid differently this is based, among other things, on personal performance, seniority, experience or market conditions. It may also be for historical reasons when transitioning from a senior position to a position at a lower level or in a transfer of business. Such

deviations are justified and documented in connection with the company's annual pay settlement.

The company should be not a wage leader, although the company and conditions offered should be perceived as attractive and attract competent employees. The company's executive pay and remuneration policies are described in the company's Corporate Governance Policy and Guidelines for Remuneration to Senior Executives.

1.3 Temporary employment, employees in part-time positions and average number of weeks leave of absence

The figures presented in section 1.3 are based on the number of permanent employees. Contract staff from staffing agencies are not taken into account.

Temporary employees (paid by Fjordkraft AS)

Temporary employees	
Women	Men
1	2

Table 3 – Overview of temporary employees as at 31/12/2021. The table shows the number of women and men

The company practises a general rule of employing staff as permanent employees, although it uses temporary employment to meet temporary capacity needs by agreement with the company's employee representatives. This primarily applies to temporary employees and consultants affiliated with external agencies.

As of 31/12/2021, there are three temporary employees who have an employment agreement with Fjordkraft. Two of them are trainees (one woman and one man) with a temporary agreement through Trainee Innlandet and Trainee Vest. The third temporary employee was permanently employed by the company as of 1/1/2022.

All temporary employees work full time.

Part-time employees and involuntary part-time

The company basically has no part-time jobs. For those of our employees who voluntarily wish to work part-time, the company facilitates this as far as possible.

Employees in telemarketing roles primarily hold an 86.67 per cent position based on an FTE. This is partly due to the nature of the job and the legislation governing the time of day when potential customers can be contacted by phone.

Part-time work			
Actual part-time work		Involuntary part-time work	
Part-time women	Part-time men	Involuntary part-time women	Involuntary part-time men
9	11	0	0

Table 4 – Overview of part-time employees in the company as at 31/12/2021. The table shows the number of women and men

Parental leave

Parental leave – average number of weeks	
Women	Men
41	16

Table 5 – shows the average number of weeks of statutory parental leave in 2021 for women and men

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

Employees retain their full pay beyond 6G when they give birth and adopt. The Norwegian National Insurance Scheme covers salary for parental leave up to 6 times the National Insurance Scheme basic amount, which corresponds to an annual salary of approx. NOK 638,000 (as at 1/5/2021).

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

The average number of weeks of parental leave must be seen in connection with leave that started in 2020 and ends in 2022. It is only then that we can get an accurate picture

of the average number of weeks of statutory parental leave (see Table 5).

1.4 Assessment of the figures in relation to previous years

Gender balance

If we compare the proportion of women in the company, we see that this has been slightly positive over the past year. In 2020, the proportion of women in the company was 42.1 per cent, while this increased to 43.5 per cent in 2021. Of new employees in the company in 2021, 49.4 per cent were women.

As noted earlier in the report, we see that women are underrepresented in job categories 4 and 5. This is partly for historical reasons and because the company finds that few women apply for sales management and IT jobs. We constantly work towards increasing the proportion of women in these jobs in all areas; recruitment, pay and working conditions, promotions, development/training, facilitation and combination of work and family life.

Position level and salary

The company does not have directly comparable figures from 2020. However, on a general basis, there may be several different factors that influence/contribute to pay differences between women and men in the company without this being directly linked to gender.

Such factors may be different needs (such as free company vehicle) related to certain types of positions within a job category, due to historical factors (such as transfer of busi-

ness, transition from management position), personal performance, seniority, education beyond the job requirements, experience or market conditions to name a few.

Temporary employment and employees in part-time positions

The company has few employees in these types of positions. This was also the case in 2020.

Comment:

The company has a certain number of contract staff and consultants in varying position percentages at any given time. These are from external agencies and are not included in the company's figures. These mainly provide extra capacity in customer service and telemarketing. The company practises a general rule of employing staff as permanent employees, although it uses temporary employment to meet temporary capacity needs by agreement with the company's employee representatives.

Taking statutory parental leave

This year, as in 2020, the figures show that the company is facilitating taking statutory parental leave by both genders.

Part 2: Equal opportunities report – The company's work for gender equality, and against discrimination

Part 2 describes how equal opportunities and non-discrimination are integrated into the company's policies, procedures and

standards, and how the company works on equal opportunities and non-discrimination in practice. The work on promoting equal opportunities is carried out on a continuous basis.

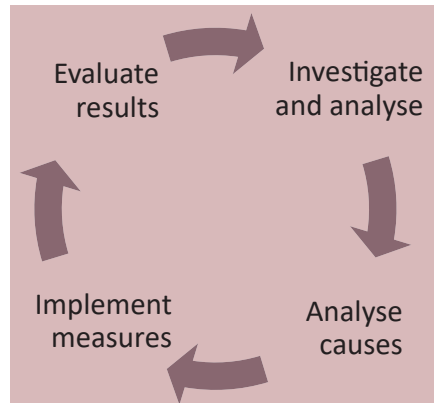


Fig. shows four-stage method for use in gender equality work

2.1 Principles, procedures and standards for gender equality, and against discrimination

Fjordkraft has implemented policies, procedures and standards for gender equality, and against discrimination, through the following:

- Guidelines for non-discrimination are anchored in the company's Code of Conduct
- The company actively promotes equal opportunities and non-discrimination in its personnel and recruitment policies
- The company has set a gender equality goal that states that the proportions of

women and men in Fjordkraft should be in the range of 40–60 per cent to ensure a well-balanced gender ratio.

- The company also aims to ensure that the proportion of female managers with personnel responsibilities matches the proportion of female employees

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

The company continuously works to ensure equal opportunities and non-discrimination in all areas.

This is in cooperation with the Working Environment Committee (AMU) and the Joint Elected Representative Committee (FTU).

The four-stage method has been used in this work.

Steps 1 and 2: Investigate and analyse risks and possible causes of discrimination

In a review of the areas of recruitment, pay and working conditions and promotion, the company has found the following causes of risk and obstacles:

1. Recruitment: Limited number of female applicants/relevant candidates in areas such as sales and IT
2. Recruitment and promotion: In management positions in the fields of sales and customer service, we have a predominance of men – this affects the gender balance as a whole for management posi-

tions with personnel responsibility.

3. Salary conditions: HR has uncovered wage differences between women and men who hold similar positions, but are
4. paid differently. This has arisen partly from organisational changes, conditions related to high wages for historical reasons or transfer of business
5. Salary conditions: Current job categories need to be changed and brought into focus, as there were too many non-comparable jobs in current categories (this applies primarily to previous job category 3). This is important in order to form the right basis for assessing any risk of pay discrimination

Steps 3 and 4: Implement measures and assessment of results

1. Recruitment: In any recruitment process, HR focuses on recruiting women in the company's various areas. Relevant measures have focused on the design of job advertisements to ensure they attract both women and men, the use of images of both genders in advertisements, ensuring that both women and men are represented in interview situations, etc.
2. The results for 2021 show that we had an increase in the number of newly employed women from 37 per cent in 2020 to 49.4 per cent in 2021, one of whom was recruited to a senior position. By comparison, in 2021, one man was also recruited to a senior position.

3. Internal recruitment and promotions: In the case of internal recruitment and promotions, the company has also focused on measures as mentioned in section 1. In 2021, we had several women who were internally promoted to senior positions in the company. In 2022, HR will continue to focus on an increased proportion of women in recruitment in general and to senior positions in particular.
4. Salary conditions: Equalisation of pay differences within positions of equal value is safeguarded in connection with the annual pay settlement. This is to ensure that such differences are evened out over time
5. Salary conditions: In 2021, measures were initiated to adapt and optimise the job categories, where the result after the introduction of new job categories forms a more accurate basis for the company's assessment of whether there is a risk of gender discrimination. This was done in cooperation with the company's employee representatives.

2.3 The Company's focus on equal opportunities and non-discrimination for 2022

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

This will not only benefit the employee, but also the employer.

Nevertheless, the company acknowledges

that a greater degree of systematisation will benefit all parties. Therefore, the company will work on systematising its work on gender equality and non-discrimination in 2022.

The following measures are planned for 2022:

- Formalise and structure continuous work on gender equality and non-discrimination, where we
 - a. continue the use of the four-stage method (see Fig. under section 2) based on the Norwegian Directorate for Children, Youth and Family Affairs' template for action overview and action plan
 - b. establish who should be included in the work (with the exception of employee representatives)
 - c. have an annual cycle showing activity, frequency of meetings etc. for gender equality work

- In order to increase the proportion of women in the company in general, and in senior positions and areas such as sales and IT in particular, the company will continue to focus on promoting the visibility of women in the company through photos in ads, "on stage", in the media and in recruitment and interview processes, to name a few.

SHE Index

Fjordkraft contributes to transparency on gender equality by participating in the SHE Index, which is prepared by EY. The SHE Index is a voluntary measurement of how companies are performing in relation to gender balance, equal opportunities policy, diversity and inclusion. The index is published annually.

Fjordkraft scored 77 out of 100 points in 2021. The figures for 2022 are already available and there we score 80 out of 100 points. The She Index characterises this as a very high score.

Attractive to young people

Fjordkraft had two trainees in 2021. Jenny Trollebø Byrkjeland was the first to be introduced through Trainee Innlandet. Next came Henrik Eliassen, our first sustainability trainee, via Bergen Næringsråd's trainee programme.

In 2021, the IT department brought in three newly qualified developers via Experis

Academy. They receive an intensive course of approximately three months at Experis Academy, then go out for a trial year in businesses, with the possibility of permanent employment after completing the contract. We have made use of this in recent years. It provides a great opportunity for graduates to



Our sustainability trainee, Henrik Eliassen, attended Ungt entreprenørskaps "syretest" and guided youth enterprises on their journey to the regional championship in youth businesses.

get work experience, and a great opportunity for us to get our hands on young talented people.

Fjordkraft is also an attractive place to work for young people wishing to combine studying with part-time jobs in sales or customer service. Several of these move on to full-time positions in the company.

Out of 81 new employees in 2021, 28 employees were transferred from Eidsiva Marked at acquisition, and 22 external candidates and 31 hired persons received a permanent position.

Skills development

Our skilled employees are the Group's most important resource. It is crucial for our competitiveness that we are able to further develop this expertise, while at the same time being able to attract needed expertise now and in the future. We work purposefully towards this.

Fjordkraft encourages skills development and wants to facilitate this. Through our student support scheme, permanent employees can apply for scholarships for continuing education. They are able to apply for support for individual subjects or a full degree at master's or bachelor's level. Funding is granted for one semester at a time, but Fjordkraft is trying to make it possible for study programmes to be completed. In the granting process, emphasis is placed on whether the education is relevant to Fjordkraft. In this way, the scheme will contribute to the desired skills development. In 2021, there were five applicants for the spring semester and eight applicants for the autumn semester. All applications were granted.

Fjordkraft has used promise-based management since 2004. This means that all employees make promises that will support the company's

overall goals. In this way, everyone in the company pulls in the same direction through targeted work. We use performance and follow-up interviews (abbreviated to ROS) between the manager and the employee to follow up the performance of the individual and to clarify the needs and expectations of the individual employee. These are carried out once every quarter and together with promise-based management are an important instrument for maintaining the desired level of competence and achieving good results.

Managers have a special responsibility when it comes to facilitating skills development. When hiring, the manager is responsible for ensuring that the new employee receives a thorough introduction to work tasks and procedures, as well as relevant training. Through ROS and ongoing dialogue, the manager must identify the need for skills-enhancement measures among all their employees and allocate resources where this is considered necessary. The Group possesses diverse and good expertise. Internal competence sharing is therefore important. Managers can also bring in external expertise in the form of courses and advisory services.

Managers shall not only facilitate the skills development of others. As good role models, they must also ensure that they safeguard their own development. The company's managers participate in a leadership development programme that spans several meetings. Here the managers get to exchange experiences and are challenged through discussion and case resolution, in addition to presenting professionally relevant content. One of the topics during the pandemic was "Leading Digitally".



Our communication officer, Jon Vaag Eikeland, at the beach clean up directed by Fjordkraft in 2021. One of his promises is to organise at least four activities during a year.



Partners and certifications

Eco-Lighthouse

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

Climate Neutral Now

Fjordkraft participates in the UN Climate Neutral Now initiative, launched in conjunction with the Paris Agreement in 2015. The purpose of the initiative is to encourage states, businesses and private individuals to carry out climate measures to achieve the goals of the Paris Agreement. The Climate Neutral Now initiative's three-step method for climate

neutrality provides the basis for Fjordkraft's supplier requirement, "Klimanjaro". Every year Fjordkraft reports its quota purchases and internal emission cutting measures to Climate Neutral Now.

Climate Partners Vestland

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

S-HUB

In 2021, Fjordkraft became a member of S-HUB, Sustainability Hub Norway. S-HUB aims to be Norway's leading knowledge network for sustainable business operations in trade and industry. Its members are Norwegian companies of all sizes that want to learn more across industries.

#Plastsmart

#Plastsmart is an initiative from Progressio, a cooperation forum involving senior managers from trade and industry, research and pub-

lic administration in the Bergen region. The project takes a number of approaches and works on research into micro and nanoplastics, dissemination, better waste management in ports and the #Plastsmart Partner concept. The overall goal is to reduce plastic consumption and the extent of plastic waste. Fjordkraft is a #Plastsmart Partner and is represented in the steering group in #Plastsmart, by Head of Sustainability Mette Nygård Havre.

Skift – the greenwashing poster

The greenwashing poster consists of ten principles designed to prevent companies from greenwashing their activities. The poster was produced by Skift, Zero, WWF and Fremtiden i våre hender. Fjordkraft signed the poster in the summer of 2020 and thus announced that we would be doing our utmost to abide by the poster's principles in all of our marketing and communications.

10 principles of green purchasing awareness

In 2021, we signed the Skift initiative "10 principles of green purchasing awareness". The principles are intended as a simple guide that all enterprises can aim to follow. For us, this will be a supplement to our requirement for climate neutrality for all our regular suppliers.

Sustainability reporting to customers

Fjordkraft is not alone in setting requirements for its suppliers. In 2021, as the electricity retailer for a number of major Norwegian companies, we were required to implement various forms of sustainability reporting. This is a development we welcome. At the same time, we can see that the wide scope of reporting services, which often have very different reporting and documentation requirements, makes this demanding work.



Renate Nedregård from Klimapartnere Vestland, gives the partners climate accounts to former climate- and environment minister Sveinung Rotevatn.



Governance

Governance



Governance is about establishing well-considered guidelines to assist owners, the Board of Directors and management in managing and developing the company's resources in a sustainable manner. Good corporate governance in the Fjordkraft Group shall ensure sustainable operations over time to the benefit of shareholders and other stakeholders. We follow the recommendation of NUES (Norwegian Corporate Governance Committee). See the Corporate Governance Report for more information on the Group's corporate governance guidelines.

The Corporate Governance report can be found on page 56.

We have assessed guidelines related to information security and responsible procurement practices as being particularly important for sustainable corporate governance. The choice of information security is based on the large amount of personal data the Group processes, and the responsibility that this entails. Responsible purchasing practices are essential to avoid negative impacts on environmental and social conditions from our activities.

Privacy protection and information security

As a leading player in the Norwegian electricity market, and with an ever-growing customer portfolio within the mobile segment, Fjordkraft processes large amounts of customer data. In addition, Fjordkraft is an employer of considerable size. We therefore have a great responsibility to manage personal data of our employees, customers and other partners in a safe and secure manner. We are committed to safeguarding the individual's rights and maintaining integrity and confidentiality associated with private information, in line with the Personal Data Act and the General Data Protection Regulation (GDPR). Fjordkraft has established procedures and processes to ensure that personal data is used solely in accordance with the legislation. Fjordkraft has used external expertise to conduct security tests and audit of our IT security to ensure that we meet all necessary requirements and standards. The company has chosen to have its own data protection officer. From 2022, this function will be taken care of by PwC.

In 2021, ten security cases related to privacy protection were registered. After conferring with the Norwegian Data Protection Authority, four of the cases were reported to

them. None of the cases were pursued further, and no sanctions were imposed.

Responsible purchasing practices

Our position as Norway's largest electricity retailer gives the Fjordkraft Group considerable purchasing power. We believe that this power should be managed in a way that benefits society.

Fjordkraft has implemented suitable provisions in all supplier agreements. In addition to setting clear requirements for climate neutrality through the "Klimanjaro" initiative, there are also requirements for compliance with the ILO Conventions and relevant provisions related to pay and working conditions. Additionally, Fjordkraft has a provision on anti-corruption. All new suppliers are screened using these social criteria and the criteria from "Klimanjaro". Violations of these contractual provisions may be subject to sanctions. The strongest sanction against breach of contract is immediate termination. This means that if Fjordkraft uncovers violations of climate neutrality, the ILO Conventions or relevant provisions related to pay and working conditions, the agreement may be terminated with immediate effect. The same applies if a supplier has been convicted or has received

a fine for corruption. In human rights cases, the termination clause will only be used as a last resort if attempts to rectify the criticisable circumstances have not been successful.

In 2021, a major audit was carried out relating to the requirement for climate neutrality. The purpose of this audit was to identify whether certain suppliers did not meet the contractual requirement. The result of the audit was that no suppliers were considered to have been in violation of the agreement, but some corrections were made, such as those not registered on klimahub.no being encouraged to do so. The audit was absolutely necessary to get an overview of the supplier status related to the requirement.

A similar audit is planned for 2022 with explicit focus on human rights. Fjordkraft is covered by the Norwegian Transparency Act which enters into force on 1 July 2022, which means that we must carry out a due diligence assessment of our entire business, including our supply chain, with the intention of uncovering the risk of human rights violations.

Before Fjordkraft enters into a new supplier agreement, it is a regular procedure for the delivery and the supplier to be analysed before entering into an agreement, after which this analysis is formalised and accepted by

our purchasing manager. As of 2021, such an analysis contains commercial elements related to synergies, costs, safe electricity trading, etc., as well as confirmation that the supplier accepts our ESG requirements, including requirements for climate neutrality, pay and working conditions and the ILO Conventions. As of 2022/2023, this analysis will to a greater extent include a risk assessment of human rights violations. The reason for this is to simplify the annual due diligence that the Norwegian Act relating to Transparency of Enterprises will impose on Fjordkraft in the years ahead.

There have been no significant changes to the Group's supply chain in 2021.

Respect for human rights

The Group has a responsibility to ensure that the human rights of its employees and others affected by our activities are respected. Fjordkraft shall be an inclusive workplace where everyone is welcome regardless of gender, age, skin colour, religion or sexuality. We focus on facilitating a good, safe and secure working environment. We support and respect all internationally recognised human rights and work to comply with the UN Guiding Principles on Business and Human Rights (UNGPR), the OECD Guidelines and the ILO's Core Conventions. This means that we do not commit or contribute to human rights violations through our own activities, and that we will act immediately if we detect violations of the guidelines. We work to avoid and mitigate

negative impacts on human rights in activities directly linked to our business through our suppliers and partners. All our suppliers are obliged to respect the eight core ILO Conventions on:

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

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

Anti-corruption and whistleblowing mechanisms

Fjordkraft has a clear and pronounced attitude towards anti-corruption. Corruption undermines ethical business activities and can pose a threat to our business and reputation, and individuals and society. We have zero tolerance for corruption and strongly oppose conduct that violates anti-corruption legislation. Through Fjordkraft's Code of Conduct, employees and everyone else

representing Fjordkraft receive guidance in ethical business activities and anti-corruption. The guidelines are based on national and international standards. They were updated and approved by the Board of Directors in 2021. All employees must sign a declaration each year confirming compliance with the guidelines. As part of the anti-corruption work, each department performs dilemma training annually. This has been completed in 2021. By simulating situations where internal guidelines are violated, employees can discuss and practise how best to resolve them. Through good preparation, employees will be better equipped to act in line with the desired behaviour, thereby maintaining the integrity of the company.

Fjordkraft's Code of Conduct can be found here: <https://investor.fjordkraft.no/corporate-social-responsibility/>

Fjordkraft sets strict requirements for ethical business activities internally within the organisation and expects the Group's partners to live up to this high standard. The Group wishes to send a clear signal that corruption is unacceptable in all parts of its operations. This is communicated to all business partners, including the Group's suppliers. In order to ensure the best possible impact of Fjordkraft's requirements for zero tolerance of corruption, the supplier's employees and sub-contractors are also covered by the requirement. Fjordkraft has the right to terminate the

agreement with any supplier who is convicted or fined for violation of this requirement. No incidents of breaches of the Code of Conduct have been discovered internally or externally during the reporting year.

In order to uncover behaviour that violates the Group's clear attitude towards corruption, good whistleblowing procedures and risk analyses are essential. The company therefore has guidelines that define how employees can report situations that violate the Code of Conduct, legislation or generally accepted ethical norms.

Risk related to corruption is defined as operational risk and is part of the Group's extensive risk management and internal control. Risk is continuously monitored and reported to the group executive management. To reduce risk associated with corruption in the supplier sector, Fjordkraft avoids selecting suppliers from countries with high corruption risk. Today, a large majority of regular suppliers are from Norway. Along with the other Scandinavian countries, Norway is among the highest ranked on Transparency International's Corruption Perception Index. Choosing well-established players from countries that are considered to have low corruption risk is a risk-reducing strategy to compensate the fact that Fjordkraft does not have the capacity to continuously monitor if regular suppliers comply with our requirements.

Certification through “Trygg Strømhandel”

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

This is a voluntary certification scheme with 11 requirements that need to be followed by certified companies. Certified electricity suppliers are committed to continuously work to improve personnel training, products, sales, marketing, billing and customer service.

Fjordkraft is a large organization with many employees. Despite working tirelessly to improve these areas, and the certification being a focus area for all leaders, there has been certain cases of deviations during the period September to December 2021. The cases are resolved through Elklagenemda or directly with the customer. Deviations are handled by the concerned party in Fjordkraft, assisted by our compliance department. We are focused on handling these cases directly with the customer, clarify any misunderstandings, and identify and implement new measures to avoid further deviations.



GRI - Core reporting

Indicator	Summary	Comments	Reference
GENERAL DISCLOSURES: ORGANISATIONAL PROFILE			
102-1	Name of the organisation	Fjordkraft Holding ASA	
102-2	Activities, brands, and services		Our business
102-3	Location of headquarters	Folke Bernadottes vei 38, Bergen, Norway	
102-4	Locations of operations	Norway, Sweden, Finland	Our business
102-5	Ownership and legal form		Our business
102-6	Markets served		Our business
102-7	Scale of the organisation		Board of Directors Report
102-8	Information on employees and other workers		Equal Opportunity Report, Social
102-9	Supply chain		Our business
102-10	Significant changes to the organisation and its supply		Governance, Board of Directors Report
102-11	Precautionary principle or approach		Risk management and internal control, Corporate Governance report, Climate risk
102-12	External initiatives		Partners and certifications
102-13	Membership of associations		Partners and certifications
GENERAL DISCLOSURES: STRATEGY			
102-14	Statement from senior decision-maker		Letter from the CEO
GENERAL DISCLOSURES: ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior		Anti-corruption and whistleblowing mechanisms
GENERAL DISCLOSURES: GOVERNANCE			
102-18	Governance structure		Corporate Governance Report
GENERAL DISCLOSURES: STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups		The right balance, Stakeholder analysis
102-41	Collective bargaining agreements		Employees, Social
102-42	Identifying and selecting stakeholders		ESG kapittel
102-43	Approach to stakeholder engagement		About the report, The right balance, Stakeholder analysis
102-44	Key topics and concerns raised		The right balance, Stakeholder analysis
GENERAL DISCLOSURES: REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements		Our business
102-46	Defining report content and topic boundaries		About the report
102-47	List of material topics		The right balance, Stakeholder analysis
102-48	Restatements of information	No restatements	
102-49	Changes in reporting	No significant changes	
102-50	Reporting period	2021	
102-51	Date of most recent report	2020	
102-52	Reporting cycle	Annual	

Indicator	Summary	Comments	Reference
GENERAL DISCLOSURES: REPORTING PRACTICE			
102-53	Contact point for questions regarding the report	investor.fjordkraft.no/contact-information	
102-54	Claims of reporting in accordance with the GRI standards		About the report
102-55	GRI content index		GR I- Core reporting
102-56	External assurance	Attestation from Deloitte	About the report
ECONOMIC DISCLOSURES: ECONOMIC PERFORMANCE			
103: 1-3	Management approach economic disclosures		Environment, Governance
201-1	Direct economic value generated and distributed		Financial Statements Fjordkraft Group, Consolidated statement of profit or loss
201-2	Financial implications and other risks and opportunities due to climate change		Climate risk
205-2	Communication and training about anti-corruption policies and procedures		Anti-corruption and whistleblowing mechanisms
205-3	Confirmed incidents of corruption and actions taken		Anti-corruption and whistleblowing mechanisms
ENVIRONMENTAL DISCLOSURES: EMISSIONS			
103: 1-3	Management approach environmental disclosures		Environment, Governance
302-1	Energy consumption within the organization		Climate accounts 2021
305-1	Direct (scope 1) GHG emissions		Climate accounts 2021
305-2	Direct (scope 2) GHG emissions		Climate accounts 2021
305-3	Other indirect (Scope 3) GHG emissions		Climate accounts 2021
ENVIRONMENTAL DISCLOSURES: ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	No incidents	
ENVIRONMENTAL DISCLOSURE: SUPPLIER ENVIRONMENTAL ASSESSMENT			
308-1	New suppliers that were screened using environmental criteria		Responsible purchasing practices, Governance
SOCIAL DISCLOSURES: EMPLOYMENT			
103: 1-3	Management approach social disclosures		Social, Governance
401-1	New employee hires and employee turnover		Attravtive to young people, Social
SOCIAL DISCLOSURES: TRAINING AND EDUCATION			
404-2	Programs for upgrading employee skills and transition assistance programs		Skills development, Social
SOCIAL DISCLOSURES: DIVERSITY AND EQUAL OPPORTUNITIES			
405-1	Diversity of governance bodies and employees		Equal Opportunities Report, Social
405-2	Ratio of basic salary and remuneration of women to men		Equal Opportunities Report, Social
SOCIAL DISCLOSURES: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	No incidents	
SOCIAL DISCLOSURES: SUPPLIER SOCIAL ASSESSMENT			
414-1	New suppliers that were screened using social criteria		Responsible purchasing practices, Governance
SOCIAL DISCLOSURES: MARKETING AND LABELING			
417-2	Incidents of non-compliance concerning product and service information and labeling	No fines or penalties	Certification through "Trygg Strømhandel", Governance
417-3	Incidents of non-compliance concerning marketing communications	No fines or penalties	Certification through "Trygg Strømhandel", Governance
SOCIAL DISCLOSURES: CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Privacy protection and information security
SOCIAL DISCLOSURES: SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	No incidents	

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To the Management of Fjordkraft Holding ASA

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON FJORDKRAFT HOLDING ASA'S SUSTAINABILITY REPORTING FOR 2021

We have been engaged by the Management of Fjordkraft Holding ASA to provide limited assurance in respect of the sustainability information in Fjordkraft Holding ASA Annual Report 2021, limited to the GRI Index table 2021 ("the Report"). Our responsibility is to provide a limited level of assurance on the subject matters concluded on below.

Responsibilities of the Management

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

Auditor's responsibilities

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

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

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

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

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

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

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Conclusions

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

- Fjordkraft Holding ASA applies a reporting practice for its corporate responsibility reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles and the reporting fulfils level Core according to the GRI Standards. Fjordkraft Holding ASA's GRI index presented in the Report appropriately reflects where information on each of the disclosures of the GRI Standards is to be found within the Fjordkraft Holding ASA Annual Report 2021.

Bergen, 30 March 2022
Deloitte AS



Helge Roald Johnsen
State Authorised Public Accountant (Norway)



Frank Dahl
Sustainability expert

2.4

Corporate Governance Report

Corporate governance report

1. Implementation and reporting on corporate governance

This corporate governance report is prepared by the Board of Directors of Fjordkraft Holding ASA (“Fjordkraft” or the “Company”). The report is designed to cover all sections of the Norwegian Code of Practice for Corporate Governance (the “Code of Practice”). The Code of Practice is available from the Norwegian Corporate Governance Board’s website www.nues.no. The Code of Practice is revised in October 2021.

The corporate governance report follows the Code of Practice. The Company’s business is described in chapter two. Chapter three contains descriptions of equity and dividends. Chapter four contains descriptions of the equal treatment of shareholders and transactions with close associates. Furthermore shares and negotiability (chapter five), General Meetings (chapter six), the nomination committee (chapter seven), the composition and independence of the corporate assembly and Board of Directors (chapter eight) and the work of the Board of Directors (chapter nine) are also described. Risk management and internal controls are described

in chapter ten, followed by a description of the remuneration of the Board of Directors (chapter eleven) and executive personnel (chapter twelve). Finally there are descriptions of information and communication (chapter thirteen), take-overs (chapter fourteen) and the auditor (chapter fifteen). The report reflects the revised Code of Practice from October 2021. Except for a minor deviation in chapter six, there are no deviations from the Code of Practice.

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

2. Business

The Company’s business, as defined in its articles of association, is the sale of electricity and other forms of energy in the retail market, in addition to other related business, including participation in other companies.

The articles are available on investor.fjordkraft.no. Fjordkraft Holding ASA is a public limited liability company organised under Norwegian law and subject to the provisions of the Norwegian Public Limited Liability Companies Act.

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

Fjordkraft aims to create long-term value for its shareholders through revenue from the sale of electricity and other services in both the private consumer and the business consumer markets. We make sure that social and environmental aspects are taken into account for all our products and services, and we aim to conduct our business in the most sustainable way possible.

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

1. Profitable growth
2. Product innovation

3. Digitalisation and automation
4. A strong brand
5. Customer satisfaction
6. Operational excellence
7. Cost leadership

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

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

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

Deviations from the Code of Practice: None

3. Equity and dividends

Shareholders' equity

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

- The authority to increase the Company's share capital by up to NOK 3,137,166 through issuance of a maximum of 10,457,222 new shares each per nominal value of NOK 0.30. The authority can be used to issue shares in connection with potential mergers and acquisitions. The authority covers capital increases in other assets than cash. The authority also covers the right to incur special obligations for the Company, ref. § 10-2 of the Public Limited Companies Act. Subject to the aggregated amount limitation the authority may be used in more than one occasion. The pre-emptive rights of the

shareholders under § 10-4 of the Public Limited Companies Act may be set aside. The authority also comprises changes in the articles of association as the share increase will require. The authority will remain valid until the General Meeting in 2021, however it will expire no later than 30 June 2021. As per 31 December 2021 there has been an issuance of 9,695,584 new shares.

- The authority to increase the Company's share capital by a maximum of NOK 313,717 through issuance of a maximum of 1,045,722 new shares each per nominal value of NOK 0.30. The authority can only be used related to the Company's share option programme. Subject to the aggregated amount limitation the authority may be used more than one occasion. The pre-emptive rights of the shareholders under § 10-4 of the Public Limited Companies Act may be set aside. The authority also comprises changes in the articles of association as the share increase will require. The authority will remain valid until the General Meeting in 2021, however it will expire no later than 30 June 2021. As per 31 December 2021 there has been an issuance of 14,000 new shares related to the authority.
- The authority to acquire shares in the Company, on one or several occasions, up to a total nominal share value of NOK 313,717. The authority may only be used in connection with the Company's bonus pro-

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

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

- The authority to increase the Company's share capital by up to NOK 3,428,454 through issuance of a maximum of 11,428,180 new shares each per nominal value of NOK 0.30. The authority can be used to issue shares in connection with potential mergers and acquisitions. The authority covers capital increases in other assets than cash. The authority also covers the right to incur special obligations for the Company, ref. § 10-2 of the Public Limited Companies Act. Subject to the aggregated amount limitation the authority may be used in more than one occasion. The pre-emptive rights of the

shareholders under § 10-4 of the Public Limited Companies Act may be set aside. The authority also comprises changes in the articles of association as the share increase will require. The authority will remain valid until the General Meeting in 2022, however it will expire no later than 30 June 2022. As per 31 December 2021 there has not been an issuance of new shares.

- The authority to increase the Company's share capital by a maximum of NOK 342,845.40 through issuance of a maximum of 1,142,818 new shares each per nominal value of NOK 0.30. The authority can only be used related to the Company's share option programme. Subject to the aggregated amount limitation the authority may be used more than one occasion. The pre-emptive rights of the shareholders under § 10-4 of the Public Limited Companies Act may be set aside. The authority also comprises changes in the articles of association as the share increase will require. The authority will remain valid until the General Meeting in 2022, however it will expire no later than 30 June 2022. As per 31 December 2021 there has been an issuance of 20,000 new shares related to the authority.
- The authority to acquire shares in the Company, on one or several occasions, up to a total nominal share value of NOK 1,714,227. The authority may only be used in connection with the Company's bonus

programme, in connection with acquisitions, mergers, de-mergers or other transfers of business, or for the purpose of subsequent deletion of shares by reduction of the registered share capital with the General Meetings resolution. The lowest and the highest price that can be paid for the shares according to authorisation are respectively NOK 0.3 and NOK 300 per share. The Board will decide at their own discretion how the shares are acquired or disposed of. The authorisation shall be valid until the Company's ordinary General Meeting in 2022, though no longer than until 30 June 2022. As per 31 December 2021 the authority has not been executed.

Capital structure

As of 31 December 2021, the Company's total non-current assets amounted to NOK 2,962 million and total current assets to NOK 7,273 million. The Company's total non-current liabilities amounted to NOK 1,352 million, total current liabilities to NOK 7,102 million and shareholders' equity to NOK 1,780 million. The management and the Board regularly evaluate whether the Group's capital structure is appropriate for its objectives, strategy, and risk profile. The Board considers this to be satisfactory in relation to its expressed goals, strategy, and risk profile.

Dividend policy

Fjordkraft's initial target ambition is to distribute minimum 80% of its net income, adjusted

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

Deviations from the Code of Practice: None

4. Equal treatment of shareholders and transactions with close associates

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

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

Any transaction between the Company and a close associate will be at arm's length. In the event of a material transaction between the Company and a shareholder, parent company of a shareholder, board member, executive management personnel or any close associ-

ates of the aforementioned, which does not form part of the ordinary course of business, the Board will arrange for a third party valuation of the transaction.

Deviations from the Code of Practice: None

5. Shares and negotiability

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

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

Deviations from the Code of Practice: None

6. General meetings

Fjordkraft Holding ASA was listed on the stock exchange on 21 March 2018. In 2021 the Board has held eleven meetings and in addition two meetings by e-mail circulation of documents. The Company's annual General Meeting took place on 21 April 2021. In addition the Board has held a seminar devoted to strategy.

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

The Board has taken the following steps to facilitate this:

- A notice calling the Meeting with compre-

hensive supplementary information on the resolutions to be considered at the General Meeting, including the recommendations of the Nomination Committee, was made available on Fjordkraft's website at least 21 days prior to the date of the General Meeting.

- All shareholders who are registered in the Norwegian Central Securities Depository (VPS) will receive notification of the General Meeting. This includes information on how to vote by proxy and the deadline for registering their intention to attend the General Meeting.
- The registration deadline for attendance by a shareholder has been set as close to the date of the General Meeting as possible.
- Shareholders who are unable to attend the General Meeting in person may vote by proxy.

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

Minutes from annual General Meetings will

be made available on Fjordkraft's website immediately after the General Meeting.

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

Link to the articles of association:

<https://investor.fjordkraft.no/en/board-of-directors-and-corporate-governance/articles-of-associations/>

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

7. Nomination committee

Pursuant to the articles of association, the Company shall have a Nomination Committee

that shall consist of one to three members. All current members are independent of the Board of Directors and the Company's executive management. The current members of the Nomination Committee are Lisbet Nærø (Chairman), Ragnhild Stolt-Nielsen and Atle Kvamme.

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

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

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

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

Deviations from the Code of Practice: None

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

Corporate assembly

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

Liability Companies.

Composition of the Board

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

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

Independence of the Board

Operating as a collegiate body to promote value creation in the interests of the various stakeholders is key. The Board shall represent all stakeholders and not promote individual interests at the cost of the Company or any of its affiliates. Hence, the majority of the members elected to the Board are independent of the Company's executive management and its main business connections. Four of the members elected to the Board by the General Meeting are independent of the Company's major shareholders. None of the Company's executive management are members of the Board. This is intended to ensure that the

interests of the shareholders are always properly represented. Once a board member has been in office for a certain period, an assessment will be made of whether the person can still be regarded as independent of the executive management or not.

The General Meeting elects the Chairman of the Board.

Fjordkraft encourages board members to hold shares in the Company to create a commonality of financial interest between themselves and the shareholders. The shares held by board members in 2020-2021 are listed in the notes to the financial statements in the Annual Report 2021.

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

Deviations from the Code of Practice: None

9. The work of the board of directors

The Board is responsible of determining the instructions for their work and instructions for the executive management. The internal division of responsibilities and duties must always be clear. Instructions have been drawn up for the Board's work and these have been approved by the Board. The Board is responsible for supervising the day-to-day management and activities in general. They must

also delegate authority and nominate board committees when this is seen as expedient and more efficient. The Board is responsible for ensuring that the Group's activities are soundly organised and for approving all plans and budgets for the activities of the Group.

All Board members elected by the General Meeting have participated in all Board meetings in 2021, with the exception of one of the representatives which gave notice of absence at one meeting in 1. quarter of 2021.

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

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

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

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

The Board evaluates its own performance on annual basis and assures itself that its mix of board members possesses the competence and expertise necessary to govern the Company in a professional and appropri-

ate matter. Details of any board committees appointed and/or newly appointed board members is presented in the annual report. No board committees were appointed during the year to consider particular matters other than the Audit Committee and Remuneration Committee.

Deviations from the Code of Practice: None

10. Risk management and internal control

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

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

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

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

- The first line consists of line managers who are risk owners. Division and staff manag-

ers own the risk in their division/staff and are responsible for risk assessment and measures being taken in their division/staff. It is the risk owner's responsibility to ensure adequate risk management and internal control within his or her area of responsibility.

- The second line consists of roles that have professional and methodological responsibility, but no responsibility for any profits. The Company's second line is responsible for facilitating and reporting the Company's processes for risk management and internal control. The risk management function is part of the second line and consists of the Risk Manager, Finance Manager, Head of Security and Head of Power Trading.
- The third line consists of the internal audit function which reports directly to the Board's Audit Committee and performs control of both the first and second line. Two or three internal audits are conducted each year based on the internal audit plan.

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

The purpose of the instructions is to develop and maintain a framework for overall risk management, to set principles for risk reporting in the business, to create predictability about measures taken to deal with risk, and to

ensure an appropriate and effective internal control system. The framework shall ensure uniform processes for identifying, measuring, managing and reporting significant risks. The instructions shall describe the limits for the different risks that Fjordkraft can and will assume to achieve its goals, and what roles the various functions have in relation to risk management. Furthermore, the instructions shall contribute to ensuring that adequate internal control has been established.

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

Guidelines for risk management and internal control

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

Fjordkraft practises a general principle that risk is not to be avoided, but taken consciously and controlled while optimising it in relation to earnings. Fjordkraft approaches

risk systematically and risk management must be an integrated part of the Company's operational and strategic management.

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

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

Risk willingness and limits

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

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

Risk-based internal control

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

Risk and internal control reporting

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

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

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

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

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

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

condition of the internal control system.

Financial reporting

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

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

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

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

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

Deviations from the Code of Practice: None

11. Remuneration of the board of directors

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

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

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

Deviations from the Code of Practice: None

12. Remuneration of executive personnel

The Board has established guidelines for the remuneration of the members of the executive management. It is a policy of the Company to offer the executive management competitive remuneration based on current market standards, and company and individual performance. The remuneration consists of a basic salary element combined with a

performance-based bonus programme. The management is covered by the Company's insurance policies and each member is entitled to certain additional benefits, such as a set car allowance. A special statement on the remuneration of executive personnel is prepared for the General Meeting.

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

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

Deviations from the Code of Practice: None

13. Information and communications

All reporting of financial and other information is based on transparency and takes into account the requirement for the equal treatment of all participants in the securities market. The Board establishes guidelines for the presentation of this information. A financial calendar is published on Fjordkraft's web pages: www.fjordkraft.no and investor.fjordkraft.no. All communication with regards to investor relations is published on

the company's website, including quarterly reports, public presentations and the payment date for any dividends.

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

Deviations from the Code of Practice: None

14. Take-overs

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

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

Deviations from the Code of Practice: None

15. Auditor

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

A review of the Company's internal control procedures is presented to the Audit Committee at least once a year and the audi-

tor reports any identified weaknesses and other areas for improvement.

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

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

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

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

Deviations from the Code of Practice: None

2.5

Board of Directors



Steinar Sønsteby

Chairman

Chairman from 21 April 2021

Member since 21 March 2018

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

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

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



Per Oluf Solbraa

Board Member

Member since March 2021

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

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

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

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



Heidi Theresa Ose

Board Member
Member since
14 May 2019

Background: Heidi Theresa Ose was born in 1983 and lives in Oslo. She has served as board member of Fjordkraft Holding ASA since 14 May 2019.

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

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



Live Haukvik

Board Member
Member since 21 March 2018

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

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

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



Tone Wille

Board member

Member since April 2021

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

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

Ms. Wille holds a Master of Science in Economics and Business Administration (siviløkonom) from the Norwegian School of Economics (NHH). She attended the AFF "Solstrand programme" in 2011-2012.

Tone Wille was born in 1963 and lives in Oslo. She holds no shares in Fjordkraft Holding ASA.



Frank Økland

Board Member (employee representative)

Member since 15 December 2017

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

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

**Elisabeth Norberg**

Board Member (employee representative)
Member since 14 May 2019

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

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

**Marianne Unhjem-Solbjørg**

Board Member (employee representative)
Member since April 2021

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

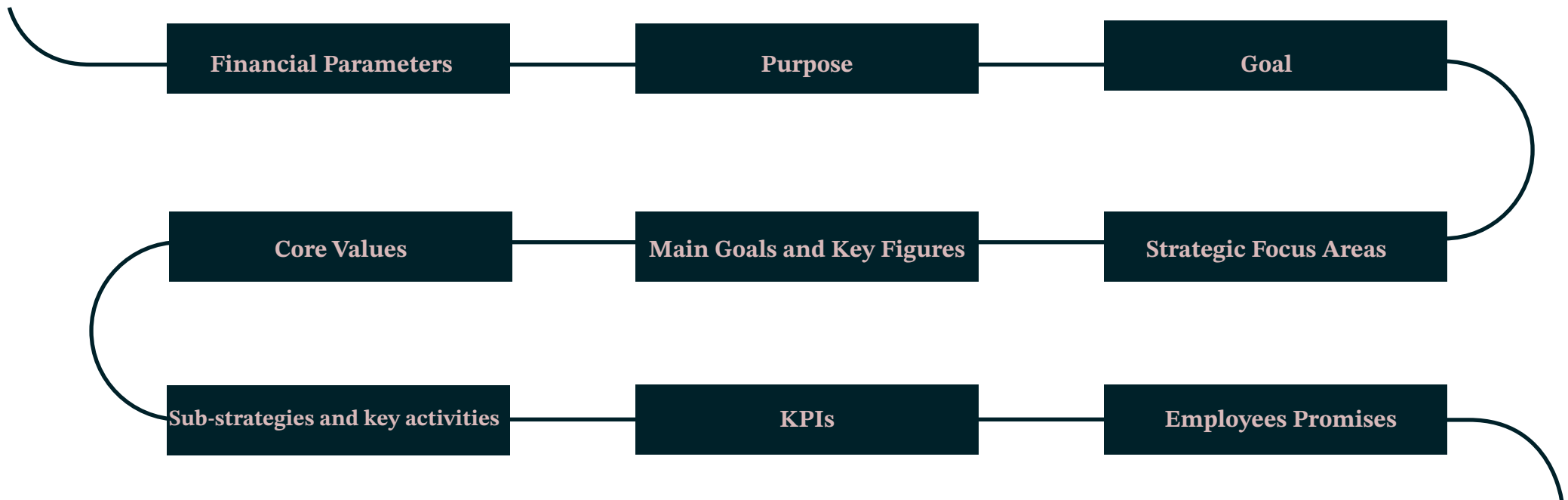
Ms. Unhjem-Solbjørg's educational background is upper secondary school with specialization in accounting.

Part 3

3.1

Strategy and strategy planning at Fjordkraft

Fjordkraft's strategy process is closely related to its management philosophy, ensuring that the strategy work is broad-based and not the exclusive province of the senior management. Fjordkraft's strategy addresses how the Group can defend and maintain its current competitive advantages and earnings, and how it can develop new advantages and business areas. Scenario modelling is a central tool in the Group's strategy work.



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

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

Our philosophy

Fjordkraft's strategy work is based on a high degree of involvement, in which we focus on defining collective ambitions in all areas of the organisation. This process ensures continuity from our overarching strategic choices right down to the individual employees' activities. Strategy work provides us with motivation, direction and differentiation. The strategy plan also serves as the basis for decisions in our everyday work, providing us with the power to implement changes and to take a long-term perspective. Rapid changes due to digitalisation and changing parameters mean all managers must be strategists for their area. They must be familiar with the best practices and always be looking ahead.

The development of sub-strategies and key activities ensures there is a clear focus on strategic challenges and opportunities within all key areas. Our proprietary strategic planning process is a hybrid model where strategy and tactics are merged throughout the organisation. Fjordkraft wants to continuously adapt to ensure we stay ahead of developments. We firmly believe that creating economies of scale will be a critical success factor in continuing the positive development in our profitability. This applies to all parts of the organisation and demands continuous growth. We will optimise our business operations to ensure we are always rigged to be able to deliver satisfactory returns to our owners, regardless of the price pressure in the industry.

Scenario planning

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

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

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

Building strong lines of defence

We still believe that it is necessary to invest in areas that can yield a competitive advantage and that these advantages must be actively maintained on an ongoing basis. This has resulted in our current focus on building market muscle and significant investments in size, branding, distribution and digital processes. An important element of our strategy is to ensure that we are building strong lines of defence. In practice, this translates into ensuring that we are (1) maintaining and developing our net revenue, (2) ensuring cost leadership and developing our EBITDA and (3) developing new business.

Maintaining and develop net revenue:

We focus on high sales activity through multiple sales channels and expansion of the service spectrum to ensure increased loyalty among existing customers and uphold the existing revenue streams.

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

Ensuring cost leadership and developing our EBITDA:

Our second line of defence focuses on cost leadership, as we expect this to be the "end

game". It is important to automate, while getting more customers to subscribe to the "Fjordkraft FactoryPlatform". We create value for our customers by delivering the right service at the right time. We work every day to make things easier, for our customers, for our colleagues and for ourselves. At the same time, the continuous development of smart, innovative solutions should make it easier to be a Fjordkraft customer.

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

Developing new business:

Our third line of defence focuses on developing entirely new business areas and expanding to new geographical areas. We expect future technological shifts to open new possibilities, and we see potential in sector convergence in the role as a service provider – starting new sigmoid curves.

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

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

Where do we create value?

Fjordkraft works continuously to optimise the value proposals and services we offer to our various customer segments. We are focusing on three main segments:

Consumer segment NORWAY

Fjordkraft is the largest player in the Norwegian consumer market, supplemented by both a strong fighting brand and a regional brand.

The Consumer segment comprises of energy sales to private households across Norway. Fjordkraft has a nationwide presence and a leading market position. The Fjordkraft group also operate the brand Gudbrandsdal Energi with a nationwide approach, and the brand TrøndelagKraft with a regional focus in Trøndelag.

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

- The largest and most well-known electricity retail brand in Norway
- Winner of Norway's best customer service across all industries at Kantar's Kundeservedagene in 2019.
- Winner of Bearing Point's Digital Leader award within Energy in 2021
- We have a broad product range with value added services and an industry-leading loyalty program.
- And in the brand Gudbrandsdal Energi,

the Fjordkraft group has a strong fighting brand

We target consumers with an attractive and differentiated offering that includes a fine menu of electricity supply price plans matching varying consumer preferences. We also offer attractive benefit programme in co-operation with external partners, and a great menu of value-added services including affinity insurance, flexible payment solutions, guarantees of origin, solar panels with sun account, home charger and smart charging.

Our digital ecosystem has a fine menu of apps and websites serving specific roles and solving specific tasks for our customers. This includes the Fjordkraft-app, fjordkraft.no, My Page, The Fjordkraft Marketplace and the EV charging app.

This also serves as a digital department store where customers can move in and out of the different interfaces to solve their tasks, whether they want to view their monthly benefits, check their electricity usage, buy products from the marketplace, check for nearby EV charging stations or connect bought products to the app. The digital ecosystem also contributes positive on important business KPIs like sales, churn, customer satisfaction and income.

At the end of 2021 the app had more than 300.000 unique users, and the high electricity prices have been a driver for user adoption. The app has a positive impact on both churn and customer satisfaction, as insights from our analytics shows that customers using the app have a significantly lower churn rate.

We are looking for services that eliminates

customer frictions and adds customer value through innovation and smartness. During 2021, we have given our customers access to quick and easy overview of electricity consumption, solar energy production, mobile data usage and customer benefits. We have set up smart and easy-to-use services for overview and control of the charging of electrical vehicles. We have also smart home functionality. These services all help customers to a more friction free daily life.

We have added more services and insights into the concept My Home. Most new EV brands and EV chargers are connected to our smart charging services and we have introduced the Fjordkraft Pulse. This unit can be connected into the smart meter in the house and give our customers get real time data of their electricity usage straight into the Fjordkraft app.

More services will surely follow. With the Fjordkraft-app, we put ourselves in a great position to develop and launch more attractive products and services as new customer demands appear.

The Fjordkraft Marketplace was launched early 2021 and is based upon a platform business model. We are offering quality goods from quality 3rd part vendors. We have created an attractive distribution channel for our partners and at the same time we keep our position as an intangible service provider, letting the customers control their hardware through the Fjordkraft-app. The demand for household appliances and gadgets that can be connected and controlled has increased along with the adoption of IOT in the consum-

ers' homes. The products offered through the marketplace will be products that complement and strengthen our core value proposition. This can be mobile phones, solar panels, home chargers and smart products for home and travel.

With the introduction of the Marketplace, Fjordkraft will gain new revenue streams and reduce customer churn. An example of a new revenue stream can be commission per order sold on the marketplace. Financing solutions, instead of cash settlement, have a proven record of reducing customer churn and are of course an available service.

Business segment NORWAY

Fjordkraft has a strong position in the business segment and a leading brand position with 97 % percent awareness and the highest top of mind in the industry.

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

Our biggest competitive advantage is our distribution power and our national presence with sales offices in Trondheim, Oslo, Sandefjord, Bergen, Stavanger, Hamar and Sortland. Our presence does reflect a segmented and a national commitment.

Business customers have a higher consumption and more complex products to which the customers are willing to pay for.

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

Our main product is Spot including Risk Management. Many of the business customers have a great need for predictable power costs, therefore they choose electricity plans that include risk management. There is a higher loyalty and satisfaction from the customers that have electricity plans that includes risk management in combination with other value adding services. Fjordkraft has very low risk associated with risk management products, because the customers fully own their positions.

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

We have launched local energy solutions in the form of Solar Panel offerings and Heat Pumps, named Soleklart and Energismart. We offer our customers solar panels and heat pumps in the form of “energy as a service”.

Ladesmart helps co-ownerships and businesses to offer fair charging easy administra-

tion of electrical vehicles. This gives Fjordkraft a unique opportunity to reach residents in co-ownerships and employees of our business customers with several services from Fjordkraft.

Our new product portfolio called Klimasmart includes all these products, and we will continue to expand this portfolio with new products that help our customers reduce their energy costs and emissions.

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

NGI – New Growth Initiatives

The NGI segment consist of our mobile service offering, the Extended Alliance concept and Nordics.

The Mobile business area comprises of mobile phone connectivity sales to consumers across Norway. Our mobile subscription offering includes favourable prices for any customer that also holds a Fjordkraft electricity subscription. The favourable prices apply to the whole household. We see that the customers also holding a Fjordkraft mobile subscription, have a significantly lower churn rate and a higher customer satisfaction rate. Fjordkraft has made a massive impact in the

mobile market, and we are now the largest service provider. We offer highly attractive and competitive prices, we have an award-winning customer service, and we offer mobile phones through the Marketplace.

Our Extended Alliance concept offers operating services within message exchange, account settlement, invoicing and payment collection for alliance partners. Exploiting economies of scale in our IT platform. All the current services and savings proposals offers through our Alliance concept corresponds to exploitation of our competitive advantages: strong brand, large customer base, strong distribution power and our IT platform. The platform has been developed to digitalise and simplify the Group’s account settlement, invoicing, and payment collection processes.

Through the acquisition of Switch Nordic Green AB in 2020, the Fjordkraft Group entered the Swedish and Finnish markets through the Nordic Green Energy brand. We are still a challenger in these markets, but we have further growth ambitions in both Sweden and Finland. We are well positioned for further M&A-growth and are targeting regional publicly owned energy companies where electricity retailing is not considered core business. Further, we want to replicate platform and efficient operations based on Fjordkraft’s model adjusted to fit Swedish and Finnish markets and regulations. We will leverage from product offering, digital UX and support further development of brand, product range and distribution.

How do we find new sources of growth?

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

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

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

Corporate governance and ESG

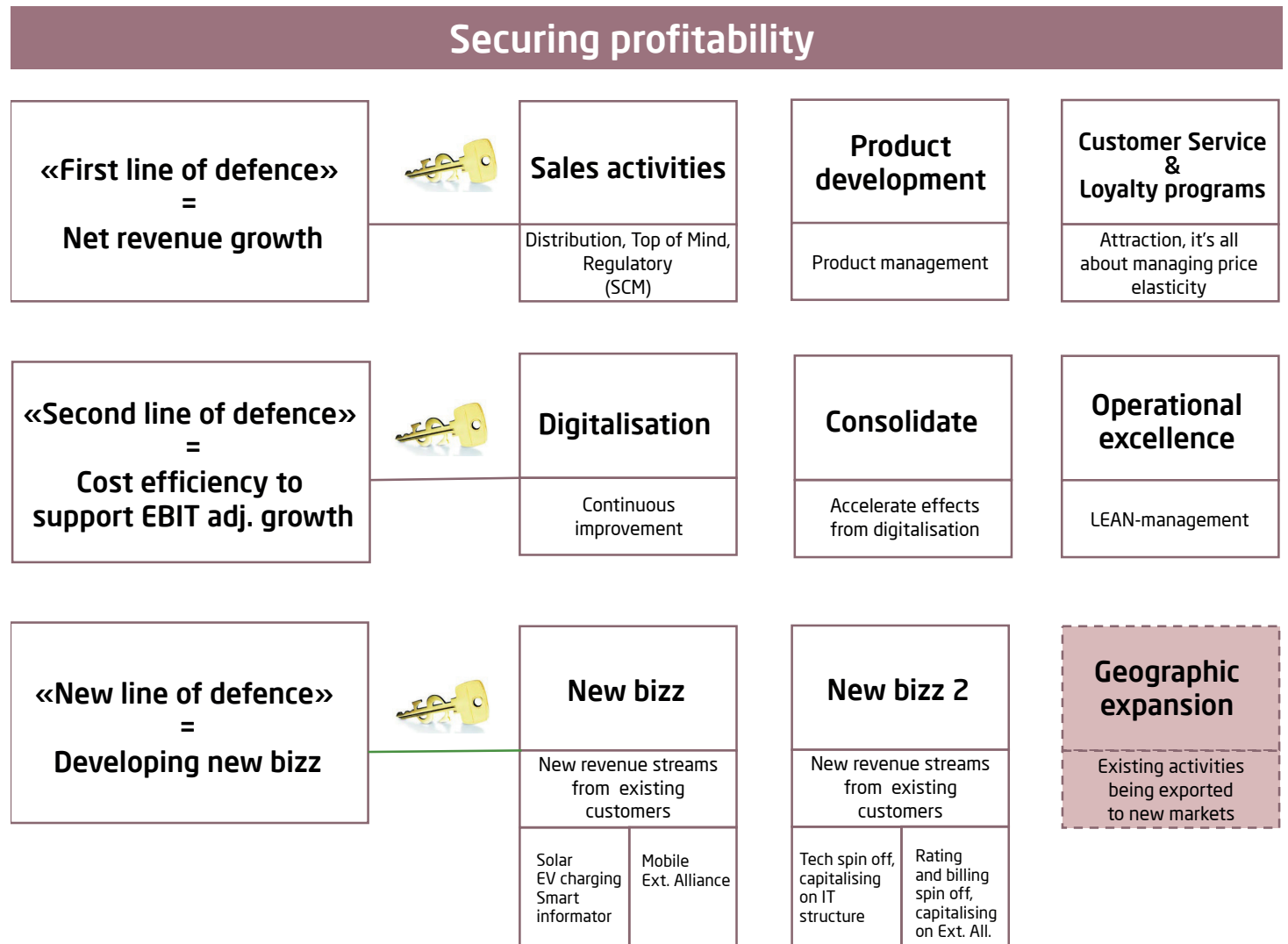
Fjordkraft is a multinational group consisting of several electricity retailers in the Nordic countries of Norway, Sweden, and Finland. To manage these new parts of our organisation well, we are continuously developing our governance model and IT-infrastructure design. This will secure us leveraging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

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

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

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

Securing profitability through three defence lines



Part 4

4.1

Board of Directors' Report

Fjordkraft Holding ASA and the Fjordkraft Group

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

Summary of the figures for 2021

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

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

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

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

The Group's overall operations

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

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

Fjordkraft

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

In January 2021, Fjordkraft's "Marketplace" for personal customers was launched. The customer experience is enriched by Marketplace facilitating the purchase of relevant quality products and services from third-party suppliers. It offers domestic and motoring products based on smart technology from various suppliers. The products

enable electricity management and electricity saving, and many of the products can be controlled via Fjordkraft's app. Customers are also able to purchase new and used mobile phones. Marketplace plays an important role in Fjordkraft's digital ecosystem, together with the Fjordkraft app.

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

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

TrøndelagKraft AS

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

Gudbrandsdal Energi AS

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

Switch Nordic Green AB

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

Alliance concept

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

AllRate AS and Metzum AS

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

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

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

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

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

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

The Fjordkraft platform

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

Fjordkraft Mobil

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

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

Consolidation and merger

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

to Fjordkraft AS. Eidsiva Marked's offices in Hamar and Kongsvinger are retained as regional Fjordkraft offices. Eidsiva Marked AS was the third largest electricity retailer in the Norwegian market.

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

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

Fundamental conditions

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

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

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

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

Large area and hourly rate differences

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

The price on the Nordic power exchange for 2021 was 63.39 øre/kWh and for 2020 11.56 øre/kWh. December was the most expensive month of the year, with a system price of 149.66 øre/kWh in 2021, compared to a record low of 2.35 øre/kWh for 2020. The system price is a theoretically calculated average price for the Nordic and Baltic countries. The countries are divided into different price

ranges for power flows, and area prices may deviate significantly from the system price, depending on transmission capacity and production and consumption within the price range.

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

The industry and customers

Electricity retailers, Norway

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

The Fjordkraft Group has three brands for electricity sales in the Norwegian market: Fjordkraft AS, TrøndelagKraft AS and

Gudbrandsdal Energi AS. The Group's market shares of the Norwegian electricity market for consumer market and business customers were an estimated 27 per cent and 20 per cent, respectively, at the end of 2021.

Customers

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

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

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

A digitalised industry

Since 2019, Elhub has been a neutral national data hub that handles all measurement data and market processes in the Norwegian energy market. Standardised message exchange interfaces enable all market participants to deal with a single player. Elhub receives and processes incoming messages,

and then generates and sends reply messages to the sender and relevant actors. Elhub is an important prerequisite for managing the huge volumes of data resulting from the introduction of digital electricity meters (AMS). The Norwegian authorities' requirement was that by 1 January 2019, the power grid companies had to install digital electricity meters (AMS) in all homes with the ability to register electricity consumption with hourly resolution. Many electricity customers receive information about their daily electricity consumption via an app on their mobile phone.

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

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

Market - Norway

Strong brand

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

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

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

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

Customer satisfaction, mobile

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

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

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

Customer satisfaction, electricity

The survey published by EPSI in November 2021 measures customers' satisfaction with their own company among Norwegian electricity customers. The survey shows an indus-

try average of 65.6 points, down 3.5 points from the previous survey. The company with the highest score achieved 83 points. Gudbrandsdal Energi achieved the second highest score at 72.4 points. Fjordkraft gained 58.9 points, a decrease of 10 points from the previous survey, and is thus second from the bottom of the list totalling 10 electricity retailers, according to the EPSI survey.

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

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

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

Strømhandel for information and transparency in products and customer communication.

Solar cells and Power Purchase Agreements

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

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

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

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

Digital maturity

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

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

Consumer market

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

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

State power compensation

Norwegian power producers are mainly publicly owned, with either municipalities or the

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

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

Customers keep track via the app

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

The customer can check their own electricity consumption compared to the temperature, manage the charging of electric vehicles,

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

Additional payment services

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

review of this issue, the company has previously notified a lawsuit with the Norwegian state as its counterparty. Fjordkraft has under consideration whether to proceed with or to waive the lawsuit.

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

The Trygg Strømhandel certification scheme

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

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

The Norwegian Consumer Council and the Norwegian Consumer Authority

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

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

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

Collaboration with well-known brands

The collaboration with Power, SAS Eurobonus, Spond, the sports chain XXL and other par-

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

Business market

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

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

Customer surveys conducted by EPSI in the

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

Nordic

Switch Nordic Green AB

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

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

The fixed price customers' consumption

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

New Growth Initiatives

Alliance – services for other companies

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

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

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

Mobile telephony

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

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

The company aimed for mobile invest-

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

Organisation

Employees

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

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

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

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

Five people, equivalent to 1.3 per cent of the employees, have part-time positions at their own request. In addition, 14 people hold

telemarketing positions, which are equivalent to around 87 per cent of an FTE. This is due to the nature of the position and is also affected by the regulations governing when during the day potential customers may be contacted by phone.

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

Equal opportunities

The purpose of the Anti-Discrimination Act is to promote equality, ensure equal opportunities and rights, and prevent discrimination. In Fjordkraft, men and women enjoy equal rights, opportunities and pay conditions for the same type of position. The company actively and systematically promotes the purposes of the Act. The activities encompass recruitment, pay and working conditions, promotion, development opportunities and protection against discrimination or harassment. The company reports key gender balance figures in the company every year to the SHE Index, which is prepared and published by the consulting and auditing company EY. The factual basis

and overview of its own activities provide a good starting point for working on measures in the company. **A full statement on gender equality is part of this Annual Report, ESG section.**

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

Covid-19 pandemic

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

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

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

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

Operations and ownership structure

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

Board of Directors

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

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

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

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

The Group has taken out Board liability insurance for all board members and executive directors in companies belonging to

Fjordkraft Holding ASA. The sum insured is NOK 50,000,000 per insurance case and in total during the insurance period. The insurer is AIG Europe S.A., Oslo, Norway.

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

Strategy

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

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

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

company's middle management and other employees in the strategy plan and generating commitment to it.

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

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

See the chapter on strategy.

Investor Relations

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

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

On 20 January 2021, the remaining original

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

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

Sustainability/ESG

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

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

The Board believes that companies in Fjordkraft's type of business can make a significant contribution to achieving the EU's sustainability goals in order to stop climate

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

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

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

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

Klimahub.no

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

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

Climate accounts

Climate accounts for 2021 have been prepared for Fjordkraft, TrøndelagKraft, Gudbrandsdal Energi and Switch Nordic Green AB, including Scope 1, 2 and 3. The

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

operations are exclusively office-based and do not include any production processes or premises. The business does not cause emissions to the air or water beyond what is consumed by the company's employees' use of the offices and travel related to their work. Electricity consumed in the company's premises has guarantees of origin (GoOs) from hydroelectric power. The company reduced its CO2e emissions in 2021. See the ESG chapter of the Annual Report with Climate Accounts.

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

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

Climate risk assessment

Since 2019, the company has formalised cli-

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

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

See the Climate Risk chapter in the ESG Report.

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

Ethics and compliance

The company satisfies the requirements of the ILO's eight core conventions regarding the right to organise, prohibitions against discrimination and forced labour, prohibitions against child labour, as well as provisions for preventing corruption, and requires the com-

pany's suppliers to do the same. Fjordkraft has adopted strict anti-corruption provisions through its internal ethical guidelines, which are based on recognised national and international standards.

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

Finances

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

During December, the daily elspot price in Finland and Southern Sweden passed 4 NOK/kWh on several occasions, and on average the price level and peak/off-peak price differences were around four times the normal level. The fixed price contracts in the Nordic segment are hedged according to our best estimated volume and the associated profile and volume risks are covered in the markup when these contracts are initiated. However, the market extremities that occurred in the fourth quarter, in combination with very cold weather in Sweden and Finland, especially in

December, led to losses from hedging inefficiencies in the Nordic segment. In Norway, the market situation has also been extraordinary, albeit not as extreme as in Sweden and Finland. The financial performance in the Norwegian segments is strong, with tailwind from good hedges.

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

Financial statements

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

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

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

result of operations. Part of the revenue from electricity deliveries for the fiscal year is not settled when we present the 2021 financial statements. These revenues are estimated, and deviations to estimated electricity sale revenues are posted as estimate deviations the subsequent year. Due to this the financial statements therefore include amounts related to estimate deviation from previous years' contribution margin. In 2020 it was a positive recognition of NOK 23 million and in 2021 it was a positive recognition of NOK 12 million.

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

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

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

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

Allocation of the year's profit

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

Statement of financial position

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

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

Total current liabilities have increased by NOK 5,148 million from 2020. This is largely related to increased trade and other paya-

bles, onerous contract provision and derivative financial instruments. Total non-current liabilities have increased by NOK 121 million. The main reasons are a NOK 152 million increase in derivative financial instruments and a NOK 92 million increase in onerous contract provisions.

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

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

Key figures

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

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

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

Cash flow analysis

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

Corporate Finance

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

Financial Risk Management

The Group classifies the following categories of financial risks:

- Market risk
- Credit risk
- Liquidity risk

Market risk

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

Market risk – commodity prices

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

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

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

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

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

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

The Group offers large business customers and Alliance partners to enter into financial power contracts, enabling them to utilize the market for financial trading of electricity to hedge the price risks in (parts of) their electricity purchases and/or sales. Any financial derivative sold to a business customer is hedged back-to-back by purchasing a corresponding financial derivative from a third party, thus any price or volume risk on these

financial customer contracts is eliminated. The Group's financial electricity trade is mainly conducted through agreed bilateral frameworks with Statkraft as the main trade counter party.

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

Market risk - climate risk

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

in a transition phase, higher electricity prices and higher volatility are expected.

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

Market risk – interest rates

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

Market risk – security prices

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

Market risk – foreign exchange rates

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

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

Credit risk

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

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

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

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

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

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

from the customer in the form of a deposit or a letter of credit.

Liquidity risk

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

Outlook

Increased price volatility

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

weather-dependent production increases.

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

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

Energy Commission

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

2021, compared with 7,640 in the previous year.

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

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

Facilitating predictability

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

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

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

Boosting our reputation

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

Continued consolidation

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

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

Framework conditions for electricity and the mobile telephony market

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

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

Innovation and services from a sustainability perspective

Fjordkraft is constantly developing its service and product offering. The company also has an innovation portfolio that is continuously

being refined and worked on up to the takeover and operation of the line. Ideas are abandoned if the business model proves not to be good enough.

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

EU Taxonomy

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

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

New reporting requirements

The company is working to adapt to the reporting requirements in accordance with the Taxonomy Guidelines, the Corporate Sustainability Reporting Directive (CSRD), the Task Force on Climate Related Financial Disclosures (TCFD) and the Norwegian Transparency Act. The Transparency Act

enters into force as from 1 July 2022 and will promote businesses' respect for fundamental human rights and decent working conditions, and ensure the general public access to information.

Robust demand

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

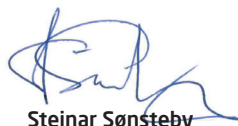
The huge focus on sustainability and renewable energy is providing business opportunities for the company and it is adapting its products and services for these.

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

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

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

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



Steinar Sønsteby

Chairman



Tone Wille

Board member



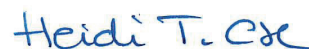
Frank Økland

Board member



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Heidi Theresa Ose

Board member



Live Bertha Haukvik

Board member



Per Oluf Solbraa

Board member



Marianne Unhjem-Solbjørg

Board member



Rolf Barmen

CEO

4.2

Financial statements Fjordkraft Group

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Consolidated statement of profit or loss

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

Consolidated statement of comprehensive income (loss)

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

Consolidated statement of financial position

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

Consolidated statement of financial position

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

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



Steinar Sønsteby

Chairman



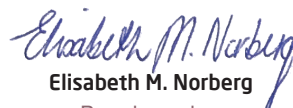
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Per Oluf Solbraa

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Marianne Unhjem-Solbjørg

Board member



Rolf Barmen

CEO

Consolidated statement of changes in equity

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

Condensed consolidated statement of cash flows

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

Consolidated statement of cash flows

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

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Notes Fjordkraft Group

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Note 1

Accounting policies

General information

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

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

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

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

Basis of preparation

Compliance with IFRS

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

ply with IFRS as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the group

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

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

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

New standards and interpretations not yet adopted

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

Basis of consolidation

These consolidated financial statements include the accounts of Fjordkraft Holding

ASA and its subsidiaries (note 25).

Going concern

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

Basis of measurement

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

Note 1**Accounting policies****Principles of consolidation****Subsidiaries**

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

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

Joint ventures and associates

The Group's investments in joint ventures and associates are accounted for by using the equity method of accounting. Under this method, the investment is initially recognized at cost. Goodwill relating the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually. The income statement reflects the

Group's share of the net result after tax of the associate or joint venture. Any depreciation or amortization of the Group's excess values are included in the net result from the joint ventures. Any change in other comprehensive income of the associate or joint venture is presented separately in the Group's other comprehensive income.

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

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

Changes in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss.

This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Business combinations and goodwill

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

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

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

Acquisition cost equals the fair value of the assets used as consideration, including

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

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

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

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

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

Note 1**Accounting policies****Foreign currency translation****Functional and presentation currency**

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

Transactions and balances

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

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

exchange gains and losses are presented in the statement of profit or loss on a net basis within other financial items.

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

Group companies

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

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

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

Revenue recognition

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

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

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

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

each promised good or service is distinct. The Company then recognises as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. For a complete discussion of accounting for revenue, see Note 4 - Revenue Recognition.

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

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

Income tax**Income tax**

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

Current tax

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

Note 1**Accounting policies**

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

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates,

and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current

tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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

Cash and cash equivalents

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

Trade receivables, loans and other receivables

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

Investments and other financial assets**1. Classification**

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

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

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

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

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

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

2. Measurement

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

Note 1**Accounting policies**

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

Debt instruments

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

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

3. Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments at amortised cost. The impairment methodology applied

depends on whether there has been a significant increase in credit risk. Note 6 and 8 details how the Group determines whether there has been a significant increase in credit risk.

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

4. Derecognition

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

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

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent

changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast power purchase transactions (cash flow hedges).

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

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

Cash flow hedges that qualify for hedge accounting

The group use forward contracts to hedge forecast power purchase transactions. The

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

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

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

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

Note 1**Accounting policies****Derivatives that do not qualify for hedge accounting**

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

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

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

Own use contracts

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

tion, are considered executory contracts and are recognised in the consolidated financial statements when the underlying purchase or sale has occurred.

Property, plant and equipment

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

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

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

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

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

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

Leases

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

Lease liabilities

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

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

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual les-

see as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

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

Right-of-use assets

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

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

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

Note 1**Accounting policies**

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

Short-term leases and leases of low value assets

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

Intangible assets**1) Intangible assets acquired separately****1. EI-certificates and Guarantees of Origination (GoOs)**

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

2. Software

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

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

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

3. Customer portfolios

Customer portfolios are recognised at fair value in the consolidated statement of financial position at the time of acquisition. The customer portfolios have a limited useful economic life and are recognised at cost less deductions for accumulated depreciation. Depreciation is calculated based on the

expected customer churn rate. Fixed price elements of customer contracts are recorded as separate assets.

4. Fixed price customer contracts

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

5. Tradenames

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

6. Goodwill

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

2) Internally generated intangible assets**1. Software**

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

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

Note 1**Accounting policies**

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

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

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

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

Impairment of tangible and intangible assets

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

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

its recoverable amount.

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

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

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

Trade and other payables

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

Borrowings and credit facilities

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

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

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is proba-

ble that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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

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

Onerous contracts

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

Provision for EI-certificate cancellation liability

Note 1**Accounting policies**

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

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

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

to offset estimated number of certificates to be handed over to the government).

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

Employee benefits**Pension schemes and pension obligations**

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

Defined benefit pension plans

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

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

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

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

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

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

Defined contribution plans

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

Share-based compensation

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

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

Dividends

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

Earnings per share**1. Basic earnings per share:**

Basic earnings per share is calculated by dividing:

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

Note 1**Accounting policies**

equity other than ordinary shares

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

2. Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Government grants

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

Government grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the consolidated statement of profit and

loss on a systematic basis over the periods in which the Group recognises the corresponding expenses for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised by deducting the grant from the carrying amount of the asset. The grant is recognised in the Consolidated statement of profit or loss over the life of the depreciable asset as a reduced depreciation expense.

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

Rounding of amounts

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

Comparable figures and reclassifications

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

Presentation of derivative financial instruments in statement of financial position

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

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

Unrealised gains and losses on derivative financial instruments have previously been reported as Other gains and losses, net in the statement of profit or loss. From 2021 unrealised gains and losses on derivative financial instruments that are

- customer contracts are presented as Revenue (Comparable figures for 2020 have been restated with NOKt -65 848 (losses)), and
- hedging contracts are presented as Direct cost of sales. (Comparable figures for 2020 have been restated with NOKt 397 387 (gains)).

Presentation of onerous contract provisions in statement of financial position

Onerous contract provisions have previously

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

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

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

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

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

Note 2 Significant accounting judgements, estimates and assumptions

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

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

The areas involving significant estimates or judgements are:

1) Onerous contract provisions

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

The Group has significant portfolios of fixed price power contracts with end user customers where the volume is not fixed. These customer contracts do not qualify to be recognised as financial instruments. The price risk in these fixed price customer contracts are hedged with financial electricity derivatives which however are recognised

as financial instruments. When hedging the price risk from these fixed price contracts, the electricity volume expected to be delivered on the fixed price contracts is estimated. To manage the volume risk in customer contracts without fixed volume the volume estimates are periodically updated, and the portfolios of hedging derivatives are rebalanced accordingly. The remaining risk exposure is taken into account when pricing these customer contracts. Please see note 8 for more information regarding the Group's different product types and related market risks.

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

2) Impairment of goodwill and intangible assets

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

erating units equal the reportable segments.

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

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

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

Note 2**Significant accounting judgements, estimates and assumptions**

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

4) Defined benefit occupational pension scheme

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

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

All assumptions are reviewed at the reporting date. Please see note 17 for details of the assumptions used in the actuarial valuation of defined benefit pension obligations.

5) Gross vs. net presentation

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

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

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

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

In determining which sales commissions represents incremental costs to obtain a contract, management evaluates the vari-

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

7) Hedge accounting

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

- i) the Nordic system price (system price forward contract),
- ii) an area price (area price forward contract), and / or
- iii) the difference between the Nordic system price and an area price (EPAD contract).

Assessing whether the qualifying criterias for hedge accounting are met requires the use of judgment, in particular when

a) assessing whether system price risk constitutes a risk component of area price risk in accordance with IFRS 9.6.3.7.a, and
b) when assessing whether hedging of area price risk in price areas NO3 and NO4 will be sufficiently effective (IFRS 9.6.4.1.c) when system price forward contracts are the designated hedging instruments.

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

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

Note 3

Segment information

Disaggregation of revenue from contracts with customers

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

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

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

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

sales to private consumers, business consumers and alliance partners.

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

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

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

Note 3 Segment information

2021						
NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total
Revenue adjusted **	7 802 881	5 257 664	1 773 888	14 834 434	365 732	15 200 165
Direct cost of sales adjusted	(6 704 802)	(4 796 617)	(1 710 899)	(13 212 318)	(287 350)	(13 499 669)
Net revenue adjusted	1 098 079	461 048	62 989	1 622 116	78 382	1 700 496
Personnel and other operating expenses adjusted	(586 248)	(159 441)	(70 661)	(816 349)	(83 634)	(899 993)
Depreciation and amortisation adjusted	(164 206)	(27 213)	(17 931)	(209 350)	(5 105)	(214 455)
Total operating expenses adjusted	(750 454)	(186 654)	(88 592)	(1 025 699)	(88 740)	(1 114 448)
Operating profit adjusted	347 625	274 394	(25 603)	596 417	(10 357)	586 048
Acquisition related costs						(1 034)
Other one- off items						3 387
Depreciation of acquisitions ***						(188 629)
Estimate deviations						11 515
Unrealised gains and losses on derivatives						1 088 469
Change in provisions for onerous contracts						(996 739)
Impairment of intangible assets						(9 762)
Operating profit (EBIT)						493 256

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

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

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

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

Note 3 Segment information

2020						
NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total
Revenue adjusted **	2 144 219	1 479 533	263 894	3 887 645	295 716	4 183 361
Direct cost of sales adjusted	(1 039 480)	(1 102 666)	(245 954)	(2 388 101)	(251 775)	(2 639 876)
Net revenue adjusted	1 104 738	376 866	17 940	1 499 544	43 941	1 543 486
Personnel and other operating expenses adjusted	(531 316)	(149 062)	(9 256)	(689 634)	(74 378)	(764 012)
Depreciation and amortisation adjusted	(138 226)	(21 557)	(2 932)	(162 715)	(8 481)	(171 196)
Total operating expenses adjusted	(669 542)	(170 619)	(12 188)	(852 349)	(82 859)	(935 208)
Operating profit adjusted	435 196	206 247	5 752	647 194	(38 918)	608 278
Acquisition related costs						(42 213)
Other one- off items						1 716
Depreciation of acquisitions ***						(128 175)
Estimate deviations						22 521
Unrealised gains and losses on derivatives						331 539
Change in provisions for onerous contracts						(71 023)
Impairment of intangible assets						(197 470)
Operating profit (EBIT)						525 172

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

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

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

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

Note 4

Revenue recognition

The following table summarises revenue from contracts with customers:

Timing of revenue recognition

Over time:

NOK in thousands	2021	2020
Revenue - Consumer segment	7 697 878	2 090 297
Revenue - Business segment	5 219 008	1 453 829
Revenue - Nordic segment	1 773 888	263 894
Revenue - New growth initiatives	360 175	293 952
Total revenue recognised over time	15 050 949	4 101 972

At a point in time:

Revenue - Consumer segment	105 003	53 921
Revenue - Business segment	38 657	25 704
Revenue - Nordic segment	-	-
Revenue - New growth initiatives	5 557	1 764
Total revenue recognised at a point in time	149 217	81 389

Total revenue from contracts with customers (Revenue adjusted)	15 200 165	4 183 361
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Other revenue:

Estimate deviations	8 422	29 650
Unrealised gains and losses on derivative customer contracts	(37 596)	(65 848)
Other one- off items	-	1 716
Total revenue	15 170 991	4 148 879

Note 4**Revenue recognition****Sale of electricity**

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

Electricity Procurement Services

The Group has contracts with 'alliance partner' customers to jointly procure electricity

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

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

The Group also provides invoicing, revenue reporting, collection and closely related services for some of the alliance partners.

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

Subscription – mobile phone services

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

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

Revenue from messaging and call services are recognised in the month they are billed,

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

Other Services

Other services revenue consist primarily of revenues from:

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

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

The Group charges a fixed fee for access

Note 4 Revenue recognition

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

Contracts with Multiple Performance Obligations

The Group periodically enters into contracts, or multiple contracts at or near the same time, with its customers in which a customer may purchase a combination of Electricity services and other services, such as procurement solutions or professional services. These contracts include multiple promises that the Group evaluates to determine if the promises

are separate performance obligations. Once the Group determines the performance obligations, the Group determines the transaction price, which includes estimating the amount of variable consideration to be included in the transaction price, if any. The Company then allocates the transaction price to each performance obligation in the contract based on a relative stand-alone selling price method or using the variable consideration allocation exception if the required criteria are met. The corresponding revenues are recognised as the related performance obligations are satisfied as discussed in the revenue categories above.

Cost to obtain Contracts

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

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

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

Contract Balances

The Company receives payments from its customers based on billing schedules established in each contract. Up-front payments and fees are recorded as deferred revenue upon receipt or when due, and may require deferral of revenue recognition to a future

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

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

Note 4**Revenue recognition**

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

Contract assets

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

Contract liabilities

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

Transaction Price Allocated to Future Performance Obligations

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

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

Concentrations of Credit Risk

The Group do not have any customers that comprised more than 10% of the Group's rev-

enue for year ended 31 December 2021 and 31 December 2020.

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

Note 5

Direct cost of sales

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

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

The interest compensation for extended credit days related to electricity purchase from Statkraft Energi AS, the Group's main sup-

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

As at 31 December 2021, the interest bear-

ing balance with Statkraft Energi AS was NOKt 3 851 298 (31 December 2020 was NOKt 350 165).

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

Note 6

Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets

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

* excludes contract assets

Financial liabilities

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

Note 6**Financial assets and financial liabilities****Offsetting financial assets and financial liabilities:**

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

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

2021**Financial assets**

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

Financial liabilities

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

Financial Statement Impact:

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

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

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

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

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

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). In 2021, the Group has made a change in the estimation technique used for estimating expected credit loss. For customers in the business segment, the expected credit losses on trade receivables are still estimated using a provision matrix by grouping trade receivables based on reference to past default experience for the group of customers. For customers in the consumer segment, the expected credit

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

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

To account for Covid-19 effects the Group made an additional loss allowance provision of NOKt 10 800 in 2020. During 2021 most of the Government's restrictions has been lifted

and macroeconomic conditions have started to normalise. After an updated assessment of credit risk due to Covid-19 in 2021, the additional loss allowance provision was removed.

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

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

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

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

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

2020		Loss allowance provision - Days past due							
NOK in thousands	Current	31-60 days	61-90 days	91-120 days	121-180 days	More than 180 days	Total	Gross nominal amount	
Trade receivables - Power sales - Consumer customers	1 161	1 492	755	1 140	584	60 824	65 955	434 319	
Trade receivables - Power sales - Business customers	2 279	481	215	814	762	23 429	27 981	359 340	
Trade receivables - Mobile sales - Consumer customers	(0)	1	25	42	62	214	344	835	
Other provisions									
Loss allowance provision related to Covid 19							10 800		
Total Loss allowance provision	3 440	1 974	995	1 996	1 408	84 467	105 080	794 493	

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

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

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

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

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

Other non-current financial assets

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

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

* Loans to employees include next year's installments. Installments in 2021 amount to NOKt 2 594.

** Customers who purchase Fjordkrafts home charger for electrical vehicle can repay this over the electricity bill. The repayment plan is 36 months. Fjordkraft has a lien in the home charger until it is repaid.

*** Transaction costs related to establishing the RCF, the guarantee facility and the overdraft facility, see more details in note 6 (c).

6(b) Trade and other payables

Current liabilities

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

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

Fair value of trade and other payables

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

6(c) Credit facilities

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

Credit facilities agreement

In September 2020 Fjordkraft entered into a new facilities agreement, which includes the following credit facilities;

- a NOKt 1 000 000 term loan - the acquisition facility
- a NOKt 500 000 revolving credit facility
- a NOKt 2 250 000 guarantee facility
- a NOKt 1 000 000 overdraft facility

The term loan - NOKt 1 000 000 - The acquisition facility

In November 2021 Fjordkraft used the option to extend the termination date of the loan, the new termination date of the loan is in September 2024. Fjordkraft has the option to extend the termination date by another period of twelve months. Each term loan drawn upon the facility is to be repaid in quarterly repayments of 2,5 % of the original amount of the term loan, with the remainder being repaid in full on the termination date. The reference interest rate is NIBOR.

NOKt 460 000 was drawn upon this facility in September 2020, in order to repay a former term loan, and to partly finance the acquisition of Innlandskraft AS. In November 2020 additional NOKt 477 000 was drawn upon the facility in order to partly finance the acquisition of Troms Kraft Strøm AS. The term loan principals are being repaid in quarterly instalments of total NOKt 23 425. The first quarterly instalment was repaid in December 2020. At 31 December 2021 the remaining term loan principal balance is NOKt 819 875

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

The revolving credit facility - NOKt 500 000 - The RCF

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

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

6(c) Credit facilities

The guarantee facility - NOKt 2 250 000

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

The overdraft facility - NOKt 1 000 000

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

Security

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

Transactions costs

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

Financial covenant

Under the new credit facility, there is a leverage covenant that applies at all times, and which shall be calculated quarterly based on consolidated numbers. A leverage ratio is to be calculated as total long term interest bearing debt to rolling 12 month EBITDA adjusted. The leverage ratio shall not exceed:

- more than 2,5 in respect of more than one quarter-end during any financial year, and
- more than 2,0 in respect of the remaining three quarter-ends during any such financial year.

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

Liabilities from financing activities

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

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

6(d) Cash and cash equivalents

Current assets

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

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

Classification as cash equivalents

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

Restricted cash

Please refer to note 23 for information about restricted cash.

Note 7

Fair value measurement of financial instruments

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

Recurring fair value measurements At 31 December 2021

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

Recurring fair value measurements At 31 December 2020

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

Note 7**Fair Value**

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

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

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

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities. Changes

in assets and liabilities measured at fair value based on level 3 during the year are presented in the tables below.

Valuation techniques used to determine fair values

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

At the beginning of 2021 level 3 inputs consisted of a) expected power price in price areas Bergen and Kristiansand, and b) expected power price on contracts with maturity more than five years from the reporting date, as the market for corresponding forward contracts is considered illiquid. During 2021 Nasdaq Commodities listed EPAD (Electricity Price Area Differential) contracts for the price areas Bergen and Kristiansand, thus expected power

prices in these price areas are no longer considered to be level 3 input. All affected electricity derivatives are transferred to level 2.

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

Note 7 Fair Value

Assets and liabilities measured at fair value based on level 3

At 31 December 2021

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

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

80 656

At 31 December 2020

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

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

(9 456)

Sensitivity analysis of factors classified to level 3

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

Fair value of other financial instruments

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

Note 8

Financial risk management objectives

The Group classifies the following categories of financial risks:

- Market risk
- Credit risk
- Liquidity risk

Market risk

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

Market risk – commodity prices

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

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

The different product types expose the Group to different risks, including price risk, profile risk, and volume risk. Profile risk arises when using standardized electricity derivatives, where the contractual price is fixed for

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

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

The Group revised its risk management strategy and policy for power purchases in the Norwegian group entities in July 2021. In the revised strategy Fjordkraft will seek to reduce price variability for a higher percentage of the future power purchases in Norway. Fjordkraft uses different derivatives to reduce variability in future power purchases, depending on availability in the market. This will support the commercial goal to reduce the number of price changes for the variable price products,

at the same time acknowledging the risk that the group might not be fully able to follow the price curve in a market with reduced prices. The Group offers large business customers and Alliance partners to enter into financial power contracts, enabling them to utilize the market for financial trading of electricity to hedge the price risks in (parts of) their electricity purchases and/or sales. Any financial derivative sold to a business customer is hedged back-to-back by purchasing a corresponding financial derivative from a third party, thus any price or volume risk on these financial customer contracts is eliminated. The Group's financial electricity trade is mainly conducted through agreed bilateral frameworks with Statkraft as the main trade counter party.

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

Market risk - climate risk

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

Note 8**Financial risk management objectives**

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

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

Market risk – interest rates

The Group's exposure to interest rate risk arises from variable rate credit facilities. The long term loans, the revolving credit facility, the guarantee facility and the overdraft facility described in note 6(c), are all variable rate facilities. In addition, some interest rate risk is related to short-term trade payables towards Statkraft related to purchase of electricity, and short-term receivables for customers who choose to extend their payment terms. Variable rate credit facilities, trade payables,

and trade receivables expose the Group to cash flow interest rate risks. The current exposure to interest rate risk does however not warrant the use of derivative instruments, since it is not considered to be material. The Company has set out parameters to actively monitor this risk going forward.

Market risk – security prices

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

Market risk – foreign exchange rates

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

The Group's operations however still have limited exposure to foreign exchange cur-

rency fluctuations, as the vast majority of local revenues, operating expenses and financial expenses are denominated in local currency. Through its agreement with Statkraft, the Group has the opportunity to conduct all of its physical and financial purchase of electricity in local currency.

Derivatives

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

Note 8
Financial risk management
objectives

The group has the following derivative financial instruments:

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

Note 8**Financial risk management objectives****Credit risk**

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

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

In addition to invoicing electricity sales and other services provided to customers, the Group provides re-invoicing to customers in Norway related to grid rent on behalf of the grid owners ("gjennomfakturering"). This contributes to an increase in credit risk as the amount of trade receivables increases. The Group is required to provide letters of

credit to the grid owners, guaranteeing their settlement of re-invoiced grid rent. However, the grid owners are not required to reimburse Fjordkraft for any re-invoiced grid rent not settled by the customer.

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

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

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves, bank overdraft facilities and reserve credit facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Electricity purchased under the Group's electricity purchase agreement with Statkraft, which is the Group's most significant purchase agreement, are invoiced monthly in arrear, with a 30 day payment term in Norway and 45 day payment

in Sweden and Finland. In addition this agreement in Norway includes a right for Fjordkraft to postpone these payments for additional 30 days if current cash in hand does not cover the liability. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out in note 6(c), Credit facilities.

Liquidity risk tables

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

Note 8
Financial risk management
objectives

Contractual maturities of non-derivative financial liabilities

31 December 2021

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

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

Contractual maturities of derivative financial liabilities

31 December 2021

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

Note 9 Hedge accounting

Cash flow hedges of forecast power purchase transactions

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

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

Because of the increased volume of hedging activity for future power purchases, the group decided to implement hedge accounting. This only applies to contracts entered into after the revised risk management policy. Fjordkraft uses different derivatives to reduce

variability in future power purchases, depending on availability in the market. Nordic system price forward contracts is the most important hedging instrument and formal hedge documentation has been prepared for such forward contracts entered into from the beginning of Q3 2021. Starting from Q4 2021 Fjordkraft has also prepared formal hedge documentation for area price forward contracts, EPAD (Electricity Price Area Difference) forward contracts, and for combinations of system price forward contracts and EPAD forward contracts, that are all part of the same risk management strategy.

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

The Nordic system price is the main reference price in the Nordic electricity market, with area prices to a varying degree correlating to the system price. The three southern price areas in Norway (NO1, NO2 and NO5) are strongly correlated with both the system price and each other. There is also a high correlation for the two northern areas (NO3 and NO4), although this correlation is weaker than for the southernmost areas. Management has considered the market structure and concluded that the system price can be characterized as an identifiable and measurable component of the power price. In general, a change in the system price will cause a change in the price in all price areas and will also impact the pricing of long-term contracts in all areas. In addition, most market partic-

ipants develop expectation of future prices estimating future system price and area differentials individually. This implies that the system price is an identifiable risk component in the future purchase of electricity. For price areas where the forward area price is higher than the forward system price (NO1, NO2 and NO5), the hedged item is defined as the cash flows related to future purchase of electricity in the relevant areas, but only for those changes that are attributable to changes in the system price. For the two northern price areas (NO3 and NO4) the area price has been lower than the system price during the last two quarters of 2021. For these price areas, the hedged item includes all variability in the future cash flows related to future power purchases. Changes in the price differential between area price and system price will therefore create hedge ineffectiveness in the northern price areas when the hedging instrument is a system price forward contract alone. For the three southern price areas, movements in the price differential will not cause hedge ineffectiveness.

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

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

Note 9 Hedge accounting

Fair value of hedging instruments where hedge accounting is applied

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

* NOK in thousands

** MWh in thousand

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

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

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

Ineffective portion of changes in fair value of designated hedging instruments are recognised to *Direct cost of sales* in the P&L.

Effective portion of realised gains and losses on hedging instruments are reclassified from OCI and recognised to *Direct cost of sales* in the period they are realised.

Hedging reserves

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

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

Note 10 Personnel expenses

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

For information regarding pension schemes please refer to note 17.

For information regarding management option program please refer to note 26.

For information regarding remuneration to executive management and Board of Directors please refer to note 22.

Note 11

Other operating expenses and other financial items

11(a) Other operating expenses

Other operating expenses

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

* Includes legal fees, auditor, consultants

Auditor's remuneration

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

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

11(b) Other financial items, net

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

Note 12

Income tax

Specification of tax expense recognised in statement of profit or loss

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

Specification of current income tax liabilities

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

Reconciliation of statutory tax rate to effective tax rate:

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

Note 12

Income tax

Specification of basis for deferred tax

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

* Valuation allowance for deferred tax asset

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

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

Note 12
Income tax

Changes in deferred tax balances

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

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

Note 13

Earnings per share

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

Basic earnings per share

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

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

Note 14

Property, plant and equipment

2021

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

2020

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

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

Fjordkraft has no stranded assets.

Note 15 Intangible assets

Non-current intangible assets

2021

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

* Depreciations for the majority of customer portfolios is calculated on basis of expected churn-profile of the customer portfolio

** Through the acquisition of Troms Kraft Strøm AS in November 2020, a portfolio of fixed price customer contracts were acquired. These fixed price customer contracts are depreciated systematically over the remaining life of these contracts (up to five years) using a pattern that reflects how the acquisition value of the contracts are distributed over these contract periods (cost model in IAS 38). Fixed price customer contracts not acquired through a business combination are not recognised in the balance sheet, unless the contracts are identified as onerous contracts. As a result of the increase in market prices of electrical power, indicators of impairment was identified and impairment charges of NOKt 9 762 were recognised to the fixed price customer contracts in 2021 (NOKt 180 026 in 2020).

*** The changes to Goodwill included in Additions from business combinations are adjustments to the goodwill recognised when the group acquired Innlandskraft AS and Troms Kraft Strøm AS in 2020. These changes are mainly caused by adjustments to the final purchase consideration.

**** Of total additions of customer portfolios, NOKt 37 348 relates to the acquisition of Skymobil AS' portfolio of mobile customers. The amount comprises the purchase price for the portfolio and directly attributable costs.

Note 15**Intangible assets****Non-current intangible assets****2020**

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

* Depreciations for the majority of customer portfolios is calculated on basis of expected churn-profile of the customer portfolio.

** Through the acquisition of Troms Kraft Strøm AS in November 2020, a portfolio of fixed price customer contracts were acquired. These fixed price customer contracts are depreciated systematically over the remaining life of these contracts (up to five years) using a pattern that reflects how the acquisition value of the contracts are distributed over these contract periods (cost model in IAS 38). Fixed price customer contracts not acquired through a business combination are not recognised in the balance sheet, unless the contracts are identified as onerous contracts. As a result of the increase in market prices of electrical power, indicators of impairment was identified and impairment charges of NOKt 180 540 were recognised to the fixed price customer contracts at December 31 2020.

*** As part of the business combination where the group acquired Innlandskraft AS in September 2020, the group acquired Software at total NOKt 21 760. In Q4 2020 the group decided that some of this software will not be of use to the group going forward, thus an impairment of NOKt 16 930 has been recognised.

**** Disposals of NOKt 10 000 relates to sale of asset to the associated company Metzum AS.

Note 15 Intangible assets

Impairment of Goodwill and intangible assets with indefinite useful life

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

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

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

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

When calculating value in use the weighted average cost of capital used were 7,2 % for both consumer and business segments.

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

Research and development

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

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

Government grants

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

Note 15 Intangible assets**Current intangible assets****2021**

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

2020

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

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

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

Note 16

Share capital

Shareholders at 31 December 2021

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

Share capital and share premium

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

Fully paid ordinary shares which have a par value of NOK 0.30 carry one vote per share and carry a right to dividends.

All issued shares have equal voting rights and the right to receive dividend.

For computation of earning per share and diluted earning per share see Note 13.

Note 16

Share capital

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

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

1) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave.

2) From 21 April 2021.

3) Until 21 April 2021.

Note 16**Share capital**

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

Options owned by members of the Executive Management:

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

Note 17

Pension liabilities

Description of the pension schemes

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

Defined benefit plans

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

Liabilities in defined benefit plans that are funded are covered through an insurance company.

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

Defined contribution plans

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

Pension schemes in the Norwegian group entities

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

for the employees in the companies Eidsiva Marked AS and Gudbrandsdal Energi AS. Eidsiva Marked AS has been merged into Fjordkraft AS in 2021.

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

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

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

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

Defined contribution plan covering employees in Gudbrandsdal Energi AS

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

Defined benefit plans in BKK Pensjonskasse

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

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

Note 17

Pension liabilities

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

old at retirement. The scheme covers a total of 29 active members and 0 pensioners at the end of 2021.

Defined benefit plans in KLP

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

Pension schemes in Switch Nordic Green AB

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

Defined contribution plans

Employees at SNG in Sweden are members of a defined contribution plan which at the end of 2021 are covering a total of 12 active members. The contribution rates for the defined contribution plan are set to

5 per cent of salaries up until 7,5 times the Swedish Inkomstbasbelopp (The Swedish National Insurance scheme basic amount, which equals NOKt 66 in 2021, and 30 per cent of salaries between 7,5 and 30 times the Swedish Inkomstbasbelopp. The pension scheme includes retirement pension and disability pension.

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

Risk exposure

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

Asset volatility;

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

bonds in the long-term while providing volatility and risk in the short-term.

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

Changes in bond yields;

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

Inflation risk;

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

Life expectancy;

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

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

Note 17**Pension liabilities****Amounts recognised in statement of financial position:**

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

Amounts recognised in statement of profit or loss:**2021**

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

2020

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

Note 17
Pension liabilities

Change in defined benefit obligation:

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

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

Note 17
Pension liabilities

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

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

Significant actuarial assumptions

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

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

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

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

Note 17**Pension liabilities****Pension asset comprise:**

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

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

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

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

Note 18

Onerous contract provisions

Fixed price customer contracts

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

The following table shows the movement in provisions for onerous contracts:

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

Financial statement impact:

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

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

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

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

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

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

Note 19

Other current liabilities

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

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

El-certificate cancellation liabilities

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

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

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

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

Note 20

Other current assets

Other current assets consists of the following:

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

Note 21

Related party transactions

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

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

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

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

Income from related parties (NOK in thousands)

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

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

Expenses to related parties (NOK in thousands)

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

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

Purchase of assets (NOK in thousands)

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

Distributions to related parties (NOK in thousands)

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

Note 21**Related party transactions****Current receivables from related parties (NOK in thousands)**

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

Current liabilities to related parties (NOK in thousands)

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

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

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

Note 22 Remuneration to the Executive management and Board of Directors

Executive management 2021:

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

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

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

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

The Board of Directors 2021:

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

1) From 21 April 2021.

2) Until 21 April 2021.

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

Note 22**Remuneration to the Executive management and Board of Directors****Executive management 2020:**

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

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

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

The Board of Directors 2020:

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

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

Note 22**Remuneration to the Executive management and Board of Directors**

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

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

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

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

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

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

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

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

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

The Board of Directors has given the following declaration:

Summary of executive compensation policies

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

The Company has a separate Compensation Committee that provides the Board of Directors with recommendations regarding salary and other benefits to the company's executive management. Based on the input from the Compensation Committee, guidelines for executive compensation are established by the Board for the coming year and

presented to the General Meeting. According to these guidelines, the salary and other remuneration payable to the CEO is determined by the Board of Directors, while compensation payable to other members of the executive management is determined by the CEO in consultation with the Board Chairman and the Compensation Committee.

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

Guidelines for salaries and other remuneration to the executive management in the coming financial year**1. Fixed salary and cash bonus**

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

2. Equity-linked incentives

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

Stock options are granted to the executive team and some other key employees (approx.

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

3. Pension, benefits in kind and severance pay

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

Note 23

Collateral and restricted assets

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

1) Trade receivables held by the Norwegian entities in the group are pledged as collateral for credit facilities - see note 6.

2) The Nasdaq Default Fund is cash collateral deposited with Nasdaq OMX.

3) Cash collateral deposited with Nasdaq OMX and Statkraft in relation to power trading agreements and trading of electricity derivatives.

Note 24

IFRS 16 Leases

The Group's leasing activities

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

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

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

Amounts recognised in the statement of profit or loss

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

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

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

Note 24**IFRS 16 Leases****Variable lease payments**

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

Extention and termination options

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

Maturity analysis

The following table details the Group's remaining contractual maturity for its leasing liabilities.

The tables have been drawn based on the undiscounted cash flows of installments on leasing liabilities.

Year ended 31 December 2021

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

Note 25

List of subsidiaries

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

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

Mergers of subsidiaries in 2021

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

Note 26

Option program

Fjordkraft Holding ASA established a management option program 10 December 2018.

The option program was established to align management's and shareholders' incentives and to reduce turnover for key employees.

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

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

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

*volume weighted average for options

The fair value of the options was calculated using the Black-Scholes model. The model utilizes certain information, such as the interest rate on a risk-free security maturing generally at the same time as the option being valued, and requires certain assumptions, such as the expected amount of time an option will be outstanding until it is exercised or it expires and the volatility associated with the price of the underlying shares of common stock, to calculate the fair value of stock options granted. The model also estimate the likelihood of performance fulfillment and takes this into account in the valuation.

The expected volatility for options issued in 2021 is estimated at average of 30% where historical volatility is not available. Where historical volatility is available this is calculated using the Fjordkraft Holding ASA share price.

Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

The total carrying amount per 31 December 2021 is NOKt 10 155, not including social security.

Note 26
Option Program

The following table shows the changes in outstanding options in 2020 and 2021:

Period activity:

	01.01.2021 - 31.12.2021		01.01.2020 - 31.12.2020	
	Shares	Weighted Average Exercise Price (NOK)	Shares	Weighted Average Exercise Price (NOK)
Outstanding at the beginning of period	1 190 000	39,43	930 000	31,05
Granted	330 000	78,00	350 000	69,34
Exercised	(20 000)	24,30	(90 000)	30,33
Cancelled	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Adjusted quantity	-	-	-	-
Modification / Dividends	-	-	-	-
Outstanding at the end of period	1 500 000	44,57	1 190 000	39,43
Vested outstanding	510 000	24,61	220 000	28,16
Vested and expected to vest	1 500 000	44,57	1 190 000	39,43
Intrinsic value of in-the-money outstanding at the end of the period	820 000	18 918 200	1 190 000	52 676 000
Intrinsic value vested outstanding at the end of the period	510 000	11 755 600	220 000	12 219 000

At 31 December 2021, the range of exercise prices and weighted average remaining contractual life of the options were as follows :

Exercise price	Outstanding instruments		Vested outstanding	
	Outstanding per 31 December 2021	Weighted average remaining Contractual Life	Vested options per 31 December 2021	Weighted Average Exercise Price (NOK)
0,00 - 25,00	-	-	-	-
25,00 - 30,00	-	-	-	-
30,00 - 35,00	790 000	1,13	490 000	33,12
35,00 - 40,00	30 000	1,13	20 000	37,90
40,00 - 45,00	-	-	-	-
45,00 - 50,00	-	-	-	-
50,00 - 55,00	-	-	-	-
55,00 - 60,00	-	-	-	-
60,00 - 65,00	-	-	-	-
65,00 - 70,00	310 000	5,13	-	-
70,00 -	370 000	5,80	-	-
Total	1 500 000	3,11	510 000	33,31

Note 27

Investments in associates and joint ventures

On 6 January 2020 Fjordkraft and Rieber & Søn AS bought shares in Metzum AS. Each company bought 40% of the shares, the remaining 20% is owned by employees in Metzum.

The purchase price for Fjordkraft shares was NOKt 10 000, which corresponded to the book value of the acquired equity. As such, no excess value or Goodwill was identified from the acquisition. The share of profit and loss and financial position from investments in associates and joint ventures are recognised based on the equity method in the interim financial statements.

The table below presents the Group's share of equity and profit from associated companies:

NOK in thousands	Location	Ownership/ voting right	Equity 2021 (40%)	Profit 2021 (40%)	Book value
Metzum AS	Dale, Norway	40 %	13 805	2 637	13 805

Note 28

Events after the reporting period

The Board of Directors has in the Board Meeting on 18 February 2021 proposed a dividend to the shareholders of NOK 3.50 per share.

The proposed dividend is subject to approval by the general meeting.

There are no other significant events after the reporting period that has not been reflected in the consolidated financial statements.

Directors responsibility statement

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Director's report and the consolidated and separate annual financial statements for Fjordkraft Holding ASA, for the year ended 31 December 2021 (Annual report 2021).

Fjordkraft Holding ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Fjordkraft Holding ASA have been prepared in accordance with the Norwegian

Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, amended on 28 December 2020. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act.

To the best of our knowledge:

- The consolidated and separate annual financial statements for 2021 have been prepared in accordance with applicable financial reporting standards
- The consolidated and separate annual financial statements give a true and fair

view of the assets, liabilities, financial position and profit as a whole as of 31 December 2021 for the Group and the parent company

- The Board of Directors' report for the Group and the parent company includes a fair review of:
 - i. the development and performance of the business and the position of the Group and the parent company, and
 - ii. the principal risks and uncertainties the Group and parent company face.

The Board of Directors of Fjordkraft Holding ASA, Bergen, 30 March 2022.



Steinar Sønsteby

Chairman



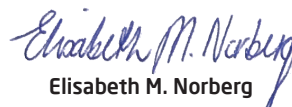
Tone Wille

Board member



Frank Økland

Board member



Elisabeth M. Norberg

Board member



Heidi Theresa Ose

Board member



Live Bertha Haukvik

Board member



Per Oluf Solbraa

Board member



Marianne Unhjem-Solbjørg

Board member



Rolf Barmen

CEO

Alternative performance measures

The alternative performance measures (abbreviated APM's) that hereby are provided by the Group are a supplement to the financial statements prepared in accordance with IFRS. The APM's are based on the guidelines for APM published by the European Securities and Markets Authority (ESMA) on or after 3 July 2016. As indicated in the guidelines an APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The performance measures are commonly used by analysts and investors.

The Group uses the following APM's (in bold). The words written in italics are included in the list of definitions or in the statement of profit or loss.

Cash EBIT is equivalent to Operating free cash flow before tax and change in Net working capital. This APM is used to illustrate the Group's underlying cash generation in the period.

Capex excl. M&A is used to present the

capital expenditures excluding mergers and acquisitions to illustrate the Group's organic maintenance capex.

EBIT reported is equivalent to *Operating profit* and is used to measure performance from operational activities. EBIT reported is an indicator of the company's profitability.

EBIT adjusted

In order to give a better representation of underlying performance, the following adjustments are made to the reported EBIT:

- **Acquisition related costs and other one-off items:** Items that are not part of the ordinary business
- **Estimate deviations from previous periods:** A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises revenue from sale of electrical power and the associated cost of sales, based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting

period

- **Unrealised gains and losses on derivatives:** Consist of unrealised gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- **Impairment of intangible assets:** Consist of impairment of intangible assets related to fixed price customer contract
- **Depreciation of acquisitions:** Consist of depreciations of customer portfolios acquired separately and recognised as intangible assets, and depreciations of customer portfolios and other intangible assets recognised as part of a business combination.
- **Change in provisions for onerous contracts:** which consist of change in provisions for onerous contracts associated with the purchase and sale of electricity

EBIT reported margin is EBIT divided by *Net revenue*. This APM is a measure of the profitability and is an indicator of the earnings ability.

EBIT margin adjusted is calculated as EBIT adjusted divided by *Net revenue adjusted*. This APM is a measure of the profitability and is an indicator of the earnings ability.

EBITDA is defined as operational profit/loss before depreciation and amortisation. This APM is used to measure performance from operating activities.

EBITDA adjusted

In order to give a better representation of underlying performance, the following adjustments are made to EBITDA:

- **Acquisition related costs and other one-off items:** Items that are not part of the ordinary business
- **Estimate deviations from previous periods:** A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises revenue from sale of electrical power and the associated cost of sales, based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
- **Unrealised gains and losses on derivatives:** Consist of unrealised gains and losses on derivative financial instruments associated

Alternative performance measures

with the purchase and sale of electricity

- **Impairment of intangible assets:** Consist of impairment of intangible assets related to fixed price customer contract
- **Change in provisions for onerous contracts:** which consist of change in provisions for onerous contracts associated with the purchase and sale of electricity

Net income is equivalent to *Profit/(loss) for the period* as stated in the statement of profit or loss.

Net income adjusted for certain cash and non-cash items is used in the dividend calculation, and is defined as the following: [(Adjusted EBIT + net finance)*(1-average tax rate) – amortisation of acquisition debt].

Net interest-bearing debt (NIBD) shows the net cash position and how much cash would remain if all interest-bearing debt was paid. The calculation is total *Interest-bearing long term debt* deducted with the following; transaction costs recognised as part of amortised cost of Interest-bearing long term debt, reclassification of first year instalments long term debt, *Overdraft facilities*, and *Cash and cash equivalents*.

Net revenue is equivalent to *Revenue less direct cost of sales* as stated in the statement of profit or loss.

Net revenue adjusted

This APM presents *Net revenue* adjusted for:

- **Other one-off items:** Which represents non-recurring income which is recognised *in the profit or loss for the period*
- **Estimate deviations from previous periods:** A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises revenue from sale of electrical power and the associated cost of sales based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
- **Unrealised gains and losses on derivatives:** Consist of unrealised gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- **Change in provisions for onerous contracts:** Which consist of change in provisions for onerous contracts associated with the purchase and sale of electricity.

Net working capital (NWC) is used to measure short-term liquidity and the ability to utilise assets in an efficient matter. NWC includes the following items from current assets: *Inventories, Intangible assets, Trade receivables* and *Other current assets* (that is, all current assets in the statement of financial position except *Derivative financial instruments* and *Cash and cash equivalents*); and the following items from current liabilities; *Trade payables, Current income tax liabilities, Social security and other taxes, Lease liabil-*

ity - short term, and other current liabilities. First year instalments of interest-bearing long term debt, which are included in Other current liabilities, are however classified as interest bearing debt. The definition of NWC has been changed compared to the definition used in the group's previous financial reports, as Derivative financial instruments and Onerous contract provisions are no longer included in NWC. The comparable figure for NWC 2020 has been updated accordingly.

Non-cash NWC elements and other items

is used when analysing the development in NIBD. Non-cash NWC relates to items included in "change in NWC" that are not affecting Net interest-bearing debt while other items include interest, tax, change in long-term receivables, proceeds from non-current receivables, proceeds from other long-term liabilities and adjustments made on EBITDA.

Number of deliveries is used to present the number of electrical meters supplied with electricity. One customer may have one or more electricity deliveries.

OpFCF before tax and change in NWC

is Operating free cash flow and change in working capital, and is defined as *EBITDA adjusted less Capex excl. M&A* and payments to obtain contract assets.

Volume sold is used to present the underlying volume generating income in the period.

Alternative performance measures

Financial statements with APM's

Reported amounts:

NOK in thousands	2021	2020
Revenue	15 170 991	4 148 879
Direct cost of sales	(13 367 251)	(2 320 641)
Net revenue	1 803 741	1 828 239
Personnel expenses	(409 123)	(328 485)
Other operating expenses	(488 517)	(471 938)
Impairment of intangible assets	(9 762)	(197 470)
Operating expenses	(907 401)	(997 892)
EBITDA	896 340	830 346
Depreciation & amortisation	(403 084)	(305 174)
EBIT reported (Operating profit)	493 256	525 172
Net financials	(48 737)	(11 505)
Profit/ (loss) before taxes	444 519	513 667
Taxes	(102 150)	(113 604)
Profit/ (loss) for the year	342 369	400 063
EBIT reported margin	27%	29%

Alternative performance measures

Adjusted amounts:

NOK in thousands	2021	2020
Net revenue	1 803 741	1 828 239
Other one- off items	-	(1 716)
Estimate deviations previous periods	(11 515)	(22 521)
Unrealised gains and losses on derivatives	(1 088 469)	(331 539)
Change in provisions for onerous contracts	996 739	71 023
Net revenue adjusted	1 700 496	1 543 486
EBITDA	896 340	830 346
Acquisition related costs	1 034	36 412
Other one- off items	(3 387)	(1 716)
Estimate deviations previous periods	(11 515)	(22 521)
Impairment of intangible assets	9 762	197 470
Unrealised gains and losses on derivatives	(1 088 469)	(331 539)
Change in provisions for onerous contracts	996 739	71 023
EBITDA adjusted	800 503	779 474
EBIT reported (Operating profit)	493 256	525 173
Acquisition related costs	1 034	42 213
Other one- off items	(3 387)	(1 716)
Estimate deviations previous periods	(11 515)	(22 521)
Impairment of intangible assets	9 762	197 470
Unrealised gains and losses on derivatives	(1 088 469)	(331 539)
Change in provisions for onerous contracts	996 739	71 023
Depreciation of acquisitions	188 629	128 175
EBIT adjusted	586 048	608 278
EBIT margin adjusted	39%	38%

Alternative performance measures

Other financial APM's

Net interest bearing debt (cash)

NOK thousands	2021	2020
Interest-bearing long term debt	720 009	812 808
Transaction costs recognised as part of amortised cost of Interest-bearing long term debt	6 166	7 067
Reclassification of first year instalments long term debt	93 700	93 700
Overdraft facilities	-	29 400
Cash and cash equivalents	(306 627)	(599 348)
Net interest bearing debt (cash)	513 248	343 626

Financial position related APM's

NOK thousands	2021	2020
Net working capital (NWC)*	(16 795)	(116 986)
OpFCF before tax and change in NWC	489 169	577 266
Capex excl. M&A	47 182	64 926

* The definition of NWC has been changed compared to the definition used in the group's previous financial reports. The comparable figure for NWC 2020 has been updated accordingly.

Non-financial APM's

Deliveries

Numbers in thousands	2021	2020
Electrical deliveries Consumer segment	692	755
Electrical deliveries Business segment	111	107
Electrical deliveries Nordic segment	171	164
Total number of electrical deliveries*	975	1 027
Number of mobile subscriptions	160	132

* Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 1 061 thousand in 2021.

Volume in GWh	2021	2020
Consumer segment	9 486	8 144
Business segment	7 478	6 275
Nordic segment	3 229	497
Total volume	20 193	14 916

4.4

Financial statements Fjordkraft Holding ASA

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Statement of comprehensive income (loss)

NOK in thousands	Note	2021	2020
Revenue	11	3 216	538
Direct cost of sales		-	-
Personell expenses	3, 9	(12 505)	(9 718)
Operating expenses	4, 11	(9 859)	(19 605)
Depreciation and amortisation	8	(50)	(149)
Operating profit		(19 198)	(28 933)
Income from investments in subsidiaries	6, 11	424 396	412 822
Interest income	11,14	4 290	611
Interest expense	14	(21 344)	(4 817)
Other financial items, net		(246)	(179)
Net financial income/(cost)		407 096	408 437
Profit/(loss) before tax		387 899	379 504
Income tax (expense)/income	5	(5 946)	(8 147)
Profit/(loss) for the year		381 953	371 356
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on pension obligations (net of tax)	9	(141)	(240)
Total other comprehensive income for the year, net of tax		(141)	(240)
Total comprehensive income/(loss) for the year		381 812	371 117

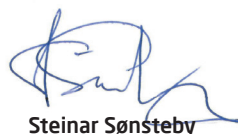
Statement of financial position

NOK in thousands	Note	2021	2020
Assets:			
Non-current assets			
Deferred tax assets	5	-	-
Intangible assets	8	-	50
Investments in subsidiaries	6,14	2 285 307	2 287 801
Other non-current assets		12 529	14 923
Total non-current assets		2 297 836	2 302 773
Current assets			
Receivables from group companies	11, 14	684 833	710 012
Other current assets		-	432
Cash and cash equivalents	14	222 348	-
Total current assets		907 182	710 444
Total assets		3 205 018	3 013 218
Equity and liabilities:			
Equity			
Share capital	7	34 291	34 285
Share premium	7	1 569 610	1 569 130
Retained earnings		213 868	228 203
Total equity		1 817 769	1 831 618
Non-current liabilities			
Employee benefit obligations	9	5 762	4 324
Interest-bearing long term debt	14,15	350 334	395 433
Deferred tax liabilities	5	2 476	3 586
Total non-current liabilities		358 572	403 343

Statement of financial position

NOK in thousands	Note	2021	2020
Current liabilities			
Trade and other payables	11,14,15	499	1 486
Liabilities to group companies	11,14,15	565 447	290 344
Overdraft facilities	14,15	-	29 400
Current income tax liabilities	5	10 851	-
Dividend payable	11	400 056	399 986
Social security and other taxes		4 920	6 619
Other current liabilities	10	46 903	50 421
Total current liabilities		1 028 677	778 257
Total liabilities		1 387 249	1 181 600
Total equity and liabilities		3 205 018	3 013 218

The Board of Directors of Fjordkraft Holding ASA, Bergen, 30 March 2022.



Steinar Sønsteby

Chairman



Tone Wille

Board member




Frank Økland

Board member



Elisabeth M. Norberg

Board member



Heidi Theresa Ose

Board member



Live Bertha Haukvik

Board member



Per Oluf Solbraa

Board member



Marianne Unhjem-Solbjørg

Board member



Rolf Barmen

CEO

Statement of changes in equity

NOK in thousands	Share capital	Share premium	Retained earnings	Total equity
Opening balance at 1 January 2020	31 349	702 550	254 049	987 948
Profit/(loss) for the year	-	-	371 356	371 356
Other comprehensive income	-	-	(240)	(240)
Share capital increase	2 936	866 580	-	869 515
Share-based payment (note 13)	-	-	3 252	3 252
Dividend	-	-	(400 214)	(400 214)
Closing balance 31 December 2020	34 285	1 569 130	228 203	1 831 618
Opening balance at 1 January 2021	34 285	1 569 130	228 203	1 831 618
Profit/(loss) for the year	-	-	381 953	381 953
Other comprehensive income	-	-	(141)	(141)
Share capital increase	6	480	-	486
Share-based payment (note 13)	-	-	3 910	3 910
Dividend	-	-	(400 056)	(400 056)
Closing balance 31 December 2021	34 291	1 569 610	213 868	1 817 769

Statement of cash flows

NOK in thousands	Note	2021	2020
Operating activities			
Profit/(loss) before tax		387 899	379 504
<i>Adjustments for:</i>			
Depreciation	8	50	149
Dividend recognised, not received	11	(424 396)	(412 822)
Share based payment expense	13	3 910	3 252
Change in post-employment liabilities, no cash effect	9	1 257	1 024
Amortisation of transactions costs, no cash effect	14a	8 426	675
<i>Changes in working capital:</i>			
Other current assets		1 127	(1 127)
Trade and other payables		(986)	1 172
Other current liabilities	10	1 695	3 887
Net cash from operating activities		(24 097)	(24 961)
Investing activities			
Payment upon acquisition of subsidiaries	6	2 494	(728 485)
Payment upon establishment of a subsidiary	6	-	(300)
Dividends received from subsidiary		454 822	397 538
Net (outflow)/proceeds from current loans to/from subsidiaries		269 160	212 030
Net (outflow)/proceeds from other long-term liabilities		(775)	(14 923)
Net cash used in investing activities		725 702	(134 139)
Financing activities			
Proceeds from overdraft facilities		(29 400)	29 400
Dividends paid	11	(399 986)	(313 717)
Proceeds from issuance of shares		486	2 730
Proceeds from interest-bearing long term debt, net		(2 175)	452 188
Transactions costs (credit facilities) paid	14a	(4 356)	(22 151)
Instalments of long term debt		(46 000)	(11 500)
Net cash used in financing activities		(479 256)	159 101
Net change in cash and cash equivalents		222 348	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		222 348	-

4.5

Notes

Fjordkraft Holding ASA

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Note 1 General information

Fjordkraft Holding ASA, is a public limited liability company, and was incorporated on 15 December 2017. The company is the holding company and ultimate parent in the Fjordkraft Group which core business is purchase, sales and portfolio management of electrical power to end users, as well as related activities, including investment in other companies.

Fjordkraft Holding ASA is registered and domiciled in Norway. The address of its registered office is Folke Bernadottes Vei 38, 5147 Bergen, Norway.

Note 2 Accounting policies

Basis for preparation

The financial statements of the Company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, amended on 28 December 2020. Principally this means that recognition and measurement comply with the International Accounting Standards (IFRS) and presentation and note disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. Any exceptions from measurement and recognition according to IFRS is disclosed below.

The accounting principles applied when preparing the separate financial statement of Fjordkraft Holding ASA are consistent with the accounting principles in the group, described in note 2 in the consolidated financial statements, with some exceptions that are described below. In all other cases, reference is made to notes to the consolidated financial statements.

Investments in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investments in subsidiaries are recognised at cost in the separate financial statement. The carrying amount is increased when funds are added through capital increases or when group contributions are made to subsidiaries.

Impairment of subsidiaries

At the end of each reporting period the Company assesses whether there is any indication that an investment in a subsidiary may be impaired. If any such indication exists, the Company estimates the recoverable amount of the subsidiary. If the carrying amount of the investment exceeds the recoverable amount, the group recognises an impairment loss.

Dividends from subsidiaries

Dividends received from subsidiaries are recognised in profit or loss when the dividends received are distributions of profits. Other distributions are recognised as a reduction in the carrying amount of the investment.

Pursuant to the exemption paragraph in Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, the company has elected to recognise dividends in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles. Thus, any dividend from subsidiaries is recognised as a current asset at the end of the reporting period of which the dividend proposed is based on.

Dividends payable

Pursuant to the exemption paragraph in Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, the company has elected to recognise dividends in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles. Thus, any dividend payable is recognised as a current liability at the balance sheet date of the reporting period of which the dividend proposed is based on.

Cash and cash equivalents

The cash flow statement is prepared using the indirect method. For the purpose of presentation in the statement of cash flows and in the statement of financial position, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. Fjordkraft Holding ASA is the group account holder in a group account system for bank deposits and bank overdrafts, where the Norwegian subsidiaries in the Fjordkraft-group holds sub accounts. The total net deposit or overdraft on all sub accounts in the group account system is presented net as either cash and cash equivalents, or overdraft facilities in the statement of financial position. Deposits and overdrafts of the sub account holders are included in receivables from group companies and liabilities to group companies in the statement of financial positions.

Note 3 Personnel expenses

NOK in thousands	2021	2020
Salaries	9 421	6 043
Social security	1 012	1 575
Pension expenses	1 160	992
Other benefits	912	1 108
Total	12 505	9 718

Salaries includes payments to Board of directors. See note 12.
The number of employees in the accounting year has been 3.

Loans to employees	2021	2020
NOK in thousands	354	457

Loans to employees has been granted on the following terms:
Maximum duration for loans to employees are 15 years.
The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus up to 1 percentage point.
Current limit for taxation of benefits is 1.3 %.
Employee loans are handled by the subsidiary Fjordkraft AS.

Note 4 Operating expenses

NOK in thousands	2021	2020
Sales and marketing costs	69	5
IT costs	175	207
Purchase of third-party services and external personnel	6 398	5 847
Professional fees*	2 507	13 027
Other operating costs	710	519
Total operating expenses	9 859	19 605

* includes legal fees, auditor, consultants

Specification of auditors remuneration (all related to services provided by Deloitte)

NOK in thousands	2021	2020
Statutory audit	1 427	601
Tax advisory services	-	-
Other non-audit related services	297	265
Total auditors remuneration	1 724	866

Note 5

Income Tax

Specification of tax expense recognised in statement of profit or loss

NOK in thousands	2021	2020
Tax payable on profit for the year	10 851	-
Adjustments prior years tax payable	(3 835)	3 835
Change in deferred tax/(tax asset) from origination and reversal of temporary differences	(1 071)	4 312
Tax expense/(-income) recognised in statement of profit or loss	5 946	8 147

Specification of tax expense recognised in other comprehensive income

Change in deferred tax/(tax asset) from origination and reversal of temporary differences	(40)	(68)
Tax expense/(-income) recognised in other comprehensive income	(40)	(68)

Reconciliation of statutory tax rate to effective tax rate:

Profit/(loss) before tax	387 899	379 504
Income tax at statutory tax rate (22%)	85 338	83 491

Tax effect of following items:

Non-deductible costs	210	2 755
Tax exemption method dividends	(75 767)	(81 933)
Adjustments prior years tax payable	(3 835)	3 835
Tax expense/(-income)	5 946	8 147

Specification of basis for deferred tax:

Pension liabilities	(5 762)	(4 324)
Other current liabilities	(390)	(850)
Other non-current financial assets	17 406	21 476
Basis for calculation of deferred tax/(tax assets)	11 254	16 302
Total deferred tax liability/(tax assets) (22 %)	2 476	3 586

Changes in deferred tax balances

NOK in thousands	1 January 2021	Changes recognised in statement of profit or loss	Changes recognised in other comprehensive income	31 December 2021
Pension liabilities	(951)	(277)	(40)	(1 268)
Other current liabilities	(187)	101	-	(86)
Other non-current financial assets	4 725	(895)	-	3 829
Total deferred tax liability/(tax assets) (22 %)	3 586	(1 071)	(40)	2 476

Note 6

Investments in subsidiaries

NOK in thousands	Location	Ownership/ voting right	Equity year end 2021 (100%)	Profit or loss 2021 (100%)	Book value
Fjordkraft AS	Bergen, Norway	100 %	729 731	536 482	1 636 984
Fjordkraft Industrial Ownership AS	Bergen, Norway	100 %	302 775	(28 996)	648 322
Book value at 31 December 2021					2 285 307

Mergers of subsidiaries in 2021

In 2021 the former subsidiary Eidsiva Marked AS was merged into Fjordkraft AS, and the former subsidiary Innlandskraft AS was merged into Fjordkraft Industrial Ownership AS.

Dividends

The board of directors in Fjordkraft AS has approved a dividend of NOKt 344 396 and a group contribution of NOKt 80 000 which have been recognised as income from investments in subsidiaries in profit and loss for 2021.

Note 7

Share capital and shareholder information

Shareholders at 31 December 2021	Number of shares	Nominal value per share	Nominal value	Voting rights	Ownership
Folketrygdfondet	10 698 346	0,30	3 209 504	9,36 %	9,36 %
Gudbrandsdal Energi Holding AS	7 682 161	0,30	2 304 648	6,72 %	6,72 %
The Northern Trust Comp, London Br (nominee)	5 533 119	0,30	1 659 936	4,84 %	4,84 %
State Street Bank and Trust Comp (nominee)	4 061 671	0,30	1 218 501	3,55 %	3,55 %
The Bank of New York Mellon (nominee)	2 675 005	0,30	802 502	2,34 %	2,34 %
VPF DNB AM Norske Aksjer	2 511 227	0,30	753 368	2,20 %	2,20 %
Skandinaviska Enskilda Banken AB (nominee)	2 276 871	0,30	683 061	1,99 %	1,99 %
Landkreditt Utbytte	2 250 000	0,30	675 000	1,97 %	1,97 %
The Northern Trust Comp, London Br (nominee)	2 219 100	0,30	665 730	1,94 %	1,94 %
Verdipapirfondet DNB Norge	2 099 274	0,30	629 782	1,84 %	1,84 %
Geveran Trading Co Ltd	2 044 000	0,30	613 200	1,79 %	1,79 %
Skandinaviska Enskilda Banken AB (nominee)	1 899 471	0,30	569 841	1,66 %	1,66 %
The Bank of New York Mellon SA/NV (nominee)	1 863 750	0,30	559 125	1,63 %	1,63 %
Verdipapirfondet Holdberg Norge	1 750 000	0,30	525 000	1,53 %	1,53 %
HSBC Bank Plc (nominee)	1 749 093	0,30	524 728	1,53 %	1,53 %
State Street Bank and Trust Comp (nominee)	1 741 146	0,30	522 344	1,52 %	1,52 %
Verdipapirfondet Nordea Norge Verd	1 735 345	0,30	520 604	1,52 %	1,52 %
HSBC Bank Plc (nominee)	1 702 292	0,30	510 688	1,49 %	1,49 %
JPMorgan Chase Bank, N.A., London (nominee)	1 499 497	0,30	449 849	1,31 %	1,31 %
Verdipapirfond ODIN Norge	1 256 000	0,30	376 800	1,10 %	1,10 %
Others	55 054 432	0,30	16 516 330	48,17 %	48,17 %
Total	114 301 800		34 290 540	100 %	100 %

Note 7**Share capital and shareholder information**

Share capital and share premium	Share capital	Share premium	Total
NOK in thousands			
31 December 2021	34 291	1 569 610	1 603 900
31 December 2020	34 285	1 569 130	1 603 414

Fully paid ordinary shares which have a par value of NOK 0.30 carry one vote per share and carry a right to dividends. All issued shares have equal voting rights and the right to receive dividend.

Earnings per share

Earnings per share is calculated as profit/loss allocated to shareholders for the year divided by the weighted average number of outstanding shares.

Basic earnings per share	2021	2020
Profit/(loss) attributable to equity holders of the company (NOK in thousands)	381 953	371 356
Weighted average number of ordinary shares in issue	114 291 767	107 200 552
Earnings per share in NOK	3,34	3,46
Share options (see note 13)	1 500 000	1 190 000
Diluted earnings per share in NOK	3,30	3,43

The change in share options is due to extension of the share option program with one extra year (a total of 330 000 new share options) and second and fourth vesting periods where a total of 20 000 share options were exercised.

These are included in the calculation of diluted earnings per share. For more information, refer to note 13.

Note 7
Share capital
and shareholder information

Shares owned/controlled by members of the Board of Directors, CEO and other members of the Executive Management (including related parties):

Number of shares	2021	2020
Rolf Barmen (Chief Executive Officer)	49 052	44 052
Birte Strander (Chief Financial Officer)	31 244	29 363
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)	23 428	19 078
Arnstein Flaskerud (Head of Strategy and M&A)	27 760	26 760
Solfrid K. Aase (Head of Service Companies)	10 206	7 856
Roger Finnanger (Head of Business)	3 378	884
Christian Kalvenes (Head of Consumer)	931	931
Alf-Kåre Hjartnes (Chief Operating Officer)	8 833	8 833
Solfrid Fluge Andersen (Chief Commercial Officer)	4 101	-
Per Heiberg (Head of Nordic and other end-user companies)	3 000	-
Ole Johan Langenes (Acting Chief Financial Officer) 1	7 000	7 000
Steinar Sønsteby (Chairman of the Board) 2	16 129	16 129
Per Axel Koch (Chairman of the Board) 3	32 258	32 258
Live Bertha Haukvik (Boardmember)	5 000	5 000
Heidi Theresa Ose (Boardmember)	1 500	-
Tone Wille (Boardmember) 2	-	-
Per Oluf Solbraa (Boardmember) 2	-	-
Birthe Iren Grotle (Boardmember) 3	2 900	2 900
Lindi Bucher Vinsand (Boardmember, Employee representative) 3	1 612	1 612
Marianne Unhjem (Boardmember, Employee representative) 2	-	-
Elisabeth M. Norberg (Boardmember, Employee representative)	3 225	3 225
Frank Økland (Boardmember, Employee representative)	645	645
Bettina Bergesen (Deputy in board meetings) 3	-	2 260
Sondre Skar (Deputy in board meetings) 2	-	-
Håkon Remme (Deputy in board meetings) 2	-	-
Kim A. Irgens Nilsen (Deputy in board meetings) 2	-	-
Lisbet Nærø (Chairman of the Nomination committee)	-	-
Total	232 202	208 786

1) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave.

2) From 21 April 2021

3) Until 21 April 2021

Note 7**Share capital
and shareholder information**

In addition to owned shares, members of Executive Management also owns options acquired through the new management option program, as outlined in note 13.

Options owned by members of the Executive Management:

Number of options	2021	2020
Rolf Barmen (Chief Executive Officer)	200 000	160 000
Birte Strander (Chief Financial Officer)	100 000	80 000
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)	100 000	80 000
Arnstein Flaskerud (Head of Strategy and M&A)	100 000	80 000
Solfrid K. Aase (Head of Service Companies)	100 000	80 000
Roger Finnanger (Head of Business)	100 000	80 000
Christian Kalvenes (Head of Consumer)	100 000	80 000
Alf-Kåre Hjartnes (Chief Operating Officer)	90 000	70 000
Solfrid Fluge Andersen (Chief Commercial Officer)	100 000	80 000
Ole Johan Langenes (Acting Chief Financial Officer) 1	50 000	40 000
Per Heiberg (Head of Nordic and other end-user companies)	60 000	40 000
Total	1 100 000	870 000

1) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave.

Note 8

Intangible assets

2021

NOK in thousands	Software and development projects	Total
Cost price 1 January 2021	446	446
Additions - Purchase	-	-
Cost price 31 December 2021	446	446
Accumulated depreciation 1 January 2021	(396)	(396)
Depreciation for the year	(50)	(50)
Accumulated depreciation 31 December 2021	(446)	(446)
Carrying amount 31 December 2021	-	-

2020

NOK in thousands	Software and development projects	Total
Cost price 1 January 2020	446	446
Additions - Purchase	-	-
Cost price 31 December 2020	446	446
Accumulated depreciation 1 January 2020	(248)	(248)
Depreciation for the year	(149)	(149)
Accumulated depreciation 31 December 2020	(396)	(396)
Carrying amount 31 December 2020	50	50

Useful life
Depreciation method

3 years
Straight line

Note 9

Pension liabilities

Description of pension schemes

Fjordkraft's pension schemes have been established in accordance with local laws, and include both defined contribution plans and defined benefit plans. The pension schemes offered in the Norwegian companies in the group are in line with the Act on Mandatory Occupational Pensions (Lov om obligatorisk tjenestepensjon).

Defined benefit plans

Defined benefit plans entitles members to defined future benefits. These are mainly dependent on the number of years of service, the salary level at retirement age and the size of benefits paid by the national insurance. Liabilities in defined benefit plans that are funded are covered through an insurance company.

The liability or asset recognised in the consolidated statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets if the plan is funded. The defined benefit obligation is calculated annually by independent actuaries.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed defined contributions into a separate entity (a fund).

Pension schemes in Fjordkraft Holding ASA

Until the end of 2019 the group companies had a single pension scheme covering all employees. As of 1.1.2020 all Group employees born in 1963 and later was transferred to a defined contribution pension scheme. Employees born before 1963 maintained their membership in defined benefit pension scheme, which at the same time was closed for new members. Members who were enrolled in the defined contribution pension plan received a paid-up policy for earned entitlements for the time they have earned rights in the defined benefit pension scheme if they had at least three years of service. At year end 2021 Fjordkraft Holding ASA has 3 employees.

Defined contribution plan

At the end of 2021 Fjordkraft Holding ASA has a defined contribution pension scheme covering a total of 3 active members and no pensioners. The contribution rates for the defined contribution plan are set to 5 per cent of salaries between 0 and 7,1 times G (where G is the National Insurance scheme basic amount, NOKt 106 in 2021), and 15 per cent of salaries between 7,1 and 12 times G.

The defined-contribution pension scheme also includes disability pension, spouse's pension and children's pension. In addition, Fjordkraft has chosen to introduce the contractual pension agreement (CPA) scheme for private sector for those members who are enrolled in the defined contribution pension scheme. The agreement entitles members to benefits from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67.

In addition to the above mentioned defined contribution plan (and if applicable the defined benefit pension plan described below), Senior Management are members of a defined contribution plan, entitling them to additional annual contribution for salary exceeding 12 G

Defined benefit plans

At the end of 2021 the defined benefit pension scheme does not have any remaining active members (0 pensioners and 1 deferred vested member). This defined benefit pension scheme includes retirement pension, contractual pension agreement (CPA), disability pension, spouse's pension and children's pension. The scheme complies largely with the regulations enshrined in the Act on the Government Pension Fund. The liabilities are covered through the insurance company BKK Pensjonskasse.

For those members who were transferred from the defined benefit scheme to the new defined contribution pension scheme at the beginning of 2020, an additional defined ben-

efit plan was established to provide supplementary retirement pension to employees with a long employment time and a high whom had their expected retirement pension reduced when being transferred out of the defined benefit scheme. This plan aims to counteract some of the effects that the introduction of life expectancy adjustment has had for public occupational pension schemes. The scheme applies to a closed group of employees. The supplementary allowance was set with final effect at the end of 2019, and the supplement constitutes a fixed percentage of the individual's pension basis up to the age of 66 years. This scheme will only provide benefits if the employees are at least 67 years old at retirement. The scheme covers a total of 1 active members and 0 pensioners in Fjordkraft Holding ASA at the end of 2021.

Risk exposure

Through its defined benefit occupational pension plans, the Group is exposed to a number of risks, the most significant are detailed below.

Asset volatility;

The plan liabilities are calculated using a discount rate set with reference to covered bonds ("Obligasjoner med fortrinnsrett"); if plan assets underperform this yield, this will create a deficit. All plans hold a significant portion of investments in equity instruments, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

Note 9 Pension liabilities

As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

Changes in bond yields;

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk;

Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit

Life expectancy;

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

At the end of this note, a table showing sensitivity analysis of the most significant assumptions is enclosed.

Amounts recognised in statement of financial position 2021

NOK in thousands

	31 December 2021	31 December 2020
Present value of funded obligations	1 749	1 696
Fair value of plan assets	1 431	1 335
Deficit for funded plans	318	361
Present value of unfunded obligations	4 155	3 449
Total deficit of defined benefit pension plans	4 473	3 810
Other employee benefit obligations	1 289	515
Employee benefit obligations recognised in Statement of financial position	5 762	4 324

Change in defined benefit obligation

NOK in thousands

	Present value of funded obligation	Fair value of plan assets	Total, Funded obligations, net of plan	Present value of non-funded obligation	Total, net
At 1 January 2021	1 696	1 335	361	3 449	3 810
Accrued pension entitlement for the year	-	-	-	372	372
Payroll tax (PT)	-	-	-	52	52
Interest expense (income)	25	-	25	52	77
Return on plan assets	-	20	(20)	-	(20)
Past service cost	-	-	-	-	-
Actuarial gains and losses	27	76	(49)	230	181
Benefits paid	-	-	-	-	-
Contribution	-	-	-	-	-
Members' contribution	-	-	-	-	-
Payroll tax of contribution	-	-	-	-	-
At 31 December 2021	1 749	1 431	318	4 155	4 473

Note 9
Pension liabilities

Amounts recognised in statement of financial position 2021	Funded obligations	Non-funded obligations	Total
NOK in thousands			
Accrued pension entitlement for the year	-	372	372
Payroll tax (PT)	-	52	52
Net interest expense / (income)	25	52	77
Expected return on plan assets	(20)	-	(20)
Past service cost	-	-	-
Curtailment (gain) / loss recognized			-
Settlement (gain) / loss recognized			-
Expenses paid			-
Members' contribution			-
Pension expenses defined benefit pension schemes	5	476	482
Pension expenses defined contribution pension scheme			678
Total amount recognised in profit or loss			1 160

Actuarial gains and losses recognised directly in Other comprehensive income (OCI)

NOK in thousands	2021	2020
Net actuarial gains/(losses) recognised in OCI during the year	(181)	(307)
Tax effects of actuarial gains/(losses) recognised in OCI	(40)	(68)

Significant actuarial assumptions

Discount rate	1,70 %	1,50 %
Salary growth rate	2,50 %	2,00 %
Expected growth in base social security amount (G)	2,25 %	1,75 %
Estimated return on plan assets	1,70 %	1,50 %
Pension growth rate	1,50 %	1,00 %
CPA withdrawal		25% when 62 yrs
Demographic assumptions		K2013BE
Voluntary retirement		Before 45 yrs - 4,5 %
		45 yr - 60 yr - 2,0
		After 60 yrs - 0 %

* K2013BE is the insurance companies present best estimate based on The Financial Supervisory Authority of Norway's mortality table K2013 and Statistics Norway's present population projection.

Note 9 Pension Liabilities

Sensitivity of pension liabilities to changes in the weighted financial assumptions are:

NOK in thousands	Change in pension cost		Change in employee defined benefit liabilities	
NOK in thousands	1,00 %	-1,00 %	1,00 %	-1,00 %
Discount rate	(76)	98	(1 025)	1 323
Salary growth rate	37	(34)	330	(300)
Expected growth in base social security amount (G)	55	(47)	944	(771)

Pension asset comprise

Pension assets are invested in bonds and money-market placements issued by the Norwegian government, Norwegian municipalities, financial institutions and enterprises. Foreign currency bonds are hedged. Investments are made in both Norwegian and foreign shares. Any estimate deviation is distributed pro-rata between the individual asset categories.

At 31 December 2021 the plan assets were invested as follows:

NOK in thousands	Level 1 Exchange listed prices	Level 2 Observable prices	Level 3 Non-observable prices	Total	%-share
Equity instruments	94	282	127	502	35%
Interest bearing instruments	-	929	-	929	65%
Total investments	94	1 211	127	1 431	100 %

Note 10 Other current liabilities

Other Current Liabilities consist of the following:

NOK in thousands	2021	2020
Accrued expenses	90	3 863
Installments on long term loan due within 12 months	46 000	46 000
Payroll liabilities	813	558
Total other current liabilities	46 903	50 421

Note 11

Related party transactions

Related parties include major shareholders, Board of Directors and key management. Transactions related to these groups are disclosed in note 12.

The Board of Directors previously included a representative from former major shareholder Eviny AS (previous BKK AS). In the general meeting held in the second quarter of 2021, this board member was not re-elected. Eviny AS and subsidiaries were therefore considered to be related parties in the first two quarters of 2021.

Pricing of services and transactions between related parties are set on an arm's length basis in a manner similar to transactions with unrelated third parties.

The following transactions were carried out with related parties (NOK in thousands):

Income from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Fjordkraft AS	Subsidiary	Dividend	344 396	365 990
Fjordkraft AS	Subsidiary	Group contribution	80 000	40 400
Eidsiva Marked AS	Merged into Fjordkraft AS in 2021	Dividend	-	6 432
Fjordkraft Industrial Ownership AS	Subsidiary	Management services	2 975	204
Allrate AS	Subsidiary	Management services	240	335
Other	Subsidiaries	Interest income cash pool	4 290	611

Distributions received from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Innlandskraft AS	Merged into Fjordkraft Industrial Ownership AS in 2021	Distribution in kind	-	946 000

Expenses to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Fjordkraft AS	Subsidiary	Purchase of other services	4 333	3 398

Distributions to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2021	2020
Eviny AS	Major shareholder	Dividend	-	47 799

Note 11
Related party transactions

Current receivables from related parties (NOK in thousands)

Related party	Relation	2021	2020
Fjordkraft AS*	Subsidiary	475 557	270 368
Trøndelagkraft AS	Subsidiary	365	176
Gudbrandsdal Energi AS	Subsidiary	342	-
Allrate AS*	Subsidiary	-	102
Fjordkraft Industrial Ownership AS*	Subsidiary	207 843	315 265
Eidsiva Marked AS*	Merged into Fjordkraft AS in 2021	-	76 972
Innlandskraft AS*	Merged into Fjordkraft Industrial Ownership AS in 2021	-	46 433
Switch Nordic Green AB	Subsidiary	726	695

* Includes receivables in group account system, refer note 14.

Current liabilities to related parties (NOK in thousands)

Related party	Relation	2021	2020
Fjordkraft AS*	Subsidiary	290 093	57
TrøndelagKraft AS*	Subsidiary	211 022	266 755
Allrate AS*	Subsidiary	12 956	7 480
Betalservice AS*	Subsidiary	210	258
Gudbrandsdal Energi AS*	Subsidiary	47 802	15 786
Energismart Norge AS*	Subsidiary	4	9
Fjordkraft Nordic*	Subsidiary	3 360	-

* Includes liabilities in group account system, refer note 14.

Note 12

Remuneration to the Executive management and Board of Directors

Pursuant to the Norwegian Accounting Act §7-31b, the Company is required to disclose remuneration to the Executive management and the Board of Directors received from other companies in the Group.

Executive management 2021:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 231	1 266*	150	724	5 371	354
Birte Strander (Chief Financial Officer)	1 743	261	120	392	2 516	-
Jeanne K. Tjomsland (Head of HR, Communications and Sustainability)	1 721	261	120	374	2 475	-
Arnstein Flakerud (Head of Strategy and M&A)	1 878	261	120	326	2 585	-
Solfrid K. Aase (Head of Service Companies)	1 565	261	100	285	2 210	-
Christian Kalvenes (Head of Consumer)	1 565	209	100	170	2 043	-
Ole Johan Langenes (Acting Chief Financial Officer) 1	644	209	42	71	965	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 721	209	120	314	2 363	365
Roger Finnanger (Head of Business)	1 565	261	100	173	2 098	-
Solfrid Fluge Andersen (Head of Operations)	1 565	209	100	173	2 046	-
Per Heiberg-Andersen (Head of Nordics and other end-user companies)	1 565	170	100	169	2 003	-
Total remuneration executive management 2021	18 759	3 573	1 172	3 171	26 674	719

1) Acting CFO from 1 January 2021 until 31 May 2021 due to maternity leave. Remuneration included in the table above is for the period from 1 January 2021 until 31 May 2021.

*In 2021 the CEO received a discretionary bonus of NOKt 1 266 based on the Group's performances in 2020. For 2021 the Board of Directors have awarded the CEO a discretionary bonus of NOKt 500 based on the Group's performances, paid in 2022.

The Board of Directors 2021:

NOK in thousands	Total remuneration
Steinar Sønsteby (Chairman) 1	461
Per Axel Koch (Chairman) 2	161
Live Bertha Haukvik (Member)	383
Tone Wille (Member) 1	212
Per Oluf Solbraa (Member) 1	212
Marianne Unhjem (Member, Employee representative) 1	73
Lindi Bucher Vinsand (Member, Employee representative) 2	32
Frank Økland (Member, Employee representative)	104
Elisabeth M Norberg (Member, Employee representative)	104
Heidi Therese Ose (Member)	396
Lisbet Nærø (Chairman of the Nomination committee)	52
Atle Kvamme (Member, Nomination committee)	31
Jannicke Hilland (Member, Nomination committee) 3	9
Ragnhild Stolt-Nielsen (Member, Nomination committee) 1	22
Total remuneration Board of directors 2021	2 252

1) From 21 April 2021. 2) Until 21 April 2021. 3) The remuneration is paid as a fee to BKK AS. Member until 21 April 2021.

Note 12**Remuneration to the Executive management and Board of Directors****Executive management 2020:**

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	3 167	1 200	150	601	5 118	457
Birte Strander (Chief Financial Officer)	1 498	52	120	281	1 951	-
Jeanne K. Tjomslund (Head of HR and Communications)	1 675	52	120	276	2 123	-
Arnstein Flaskerud (Head of Strategy and M&A)	1 827	52	120	290	2 289	-
Solfrid K. Aase (Head of Service Companies)	1 523	52	100	219	1 893	-
Christian Kalvenes (Head of Consumer)	1 523	52	100	162	1 836	-
Ole Johan Langenes (Acting Chief Financial Officer)	1 523	52	100	162	1 836	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 675	42	120	247	2 084	439
Roger Finnanger (Head of Business)	1 523	52	100	162	1 836	-
Solfrid Fluge Andersen (Head of Operations)	1 523	42	100	166	1 830	-
Per Heiberg-Andersen (Head of Nordics and other end-user companies) 1	258	-	17	43	318	-
Total remuneration executive management 2020	17 711	1 647	1 147	2 609	23 114	896

1) Part of executive management from 1 November 2020. Remuneration included in the table above is for the period from 1 November 2020 until 31 December 2020.

The Board of Directors 2020:

NOK in thousands	Total remuneration
Per Axel Koch (Chairman)	524
Birthe Iren Grotle (Member)	-
Live Bertha Haukvik (Member)	360
Steinar Sønsteby (Member)	298
Lindi Bucher Vinsand (Member, Employee representative)	103
Frank Økland (Member, Employee representative)	103
Elisabeth M Norberg (Member, Employee representative)	103
Heidi Therese Ose (Member)	298
Lisbet Nærø (Chairman of the Nomination committee)	51
Atle Kvamme (Member, Nomination committee)	18
Jannicke Hilland (Member, Nomination committee)	18
Total remuneration Board of Directors 2020	1 876

Note 12**Remuneration to the Executive management and Board of Directors**

There are no additional bonus agreements or agreement of similar profit sharing with the CEO or Chairman of the board. The rest of the executive management is also included in the Groups performance bonus scheme.

No remuneration has been paid to board members employed by and representing major shareholders.

If the company chooses to terminate the employment, the CEO is entitled to 12 months severance pay after the expiry of the ordinary notice period, which is 6 months.

The Group's executive management has the right to apply for loans on the same grounds as all the employees in the company. Maximum duration for loans to employees are 15 years.

The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus up to 1 percentage point. Current limit for taxation of benefits is 1.3 %.

The CEO and Group management is included in the current pension plan for the Group.

Note 13

Option program

Fjordkraft Holding ASA established a management option program 10 December 2018.

The option program was established to align management's and shareholders' incentives and to reduce turnover for key employees.

In total 330 000 share options were issued to employees during 2021.

Type	Options
Grant Date	18 February 2021
Vesting conditions	The options vest in one tranche with vesting 14 February 2024 The Employee must remain an employee of the Company or an affiliated company at the end of the vesting period.
Expiry date	14 February 2028
Exercise price (NOK)	78,00
Total number outstanding	330 000

Type	Options
Grant Date	18 February 2021
Measurement date	18 February 2021
Share price (NOK)	68,00
Lifetime* (years)	2,99
Volatility	30,00 %
Risk-free interest rate*	0,54 %
Fair Value* (NOK)	11,8308

*volume weighted average for options

The fair value of the options was calculated using the Black-Scholes model. The model utilizes certain information, such as the interest rate on a risk-free security maturing generally at the same time as the option being valued, and requires certain assumptions, such as the expected amount of time an option will be outstanding until it is exercised or it expires and the volatility associated with the price of the underlying shares of common stock, to calculate the fair value of stock options granted. The model also estimate the likelihood of performance fulfillment and takes this into account in the valuation.

The expected volatility for options issued in 2021 is estimated at average of 30% where historical volatility is not available. Where historical volatility is available this is calculated using the Fjordkraft Holding ASA share price.

Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

The total carrying amount per 31 December 2021 is NOKt 10 155, not including social security.

Note 13
Option Program

The following table shows the changes in outstanding options in 2020 and 2021:

Period activity

	1 January 2020 - 31 December 2020		1 January 2019 - 31 December 2019	
	Shares	Weighted Average Exercise Price (NOK)	Shares	Weighted Average Exercise Price (NOK)
Outstanding at the beginning of period	1 190 000	39,43	930 000	31,05
Granted	330 000	78,00	350 000	69,34
Exercised	(20 000)	24,30	(90 000)	30,33
Cancelled	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Adjusted quantity	-	-	-	-
Modification / Dividends	-	-	-	-
Outstanding at the end of period	1 500 000	44,57	1 190 000	39,43
Vested outstanding	510 000	24,61	220 000	28,16
Vested and expected to vest	1 500 000	44,57	1 190 000	39,43
Intrinsic value of in-the-money outstanding at the end of the period	820 000	18 918 200	1 190 000	52 676 000
Intrinsic value vested outstanding at the end of the period	510 000	11 755 600	220 000	12 219 000

At 31 December 2021, the range of exercise prices and weighted average remaining contractual life of the options were as follows :

Exercise price	Outstanding instruments		Vested outstanding	
	Outstanding per 31.12.2021	Weighted average remaining Contractual Life	Vested outstanding per 31.12.2021	Weighted Average Exercise Price (NOK)
0,00 - 25,00	-	-	-	-
25,00 - 30,00	-	-	-	-
30,00 - 35,00	790 000	1,13	490 000	33,12
35,00 - 40,00	30 000	1,13	20 000	37,90
40,00 - 45,00	-	-	-	-
45,00 - 50,00	-	-	-	-
50,00 - 55,00	-	-	-	-
55,00 - 60,00	-	-	-	-
60,00 - 65,00	-	-	-	-
65,00 - 70,00	310 000	5,13	-	-
70,00 -	370 000	5,80	-	-
Total	1 500 000	3,11	510 000	33,31

Note 14

Financial assets and financial liabilities

The company holds the following financial instruments:

Financial assets

NOK in thousands	Notes	2021	2020
Financial assets at amortised cost			
Receivables from group companies (1)	11,14(b)	260 437	255 190
Cash and cash equivalents (1)	14(b)	222 348	-
Total financial assets		482 785	255 190

Financial liabilities

NOK in thousands	Notes	2021	2020
Liabilities at amortised cost			
Trade and other payables (1)		499	1 486
Liabilities to group companies (1)	11,14(b)	565 447	290 344
Overdraft facilities (1)	14(a)	-	29 400
Interest-bearing debt (2)	14(a)	396 334	441 433
Total financial liabilities		962 280	762 663

(1) The fair value of cash and cash equivalents, receivables from group companies, overdraft facilities, liabilities to group companies and trade and other payables approximate their carrying value due to their short term nature. Provisions for dividends received from subsidiaries which are included in receivables from group companies are not considered financial assets until they have been approved.

(2) Interest-bearing debts are measured at amortised cost. The fair value of interest-bearing debts is not materially different from their carrying value, since the interest payable on those debts, which are variable interest rate loans, are close to current market rates. Interest-bearing debt includes installments due within the next 12 months which is included in other current liabilities.

Financial Statement Impact:

The company's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of profit or loss:

NOK in thousands	2021	2020
Interest from assets held at amortised cost	4 290	611
Interest expense from liabilities at amortised cost	(21 344)	(4 817)
Total financial income and expense	(17 054)	(4 206)

14(a)

Credit facilities

NOK in thousands	Effective interest rate	2021	2020
Term loan	NIBOR 3 months + 1,75 %	402 500	448 500
Total principal amounts		402 500	448 500

Note 14(a)**Credit facilities****Credit facilities agreement**

In September 2020, prior to the acquisition of Innlandskraft AS (see note 6), Fjordkraft entered into a new facilities agreement with DNB, which includes the following credit facilities which are available for Fjordkraft Holding ASA and its Norwegian subsidiaries;

- a NOKt 1 000 000 term loan - the acquisition facility
- a NOKt 500 000 revolving credit facility
- a NOKt 2 250 000 guarantee facility
- a NOKt 1 000 000 overdraft facility

The term loan - NOKt 1 000 000 - The acquisition facility

Fjordkraft may draw upon the term loan facility until 31 October 2021. In November 2021 Fjordkraft used an option to extend the termination date of the loan. The new termination date of the loan is in September 2024.

Fjordkraft still has the option to extend the termination date by another period of twelve months. Each term loan drawn upon the facility is to be repaid in quarterly repayments of 2,5 % of the original amount of the term loan, with the remainder being repaid in full on the termination date. The reference interest rate is NIBOR.

Fjordkraft Holding ASA drew NOKt 460 000 upon this facility in September 2020, in order to repay the groups former term loan, and to partly finance the acquisition of Innlandskraft AS. The term loan principals are being repaid in quarterly instalments of total NOKt 11 500. The first quarterly instalment was repaid in December 2020. At 31 December 2021 the remaining term loan principal balance is NOKt 402 500. The loan instalments of NOKt 46 000 that are due the next twelve months have been reclassified from interest-bearing long term debt to interest-bearing short term debt, which is included in other current liabilities in the statement of financial position (see note 10).

In November 2020 the subsidiary Fjordkraft Industrial Ownership AS drew additional NOKt 477 000 upon the facility in order to partly finance the acquisition of Troms Kraft Strøm AS.

The revolving credit facility - NOKt 500 000 - The RCF

The revolving credit facility is available up until one month before the termination date. In November 2021 Fjordkraft used the option to extend the termination date, the new termina-

tion date is in September 2024. Fjordkraft has the option to extend the termination date by another period of twelve months. Any drawings for the purpose of financing permitted acquisitions shall be converted into term loan drawings with the same repayment profile as the acquisition facility, and amounts so converted shall not be available for re-drawing.

The group has not made any drawings and/or repayments on this facility in 2021. At 31 December 2021 the total revolving credit facility of NOKt 500 000 is undrawn.

The guarantee facility - NOKt 2 250 000

The purpose of the guarantee facility is the issuance of guarantees and letters of credit for the general corporate and working capital purpose of the group, hereunder guarantees related to re-invoicing agreements with grid owners, property rental agreements and so on. In November 2021 Fjordkraft used the option to extend the termination date, the new termination date is in September 2024. Fjordkraft has the option to extend the termination date by another period of twelve months.

At 31 December 2021 guarantees of total NOKt 2 024 135 are issued under the guarantee facility.

The overdraft facility - NOKt 1 000 000

The overdraft facility has been renewed and is available one year from September 2021. At 31 December 2021 the overdraft facility is undrawn.

Security

The groups trade receivables has been pledged as security for all credit facilities under the new facilities agreement.

Transaction costs

Transactions costs of NOKt 9 842 related to establishing and extending the Term loan facility are recognised as part of amortised cost of the Term loan. Transaction costs of NOKt 18 305 related to establishing and extending the RCF, The guarantee facility, and the overdraft facility are amortised on a straight line basis over the period from establishing the facilities to the extended termination date.

Financial covenant

Under the new credit facility, there is a leverage covenant that applies at all times, and which shall be calculated quarterly based on consolidated numbers. A leverage ratio is to be calculated as total long term interest bearing debt to rolling 12 month EBITDA adjusted. The leverage ratio shall not exceed:

- more than 2,5 in respect of more than one quarter-end during any financial year, and
- more than 2,0 in respect of the remaining three quarter-ends during any such financial year.

Fjordkraft is in compliance with the covenant at the end of this reporting period.

14(b) Cash and cash equivalents

Current assets

NOK in thousands	2021	2020
Cash at bank and in hand	222 348	-
Total	222 348	-

The above figures equals the amount of cash shown in the statement of cash flows at the end of the financial year.

Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Fjordkraft Holding ASA is the group account holder in a group account system for bank deposits and bank overdrafts, where the Norwegian subsidiaries in the Fjordkraft-group holds sub accounts. The total net deposit or overdraft on all sub accounts in the group account system is presented net as either cash and cash equivalents, or overdraft facilities in the statement of financial position. Deposits and overdrafts of the sub account holders are included in receivables from group companies and liabilities to group companies in the statement of financial positions.

Restricted cash

There are no restricted cash in the company as at 31 December 2021.

Note 15

Financial risks

The company classifies the following categories of financial risks:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk is the risk of losses arising from movements in market prices. The company is primarily exposed to the market risks of changes in interest rates.

Market risk – interest rates

The company's exposure to interest rate risk arises from variable interest rate credit facilities and variable interest rate deposits and overdrafts within the group account system. Refer to note 14 for description of the Group's credit facilities. The company has a term loan drawn upon the Group's term loan facility, and as the group account holder of the Group's group account system it has a net deposit at year end 2021. The net interest-bearing deposits and overdrafts of each of the group companies holding sub accounts in the group

account system, are included in receivables on group companies and liabilities to group companies in the company's statement of financial position. The current exposure to interest rate risk does not warrant the use of derivative instrument as it is not considered to be material.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. As at 31 December 2021, the company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, equals the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, see note 14. At year end 2021 the company's only financial assets are receivables on group companies, which mainly represents receivables on those subsidiaries that have net overdrafts on their sub accounts in the group account system. Each member of the group account system is jointly

and severally liable for any overdraft liabilities.

Liquidity risk

The company manages liquidity risk by maintaining adequate cash reserves, bank overdraft facilities and reserve credit facilities, and by monitoring forecasts and actual cash flows. The company has access to the group's credit facilities (a term loan facility, a revolving credit facility, a guarantee facility, and an overdraft facility) which ensures access to additional cash reserves. Details of the group's undrawn facilities are set out in note 14(b), Credit facilities.

Liquidity risk table

The following table details the company's remaining contractual maturity for its financial liabilities. The table has been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The company does not hold any derivative financial liabilities at year end 2021.

Contractual maturities of financial liabilities

31 December 2021

NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Trade and other payables*	499	-	-	-	-	499	499
Liabilities to group companies**	-	-	-	-	-	-	565 447
Overdraft facilities	-	-	-	-	-	-	-
Interest-bearing long term debt	-	11 500	34 500	356 500	-	402 500	396 334
Total	499	11 500	34 500	356 500	-	402 999	962 280

* Ordinary trade and other payables are not interest-bearing.

** Liabilities to group companies are interest-bearing and includes liabilities to subsidiaries that have net deposits on their sub accounts in the group account system at year end. As there are no contractual maturities for deposits and liabilities within the group account system these amounts are not included in the table.

Note 16

Events after the reporting period

The Board of Directors has in the Board Meeting on 9 February 2022 proposed a dividend to the shareholders of NOK 3,5 per share.

The proposed dividend is subject to approval by the general meeting.

There are no other significant events after the reporting period that has not been reflected in the consolidated financial statements.

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Auditor's report

Deloitte.

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To the General Meeting of Fjordkraft Holding ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fjordkraft Holding ASA, which comprise:

- The financial statements of the parent company Fjordkraft Holding ASA (the Company), which comprise the statement of financial position as at 31 December 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Fjordkraft Holding ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss statement, statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

The Company was publicly listed in March 2018. We have been the auditor of the Company since before the Company was listed. Subsequent to the listing, when including the year of listing, we have been the auditor of the Company for 4 consecutive years.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial

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Independent Auditor's Report -
Fjordkraft Holding ASA

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Hedge Accounting

Key audit matters	How the matter was addressed in the audit
<p>Whenever the Group enters into customer contracts where the electricity sales price is fixed or partially fixed, the related price risk is managed by entering into financial electricity derivatives to hedge purchase of power.</p> <p>The Group's designates derivative financial instruments as hedging instruments and designates highly probable forecasted power purchases as hedged items in a cash flow hedge relationship to manage the price risk associated with the cash flows of highly probable forecast power purchase transactions.</p> <p>Nordic system price forward contracts are the most important hedging instrument and formal hedge documentation has been prepared for such forward contracts entered into from the beginning of Q3 2021. Starting from Q4 2021 the Group has also prepared formal hedge documentation for area price forward contracts, EPAD (Electricity Price Area Difference) forward contracts, and for combinations of system price forward contracts and EPAD forward contracts, that are all part of the same risk management strategy. At each period end, management calculates the effective portion of the changes in the fair value of the hedging instruments which are recorded in Other Comprehensive Income. We refer to details in note 1, 8 and 9 in the consolidated financial statements.</p> <p>The portion of the gains/losses on the hedging instruments determined to be effective are recorded in other comprehensive income, in the amount of NOK 71.3 million as of December 31, 2021, and cash flow hedge reserve within equity, in the amount of NOK 71.3 million as of December 31, 2021, until the hedged expected future cash flows affect profit or loss; at which time, the gains/losses are reclassified to the consolidated statement of income.</p> <p>The Group's hedging instruments designated in a cash flow hedge relationship amounted to NOK 78 million as of December 31, 2021.</p> <p>We considered this a key audit matter due to the pervasive impact of hedge accounting on the Company's financial performance, the complexity and audit effort in performing audit procedures to assess the appropriateness of hedge accounting and presentation of the related fair value adjustments.</p>	<p>In responding to the identified key audit matter, we completed, among others, the following audit procedures:</p> <ul style="list-style-type: none"> • Assessed the design and implementation of relevant internal controls related to management's hedge designations. • Obtained and inspected the Company's documented risk management objective and strategy for undertaking the hedge. • Assessed the appropriateness of management's hedge documentation and eligibility of hedge designation. • With assistance of internal specialists on International Financial Reporting Standards, particularly in the area of Hedge Accounting, assessed the reasonableness of designating the Nordic system price as a hedged risk component in a hedge of all of the cash flows of the forecast transaction/area price. • Assessed managements ongoing hedge effectiveness by evaluating if there are any changes in the economic relationships between the hedged item and hedging instrument. • Assessed management's assessment that the hedged forecasted power purchases are highly probable. • Tested the completeness, accuracy, and existence of underlying hedging instruments as at year-end used in management's calculations on a sample basis, which included confirming with third parties and inspecting the underlying contracts. • With the assistance from our Internal Fair Value Specialists, on a sample basis, recalculated the fair values of the hedging instruments and the hypothetical derivative as of December 31, 2021. <p>We have also assessed the appropriateness of consolidated financial statement disclosures in relation to hedging instruments and hedged items designated in the hedge accounting relationship as disclosed in Note 1, 8 and 9.</p>



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Revenue recognition – electrical power delivered not invoiced

Key audit matters	How the matter was addressed in the audit
<p>A large portion of the final settlement of the Group's sale of electrical power is made after the Group has finalised its annual financial statements. We refer to information in notes 1 and 4 to the consolidated financial statements.</p> <p>The revenue from electrical power delivered, but not invoiced is based on estimated delivery by product and price plans. Estimated volume is based on actual deliveries in prior periods, and there is judgment involved related to volumes and allocation of volumes to price plans.</p> <p>Due to the level of management's judgment involved, this is considered a key audit matter.</p>	<p>We have assessed the Group's process for estimating delivered not invoiced revenue, and the design and implementation of key controls.</p> <p>We have tested the estimated revenue from sale of electrical power by comparing the revenue recognised, by product type, to an expected revenue based on;</p> <ul style="list-style-type: none"> • historical cost of power, • the historical correlation between cost of power and revenue, and • average product prices. <p>Where the estimated revenue by product was significantly higher or lower than expected, we obtained further explanations and supporting documentations.</p> <p>In addition, we reviewed subsequent information on actual power supply and received true-up power settlements and evaluated the impact of the subsequent information on revenue.</p> <p>We have assessed the adequacy of the Group's disclosures presented in note 1 (accounting principles) and 4 to the consolidated financial statements.</p>

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance



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with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

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because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements*Report on compliance with Regulation on European Single Electronic Format (ESEF)**Opinion*

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 2138006BSHJVCD9SR489-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, 30 March 2022
Deloitte AS



Helge-Roald Johnsen
State Authorised Public Accountant

Fjordkraft Holding