

Fjordkraft Holding ASA and the Fjordkraft Group

Quarterly report - Q3 2021



Q3 Highlights

- 29% YoY increase in net revenue and 13% YoY increase in EBIT adj.
- The organic growth in the Norwegian market is positive again (+1,753), after a couple of challenging quarters
- Skymobil customer portfolio migrated to Fjordkraft from Q4 (01.10.2021)
 - Purchase price of 1,025 NOK per subscriber, conditional of payment of first invoice
 - # of subscribers and final purchase price to be settled early December 2021

Key figures Q3

NOK in thousands	Q3 2021	Q3 2020	YTD 2021
Gross revenue	2 383 717	588 991	9 024 749
Net revenue	356 933	284 451	1 274 146
Net revenue adjusted	367 143	284 451	1 264 784
EBIT reported	37 359	56 604	347 073
EBIT adjusted	88 812	78 764	445 205
Net income	21 954	40 161	254 810
Basic earnings per share (in NOK)	0,19	0,38	2,23
Diluted earnings per share (in NOK)	0,19	0,38	2,23
EBIT margin	10 %	20 %	27 %
EBIT margin adjusted	24 %	28 %	35 %
Net interest bearing debt (cash)	668 339	(299 400)	668 339
Capex excl. M&A	13 728	13 349	47 701
Volume sold (GWh)	3 398	2 392	15 097
# of deliveries ('000) excl. Extended Alliance	1 004	866	1 004

A good quarter in an extraordinary market

Elspot prices have been increasing throughout the third quarter, from a level of around 0.5 NOK/kWh in the southern part of Norway at the beginning of the quarter and reaching a high of more than 1.2 NOK/kWh in September 2021. For reference, the Norwegian area prices at the end of September 2020 were at an all-time low, around 0.02 NOK/kWh.

The increasing elspot prices represent a more challenging market sentiment for Fjordkraft. Despite this challenging market, Fjordkraft has been able to grow net revenue, i.a. through the hedging strategy on variable contracts and simultaneously offer the customers a strong value proposition with prices lower than the market price. Net revenue increase 29% YoY and EBIT adj. increase 13% YoY, and after a couple of challenging quarters, the organic growth in the Norwegian market is positive again.

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

Consumer

Number of electricity deliveries in the Consumer segment increased by thousand deliveries in the quarter. At the end of Q3 2021 the segment comprised 726 thousand deliveries. The volume sold in third quarter 2021 was 1,556 GWh, which is a 21% increase from the third quarter 2020, driven by M&A growth.

Adjusted net revenue amounted to 229 NOKm (205 NOKm), adjusted OPEX amounted to 187 NOKm (148 NOKm) and EBIT adj. amounted to

42 NOKm (57 NOKm). Adjusted EBIT margin in the quarter was 18%, a decrease from 28% in Q3 2020. The EBIT adj. margin the last twelve months is 30%, which is in line with the segment's guidance for 2021.

Business

At the end of third quarter 2021, the Business segment comprised 112 thousand electricity deliveries, which represents a growth of 7 thousand deliveries YoY. The volume sold in third quarter 2021 was 1,225 GWh, an increase of 11% compared to third quarter 2020. The increase is driven by volume growth from M&A.

Adjusted net revenue was 88 NOKm (72 NOKm), adjusted OPEX of 50 NOKm (38 NOKm) and EBIT adj. was 39 NOKm (34 NOKm). Adjusted EBIT margin in the quarter was 44%, which is a decrease from the 47% in Q3 2020. The EBIT adj. margin the last twelve months is 58%, which is above the segment's long-term guidance of 52-54%.

Nordic

Nordic is a new reporting segment, comprising Switch Nordic Green with the brand Nordic Green Energy, operating in Sweden and Finland. At the end of third quarter 2021, the segment comprised 166 thousand deliveries, a decrease of 2 thousand in the quarter. The decrease was related to tender customers with low profitability. Volume sold was 616 GWh in the quarter. Adjusted net revenue amounted to 31 NOKm, OPEX adjusted to 19 NOKm and EBIT adjusted amounted to 12 NOKm.

New Growth Initiatives

At the end of third quarter 2021, the number of mobile subscribers was 131 thousand, a decrease of 3 thousand subscribers in the quarter.

Alliance volume in third quarter 2021 was 803 GWh, which is a 17% YoY increase driven by the inclusion of volume from the Innlandskraft transaction, while Extended Alliance deliveries increased by 367 in the quarter.

Adjusted net revenue in the New Growth Initiatives segment amounts to 19 NOKm, a YoY increase of 11 NOKm. OPEX adjusted amounted to 23 NOKm (19 NOKm), while EBIT adjusted amounted to -4 NOKm (-12 NOKm). The increase in EBIT adjusted is mainly driven by Mobile.

Financials

Gross revenue amounted to 2,384 NOKm (589 NOKm), an increase of 305%, due to higher elspot prices and volume sold.

Adjusted net revenue amounted to 367 NOKm (284 NOKm), an increase of 29%. The increase is mainly driven by M&A.

Adjusted operating expenses amounted to 278 NOKm (206 NOKm), an increase of 35%, primarily driven by M&A.

Adjusted EBIT amounted to 89 NOKm (79 NOKm), a growth of 13% YoY due to the factors described above.

Net financial income amounted to -9 NOKm (-1 NOKm)

Profit for the period amounted to 22 NOKm (40 NOKm) in the quarter due to the factors described above.

Consolidated cash flow

Net cash generated from operating activities was 91 NOKm (231 NOKm). Net cash used in investing activities was -12 NOKm (-545 NOKm). Net cash used in financing activities was NOK -77 NOKm (290 NOKm).

Financial position

The total capital as of 30.09.2021 was 6,040 NOKm (3,633 NOKm).

Events after the reporting period

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

Risks and uncertainties

The demand for electricity, electricity prices, customer churn and competition are the main uncertainties in a short-term perspective. The demand for electricity varies with i.a. weather conditions and temperature. Electricity prices are determined by supply and demand through Nordpool, the marketplace for electricity in the Nordics. Fjordkraft seeks to reduce market risk to a low level through the Group's power purchasing strategy. The certification of Norwegian electricity retailers, "Trygg Strømhandel", is expected to increase transparency and contribute to reduced risk and all the Norwegian brands in the Fjordkraft Group were certified in Q3 2021.

Outlook

The Group's growth ambitions are stated in the capital markets day material and are expected to be realised mainly through M&A, supported by a slightly positive organic growth. The Group's financial targets are presented in the quarterly presentation.

Condensed interim financial statements



Condensed consolidated statement of profit or loss

NOK in thousands	Note	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full Year 2020
Continuing operations							
Revenue	2,3	2 578 081	2 383 717	588 991	9 024 749	2 570 627	4 214 727
Direct cost of sales	2	(2 170 449)	(2 026 783)	(304 540)	(7 750 603)	(1 474 361)	(2 647 005)
Revenue less direct cost of sales		407 631	356 933	284 451	1 274 146	1 096 266	1 567 722
Personnel expenses	2	(79 849)	(111 242)	(78 494)	(302 584)	(211 737)	(328 485)
Other operating expenses	2	(115 934)	(111 056)	(97 001)	(358 236)	(319 353)	(471 938)
Depreciation right-of-use assets		(4 997)	(4 966)	(3 111)	(14 626)	(9 344)	(13 302)
Depreciation and amortisation	2,7	(92 104)	(97 363)	(47 877)	(284 578)	(138 884)	(291 872)
Total operating expenses		(292 883)	(324 627)	(226 483)	(960 024)	(679 318)	(1 105 596)
Impairment and change in provision for onerous contracts	4	(151 288)	(428 675)	-	(570 840)	-	(268 493)
Other gains and losses, net	4,9,10	164 677	433 727	(1 365)	603 792	3 110	331 539
Operating profit		128 138	37 359	56 604	347 073	420 057	525 172
Income/loss from investments in associates and joint ventures		1 188	380	(915)	2 302	(1 266)	1 168
Interest income		4 123	2 933	3 170	9 556	13 617	16 814
Interest expense lease liability		(595)	(576)	(390)	(1 829)	(1 228)	(1 813)
Interest expense	12	(8 775)	(9 000)	(937)	(27 994)	(3 646)	(11 982)
Other financial items, net		(1 095)	(2 751)	(2 005)	(16 768)	(4 442)	(15 692)
Net financial income/(cost)		(5 153)	(9 014)	(1 077)	(34 733)	3 035	(11 505)
Profit/ (loss) before tax		122 985	28 345	55 527	312 341	423 092	513 667
Income tax (expense)/ income	5	(23 772)	(6 391)	(15 366)	(57 531)	(96 660)	(113 604)
Profit/ (loss) for the period		99 212	21 954	40 161	254 810	326 432	400 063
Basic earnings per share (in NOK)*	6	0,87	0,19	0,38	2,23	3,11	3,73
Diluted earnings per share (in NOK)*	6	0,86	0,19	0,38	2,23	3,08	3,69

* Based on a weighted average of 1 14 289 153 shares outstanding. It is issued 1 504 000 share options to employees.

Condensed consolidated statement of comprehensive income

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full Year 2020
Profit/ (loss) for the period	99 212	21 954	40 161	254 810	326 432	400 063
Other comprehensive income/ (loss):						
Items which may be reclassified to profit or loss in subsequent periods:						
Hedging reserves	-	(97 738)	-	(97 738)	-	-
Currency translation differences	15 917	(6 496)	-	(34 347)	-	(11 201)
Total	15 917	(104 234)	-	(132 085)	-	(11 201)
Items that will not be reclassified to profit or loss:						
Actuarial gain/ (loss) on pension obligations (net of tax)	(2 081)	(33 192)	-	(9 443)	(26 024)	(7 073)
Total	(2 081)	(33 192)	-	(9 443)	(26 024)	(7 073)
Total other comprehensive income/ (loss) for the period, net of tax	13 836	(137 426)	-	(141 529)	(26 024)	(18 273)
Total comprehensive income/ (loss) for the period	113 048	(115 472)	40 161	113 281	300 408	381 790

Condensed consolidated statement of financial position

NOK in thousands	Note	30 June 2021	30 September 2021	30 September 2020	31 December 2020
Assets:					
Non-current assets					
Deferred tax assets		36 065	35 904	-	37 316
Right-of-use assets property, plant and equipment		91 232	86 939	70 952	81 724
Property, plant and equipment		8 431	8 509	8 500	8 409
Goodwill	7	1 429 576	1 428 246	1 127 050	1 442 849
Intangible assets	7	764 586	719 119	658 559	869 568
Cost to obtain contracts		214 065	246 459	161 366	172 656
Investments in associates and joint ventures		13 090	13 470	8 734	11 168
Other non-current financial assets		46 822	45 790	39 060	63 877
Total non-current assets		2 603 866	2 584 435	2 074 221	2 687 566
Current assets					
Intangible assets		1 698	5 319	4 066	2 880
Inventories		6 101	5 833	1 199	2 398
Trade receivables	8,12,14	1 416 226	2 048 036	499 592	1 476 927
Derivative financial instruments	9, 10	438 418	1 072 647	186 026	193 175
Other current assets		65 172	61 636	141 761	167 065
Cash and cash equivalents		261 282	262 140	726 400	599 348
Total current assets		2 188 897	3 455 611	1 559 044	2 441 793
Total assets		4 792 763	6 040 046	3 633 266	5 129 359
Equity and liabilities:					
Equity					
Share capital		34 289	34 289	34 285	34 285
Share premium		991 998	991 998	991 614	991 614
Retained earnings		748 824	634 352	835 904	918 148
Total equity		1 775 112	1 660 640	1 861 803	1 944 047

Condensed consolidated statement
of financial position

NOK in thousands	Note	30 June 2021	30 September 2021	30 September 2020	31 December 2020
Non-current liabilities					
Employee benefit obligations	11	84 713	126 747	135 456	110 828
Interest-bearing long term debt	12	766 694	743 984	408 148	812 808
Deferred tax liabilities		135 377	91 702	118 371	130 499
Lease liability - long term		73 892	69 552	59 766	67 442
Other provisions for liabilities		16 399	17 159	-	14 649
Total non-current liabilities		1 077 075	1 049 143	721 741	1 136 225
Current liabilities					
Trade and other payables	14	866 070	1 415 035	310 132	1 029 604
Overdraft facilities	12	136 801	87 178	-	29 400
Current income tax liabilities		64 206	77 329	125 378	129 098
Derivative financial instruments	9,10	187 750	517 530	182 859	110 616
Social security and other taxes		84 667	85 894	73 554	143 425
Lease liability - short term		20 654	20 813	14 113	17 366
Other current liabilities	13	580 428	1 126 485	343 686	589 578
Total current liabilities		1 940 576	3 330 264	1 049 722	2 049 087
Total liabilities		3 017 651	4 379 407	1 771 463	3 185 312
Total equity and liabilities		4 792 763	6 040 046	3 633 266	5 129 359

The Board of Fjordkraft Holding ASA, Bergen, 10 November 2021



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

Condensed 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 period	-	-	-	-	326 432	326 432
Share-based payment	-	-	-	-	2 379	2 379
Other comprehensive income/(loss) for the period, net of tax	-	-	-	-	(26 024)	(26 024)
Total comprehensive income/(loss) for the period incl. share-based payment	-	-	-	-	302 788	302 788
Share capital increase (note 6)	2 936	866 580	-	-	-	869 515
Dividends paid (note 6)	-	-	-	-	(313 717)	(313 717)
Transactions with owners	2 936	866 580	-	-	(313 717)	555 798
Balance at 30 September 2020	34 285	991 614	-	-	835 904	1 861 803
Balance at 1 January 2021	34 285	991 614	-	(11 201)	929 348	1 944 047
Profit/(loss) for the period	-	-	-	-	254 810	254 810
Share-based payment	-	-	-	-	2 909	2 909
Other comprehensive income/(loss) for the period, net of tax	-	-	(97 738)	(34 347)	(9 443)	(141 529)
Total comprehensive income/(loss) for the period incl. share-based payment	-	-	(97 738)	(34 347)	248 275	116 190
Share capital increase (note 6)	5	384	-	-	-	389
Dividends paid (note 6)	-	-	-	-	(399 986)	(399 986)
Transactions with owners	5	384	-	-	(399 986)	(399 598)
Balance at 30 September 2021	34 289	991 998	(97 738)	(45 548)	777 637	1 660 640

Condensed consolidated statement of cash flows

NOK in thousands	Note	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full Year 2020
Operating activities							
Profit/ (loss) before tax		122 985	28 345	55 527	312 341	423 092	513 667
Adjustments for							
Depreciation	7	57 569	58 325	18 464	177 732	53 245	168 012
Depreciation right-of-use assets		4 997	4 966	3 111	14 626	9 344	13 302
Amortisation of contract assets		34 534	39 039	29 413	106 846	85 639	123 860
Impairment of intangible asset	4,7	290	(61)	-	9 762	-	197 470
Interest income		(4 123)	(2 934)	(3 170)	(9 556)	(13 617)	(16 814)
Interest expense lease liability		595	577	390	1 829	1 228	1 813
Interest expense		8 775	9 001	937	27 994	3 646	11 982
Income/loss from investments in associates and joint ventures		(1 188)	(380)	915	(2 302)	1 266	(1 168)
Change in long-term receivables		3 441	(119)	-	3 619	-	(7 686)
Share based payment expense		990	1 001	811	2 909	2 390	3 252
Change in post-employment liabilities		2 357	(521)	965	3 812	29	(302)
Payments to obtain a contract		(55 866)	(72 064)	(38 221)	(181 136)	(87 770)	(137 280)
Changes in working capital (non-cash effect)							
Impairment loss recognised in trade receivables	8	(40 635)	(7 597)	1 580	(52 813)	21 820	19 342
Provision for onerous contracts recognised in other current liabilities	4	150 998	428 736	-	561 079	-	71 023
Change in fair value of derivative financial instruments	4,9,10	(164 677)	(433 727)	1 365	(603 792)	(3 110)	(331 539)
Changes in working capital							
Inventories		147	268	(248)	(3 435)	(256)	(1 453)
Trade receivables	8	909 836	(625 364)	19 613	(529 460)	1 050 986	260 279
Purchase of el-certificates		(2 039)	(123)	-	(86 315)	(245 712)	(245 712)
Non-cash effect from cancelling el-certificates		1 921	-	-	85 898	263 594	263 594
Purchase of guarantees of origination		15	(4 483)	(1 930)	(8 788)	(3 503)	(4 064)
Non-cash effect from disposal of guarantees of origination		2 277	802	-	7 028	5 501	7 089
Other current assets		47 632	3 424	(2 980)	105 173	(20 552)	19 435
Trade and other payables		(506 545)	550 386	122 407	394 770	(535 572)	61 721
Other current liabilities	13	(112 489)	119 841	21 056	(64 888)	(341 607)	(351 741)
Cash generated from operations		461 794	97 336	230 005	272 931	670 083	638 082
Interest paid		(7 485)	(9 691)	(1 816)	(28 236)	(5 923)	(22 058)
Interest received		4 123	2 933	3 170	9 556	13 617	16 814
Income tax paid	5	-	-	-	(122 145)	(90 024)	(113 533)
Net cash from operating activities		458 432	90 578	231 358	132 106	587 753	519 305

**Condensed consolidated statement
of cash flows**

NOK in thousands	Note	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full Year 2020
Investing activities							
Purchase of property, plant and equipment		(312)	(894)	(989)	(2 497)	(989)	(497)
Purchase of intangible assets	7	(19 131)	(12 654)	(12 452)	(45 204)	(50 254)	(64 767)
Proceeds from sale of intangible assets	7	-	-	-	-	10 000	10 000
Net cash outflow on acquisition of subsidiaries		-	-	(531 655)	-	(531 655)	(1 033 527)
Net cash outflow on acquisition of shares in associates		-	-	-	-	(10 000)	(10 000)
Net (outflow)/proceeds from non-current receivables		12 225	1 150	545	14 467	146	(16 985)
Net (outflow)/proceeds from other long-term liabilities		1 442	872	-	3 143	-	(194)
Net cash used in investing activities		(5 777)	(11 525)	(544 550)	(30 090)	(582 751)	(1 115 970)
Financing activities							
Proceeds from overdraft facilities	12	(335 847)	(49 623)	-	57 778	-	29 400
Proceeds from revolving credit facility	12	-	-	-	-	-	500 000
Repayment of revolving credit facility	12	-	-	-	-	-	(500 000)
Proceeds from issuance of shares		389	-	-	389	2 730	2 730
Dividends paid		(399 986)	-	-	(399 986)	(313 717)	(313 717)
Formation expenses		-	-	-	-	(10)	(10)
Proceeds from long term debt	12	-	-	460 000	-	460 000	937 000
Instalments of long term debt	12	(23 425)	(23 425)	(13 900)	(70 275)	(41 700)	(65 125)
Repayment of long term debt	12	-	-	(152 900)	-	(152 900)	(152 900)
Payment of lease liability		(4 834)	(4 284)	(3 051)	(13 648)	(8 539)	(12 450)
Net cash used in financing activities		(763 703)	(77 331)	290 149	(425 742)	(54 137)	424 928
Net change in cash and cash equivalents		(311 048)	1 722	(23 043)	(323 726)	(49 135)	(171 738)
Cash and cash equivalents at start of period		561 092	261 282	749 445	599 348	775 536	775 536
Effects of exchange rate changes on cash and cash equivalents		11 239	(863)	-	(13 483)	-	(4 450)
Cash and cash equivalents at end of period		261 282	262 140	726 400	262 140	726 400	599 348

Notes to the condensed consolidated financial statements

Note 1	Accounting policies	14
Note 2	Segment information	15
Note 3	Revenue recognition	21
Note 4	Impairment, change in provision for onerous contracts, and other gains and losses	22
Note 5	Income tax	23
Note 6	Earnings per share	23
Note 7	Intangible assets	24
Note 8	Trade receivables	30
Note 9	Derivatives and fair value measurement of financial instruments	31
Note 10	Hedge accounting	35
Note 11	Pension liabilities	37
Note 12	Credit facilities	38
Note 13	Other current liabilities	39
Note 14	Related party transactions	40
Note 15	Events after the reporting period	41

Note 1

Accounting policies

General information

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

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

These interim financial statements, which are unaudited, were approved by the Board of Directors for issue on 10 November 2021.

Basis of preparation

These interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". These interim financial statements do not provide the same scope of information as the annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS.

Going concern

The Group has adopted the going concern basis in preparing its consolidated financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing customer contracts and other

service contracts, debt service and obligations. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

Accounting policies

The accounting policies applied in preparing these interim financial statements are consistent with those described in the previous annual report for the financial year 2020, except that:

- income tax expense is recognised in each interim period using the expected weighted average annual income tax rate for the full financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.
- the group has implemented hedge accounting for some hedges established during the quarter. See note 10 for further information.

There are not any new or amended accounting standards or interpretations of which application is mandatory for reporting periods commencing 1 January 2021, that have had a material impact on these interim financial statements.

Use of estimates

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and

the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020, except for income taxes and defined benefit obligations.

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

Present value of defined benefit obligations and the fair value of plan assets are at the end of each interim reporting period estimated by extrapolation of the pension expense in the latest annual actuarial valuation, and an estimate of actuarial gains and losses calculated using updated estimates for significant actuarial assumptions. In the annual financial statements however the present value of defined benefit obligations and the fair value of plan assets are estimated based on a complete set of annual actuarial valuations.

Note 2 Segment information

Disaggregation of revenue from contracts with customers

Operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board 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 allo-

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

The segment profit measure is adjusted operating profit which is defined as profit before tax earned by each segment without the allocation of non-recurring expenses, depreciation of acquisitions, impairment and change in provision for onerous contracts, other gains and losses, income/loss from investments in associates and joint ventures, interest income, interest expense, interest expense lease liability, and other financial items, net. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The accounting policies of the reportable segments are the same as the Group's accounting policies.

All of the Group's revenue is from external parties and is from activities currently carried out in

Norway, Sweden and Finland. There are no customers representing more than 10% of revenue.

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

Note 2
Segment information

Q2 2021						
NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total segments
Revenue						
Revenue adjusted	1 307 887	849 929	315 363	2 473 179	86 163	2 559 342
Total external segment revenue adjusted	1 307 887	849 929	315 363	2 473 179	86 163	2 559 342
Direct cost of sales adjusted	(1 068 103)	(753 045)	(280 045)	(2 101 193)	(70 090)	(2 171 283)
Revenue less direct cost of sales adjusted	239 784	96 884	35 318	371 986	16 073	388 059
Expenses						
Personnel and other operating expenses adjusted	(126 136)	(32 547)	(18 791)	(177 474)	(18 389)	(195 863)
Depreciation and amortisation adjusted	(38 644)	(6 836)	(4 286)	(49 766)	(1 325)	(51 091)
Total operating expenses adjusted	(164 780)	(39 384)	(23 076)	(227 240)	(19 714)	(246 954)
Operating profit adjusted	75 004	57 500	12 242	144 746	(3 641)	141 105

Q3 2021						
NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total segments
Revenue						
Revenue adjusted	1 098 805	855 515	346 386	2 300 707	93 221	2 393 927
Total external segment revenue adjusted	1 098 805	855 515	346 386	2 300 707	93 221	2 393 927
Direct cost of sales adjusted	(870 170)	(767 249)	(315 049)	(1 952 469)	(74 319)	(2 026 783)
Revenue less direct cost of sales adjusted	228 636	88 266	31 337	348 238	18 902	367 143
Expenses						
Personnel and other operating expenses adjusted	(145 489)	(42 865)	(12 686)	(201 040)	(21 258)	(222 298)
Depreciation and amortisation adjusted	(41 283)	(6 731)	(6 721)	(54 735)	(1 298)	(56 033)
Total operating expenses adjusted	(186 771)	(49 597)	(19 407)	(255 775)	(22 556)	(278 332)
Operating profit adjusted	41 864	38 669	11 929	92 463	(3 654)	88 812

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

Note 2
Segment information

Q3 2020						
NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total segments
Revenue						
Revenue adjusted	291 976	221 807	-	513 783	75 208	588 991
Total external segment revenue adjusted	291 976	221 807	-	513 783	75 208	588 991
Direct cost of sales adjusted	(87 200)	(149 598)	-	(236 798)	(67 742)	(304 540)
Revenue less direct cost of sales adjusted	204 776	72 209	-	276 985	7 466	284 451
Expenses						
Personnel and other operating expenses adjusted	(113 255)	(32 600)	-	(145 855)	(16 767)	(162 622)
Depreciation and amortisation adjusted	(35 021)	(5 730)	-	(40 751)	(2 314)	(43 065)
Total operating expenses adjusted	(148 276)	(38 330)	-	(186 606)	(19 081)	(205 687)
Operating profit adjusted	56 500	33 879	-	90 379	(11 615)	78 764

YTD 2021						
NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total segments
Revenue						
Revenue adjusted	4 598 008	3 008 217	1 146 418	8 752 643	263 579	9 016 220
Total external segment revenue adjusted	4 598 008	3 008 217	1 146 418	8 752 643	263 579	9 016 220
Direct cost of sales adjusted	(3 817 390)	(2 685 159)	(1 039 299)	(7 541 847)	(209 595)	(7 751 436)
Revenue less direct cost of sales adjusted	780 618	323 059	107 119	1 210 796	53 984	1 264 784
Expenses						
Personnel and other operating expenses adjusted	(434 473)	(116 836)	(47 769)	(599 079)	(64 094)	(663 173)
Depreciation and amortisation adjusted	(119 051)	(19 953)	(13 593)	(152 598)	(3 806)	(156 404)
Total operating expenses adjusted	(553 525)	(136 789)	(61 362)	(751 677)	(67 901)	(819 578)
Operating profit adjusted	227 093	186 269	45 757	459 120	(13 917)	445 205

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

Note 2
Segment information

YTD 2020						
NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total segments
Revenue						
Revenue adjusted	1 355 632	979 584	-	2 335 216	212 792	2 548 008
Total external segment revenue adjusted	1 355 632	979 584	-	2 335 216	212 792	2 548 008
Direct cost of sales adjusted	(559 580)	(724 629)	-	(1 284 209)	(183 923)	(1 468 132)
Revenue less direct cost of sales adjusted	796 052	254 955	-	1 051 007	28 869	1 079 876
Expenses						
Personnel and other operating expenses adjusted	(357 278)	(105 421)	-	(462 699)	(52 592)	(515 290)
Depreciation and amortisation adjusted	(101 140)	(15 508)	-	(116 648)	(7 364)	(124 012)
Total operating expenses adjusted	(458 418)	(120 929)	-	(579 347)	(59 956)	(639 302)
Operating profit adjusted	337 634	134 026	-	471 660	(31 087)	440 574
Full year 2020						
NOK in thousands	Consumer	Business	Nordic	Total reportable segments	New growth initiatives*	Total segments
Revenue						
Revenue adjusted	2 144 219	1 479 533	263 894	3 887 645	295 716	4 183 361
Total external segment revenue adjusted	2 144 219	1 479 533	263 894	3 887 645	295 716	4 183 361
Direct cost of sales adjusted	(1 039 480)	(1 102 666)	(245 954)	(2 388 101)	(251 775)	(2 639 876)
Revenue less direct cost of sales adjusted	1 104 738	376 866	17 940	1 499 544	43 941	1 543 486
Expenses						
Personnel and other operating expenses adjusted	(531 316)	(149 062)	(9 256)	(689 634)	(74 378)	(764 012)
Depreciation and amortisation adjusted	(138 226)	(21 557)	(2 932)	(162 715)	(8 481)	(171 196)
Total operating expenses adjusted	(669 542)	(170 619)	(12 188)	(852 349)	(82 859)	(935 208)
Operating profit adjusted	435 196	206 247	5 752	647 194	(38 918)	608 278

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

Note 2
Segment information

Reconciliation to statement of profit and loss for the period

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Revenue adjusted	2 559 342	2 393 927	588 991	9 016 220	2 548 008	4 183 361
Corporate 1)	18 739	(10 210)	-	8 528	20 904	29 650
Special items 2)	-	-	-	-	1 716	1 716
Revenue	2 578 081	2 383 717	588 991	9 024 749	2 570 627	4 214 727
Direct cost of sales adjusted	(2 171 283)	(2 026 783)	(304 540)	(7 751 436)	(1 468 132)	(2 639 876)
Corporate 1)	834	-	-	834	(6 230)	(7 129)
Direct cost of sales	(2 170 449)	(2 026 783)	(304 540)	(7 750 603)	(1 474 361)	(2 647 005)
Revenue less direct cost of sales adjusted	388 059	367 143	284 451	1 264 784	1 079 876	1 543 486
Corporate 1)	19 573	(10 210)	-	9 362	14 674	22 521
Special items 2)	-	-	-	-	1 716	1 716
Revenue less direct cost of sales	407 631	356 933	284 451	1 274 146	1 096 266	1 567 722
Total operating expenses adjusted	(246 954)	(278 332)	(205 687)	(819 578)	(639 302)	(935 208)
Special items 2)	-	-	(12 873)	2 354	(15 800)	(42 213)
Depreciation of acquisitions 3)	(45 929)	(46 295)	(7 924)	(142 799)	(24 216)	(128 175)
Total operating expenses	(292 883)	(324 627)	(226 483)	(960 024)	(679 318)	(1 105 596)
Impairment and change in provision for onerous contracts	(151 288)	(428 675)	-	(570 840)	-	(268 493)
Other gains and losses 4)	164 677	433 727	(1 365)	603 792	3 110	331 539
Operating profit	128 138	37 359	56 604	347 073	420 057	525 172
Income/loss from investments in associates and joint ventures	1 188	380	(915)	2 302	(1 266)	1 168
Interest income	4 123	2 933	3 170	9 556	13 617	16 814
Interest expense lease liability	(595)	(576)	(390)	(1 829)	(1 228)	(1 813)
Interest expense	(8 775)	(9 000)	(937)	(27 994)	(3 646)	(11 982)
Other financial items, net	(1 095)	(2 751)	(2 005)	(16 768)	(4 442)	(15 692)
Profit/(loss) before tax	122 985	28 345	55 527	312 341	423 092	513 667

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

Note 2

Segment information

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

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Special items incurred specific to:						
- acquisition related costs and implementation costs	-	-	(12 873)	(7 485)	(15 800)	(21 579)
- income related to compensatory damages	-	-	-	-	1 716	1 716
- one off amortisation of customer contracts in acquired companies	-	-	-	-	-	(5 745)
- severance packages and other one off costs in acquired companies	-	-	-	6 451	-	(14 889)
- gain from sale of trade receivables previously impaired	-	-	-	3 387	-	-
Special items	-	-	(12 873)	2 354	(14 083)	(40 497)

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

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
TrønderEnergi Marked acquisition	(2 608)	(2 608)	(5 180)	(7 825)	(15 539)	(20 718)
Oppdal Everk Kraftomsetning acquisition	(572)	(572)	(787)	(1 717)	(2 361)	(3 148)
Vesterålskraft Strøm acquisition	(484)	(484)	(565)	(1 452)	(1 696)	(2 261)
Innlandskraft acquisition	(31 068)	(31 068)	-	(97 583)	-	(36 254)
Troms Kraft Strøm acquisition	(10 434)	(10 652)	-	(31 711)	-	(7 037)
Troms Kraft Strøm acquisition - Depreciation of fixed price customer contracts	-	-	-	-	-	(52 910)
Other customer acquisitions	(762)	(910)	(1 392)	(2 512)	(4 621)	(5 847)
Depreciation of acquisitions	(45 929)	(46 295)	(7 924)	(142 799)	(24 216)	(128 175)

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

Note 3

Revenue recognition

The following table summarises revenue from contracts with customers:

Revenue						
NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Revenue - Consumer segment (1)	1 307 887	1 098 805	291 976	4 598 008	1 355 632	2 144 219
Revenue - Business segment (2)	849 929	855 515	221 807	3 008 217	979 584	1 479 533
Revenue - Nordic (3)	315 363	346 386	-	1 146 418	-	263 894
Revenue - New growth initiatives (4)	86 163	93 221	75 208	263 579	212 792	295 716
Revenue - Corporate	18 739	(10 210)	-	8 528	22 620	31 366
Total revenue	2 578 081	2 383 717	588 991	9 024 749	2 570 627	4 214 727

Timing of revenue recognition

Over time:

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Revenue - Consumer segment	1 281 296	1 070 711	279 845	4 518 867	1 320 607	2 090 297
Revenue - Business segment	839 756	847 929	215 462	2 979 795	960 138	1 453 829
Revenue - Nordic	315 363	346 386	-	1 146 418	-	263 894
Revenue - New growth initiatives	84 791	91 764	74 755	259 584	211 492	293 952
Revenue - Corporate	18 739	(10 210)	-	8 528	22 620	31 366
Total revenue recognised over time	2 539 945	2 346 580	570 062	8 913 192	2 514 857	4 133 338

At a point in time:

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Revenue - Consumer segment	26 591	28 094	12 131	79 141	35 025	53 921
Revenue - Business segment	10 173	7 587	6 345	28 423	19 446	25 704
Revenue - Nordic	-	-	-	-	-	-
Revenue - New growth initiatives	1 372	1 457	453	3 995	1 300	1 764
Total revenue recognised at a point in time	38 136	37 137	18 929	111 558	55 771	81 389
Total revenue	2 578 081	2 383 717	588 991	9 024 749	2 570 627	4 214 727

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

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

(3) Revenue in the nordic segment comprise sale of electrical power and related services to private consumers and businesses in Finland and Sweden

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

Note 4 Impairment, change in provision for onerous contracts, and other gains and losses.

NOK in thousands	Note	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Impairment and provisions for onerous contracts:							
Change in provision for onerous contracts*		(150 998)	(428 736)	-	(561 079)	-	(71 023)
Impairment of intangible assets - Fixed price customer contracts*	7	(290)	62	-	(9 762)	-	(180 540)
Impairment of intangible assets - Software and development projects	7	-	-	-	-	-	(16 930)
Total impairment and provisions for onerous contracts		(151 288)	(428 675)	-	(570 840)	-	(268 493)
Other gains and losses							
Change in fair value of derivative financial instruments*	9	164 677	433 727	(1 365)	603 792	3 110	331 539
Total other gains and losses, net		164 677	433 727	(1 365)	603 792	3 110	331 539
Total		13 390	5 052	(1 365)	32 952	3 110	63 046

*The change in provision for onerous contracts and impairment of intangible assets in Q3 2021 relates to portfolios of fixed price customer contracts in the Nordic segment.

The majority of these contracts were acquired as part of the business combination when the group acquired Troms Kraft Strøm AS (rebranded to Fjordkraft Nordic AS) and its subsidiary Switch Nordic Green AB (which has end-user operations in Sweden and Finland, through the brand Nordic Green Energy) in 2020, while the remaining are new fixed price contracts entered into with customers in the Nordic segment after the business combination.

The fixed price customer contracts acquired as part of the business combination are recognised as intangible assets (refer note 7), and depreciated systematically over the contract lengths using a pattern that reflects 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).

New fixed price customer contracts are not recognised in the balance sheet, unless the contracts are onerous contracts.

Provisions for onerous contracts has increased with NOKt 428 736 and the provision amounts to a total of NOKt 632 102 at 30 September 2021.

The price risk related to fixed price customer contracts are hedged with system price forward contract and EPAD forward contracts.

Of changes in fair value of derivative financial instruments in the third quarter, net unrealised gains of NOKt 437 870 (Q2 2021: gains of NOKt 155 670, 2020: gains of NOKt 314 869) relates to these portfolios of power derivatives, and loss of NOKt 4 143 (Q2 2021: NOKt 9 007 (gains), 2020: NOKt 16 670 (gains)) relates to the groups other portfolios of power derivatives.

The net effect of impairment (positive NOKt 62), increased provisions for onerous fixed price customer contracts (negative NOKt 428 736), and the change in fair value of the corresponding portfolios of hedging contracts, is a net income/gain of NOKt 9 195 in the third quarter of 2021 (Q2 2021: NOKt 4 382, 2020: NOKt 8 371). This net effect is mainly caused by imbalance between the portfolios of customer contracts, and the corresponding portfolios of hedging contracts.

Note 5 Income tax

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Profit before tax	122 985	28 345	55 527	312 341	423 092	513 667
Tax expense	(23 772)	(6 391)	(15 366)	(57 531)	(96 660)	(113 604)
Average tax rate	19,3 %	22,5 %	27,7 %	18,4 %	22,8 %	22,1 %
Tax payable	28 004	40 979	16 077	97 943	101 682	127 032
Adjustments to prior years tax payable	-	-	-	(4 914)	-	4 734
Change in deferred tax	(4 232)	(34 588)	(711)	(35 497)	(5 022)	(18 162)
Tax expense recognised in statement of profit or loss	23 772	6 391	15 366	57 531	96 660	113 604

Note 6 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

	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Profit/(loss) attributable to equity holders of the company *	99 212	21 954	40 161	254 810	326 432	400 063
Total comprehensive income attributable to equity holders of the company *	113 048	(115 472)	40 161	113 281	300 408	381 790
Total number of ordinary shares in issue	114 297 800	114 297 800	114 281 800	114 297 800	114 281 800	114 281 800
Weighted average number of ordinary shares in issue	114 287 667	114 297 800	105 332 030	114 289 153	104 814 198	107 200 552
Earnings per share in NOK	0,87	0,19	0,38	2,23	3,11	3,73
Total comprehensive income per share in NOK	0,99	(1,01)	0,38	0,99	2,87	3,56
Share options	1 504 000	1 504 000	1 150 000	-	1 150 000	1 190 000
Diluted earnings per share in NOK	0,86	0,19	0,38	2,23	3,08	3,69
Dividend per share in NOK	3,50	-	-	3,50	3,00	3,00

*NOK in thousands

Note 7 Intangible assets

Non-current intangible assets

Q2 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
Accumulated cost 1 April 2021	300 098	19 635	758 901	230 602	145 636	1 454 872	1 424 680	2 879 552
Additions - Purchase	259	18 544	181	-	-	18 984	-	18 984
Additions - Internally generated	609	(461)	-	-	-	148	-	148
Additions from business combinations *	-	-	-	-	-	-	(2 802)	(2 802)
Transferred from construction in progress	18 442	(18 442)	-	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	169	4	3 889	4 659	556	9 277	7 698	16 975
Accumulated cost 30 June 2021	319 577	19 280	762 970	235 261	146 192	1 483 280	1 429 576	2 912 857
Acc. depreciation and impairment 1 April 2021	(209 518)	-	(192 201)	(230 602)	(24 380)	(656 701)	-	(656 701)
Depreciation for the period	(10 922)	-	(43 316)	-	(2 620)	(56 858)	-	(56 858)
Impairment for the period **	-	-	-	(290)	-	(290)	-	(290)
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	20	-	(499)	(4 369)	-	(4 847)	-	(4 847)
Acc. depreciation and impairment 30 June 2021	(220 419)	-	(236 015)	(235 261)	(27 001)	(718 696)	-	(718 696)
Carrying amount 30 June 2021	99 158	19 280	526 957	-	119 191	764 586	1 429 576	2 194 163

* The changes to Goodwill included in Additions from business combinations are adjustments to the goodwill recognised when the group acquired Innlandskraft AS in Q3 2020. These changes are mainly caused by adjustments to the final purchase consideration.

** Refer note 4 for more information regarding impairment of fixed price customer contracts.

Note 7
Intangible assets

Non-current intangible assets

Q3 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
Accumulated cost 1 July 2021	319 577	19 280	762 970	235 261	146 192	1 483 280	1 429 576	2 912 857
Additions - Purchase	-	12 149	(181)	-	-	11 969	-	11 969
Additions - Internally generated	686	-	-	-	-	686	-	686
Additions from business combinations	-	-	-	-	-	-	-	-
Transferred from construction in progress	5 703	(5 703)	-	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	1	6	(669)	(728)	(82)	(1 470)	(1 330)	(2 801)
Accumulated cost 30 September 2021	325 967	25 732	762 121	234 533	146 110	1 494 464	1 428 246	2 922 711
Acc. depreciation and impairment 1 July 2021	(220 419)	-	(236 015)	(235 261)	(27 001)	(718 696)	-	(718 696)
Depreciation for the period	(11 492)	-	(43 297)	-	(2 825)	(57 614)	-	(57 614)
Impairment for the period *	-	-	-	62	-	62	-	62
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	(8)	-	243	666	-	901	-	901
Acc. depreciation and impairment 30 September 2021	(231 919)	-	(279 069)	(234 533)	(29 826)	(775 347)	-	(775 347)
Carrying amount 30 September 2021	94 048	25 732	483 052	-	116 285	719 119	1 428 246	2 147 365

* Refer note 4 for more information regarding impairment of fixed price customer contracts.

Note 7
Intangible assets

Non-current intangible assets

Q3 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 July 2020	235 051	19 385	172 712	-	13 903	441 051	166 696	607 747
Additions - Purchase	-	11 719	91	-	-	11 810	-	11 810
Additions - Internally generated	1 141	(500)	-	-	-	641	-	641
Additions from business combinations	17 588	2 900	362 137	-	109 027	491 652	960 353	1 452 005
Transferred from construction in progress	2 307	(2 307)	-	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost price 30 September 2020	256 087	31 197	534 940	-	122 931	945 155	1 127 050	2 072 204
Accumulated depreciation 1 July 2020	(161 778)	-	(95 923)	-	(10 888)	(268 589)	-	(268 589)
Depreciation for the period	(10 089)	-	(7 097)	-	(826)	(18 011)	-	(18 011)
Impairment for the period	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation 30 September 2020	(171 867)	-	(103 020)	-	(11 714)	(286 600)	-	(286 600)
Carrying amount 30 September 2020	84 220	31 197	431 924	-	111 217	658 559	1 127 050	1 785 609

Note 7
Intangible assets

Non-current intangible assets								
YTD 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
Accumulated cost 1 January 2021	297 473	9 063	770 256	243 640	147 531	1 467 964	1 442 849	2 910 813
Additions - Purchase	340	43 447	-	-	-	43 787	-	43 787
Additions - Internally generated	1 417	-	-	-	-	1 417	-	1 417
Additions from business combinations*	-	-	-	-	-	-	(2 802)	(2 802)
Transferred from construction in progress	26 777	(26 777)	-	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	(41)	-	(8 135)	(9 106)	(1 421)	(18 703)	(11 801)	(30 504)
Accumulated cost 30 September 2021	325 967	25 732	762 121	234 533	146 110	1 494 464	1 428 246	2 922 711
Acc. depreciation and impairment 1 January 2021	(198 820)	-	(149 408)	(232 787)	(17 383)	(598 398)	-	(598 398)
Depreciation for the period	(33 082)	-	(130 122)	-	(12 443)	(175 647)	-	(175 647)
Impairment for the period**	-	-	-	(9 762)	-	(9 762)	-	(9 762)
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	(17)	-	461	8 016	-	8 459	-	8 459
Acc. depreciation and impairment 30 September 2021	(231 919)	-	(279 069)	(234 533)	(29 826)	(775 347)	-	(775 347)
Carrying amount 30 September 2021	94 048	25 732	483 052	-	116 285	719 119	1 428 246	2 147 365

* The changes to Goodwill included in Additions from business combinations are adjustments to the goodwill recognised when the group acquired Innlandskraft AS in Q3 2020. These changes are mainly caused by adjustments to the final purchase consideration.

** Refer note 4 for more information regarding impairment of fixed price customer contracts.

Note 7
Intangible assets

Non-current intangible assets

YTD 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
Accumulated cost 1 January 2020	213 393	15 147	170 805	-	13 903	413 249	166 696	579 945
Additions - Purchase	-	46 279	1 998	-	-	48 277	-	48 277
Additions - Internally generated	1 939	38	-	-	-	1 977	-	1 977
Additions from business combinations	17 588	2 900	362 137	-	109 027	491 652	960 353	1 452 005
Transferred from construction in progress	23 166	(23 166)	-	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-	-
Disposals	-	(10 000)	-	-	-	(10 000)	-	(10 000)
Currency translation differences	-	-	-	-	-	-	-	-
Accumulated cost 30 September 2020	256 087	31 197	534 940	-	122 931	945 155	1 127 050	2 072 204
Acc. depreciation and impairment 1 Januar 2020	(144 240)	-	(81 281)	-	(9 189)	(234 710)	-	(234 710)
Depreciation for the period	(27 627)	-	(21 739)	-	(2 525)	(51 891)	-	(51 891)
Impairment for the period	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-
Acc. depreciation and impairment 30 September 2020	(171 867)	-	(103 020)	-	(11 714)	(286 600)	-	(286 600)
Carrying amount 30 September 2020	84 220	31 197	431 924	-	111 217	658 559	1 127 050	1 785 609

Note 7 Intangible assets

Non-current intangible assets

Full Year 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
Accumulated cost 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)
Accumulated cost 31 December 2020	297 473	9 063	770 256	243 640	147 531	1 467 964	1 442 849	2 910 813
Acc. depreciation and impairment 1 January 2020	(144 240)	-	(81 281)	-	(9 189)	(234 710)	-	(234 710)
Depreciation for the year	(37 668)	-	(68 159)	(52 910)	(8 194)	(166 931)	-	(166 931)
Impairment for the year**	(16 930)	-	-	(180 540)	-	(197 470)	-	(197 470)
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	18	-	31	663	-	712	-	712
Acc. depreciation and impairment 31 December	(198 820)	-	(149 408)	(232 787)	(17 383)	(598 398)	-	(598 398)
Carrying amount 31 December 2020	98 653	9 063	620 851	10 852	130 149	869 568	1 442 849	2 312 418

*Through the acquisition of Troms Kraft Strøm AS in November 2020, a portfolios 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). Refer note 4 for more information regarding impairment of fixed price customer contracts.

** 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 Metzsum AS.

Note 8

Trade receivables

Trade receivables

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). The expected credit losses on trade receivables are estimated using a provision matrix by grouping trade receivables based on reference to past default experience for the group of customers and an analysis of whether the customer is an active customer to whom the Group continues to supply goods and services to or has ceased purchasing good or services from the Group. The customer's current financial position, adjusted for factors that are specific to the customers', general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, are all factors that are taken into account when measuring ECL.

To account for Covid-19 effects the Group made an additional loss allowance provision of NOKt 10 800 in 2020. After an updated assessment of credit risk due to Covid-19 in the first quarter of 2021, the additional loss allowance provision was reduced to NOKt 5 400 in Q1 2021 and remained unchanged in the second quarter of 2021. During the third quarter of 2021 Covid-19 restrictions has been lifted and macroeconomic conditions have started to normalise, hence the remaining additional loss allowance provision has been removed in the third quarter. 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 years past due, whichever occurs earlier. The trade receivables that have been written off are still subject to collection processes.

The following table details the loss allowance provision recognised in trade receivables:

NOK in thousands	30 June 2021	30 Sept 2021	30 Sept 2020	Full year 2020
Gross nominal amount	1 474 459	2 098 635	600 397	1 582 007
Loss allowance provision	(58 234)	(50 599)	(100 804)	(105 080)
Trade receivables, net	1 416 225	2 048 036	499 592	1 476 927

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	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Loss allowance provision, opening balance	99 096	58 234	96 325	105 080	75 837	75 837
Additions from business combinations	-	-	2 900	-	2 900	7 778
Change in loss allowance recognised in profit or loss for the period	(40 999)	(7 620)	1 579	(54 296)	22 067	21 594
Currency translation difference	137	(15)	-	(184)	-	(129)
Loss allowance provision, balance at end of period	58 234	50 599	100 804	50 599	100 804	105 080

The movement in lifetime ECL in the first quarter of 2021 was mainly due to reduction of the additional loss allowance provision related to Covid-19. During the second quarter of 2021, changes was made to the Group's CRM system related to write-offs. An effect of these changes was that overdue receivables previously included in loss allowance provision was written off. Consequently the changes led to a reduction in the loss allowance provision and a corresponding increase in receivables written off. The effect on net impairment expense of these changes was immaterial. The movement in lifetime ECL in the third quarter of 2021 is mainly due to reduction of the additional loss allowance provision related to Covid-19.

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

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Receivables written off	49 681	(496)	2 336	50 169	4 559	6 998
Movement in provision for impairment	(40 999)	(7 620)	1 580	(54 296)	21 820	21 594
Received payment on previously written off receivables	(2 291)	(1 498)	(332)	(7 420)	(2 200)	(5 878)
Net impairment expense recognised on trade receivables	6 391	(9 614)	3 584	(11 548)	24 179	22 713

Note 9

Derivatives and fair value measurement of financial instruments

Derivatives

All financial electricity derivatives are either financial customer contracts, or purchased for the purpose of hedging physical or financial customer contracts.

The group has the following derivative financial instruments:

NOK in thousands	30 June 2021	30 September 2021	30 September 2021	31 December 2020
Current assets				
Electricity Forwards with Statkraft	309 756	690 734	-	66 843
Electricity Options with Statkraft	-	-	-	242
Electricity Forwards with customers	1 27 074	372 967	175 912	119 654
Electricity Options with customers	1 588	8 946	8 338	6 435
Other derivatives	-	-	1 777	-
Total current assets - Derivative financial instruments	438 418	1 072 647	186 026	193 175
Current liabilities				
Electricity Futures with Nasdaq OMX	-	-	40 837	13 755
Electricity Forwards with Statkraft	465	46 167	55 789	18 449
Electricity Options with Statkraft	1 392	8 281	9 346	7 018
Electricity Forwards with customers	184 392	461 199	76 887	70 363
Electricity Options with customers	221	638	-	451
Other derivatives	1 280	1 244	-	581
Total current liabilities - Derivative financial instruments	187 750	517 530	182 859	110 616
Designation of derivatives				
Current assets				
Designated as hedging instruments	-	-	-	-
Classified as held for trading for accounting purposes	438 418	1 072 647	186 026	193 175
Total current assets - Derivative financial instruments	438 418	1 072 647	186 026	193 175
Current liabilities				
Designated as hedging instruments	-	125 949	-	-
Classified as held for trading for accounting purposes	187 750	319 581	182 859	110 616
Total current assets - Derivative financial instruments	187 750	517 530	182 859	110 616

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. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The group's accounting policy for cash flow hedges are set out in note 10.

Note 9

Derivatives and fair value measurement of financial instruments

Fair value measurements of financial instruments

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

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 30 June 2021				
NOK in thousands				
Financial assets				
Derivative financial instruments	-	365 560	72 858	438 418
Total financial assets at fair value	-	365 560	72 858	438 418
Financial liabilities				
Derivative financial instruments	-	125 335	62 414	187 750
Total financial liabilities at fair value	-	125 335	62 414	187 750

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 30 September 2021				
NOK in thousands				
Financial assets				
Derivative financial instruments	-	881 689	190 959	1 072 647
Total financial assets at fair value	-	881 689	190 959	1 072 647
Financial liabilities				
Derivative financial instruments	-	350 438	167 091	517 530
Total financial liabilities at fair value	-	350 438	167 091	517 530

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 30 September 2020				
NOK in thousands				
Financial assets				
Derivative financial instruments	-	133 725	52 301	186 026
Total financial assets at fair value	-	133 725	52 301	186 026
Financial liabilities				
Derivative financial instruments	-	144 629	38 230	182 859
Total financial liabilities at fair value	-	144 629	38 230	182 859

Note 9
Derivatives and fair value measurement
of financial instruments

Recurring fair value measurements At 31 December 2020	Level 1	Level 2	Level 3	Total
NOK in thousands				
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

There were no transfers between level 1 and 2 for recurring fair value measurements during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

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

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

Valuation techniques used to determine fair values

Specific valuation techniques used to value derivative financial instruments include present value of future cash flows, based on forward prices from Nasdaq OMX Commodities at the balance sheet date. In the case of material long-term contracts, the cash flows are discounted at a discount rate calculated by using interest rates on Government bonds with matching maturities, added a risk premium of 0,2 percentage points. Valuation method is used for forward contracts and option contracts associated with purchase and sale of electricity. Key inputs to the valuation are discount rates, contract- and market prices. Level 3 inputs consists of a) expected power price in price areas Bergen and

Kristiansand, and b) expected power price on contracts with maturity more than five years from the reporting date, as the marked for corresponding forward contracts is considered illiquid.

The fair value of cash and cash equivalents, trade receivables, other non-current financial assets and trade and other payables approximate their carrying value.

Note 9

Derivatives and fair value measurement of financial instruments

Assets and liabilities measured at fair value based on level 3

At 30 June 2021

NOK in thousands	Assets	Liabilities	Total, net
Opening balance 1 April 2021	26 554	20 512	6 041
Additions or derecognitions	-	(1)	1
Realisations and unrealised changes in value recognised in profit or loss	46 304	41 903	4 401
Closing balance 30 June 2021	72 858	62 414	10 443
Net realised gain (+) / loss (-) recognised in profit and loss Q2 2021			5 267

At 30 September 2021

NOK in thousands	Assets	Liabilities	Total, net
Opening balance 1 July 2021	72 858	62 414	10 443
Additions or derecognitions	-	(1 300)	1 300
Realisations and unrealised changes in value recognised in profit or loss	118 101	105 976	12 124
Closing balance 30 September 2021	190 959	167 091	23 867
Net realised gain (+) / loss (-) recognised in profit and loss Q3 2021			39 348

At 30 September 2020

NOK in thousands	Assets	Liabilities	Total, net
Opening balance 1 July 2020	75 219	70 100	5 118
Additions or derecognitions	-	(870)	870
Realisations and unrealised changes in value recognised in profit or loss	(22 918)	(31 000)	8 083
Closing balance 30 September 2020	52 301	38 230	14 071
Net realised gain (+) / loss (-) recognised in profit and loss Q3 2020			936

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
Realisations and unrealised changes in value recognised in profit or 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	(7 950)	7 950

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 30 September 2021.

Note 10 Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured 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 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 rate with or without price ceiling. The price in the variable rate 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 in July 2021. In the revised strategy Fjordkraft will seek to reduce price variability for a higher percentage of the future power purchases. The hedging activities can be done with both forward contracts, futures, and options. This will support the commercial goal to reduce the number of price changes for the variable rate 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. System price forward contracts is the most important hedging instrument and formal hedge documentation is prepared for some of these forward contracts. Fjordkraft has also some area price forward contracts and EPAD forward contracts, that is part of the same risk management strategy. As these involve smaller volumes, the entity has so far not prepared hedge accounting documentation for such contracts.

Fjordkraft purchases electricity in all five Norwegian price areas. The system price forward contracts are allocated to the different price areas, at the inception of the hedges, based on the expected distribution between the areas in the relevant period.

The 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 (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), but weaker than in south. 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 participants develop expectation of future prices estimating future system price and area differentials individually. This implies that the system price is an identifiable risk component in the future purchase of electricity. 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 the 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 quarter. 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. For the three southern price areas, movements in the price differential will not cause hedge ineffectiveness.

For all 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 won't be any timing differences causing ineffectiveness.

Note 10 Hedge Accounting

The accounting implications of hedge accounting for the period is summarized in the table below.

30 September 2021	Fair value hedge instrument*	Effective portion in OCI*	Ineffectiveness in P&L*	Power volume 4Q 2021**	Power volume 2022**
South Norway (NO1, NO2, NO5)	(92 509)	(92 509)	-	578	118
Trondheim (NO3)	(22 988)	(22 948)	(40)	144	29
Tromsø (NO4)	(10 452)	(9 849)	(602)	65	13
Total	(125 949)	(125 305)	(642)	787	161
Tax effect	-	27 567	-	-	-
Effective portion in OCI net of tax	-	(97 738)	-	-	-

* NOK in thousands

** MWh in thousands

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 the quarter and only forward contracts is used.

Note 11

Pension liabilities

Amounts recognised in Statement of financial position

NOK in thousands	30 June 2021	30 Sept 2021	30 Sept 2020	31 Dec 2020
Present value of funded obligations	335 212	380 046	347 389	349 080
Fair value of plan assets	317 345	331 848	287 352	304 808
Deficit for funded plans	17 866	48 198	60 037	44 272
Present value of unfunded obligations	64 089	75 790	74 329	64 164
Total deficit of defined benefit pension plans	81 955	123 988	134 366	108 436
Other employee benefit obligations	2 759	2 759	1 090	2 392
Employee benefit obligations recognised in Statement of financial position	84 713	126 747	135 456	110 828
Significant actuarial assumptions	30 June 2021	30 Sept 2021	30 Sept 2020	31 Dec 2020
Discount rate	1,90 %	1,50 %	1,70 %	1,50 %
Salary growth rate	2,00 %	2,50 %	2,00 %	2,00 %
Expected growth in base social security amount (G)	2,00 %	2,25 %	1,80 %	1,75 %
Estimated return on plan assets	1,90 %	1,50 %	1,00 %	1,50 %
Pension growth rate	1,25 %	1,50 %	1,25 %	1,00 %

Note 12

Credit facilities

Long term debt

NOK in thousands	Effective interest rate	30 June 2021	30 Sept 2021	30 Sept 2020	31 Dec 2020
Term loan	NIBOR 3 months + 1,35 %	-	-	460 000	-
Term loan	NIBOR 3 months + 1,75 %	866 725	843 300	-	913 575
Total		866 725	843 300	460 000	913 575

Credit facilities agreement

In September 2020 Fjordkraft entered into a new facilities agreement with DNB, which includes the following credit facilities;

- a NOKt 1 000 000 term loan - the acquisition facility
- a NOKt 500 000 revolving credit facility
- a NOKt 2 250 000 guarantee facility
- a NOKt 1 000 000 overdraft facility

The term loan - NOKt 1 000 000 - The acquisition facility

Fjordkraft may draw upon the term loan facility until 31 October 2021. The termination date of the loan is in September 2023, though Fjordkraft has the option to extend the termination date by two periods of twelve months. Each term loan drawn upon the facility is to be repaid in quarterly repayments of 2,5 % of the original amount of the term loan, with the remainder being repaid in full on the termination date. The reference interest rate is NIBOR.

NOKt 460 000 was drawn upon this facility in September 2020, in order to repay the former term loan, and to partly finance the acquisition of Innlandskraft AS. In November 2020 additional NOKt 477 000 was drawn upon the facility in order to partly finance the acquisition of Troms Kraft Strøm AS. 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 30 September 2021 the remaining term loan principal balance is NOKt 843 300.

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. The termination date is in September 2023, though Fjordkraft has the option to extend the termination date by two periods of twelve months. Any drawings for the purpose of financing permitted acquisitions shall be converted into term loan drawings with the same repayment profile as the acquisition facility, and amounts so converted shall not be available for re-drawing.

The group has not made any drawings and/or repayments on this facility in Q3 2021. At 30 June 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. The termination date of the guarantee facility is in September 2023, though Fjordkraft has the option to extend the termination date by two periods of twelve months.

At 30 September 2021 guarantees of total NOKt 1 828 559 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 30 September 2021 a total of NOKt 87 178 are drawn upon the overdraft facility.

At 30 September 2021 a total of NOKt 136 801 are drawn upon the overdraft facility.

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 8 577 related to establishing the new Term loan facility are recognised as part of amortised cost of the Term loan. Transaction costs related to establishing the The RCF, The guarantee facility, and the overdraft facility of a total NOKt 15 980, are amortised on a straight line basis over the period from establishing the facilities to the termination date.

Financial covenant

Under the new credit facility, there is a leverage covenant that applies at all times, and which shall be calculated quarterly based on consolidated numbers. A leverage ratio is to be calculated as total long term interest bearing debt to rolling 12 month EBITDA adjusted. The leverage ratio shall not exceed:

- more than 2,5 in respect of more than one quarter-end during any financial year, and
- more than 2,0 in respect of the remaining three quarter-ends during any such financial year.

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

Note 13

Other current liabilities

NOK in thousands	Note	30 June 2021	30 Sept 2021	30 Sept 2020	31 Dec 2020
El-certificate cancellation liabilities		9 594	12 173	60 199	87 514
Accrued power purchase		96 548	195 790	31 746	76 549
Provisions for onerous contracts	4	203 256	631 907	-	78 515
Prepayments from customers		68 300	67 297	120 790	119 631
Installments on long term loan due within 12 months	12	93 700	93 700	44 304	93 700
Payroll liabilities		51 017	60 346	30 860	44 059
Unsettled part of consideration for business combinations		48 812	48 812	-	48 812
Other current liabilities		9 200	16 459	55 788	40 798
Total other current liabilities		580 428	1 126 485	343 686	589 578

Note 14 Related party transactions

Per 30 September 2021, the Group's related parties include major shareholders, Board of Directors, associated company and key management. The Board of Directors previously included a representative from BKK AS. In the general meeting held in the second quarter of 2021, this board member was not re-elected. BKK AS and subsidiaries were therefore considered to be related parties in the first two quarters of 2021, but not as of 30 June 2021.

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

Income from related parties

Related party	Relation	Purpose of transactions	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
BKK AS and subsidiaries	Major shareholder	Sale of electrical power	7 688	-	3 517	31 131	15 388	21 707

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

Expenses to related parties

Related party	Relation	Purpose of transactions	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
BKK AS and subsidiaries	Major shareholder	Purchase of electrical power	2 276	-	1 934	6 588	7 491	10 573
BKK AS and subsidiaries	Major shareholder	Purchase of other services	5 980	-	6 052	12 726	19 149	25 925
Metzum AS	Associated company	Purchase of other services	8 594	9 198	4 747	28 360	10 848	21 191

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

Purchase of assets

Related party	Relation	Purpose of transactions	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
BKK AS and subsidiaries	Major shareholder	Purchase of customer portfolio	181	-	91	181	539	539
Metzum AS	Associated company	Research and development	2 496	1 606	3 937	7 503	16 906	20 012

Distributions to related parties

Related party	Relation	Purpose of transactions	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
BKK AS	Major shareholder	Dividend	-	-	-	-	47 799	47 799

Current receivables from related parties

Related party	Relation	Purpose of transactions	30 June 2021	30 Sept 2021	30 Sept 2020	31 Dec 2020
BKK AS and subsidiaries	Major shareholder	Sale of electrical power	-	-	1 293	2 382

Current liabilities to related parties

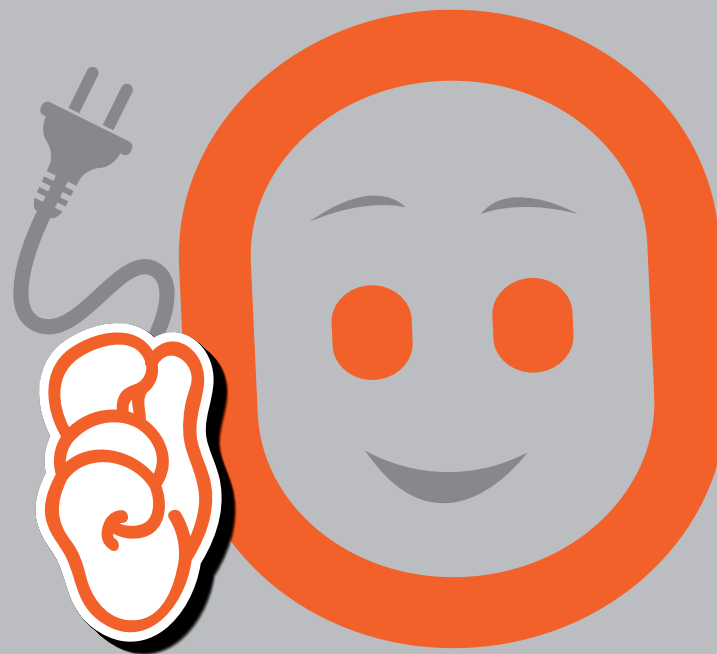
Related party	Relation	Purpose of transactions	30 June 2021	30 Sept 2021	30 Sept 2020	31 Dec 2020
BKK AS and subsidiaries	Major shareholder	Purchase of other services	-	-	270	824
Metzum AS	Associated company	Research and development	74	340	3 947	3 215

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

Note 15 Events after the reporting period

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

Appendix



Alternative performance measures

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

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

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

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

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

EBIT adjusted

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

- *Estimate deviations from previous 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 electricity revenue and the associated cost of sales, based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
- *Other gains and losses, net:* Consist of gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- *Impairment & change in provision for onerous contracts:* Consist of impairment of intangible

assets and changes in provision for onerous contracts related to fixed price customer contracts

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

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

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

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

EBITDA adjusted

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

- *Estimate deviations from previous 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 electricity revenue and the associated cost of sales based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
- *Other gains and losses, net:* Consist of gains and losses on derivative financial instruments associated with the purchase and sale of electricity
- *Impairment & change in provision for onerous contracts:* Consist of impairment of intangible assets and changes in provision for onerous contracts related to fixed price customer contracts
- *Special items:* Items that are not part of the ordinary business, such as acquisition related costs and launch of new services

Alternative performance measures

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

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 liabilities deducted cash and cash equivalents.

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

Net revenue adjusted

This APM presents *Net revenue* adjusted for:

- *Estimate deviations from previous periods:* A large proportion of the Group’s final settle-

ment of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises electricity revenue and the associated cost of sales based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period

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

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

Non-cash NWC elements and other items

is used when analysing the development in NIBD. Non-cash NWC relates to items included in “change in NWC” that are not affecting *Net interest-bearing debt* while other items include interest, tax, change in long-term receivables, proceeds from non-current receivables, proceeds from other long-term liabilities and adjustments made on EBITDA.

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

OpFCF before tax and change in NWC

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

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

Alternative performance measures

Financial statements with APM's

Reported amounts:

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Operating income	2 578 081	2 383 717	588 991	9 024 749	2 570 627	4 214 727
Cost of sales	(2 170 449)	(2 026 783)	(304 540)	(7 750 603)	(1 474 361)	(2 647 005)
Net revenue	407 631	356 933	284 451	1 274 146	1 096 266	1 567 722
Personnel expenses	(79 849)	(111 242)	(78 494)	(302 584)	(211 737)	(328 485)
Other operating expenses	(115 934)	(111 056)	(97 001)	(358 236)	(319 353)	(471 938)
Operating expenses	(195 783)	(222 298)	(175 495)	(660 820)	(531 090)	(800 422)
Impairment & change in provision for onerous contracts	(151 288)	(428 675)	-	(570 840)	-	(268 493)
Other gains and losses, net	164 677	433 727	(1 365)	603 792	3 110	331 539
EBITDA	225 238	139 687	107 591	646 277	568 286	830 346
Depreciation & amortisation	(97 101)	(102 329)	(50 988)	(299 204)	(148 228)	(305 174)
EBIT reported (Operating profit)	128 138	37 359	56 604	347 073	420 057	525 172
Net financials	(5 153)	(9 014)	(1 077)	(34 733)	3 035	(11 505)
Profit/ (loss) before taxes	122 985	28 345	55 527	312 341	423 092	513 667
Taxes	(23 772)	(6 391)	(15 366)	(57 531)	(96 660)	(113 604)
Profit/ (loss) for the period	99 212	21 954	40 161	254 810	326 432	400 063
EBIT reported margin	31%	10%	20%	27%	38%	33%

Alternative performance measures

Adjusted amounts:

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Net revenue	407 631	356 933	284 451	1 274 146	1 096 266	1 567 722
Adjustment: (Positive/ negative estimate deviations previous periods)	(19 573)	10 210	-	(9 362)	(14 674)	(22 521)
Special items*	-	-	-	-	(1 716)	(1 716)
Net revenue adjusted	388 059	367 143	284 451	1 264 784	1 079 876	1 543 486
EBITDA	225 238	139 687	107 591	646 277	568 286	830 346
Adjustment: (Positive/ negative estimate deviations previous periods)	(19 573)	10 210	-	(9 362)	(14 674)	(22 521)
Impairment & change in provision for onerous contracts	151 288	428 675	-	570 840	-	268 493
Other gains and losses	(164 677)	(433 727)	1 365	(603 792)	(3 110)	(331 539)
Special items*	-	-	12 873	(2 354)	14 083	34 694
EBITDA adjusted (before unallocated and estimate deviations)	192 276	144 845	121 829	601 609	564 586	779 472
EBIT reported (Operating profit)	128 138	37 359	56 604	347 073	420 057	525 172
Adjustment: (Positive/ negative estimate deviations previous periods)	(19 573)	10 210	-	(9 362)	(14 674)	(22 521)
Impairment & change in provision for onerous contracts	151 288	428 675	-	570 840	-	268 493
Other gains and losses	(164 677)	(433 727)	1 365	(603 792)	(3 110)	(331 539)
Special items*	-	-	12 873	(2 354)	14 083	40 497
Part of depreciation related to acquisitions	45 929	46 295	7 924	142 799	24 216	128 175
EBIT adjusted (before unallocated and estimate deviations)	141 105	88 812	78 764	445 205	440 574	608 276
EBIT margin adjusted	36%	24%	28%	35%	41%	39%

* Special items consists of the following:

NOK in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
- acquisition related costs and implementation costs	-	-	(12 873)	(7 485)	(15 800)	(21 579)
- income related to compensatory damages	-	-	-	-	1 716	1 716
- one off amortisation of customer contracts in acquired companies	-	-	-	-	-	(5 745)
- severance packages and other one off costs in acquired companies	-	-	-	6 451	-	(14 889)
- gain from sale of trade receivables previously impaired	-	-	-	3 387	-	-
Special items	-	-	(12 873)	2 354	(14 083)	(40 497)

Alternative performance measures

Other financial APM's

Net interest bearing debt (cash)

NOK thousands	30 June 2021	30 Sept 2021	30 Sept 2020	31 Dec 2020
Interest-bearing long term debt	766 694	743 984	408 148	812 808
Transaction costs recognised as part of amortised cost of Interest-bearing long term debt	6 331	5 616	7 549	7 067
Reclassification of first year instalments long term debt	93 700	93 700	44 304	93 700
Overdraft facilities	136 801	87 178	-	29 400
Cash and cash equivalents	(261 282)	(262 140)	(726 400)	(599 348)
Net interest bearing debt (cash)	742 244	668 339	(266 400)	343 626

Financial position related APM's

NOK thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Net working capital	217 540	44 086	(172 773)	44 086	(172 773)	(105 875)
OpFCF before tax and change in NWC	117 147	59 053	70 259	372 772	427 570	577 266
Capex excl. M&A	19 263	13 728	13 349	47 701	49 245	64 926

Non-financial APM's

Deliveries

Numbers in thousands	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Electrical deliveries Consumer segment	726	726	761	726	761	755
Electrical deliveries Business segment	111	112	104	112	104	107
Electrical deliveries Nordic segment	167	166	-	166	-	164
Total number of electrical deliveries *	1 004	1 004	866	1 004	866	1 027
Number of mobile subscriptions	135	131	122	131	122	132

* Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 1 085 thousand in Q3 2021.

Volume in GWh	Q2 2021	Q3 2021	Q3 2020	YTD 2021	YTD 2020	Full year 2020
Consumer segment	2 073	1 556	1 288	7 365	5 165	8 144
Business segment	1 569	1 225	1 104	5 429	4 179	6 275
Nordic segment	682	616	-	2 304	-	497
Total volume	4 324	3 398	2 392	15 097	9 344	14 916