

Fjordkraft Holding ASA and the Fjordkraft Group

Quarterly report - Q4 2020



Q4 Highlights

- 25% YoY increase in net revenue and 14% YoY growth in EBIT adj. driven by M&A growth
- # of deliveries passing the 1m milestone with the inclusion of Nordic Green Energy's deliveries
- The transaction was completed on 10 November 2020 and figures and financials are included as from then
- Gross revenue decrease by 20% YoY, driven by a mild quarter with volatile and relatively low elspot prices
- Reached the targeted 125k mobile subscribers milestone in the Fjordkraft brand by year-end 2020

Key figures Q4*

NOK in thousands	Q4 2020	Q4 2019	2020
Gross revenue	1 644 100	2 046 509	4 214 727
Net revenue	471 456	374 252	1 567 722
Net revenue adjusted	463 608	372 204	1 543 485
EBIT reported	105 115	174 610	525 172
EBIT adjusted	167 704	147 709	608 276
Net income	73 631	125 681	400 063
Basic earnings per share (in NOK)	0,64	1,20	3,73
Diluted earnings per share (in NOK)	0,64	1,19	3,69
EBIT margin	22 %	47 %	33 %
EBIT margin adjusted	36 %	40 %	39 %
Net interest bearing debt (cash)	343 626	-580 936	343 626
Capex excl. M&A	15 681	13 362	64 926
Volume sold (GWh)	5 572	4 002	14 916
# of deliveries ('000) excl. Extended Alliance	1 027	622	1 027

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

Growth through M&A

The fourth quarter has been another eventful quarter for Fjordkraft. The Switch Nordic Green acquisition was completed on 10 November and took the Group past the 1m electricity deliveries milestone. Another milestone was reached when Fjordkraft Mobile passed the targeted 125k mobile subscribers at year-end. Adding the ~7k subscribers in Gudbrandsdal Energi, the Group has a total of 132k subscribers and is the largest mobile service provider in the Norwegian market.

Net revenue adj. increased by 25% YoY while EBIT adj. increased by 14% YoY, with M&A as the driver for the growth. In a market where competition is intense and margins are constantly under pressure, acquisitions are important to keep the business growing. Nordic Green Energy's financials are included as from 10 November and will be reported as a separate segment, while Innlandskraft's figures are included in the Consumer and Business segments. All three months in the quarter were warmer than both last year and the normal, especially November and December, which both were 4.6 degrees Celsius warmer than normal. Elspot prices have been volatile in Q4, with a price decrease in the first half, followed by a price increase through the second half of the quarter.

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

Consumer

Number of electricity deliveries in the Consumer segment decreased by 6 thousand deliveries in the quarter. At the end of Q4 2020 the segment comprised 755 thousand deliveries, which represents a growth of 211 thousand deliveries YoY. The volume sold in fourth quarter 2020 was 2,979 GWh, which is a 38% increase from the fourth quarter 2019. The increase is driven by M&A.

The financial figures are positively affected by M&A, where adjusted net revenue amounted to 309 NOKm (264 NOKm), adjusted OPEX amounted to 211 NOKm (160 NOKm) and EBIT adj. amounted to 98 NOKm (104 NOKm). Adjusted EBIT margin in the quarter was 32%, a decrease of 7pp from Q4 2019. This is partly driven by a lower EBIT margin in the acquired Innlandskraft portfolio.

Business

At the end of fourth quarter 2020, the Business segment comprised 107 thousand electricity deliveries, which represents an increase of 3 thousand deliveries in the quarter. The volume sold in fourth quarter 2020 was 2,096 GWh, an increase of 14% compared to fourth quarter 2019. The increase is driven by M&A.

The Business segment is also positively affected by M&A, showing an adjusted net revenue of 122 NOKm (95 NOKm), adjusted OPEX of 50 NOKm (45 NOKm) and an EBIT adj. of 72 NOKm (50 NOKm). Adjusted EBIT margin in the quarter was 59%, which is a 7pp increase from Q4 2019, driven by product margin expansion.

New Growth Initiatives:

At the end of fourth quarter 2020, the number of mobile subscribers was 132 thousand, of which 125 thousand in the Fjordkraft brand and 7 thousand in the Gudbrandsdal Energi brand.

Alliance volume in fourth quarter 2020 was 1,207 GWh, which is a 7% YoY decrease, while Extended Alliance deliveries increased by 10 thousand in the quarter, comprising a total of 56 thousand deliveries.

Adjusted net revenue in the New Growth Initiatives segment amounts to 15 NOKm, a YoY increase of 3 NOKm. The increase in net revenue is driven by Alliance. OPEX adjusted amounted to 23 NOKm (19 NOKm), while EBIT adjusted amounted to -8 NOKm (-6 NOKm), negatively affected by increased voice activity due to Covid-19 and increased prices from Telenor.

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 fourth quarter 2020, the segment comprised 164 thousand deliveries and delivered a volume of 497 GWh. Adjusted net revenue amounted to 18 NOKm, OPEX adjusted to 12 NOKm and EBIT adjusted amounted to 6 NOKm. The segment has been affected by lower volumes and COGS effects due to Covid-19.

Financials

Gross revenue amounted to 1,644 NOKm (2,047 NOKm), a decrease of 20%, due to lower elspot prices.

Adjusted net revenue amounted to 464 NOKm (372 NOKm), an increase of 25%. The increase is driven primarily by M&A.

Adjusted operating expenses amounted to 296 NOKm (224 NOKm), an increase of 32%, primarily driven by M&A.

Adjusted EBIT amounted to 168 NOKm (148 NOKm), a growth of 14% YoY due to the factors described above.

Net financial income amounted to -14.5 NOKm (1.0 NOKm).

Profit for the period amounted to 74 NOKm (126 NOKm) in the quarter due to the factors described above.

Consolidated cash flow

Net cash generated from operating activities was -68 NOKm (107 NOKm). Net cash used in investing activities was -533 NOKm (-16 NOKm) driven by the cash outflow from acquisition of subsidiaries. Net cash used in financing activities was NOK 479 NOKm (-17 NOKm), primarily consisting of proceeds from interest-bearing long term debt.

Financial position

The total capital as of 31.12.2020 was 5,129 NOKm (3,008 NOKm), an increase of 2,121 NOKm from Q4 2019. The main driver for the increase in the inclusion of recent acquisitions.

Events after the reporting period

The Board of Directors has in the Board Meeting on 18 February 2021 proposed a dividend to the shareholders of NOK 3.50 per share.

The proposed dividend is subject to approval by the general meeting.

There are no 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 and does not take speculative positions in the electricity market.

Outlook

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

Condensed interim financial statements



Condensed consolidated statement of profit or loss

NOK in thousands	Note	Q3 2020	Q4 2020	Q4 2019	Full Year 2020	Full Year 2019
Continuing operations						
Revenue	2,9	588 991	1 644 100	2 046 509	4 214 727	7 122 528
Direct cost of sales	2	(304 540)	(1 172 644)	(1 672 256)	(2 647 005)	(5 827 394)
Revenue less direct cost of sales		284 451	471 456	374 252	1 567 722	1 295 134
Personnel expenses	2	(78 494)	(116 748)	(49 213)	(328 485)	(236 106)
Other operating expenses	2	(97 001)	(152 585)	(104 661)	(471 938)	(379 973)
Depreciation right-of-use assets		(3 111)	(3 958)	(3 556)	(13 302)	(10 404)
Depreciation and amortisation	2,5,6	(47 877)	(152 988)	(55 339)	(291 872)	(190 528)
Total operating expenses		(226 483)	(426 278)	(212 769)	(1 105 596)	(817 011)
Impairment and change in provision for onerous contracts	6, 14	-	(268 493)	-	(268 493)	-
Other gains and losses, net	7, 14	(1 365)	328 430	13 126	331 539	4 615
Operating profit		56 604	105 115	174 610	525 172	482 738
Income/(loss) from investments in associates and joint ventures	13	(915)	2 433	-	1 168	-
Interest income		3 170	3 196	5 192	16 814	20 071
Interest expense lease liability		(390)	(585)	(904)	(1 813)	(1 677)
Interest expense		(937)	(8 335)	(2 096)	(11 982)	(6 956)
Other financial items, net		(2 005)	(11 250)	(1 177)	(15 692)	(3 737)
Net financial income/(cost)		(1 077)	(14 541)	1 014	(11 505)	7 701
Profit/ (loss) before tax		55 527	90 574	175 624	513 667	490 440
Income tax (expense)/ income	3	(15 366)	(16 943)	(49 944)	(113 604)	(120 269)
Profit/ (loss) for the period		40 161	73 631	125 681	400 063	370 171
Basic earnings per share (in NOK)*	4	0,38	0,64	1,20	3,73	3,54
Diluted earnings per share (in NOK)*	4	0,38	0,64	1,19	3,69	3,51

* Based on a weighted average of 1 07 200 552 shares outstanding. It is issued 1 190 000 share options to employees.

Condensed consolidated statement of comprehensive income

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full Year 2020	Full Year 2019
Profit/ (loss) for the period	40 161	73 631	125 681	400 063	370 171
Other comprehensive income/ (loss):					
Items to be reclassified to profit or loss in subsequent periods:					
Currency translation differences	-	(11 201)	-	(11 201)	-
Total	-	(11 201)	-	(11 201)	-
Items that will not be reclassified to profit or loss:					
Actuarial gain/ (loss) on pension obligations, net of tax	-	18 951	(11 091)	(7 073)	(11 091)
Total	-	18 951	(11 091)	(7 073)	(11 091)
Total other comprehensive income/ (loss) for the period, net of tax	-	7 750	(11 091)	(18 273)	(11 091)
Total comprehensive income/ (loss) for the period	40 161	81 381	114 590	381 790	359 080

Condensed consolidated statement of financial position

NOK in thousands	Note	30 September 2020	31 December 2020	31 December 2019
Assets:				
Non-current assets				
Deferred tax assets	10	-	37 316	-
Right-of-use assets property, plant and equipment	10	70 952	81 724	65 976
Property, plant and equipment	5,10	8 500	8 409	7 108
Goodwill	6,10	1 127 050	1 442 849	166 696
Intangible assets	6,10	658 559	869 568	178 542
Cost to obtain contracts	10	161 366	172 656	159 235
Investments in associates and joint ventures	13	8 734	11 168	-
Other non-current financial assets	10	39 060	63 877	25 365
Total non-current assets		2 074 221	2 687 566	602 923
Current assets				
Intangible assets	6,10	4 066	2 880	23 760
Inventories	10	1 199	2 398	794
Trade receivables	8,10	499 592	1 476 927	1 507 467
Derivative financial instruments	7,10	186 026	193 175	79 274
Other current assets	10	141 761	167 065	18 466
Cash and cash equivalents	10	726 400	599 348	775 536
Total current assets		1 559 044	2 441 793	2 405 297
Total assets		3 633 266	5 129 359	3 008 220
Equity and liabilities:				
Equity				
Share capital		34 285	34 285	31 349
Share premium		991 614	991 614	125 035
Retained earnings		835 904	918 148	846 833
Total equity		1 861 803	1 944 047	1 003 216

**Condensed consolidated statement
of financial position**

NOK in thousands	Note	30 September 2020	31 December 2020	31 December 2019
Non-current liabilities				
Net employee defined benefit plan liabilities	10	135 456	110 828	64 062
Interest-bearing long term debt	11	408 148	812 808	139 000
Deferred tax liabilities	3,10	118 371	130 499	27 451
Lease liability - long term	10	59 766	67 442	56 515
Other provisions for liabilities	10	-	14 649	-
Total non-current liabilities		721 741	1 136 225	287 027
Current liabilities				
Trade and other payables	8,10	310 132	886 222	818 143
Overdraft facilities	11	-	29 400	-
Current income tax liabilities	3,10	125 378	129 098	111 656
Derivative financial instruments	7,10	182 859	110 616	67 999
Social security and other taxes	10	73 554	143 425	142 620
Lease liability - short term	10	14 113	17 366	11 428
Other current liabilities	10	343 686	732 960	566 129
Total current liabilities		1 049 722	2 049 087	1 717 976
Total liabilities		1 771 463	3 185 312	2 005 004
Total equity and liabilities		3 633 266	5 129 359	3 008 220

The Board of Fjordkraft Holding ASA, Bergen, 18 February 2021



Per Axel Koch
Chairman



Birthe Iren Grotle
Board member



Frank Økland
Board member



Elisabeth M. Norberg
Board member



Heidi Theresa Ose
Board member



Live Bertha Haukvik
Board member



Steinar Sønsteby
Board member



Lindi Bucher Vinsand
Board member



Rolf Jørgen Barmen
CEO

Condensed consolidated statement of changes in equity

NOK in thousands	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2019	31 349	125 035	-	-	714 651	871 035
Profit/(loss) for the year	-	-	-	-	370 171	370 171
Other paid-in equity	-	-	-	-	2 994	2 994
Other comprehensive income/(loss) for the period, net of tax	-	-	-	-	(11 091)	(11 091)
Total comprehensive income/(loss) for the year	-	-	-	-	362 074	362 074
Dividends paid (note 4)	-	-	-	-	(229 892)	(229 892)
Transactions with owners	-	-	-	-	(229 892)	(229 892)
Balance at 31 December 2019	31 349	125 035	-	-	846 833	1 003 216
Balance at 1 January 2020	31 349	125 035	-	-	846 833	1 003 216
Profit/(loss) for the year	-	-	-	-	400 063	400 063
Other paid-in equity	-	-	-	-	3 242	3 242
Other comprehensive income/(loss) for the year, net of tax	-	-	-	(11 201)	(7 073)	(18 273)
Total comprehensive income for the year	-	-	-	(11 201)	396 232	385 032
Share capital increase (note 4 and note 10)	2 936	866 580	-	-	-	869 515
Dividends paid (note 4)	-	-	-	-	(313 717)	(313 717)
Transactions with owners	2 936	866 580	-	-	(313 717)	555 798
Balance at 31 December 2020	34 285	991 614	-	(11 201)	929 348	1 944 047

Condensed consolidated statement of cash flows

NOK in thousands	Note	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Operating activities						
Profit/ (loss) before tax		55 527	90 574	175 624	513 667	490 440
Adjustments for:						
Depreciation	5, 6	18 464	114 767	26 598	168 012	82 158
Depreciation right-of-use assets		3 111	3 958	3 556	13 302	10 404
Amortisation of contract assets		29 413	38 221	28 740	123 860	108 370
Impairment of intangible assets - Fixed price customer contracts	6, 14	-	180 540	-	180 540	-
Impairment of intangible assets - Software and development projects	6, 14	-	16 930	-	16 930	-
Interest income		(3 170)	(3 196)	(5 192)	(16 814)	(20 071)
Interest expense lease liability		390	585	904	1 813	1 677
Interest expense		937	8 335	2 096	11 982	6 956
Income/loss from investments in associates and joint ventures		915	(2 433)	-	(1 168)	-
Change in long-term receivables		-	(7 686)	(154)	(7 686)	(2 879)
Share based payment expense		811	862	733	3 252	2 994
Change in post-employment liabilities		965	(331)	(34 534)	(302)	(29 556)
Payments to obtain a contract		(38 221)	(49 510)	(29 137)	(137 280)	(117 693)
Changes in working capital (non-cash effect)						
Impairment loss recognised in trade receivables		1 580	(2 478)	1 019	19 342	23 502
Provision for onerous contracts recognised in other current liabilities	14	-	71 023	-	71 023	-
Change in fair value of derivative financial instruments	14	1 365	(328 429)	(13 126)	(331 539)	(4 615)
Changes in working capital						
Inventories		(248)	(1 197)	(89)	(1 453)	(262)
Trade receivables	8	19 613	(790 707)	(592 255)	260 279	489 360
Purchase of el-certificates	6	-	0	370	(245 712)	(242 596)
Non-cash effect from cancelling el-certificates	6	-	-	-	263 594	246 569
Purchase of guarantees of origination	6	(1 930)	(561)	(5 912)	(4 064)	(12 975)
Non-cash effect from disposal of guarantees of origination	6	-	1 588	1 013	7 089	18 837
Other current assets		(2 980)	39 987	19 773	19 435	20 715
Trade and other payables	8	122 407	453 910	345 431	(81 661)	(297 054)
Other current liabilities		21 056	133 248	198 228	(208 359)	72 774
Cash generated from operations		230 005	(32 001)	123 687	638 082	847 054
Interest paid		(1 816)	(16 135)	(2 092)	(22 058)	(8 627)
Interest received		3 170	3 196	5 192	16 814	20 071
Income tax paid	3	-	(23 508)	(19 600)	(113 533)	(93 793)
Net cash from operating activities		231 358	(68 448)	107 187	519 305	764 704

**Condensed consolidated statement
of cash flows**

NOK in thousands	Note	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Investing activities						
Purchase of property, plant and equipment	5	(989)	492	(939)	(497)	(3 791)
Purchase of intangible assets	6	(12 452)	(14 513)	(12 636)	(64 767)	(47 589)
Sale of intangible assets	6	-	-	-	10 000	-
Net cash outflow on acquisition of subsidiaries	10	(531 655)	(501 872)	-	(1 033 527)	(22 066)
Net cash outflow on acquisition of shares in associates	13	-	-	-	(10 000)	-
Net (outflow)/proceeds from non-current receivables		545	(17 131)	(1 634)	(16 985)	(2 396)
Net (outflow)/proceeds from other long-term liabilities		-	(194)	(732)	(194)	(805)
Net cash used in investing activities		(544 550)	(533 219)	(15 939)	(1 115 970)	(76 648)
Financing activities						
Proceeds from overdraft facilities	11	-	29 400	-	29 400	-
Proceeds from revolving credit facility	11	-	500 000	-	500 000	-
Repayment of revolving credit facility	11	-	(500 000)	-	(500 000)	-
Proceeds from issuance of shares	4	-	-	-	2 730	-
Dividends paid	4	-	-	-	(313 717)	(229 892)
Formation expenses		-	-	-	(10)	-
Proceeds from interest-bearing long term debt	11	460 000	477 000	-	937 000	-
Instalments long term debt	11	(13 900)	(23 425)	(13 900)	(65 125)	(55 600)
Repayment of long term debt	11	(152 900)	-	-	(152 900)	-
Payment of lease liability		(3 051)	(3 911)	(2 935)	(12 450)	(8 438)
Net cash used in financing activities		290 149	479 064	(16 835)	424 928	(293 930)
Net change in cash and cash equivalents		(23 043)	(122 603)	74 413	(171 738)	394 126
Cash and cash equivalents at start of period		749 445	726 400	701 123	775 536	381 409
Effects of exchange rate changes on cash and cash equivalents		-	(4 450)	-	(4 450)	-
Cash and cash equivalents at end of period		726 400	599 348	775 536	599 348	775 536

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Note 1

Accounting policies

General information

Fjordkraft Holding ASA and its subsidiaries (together 'the Group') is a supplier of electrical power in Norway, 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 were approved by the Board of Directors for issue on 18 February 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 2019, which have been prepared in accordance with IFRS.

Going concern

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

has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

Accounting policies

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

Use of estimates

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

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

The judgements regarding estimated effects of the COVID-19 pandemic are outlined in note 12.

Income tax expense and deferred income tax liability is calculated by applying a weighted average of tax rates across jurisdictions, while in annual financial statements income tax expense

and deferred income tax liability is calculated by applying the tax rate for each individual jurisdiction to measures of income for each jurisdiction.

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

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

Impairment of tangible and intangible assets

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

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

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (the net present value of a cash flow or other benefits that the asset is expected to contribute to the generation of, through its use by the group). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there

Note 1
Accounting policies

are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Share-based compensation

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

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

Incremental costs of obtaining a contract

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

Business combination and goodwill

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

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

Comparative figures are not adjusted for acquired, sold or liquidated businesses. For

accounting purposes, the acquisition method is used in connection with the purchase of businesses.

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

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

Goodwill is not depreciated, but is tested at least annually for impairment. In connection with this, goodwill is allocated to the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from synergy effects of the acquisition.

The allocation of goodwill may vary depending on the basis for its initial recognition.

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

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

Note 1
Accounting policies**Investment in joint ventures and associates**

The Group's investments in joint ventures and associates are accounted for by using the equity method. Under this method, the investment is initially recognized at cost. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually. The income statement reflects the Group's share of the net result after tax of the associate or joint venture. Any depreciation or amortization of the Group's excess values are included in the net result from the joint ventures. Any change in other comprehensive income of the associate or joint venture is presented separately in the Group's other comprehensive income. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting principles in line with those of the Group.

The Group determines whether it is necessary to recognize an impairment loss on its investments in joint ventures or associates. At each reporting date, the Group determines whether there is objec-

tive evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognized as 'share of profit or loss from joint venture and associates'. The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investments are tested for impairment as one single asset.

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present

value of those cash flows (when the effect of the time value of money is material).

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

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Note 2 Segment information

Disaggregation of revenue from contracts with customers

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

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

- Consumer segment - Sale of electrical power and related services to private consumers
- Business segment - Sale of electrical power and related services to business consumers
- Nordic - Sale of electrical power and related services to consumers in Finland and Sweden. This segment is new in Q4 2020 due to the purchase of 100% of the shares in Troms Kraft Strøm AS and its subsidiary Switch Nordic Green AB. Switch Nordic Green AB has end-user operations in Sweden and Finland. The acquisition represents the start of a new Nordic investment in Fjordkraft,

and management and the board therefore have a need to follow up this investment separately from the existing segment structure of business and private consumers.

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

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

All of the Group's revenue is from external parties and is from activities currently carried out in Norway, 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 results by reportable segment. New growth initiatives comprise of other business activities (sale of mobile service to private customers and power sale, included related services, to Alliance partners) which are not considered separate operating segments.

Note 2
Segment information

	Q3 2020				
	Consumer	Business	New growth initiatives*	Nordic	Total segments
NOK in thousands					
Revenue					
Revenue adjusted	291 976	221 807	75 208	-	588 991
Total external segment revenue adjusted	291 976	221 807	75 208	-	588 991
Direct cost of sales adjusted	(87 200)	(149 598)	(67 742)	-	(304 540)
Revenue less direct cost of sales adjusted	204 776	72 209	7 466	-	284 451
Expenses					
Personnel and other operating expenses adjusted	(113 255)	(32 600)	(16 767)	-	(162 622)
Depreciation and amortisation adjusted	(35 021)	(5 730)	(2 314)	-	(43 065)
Total operating expenses adjusted	(148 276)	(38 330)	(19 081)	-	(205 687)
Operating profit adjusted	56 500	33 879	(11 615)	-	78 764
	Q4 2020				
	Consumer	Business	New growth initiatives*	Nordic	Total segments
NOK in thousands					
Revenue					
Revenue adjusted	788 587	499 949	82 924	263 894	1 635 353
Total external segment revenue adjusted	788 587	499 949	82 924	263 894	1 635 353
Direct cost of sales adjusted	(479 900)	(378 037)	(67 852)	(245 954)	(1 171 745)
Revenue less direct cost of sales adjusted	308 687	121 911	15 072	17 940	463 608
Expenses					
Personnel and other operating expenses adjusted	(174 038)	(43 641)	(21 786)	(9 256)	(248 721)
Depreciation and amortisation adjusted	(37 086)	(6 049)	(1 117)	(2 932)	(47 184)
Total operating expenses adjusted	(211 124)	(49 690)	(22 903)	(12 188)	(295 905)
Operating profit adjusted	97 562	72 221	(7 831)	5 752	167 704

Note 2
Segment information

	Q4 2019				
	Consumer	Business	New growth initiatives*	Nordic	Total segments
NOK in thousands					
Revenue					
Revenue adjusted	1 156 768	826 519	62 095	-	2 045 382
Total external segment revenue adjusted	1 156 768	826 519	62 095	-	2 045 382
Direct cost of sales adjusted	(892 394)	(731 066)	(49 718)	-	(1 673 178)
Revenue less direct cost of sales adjusted	264 374	95 453	12 377	-	372 204
Expenses					
Personnel and other operating expenses adjusted	(125 632)	(40 254)	(16 112)	-	(181 998)
Depreciation and amortisation adjusted	(34 806)	(5 345)	(2 346)	-	(42 497)
Total operating expenses adjusted	(160 438)	(45 599)	(18 458)	-	(224 495)
Operating profit adjusted	103 936	49 854	(6 081)	-	147 709

	Full Year 2020				
	Consumer	Business	New growth initiatives*	Nordic	Total segments
NOK in thousands					
Revenue					
Revenue adjusted	2 144 219	1 479 533	295 716	263 894	4 183 361
Total external segment revenue adjusted	2 144 219	1 479 533	295 716	263 894	4 183 361
Direct cost of sales adjusted	(1 039 480)	(1 102 666)	(251 775)	(245 954)	(2 639 876)
Revenue less direct cost of sales adjusted	1 104 738	376 866	43 941	17 940	1 543 486
Expenses					
Personnel and other operating expenses adjusted	(531 316)	(149 062)	(74 378)	(9 256)	(764 012)
Depreciation and amortisation adjusted	(138 226)	(21 557)	(8 481)	(2 932)	(171 196)
Total operating expenses adjusted	(669 542)	(170 619)	(82 859)	(12 188)	(935 208)
Operating profit adjusted	435 196	206 247	(38 918)	5 752	608 278

Note 2
Segment information

	Full Year 2019				
	Consumer	Business	New growth initiatives*	Nordic	Total segments
NOK in thousands					
Revenue					
Revenue adjusted	3 948 175	2 899 333	218 924	-	7 066 432
Total external segment revenue adjusted	3 948 175	2 899 333	218 924	-	7 066 432
Direct cost of sales adjusted	(3 046 521)	(2 563 430)	(172 760)	-	(5 782 711)
Revenue less direct cost of sales adjusted	901 654	335 903	46 164	-	1 283 721
Expenses					
Personnel and other operating expenses adjusted	(444 956)	(137 511)	(59 454)	-	(641 921)
Depreciation and amortisation adjusted	(125 305)	(16 531)	(8 911)	-	(150 748)
Total operating expenses adjusted	(570 261)	(154 042)	(68 365)	-	(792 668)
Operating profit adjusted	331 393	181 861	(22 201)	-	491 053

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

Note 2
Segment information

Reconciliation to statement of profit and loss for the period

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Revenue adjusted	588 991	1 635 353	2 045 382	4 183 361	7 066 432
Corporate 1)	-	8 747	1 127	29 650	56 096
Special items 2)	-	-	-	1 716	-
Revenue	588 991	1 644 100	2 046 509	4 214 727	7 122 528
Direct cost of sales adjusted	(304 540)	(1 171 745)	(1 673 178)	(2 639 876)	(5 782 711)
Corporate 1)	-	(899)	921	(7 129)	(44 681)
Direct cost of sales	(304 540)	(1 172 644)	(1 672 256)	(2 647 005)	(5 827 394)
Revenue less direct cost of sales adjusted	284 451	463 608	372 204	1 543 486	1 283 721
Corporate 1)	-	7 848	2 048	22 521	11 414
Special items 2)	-	-	-	1 716	-
Revenue less direct cost of sales	284 451	471 456	374 252	1 567 722	1 295 134
Total operating expenses adjusted	(205 687)	(295 905)	(224 495)	(935 208)	(792 668)
Special items 2)	(12 873)	(79 324)	23 502	(95 123)	21 218
Depreciation of acquisitions 3)	(7 924)	(51 049)	(11 774)	(75 265)	(45 560)
Total operating expenses	(226 483)	(426 278)	(212 769)	(1 105 596)	(817 011)
Impairment and change in provision for onerous contracts	-	(268 493)	-	(268 493)	-
Other gains and losses 4)	(1 365)	328 430	13 126	331 539	4 615
Operating profit	56 604	105 115	174 610	525 172	482 738
Income/loss from investments in associates and joint ventures	(915)	2 433	-	1 168	-
Interest income	3 170	3 196	5 192	16 814	20 071
Interest expense lease liability	(390)	(585)	(904)	(1 813)	(1 677)
Interest expense	(937)	(8 335)	(2 096)	(11 982)	(6 956)
Other financial items, net	(2 005)	(11 250)	(1 177)	(15 692)	(3 737)
Profit/(loss) before tax	55 527	90 574	175 624	513 667	490 440

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

Note 2

Segment information

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

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Special items incurred specific to:					
- acquisition related costs and implementation costs	(12 873)	(5 780)	(861)	(21 579)	(3 145)
- income related to compensatory damages	-	-	-	1 716	-
- change in pension plan	-	-	28 969	-	28 969
- impairment charge	-	-	(4 606)	-	(4 606)
- one off amortisation of customer contracts in acquired companies	-	(5 745)	-	(5 745)	-
- severance packages and other one off costs in acquired companies	-	(14 889)	-	(14 889)	-
- depreciation of fixed price customer contracts (see note 6)	-	(52 910)	-	(52 910)	-
Special items	(12 873)	(79 324)	23 502	(93 407)	21 218

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

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
TrønderEnergi Marked acquisition	(5 180)	(5 180)	(8 188)	(20 718)	(32 753)
Oppdal Everk Kraftomsetning acquisition	(787)	(787)	(1 085)	(3 148)	(4 342)
Vesterålskraft Strøm acquisition	(565)	(565)	(758)	(2 261)	(1 516)
Innlandskraft acquisition	-	(36 254)	-	(36 254)	-
Troms Kraft Strøm acquisition	-	(7 037)	-	(7 037)	-
Other customer acquisitions	(1 392)	(1 226)	(1 743)	(5 847)	(6 949)
Depreciation of acquisitions	(7 924)	(51 049)	(11 774)	(75 265)	(45 560)

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

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Profit before tax	55 527	90 574	175 624	513 667	490 440
Tax expense	(15 366)	(16 943)	(49 944)	(113 604)	(120 269)
Average tax rate*	27,7 %	18,7 %	28,4 %	22,1 %	24,5 %
Tax payable	16 077	40 801	34 013	142 483	112 790
Adjustments to prior years tax payable	-	4 914	-	4 914	33
Change in deferred tax	(711)	(28 771)	15 931	(33 793)	7 446
Tax expense recognised in statement of profit or loss	15 366	16 944	49 944	113 604	120 269

* Acquisition related costs from the acquisition of Innlandskraft AS led to a higher average tax rate in the third quarter as these costs are not tax deductible. The low average tax rate in the fourth quarter is related to a positive effect from utilising tax losses in Switch Nordic Green AB (subsidiary of Troms Kraft Strøm AS) of which no relating tax asset had previously been booked. See note 10 for more information regarding the two acquisitions.

Note 3

Income tax

Note 4

Earnings per share

Earnings per share is calculated as profit/ loss allocated to shareholders for the year divided by the weighted average number of outstanding shares.

Basic earnings per share

	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Profit/(loss) attributable to equity holders of the company *	40 161	73 631	125 681	400 063	370 171
Total comprehensive income attributable to equity holders of the company *	40 161	81 381	114 590	381 790	359 080
Total number of ordinary shares in issue	114 281 800	114 281 800	104 496 216	114 281 800	104 496 216
Weighted average number of ordinary shares in issue	105 332 030	114 281 800	104 496 216	107 200 552	104 496 216
Earnings per share in NOK	0,38	0,64	1,20	3,73	3,54
Total comprehensive income per share in NOK	0,38	0,71	1,10	3,56	3,44
Share options	1 150 000	1 190 000	930 000	1 190 000	930 000
Diluted earnings per share in NOK	0,38	0,64	1,19	3,69	3,51
Dividend per share in NOK	-	-	-	3,00	2,20

*NOK in thousands

The change in share options is due to extension of the share option program with one extra year (a total of 310 000 new share options), issuance of shares to new member of the management (40 000 shares) and first, second and third vesting periods where a total of 90 000 share options were exercised.

Note 5

Property, plant and equipment

Q3 2020				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 July 2020	14 113	26 274	-	40 387
Additions	-	-	989	989
Additions from business combinations	1 128	289	343	1 760
Transferred from construction in progress	-	-	-	-
Disposals	-	-	-	-
Cost price 30 September 2020	15 241	26 564	1 331	43 136
Accumulated depreciation 1 July 2020	(9 060)	(25 122)	-	(34 182)
Depreciation for the period	(351)	(102)	-	(453)
Disposals	-	-	-	-
Accumulated depreciation 30 September 2020	(9 411)	(25 224)	-	(34 635)
Carrying amount 30 September 2020	5 829	1 340	1 331	8 500

Q4 2020				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 October 2020	15 241	26 564	1 331	43 136
Additions	135	90	(717)	(492)
Additions from business combinations	937	252	-	1 189
Transferred from construction in progress	615	-	(615)	-
Disposals	(82)	(290)	-	(372)
Currency translation differences	(15)	(3)	-	(18)
Cost price 31 December 2020	16 830	26 613	-	43 443
Accumulated depreciation 1 October 2020	(9 411)	(25 224)	-	(34 635)
Depreciation for the period	(461)	(160)	-	(621)
Disposals	26	197	-	223
Accumulated depreciation 31 December 2020	(9 846)	(25 187)	-	(35 033)
Carrying amount 31 December 2020	6 983	1 426	-	8 409

Note 5
Property, plant and equipment

Q4 2019				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 October 2019	11 317	25 279	2 852	39 448
Additions	-	-	939	939
Additions from business combinations	-	-	-	-
Transferred from construction in progress	2 796	995	(3 791)	-
Disposals	-	-	-	-
Cost price 31 December 2019	14 113	26 274	-	40 387
Accumulated depreciation 1 October 2019	(8 121)	(24 864)	-	(32 985)
Depreciation for the period	(240)	(53)	-	(294)
Disposals	-	-	-	-
Accumulated depreciation 31 December 2019	(8 362)	(24 917)	-	(33 279)
Carrying amount 31 December 2019	5 751	1 357	-	7 108

Full year 2020				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2020	14 113	26 274	-	40 387
Additions	135	90	272	497
Additions from business combinations	2 065	541	343	2 949
Transferred from construction in progress	615	-	(615)	-
Disposals	(82)	(290)	-	(372)
Currency translation difference	(15)	(3)	-	(18)
Cost price 31 December 2020	16 830	26 613	-	43 443
Accumulated depreciation 1 January 2020	(8 362)	(24 917)	-	(33 279)
Depreciation for the year	(1 510)	(468)	-	(1 977)
Disposals	26	197	-	223
Accumulated depreciation 31 December 2020	(9 847)	(25 187)	-	(35 034)
Carrying amount 31 December 2020	6 983	1 426	-	8 409

Note 5
Property, plant and equipment

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

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

Note 6 Intangible assets

Non-current intangible assets							
Q3 2020							
NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets	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 (see note 10)	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 6
Intangible
assets

Q4 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	Goodwill	Total non-current intangible assets
Cost price 1 October 2020	256 087	31 197	534 940	-	122 931	945 155	1 127 050	2 072 204
Additions - Purchase	204	15 318	(1 660)	-	-	13 862	-	13 862
Additions - Internally generated	688	(38)	-	-	-	650	-	650
Additions from business combinations (see note 10)	4 172	150	239 645	245 664	24 849	514 479	318 046	832 525
Transferred from construction in progress	36 483	(36 483)	-	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-	-
Disposals	(123)	(1 082)	-	-	-	(1 205)	-	(1 205)
Currency translation differences	(37)	-	(2 668)	(2 025)	(248)	(4 978)	(2 246)	(7 224)
Cost price 31 December 2020	297 473	9 063	770 256	243 640	147 531	1 467 963	1 442 849	2 910 812
Accumulated depreciation 1 October 2020	(171 867)	-	(103 020)	-	(11 714)	(286 600)	-	(286 600)
Depreciation for the period	(10 041)	-	(46 420)	(52 910)	(5 669)	(115 040)	-	(115 040)
Impairment for the period**/**	(16 930)	-	-	(180 540)	-	(197 470)	-	(197 470)
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	18	-	31	663	-	712	-	712
Accumulated depreciation 31 December 2020	(198 820)	-	(149 408)	(232 787)	(17 383)	(598 398)	-	(598 398)
Carrying amount 31 December 2020	98 653	9 063	620 851	10 852	130 149	869 568	1 442 849	2 312 418

*Through the acquisition of Troms Kraft Strøm AS in November 2020, a portfolios of fixed price customer contracts were acquired (refer to note 10). These fixed price customer contracts are depreciated systematically over the remaining life of these contracts (up to five years) using a pattern that reflects how the acquisition value of the contracts are distributed over these contract periods (cost model in IAS 38). As a result of the increase in market prices of electrical power, indicators of impairment was identified and an impairment charge was recognised as of 31 December 2020. In addition provisions for onerous contracts was recognised. During the same time period we have recognised an unrealised gain on derivative contracts entered into for the purpose of hedging the price risk in the fixed price contracts (the company is not using hedge accounting). The net effect of depreciation, impairment, provisions for onerous fixed price customer contracts, and the change in fair value of the corresponding derivative contracts, is a net income/gain of NOKt 8 371 in the fourth quarter of 2020, refer to overview in note 14.

** As part of the business combination where the group acquired Innlandskraft AS in September 2020, the group acquired Software at total NOKt 21 760. In Q4 2020 the group has decided that some of this software will not be of use to the group going forward, thus an impairment of NOKt 16 930 has been recognised.

Note 6
Intangible assets

Non-current intangible assets							
Q4 2019							
NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets, excl. goodwill	Goodwill	Total non-current intangible assets
Cost price 1 October 2019	171 694	46 025	170 592	13 903	402 215	166 696	568 911
Additions - Purchase	-	12 062	213	-	12 275	-	12 275
Additions - Internally generated	872	(511)	-	-	360	-	360
Additions from business combinations	-	-	-	-	-	-	-
Transferred from construction in progress	40 827	(40 827)	-	-	-	-	-
Government grants (SkatteFUNN)	-	(1 602)	-	-	(1 602)	-	(1 602)
Disposals	-	-	-	-	-	-	-
Cost price 31 December 2019	213 393	15 147	170 805	13 903	413 249	166 696	579 945
Accumulated depreciation 1 October 2019	(129 757)	-	(70 723)	(7 924)	(208 405)	-	(208 405)
Depreciation for the period	(8 689)	-	(10 558)	(1 264)	(20 511)	-	(20 511)
Impairment for the period	(5 794)	-	-	-	(5 794)	-	(5 794)
Disposals	-	-	-	-	-	-	-
Accumulated depreciation 31 December 2019	(144 240)	-	(81 281)	(9 189)	(234 710)	-	(234 710)
Carrying amount 31 December 2019	69 155	15 147	89 526	4 715	178 542	166 696	345 238

**Note 6
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
Cost price 1 January 2020	213 393	15 147	170 805	-	13 903	413 249	166 696	579 945
Additions - Purchase	204	61 598	338	-	-	62 139	-	62 139
Additions - Internally generated	2 628	-	-	-	-	2 628	-	2 628
Additions from business combinations (see note 10)	21 760	3 049	601 782	245 664	133 876	1 006 131	1 278 400	2 284 530
Transferred from construction in progress	59 649	(59 649)	-	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-	-
Disposals*	(123)	(11 082)	-	-	-	(11 205)	-	(11 205)
Currency translation differences	(37)	-	(2 668)	(2 025)	(248)	(4 978)	(2 246)	(7 224)
Cost price 31 December 2020	297 473	9 063	770 256	243 640	147 531	1 467 964	1 442 849	2 910 813
Accumulated depreciation 1 January 2020	(144 240)	-	(81 281)	-	(9 189)	(234 710)	-	(234 710)
Depreciation for the year	(37 668)	-	(68 159)	(52 910)	(8 194)	(166 931)	-	(166 931)
Impairment for the year**/**	(16 930)	-	-	(180 540)	-	(197 470)	-	(197 470)
Disposals	-	-	-	-	-	-	-	-
Currency translation differences	18	-	31	663	-	712	-	712
Accumulated depreciation 31 December 2020	(198 820)	-	(149 408)	(232 787)	(17 383)	(598 398)	-	(598 398)
Carrying amount 31 December 2020	98 653	9 063	620 851	10 852	130 149	869 568	1 442 849	2 312 418

* Disposal of NOKt 10 000 relates to sale of asset to the associated company Metzum AS. See note 13 for more information regarding the investment in Metzum AS.

** Through the acquisition of Troms Kraft Strøm AS in November 2020, a portfolios of fixed price customer contracts were acquired (refer to note 10). These fixed price customer contracts are depreciated systematically over the remaining life of these contracts (up to five years) using a pattern that reflects how the acquisition value of the contracts are distributed over these contract periods (cost model in IAS 38). As a result of the increase in market prices of electrical power, indicators of impairment was identified and an impairment charge was recognised as of 31 December 2020. In addition provisions for onerous contracts was recognised. During the same time period we have recognised an unrealised gain on derivative contracts entered into for the purpose of hedging the price risk in the fixed price contracts (the company is not using hedge accounting). The net effect of depreciation, impairment, provisions for onerous fixed price customer contracts, and the change in fair value of the corresponding derivative contracts, is a net income/gain of NOKt 8 371 in 2020, refer to overview in note 14.

*** As part of the business combination where the group acquired Innlandskraft AS in September 2020, the group acquired Software at total NOKt 21 760. In Q4 2020 the group has decided that some of this software will not be of use to the group going forward, thus an impairment of NOKt 16 930 has been recognised.

Note 6
Intangible assets

Non-current intangible assets

Full year 2019

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets, excl. goodwill	Goodwill	Total non-current intangible assets
Cost price 1 January 2019	140 692	42 869	157 435	12 633	353 630	155 849	509 479
Additions - Purchase	-	45 314	1 008	-	46 322	-	46 322
Additions - Internally generated	1 094	173	-	-	1 267	-	1 267
Additions from business combinations	-	-	12 362	1 270	13 632	10 847	24 479
Transferred from construction in progress	71 606	(71 606)	-	-	-	-	-
Government grants (SkatteFUNN)	-	(1 602)	-	-	(1 602)	-	(1 602)
Disposals	-	-	-	-	-	-	-
Cost price 31 December 2019	213 393	15 147	170 805	13 903	413 249	166 696	579 945
Accumulated depreciation 1 January 2019	(108 955)	-	(40 193)	(4 527)	(153 675)	-	(153 675)
Depreciation for the year	(29 492)	-	(41 087)	(4 662)	(75 241)	-	(75 241)
Impairment for the year	(5 794)	-	-	-	(5 794)	-	(5 794)
Disposals	-	-	-	-	-	-	-
Accumulated depreciation 31 December 2019	(144 240)	-	(81 281)	(9 189)	(234 710)	-	(234 710)
Carrying amount 31 December 2019	69 155	15 147	89 526	4 715	178 542	166 696	345 238

Useful life	3 years	2-12 years	3 years
Depreciation method	Straight line	Straight line/other*	Straight line

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

Note 6
Intangible assets

Current intangible assets			
Q3 2020			
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 July 2020	246	1 705	1 950
Additions - Purchase	-	1 930	1 930
Additions from business combinations (see note 10)	75	111	185
Disposals*	-	-	-
Cost price 30 September 2020	320	3 745	4 066
Accumulated depreciation 1 July 2020	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 30 September 2020	-	-	-
Carrying amount 30 September 2020	320	3 745	4 066
Q4 2020			
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 October 2020	320	3 745	4 066
Additions - Purchase	-	561	561
Additions from business combinations (see note 10)	-	-	-
Disposals*	(48)	(1 698)	(1 746)
Cost price 31 December 2020	272	2 608	2 880
Accumulated depreciation 1 October 2020	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 31 December 2020	-	-	-
Carrying amount 31 December 2020	272	2 608	2 880

* Disposals of El-certificates refers to amount of certificates being handed over to the government to offset el-certificate cancellation liability. Disposals of Guarantees of origination (GoO) refers to amount of certificates redeemed as evidence of the origin of electricity generated from renewable energy sources.

Note 6
Intangible assets

Current intangible assets

Q4 2019

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 October 2019	20 076	733	20 809
Additions - Purchase	(370)	5 912	5 542
Additions from business combinations	(1 578)	-	(1 578)
Disposals*	-	(1 013)	(1 013)
Cost price 31 December 2019	18 128	5 632	23 760
Accumulated depreciation 1 October 2019	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 31 December 2019	-	-	-
Carrying amount 31 December 2019	18 128	5 632	23 760

Full year 2020

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2020	18 128	5 632	23 760
Additions - Purchase	245 712	4 064	249 776
Additions from business combinations	75	111	185
Disposals*	(263 642)	(7 199)	(270 841)
Cost price 31 December 2020	272	2 608	2 880
Accumulated depreciation 1 January 2020	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 31 December 2020	-	-	-
Carrying amount 31 December 2020	272	2 608	2 880

Note 6

Intangible assets

Current intangible assets

Full year 2019

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2019	22 101	11 494	33 595
Additions - Purchase	242 596	12 975	255 571
Disposals*	(246 569)	(18 837)	(265 405)
Cost price 31 December 2019	18 128	5 632	23 760
Accumulated depreciation 1 January 2019	-	-	-
Depreciation for the year	-	-	-
Disposals	-	-	-
Accumulated depreciation 31 December 2019	-	-	-
Carrying amount 31 December 2019	18 128	5 632	23 760

* Disposals of El-certificates refers to amount of certificates being handed over to the government to offset el-certificate cancellation liability. Disposals of Guarantees of origination (GoO) refers to amount of certificates redeemed as evidence of the origin of electricity generated from renewable energy sources. Depreciation and impairment of intangible assets are included in the line 'Depreciation and amortisation' in the consolidated statement of profit and loss.

Note 7 Fair value measurement of financial instruments

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

Recurring fair value measurements At 30 September 2020	Level 1	Level 2	Level 3	Total
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

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

Recurring fair value measurements At 31 December 2019	Level 1	Level 2	Level 3	Total
NOK in thousands				
Financial assets				
Derivative financial instruments	-	50 875	28 399	79 274
Total financial assets at fair value	-	50 875	28 399	79 274

Financial liabilities				
Derivative financial instruments	-	43 779	24 220	67 999
Total financial liabilities at fair value	-	43 779	24 220	67 999

Note 7
Fair value
measurement of
financial instruments

There were no transfers between level 1 and 2 for recurring fair value measurements during the period. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. After an updated assessment of the classification of derivative financial instruments the Group have chosen to reclassify the fair value of some instruments from level 2 to level 3, due to inputs not being directly observable. Comparable figures from 2019 has been reclassified accordingly. Total amounts remain unchanged as there has not been any change in the value of the inputs.

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

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

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

Valuation techniques used to determine fair values

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

the cash flows are discounted at a discount rate calculated by using interest rates on Government bonds with matching maturities, added a risk premium of 0,2 percentage points (2019: 1,3 per cent). Valuation method is used for forward contracts and option contracts associated with purchase and sale of electricity. Key inputs to the valuation are discount rates, contract- and market prices. Level 3 inputs consist 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 7
Fair value
measurement of
financial instruments

Fair value of other financial instruments

The Group also has financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. There has not been identified any significant difference between fair value and carrying amount at 31 December 2020

Assets and liabilities measured at fair value based on level 3 Recurring fair value measurements			
At 30 September 2020	Assets	Liabilities	Total, net
NOK in thousands			
Opening balance 1 July 2020	75 219	70 100	5 118
Additions or derecognitions	-	(870)	870
Unrealised changes in value recognised in profit and 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	Assets	Liabilities	Total, net
NOK in thousands			
Opening balance 1 October 2020	52 301	38 230	14 071
Additions or derecognitions	(79)	(3 679)	3 599
Unrealised changes in value recognised in profit and loss	9 908	(19 980)	29 888
Closing balance 31 December 2020	62 130	14 571	47 559
Net realised gain (+) / loss (-) recognised in profit and loss Q4 2020			(10 396)
At 31 December 2019	Assets	Liabilities	Total, net
NOK in thousands			
Opening balance 1 October 2019	19 110	40 894	(21 784)
Additions or derecognitions	1 260	-	1 260
Unrealised changes in value recognised in profit and loss	8 029	(16 674)	24 703
Closing balance 31 December 2019	28 399	24 220	4 179
Net realised gain (+) / loss (-) recognised in profit and loss Q4 2019			2 021
At 31 December 2019	Assets	Liabilities	Total, net
NOK in thousands			
Opening balance 1 January 2019	189 363	166 104	23 259
Additions or derecognitions	(164 550)	(145 556)	(18 994)
Unrealised changes in value recognised in profit and loss	3 586	3 672	(86)
Closing balance 31 December 2019	28 399	24 220	4 179
Net realised gain (+) / loss (-) recognised in profit and loss 2019			2 810
Sensitivity analysis of factors classified to level 3			
NOK in thousands			
		10 % reduction	10 % increase
Net effect from power prices		(13 786)	21 709

Note 8

Related party transactions

Per 31 December 2020, the Group's related parties include major shareholders, Board of Directors, associated company and key management.

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

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

Income from related parties

Related party	Relation	Purpose of transactions	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
BKK AS	Major shareholder	Sale of electrical power	7	7	2 482	602	10 509
BKK Energitjenester AS	Subsidiary of major shareholder	Sale of electrical power	1 251	1 941	1 046	5 499	3 084
BKK Nett AS	Subsidiary of major shareholder	Sale of electrical power	685	956	1 264	3 967	4 879
BKK Varme AS	Subsidiary of major shareholder	Sale of electrical power	963	2 919	-	9 809	-
Skagerak Energi AS	Major shareholder	Sale of electrical power	-	-	-	-	1 699
Skagerak Nett AS	Subsidiary of major shareholder	Sale of electrical power	-	-	-	-	1 748
Skagerak Varme AS	Subsidiary of major shareholder	Sale of electrical power	-	-	-	-	4 494
Statkraft AS	Parent company of major shareholder	Sale of electrical power	-	-	-	-	1 795
Statkraft Varme AS	Subsidiary of parent company of major shareholder	Sale of electrical power	-	-	-	-	27 381
Other	Related party	Other	611	492	575	1 830	3 484

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

Expenses to related parties

Related party	Relation	Purpose of transactions	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
BKK AS	Major shareholder	Purchase of electrical power	-	-	313	-	1 545
BKK Produksjon AS	Subsidiary of major shareholder	Purchase of electrical power	1 934	3 083	3 210	10 573	12 689
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of electrical power	-	-	-	-	1 055 212
BKK AS	Major shareholder	Purchase of other services	5 869	6 631	6 600	24 566	27 211
BKK Regnskapsservice AS	Subsidiary of major shareholder	Purchase of other services	-	-	(46)	-	1 875
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of other services	-	-	387	824	1 829
BKK Varme AS	Subsidiary of major shareholder	Purchase of other services	183	146	-	535	-
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of other services	-	-	-	-	2 029
Metzum AS	Associated company	Purchase of other services	4 747	10 343	-	21 191	-
Other	Related party	Other	-	-	61	-	264

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

Note 8

Related party transactions

Purchase of assets

Related party	Relation	Purpose of transactions	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
BKK AS	Major shareholder	Research and development	-	-	-	-	(86)
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of customer portfolio	91	-	213	539	1 008
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of el-certificates	-	-	-	-	240 864
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of guarantees of origination	-	-	-	-	6 195
Metzum AS	Associated company	Research and development	3 937	3 105	-	20 012	-

Distributions to related parties

Related party	Relation	Purpose of transactions	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
BKK AS	Major shareholder	Dividend	-	-	-	47 799	35 053

Current receivables from related parties

Related party	Relation	Purpose of transactions	30 Sept 2020	31 Dec 2020	31 Dec 2019
Other	Related party	Sale of electrical power	1 293	2 382	1 010

Current liabilities to related parties

Related party	Relation	Purpose of transactions	30 Sept 2020	31 Dec 2020	31 Dec 2019
BKK AS	Major shareholder	Other	210	689	195
BKK Varme AS	Subsidiary of major shareholder	Purchase of other services	60	135	-
Metzum AS	Associated company	Research and development	3 947	3 215	-

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

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

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

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

Note 9

Revenue recognition

The following table summarises revenue from contracts with customers:

Revenue	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
NOK in thousands					
Revenue - Consumer segment (1)	291 976	788 587	1 156 768	2 144 219	3 948 175
Revenue - Business segment (2)	221 807	499 949	826 519	1 479 533	2 899 333
Revenue - New growth initiatives (3)	75 208	82 924	62 095	295 716	218 924
Revenue - Nordic (4)	-	263 894	-	263 894	-
Revenue - Corporate	-	8 747	1 127	31 366	56 096
Total revenue	588 991	1 644 100	2 046 509	4 214 727	7 122 528

Timing of revenue recognition

Over time:

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Revenue - Consumer segment	279 845	769 691	1 144 751	2 090 297	3 896 620
Revenue - Business segment	215 462	493 691	819 934	1 453 829	2 874 572
Revenue - New growth initiatives	74 755	82 460	61 714	293 952	217 523
Revenue - Nordic	-	263 894	-	263 894	-
Revenue - Corporate	-	8 747	1 127	31 366	56 096
Total revenue recognised over time	570 062	1 618 482	2 027 525	4 133 338	7 044 811

At a point in time:

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Revenue - Consumer segment	12 131	18 896	12 018	53 921	51 556
Revenue - Business segment	6 345	6 258	6 585	25 704	24 761
Revenue - Nordic	-	-	-	-	-
Revenue - New growth initiatives	453	464	381	1 764	1 401
Total revenue recognised at a point in time	18 929	25 618	18 983	81 389	77 717
Total revenue	588 991	1 644 100	2 046 509	4 214 727	7 122 528

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

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

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

(4) Sale of electrical power and related services to consumers in Finland and Sweden

Note 10

Business combination

On 17 July 2020, Fjordkraft Holding ASA entered into an agreement for the acquisition of 100% of the shares in Innlandskraft AS. Innlandskraft comprises two brands, Gudbrandsdal Energi and Eidsiva Marked. The acquisition date has been determined to be 22 September 2020, and the fair value of the purchase consideration has been measured at this date. However, for convenience, the entity has designated 30 September 2020 as the acquisition date when accounting for the business combination.

On 29 October 2020, Fjordkraft Industrial Ownership AS entered into an agreement for the acquisition of 100% of the shares in Troms Kraft Strøm AS. Troms Kraft Strøm AS comprises the brand Nordic Green Energy, which operates the electricity retailer markets in Sweden and Finland. The acquisition date has been determined to be 10 November 2020, and the fair value of the purchase consideration has been measured at this date.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration

NOK in thousands	Innlandskraft AS	Troms Kraft Strøm AS
Purchase price, settled in 9.695.584 shares	866 785	-
Purchase price, settled in cash	722 321	1 474 229
Purchase price, to be settled in cash	-	48 812
Interest, settled in cash	6 471	2 305
Total purchase consideration	1 595 577	1 525 345

There are no significant contingent considerations included in these acquisitions.

As of 31 December 2020 the assets and liabilities recognised as a result of the acquisitions were as follows:

NOK in thousands	Fair value	
	Innlandskraft AS	Troms Kraft Strøm AS
Deferred tax assets	-	39 601
Property, plant and equipment (note 5)	1 760	1 189
Fixed price customer contracts (note 6)	-	245 664
Customer relationships (note 6)	362 137	239 645
Other intangible assets (note 6)	129 515	29 170
Right-of-use assets property, plant and equipment	10 633	5 087
Other non-current financial assets	13 841	-
Total non-current assets	517 886	560 355
Trade receivables	64 932	184 149
Derivative financial instruments	29 619	46 255
Other current assets	103 076	64 822
Cash and cash equivalents	196 829	974 661
Total current assets	394 456	1 269 886
Total assets	912 342	1 830 241

Note 10

Business combination

NOK in thousands	Innlandskraft AS	Troms Kraft Strøm AS
Net employee defined benefit plan liabilities	38 001	-
Deferred tax liabilities	103 280	22 331
Lease liability- long term	9 823	3 088
Other provisions for liabilities	-	14 843
Total non-current liabilities	151 104	40 262
Trade and other payables	27 561	122 125
Current income tax liabilities	2 066	-
Derivative financial instruments	40 836	293 886
Social security and other taxes	9 455	44 808
Lease liability- short term	965	2 001
Other current liabilities	45 132	119 860
Total current liabilities	126 014	582 680
Total liabilities	277 119	622 942
Net identifiable assets acquired	635 223	1 207 299
Add: Goodwill	960 353	318 046
In total	1 595 577	1 525 345

The goodwill is attributable to Innlandskraft AS's and Troms Kraft Strøm's strong position and profitability in the electricity retailer market and synergies expected to arise after the company's acquisition of the new subsidiaries. None of the goodwill is expected to be deductible for tax purposes. See note 6 above for the changes in goodwill as a result of the acquisitions. Deferred tax of NOKt 55 243 (Innlandskraft AS) and NOKt 22 331 (Troms Kraft Strøm AS) is related to the fair value adjustments of customer relationships and other intangible assets.

Acquisition-related costs

Acquisition-related costs of NOKt 21 579 are included in administrative expenses in profit or loss.

Acquired receivables

The fair value of trade receivables in Innlandskraft AS is NOKt 64 932. The gross contractual amount for trade receivables due is NOKt 67 832, of which NOKt 2 900 is expected to be uncollectable. The fair value of other receivables recognised is considered to be equal to the gross contractual amount.

The fair value of trade receivables in Troms Kraft Strøm AS is NOKt 184 149. The gross contractual amount for trade receivables due is NOKt 188 944, of which NOKt 4 796 is expected to be uncollectable. The fair value of other receivables recognised is considered to be equal to the gross contractual amount.

Revenue and profit contribution

If the acquisition of Innlandskraft AS had occurred on 1 January 2020, consolidated revenue and consolidated profit after tax for the period ended 31 December 2020 would have been NOKt 4 862 785 and NOKt 400 164 respectively.

If the acquisition of Troms Kraft Strøm AS had occurred on 1 January 2020, consolidated revenue and consolidated profit after tax for the period ended 31 December 2020 would have been NOKt 5 460 085 and NOKt 443 903 respectively.

Note 11

Long term debt

Long term debt

NOK in thousands	Effective interest rate	30 Sept 2020	31 Dec 2020	31 Dec 2019
Term loan DNB	NIBOR 3 months + 1,35 %	-	-	194 600
Term loan DNB	NIBOR 3 months + 1,75 %	460 000	913 575	-
Total		460 000	913 575	194 600

Repayment of term loan

Up until September 2020 Fjordkraft's long term funding was a term loan from DNB, related to the purchase of TrønderEnergi Marked AS in 2018. The remaining loan balance of NOKt 1 52 900 was fully repaid in September 2020, when Fjordkraft Holding ASA entered into a new facilities agreement with DNB, as described below.

New facilities agreement

In September 2020, prior to the acquisition of Innlandskraft AS (see note 10), 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. Total instalments of NOKt 23 425 was repaid in December 2020 on the two tranches drawn upon the term loan facility.

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

The revolving credit facility - NOKt 500 000 - The RCF

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

In order to partly finance the acquisition of Troms Kraft Strøm AS, Fjordkraft drew NOKt 500 000 upon the the RCF in November 2020. This credit was repaid in full in December 2020.

The guarantee facility - NOKt 2 250 000

The purpose of the guarantee facility is the issuance of guarantees and letters of credit for the general corporate and working capital purpose of the group, hereunder guarantees related to re-invoicing agreements with grid owners, property rental agreements and so on. The original facility was NOKt 1 550 000, though the facility was increased with a second tranche of NOKt 700 000, to a total of NOKt 2 250 000 in November 2020. The termination date of the guarantee facility is in September 2023, though Fjordkraft has the option to extend the termination date by two periods of twelve months.

At 31 December 2020 guarantees of total NOKt 2 001 700 are issued under the guarantee facility.

The overdraft facility - NOKt 1 000 000

The overdraft facility is available one year from the agreement date in September 2020, and it will be renewed for another year unless Fjordkraft requests otherwise. This overdraft facility replaces the previous overdraft facility of NOKt 1 000 000 with DNB.

At 31 December a total of NOKt 29 400 are drawn upon the overdraft facility.

Security

The groups trade receivables has been pledged as security for all credit facilities under the new facilities agreement.

Transactions costs

Transactions costs of NOKt 7 813 related to establishing the new Term loan facility are recognised as part of amortised cost of the Term loan. Transaction costs related to establishing the The RCF, The guarantee facility, and the overdraft facility of a total NOKt 15 980, are 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 12

Special events - Covid-19 Pandemic

This note is provided as a summary of the judgements and estimates made in determining the effects of the ongoing Covid-19 pandemic on the Group's financial statements.

All judgements and estimates are made with a high degree of uncertainty as the economic impact of the pandemic and the Government's response to the pandemic are still unclear.

Financial Risk Management

The Group classifies the following categories of financial risks:

- Market risk
- Credit risk
- Liquidity risk

Market risk

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

The variation in outdoor temperatures is the factor that affects consumption the most from year to year. Many employees are working from their homes due to the COVID-19 outbreak. Therefore, demand in the consumer segment is expected to be relatively stable. In the Business segment there has been a reduction in demand due to temporary

closed offices and facilities.

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

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

Credit risk

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

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

As mortgage is the largest cost for most households, this is expected to have a good effect on the household economy. Despite the measures in place, the Group is still expecting an increase in credit losses in the Consumer segment.

The full effect of the Covid-19 pandemic and the Government responses are still unclear and at the current time the economic consequences are hard to predict. The uncertainty about future development makes it hard to estimate expected credit losses (ECL). Actual bankruptcies are already accounted for in the model for calculating ECL, but not expected bankruptcies and expected effects from layoffs of customers in the consumer segment. To account for these effects, the Group has increased the provision for losses by NOKt 10 800 in the 2020.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, bank facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Overall sales and activity is expected to be relatively stable, but an increase in credit losses will have a negative effect on the cash flow. In addition, the Group has offered payment plans and deferred payment to customers negatively affected by the current situation, which is also expected to have a negative effect on the cash flow in the short run. The Group has good liquidity reserves with cash and cash equivalent amounting to NOKt 599 348 at 31 December 2020 and additional undrawn facilities of NOKt 970 600 through a credit facility from DNB Bank ASA. The increased liquidity risk due to the current situation is therefore considered to be sufficiently covered.

Note 12
Special events -
Covid-19 Pandemic

Impairment of intangible assets (including Goodwill)

Sale of electricity enjoys a robust demand and the Group does not expect a significant change in overall activity due to the ongoing pandemic. The effect of a potential increase in losses on trade receivables has not materially changed the impairment test performed at year end. For the impairment test of Goodwill, a sensitivity analysis has been performed at year end. It did not result in impairment even when reducing operating income by 10 percent, which is considered an unlikely scenario even in the current circumstances.

Overall, the Group has performed an updated impairment test at year end and has concluded with no impairment.

Fair value of derivatives

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

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

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

A significant share of the Group's plan assets is invested in bonds and money-market placements (approximately 65 % of total investments at 31 December 2020). The fair value of these investments is highly dependent on current market interest rates and reduced market rates has led to a reduction of the fair value.

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

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

In total, the current market conditions have led to actuarial losses on pension obligations of NOKt 9 067 in 2020. The change has been recognised through other comprehensive income (NOKt 7 073 net of tax).

Due to the long-term nature and significant amounts involved, relatively small changes in one or more of the inputs used in calculating present value of defined benefit obligations and the fair value of plan assets can lead to significant gains or losses on pension obligations. The loss recognised in 2020 is significant but is a direct effect of government measures which is expected to be relatively short term in nature. In the longer term, these effects are expected to even out.

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

Note 13 Investments in associates and joint ventures

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

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

Note 14 Impairment, change in provision for onerous contracts, and other gains and losses.

NOK in thousands	Note	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Impairment and provisions for onerous contracts:						
Change in provision for onerous contracts*		-	(71 023)	-	(71 023)	-
Impairment of intangible assets - Fixed price customer contracts*	6	-	(180 540)	-	(180 540)	-
Impairment of intangible assets - Software and development projects	6	-	(16 930)	-	(16 930)	-
Total impairment and provisions for onerous contracts:		-	(268 493)	-	(268 493)	-
Other gains and losses						
Change in fair value of derivative financial instruments*		(1 365)	328 429	13 126	331 539	4 615
Total other gains and losses, net		(1 365)	328 429	13 126	331 539	4 615
Total		(1 365)	59 936	13 126	63 046	4 615

*Most of change in provision for onerous contracts and impairment of intangible assets in Q4 2020 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), 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 (see note 6), and depreciated systematically over the contract lengths using a pattern that reflect how the acquisition value of the contracts are distributed over the remaining length of the contracts (up to five years) (cost model in IAS 38). New fixed price customer contracts are not recognised in the balance sheet, unless the contracts are onerous contracts.

As a result of the increase in market prices of electrical power, indicators of impairment were identified, impairment charges of NOKt 180 540 were recognised to the fixed price customer contracts at 31 December 2020, and provisions for onerous contracts were recognised with NOKt 73 048.

The price risk related to fixed price customer contracts are hedged with portfolios of power derivatives, recognised as derivative financial instruments and measured at fair value through profit and loss (the group does not apply hedge accounting).

As part of acquiring Troms Kraft Strøm AS, the group also acquired corresponding portfolios of power derivatives entered into for the purpose of hedging the price risk in the fixed price customer contracts.

Of changes in fair value of derivative financial instruments in Q4 2020, net unrealised gains of NOKt 314 869 relates to these portfolios of power derivatives, and NOKt 13 560 relates to the groups other portfolios of power derivatives.

The net effect of depreciations (NOKt 52 910), impairment (NOKt 180 540), provisions for onerous fixed price customer contracts (NOKt 73 048), and the change in fair value of the corresponding portfolios of hedging contracts, is a net income/gain of NOKt 8 371 in Q4 2020, and in the year 2020.

This net effect is mainly caused by imbalance between the portfolios of customer contracts, and the corresponding portfolios of hedging contracts.

The remaining change in provision for onerous contracts of NOKt -2 025 relates to reversal of other provisions for onerous contracts.

Note 15

Events after the reporting period

The Board of Directors has in the Board Meeting on 18 February 2021 proposed a dividend to the shareholders of NOK 3.50 per share.

The proposed dividend is subject to approval by the general meeting.

There are no 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 years:* A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its financial statements. At the date of reporting, the Group recognises electricity revenue and the associated cost of sales, based on a best estimate approach. Thus, any estimate deviation related to the previous reporting period is recognised in the following reporting period
- *Other gains and losses, net:* Consist of gains and losses on derivative financial instruments associated with the purchase and sale of electricity

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

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

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

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

EBITDA adjusted

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

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

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

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

Alternative performance measures

Net income is equivalent to Profit/(loss) for the period as stated in the statement of profit or loss.

Net income adjusted for certain cash and non-cash items is used in the dividend calculation, and is defined as the following: $[(\text{Adjusted EBIT} + \text{net finance}) \times (1 - \text{average tax rate}) - \text{amortisation of acquisition debt}]$.

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

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

Net revenue adjusted

This APM presents Net revenue adjusted for:

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

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

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

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

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

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

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

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

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

Alternative performance measures

Financial statements with APM's

Reported amounts:

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Operating income	588 991	1 644 100	2 046 509	4 214 727	7 122 528
Cost of sales	(304 540)	(1 172 644)	(1 672 256)	(2 647 005)	(5 827 394)
Net revenue	284 451	471 456	374 252	1 567 722	1 295 134
Personnel expenses	(78 494)	(116 748)	(49 213)	(328 485)	(236 106)
Other operating expenses	(97 001)	(152 585)	(104 661)	(471 938)	(379 973)
Operating expenses	(175 495)	(269 333)	(153 874)	(800 422)	(616 079)
Impairment & change in provision for onerous contracts	-	(268 493)	-	(268 493)	-
Other gains and losses, net	(1 365)	328 430	13 126	331 539	4 615
EBITDA	107 591	262 060	233 505	830 346	683 670
Depreciation & amortisation	(50 988)	(156 946)	(58 895)	(305 174)	(200 932)
EBIT reported (Operating profit)	56 604	105 115	174 610	525 172	482 738
Net financials	(1 077)	(14 541)	1 014	(11 505)	7 701
Profit/ (loss) before taxes	55 527	90 574	175 624	513 667	490 440
Taxes	(15 366)	(16 943)	(49 944)	(113 604)	(120 269)
Profit/ (loss) for the period	40 161	73 631	125 681	400 063	370 171
EBIT reported margin	20%	22%	47%	33%	37%

Alternative performance measures

Adjusted amounts:

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net revenue	284 451	471 456	374 252	1 567 722	1 295 134
Adjustment: (Positive/ negative estimate deviations previous year)	-	(7 848)	(2 048)	(22 521)	(11 414)
Special items*	-	-	-	(1 716)	-
Net revenue adjusted	284 451	463 608	372 204	1 543 486	1 283 721
EBITDA	107 591	262 060	233 505	830 346	683 670
Adjustment: (Positive/ negative estimate deviations previous year)	-	(7 848)	(2 048)	(22 521)	(11 414)
Impairment & change in provision for onerous contracts	-	268 493	-	268 493	-
Other gains and losses	1 365	(328 430)	(13 126)	(331 539)	(4 615)
Special items*	12 873	20 612	(28 124)	34 694	(25 839)
EBITDA adjusted (before unallocated and estimate deviations)	121 829	214 888	190 207	779 472	641 801
EBIT reported (Operating profit)	56 604	105 115	174 610	525 172	482 738
Adjustment: (Positive/ negative estimate deviations previous year)	-	(7 848)	(2 048)	(22 521)	(11 414)
Impairment & change in provision for onerous contracts	-	268 493	-	268 493	-
Other gains and losses	1 365	(328 430)	(13 126)	(331 539)	(4 615)
Special items*	12 873	79 324	(23 502)	93 407	(21 218)
Part of depreciation related to acquisitions	7 924	51 049	11 774	75 265	45 560
EBIT adjusted (before unallocated and estimate deviations)	78 764	167 704	147 709	608 276	491 053
EBIT margin adjusted	28%	36%	40%	39%	38%

* Special items consists of the following:

NOK in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2020
Acquisition related costs and implementation costs	12 873	(5 780)	(861)	(21 579)	(3 145)
Income related to compensatory damages	-	-	-	1 716	-
Change in pension plan	-	-	28 969	-	28 969
Impairment charge	-	-	(4 606)	-	(4 606)
One off amortisation of customer contracts in acquired companies	-	(5 745)	-	(5 745)	-
Severance packages and other one off costs in acquired companies	-	(14 889)	-	(14 889)	-
Depreciation of fixed price customer contracts (see note 6)	-	(52 910)	-	(52 910)	-
Special items	12 873	(79 324)	23 502	(93 407)	21 218

Alternative performance measures

Other financial APM's

Net interest bearing debt (cash)

NOK thousands	30 Sept 2020	31 Dec 2020	31 Dec 2019
Interest-bearing long term debt	408 148	812 808	139 000
Transaction costs recognised as part of amortised cost of Interest-bearing long term debt	7 549	7 067	-
Reclassification of first year instalments long term debt	44 304	93 700	55 600
Overdraft facilities	-	29 400	-
Cash and cash equivalents	(726 400)	(599 348)	(775 536)
Net interest bearing debt (cash)	(266 400)	343 626	(580 936)

Financial position related APM's

NOK thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Net working capital	(172 773)	(112 942)	(32 615)	(112 942)	(32 615)
OpFCF before tax and change in NWC	70 259	149 697	147 708	577 266	478 358
Capex excl. M&A	13 349	15 681	13 362	64 926	50 372

Non-financial APM's

Deliveries

Numbers in thousands	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Electrical deliveries Consumer segment	761	755	544	755	544
Electrical deliveries Business segment	104	107	78	107	78
Electrical deliveries Nordic segment	-	164	-	164	-
Total number of electrical deliveries *	866	1 027	622	1 027	622
Number of mobile subscriptions	122	132	100	132	100

* Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 1 083 thousand in 2020.

Volume in GWh	Q3 2020	Q4 2020	Q4 2019	Full year 2020	Full year 2019
Consumer segment	1 288	2 979	2 158	8 144	7 070
Business segment	1 104	2 096	1 844	6 275	6 338
Nordic segment	-	497	-	497	-
Total volume	2 392	5 572	4 002	14 916	13 407

Market churn-LTM*

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

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