

Fjordkraft Holding ASA and the Fjordkraft Group

Quarterly report - Q2 2019



Q2 Highlights

- Strong YoY growth in net revenue adj. and EBIT adj. driven by strong price management and favourable market dynamics
- Adjusted net revenue increasing 13% YoY
- Adjusted EBIT increasing 26% YoY
- Strong growth in number of mobile subscribers - passing 80 thousand and further strengthening our position as the largest mobile service provider without its own mobile network
- Successful acquisition of Vesterålskraft Strøm AS. Transaction completed 1 July 2019

Key figures Q2*

NOK in thousands	Q2 2019	Q2 2018	YTD 2019
Gross revenue	1 428 751	1 297 345	3 974 385
Net revenue	283 194	248 709	661 555
Net revenue adjusted	273 828	242 036	652 189
EBIT reported	94 705	71 068	265 647
EBIT adjusted	98 436	78 040	280 374
Net income	76 133	54 464	210 558
Basic earnings per share (in NOK)	0.73	0.52	2.01
EBIT margin	33 %	29 %	40 %
EBIT margin adjusted	36 %	32 %	43 %
Net interest bearing debt (cash)	- 292 249	- 43 009	- 292 249
Capex excl. M&A	12 002	10 483	27 228
Volume sold (GWh)	2 697	2 704	7 099
# of deliveries ('000) excl. Extended Alliance	608	596	608

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

Another solid quarter driven by strong price management and favourable market dynamics

The second quarter 2019 has been another solid quarter for Fjordkraft. Adjusted net revenue is increasing 13% YoY and adjusted EBIT is increasing 26% YoY. Strong price management in combination with favourable market dynamics are the most important factors behind the strong results.

Temperatures in the quarter has been warmer than normal in two out of three months, and April was especially warm with 3.3 degrees Celsius above normal. While the higher than normal temperature negatively affects average volume per delivery, the total volume sold is still stable YoY. This is due to an increase in number of deliveries and shows the importance of growth when consumption is affected by external factors. The organic growth in the quarter amounted to 911 electricity deliveries in the Consumer and Business segments. We are still seeing some negative effects from the implementation of Elhub and given this, we are happy with our growth. Number of mobile subscribers grew by 9,446 in the quarter and is the highest quarterly growth since Q1 2018.

There has been one new acquisition in the quarter – Vesterålskraft Strøm with around 8.6 thousand electricity deliveries. Through the transaction we get a new regional office in the northern part of Norway, enabling us to grow our market share in an unchartered territory for Fjordkraft. The transaction was completed on 1 July 2019 and will be included in the Company's figures from Q3.

Consumer

The Consumer segment shows a positive trend, and at the end of second quarter 2019, the Consumer segment comprised 532 thousand electricity deliveries, which represents a total growth of 1,471 deliveries from first quarter 2019, all of

which organic. The volume sold in second quarter 2019 was 1,381 GWh, which is in line with second quarter 2018. Growth in number of deliveries is offsetting the decrease in average volume per delivery, which was 2,600 kWh in second quarter 2019, a 7% decrease from the 2,785 kWh in second quarter 2018.

Adjusted net revenue in the Consumer segment amounts to 191 NOKm, a YoY growth of 10%. The growth is driven by strong price management and favourable market dynamics.

Adjusted OPEX amounts to 128 NOKm in the second quarter of 2019, compared to 119 NOKm in the second quarter of 2018. Increased sales and marketing costs are the main drivers for the increase.

EBIT adjusted amounts to 63 NOKm in the quarter, which is an increase of 8 NOKm compared to the second quarter of 2018. This corresponds to an adjusted EBIT margin of 33%. The YoY increase of 1 percentage point is driven by strong price management and favourable market dynamics.

Business

At the end of second quarter 2019, the Business segment comprised 76 thousand electricity deliveries, which represents a decrease of 560 deliveries from first quarter 2019. The decrease is due to a lost tender offer. However, the financial impact is limited. The volume sold in second quarter 2019 was 1,316 GWh, a decrease of 1% compared to second quarter 2018. The decrease is driven by decrease in average volume per delivery. Average volume per delivery was 17,279 kWh in second quarter 2019, a 9% decrease from the 19,043 kWh in second quarter 2018.

Adjusted net revenue in the Business segment

amounts to 73 NOKm, a YoY growth of 18%. The growth is driven by both value added services and variable products.

Adjusted OPEX amounts to 33 NOKm in the quarter, compared to 31 NOKm in the second quarter of 2018. The main reason for the OPEX growth is increased sales and marketing costs.

EBIT adjusted amounts to 40 NOKm in the quarter, an increase of 9 NOKm from the second quarter of 2018. Adjusted EBIT margin in the quarter was 55%, a 6 percentage point increase YoY, driven by strong net revenue development.

New Growth Initiatives

At the end of second quarter 2019, the number of mobile subscribers was 81 thousand, which represents an organic growth of 9,446 subscribers from first quarter 2019. This is the highest quarterly growth since Q1 2018 and is further strengthening the Company's position as the largest mobile supplier without its own network.

Alliance volume in second quarter 2019 was 858 GWh, which is a 6% YoY decrease driven by mild weather. Extended Alliance deliveries increased by 569 deliveries in the second quarter of 2019.

Adjusted net revenue in the New Growth Initiatives segment amounts to 10 NOKm, a YoY growth of 86%. The growth is split about 60/40 between Mobile and Alliance.

OPEX adjusted amounted to 15 NOKm, an increase from 13 NOKm in second quarter 2018, due to increased sales and marketing costs and variable costs.

EBIT adjusted amounted to -5 NOKm, an improvement of 3 NOKm from second quarter 2018. The improved EBIT adjusted is driven about 50/50 by both Mobile and Alliance.

Financials

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

Gross revenue amounted to 1,429 NOKm (1,297 NOKm), an increase of 10 %, due to higher elspot prices.

Adjusted net revenue amounted to 274 NOKm (242 NOKm), an increase of 13 %. The increase is driven by strong price management and favourable market development.

Adjusted operating expenses amounted to 175 NOKm (164 NOKm), an increase of 7 %, driven by sales and marketing costs.

Adjusted EBIT amounted to 98 NOKm (78 NOKm), a growth of 26 % YoY due to the factors described above.

Net financial income amounted to 3.3 NOKm (0.1 NOKm).

Profit for the period amounted to 76 NOKm (54 NOKm) in the second quarter due to the factors described above.

Consolidated cash flow

Cash generated from operating activities was 560 NOKm (642 NOKm). Net cash used in investing activities was -12 NOKm (-268 NOKm) driven by purchase of intangible assets. Net cash used in financing activities was NOK -246 NOKm (-53 NOKm), primarily consisting of dividend and instalments related to long term debt.

Financial position

Total assets as of 30.06.2019 was 2,315 NOKm (2,421 NOKm), a decrease of 106 NOKm from Q2 2018. The main driver for the decrease is lower current assets.

Events after the reporting period

On 27 June 2019, Fjordkraft Holding ASA entered into a share purchase agreement with Vesterålskraft AS to purchase 100% of the shares of Vesterålskraft Strøm AS. The transaction was completed 1 July 2019 at a purchase price of 28.2 NOKm (Enterprise Value of 27.3 NOKm) including a locked box interest for Vesterålskraft Strøm's results in the first half of 2019. Vesterålskraft Strøm AS will be consolidated in the Group accounts from 1 July 2019.

There are no other 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. Following the strong results of the last quarters and increased management capacity from the recent reorganisation, the Group has increased its capital expenditure guiding for 2019 to around 50 NOKm. The increased funding will be invested in R&D projects related to i.a. digitalised customer interaction, real time monitoring of electricity consumption and smart home integration.

Condensed interim financial statements



Condensed consolidated statement of profit or loss

NOK in thousands	Note	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full Year 2018
Continuing operations							
Revenue	2,9	2 545 634	1 428 751	1 297 345	3 974 385	3 213 350	6 720 948
Direct cost of sales	2	(2 167 273)	(1 145 557)	(1 048 636)	(3 312 830)	(2 650 580)	(5 623 526)
Revenue less direct cost of sales		378 361	283 194	248 709	661 555	562 770	1 097 422
Personnel expenses	2	(64 426)	(47 910)	(40 675)	(112 335)	(94 342)	(217 514)
Other operating expenses	2	(97 908)	(92 517)	(95 411)	(190 426)	(189 158)	(378 382)
Depreciation right-of-use assets		(2 213)	(2 213)	-	(4 426)	-	-
Depreciation and amortisation	2,5,6	(42 880)	(45 758)	(43 567)	(88 638)	(75 540)	(164 065)
Total operating expenses		(207 426)	(188 398)	(179 653)	(395 824)	(359 040)	(759 961)
Other gains and losses, net	7	8	(92)	2 011	(84)	(3 048)	(10 578)
Operating profit		170 942	94 705	71 068	265 647	200 681	326 883
Interest income		4 882	5 553	3 594	10 435	7 535	15 178
Interest expense lease liability		(193)	(179)	-	(371)	-	-
Interest expense		(1 578)	(1 650)	(1 606)	(3 228)	(1 660)	(4 927)
Other financial items, net		(1 086)	(416)	(1 866)	(1 503)	(3 180)	(5 277)
Net financial income/(cost)		2 026	3 307	121	5 333	2 695	4 974
Profit/ (loss) before tax		172 968	98 012	71 189	270 980	203 376	331 858
Income tax (expense)/ income	3	(38 543)	(21 879)	(16 725)	(60 422)	(47 222)	(78 289)
Profit/ (loss) for the period		134 425	76 133	54 464	210 558	156 154	253 569
Basic earnings per share (in NOK)*	4	1,29	0,73	0,52	2,01	1,49	2,43
Diluted earnings per share (in NOK)*	4	1,27	0,72	0,52	2,00	1,49	2,41

* Based on 104 496 216 shares outstanding. There has been issued 930 000 share options to employees.

Condensed consolidated statement of comprehensive income

NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Profit/ (loss) for the period	134 425	76 133	54 464	210 558	156 154	253 569
Other comprehensive income/ (loss):						
Items that will not be reclassified to profit or loss:						
Actuarial gain/ (loss) on pension obligations, net of tax	-	-	-	-	-	1 167
Total	-	-	-	-	-	1 167
Total other comprehensive income/ (loss) for the period, net of tax	-	-	-	-	-	1 167
Total comprehensive income/ (loss) for the period	134 425	76 133	54 464	210 558	156 154	254 736

Condensed consolidated statement of financial position

NOK in thousands	Note	31 March 2019	30 June 2019	30 June 2018	31 December 2018
Assets					
Non-current assets					
Right-of-use assets property, plant and equipment		29 048	26 835	-	-
Property, plant and equipment	5	4 050	4 685	4 236	4 139
Goodwill	6	155 849	155 849	150 898	155 849
Intangible assets	6	197 459	190 531	198 771	199 957
Cost to obtain contracts		150 559	151 768	154 026	149 912
Other non-current financial assets		22 957	22 629	17 227	20 090
Total non-current assets		559 923	552 298	525 158	529 947
Current assets					
Intangible assets	6	31 799	19 311	4 978	33 595
Inventories		261	1 217	1 278	533
Trade receivables	1,8	1 970 534	1 074 816	1 054 710	2 006 328
Derivative financial instruments	7	177 539	115 362	399 929	463 626
Other current assets		113 727	36 907	114 030	32 741
Cash and cash equivalents		213 027	514 649	321 009	381 409
Total current assets		2 506 886	1 762 262	1 895 933	2 918 231
Total assets		3 066 809	2 314 560	2 421 091	3 448 178
Equity and liabilities					
Equity					
Share capital		31 349	31 349	31 349	31 349
Share premium		125 035	125 035	125 035	125 035
Retained earnings		849 945	696 845	616 071	714 651
Total equity		1 006 328	853 228	772 455	871 035

**Condensed consolidated statement
of financial position**

NOK in thousands	Note	31 March 2019	30 June 2019	30 June 2018	31 December 2018
Non-current liabilities					
Net employee defined benefit plan liabilities		85 658	77 793	72 807	79 308
Interest-bearing long term debt	10	180 700	166 800	278 000	194 600
Deferred tax liabilities	3	17 213	17 116	40 071	20 837
Lease liability - long term		20 510	18 323	-	-
Other provisions for liabilities		732	732	964	805
Total non-current liabilities		304 812	280 763	391 842	295 550
Current liabilities					
Trade and other payables	8	1 065 031	563 751	527 519	1 100 186
Overdraft facilities		-	-	-	-
Current income tax liabilities	3	62 474	84 450	52 464	94 213
Derivative financial instruments	7	169 334	107 249	384 202	455 429
Social security and other taxes		97 987	40 812	21 911	57 523
Lease liability - short term		8 659	8 715	-	-
Other current liabilities		352 185	375 592	270 698	574 243
Total current liabilities		1 755 668	1 180 568	1 256 794	2 281 593
Total liabilities		2 060 480	1 461 332	1 648 637	2 577 143
Total equity and liabilities		3 066 809	2 314 560	2 421 091	3 448 178

The Board of Fjordkraft Holding ASA, Bergen, 21 August 2019



Per Axel Koch
Chairman



Birthe Iren Grotle
Board member



Frank Økland
Board member



Elisabeth M. Norberg
Board member



Heidi Theresa Ose
Board member



Live Bertha Haukvik
Board member



Steinar Sønsteby
Board member



Lindi Bucher Vinsand
Board member



Rolf Jørgen Barmen
CEO

Condensed consolidated statement of changes in equity

NOK in thousands	Share capital	Share premium	Treasury shares	Retained earnings	Total
Balance at 1 January 2018	31 349	125 035	-	559 916	716 299
Profit/ (loss) for the year	-	-	-	253 569	253 569
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	1 167	1 167
Total comprehensive income/ (loss) for the year	-	-	-	254 736	254 736
Purchase of Treasury shares	-	-	(2 889)	-	(2 889)
Sale of Treasury shares	-	-	2 889	-	2 889
Dividends paid (note 4)	-	-	-	(100 000)	(100 000)
Transactions with owners	-	-	-	(100 000)	(100 000)
Balance at 31 December 2018	31 349	125 035	-	714 651	871 035
Balance at 1 January 2019	31 349	125 035	-	714 651	871 035
Profit/ (loss) for the period	-	-	-	210 558	210 558
Other paid-in equity	-	-	-	1 527	1 527
Other comprehensive income/ (loss) for the period, net of tax	-	-	-	-	-
Total comprehensive income/ (loss) for the period	-	-	-	212 085	212 085
Dividends paid (note 4)	-	-	-	(229 892)	(229 892)
Transactions with owners	-	-	-	(229 892)	(229 892)
Balance at 30 June 2019	31 349	125 035	-	696 845	853 228

Condensed consolidated statement of cash flows

NOK in thousands	Note	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Operating activities							
Profit/ (loss) before tax		172 968	98 012	71 189	270 980	203 376	331 858
Adjustments for							
Depreciation	5, 6	18 057	18 769	17 327	36 826	25 312	65 532
Depreciation right-of-use assets		2 213	2 213	-	4 426	-	-
Amortisation of contract assets		24 823	26 989	26 240	51 812	50 228	98 533
Interest income		(4 882)	(5 553)	(3 594)	(10 435)	(7 535)	(15 178)
Interest expense lease liability		193	179	-	371	-	-
Interest expense		1 578	1 650	1 606	3 228	1 660	4 927
Change in long-term receivables		(2 446)	(309)	-	(2 754)	-	(5 062)
Share based payment expense		868	659	-	1 527	-	-
Change in post-employment liabilities		6 350	(7 864)	(8 103)	(1 514)	(2 938)	4 402
Payments to obtain a contract		(25 470)	(28 198)	(27 920)	(53 668)	(56 666)	(110 646)
Changes in working capital (non-cash effect)							
Impairment loss recognised in trade receivables		12 566	5 722	7 379	18 288	15 503	22 848
Change in fair value of derivative financial instruments		(8)	92	(2 011)	84	3 048	10 578
Changes in working capital							
Inventories		272	(956)	(164)	(684)	116	861
Trade receivables	8	23 228	889 995	1 384 176	913 223	452 897	(506 065)
Purchase of el-certificates	6	(240 864)	(1 732)	5 595	(242 596)	(174 008)	(191 420)
Non-cash effect from cancelling el-certificates	6	235 295	11 273	(10 272)	246 569	169 330	169 330
Purchase of guarantees of origination	6	(6 195)	(14)	1 413	(6 209)	2 269	(30 208)
Non-cash effect from disposal of guarantees of origination	6	13 559	2 961	-	16 520	-	21 272
Other current assets		(80 986)	76 821	(8 754)	(4 165)	(26 641)	54 589
Trade and other payables	8	(35 155)	(501 280)	(606 237)	(536 435)	(200 494)	372 173
Other current liabilities		(181 588)	(33 701)	(173 248)	(215 288)	(331 546)	(49 229)
Cash generated from operations		(65 623)	555 728	674 621	490 104	123 911	249 094
Interest paid		(1 585)	(1 717)	(1 606)	(3 302)	(1 660)	(3 678)
Interest received		4 882	5 553	3 594	10 435	7 535	15 178
Income tax paid	3	(73 906)	-	(35 103)	(73 906)	(70 207)	(73 569)
Net cash from operating activities		(136 232)	559 563	641 505	423 331	59 579	187 026

**Condensed consolidated statement
of cash flows**

NOK in thousands	Note	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Investing activities							
Purchase of property, plant and equipment	5	(113)	(973)	(201)	(1 086)	(371)	(1 376)
Purchase of intangible assets	6	(15 357)	(11 503)	(11 512)	(26 860)	(22 350)	(62 583)
Net cash outflow on aquisition of subsidiaries		-	-	(254 102)	-	(254 102)	(254 102)
Net (outflow)/proceeds from non-current receivables		(422)	636	(2 058)	214	(2 958)	(759)
Net (outflow)/proceeds from other long-term liabilities		(74)	0	-	(74)	-	(209)
Net cash used in investing activities		(15 965)	(11 840)	(267 873)	(27 805)	(279 781)	(319 028)
Financing activities							
Overdraft facilities		-	-	(330 623)	-	-	-
Dividends paid	4	-	(229 892)	-	(229 892)	(1 000 000)	(1 000 000)
Proceeds from interest-bearing long term debt		-	-	278 000	-	278 000	278 000
Instalments long term debt		(13 900)	(13 900)	-	(27 800)	-	(27 800)
Payment of lease liability		(2 284)	(2 310)	-	(4 594)	-	-
Net cash used in financing activities		(16 184)	(246 102)	(52 623)	(262 286)	178 000	150 200
Net change in cash and cash equivalents		(168 382)	301 621	321 009	133 240	(42 203)	18 197
Cash and cash equivalents at start of period		381 409	213 027	-	381 409	363 212	363 212
Cash and cash equivalents at end of period		213 027	514 649	321 009	514 649	321 009	381 409

Notes to the condensed consolidated financial statements

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Note 1

Accounting policies

General information

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

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

These interim financial statements were approved by the Board of Directors for issue on 21 August 2019. A review of the interim financial statements has been carried out by the independent auditor of the Group.

Basis of preparation

These interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". These interim financial statements do not provide the same scope of information as the annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2018, 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.

Goodwill

Goodwill is reported as an indefinite life intangible asset at cost less accumulated impairment losses. Cost of goodwill acquired through business combinations is measured as residual amount after allocation of purchase price to identifiable assets at fair value. All intangible assets with indefinite useful lives are tested for impairment at least once every year. Single assets can be tested more often in case there are indications of impairment.

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 consoli-

dated financial statements for the year ended 31 December 2018, except for income taxes and post-employment benefits.

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.

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 num-

Note 1
Accounting policies

ber 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.

Note 2 Segment information

Disaggregation of revenue from contracts with customers

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

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

- Consumer segment - Sale of electrical power and related services to private consumers
- Business segment - Sale of electrical power and related services to business consumers

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

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

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

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

Note 2
Segment information

	Q1 2019			
	Consumer	Business	New growth initiatives*	Total segments
NOK in thousands				
Revenue				
Revenue adjusted	1 434 916	1 062 714	48 005	2 545 634
Total external segment revenue adjusted	1 434 916	1 062 714	48 005	2 545 634
Direct cost of sales adjusted	(1 168 299)	(965 251)	(33 722)	(2 167 273)
Revenue less direct cost of sales adjusted	266 617	97 463	14 283	378 361
Expenses				
Personnel and other operating expenses	(112 249)	(35 044)	(15 041)	(162 334)
Depreciation and amortisation	(28 471)	(3 521)	(2 098)	(34 090)
Total operating expenses adjusted	(140 720)	(38 565)	(17 139)	(196 424)
Operating profit adjusted	125 897	58 898	(2 856)	181 937
Q2 2019				
	Consumer	Business	New growth initiatives*	Total segments
NOK in thousands				
Revenue				
Revenue adjusted	747 141	575 338	51 302	1 373 782
Total external segment revenue adjusted	747 141	575 338	51 302	1 373 782
Direct cost of sales adjusted	(556 285)	(502 798)	(40 870)	(1 099 954)
Revenue less direct cost of sales adjusted	190 856	72 540	10 432	273 828
Expenses				
Personnel and other operating expenses	(96 784)	(28 646)	(12 999)	(138 429)
Depreciation and amortisation	(30 899)	(3 919)	(2 144)	(36 962)
Total operating expenses adjusted	(127 683)	(32 565)	(15 143)	(175 392)
Operating profit adjusted	63 173	39 975	(4 711)	98 436

Note 2
Segment information

NOK in thousands	Q2 2018			
	Consumer	Business	New growth initiatives*	Total segments
Revenue				
Revenue adjusted	704 617	544 359	35 489	1 284 466
Total external segment revenue adjusted	704 617	544 359	35 489	1 284 466
Direct cost of sales adjusted	(530 216)	(482 277)	(29 938)	(1 042 430)
Revenue less direct cost of sales adjusted	174 401	62 082	5 551	242 036
Expenses				
Personnel and other operating expenses	(89 991)	(28 819)	(11 565)	(130 376)
Depreciation and amortisation	(29 253)	(2 724)	(1 643)	(33 620)
Total operating expenses adjusted	(119 244)	(31 543)	(13 208)	(163 996)
Operating profit adjusted	55 157	30 539	(7 657)	78 040

NOK in thousands	YTD 2019			
	Consumer	Business	New growth initiatives*	Total segments
Revenue				
Revenue adjusted	2 182 057	1 638 052	99 307	3 919 416
Total external segment revenue adjusted	2 182 057	1 638 052	99 307	3 919 416
Direct cost of sales adjusted	(1 724 584)	(1 468 049)	(74 592)	(3 267 227)
Revenue less direct cost of sales adjusted	457 473	170 003	24 715	652 189
Expenses				
Personnel and other operating expenses	(209 033)	(63 690)	(28 040)	(300 763)
Depreciation and amortisation	(59 370)	(7 440)	(4 242)	(71 052)
Total operating expenses adjusted	(268 403)	(71 130)	(32 282)	(371 815)
Operating profit adjusted	189 070	98 873	(7 567)	280 374

Note 2
Segment information

	YTD 2018			
	Consumer	Business	New growth initiatives*	Total segments
NOK in thousands				
Revenue				
Revenue adjusted	1 806 173	1 326 051	68 246	3 200 471
Total external segment revenue adjusted	1 806 173	1 326 051	68 246	3 200 471
Direct cost of sales adjusted	(1 408 434)	(1 182 383)	(53 558)	(2 644 374)
Revenue less direct cost of sales adjusted	397 739	143 669	14 688	556 097
Expenses				
Personnel and other operating expenses	(183 487)	(57 814)	(25 521)	(266 822)
Depreciation and amortisation	(55 760)	(5 472)	(3 289)	(64 521)
Total operating expenses adjusted	(239 247)	(63 286)	(28 810)	(331 343)
Operating profit adjusted	158 492	80 382	(14 122)	224 754
Full Year 2018				
	Consumer	Business	New growth initiatives*	Total segments
NOK in thousands				
Revenue				
Revenue adjusted	3 786 193	2 776 216	149 882	6 712 291
Total external segment revenue adjusted	3 786 193	2 776 216	149 882	6 712 291
Direct cost of sales adjusted	(3 019 933)	(2 484 071)	(120 396)	(5 624 399)
Revenue less direct cost of sales adjusted	766 260	292 146	29 486	1 087 893
Expenses				
Personnel and other operating expenses	(390 753)	(125 934)	(53 374)	(570 061)
Depreciation and amortisation	(110 101)	(10 992)	(6 597)	(127 690)
Total operating expenses adjusted	(500 855)	(136 926)	(59 971)	(697 751)
Operating profit adjusted	265 405	155 220	(30 485)	390 142

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

Note 2
Segment information

Reconciliation to statement of profit and loss for the period						
NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Revenue adjusted	2 545 634	1 373 782	1 284 466	3 919 416	3 200 471	6 712 291
Corporate 1)	-	54 969	12 879	54 969	12 879	8 657
Revenue	2 545 634	1 428 751	1 297 345	3 974 385	3 213 350	6 720 948
Direct cost of sales adjusted	(2 167 273)	(1 099 954)	(1 042 430)	(3 267 227)	(2 644 374)	(5 624 399)
Corporate 1)	-	(45 603)	(6 206)	(45 603)	(6 206)	873
Direct cost of sales	(2 167 273)	(1 145 557)	(1 048 636)	(3 312 830)	(2 650 580)	(5 623 526)
Revenue less direct cost of sales adjusted	378 361	273 828	242 036	652 189	556 097	1 087 893
Corporate 1)	-	9 366	6 673	9 366	6 673	9 529
Revenue less direct cost of sales	378 361	283 194	248 709	661 555	562 770	1 097 422
Total operating expenses adjusted	(196 424)	(175 392)	(163 996)	(371 815)	(331 343)	(697 751)
Special items 2)	-	(1 997)	(5 709)	(1 997)	(16 677)	(25 835)
Depreciation of acquisitions 3)	(11 002)	(11 009)	(9 948)	(22 011)	(11 020)	(36 375)
Total operating expenses	(207 426)	(188 398)	(179 653)	(395 824)	(359 040)	(759 961)
Other gains and losses 4)	8	(92)	2 011	(84)	(3 048)	(10 578)
Operating profit	170 942	94 705	71 068	265 647	200 681	326 883
Interest income	4 882	5 553	3 594	10 435	7 535	15 178
Interest expense lease liability	(193)	(179)	-	(371)	-	-
Interest expense	(1 578)	(1 650)	(1 606)	(3 228)	(1 660)	(4 927)
Other financial items, net	(1 086)	(416)	(1 866)	(1 503)	(3 180)	(5 277)
Profit/(loss) before tax	172 968	98 012	71 189	270 980	203 376	331 858

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, thus the table below also presents the Group's operating profit before such estimate deviations in the line "Operating profit (before unallocated and estimate deviations)".

Note 2

Segment information

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

NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Special items incurred specific to:						
- the process of listing the company on Oslo Stock Exchange	-	-	(124)	-	(11 022)	(11 323)
- acquisition related costs	-	(1 997)	(5 125)	(1 997)	(5 195)	(11 643)
- legal costs related to the compensatory damages	-	-	(460)	-	(460)	(460)
- strategic costs related to markets abroad	-	-	-	-	-	(2 409)
Special items	-	(1 997)	(5 709)	(1 997)	(16 677)	(25 835)

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	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
TrønderEnergi Marked acquisition	(7 788)	(7 788)	(8 878)	(15 576)	(8 878)	(30 777)
Oppdal Everk Kraftomsetning acquisition	(1 085)	(1 085)	-	(2 171)	-	(1 306)
Other customer acquisitions	(2 129)	(2 136)	(1 070)	(4 264)	(2 142)	(4 292)
Depreciation of acquisitions	(11 002)	(11 009)	(9 948)	(22 011)	(11 020)	(36 375)

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

Note 3

Income tax

Interim income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Profit before tax	172 968	98 012	71 189	270 980	203 376	331 858
Tax expense	(38 543)	(21 879)	(16 725)	(60 422)	(47 222)	(78 289)
<i>Average tax rate</i>	22,3 %	22,3 %	23,5 %	22,3 %	23,2 %	23,6 %
Tax payable	42 167	21 976	16 178	64 143	48 832	94 073
Adjustments to prior years tax payable	-	-	-	-	-	370
Change in deferred tax	(3 624)	(97)	547	(3 721)	(1 610)	(16 154)
Tax expense recognised in statement of profit or loss	38 543	21 879	16 725	60 422	47 222	78 289

Note 4

Earnings per share

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

Basic earnings per share

	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Profit/ (loss) attributable to equity holders of the company *	134 425	76 133	54 464	210 558	156 154	253 569
Total comprehensive income attributable to equity holders of the company*	134 425	76 133	54 464	210 558	156 154	254 736
Weighted average number of ordinary shares in issue	104 496 215	104 496 216	104 496 216	104 496 216	104 496 216	104 496 216
Earnings per share in NOK	1,29	0,73	0,52	2,01	1,49	2,43
Total comprehensive income per share in NOK	1,29	0,73	0,52	2,01	1,49	2,44
Share options	960 000	930 000	-	930 000	-	870 000
Diluted earnings per share in NOK	1,27	0,72	0,52	2,00	1,49	2,41
Dividend per share in NOK	-	2,20	-	2,20	0,96	0,96

*NOK in thousands

In addition to outstanding shares, there has been issued 870 000 share options to employees during 2018, and 90 000 share options in January 2019. Due to change in management, there has been a reduction of share options in Q2 2019. The total number of share options is 930 000 per Q2 2019. These are included in the calculation.

Note 5

Property, plant and equipment

Q1 2019				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2019	9 639	25 279	1 376	36 294
Additions	-	-	113	113
Additions from business combinations	-	-	-	-
Transferred from construction in progress	-	-	-	-
Disposals	-	-	-	-
Cost price 31 March 2019	9 639	25 279	1 489	36 407
Accumulated depreciation 1 January 2019	(7 449)	(24 706)	-	(32 155)
Depreciation for the period	(149)	(53)	-	(201)
Disposals	-	-	-	-
Accumulated depreciation 31 March 2019	(7 598)	(24 758)	-	(32 357)
Carrying amount 31 March 2019	2 041	521	1 489	4 050

Q2 2019				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 April 2019	9 639	25 279	1 489	36 407
Additions	-	-	973	973
Additions from business combinations	-	-	-	-
Transferred from construction in progress	1 376	-	(1 376)	-
Disposals	-	-	-	-
Cost price 30 June 2019	11 015	25 279	1 086	37 381
Accumulated depreciation 1 April 2019	(7 598)	(24 758)	-	(32 357)
Depreciation for the period	(286)	(53)	-	(339)
Disposals	-	-	-	-
Accumulated depreciation 30 June 2019	(7 884)	(24 811)	-	(32 695)
Carrying amount 30 June 2019	3 131	468	1 086	4 685

Note 5
Property, plant and equipment

Q2 2018				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 April 2018	8 875	25 221	170	34 266
Additions	-	-	201	201
Additions from business combinations	683	58	-	741
Transferred from construction in progress	-	-	-	-
Disposals	-	-	-	-
Cost price 30 June 2018	9 569	25 279	371	35 219
Accumulated depreciation 1 April 2018	(6 239)	(24 490)	-	(30 729)
Depreciation for the period	(195)	(58)	-	(254)
Disposals	-	-	-	-
Accumulated depreciation 30 June 2018	(6 434)	(24 548)	-	(30 982)
Carrying amount 30 June 2018	3 136	731	371	4 237
YTD 2019				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2019	9 639	25 279	1 376	36 294
Additions	-	-	1 086	1 086
Additions from business combinations	-	-	-	-
Transferred from construction in progress	1 376	-	(1 376)	-
Disposals	-	-	-	-
Cost price 30 June 2019	11 015	25 279	1 086	37 381
Accumulated depreciation 1 January 2019	(7 449)	(24 706)	-	(32 155)
Depreciation for the period	(435)	(105)	-	(540)
Disposals	-	-	-	-
Accumulated depreciation 30 June 2019	(7 884)	(24 811)	-	(32 695)
Carrying amount 30 June 2019	3 131	468	1 086	4 685

Note 5
Property, plant and equipment

YTD 2018				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2018	8 875	25 221	-	34 096
Additions	-	-	371	371
Additions from business combinations	683	58	-	741
Transferred from construction in progress	-	-	-	-
Disposals	-	-	-	-
Cost price 30 June 2018	9 569	25 279	371	35 219
Accumulated depreciation 1 January 2018	(6 090)	(24 437)	-	(30 527)
Depreciation for the period	(344)	(111)	-	(454)
Disposals	-	-	-	-
Accumulated depreciation 30 June 2018	(6 434)	(24 548)	-	(30 982)
Carrying amount 30 June 2018	3 135	731	371	4 236

Full year 2018				
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total
Cost price 1 January 2018	8 875	25 221	-	34 096
Additions	81	-	1 376	1 457
Additions from business combinations	683	58	-	741
Transferred from construction in progress	-	-	-	-
Disposals	-	-	-	-
Cost price 31 December 2018	9 639	25 279	1 376	36 293
Accumulated depreciation 1 January 2018	(6 090)	(24 437)	-	(30 527)
Depreciation for the year	(1 359)	(269)	-	(1 628)
Disposals	-	-	-	-
Accumulated depreciation 31 December 2018	(7 449)	(24 706)	-	(32 155)
Carrying amount 31 December 2018	2 190	573	1 376	4 139

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

Note 6 Intangible assets

Non-current intangible assets

Q1 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	12 634	353 630	155 849	509 479
Additions - Purchase	-	14 669	244	-	14 913	-	14 913
Additions - Internally generated	160	284	-	-	444	-	444
Additions from business combinations	-	-	-	-	-	-	-
Transferred from construction in progress	15 300	(15 300)	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Cost price 31 March 2019	156 153	42 522	157 679	12 634	368 988	155 849	524 837
Accumulated depreciation 1 January 2019	(108 955)	-	(40 192)	(4 526)	(153 672)	-	(153 672)
Depreciation for the period	(6 806)	-	(9 983)	(1 067)	(17 856)	-	(17 856)
Disposals	-	-	-	-	-	-	-
Accumulated depreciation 31 March 2019	(115 761)	-	(50 173)	(5 593)	(171 528)	-	(171 528)
Carrying amount 31 March 2019	40 392	42 522	107 506	7 040	197 459	155 849	353 308

Q2 2019

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

Note 6
Intangible assets

Non-current intangible assets

Q2 2018

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets, excl. goodwill	Goodwill	Total non-current intangible assets
Cost price 1 April 2018	136 799	20 377	24 960	568	182 703	-	182 703
Additions - Purchase	544	9 648	1 230	-	11 422	-	11 422
Additions - Internally generated	17	73	-	-	90	-	90
Additions from business combinations	-	-	107 118	12 066	119 184	150 898	270 082
Transferred from construction in progress	2 570	(2 570)	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Cost price 30 June 2018	139 930	27 528	133 307	12 633	313 399	150 898	464 297
Accumulated depreciation 1 April 2018	(88 279)	-	(9 084)	(189)	(97 553)	-	(97 553)
Depreciation for the period	(7 080)	-	(8 742)	(1 253)	(17 075)	-	(17 075)
Disposals	-	-	-	-	-	-	-
Accumulated depreciation 30 June 2018	(95 359)	-	(17 827)	(1 442)	(114 628)	-	(114 628)
Carrying amount 30 June 2018	44 570	27 528	115 481	11 191	198 771	150 898	349 669

YTD 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	0	25 461	718	-	26 179	-	26 179
Additions - Internally generated	194	487	-	-	681	-	681
Transferred from construction in progress	24 286	(24 286)	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Cost price 30 June 2019	165 173	44 530	158 153	12 633	380 490	155 849	536 339
Accumulated depreciation 1 January 2019	(108 955)	-	(40 192)	(4 527)	(153 674)	-	(153 672)
Depreciation for the period	(14 180)	-	(19 973)	(2 134)	(36 287)	-	(36 287)
Disposals	-	-	-	-	-	-	-
Accumulated depreciation 30 June 2019	(123 135)	-	(60 165)	(6 660)	(189 959)	-	(189 959)
Carrying amount 30 June 2019	42 038	44 530	97 988	5 973	190 529	155 849	346 380

Note 6
Intangible assets

Non-current intangible assets

YTD 2018

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 2018	121 946	29 211	20 141	568	171 866	-	171 866
Additions - Purchase	544	15 177	6 049	-	21 769	-	21 769
Additions - Internally generated	17	563	-	-	580	-	580
Additions from business combinations	-	-	107 118	12 066	119 184	150 898	270 082
Transferred from construction in progress	17 423	(17 423)	-	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Cost price 30 June 2018	139 930	27 528	133 307	12 633	313 399	150 898	464 297
Accumulated depreciation 1 January 2018	(81 615)	-	(8 012)	(142)	(89 769)	-	(89 769)
Depreciation for the period	(13 744)	-	(9 814)	(1 300)	(24 859)	-	(24 859)
Disposals	-	-	-	-	-	-	-
Accumulated depreciation 30 June 2018	(95 359)	-	(17 827)	(1 442)	(114 628)	-	(114 628)
Carrying amount 30 June 2018	44 570	27 528	115 481	11 191	198 771	150 898	349 669

Full year 2018

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 2018	121 946	29 211	20 141	568	171 865	-	171 865
Additions - Purchase	990	30 457	30 176	-	61 623	-	61 623
Additions - Internally generated	17	1 125	-	-	1 142	-	1 142
Additions from business combinations	-	-	107 118	12 066	119 184	155 849	275 033
Transferred from construction in progress	17 740	(17 740)	-	-	-	-	-
Government grants (SkatteFUNN)	-	(185)	-	-	(185)	-	(185)
Disposals	-	-	-	-	-	-	-
Cost price 31 December 2018	140 693	42 869	157 435	12 634	353 630	155 849	509 479
Accumulated depreciation 1 January 2018	(81 615)	-	(8 012)	(142)	(89 769)	-	(89 769)
Depreciation for the year	(27 340)	-	(32 180)	(4 384)	(63 904)	-	(63 904)
Disposals	-	-	-	-	-	-	-
Accumulated depreciation 31 December 2018	(108 955)	-	(40 192)	(4 526)	(153 673)	-	(153 673)
Carrying amount 31 December 2018	31 738	42 869	117 243	8 108	199 957	155 849	355 806

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

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

Note 6
Intangible assets

Current intangible assets			
Q1 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	240 864	6 195	247 059
Additions from business combinations	-	-	-
Disposals*	(235 295)	(13 559)	(248 855)
Cost price 31 March 2019	27 669	4 129	31 799
Accumulated depreciation 1 January 2019	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 31 March 2019	-	-	-
Carrying amount 31 March 2019	27 669	4 129	31 799
Q2 2019			
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 April 2019	27 669	4 129	31 799
Additions - Purchase	1 732	14	1 746
Additions from business combinations	-	-	-
Disposals*	(11 273)	(2 961)	(14 234)
Cost price 30 June 2019	18 128	1 183	19 311
Accumulated depreciation 1 April 2019	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 30 June 2019	-	-	-
Carrying amount 30 June 2019	18 128	1 183	19 311

Note 6
Intangible assets

Current intangible assets

Q2 2018

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 April 2018	11	1 702	1 713
Additions - Purchase	(5 595)	(1 413)	(7 007)
Additions from business combinations	-	-	-
Disposals*	10 272	-	10 272
Cost price 30 June 2018	4 689	289	4 978
Accumulated depreciation 1 April 2018	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 30 June 2018	-	-	-
Carrying amount 30 June 2018	4 689	289	4 978

YTD 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	6 209	248 805
Additions from business combinations	-	-	-
Disposals*	(246 569)	(16 520)	(263 089)
Cost price 30 June 2019	18 128	1 183	19 311
Accumulated depreciation 1 January 2019	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 30 June 2019	-	-	-
Carrying amount 30 June 2019	18 128	1 183	19 311

Note 6

Intangible assets

Current intangible assets			
YTD 2018			
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2018	11	2 558	2 569
Additions - Purchase	174 008	(2 269)	171 739
Disposals*	(169 330)	-	(169 330)
Cost price 30 June 2018	4 689	289	4 978
Accumulated depreciation 1 January 2018	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 30 June 2018	-	-	-
Carrying amount 30 June 2018	4 689	289	4 978
Full year 2018			
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2018	11	2 558	2 569
Additions - Purchase	191 160	30 208	221 368
Additions from business combinations	260	-	260
Disposals*	(169 330)	(21 272)	(190 602)
Cost price 31 December 2018	22 101	11 494	33 595
Accumulated depreciation 1 January 2018	-	-	-
Depreciation for the year	-	-	-
Disposals	-	-	-
Accumulated depreciation 31 December 2018	-	-	-
Carrying amount 31 December 2018	22 101	11 494	33 595

* 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 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 31 March 2019	Level 1	Level 2	Level 3	Total
NOK in thousands				
Financial assets				
Derivative financial instruments	-	177 539	-	177 539
Total financial assets at fair value	-	177 539	-	177 539

Financial liabilities				
Derivative financial instruments	-	169 334	-	169 334
Total financial liabilities at fair value	-	169 334	-	169 334

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
NOK in thousands				
Financial assets				
Derivative financial instruments	-	115 362	-	115 362
Total financial assets at fair value	-	115 362	-	115 362
Financial liabilities				
Derivative financial instruments	-	107 249	-	107 249
Total financial liabilities at fair value	-	107 249	-	107 249

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
NOK in thousands				
Financial assets				
Derivative financial instruments	-	399 929	-	399 929
Total financial assets at fair value	-	399 929	-	399 929

Financial liabilities				
Derivative financial instruments	-	384 202	-	384 202
Total financial liabilities at fair value	-	384 202	-	384 202

Note 7
Fair value
measurement of
financial instruments

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 31 December 2018				
NOK in thousands				
Financial assets				
Derivative financial instruments	-	463 626	-	463 626
Total financial assets at fair value	-	463 626	-	463 626
Financial liabilities				
Derivative financial instruments	-	455 429	-	455 429
Total financial liabilities at fair value	-	455 429	-	455 429

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

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

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as

possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Valuation techniques used to determine fair values

Specific valuation techniques used to value derivative financial instruments include present value of future cash flows, based on forward prices from Nasdaq OMX Commodities at the balance sheet date. In the case of material long-term contracts, the cash flows are discounted at a discount rate of 1,3 per cent (2018: 0,9 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.

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

Fair values of other financial instruments not recognised in the financial statements

The Group also has financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. There has not been identified any significant difference between fair value and carrying amount at 30 June 2019.

Note 8

Related party transactions

Per 30 June 2019, the Group's related parties include Board of Directors and key management. There has been no significant transactions conducted with related parties in second quarter 2019.

In 2019 two major shareholders, BKK AS and Skagerak Energi AS, have sold shares in Fjordkraft Holding ASA. As a result of this BKK AS, Skagerak Energi AS, their parent company Statkraft AS, and the companies in BKK Group, Skagerak Energi Group and Statkraft Group are no longer considered to be related parties per second quarter 2019. The year to date - figures in 2019 is based on transactions as per first quarter 2019.

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

Income from related parties

Related party	Relation	Purpose of transactions	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
BKK AS	Major shareholder	Sale of electrical power	3 776	-	3 139	3 776	7 054	12 207
BKK Energitjenester AS	Subsidiary of major shareholder	Sale of electrical power	-	-	-	-	-	-
BKK Nett AS	Subsidiary of major shareholder	Sale of electrical power	1 561	-	1 376	1 561	3 070	4 956
BKK Varme AS	Subsidiary of major shareholder	Sale of electrical power	-	-	-	-	-	-
Skagerak Energi AS	Major shareholder	Sale of electrical power	1 699	-	1 176	1 699	2 517	4 857
Skagerak Nett AS	Subsidiary of major shareholder	Sale of electrical power	1 748	-	1 180	1 748	2 515	4 370
Skagerak Varme AS	Subsidiary of major shareholder	Sale of electrical power	4 494	-	2 340	4 494	5 113	8 999
Statkraft AS	Parent company of major shareholder	Sale of electrical power	1 795	-	1 064	1 795	2 017	4 222
Statkraft Varme AS	Subsidiary of parent company of major shareholder	Sale of electrical power	27 381	-	14 299	27 381	38 583	61 936
Other	Related party	Other	2 079	-	1 125	2 079	1 971	4 926

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

Expenses to related parties

Related party	Relation	Purpose of transactions	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
BKK AS	Major shareholder	Purchase of electrical power	428	-	320	428	561	1 493
BKK Produksjon AS	Subsidiary of major shareholder	Purchase of electrical power	4 268	-	3 452	4 268	8 045	14 085
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of electrical power	1 055 212	-	1 147 837	1 055 212	2 172 748	4 211 917
BKK AS	Major shareholder	Purchase of other services	6 896	-	5 257	6 896	11 883	24 567
BKK Regnskapsservice AS	Subsidiary of major shareholder	Purchase of other services	2 181	-	2 668	2 181	2 668	5 225
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of other services	-	-	1 143	-	1 969	4 096
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of other services	2 029	-	1 977	2 029	3 961	15 923
Other	Related party	Other	66	-	485	66	999	1 342

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

Note 8

Related party transactions

Purchase of assets

Related party	Relation	Purpose of transactions	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
BKK AS	Major shareholder	Research and development	50	-	779	50	815	897
BKK AS	Major shareholder	Purchase of customer portfolio	-	-	-	-	-	5 130
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of customer portfolio	244	-	-	244	4 819	6 755
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of el-certificates	240 864	-	(5 595)	240 864	174 008	191 420
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of guarantees of origination	6 195	-	(1 413)	6 195	(2 269)	30 208

Distributions to related parties

Related party	Relation	Purpose of transactions	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
BKK AS	Major shareholder	Dividend	-	-	-	-	48 849	48 849
Skagerak Energi AS	Major shareholder	Dividend	-	-	-	-	47 997	47 997
Statkraft Industrial Holding AS	Owner at the time of distribution	Dividend	-	-	-	-	3 155	3 155

Current receivables from related parties

Related party	Relation	Purpose of transactions	31 Mar 2019	30 Jun 2019	30 Jun 2018	31 Dec 2018
Statkraft Varme AS	Subsidiary of parent company of major shareholder	Sale of electrical power	11 798	-	1 571	9 315
Other	Related party	Sale of electrical power	1 799	-	333	2 906

Current liabilities to related parties

Related party	Relation	Purpose of transactions	31 Mar 2019	30 Jun 2019	30 Jun 2018	31 Dec 2018
BKK AS	Major shareholder	Other	232	-	614	917
BKK Energitjenester AS	Subsidiary of major shareholder	Purchase of other services	-	-	-	131
BKK Nett AS	Subsidiary of major shareholder	Other	-	-	-	-
Statkraft Energi AS	Subsidiary of parent company of major shareholder	Purchase of electrical power	714 378	-	12 100	942 934
Other	Related party	Other	-	-	658	487

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						
NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Revenue - Consumer segment (1)	1 434 916	747 141	704 617	2 182 057	1 806 173	3 786 193
Revenue - Business segment (2)	1 062 714	575 338	544 359	1 638 052	1 326 051	2 776 216
Revenue - New growth Initiatives (3)	48 005	51 302	35 489	99 307	68 246	149 882
Revenue - Corporate	-	54 969	12 879	54 969	12 879	8 657
Total revenue	2 545 634	1 428 751	1 297 345	3 974 385	3 213 350	6 720 948

Timing of revenue recognition

Over time:

NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Revenue - Consumer segment	1 419 275	733 668	684 665	2 152 943	1 766 231	3 707 156
Revenue - Business segment	1 056 991	569 378	539 478	1 626 369	1 316 095	2 756 033
Revenue - New growth Initiatives	47 639	50 969	35 080	98 608	67 566	148 428
Revenue - Corporate	-	54 969	12 879	54 969	12 879	8 657
Total revenue recognised over time	2 523 905	1 408 984	1 272 103	3 932 889	3 162 772	6 620 274

At a point in time:

NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Revenue - Consumer segment	15 641	13 473	19 952	29 114	39 942	79 037
Revenue - Business segment	5 723	5 960	4 881	11 683	9 956	20 183
Revenue - New growth Initiatives	366	333	409	699	680	1 454
Total revenue recognised at a point in time	21 730	19 766	25 242	41 496	50 578	100 674
Total revenue	2 545 634	1 428 751	1 297 345	3 974 385	3 213 350	6 720 948

(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 – referred to as New Growth Initiatives)

Note 10

Long term debt

Long term debt		31 Mar 2019	30 Jun 2019	30 Jun 2018	31 Dec 2018
NOK in thousands	Effective interest rate				
Long term debt DNB	NIBOR 3 months + 1,35 %	236 300	222 400	278 000	250 200
Total		236 300	222 400	278 000	250 200

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

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

Note 11

Events after the reporting period

On 27 June 2019, Fjordkraft Holding ASA entered into a share purchase agreement with Vesterålskraft AS to purchase 100% of the shares of Vesterålskraft Strøm AS. The transaction was completed 1 July 2019 at a purchase price of 28.2 NOKm (Enterprise Value of 27.3 NOKm) including a locked box interest for Vesterålskraft Strøm's results in the first half of 2019. Vesterålskraft Strøm AS will be consolidated in the Group accounts from 1 July 2019.

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

Directors responsibility statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first six months of 2019, which have been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations.

To the best of our knowledge, the interim report for the first six months of 2019 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining half of 2019, and major related party transactions.

The Board of Fjordkraft Holding ASA, Bergen, 21 August 2019



Per Axel Koch
Chairman



Birthe Iren Grotle
Board member



Frank Økland
Board member



Elisabeth M. Norberg
Board member



Heidi Theresa Ose
Board member



Live Bertha Haukvik
Board member



Steinar Sønsteby
Board member



Lindi Bucher Vinsand
Board member



Rolf Jørgen Barmen
CEO

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To the Board of Directors of Fjordkraft Holding ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim financial statement of Fjordkraft Holding ASA and the Fjordkraft Group. The condensed interim financial statement consists of the condensed consolidated statement of financial position as of 30 June 2019, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income (loss), the condensed statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2019, and its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Bergen, 21 August 2019
Deloitte AS



Helge-Roald Johnsen
State Authorised Public Accountant

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: [(Adjusted EBIT + net finance)*(1-average tax rate) – amortisation of acquisition debt].”

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

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

Net revenue adjusted

This APM presents *Net revenue* adjusted for:

- *Estimate deviations from previous 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 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.

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

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

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

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

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

Alternative performance measures

Financial statements with APM's

Reported amounts:

NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Operating income	2 545 634	1 428 751	1 297 345	3 974 385	3 213 350	6 720 948
Cost of sales	(2 167 273)	(1 145 557)	(1 048 636)	(3 312 830)	(2 650 580)	(5 623 526)
Net revenue	378 361	283 194	248 709	661 555	562 770	1 097 422
Personnel expenses	(64 426)	(47 910)	(40 675)	(112 335)	(94 342)	(217 514)
Other operating expenses	(97 908)	(92 517)	(95 411)	(190 426)	(189 158)	(378 382)
Operating expenses	(162 334)	(140 427)	(136 086)	(302 761)	(283 500)	(595 896)
Other gains and losses, net	8	(92)	2 011	(84)	(3 048)	(10 578)
EBITDA	216 035	142 675	114 635	358 711	276 221	490 947
Depreciation & amortisation	(45 093)	(47 971)	(43 567)	(93 064)	(75 540)	(164 065)
EBIT reported (Operating profit)	170 942	94 705	71 068	265 647	200 681	326 883
Net financials	2 026	3 307	121	5 333	2 695	4 974
Profit/ (loss) before taxes	172 968	98 012	71 189	270 980	203 376	331 858
Taxes	(38 543)	(21 879)	(16 725)	(60 422)	(47 222)	(78 289)
Profit/ (loss) for the period	134 425	76 133	54 464	210 558	156 154	253 569
EBIT reported margin	45%	33%	29%	40%	36%	30%

Alternative performance measures

Adjusted amounts:

NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Net revenue	378 361	283 194	248 709	661 555	562 770	1 097 422
Adjustment: (Positive/ negative estimate deviations previous year)	-	(9 366)	(6 673)	(9 366)	(6 673)	(5 449)
Special items* (Compensatory damages)	-	-	-	-	-	(4 080)
Net revenue adjusted	378 361	273 828	242 036	652 189	556 097	1 087 893
EBITDA	216 035	142 675	114 635	358 711	276 221	490 947
Adjustment: (Positive/ negative estimate deviations previous year)	-	(9 366)	(6 673)	(9 366)	(6 673)	(5 449)
Other gains and losses	(8)	92	(2 011)	84	3 048	10 578
Special items*	-	1 997	5 709	1 997	16 677	21 755
EBITDA adjusted (before unallocated and estimate deviations)	216 027	135 398	111 660	351 425	289 274	517 831
EBIT reported (Operating profit)	170 942	94 705	71 068	265 647	200 681	326 883
Adjustment: (Positive/ negative estimate deviations previous year)	-	(9 366)	(6 673)	(9 366)	(6 673)	(5 449)
Other gains and losses	(8)	92	(2 011)	84	3 048	10 578
Special items*	-	1 997	5 709	1 997	16 677	21 755
Part of depreciation related to acquisitions	11 002	11 009	9 948	22 011	11 020	36 375
EBIT adjusted (before unallocated and estimate deviations)	181 937	98 436	78 040	280 374	224 754	390 142
EBIT margin adjusted	48%	36%	32%	43%	40%	36%

* Special items consists of the following:

NOK in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
The process of listing the company on Oslo Stock Exchange	-	-	(124)	-	(11 022)	(11 323)
Acquisition related costs	-	(1 997)	(5 125)	(1 997)	(5 195)	(11 643)
Compensatory damages	-	-	-	-	-	4 080
Legal costs related to the compensatory damages	-	-	(460)	-	(460)	(460)
Strategic costs related to markets abroad	-	-	-	-	-	(2 409)
Special items	-	(1 997)	(5 709)	(1 997)	(16 677)	(21 755)

Alternative performance measures

Other financial APM's

Net interest bearing debt (cash)

NOK thousands	31 Mar 2019	30 June 2019	30 June 2018	31 Dec 2018
Interest-bearing long term debt	180 700	166 800	278 000	194 600
Reclassification of first year installments long term debt	55 600	55 600	-	55 600
Overdraft facilities	-	-	-	-
Cash and cash equivalents	(213 027)	(514 649)	(321 009)	(381 409)
Net interest bearing debt (cash)	23 273	(292 249)	(43 009)	(131 209)

Financial position related APM's

NOK thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Net working capital	593 791	122 644	318 130	122 644	318 130	310 828
OpFCF before tax and change in NWC	175 087	95 198	73 256	270 529	215 935	373 401
Capex excl. M&A	15 226	12 002	10 483	27 228	16 672	33 783

Non-financial APM's

Deliveries

Numbers in thousands	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Electrical deliveries Consumer segment	530	532	520	532	520	529
Electrical deliveries Business segment	76	76	76	76	76	76
Total number of electrical deliveries *	607	608	596	608	596	605
Number of mobile subscriptions	72	81	57	81	57	66

* Number of deliveries excl. Extended Alliance deliveries. Number of deliveries incl. Extended Alliance deliveries: 642 thousand in YTD 2019.

Volume in GWh	Q1 2019	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Consumer segment	2 299	1 381	1 376	3 680	3 696	6 899
Business segment	2 103	1 316	1 328	3 419	3 296	6 298
Total volume	4 402	2 697	2 704	7 099	6 992	13 197

Market churn- LTM*

	Full year 2018
Consumer	21%
Business	18%

* Market churn is based on the latest available data from the Norwegian Water Resources and Energy Directorate. The latest available data is from Q4 2018.