

Fjordkraft Holding ASA and the Fjordkraft Group

Quarterly report - Q3 2018

Q3 Highlights

- Adjusted net revenue of 227 NOKm, representing 23% YoY growth
- Adjusted EBIT of 58 NOKm, up 34% YoY
- 14% YoY growth in number of electricity deliveries, of which 2 % organic
- Gross revenue increasing +74% YoY, reflecting volume growth and significantly higher elspot prices than last year (+81%)
- Acquisition of Etne customer portfolio - transaction completed on 30 October

Key figures Q3

NOK in thousands	Q3 2018	Q3 2017	YTD 2018
Gross revenue	1 328 508	764 549	4 541 858
Net revenue	227 160	184 891	789 930
Net revenue adjusted	227 160	184 891	789 930
EBIT reported	34 487	43 527	235 168
EBIT adjusted	58 282	43 443	283 037
Net income	26 043	34 794	182 196
Earnings per share (in NOK)	0,25	0,33	1,74
EBIT margin	15%	24%	30%
EBIT margin adjusted	26%	23%	36%
Net interest bearing debt (cash)	(133 395)	(409 021)	(133 395)
Capex excl. M&A	7 293	7 220	23 965
Volume sold (GWh)	2 244	2 049	9 236
# of deliveries ('000)	596	523	596

Another solid quarter

The power market has received a lot of attention in the third quarter of 2018. The failed bet of the Norwegian power trader Einar Aas baffled an entire industry. Elspot prices have been volatile, ranging from 0.62 NOK/kWh to 0.21 NOK/kWh in different parts of Norway. From a record-breaking warm summer, the September of 2018 was among the wettest we have seen since 1900. It has been an eventful quarter.

The Group's results are solid, with a 23% YoY increase in adjusted net revenue and a 34% YoY increase in adjusted EBIT. Revenue from the variable products in the Consumer segment was positively affected by the significant drop in elspot prices in September. The last twelve months' EBIT is all time high, at 379 NOKm.

YoY growth in number of deliveries in the Consumer and Business segments amounts to 14%, of which 2% organic. The Extended Alliance concept is growing by 7,672 deliveries QoQ and number of mobile subscriptions grew by 4,282 QoQ.

This quarter, the Group was announced as one of the winners of the United Nations "Momentum for Change" Climate Action Award. Fjordkraft's efforts towards a climate neutral supply chain is named "Klimanjaro", and annual CO₂ emissions of about 56,000 tonnes are now being offset as a result of this initiative. Fjordkraft is the first Norwegian company to receive the award, and the award ceremony will take place in Katowice, Poland, 2-14 December 2018.

Kantar TNS' Q3 2018 survey shows that Fjordkraft maintains the position as the number one electricity retail brand in the consumer segment. Fjordkraft has the highest brand awareness in Norway, the highest market share ever measured by Kantar TNS and the best customer satisfaction among the five most well-known brands. On 25 October, Fjordkraft entered into an agreement with BKK AS to purchase the customer

portfolio of Etne Elektrisitetslag. The customer portfolio consists of about 1,600 deliveries. Transaction details are comprised by confidentiality by seller's request. The transaction was completed on 30 October 2018.

The Group's reporting structure comprises three operational segments: Consumer, Business and New Growth Initiatives.

Consumer

At the end of third quarter 2018, the Consumer segment comprised 519.8 thousand electricity deliveries, which represents an organic growth of -23 deliveries from second quarter 2018. The volume sold in third quarter 2018 was 1,126 GWh, an increase of 12% compared to third quarter 2017. Average volume per delivery was 2,166 kWh in third quarter 2018, a 1% decrease from the 2,182 kWh in third quarter 2017.

During the quarter, Fjordkraft has signed an agreement with Consort, a telemarketing and door-to-door sales channel. They will primarily be selling in the Trøndelag area.

Adjusted net revenue in the Consumer segment amounts to 156 NOKm, a YoY growth of 20%. Margin improvement explains 40% of the 20% increase, while volume growth explains about 60%.

Adjusted OPEX amounts to 121 NOKm in the third quarter of 2018, compared to 98 NOKm in the third quarter of 2017. Increased sales and marketing costs and variable costs are the main drivers for the increase.

EBIT adjusted amounts to 35 NOKm in the quarter, which is an improvement of 3 NOKm compared to the third quarter of 2017, representing a YoY growth of 9%.

Business

At the end of third quarter 2018, the Business segment comprised 76.4 thousand electricity

deliveries, which represents an organic growth of 682 deliveries from second quarter 2018. The volume sold in third quarter 2018 was 1,118 GWh, an increase of 7% compared to third quarter 2017. Average volume per delivery was 14,693 kWh in third quarter 2018, a 15% decrease from the 17,220 kWh in third quarter 2017. The decrease is due to relatively lower average volume per delivery in the TEM portfolio.

Adjusted net revenue in the Business segment amounts to 65 NOKm, a YoY growth of 23%. About 2/3 of the growth is due to improved margins from power sales and value added services.

Adjusted OPEX amounts to 34 NOKm in the quarter, compared to 29 NOKm in the third quarter of 2017. The main reason for the OPEX growth is increased sales and marketing costs.

EBIT adjusted amounts to 31 NOKm in the quarter, an increase of 8 NOKm from the third quarter of 2017, representing a YoY growth of 35%.

New Growth Initiatives

At the end of third quarter 2018, the number of mobile subscribers was 61.2 thousand, which represents an organic growth of 4,282 subscribers from second quarter 2018.

Alliance volume in third quarter 2018 was 713 GWh, which is a 24% YoY increase. Extended Alliance deliveries increased by 7,672 deliveries in the third quarter of 2018.

OPEX adjusted amounted to 15 NOKm, an increase from 14 NOKm in third quarter 2017, due to growth in number of mobile subscribers and Extended Alliance deliveries.

EBIT amounted to -8 NOKm, an improvement from the -12 NOKm in third quarter 2017. The improved EBIT is primarily because of higher net revenue from Mobile.

Financials

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

Gross revenue amounted to 1,329 NOKm (765 NOKm), an increase of 74%, due to higher elspot prices and increased volume sold.

Adjusted net revenue amounted to 227 NOKm (185 NOKm), an increase of 23%. The increase is driven by both improved margins and volume growth.

Adjusted operating expenses amounted to 169 NOKm (141 NOKm), an increase of 19%. The increase in operating expenses is in line with expectations and is driven by growth in sales and marketing costs and variable costs.

Adjusted EBIT amounted to 58 NOKm (43 NOKm) in the third quarter due to the factors described above.

Net financial income amounted to 1.9 NOKm (2.3 NOKm).

Profit for the period amounted to 26 NOKm (35 NOKm) in the third quarter. For more details on adjustments and tax, please see note 2 and 3.

Other comprehensive (loss)/income for the period, net of tax amounted to 12 NOKm (0 NOKm) in the third quarter 2018 due to actuarial gain on pension obligations. The amount is a preliminary estimate and a complete actuarial calculation will be carried out in Q4 2018.

Consolidated cash flow

Cash provided by operating activities was 125 NOKm (374 NOKm). In addition to the underlying cash generation, the decrease in net working capital in the period also contributes to the 125 NOKm in cash provided by operating activities. Net cash used in investing activities was -35 NOKm (-36 NOKm) driven by payments to obtain contract assets. Net cash used in financing activities was NOK -14 NOKm (0 NOKm), consisting of proceeds from borrowings.

Financial position

The total capital as of 30.09.2018 was 2,485 NOKm (1,468 NOKm), an increase of 1,018 NOKm from Q3 2017. The main drivers for the increase are the acquisition of TrønderEnergi Marked AS, increased value of derivative financial instruments increased trade receivables, driven by volume growth and higher elspot prices. Assets are financed by increased trade payables and long-term debt.

Events after the reporting period

Fjordkraft Holding ASA (through a subsidiary, Fjordkraft AS) has entered into an agreement with BKK AS to purchase the customer portfolio of Etne Elektrisitetslag.

The customer portfolio consists of about 1,600 deliveries, and the agreed purchase price is 3,200 NOK per delivery. The transaction was completed on 30 October 2018.

The Oppdal transaction was completed on 1 October 2018.

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

Condensed interim financial statements



Condensed consolidated statement of profit or loss

NOK in thousands	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Continuing operations						
Revenue	2, 9	1 328 508	764 549	4 541 858	3 042 641	4 452 510
Direct cost of sales	2	(1 101 348)	(579 658)	(3 751 928)	(2 388 853)	(3 540 521)
Revenue less direct cost of sales		227 160	184 891	789 930	653 788	911 989
Personnel expenses	2	(58 514)	(46 166)	(152 856)	(118 127)	(178 751)
Other operating expenses	2	(85 721)	(68 364)	(274 880)	(220 464)	(312 923)
Depreciation and amortisation	2, 5, 6	(43 590)	(27 344)	(119 130)	(77 193)	(105 578)
Total operating expenses		(187 826)	(141 874)	(546 866)	(415 784)	(597 252)
Other gains and losses, net	7	(4 847)	510	(7 896)	(1 688)	7 884
Operating profit		34 487	43 527	235 168	236 316	322 620
Interest income		4 146	3 232	11 681	9 170	11 801
Interest expense		(1 669)	(59)	(3 329)	(163)	(175)
Other financial items, net		(596)	(868)	(3 776)	(3 053)	(2 779)
Net financial income/(cost)		1 881	2 306	4 576	5 954	8 847
Profit/(loss) before tax		36 368	45 833	239 744	242 270	331 467
Income tax (expense)/income	3	(10 325)	(11 039)	(57 548)	(58 520)	(79 527)
Profit/(loss) for the period		26 043	34 794	182 196	183 750	251 941
Basic earnings per share (in NOK)*	4	0,25	0,33	1,74	1,76	2,41
Diluted earnings per share (in NOK)*	4	0,25	0,33	1,74	1,76	2,41

* Based on 104 496 216 shares outstanding. Reference is made to note 4 regarding incorporation of Fjordkraft Holding ASA as the new parent company in the Group.

**Condensed consolidated statement of
comprehensive income (loss)**

NOK in thousands	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Profit/(loss) for the period	26 043	34 794	182 196	183 750	251 941
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Actuarial (loss)/gain on pension obligations (net of tax)	11 795	-	11 795	-	(20 008)
Total	11 795	-	11 795	-	(20 008)
Total other comprehensive (loss)/income for the period, net of tax	11 795	-	11 795	-	(20 008)
Total comprehensive income/(loss) for the period	37 838	34 794	193 992	183 750	231 932

Condensed consolidated statement of financial position

NOK in thousands	Note	30 September 2018	30 September 2017	31 December 2017
Assets				
Non-current assets				
Property, plant and equipment	5	4 471	3 780	3 568
Goodwill	6, 10	155 849	-	-
Intangible assets	6	186 594	74 862	82 096
Other non-current assets	10	145 746	128 496	137 536
Other non-current financial assets		18 665	14 069	14 198
Total non-current assets		511 326	221 207	237 398
Current assets				
Intangible assets	6	4 886	-	2 569
Inventories		1 050	1 849	1 394
Trade receivables	1, 8	1 206 371	658 403	1 364 519
Derivative financial instruments	7	296 963	100 377	113 435
Other current assets	10	67 253	76 705	40 083
Cash and cash equivalents		397 495	409 021	363 212
Total current assets		1 974 018	1 246 355	1 885 211
Total assets		2 485 344	1 467 562	2 122 609
Equity and liabilities				
Equity				
Share capital		31 349	31 352	31 349
Share premium		125 035	125 032	125 035
Retained earnings		653 907	511 934	559 916
Total equity		810 291	668 317	716 299

Condensed consolidated statement
of financial position

NOK in thousands	Note	30 September 2018	30 September 2017	31 December 2017
Non-current liabilities				
Net employee defined benefit plan liabilities		62 218	45 771	73 720
Interest-bearing long term debt		264 100	-	-
Deferred tax liabilities	3, 10	32 853	18 922	12 944
Other provisions		964	-	-
Total non-current liabilities		360 135	64 693	86 664
Current liabilities				
Trade and other payables	8	620 091	314 575	726 631
Current income tax liabilities	3	67 971	38 998	71 198
Derivative financial instruments	7	286 084	91 941	95 428
Social security and other taxes		14 473	23 122	50 085
Other current liabilities		326 298	265 915	376 304
Total current liabilities		1 314 918	734 552	1 319 646
Total liabilities		1 675 053	799 245	1 406 310
Total equity and liabilities		2 485 344	1 467 562	2 122 609

The Board of Fjordkraft Holding ASA, Bergen, 6. November 2018



Per Axel Koch
Chairman



Birthe Iren Grotle
Board member



Frank Økland
Board member



Øistein Prestø
Board member



Robert Olsen
Board member



Live Bertha Haukvik
Board member



Steinar Sønsteby
Board member



Lindi Bucher Vinsand
Board member



Rolf Jørgen Barmen
CEO

Condensed statement of changes in equity

NOK in thousands	Share capital	Share premium	Retained earnings	Total
Balance at 1 January 2017	31 352	125 032	448 268	604 652
Profit/(loss) for the period	-	-	183 750	183 750
Other comprehensive income/(loss) for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	183 750	183 750
Dividends paid	-	-	(120 084)	(120 084)
Transactions with owners	-	-	(120 084)	(120 084)
Balance at 30 September 2017	31 352	125 032	511 934	668 317
Balance at 1 January 2018	31 349	125 035	559 916	716 299
Profit/(loss) for the period	-	-	182 196	182 196
Other comprehensive income/(loss) for the period	-	-	11 795	11 795
Total comprehensive income for the period	-	-	193 992	193 992
Dividends paid	-	-	(100 000)	(100 000)
Transactions with owners	-	-	(100 000)	(100 000)
Balance at 30 September 2018	31 349	125 035	653 907	810 291

Condensed consolidated statement of cash flows

NOK in thousands	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Operating activities						
Profit/(loss) before tax		36 368	45 833	239 744	242 270	331 467
Adjustments for:						
Depreciation	5, 6	19 516	6 122	44 828	17 732	24 372
Interest expense		1 669	59	3 329	163	175
Interest income		(4 146)	(3 232)	(11 681)	(9 170)	(11 801)
Change in fair value of derivative financial instruments		4 847	(510)	7 896	1 688	(7 884)
Change in post-employment liabilities		4 800	3 214	1 862	(1 649)	(27)
Amortisation of contract assets		24 074	21 222	74 302	59 462	81 206
Impairment loss recognised in trade receivables		4 347	2 408	19 850	7 522	11 920
Changes in working capital:						
Inventories		227	377	344	(1 849)	(1 394)
Trade receivables	8	(156 007)	310 292	296 890	544 468	(171 544)
Purchase of el-certificates	6	-	-	(174 008)	(210 908)	(210 908)
Non-cash effect from cancelling el-certificates	6	-	-	169 330	223 855	216 322
Purchase of guarantees of origination	6	92	-	2 361	-	(2 558)
Other current assets		46 604	(10 216)	19 963	(41 272)	(4 649)
Trade and other payables	8	92 572	(46 383)	(107 922)	(161 292)	250 764
Other current liabilities		48 079	41 832	(283 467)	(150 305)	(170)
Cash generated from operations		123 043	371 018	303 620	520 714	505 292
Interest paid		(1 669)	(59)	(3 329)	(163)	(175)
Interest received		4 146	3 232	11 681	9 170	11 801
Income tax paid	3	(371)	-	(70 578)	(83 371)	(71 799)
Net cash from operating activities		125 149	374 192	241 394	446 350	445 119
Investing activities						
Purchase of property, plant and equipment	5	(506)	(277)	(877)	(1 309)	(1 309)
Purchase of intangible assets	6	(7 075)	(6 944)	(29 425)	(22 144)	(35 807)
Payments to obtain a contract (contract assets)		(25 743)	(29 628)	(82 410)	(86 809)	(117 594)
Net cash outflow on acquisition of subsidiaries	10	-	-	(254 102)	-	-
Net (outflow)/proceeds from non-current receivables		(1 438)	512	(4 397)	(210)	(339)
Net cash used in investing activities		(34 763)	(36 336)	(371 210)	(110 471)	(155 048)

**Condensed consolidated statement
of cash flows**

NOK in thousands	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Financing activities						
Net (outflow)/proceeds from change in overdraft facilities		-	-	-	-	-
Dividends paid	4	-	-	(100 000)	(120 084)	(120 084)
Proceeds from borrowings		(13 900)	-	264 100	-	-
Net cash used in financing activities		(13 900)	-	164 100	(120 084)	(120 084)
Net change in cash and cash equivalents		76 486	337 856	34 283	215 795	169 987
Cash and cash equivalents at start of period		321 009	71 164	363 212	193 226	193 226
Cash and cash equivalents at end of period		397 495	409 021	397 495	409 021	363 212

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 7 November 2018.

These interim financial statements have not been audited.

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 2017, 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.

Business combinations and goodwill

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

Acquired businesses are included in the financial statements from the transaction date. The transaction date is defined as the date on which the company achieves control over the financial and operating assets. This date may differ from the actual date on which the assets are transferred.

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 taken to the Income statement immediately.

Goodwill is not depreciated, but is tested at least annually for impairment. In connection with this, goodwill is allocated to the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from synergy effects of the acquisition. The allocation of goodwill may vary depending on the basis for its initial recognition.

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

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

Note 1
Accounting policies**Accounting principles**

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 2017, 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.

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 customer 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

NOK in thousands	Q3 2018			
	Consumer	Business	New growth initiatives	Total segments
Revenue	743 298	544 292	40 918	1 328 508
Total external segment revenue	743 298	544 292	40 918	1 328 508
Direct cost of sales	(587 460)	(479 674)	(34 214)	(1 101 348)
Revenue less direct cost of sales	155 838	64 618	6 704	227 160
Expenses				
Personnel and other operating expenses	(93 321)	(31 106)	(12 884)	(137 311)
Depreciation and amortisation	(27 100)	(2 815)	(1 652)	(31 567)
Operating profit (before unallocated)	35 417	30 697	(7 832)	58 282
<i>Adjustment: (Positive)/negative estimate deviations previous year 1)</i>	-	-	-	-
<i>Adjustment: Other non-recurring revenue adjustments</i>	-	-	-	-
Operating profit (before unallocated and estimate deviations)	35 417	30 697	(7 832)	58 282
Q3 2017				
NOK in thousands	Consumer	Business	New growth initiatives	Total segments
Revenue	409 428	338 960	16 162	764 549
Total external segment revenue	409 428	338 960	16 162	764 549
Direct cost of sales	(279 685)	(286 543)	(13 430)	(579 658)
Revenue less direct cost of sales	129 742	52 416	2 732	184 891
Expenses				
Personnel and other operating expenses	(73 196)	(27 408)	(13 926)	(114 530)
Depreciation and amortisation	(24 192)	(2 285)	(441)	(26 918)
Operating profit (before unallocated)	32 354	22 723	(11 635)	43 443
<i>Adjustment: (Positive)/negative estimate deviations previous year 1)</i>	-	-	-	-
<i>Adjustment: Other non-recurring revenue adjustments</i>	-	-	-	-
Operating profit (before unallocated and estimate deviations)	32 354	22 723	(11 635)	43 443

Note 2
Segment information

	YTD 2018			
	Consumer	Business	New growth initiatives	Total segments
NOK in thousands				
Revenue	2 557 764	1 874 929	109 164	4 541 858
Total external segment revenue	2 557 764	1 874 929	109 164	4 541 858
Direct cost of sales	(1 998 448)	(1 665 968)	(87 512)	(3 751 928)
Revenue less direct cost of sales	559 316	208 961	21 652	789 930
Expenses				
Personnel and other operating expenses	(276 807)	(88 920)	(38 405)	(404 132)
Depreciation and amortisation	(82 860)	(8 287)	(4 941)	(96 088)
Operating profit (before unallocated)	199 649	111 754	(21 694)	289 709
<i>Adjustment: (Positive)/negative estimate deviations previous year 1)</i>	<i>(1 658)</i>	<i>(674)</i>	<i>(260)</i>	<i>(2 592)</i>
<i>Adjustment: Other non-recurring revenue adjustments</i>	<i>(4 080)</i>	-	-	<i>(4 080)</i>
Operating profit (before unallocated and estimate deviations)	193 911	111 080	(21 954)	283 037
	YTD 2017			
	Consumer	Business	New growth initiatives	Total segments
NOK in thousands				
Revenue	1 724 296	1 285 727	32 618	3 042 641
Total external segment revenue	1 724 296	1 285 727	32 618	3 042 641
Direct cost of sales	(1 249 871)	(1 120 441)	(18 541)	(2 388 853)
Revenue less direct cost of sales	474 425	165 286	14 077	653 788
Expenses				
Personnel and other operating expenses	(211 783)	(77 810)	(34 174)	(323 767)
Depreciation and amortisation	(68 845)	(6 477)	(461)	(75 783)
Operating profit (before unallocated)	193 797	80 998	(20 558)	254 237
<i>Adjustment: (Positive)/negative estimate deviations previous year 1)</i>	<i>(1)</i>	<i>5 986</i>	-	<i>5 985</i>
<i>Adjustment: Other non-recurring revenue adjustments</i>	-	-	-	-
Operating profit (before unallocated and estimate deviations)	193 796	86 984	(20 558)	260 222

Note 2
Segment information

	Full year 2017			
	Consumer	Business	New growth initiatives	Total segments
NOK in thousands				
Revenue	2 518 778	1 872 997	60 735	4 452 510
Total external segment revenue	2 518 778	1 872 997	60 735	4 452 510
Direct cost of sales	(1 863 383)	(1 641 077)	(36 061)	(3 540 521)
Revenue less direct cost of sales	655 394	231 920	24 674	911 989
Expenses				
Personnel and other operating expenses	(300 425)	(112 814)	(51 434)	(464 673)
Depreciation and amortisation	(92 560)	(9 171)	(2 012)	(103 743)
Operating profit (before unallocated)	262 409	109 935	(28 772)	343 572
<i>Adjustment: (Positive)/negative estimate deviations previous year 1)</i>	4 463	9 298	(1 605)	12 156
<i>Adjustment: Other non-recurring revenue adjustments</i>	-	-	-	-
Operating profit (before unallocated and estimate deviations)	266 872	119 233	(30 377)	355 728

Note 2
Segment information
Reconciliation to statement of profit and loss for the period

NOK in thousands	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Adjusted Operating profit (before unallocated and estimate deviations)	58 282	43 443	283 037	260 222	355 728
Adjustment: (Positive)/negative estimate deviations previous year 1)	-	-	2 592	(5 985)	(12 156)
Other gains & losses 2)	(4 847)	510	(7 896)	(1 688)	7 884
Non-recurring 3)	(6 925)	-	(19 522)	(14 826)	(27 002)
Depreciation of acquisitions 4)	(12 022)	(427)	(23 043)	(1 408)	(1 834)
Operating profit	34 487	43 527	235 168	236 316	322 620
Interest income	4 146	3 232	11 681	9 170	11 801
Interest expense	(1 669)	(59)	(3 329)	(163)	(175)
Other financial items, net 4)	(596)	(868)	(3 776)	(3 053)	(2 779)
Profit/(loss) before tax	36 368	45 833	239 744	242 270	331 467

1) 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)".

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

3) Non-recurring items consists of one-time items as follows:

NOK in thousands	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Non-recurring items incurred specific to:					
- the process of listing the company on Oslo Stock Exchange	(300)	-	(11 323)	-	(12 176)
- acquisition related costs	(4 514)	-	(9 708)	-	-
- the launch of new products and services	-	-	-	(14 826)	(14 826)
- compensatory damages	-	-	4 080	-	-
- legal costs related to the compensatory damages above	-	-	(460)	-	-
- strategic costs related to markets abroad	(2 111)	-	(2 111)	-	-
Non-recurring	(6 925)	-	(19 522)	(14 826)	(27 002)

4) Depreciation of acquisitions consists of 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. In order to accommodate this, historically reported figures have been adjusted accordingly.

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	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Profit before tax	36 368	45 833	239 744	242 270	331 467
Tax expense	(10 325)	(11 039)	(57 548)	(58 520)	(79 527)
<i>Average tax rate</i>	28,4 %	24,1 %	24,0 %	24,2 %	24,0 %
Tax payable	18 205	9 671	67 037	51 966	72 575
Adjustments to prior years tax payable	370	-	370	-	(1 377)
Change in deferred tax	(8 250)	1 368	(9 859)	6 554	8 328
Tax expense in recognised statement of profit or loss	10 325	11 039	57 548	58 520	79 527

Note 4

Earnings per share

"The basic and diluted earnings per share are the same, as there are no dilutive instruments. Earnings per share is calculated as profit/loss allocated to shareholders for the year divided by the weighted average number of outstanding shares.

"The parent company in the Group, Fjordkraft Holding ASA, a public limited liability company, was incorporated on 15 December 2017. The company was incorporated through a contribution in kind of the three owners' shares in Fjordkraft AS, and there were no changes in the Group's ownership.

The total number of shares in the parent company of the Group as at 30 September 2018 was 104 496 216, while the total number of shares in the parent company of the Group as at 30 September 2017 was 31 352. The number of shares as at 30 September 2018 is used when calculating earnings per share."

Basic earnings per share

	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Profit/(loss) attributable to equity holders of the company (NOK in thousands)	26 043	34 794	182 196	183 750	251 941
Weighted average number of ordinary shares in issue	104 496 216	104 496 216	104 496 216	104 496 216	104 496 216
Earnings per share in NOK	0,25	0,33	1,74	1,76	2,41
Dividend per share in NOK	-	-	0,96	1,15	1,15

Note 5

Property, plant and equipment

YTD 2018				
NOK in thousands	Fixtures and equipment	Computers	Construction in progress	Total
Cost price 1 January 2018	8 875	25 221	-	34 097
Additions	693	58	868	1 619
Transferred from construction in progress	-	-	-	-
Disposals	-	-	-	-
Cost price 30 September 2018	9 569	25 279	868	35 716
Accumulated depreciation 1 January 2018	(6 090)	(24 437)	-	(30 527)
Depreciation for the period	(547)	(170)	-	(716)
Disposals	-	-	-	-
Accumulated depreciation 30 September 2018	(6 637)	(24 607)	-	(31 244)
Carrying amount 30 September 2018	2 932	673	868	4 471

YTD 2017				
NOK in thousands	Fixtures and equipment	Computers	Construction in progress	Total
Cost price 1 January 2017	6 902	25 554	331	32 787
Additions	1 973	-	(664)	1 309
Transferred from construction in progress	-	(333)	333	-
Disposals	-	-	-	-
Cost price 30 September 2017	8 875	25 221	0	34 095
Accumulated depreciation 1 January 2017	(5 525)	(24 135)	-	(29 660)
Depreciation for the period	(415)	(240)	-	(655)
Disposals	-	-	-	-
Accumulated depreciation 30 September 2017	(5 940)	(24 375)	-	(30 315)
Carrying amount 30 September 2017	2 935	845	0	3 780

Note 5
Property, plant and equipment

Full year 2017				
NOK in thousands	Fixtures and equipment	Computers	Construction in progress	Total
Cost price 1 January 2017	6 902	25 554	331	32 787
Additions	1 309	-	-	1 309
Transferred from construction in progress	664	(333)	(331)	(0)
Disposals	-	-	-	-
Cost price 31 December 2017	8 875	25 221	-	34 096
Accumulated depreciation 1 January 2017	(5 525)	(24 135)	-	(29 660)
Depreciation for the year	(565)	(302)	-	(867)
Disposals	-	-	-	-
Accumulated depreciation 31 December 2017	(6 090)	(24 437)	-	(30 527)
Carrying amount 31 December 2017	2 785	784	-	3 568
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

YTD 2018

NOK in thousands	Software and development projects	Construction in progress	Assets from acquisitions	Other intangible assets	Goodwill	Total non-current intangible assets
Cost price 1 January 2018	121 946	29 211	20 141	568	-	171 865
Additions - Purchase	544	21 666	125 520	-	150 898	298 627
Additions - Internally generated	17	864	-	-	-	881
Transferred from construction in progress	17 720	(17 720)	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Adjustment PPA*	-	-	-	-	4 951	4 951
Cost price 30 September 2018	140 227	34 020	145 661	568	155 849	476 325
Accumulated depreciation 1 January 2018	(81 615)	-	(8 012)	(142)	-	(89 769)
Depreciation for the period	(20 928)	-	(23 043)	(142)	-	(44 113)
Disposals	-	-	-	-	-	-
Accumulated depreciation 30 September 2018	(102 543)	-	(31 055)	(284)	-	(133 882)
Carrying amount 30 September 2018	37 684	34 020	114 606	284	155 849	342 443

*The purchase price allocation from the acquisition of TrønderEnergi Marked AS has been slightly updated in Q3 2018. Goodwill is adjusted accordingly. See note 10 for details.

YTD 2017

NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Goodwill	Total non-current intangible assets
Cost price 1 January 2017	87 169	36 511	12 378	-	-	136 059
Additions - Purchase	6 167	12 917	-	568	-	19 652
Additions - Internally generated	1 594	898	-	-	-	2 492
Transferred from construction in progress	23 650	(23 650)	-	-	-	-
Government grants (SkatteFUNN)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Cost price 30 September 2017	118 581	26 676	12 378	568	-	158 203
Accumulated depreciation 1 January 2017	(60 086)	-	(6 178)	-	-	(66 264)
Depreciation for the period	(15 574)	-	(1 407)	(95)	-	(17 075)
Disposals	-	-	-	-	-	-
Accumulated depreciation 30 September 2017	(75 660)	-	(7 585)	(95)	-	(83 339)
Carrying amount 30 September 2017	42 921	26 676	4 793	473	-	74 862

Note 6
Intangible assets
Non-current intangible assets
2017 Full year

NOK in thousands	Software and development projects	Construction in progress	Assets from acquisitions	Other intangible assets	Goodwill	Total non-current intangible assets
Cost price 1 January 2017	87 169	36 511	12 378	-	-	136 059
Additions - Purchase	5 559	18 795	7 763	568	-	32 685
Additions - Internally generated	1 612	1 509	-	-	-	3 121
Transferred from construction in progress	28 538	(28 538)	-	-	-	-
Government grants (SkatteFUNN)	(933)	933	-	-	-	-
Disposals	-	-	-	-	-	-
Cost price 31 December 2017	121 946	29 211	20 141	568	-	171 865
Accumulated depreciation 1 January 2017	(60 086)	-	(6 178)	-	-	(66 264)
Depreciation for the year	(21 529)	-	(1 834)	(142)	-	(23 505)
Disposals	-	-	-	-	-	-
Accumulated depreciation 31 December 2017	(81 615)	-	(8 012)	(142)	-	(89 769)
Carrying amount 31 December 2017	40 331	29 211	12 129	426	-	82 096
Useful life	3 years		5-12 years	3 years		
Depreciation method	Straight line		Straight line	Straight line		

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	(2 361)	171 647
Disposals*	(169 330)	-	(169 330)
Cost 30 September 2018	4 689	197	4 886
Accumulated depreciation 1 January 2018	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 30 September 2018	-	-	-
Carrying amount 30 September 2018	4 689	197	4 886

* Disposals of El-certificates refers to amount of certificates being handed over to the government to offset el-certificate cancellation liability.

YTD 2017

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2017	5 424	-	5 424
Additions - Purchase	210 908	-	210 908
Disposals*	(223 855)	-	(223 855)
Cost price 30 September 2017	(7 522)	-	(7 522)
Accumulated depreciation 1 January 2017	-	-	-
Depreciation for the period	-	-	-
Disposals	-	-	-
Accumulated depreciation 30 September 2017	-	-	-
Carrying amount 30 September 2017	(7 522)	-	(7 522)

* Disposals of El-certificates refers to amount of certificates being handed over to the government to offset el-certificate cancellation liability. Carrying amount 30 September 2017 is reclassified to other current liabilities in the consolidated statement of financial position.

Note 6
Intangible assets

Current intangible assets

2017 Full year

NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets
Cost price 1 January 2017	5 424	-	5 424
Additions - Purchase	210 908	2 558	213 467
Disposals*	(216 322)	-	(216 322)
Cost price 31 December 2017	11	2 558	2 569
Accumulated depreciation 1 January 2017	-	-	-
Depreciation for the year	-	-	-
Disposals	-	-	-
Accumulated depreciation 31 December 2017	-	-	-
Carrying amount 31 December 2017	11	2 558	2 569

* Disposals of El-certificates refers to amount of certificates being handed over to the government to offset el-certificate cancellation liability.
 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	Level 1	Level 2	Level 3	Total
At 30 September 2018				
NOK in thousands				
Financial assets				
Derivative financial instruments		296 963		296 963
Total financial assets at fair value	-	296 963	-	296 963
Financial liabilities				
Derivative financial instruments		286 084		286 084
Total financial liabilities at fair value	-	286 084	-	286 084
Recurring fair value measurements				
At 30 September 2017				
NOK in thousands				
Financial assets				
Derivative financial instruments		100 377		100 377
Total financial assets at fair value	-	100 377	-	100 377
Financial liabilities				
Derivative financial instruments		91 941		91 941
Total financial liabilities at fair value	-	91 941	-	91 941
Recurring fair value measurements				
At 31 December 2017				
NOK in thousands				
Financial assets				
Derivative financial instruments		113 435		113 435
Total financial assets at fair value	-	113 435	-	113 435
Financial liabilities				
Derivative financial instruments		95 428		95 428
Total financial liabilities at fair value	-	95 428	-	95 428

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.

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 0.90 per cent (2017: 0.90 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.

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 September 2018.

Note 8

Related party transactions

As of 30 September 2018, BKK AS is the owner of 30.25 % of the shares in Fjordkraft Holding ASA, while Skagerak Energi AS owns 29.72 %. Related parties with owners comprise companies in BKK Group, Skagerak Energi Group and Statkraft Group. Statkraft is a parent company of owner. The Board of Directors and the management are also 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 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
BKK AS	Owner	Sale of electrical power	2 402	2 029	9 455	7 221	10 058
BKK Nett AS	Subsidiary of owner	Sale of electrical power	878	965	3 949	3 137	4 197
BKK Varme AS	Subsidiary of owner	Sale of electrical power	-	151	-	8 460	8 436
Skagerak Energi AS	Owner	Sale of electrical power	1 086	718	3 603	2 845	3 558
Skagerak Nett AS	Subsidiary of owner	Sale of electrical power	753	463	3 267	2 281	2 861
Skagerak Varme AS	Subsidiary of owner	Sale of electrical power	1 383	944	6 497	4 816	6 252
Statkraft AS	Parent company of owner	Sale of electrical power	1 031	432	3 049	1 323	2 078
Statkraft Varme AS	Subsidiary of parent company of owner	Sale of electrical power	6 621	4 712	45 204	28 399	37 276
Other	Related party	Other	760	(533)	2 731	2 057	9 703

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

Expenses to related parties

Related party	Relation	Purpose of transactions	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
BKK AS	Owner	Purchase of electrical power	399	323	960	1 011	1 377
BKK Produksjon AS	Subsidiary of owner	Purchase of electrical power	2 399	2 407	10 444	9 047	12 750
Statkraft Energi AS	Subsidiary of parent company of owner	Purchase of electrical power	894 739	799 347	3 082 923	2 251 621	3 067 577
BKK AS	Owner	Purchase of other services	6 514	7 520	18 397	20 357	28 854
BKK Regnskapsservice AS	Subsidiary of owner	Purchase of other services	4 141	-	6 809	-	-
BKK Energitjenester AS	Subsidiary of owner	Purchase of other services	(2 144)	2 409	(175)	6 273	9 066
Statkraft Energi AS	Subsidiary of parent company of owner	Purchase of other services	1 132	(1 660)	5 093	6 087	12 150
Other	Related party	Other	(16)	5 085	982	7 433	4 426

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 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
BKK AS	Owner	Research and development	82	(265)	897	437	800
Statkraft Energi AS	Subsidiary of parent company of owner	Purchase of el-certificates	-	-	174 008	210 908	210 908

Distributions to related parties

Related party	Relation	Purpose of transactions	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
BKK AS	Owner	Dividend	-	-	48 849	58 659	58 659
Skagerak Energi AS	Owner	Dividend	-	-	47 997	57 637	57 637
Statkraft Industrial Holding AS	Owner at the time of distribution	Dividend	-	-	3 155	3 788	3 788

Current receivables from related parties

Related party	Relation	Purpose of transactions	30 Sept. 2018	30 Sept. 2017	31. Des. 2017
Statkraft Varme AS	Subsidiary of parent company of owner	Sale of electrical power	4 309	1 725	1 774
Other	Related party	Sale of electrical power	4 342	1 205	2 406

Current liabilities to related parties

Related party	Relation	Purpose of transactions	30 Sept. 2018	30 Sept. 2017	31. Des. 2017
BKK AS	Owner	Other	595	651	1 976
BKK Energitjenester AS	Subsidiary of owner	Purchase of other services	109	3 987	3 969
BKK Nett AS	Subsidiary of owner	Other	-	-	71 712
Statkraft Energi AS	Subsidiary of parent company of owner	Purchase of electrical power	158	69	553 962
Other	Related party	Other	1 678	-	774

Payables to Statkraft Energi AS mainly relates to purchase of electricity. The Group purchases electricity at Nord Pool through Statkraft Energi AS (SEAS). 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.

Note 9

Revenue recognition

The following table summarises revenue from contracts with customers:

Revenue					
NOK in thousands	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Revenue - Consumer segment (1)	743 298	409 428	2 557 764	1 724 296	2 518 778
Revenue - Business segment (2)	544 292	338 960	1 874 929	1 285 727	1 872 997
Revenue - New growth initiatives (3)	40 918	16 162	109 164	32 618	60 735
Total revenue	1 328 508	764 549	4 541 858	3 042 641	4 452 510

Timing of revenue recognition

Over time:

NOK in thousands	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Revenue - Consumer segment	723 693	390 775	2 498 217	1 671 274	2 448 620
Revenue - Business segment	539 145	333 542	1 859 825	1 273 637	1 855 984
Revenue - New growth initiatives	40 527	15 948	108 093	32 332	60 198
Total revenue recognised over time	1 303 365	740 264	4 466 135	2 977 243	4 364 802

At a point in time:

NOK in thousands	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Revenue - Consumer segment	19 605	18 653	59 547	53 022	70 158
Revenue - Business segment	5 147	5 418	15 104	12 090	17 013
Revenue - New growth initiatives	391	214	1 071	286	537
Total revenue recognised at a point in time	25 143	24 285	75 722	65 398	87 708

Total revenue	1 328 508	764 549	4 541 858	3 042 641	4 452 510
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(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 Business combination

On 18 April 2018 Fjordkraft Holding ASA (through the subsidiary Fjordkraft AS) acquired 100.0% of the issued shares in TrønderEnergi Marked AS, a leading electricity retailer in the Trøndelag-area, for consideration of NOKt 280 351.

The acquisition is expected to increase the group's market share and reduce costs through economies of scale.

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

Purchase consideration

NOK in thousands

Purchase price shares, paid cash	278 344
Interest, paid cash	2 007
Total purchase consideration	280 351

There is no contingent consideration included in this acquisition.

As of 18 April 2018 the assets and liabilities recognised as a result of the acquisition are as follows:

NOK in thousands	Fair value before adjustments	Adjustments PPA Q3 2018	Fair value after adjustments
Property, plant and equipment (note 5)	741	-	741
Customer relationships (note 6)	107 118	-	107 118
Other intangible assets (note 6)	12 066	-	12 066
Other non-current assets	10 051	(10 051)	-
Other non-current financial assets	70	-	70
Total non-current assets	130 046	(10 051)	119 995
Trade receivables	158 592	-	158 592
Derivative financial instruments	7 966	-	7 966
Other current assets	48 073	(69)	48 004
Cash and cash equivalents	26 240	-	26 240
Total current assets	240 871	(69)	240 801
Total assets	370 917	(10 121)	360 796
Net employee defined benefit plan liabilities	2 701	-	2 701
Deferred tax liabilities (note 3)	31 777	(5 169)	26 607
Provisions for liabilities	1 014	-	1 014
Total non-current liabilities	35 492	(5 169)	30 323
Trade and other payables	1 382	-	1 382
Overdraft facilities	20 102	-	20 102
Derivative financial instruments	6 833	-	6 833
Social security and other taxes	32 198	-	32 198
Other current liabilities	145 457	-	145 457
Total current liabilities	205 972	-	205 972
Total liabilities	241 464	(5 169)	236 294

Note 10

Business combination

NOK in thousands	Fair value before adjustments	Adjustments PPA Q3 2018	Fair value after adjustments
Net identifiable assets acquired	129 453	(4 951)	124 502
Add: Goodwill	150 898	4 951	155 849
In total	280 351	-	280 351

The goodwill is attributable to TrønderEnergi Marked AS's strong position and profitability in the electricity retailer market and synergies expected to arise after the company's acquisition of the new subsidiary. 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 acquisition.

Deferred tax of NOKt 22 222 is related to the fair value adjustments of customer relationships and other intangible assets.

Other current liabilities contains dividends of 37 242 NOKt approved by the General Meeting of TrønderEnergi Marked AS prior to the acquisition. The dividend was paid after the acquisition and is therefore included in other current liabilities in The Group's cash flow in Q2.

Acquisition-related costs

Acquisition-related costs of NOKt 9 022 are included in administrative expenses in profit or loss.

Acquired receivables

The fair value of trade receivables is NOKt 158 592. The gross contractual amount for trade receivables due is NOKt 161 436, of which NOKt 2 844 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 had occurred on 1 January 2018, consolidated revenue and consolidated profit after tax for the period ended 30 September 2018 would have been NOKt 4 764 114 and NOKt 179 005 respectively.

Note 11

Events after the reporting period

Fjordkraft Holding ASA (through a subsidiary, Fjordkraft AS) has entered into an agreement with BKK AS to purchase the customer portfolio of Etne Elektrisitetslag. The customer portfolio consists of about 1,600 deliveries. Transaction details are comprised by confidentiality by seller's request. The transaction was completed on 30 October 2018.

The Oppdal transaction was completed on 1 October 2018.

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