



## FJORDKRAFT HOLDING ASA

(A public limited liability company incorporated under the laws of Norway)

### Initial public offering of up to 39,186,081 Shares with a price of between NOK 28 to NOK 31 per Share

#### Listing of Fjordkraft Holding ASA's shares on Oslo Børs

This prospectus (the "**Prospectus**") has been prepared by Fjordkraft Holding ASA, a public limited liability company incorporated under the laws of Norway with organisation number 920 153 577 (the "**Company**" or "**Fjordkraft**" and together with its subsidiaries, the "**Group**"), in connection with the initial public offering (the "**Offering**") of shares of the Company and the related listing (the "**Listing**") of the Company's shares (the "**Shares**") on Oslo Børs.

The Offering consists of an offer of up to 39,186,081 existing Shares each with a par value of NOK 0.30 per share (the "**Sale Shares**") offered by the Company's existing shareholders listed in section 13 "Selling Shareholders" (the "**Selling Shareholders**").

The Offering consists of (i) a private placement to (a) investors in Norway, (b) institutional investors outside Norway and the United States of America (the "**U.S.**" or the "**United States**"), subject to applicable exemptions from applicable prospectus and registration requirements, and (c) persons reasonably believed to be qualified institutional buyers ("**QIBs**") in the United States as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") (the "**Institutional Offering**"), (ii) a retail offering to the public in Norway (the "**Retail Offering**") and (iii) an offering to the Company's Eligible Employees (as defined in Section 18.5) (the "**Employee Offering**"). All offers and sales of Offer Shares in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act. All offers and sales of Offer Shares outside the United States will be made pursuant to Regulation S under the U.S. Securities Act ("**Regulation S**").

In addition, ABG Sundal Collier ASA (the "**Global Coordinator**"), in consultation with SpareBank 1 Markets AS (together with ABG Sundal Collier ASA, the "**Joint Bookrunners**"), may elect to over-allot a number of additional shares equalling up to approximately 15 percent of the number of Sale Shares sold in the Offering (the "**Additional Shares**"). In this respect, certain Selling Shareholders have granted ABG Sundal Collier ASA as stabilisation manager (the "**Stabilisation Manager**") an option to borrow a number of Shares equal to the number of Additional Shares (the "**Over-Allotment Option**"). The Stabilisation Manager has further been granted an option to purchase from certain of the Selling Shareholders up to a combined total number of Shares equal to the Additional Shares, exercisable, in whole or in part, within a 30-day period commencing at the time trading of the Shares commences on Oslo Børs to cover any over-allotments made in connection with the Offering on the terms and subject to the conditions described in this Prospectus (the "**Greenshoe Option**").

The Sale Shares offered by the Selling Shareholders and (unless the context indicates otherwise) the Additional Shares are referred to as the "**Offer Shares**".

The price (the "**Offer Price**") at which the Offer Shares will be sold is expected to be between NOK 28 and NOK 31 per Offer Share (the "**Indicative Price Range**"). The Offer Price may be set within, below or above the Indicative Price Range. The Offer Price will be determined following a bookbuilding process and will be set by the Company, in consultation with the Global Coordinator. See Section 18 "The Terms of the Offering" for further information on how the Offer Price will be set. The Offer Price, and the number of Offer Shares sold in the Offering, is expected to be announced through a stock exchange notice on or around 20 March 2018. The offer period for the Institutional Offering (the "**Bookbuilding Period**") will commence at 09:00 hours (Oslo time) on 12 March 2018 and close at 13:00 hours (Oslo time) on 20 March 2018. The application period for the Retail Offering and the Employee Offering (the "**Application Period**") will commence at 09:00 hours (Oslo time) on 12 March 2018 and close at 12:00 hours (Oslo time) on 20 March 2018. The Bookbuilding Period and the Application Period may, in the Company's sole discretion, in consultation with the Global Coordinator and for any reason, be shortened or extended beyond the set times, but will in no event be shortened to expire prior to 16:30 hours (Oslo time) on 19 March 2018 or extended beyond 16:30 hours (Oslo time) on 27 March 2018.

**Investing in the Offer Shares involves a high degree of risk. Prospective investors should read the entire Prospectus and in particular consider Section 2 "Risk Factors" beginning on page 15 before investing in the Offer Shares and the Company.**

**The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to persons who are reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States pursuant to Regulation S. Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder. The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. See Section 19 "Selling and Transfer Restrictions".**

Prior to the Offering, there has been no public market for the Shares. The Company will apply for the Shares to be admitted to listing and trading on Oslo Børs on 9 March 2018 and completion of the Offering is subject to the approval of the listing application by the board of directors of Oslo Børs, the satisfaction of the conditions for admission to listing set by Oslo Børs and certain other conditions set out in Section 18.13 "Conditions for completion of the Offering – Listing and trading of the Offer Shares". The Shares are registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form. All Shares will rank in parity with one another and carry one vote. Except where the context requires otherwise, references in this Prospectus to the Shares refer to all issued and outstanding ordinary shares of the Company, including the Offer Shares.

The due date for the payment of the Offer Shares is expected to be on 22 March 2018 in the Retail Offering and the Employee Offering, and on 23 March 2018 in the Institutional Offering. Delivery of the Offer Shares is expected to take place on or about 23 March 2018 through the facilities of the VPS. Trading in the Shares on Oslo Børs is expected to commence on or about 21 March 2018, under the ticker code "FKRAFT".

#### Global Coordinator

ABG Sundal Collier

#### Joint Bookrunner

SpareBank 1 Markets

**The date of this Prospectus is 9 March 2018**

## IMPORTANT INFORMATION

This Prospectus has been prepared by Fjordkraft Holding ASA in connection with the Offering, and Listing, of the Offer Shares on Oslo Børs.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including Commission Regulation (EC) no. 809/2004 implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 regarding information contained in prospectuses, as amended, and as implemented in Norway (the "**EU Prospectus Directive**"). This Prospectus has been prepared solely in the English language. However, a Norwegian translation of the Summary (Section 1) has been prepared in Section 21 "Norwegian Summary (Norsk Sammendrag)". The Financial Supervisory Authority of Norway (*Nw: Finanstilsynet*) (the "**Norwegian FSA**") has reviewed and approved this Prospectus in accordance with Sections 7-7 and 7-8 of the Norwegian Securities Trading Act. The date of approval of the Prospectus is 9 March 2018. The Norwegian FSA has not controlled or approved the accuracy or completeness of the information included in this Prospectus. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements. The Norwegian FSA has not verified or approved any corporate matters described in or referred to in this Prospectus.

For definitions of certain capitalised terms and metrics used throughout this Prospectus, see Section 4.3 "Presentation of financial and other information" and Section 22 "Definitions and Glossary".

The Company has engaged ABG Sundal Collier ASA as global coordinator and joint bookrunner (the "**Global Coordinator**"), and SpareBank 1 Markets AS as joint bookrunner (together with the Global Coordinator, the "**Joint Bookrunners**").

The information contained in this Prospectus is current as at the date of this Prospectus and is subject to change without notice. In accordance with Section 7-15 of the Norwegian Securities Trading Act, significant new factors, material mistakes and inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment by investors of the Offer Shares between the time of approval of this Prospectus by the Norwegian FSA and the listing of the Shares on Oslo Børs, will be included in a supplement to this Prospectus. Neither the publication, nor the distribution, of this Prospectus, nor the sale of any Offer Shares, will under any circumstances imply that there has not been a change in the Company's affairs or imply that the information in this Prospectus is correct as at any date subsequent to the date of this Prospectus.

No person is authorised to provide information, or to make any representation, concerning the Company or in connection with the Offering or the sale of the Offer Shares, other than as contained in this Prospectus. If any such information is provided or made, it must not be relied upon as having been authorised by the Company, the Joint Bookrunners, the Selling Shareholders or by any of the affiliates, representatives, advisers or selling agents of any of the aforementioned.

**The distribution of this Prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Offer Shares in any jurisdiction in which such offer, subscription or sale would be unlawful. No person has taken any action that would permit a public offering of the Shares to occur outside of Norway. Accordingly, neither this Prospectus nor any advertisement or any other offering materials may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. In addition, the Offer Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 19 "Selling and Transfer Restrictions".**

This Prospectus, the terms and conditions of the Offering as set out in this Prospectus and any sale, subscription and/or purchase of Offer Shares will be governed by, and construed in accordance with, Norwegian law. The courts of Norway, with Oslo as legal venue, will have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, the Offering or this Prospectus.

In making an investment decision, prospective investors must rely on their own analysis, own investigation of the Company and the terms of the Offering, including the merits and risks involved. Neither the Company, the Selling Shareholders, the Joint Bookrunners, nor any of their respective affiliates, representatives or advisers, makes any representation to any offeree, subscriber or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each prospective investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of an investment in the Offer Shares.

Prospective investors acknowledge that: (i) they have not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Offer Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholders or the Joint Bookrunners.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General Information".

#### **NOTICE TO INVESTORS IN THE UNITED STATES**

The Offer Shares have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence under the laws of the United States.

The Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offer Shares are being offered and sold: (i) in the United States only to QIBs in reliance upon Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S. For certain restrictions on the sale and transfer of the Offer Shares, see Section 19 "Selling and Transfer Restrictions".

**Prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares, and are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A of the U.S. Securities Act. See Section 19 "Selling and Transfer Restrictions".**

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Joint Bookrunners or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of the Company, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person, or to the public generally, to purchase Offer Shares or to subscribe for or otherwise acquire any Shares.

## NOTICE TO UNITED KINGDOM INVESTORS

This Prospectus is solely distributed to, and is only intended for: (i) persons who are outside the United Kingdom (the "**UK**") or (ii) persons in the UK who are qualified investors as defined in the Prospectus Directive and that are also: (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (b) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order; or (c) persons to whom it may lawfully be directed (all such persons together being referred to as "**Relevant Persons**"). In the UK, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, the Relevant Persons. Any person in the UK who is not a relevant person should not act or rely on this Prospectus or any of its contents.

## NOTICE TO INVESTORS IN THE EEA

A public offer of Shares may not be made to any Member State of the EU (other than Norway) which has implemented the Prospectus Directive (each a "**Relevant Member State**") unless the Shares are offered to the public in that Relevant Member State at any time under the following exemptions of the Prospectus Directive provided that they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to less than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (c) in any other circumstances, falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication by the Company or any Joint Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Joint Bookrunners and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this section, the expression "an offer to the public of any Shares", in relation to any Shares in any Relevant Member State, means the communication in any form and by any means of sufficient information about the terms of the Offering and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each financial intermediary will be deemed to have represented, warranted and agreed that the Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public of any Shares, other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Global Coordinator has been obtained to each such proposed offer or resale.

The Company, the Joint Bookrunners and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor, and who has notified the Global Coordinator of such fact in writing, may, with the consent of the Global Coordinator, be permitted to subscribe for or purchase Shares in the Offering.

See Section 19 "Selling and Transfer Restrictions" for certain other notices to investors.



## STABILISATION

In connection with the Offering, the Stabilisation Manager, and its agents, may, on behalf of the Joint Bookrunners, engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days from the commencement of trading and the Listing of the Shares on Oslo Børs. In particular, the Stabilisation Manager may affect transactions with a view to support the market price of the Offer Shares at a level higher than that which might otherwise prevail. The Stabilisation Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken. If undertaken, the Stabilisation Manager and its agents may terminate any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the Stabilisation Manager does not intend to disclose the extent of any stabilisation transactions under the Offering.

## ENFORCEMENT OF CIVIL LIABILITIES

Fjordkraft Holding ASA is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and by the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the senior management of the Company (the "**Management**") are not residents of the United States. All of the Company's assets and the assets of the Board Members and members of Management are located outside of the United States. As a result, it may be impossible or difficult for investors in the United States to effect service of process upon the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of the federal securities laws or other laws of the United States.

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters. It is uncertain whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company, the Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway.

## AVAILABLE INFORMATION

The Company has agreed that, for as long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the U.S. Securities Act, if at any time the Company is neither subject to Sections 13 and 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting requirements pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, it will, upon request, furnish to each holder or beneficial owners of Shares, or any prospective purchaser designated by any such holder or beneficial owner, such information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act. The Company will also make available to each such holder or beneficial owner, all notices of shareholders' meetings and other reports and communications that are made generally available to the Company's shareholders.

## TABLE OF CONTENTS

	Page
1. SUMMARY .....	1
2. RISK FACTORS .....	16
2.1. Operational and business risks .....	16
2.2. Market and Group related risk factors .....	23
2.3. Legal and regulatory risk .....	28
2.4. Financial and accounting risks .....	31
2.5. Risks related to the Listing and the Shares .....	33
3. RESPONSIBILITY FOR THE PROSPECTUS .....	37
4. GENERAL INFORMATION .....	38
4.1. Other important investor information .....	38
4.2. Forward-looking statements .....	38
4.3. Presentation of financial and other information .....	39
5. REASONS FOR THE OFFERING, LISTING AND USE OF PROCEEDS .....	43
6. DIVIDENDS AND DIVIDEND POLICY .....	44
6.1. Dividend policy .....	44
6.2. Legal constraints on the distribution of dividends .....	44
6.3. Manner of dividend payments .....	45
7. INDUSTRY AND MARKET OVERVIEW .....	46
7.1. Market overview .....	46
7.2. History and regulatory milestones .....	46
7.3. Value chain and industry dynamics .....	48
7.4. Key markets in which Fjordkraft operates .....	53
7.5. Competitive landscape .....	56
7.6. Key trends and drivers .....	57
8. BUSINESS .....	59
8.1. Overview .....	59
8.2. History and key events .....	60
8.3. Business overview and product offering .....	61
8.4. Competitive strenghts .....	66
8.5. Strategy .....	69
8.6. Sales channels .....	76
8.7. Competition .....	77
8.8. Corporate social responsibility and climate neutrality .....	77
8.9. Strategic partnerships and vendors .....	77
8.10. Licences .....	77
8.11. Insurance .....	78
8.12. Regulations .....	78
8.13. Properties .....	79
8.14. Intellectual Property .....	79
8.15. Disputes and legal proceedings .....	79
9. CAPITALISATION AND INDEBTEDNESS .....	80
9.1. Capitalisation .....	80
9.2. Working capital statement .....	81

9.3.	Contingent and indirect indebtedness .....	81
10.	SELECTED FINANCIAL AND OTHER INFORMATION .....	82
10.1.	Introduction and basis of preparation .....	82
10.2.	Summary of accounting policies and principles .....	82
10.3.	Consolidated statement of profit or loss .....	82
10.4.	Consolidated statement of comprehensive income (loss) .....	83
10.5.	Consolidated statement of financial position .....	83
10.6.	Consolidated statement of cash flows .....	84
10.7.	Consolidated statement of changes in equity .....	85
10.8.	Segment information .....	86
10.9.	Selected other financial information .....	87
10.10.	Selected other information .....	88
10.11.	Reconciliations of non-IFRS measures .....	88
10.12.	Auditor .....	90
11.	OPERATING AND FINANCIAL REVIEW .....	91
11.1.	General overview .....	91
11.2.	Significant factors affecting the Group's results of operations and financial condition .....	93
11.3.	Results of operations .....	96
11.4.	Statement of financial position .....	104
11.5.	Liquidity, capital and financing resources .....	105
11.6.	Historical investments .....	107
11.7.	Contractual obligations and commercial commitments .....	108
11.8.	Off-balance sheet arrangements .....	109
11.9.	Financial risk management .....	109
11.10.	Critical accounting policies and estimates .....	110
11.11.	Recent developments .....	111
11.12.	Long term objectives .....	112
12.	BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE .....	113
12.1.	Introduction .....	113
12.2.	Board of Directors .....	113
12.3.	Management .....	118
12.4.	Other directorships and partnerships .....	120
12.5.	Remuneration and benefits .....	121
12.6.	Long term incentive program .....	122
12.7.	Benefits upon termination .....	122
12.8.	Pensions and retirement benefits .....	122
12.9.	Nomination committee .....	122
12.10.	Audit committee .....	123
12.11.	Remuneration committee .....	123
12.12.	Corporate governance .....	123
12.13.	Conflicts of interests etc. ....	123
13.	SELLING SHAREHOLDERS .....	124
14.	RELATED-PARTY TRANSACTIONS .....	125
14.1.	Introduction .....	125
14.2.	Transactions carried out with related parties in the years ended 31 December 2017, 2016 and 2015. ....	125
15.	CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL .....	126

15.1.	Company corporate information.....	126
15.2.	Legal structure .....	126
15.3.	Share capital and share capital history.....	126
15.4.	Admission to trading .....	126
15.5.	Ownership structure.....	126
15.6.	Authorisations to increase the share capital and to issue Shares .....	127
15.7.	Other financial instruments.....	127
15.8.	Shareholder rights.....	128
15.9.	The Articles of Association and certain aspects of Norwegian law.....	128
16.	SECURITIES TRADING IN NORWAY .....	132
16.1.	Introduction .....	132
16.2.	Trading and settlement .....	132
16.3.	Information, control and surveillance.....	132
16.4.	The VPS and transfer of Shares.....	133
16.5.	Shareholder register – Norwegian law.....	133
16.6.	Foreign investment in shares listed in Norway.....	133
16.7.	Disclosure obligations .....	133
16.8.	Insider trading.....	134
16.9.	Mandatory offer requirement.....	134
16.10.	Compulsory acquisition.....	135
16.11.	Foreign exchange controls.....	135
17.	TAXATION .....	136
17.1.	Norwegian taxation.....	136
17.2.	Certain U.S. Federal Income Tax Considerations .....	138
18.	THE TERMS OF THE OFFERING.....	142
18.1.	Overview of the Offering.....	142
18.2.	Timetable .....	144
18.3.	The Institutional Offering .....	144
18.4.	The Retail Offering.....	146
18.5.	The Employee Offering .....	148
18.6.	Mechanism of allocation .....	150
18.7.	VPS Account .....	151
18.8.	Mandatory anti-money laundering procedures .....	151
18.9.	Over-allotment and stabilisation activities .....	151
18.10.	Publication of information in respect of the Offering.....	152
18.11.	The rights conferred by the Offer Shares.....	152
18.12.	VPS registration.....	152
18.13.	Conditions for completion of the Offering – Listing and trading of the Offer Shares.....	153
18.14.	Dilution.....	153
18.15.	Expenses of the Offering and the Listing .....	153
18.16.	Lock-up.....	153
18.17.	Interest of natural and legal persons involved in the Offering.....	154
18.18.	Participation of the Selling Shareholders and members of the Management, Board of Directors or nomination committee in the Offering .....	155
18.19.	Governing law and jurisdiction .....	155
18.20.	Advisors.....	155
19.	SELLING AND TRANSFER RESTRICTIONS .....	156
19.1.	General .....	156

19.2.	Selling restrictions .....	156
19.3.	Transfer restrictions .....	159
20.	ADDITIONAL INFORMATION .....	161
20.1.	Auditor and advisers .....	161
20.2.	Documents on display .....	161
20.3.	Confirmation regarding sources .....	161
21.	NORWEGIAN SUMMARY (NORSK SAMMENDRAG) .....	162
22.	DEFINITIONS AND GLOSSARY .....	175

## 1. SUMMARY

*Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7) below.*

*This summary contains all the Elements required to be included in a summary for this type of security and the Company. There may be gaps in the numbering sequence of the Elements as some elements may not be required to be addressed. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be provided in respect of such Element. In such case, a short description of the Element is included in the summary with the reference “not applicable”.*

### 1.1.1.1. Section A – Introduction and Warnings

<b>A.1 Warning</b>	<p>This summary should be read as an introduction to the Prospectus and:</p> <ul style="list-style-type: none"><li>• any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;</li><li>• where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and</li><li>• civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</li></ul>
--------------------	---

### 1.1.1.2. Section B – Issuer

<b>B.1 Legal and commercial name</b>	Fjordkraft Holding ASA.
<b>B.2 Domicile and legal form, legislation and country of incorporation</b>	Fjordkraft Holding ASA is a public limited liability company organised under the laws of Norway pursuant to the Norwegian Public Limited Companies Act. Fjordkraft Holding ASA was incorporated in Norway on 15 December 2017 and Fjordkraft Holding ASA’s registration number in the Norwegian Register of Business Enterprises is 920 153 577.

<b>B.3</b> <b>Current operations, principal activities and markets</b>	<p>The Group is a leading Norwegian electricity retailer with a national focus and operates through two business segments distinguished by different product and customer types. The Group's most significant business area is the consumer segment, which comprises electricity supply, value added services and adjacent services to private households. The Group also provides electricity, value added services and advisory services to business customers, which include SMEs (small and medium-sized enterprises), LE's (large enterprises) and public entities. In addition to the Group's core business areas, the Group has other activities referred to as new growth initiatives, currently comprising the "Alliance" concept and mobile subscription offering. The new growth initiatives provide the Group with an opportunity to leverage its leading distribution network, well known brand and digital platform. Mobile is expected to increase customer loyalty and make the Group relevant to a wider audience, targeting all members in a household. In addition, it will, amongst other things, promote cross and up-selling of product categories while driving synergies in marketing. The "Alliance" concept will enable further utilisation of scale benefits and position the Group such that it is able to access demand in local areas where the competitive arena is otherwise dominated by strong local brands with high satisfaction and loyalty.</p>
<b>B.4</b> <b>Significant recent trends</b>	<p>Since the last financial period ended 31 December 2017, the Group has continued to trade well and consistent with recent trends.</p> <p>On 23 February 2018, the Subsidiary entered into an agreement with TrønderEnergi AS to acquire all of the issued shares of TrønderEnergi Marked AS and, through the acquisition, a considerable customer portfolio in the Trøndelag area.</p> <p>See Section 11.11 "Recent Developments" for further details.</p>
<b>B.5</b> <b>Description of Fjordkraft Holding ASA</b>	<p>Fjordkraft Holding ASA is a holding company. Its operations are carried out through its operating subsidiary, Fjordkraft AS.</p>
<b>B.6</b> <b>Interests in Fjordkraft Holding ASA and voting rights</b>	<p>Shareholders holding 5 percent or more of the Shares will, following the Listing, have an interest in Fjordkraft Holding ASA's share capital which is notifiable pursuant to the Norwegian Securities Trading Act.</p> <p>As at the date of this Prospectus, Fjordkraft Holding ASA has three shareholders.</p> <p>There is only one class of Shares and accordingly no differences in voting rights among Shares.</p> <p>The Company is not aware of any arrangements that may result in a change of control of the Company at a later date.</p>

<b>B.7 Summary financial information</b>	<p>The selected consolidated financial information presented below has been derived from the Group's Audited Financial Statements. Financial information as at, and for the year ended, 31 December 2017 with comparative figures for the year ended, 31 December 2016 (the "<b>2017 Financial Statements</b>") are prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("<b>IFRS</b>"), as well as the Norwegian disclosure requirements pursuant to the Norwegian Accounting Act. The Group's audited consolidated financial statements as at, and for the year ended, 31 December 2016 with comparative figures for the year ended, 31 December 2015 (the "<b>2016 Financial Statements</b>"), are prepared in accordance with Norwegian Generally Accepted Accounting Principles ("<b>NGAAP</b>").</p> <p>The Audited Financial Statements, incorporated by reference to this Prospectus, have been audited by Deloitte AS.</p> <p>The summary consolidated financial information included herein should be read in connection with the Audited Financial Statements incorporated by reference in this Prospectus and should be read together with Section 11 "Operating and Financial Review".</p>
--	---

**Consolidated statement of profit or loss:**

	Twelve months ended 31 December			
	2017	2016	2016	2015
(In NOK thousands)	(IFRS) (audited)	(IFRS) (audited)	(NGAAP) (audited)	(NGAAP) (audited)
Revenue	4,452,510	3,925,007	4,663,808	3,728,494
Other income	-	-	88,999	65,327
Direct cost of sales	(3,540,521)	(3,144,538)	(3,967,101)	(3,069,876)
<b>Revenue less direct cost of sales</b>	<b>911,989</b>	<b>780,469</b>	<b>785,706</b>	<b>723,945</b>
Personnel expenses	(178,751)	(135,636)	(135,636)	(124,569)
Other operating expenses	(312,923)	(238,227)	(328,329)	(279,110)
Depreciation and amortisation	(105,578)	(68,511)	(18,378)	(16,816)
<b>Total operating expenses</b>	<b>(597,252)</b>	<b>(442,374)</b>	<b>(482,343)</b>	<b>(420,495)</b>
Other gains and losses, net	7,884	(888)	-	-
<b>Operating profit</b>	<b>322,620</b>	<b>337,207</b>	<b>303,363</b>	<b>303,450</b>
Interest income	11,801	8,118	34,556	32,029
Interest expense	(175)	(467)	(31,455)	(26,206)
Other financial items, net	(2,779)	(2,164)	(212)	232
<b>Net financial income / (cost)</b>	<b>8,847</b>	<b>5,488</b>	<b>2,889</b>	<b>6,055</b>
<b>Profit/(loss) before tax</b>	<b>331,467</b>	<b>342,695</b>	<b>306,251</b>	<b>309,505</b>
Income tax (expense) / Income	(79,527)	(85,644)	(77,646)	(85,195)
<b>Profit/ (loss) for the year</b>	<b>251,941</b>	<b>257,051</b>	<b>228,605</b>	<b>224,311</b>



**Consolidated statement of financial position:**

	As at 31 December			
	2017	2016	2016	2015
(In NOK thousands)	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
<b>Assets</b>				
<b>Non-current assets</b>				
Deferred tax assets	-	-	14,337	16,050
Property, plant and equipment	3,568	3,127	14,101	3,263
Goodwill	-	-	130	387
Intangible assets	82,096	69,795	64,116	70,673
Other non-current assets	137,536	101,149	-	-
Other non-current financial assets	14,198	13,859	13,859	15,489
<b>Total non-current assets</b>	<b>237,398</b>	<b>187,930</b>	<b>106,543</b>	<b>105,862</b>
<b>Current assets</b>				
Intangible assets	2,569	5,424	-	-
Inventories	1,394	-	-	-
Trade receivables	1,364,519	1,204,894	1,197,505	633,478
Derivative financial instruments	113,435	96,867	3,312	-
Other current assets	40,083	35,433	35,433	64,919
Cash and cash equivalents	363,212	193,226	193,226	333,448
<b>Total current assets</b>	<b>1,885,211</b>	<b>1,535,845</b>	<b>1,429,477</b>	<b>1,031,845</b>
<b>Total assets</b>	<b>2,122,609</b>	<b>1,723,774</b>	<b>1,536,019</b>	<b>1,137,707</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	31,349	31,352	31,352	31,352
Share premium	125,035	125,032	125,032	125,032
Retained earnings	559,916	448,268	243,616	132,796
<b>Total equity</b>	<b>716,299</b>	<b>604,651</b>	<b>400,000</b>	<b>289,179</b>
<b>Non-current liabilities</b>				
Net employee defined benefit liabilities	73,720	47,420	47,420	54,695
Deferred tax liabilities	12,944	12,368	-	-
<b>Total non-current liabilities</b>	<b>86,664</b>	<b>59,788</b>	<b>47,420</b>	<b>54,695</b>
<b>Current liabilities</b>				
Trade and other payables	726,631	475,867	479,179	183,442
Current income tax liabilities	71,198	70,403	70,403	84,980
Derivative financial instruments	95,428	86,744	-	-
Social security and other taxes	50,085	47,544	47,544	22,830
Dividend payable	-	-	120,084	156,453
Other current liabilities	376,304	378,777	371,388	346,127
<b>Total current liabilities</b>	<b>1,319,646</b>	<b>1,059,335</b>	<b>1,088,599</b>	<b>793,832</b>
<b>Total liabilities</b>	<b>1,406,310</b>	<b>1,119,123</b>	<b>1,136,019</b>	<b>848,527</b>
<b>Total equity and liabilities</b>	<b>2,122,609</b>	<b>1,723,774</b>	<b>1,536,019</b>	<b>1,137,707</b>

**Consolidated statement of cash flows:**

	Twelve months ended 31 December	
	2017	2016
(In NOK thousands)	(IFRS) (audited)	(IFRS) (audited)
<b>Operating activities</b>		
Profit/(loss) before tax	331,467	342,695
<i>Adjustments for:</i>		
Depreciation	24,372	18,378
Interest expense	175	467
Interest income	(11,801)	(8,118)
Change in fair value of financial instruments	(7,884)	888

Consolidated statement of cash flows:	Twelve months ended 31 December	
	2017	2016
	(IFRS) (audited)	(IFRS) (audited)
(In NOK thousands)		
Change in post-employment liabilities	(27)	(4,209)
Amortisation of contract assets	81,206	50,133
Impairment loss recognised in trade receivables	11,920	4,087
<i>Changes in working capital:</i>		
Inventories	(1,394)	-
Trade receivables	(171,544)	(554,421)
Purchase of el-certificates	(210,908)	(150,321)
Non-cash effect from cancelling el-certificates	216,322	156,036
Purchase of guarantees of origination	(2,558)	-
Other current assets	(4,649)	29,487
Trade and other payables	250,764	292,425
Other current liabilities	(170)	34,985
<b>Cash generated from operations</b>	<b>505,292</b>	<b>212,511</b>
Interest paid	(175)	(467)
Interest received	11,801	8,118
Income tax paid	(71,799)	(89,981)
<b>Net cash from operating activities</b>	<b>445,119</b>	<b>130,181</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(1,309)	(1,533)
Purchase of intangible assets	(35,807)	(26,583)
Payments to obtain a contract (contract assets)	(117,594)	(87,465)
Net (outflow)/proceeds from non-current receivables	(339)	1,630
<b>Net cash used in investing activities</b>	<b>(155,048)</b>	<b>(113,951)</b>
<b>Financing activities</b>		
Dividends paid	(120,084)	(156,453)
<b>Net cash used in financing activities</b>	<b>(120,084)</b>	<b>(156,453)</b>
<b>Net change in cash and cash equivalents</b>	<b>169,987</b>	<b>(140,223)</b>
Cash and cash equivalents at 1 January	193,226	333,448
<b>Cash and cash equivalents at 31 December</b>	<b>363,212</b>	<b>193,226</b>

Consolidated statement of cash flows:	Twelve months ended 31 December	
	2016	2015
	(NGAAP) (audited)	(NGAAP) (audited)
(In NOK thousands)		
<b>Operating activities</b>		
Profit before tax	306,251	309,505
<i>Adjustments for:</i>		
Depreciation	18,378	16,816
Non cash pension costs	12,746	14,878
Payment related to pension plan	(16,955)	(7,534)
<i>Changes in working capital:</i>		
Trade receivables	(564,028)	158,084
Other current assets	26,174	(3,052)
Trade payables	31,611	23,813
Other liabilities	312,805	23,535
Income tax paid	(89,981)	(53,026)
<b>Net cash from operating activities</b>	<b>37,002</b>	<b>483,020</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(11,722)	(1,141)
Purchase of intangible assets	(16,394)	(34,416)
Changes in intangible assets	5,715	(4,226)
Proceeds from non-current receivables	1,630	(724)
<b>Net cash used in investing activities</b>	<b>(20,771)</b>	<b>(40,506)</b>

Consolidated statement of cash flows:	Twelve months ended 31 December	
	2016	2015
	(NGAAP) (audited)	(NGAAP) (audited)
(In NOK thousands)		
<b>Financing activities</b>		
Dividends	(156,453)	(120,495)
<b>Net cash used in financing activities</b>	<b>(156,453)</b>	<b>(120,495)</b>
<b>Net change in cash and cash equivalents</b>	<b>(140,222)</b>	<b>322,019</b>
Cash and cash equivalents at 1 January	333,448	11,430
<b>Cash and cash equivalents at 31 December</b>	<b>193,226</b>	<b>333,448</b>

<b>B.8</b>	<b>Selected key <i>pro forma</i> financial information</b>	Not applicable. There is no <i>pro forma</i> financial information.
<b>B.9</b>	<b>Profit forecast or estimate</b>	Not applicable. No profit forecasts or estimates are made.
<b>B.10</b>	<b>Audit report qualifications</b>	Not applicable. There are no qualifications in the audit reports.
<b>B.11</b>	<b>Insufficient working capital</b>	Not applicable. Management is of the opinion that the working capital available to the Company is sufficient to meet the Company's requirements for at least 12 months from the date of this Prospectus.

#### 1.1.1.3. Section C – Securities

<b>C.1</b>	<b>Type and class of securities admitted to trading and identification number</b>	The Company has one class of Shares on issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each Share carries one vote. The Shares have been created under the Norwegian Public Limited Companies Act and are registered in book-entry form with the VPS under ISIN NO 001 0 815673.
<b>C.2</b>	<b>Currency of issue</b>	The Shares are issued in NOK.
<b>C.3</b>	<b>Number of shares on issue and par value</b>	As at the date of this Prospectus, Fjordkraft Holding ASA's share capital is NOK 31,348,864.80 divided amongst 104,496,216 Shares, each with a par value of NOK 0.30.  The Company has one class of Shares.  Following the Offering, there will be 104,496,216 Shares outstanding.
<b>C.4</b>	<b>Rights attaching to the securities</b>	Fjordkraft Holding ASA has one class of Shares on issue and all Shares provide equal rights in Fjordkraft Holding ASA. Each of the Shares carries one vote. The rights attaching to the Shares are described in Section 15.9 "The Articles of Association and certain aspects of Norwegian law".

<b>C.5 Restrictions on transfer</b>	<p>The Company and the Selling Shareholders have agreed with the Global Coordinator to be subject to a 12 month lock-up period after the first day of trading and official listing of the Offer Shares, subject to certain exceptions. In addition, members of Management have agreed with the Global Coordinator to be subject to a 12 month lock-up period and members of the Board of Directors have agreed to be subject to a 12 month lock-up period, in each case after the first day of trading and official listing of the Offer Shares and subject to certain exceptions. See Section 18.16 "Lock-up".</p> <p>The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for Fjordkraft Holding ASA's shareholders. Share transfers are not subject to approval by the Board of Directors.</p> <p>See also Section 19 "Selling and Transfer Restrictions".</p>
<b>C.6 Admission to trading</b>	<p>On 9 March 2018, the Company expects to apply for admission to trading of the Shares on Oslo Børs. It is expected that the board of directors of Oslo Børs will approve the listing application of the Company on or about 19 March 2018, subject to certain conditions being met. See Section 18.13 "Conditions for completion of the Offering — Listing and trading of the Offer Shares".</p> <p>The Company currently expects commencement of trading of the Shares on Oslo Børs on or around 21 March 2018. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.</p>
<b>C.7 Dividend policy</b>	<p>The Group has adopted a dynamic dividend policy with the aim of returning surplus capital to its shareholders. The Group's target is to distribute at least 80% of its net profit adjusted for non-recurring and special items. In determining the annual dividend level, the Board of Directors will take into consideration, among other things, the expected cash flow, capital expenditure plans, covenant restrictions in its financial loan agreements, financing requirements (including for any M&amp;A activity) and appropriate financial flexibility.</p>

#### 1.1.1.4. Section D – Risks

<b>D.1 Key risks specific to the Company or its industry</b>	<i>Risks related to the Company's business</i>
	<p>The Group trades electricity in the physical wholesale market on the energy-exchange, Nord Pool Spot AS. There is a risk of a mismatch occurring in the trade between the registered volume of electricity available and the actual volume of electricity in the trading hour. Consumers of electricity pay a spot price for their consumption of the imbalance with the exception of variable portfolios.</p>

	<p>The Group engages in trading of energy derivatives such as forward and futures contracts (so-called financial trading of electricity) for the purpose of price hedging and risk management of its physical trading of electricity. This is done to mitigate the risk of product pricing where the Group guarantees its customers a fixed price or a price ceiling and in order to manage electricity supply on behalf of customers. The Group's customers bear the risk for any loss or profit on the contracts while the Group is exposed to counter-party risk.</p> <p>The Group purchases electricity for its customers before the final electricity consumption is known and there is a risk that the adjustment by the grid companies does not result in a balance between the purchased electricity volume and the volume of electricity invoiced to the Group's customers and that the Group will not be able to invoice customers for the same volume of electricity that the Group has purchased.</p> <p>The Group operates large volumes of customer data which increases the Group's data security risk. There is a risk that customer data is lost or that it may not be possible to access data due to technical problems or due to its systems being hacked. There is also a risk of data theft especially through the extensive use by the Group of the customer portal services on its website for gathering customer information.</p> <p>The Group faces a challenge of prioritising the large volume of its internal projects. In prioritising projects, there is a risk involved in finding the right balance when deciding between short term and long term projects and between revenue increasing and efficiency increasing projects that will reduce costs.</p> <p>In the initial phase of a project, there is a high risk that resources required for the Group's projects such as time, internal resources and investment finance are underestimated and that the project's parameters such as its scope, quality and timeline are incorrectly defined. Many of the Group's projects are subject to implementation uncertainty during this phase.</p> <p>Reputational risk is a significant risk factor for the Group and the Group is exposed to this risk in all of its processes.</p> <p>The Group's reputation is also exposed to the reputation and conduct of its co-operation partners that represent the Group through sales and marketing channels such as door-knocking sales and other customer marketing.</p> <p>The Group faces a risk of loss of customers if, amongst other reasons, the Group's electricity prices and other product offerings fail to be sufficiently competitive such that there is decreased customer satisfaction.</p> <p>There is a risk that the Group will not be able to maintain a corporate culture with a sufficiently strong focus on continuous improvement and that for this reason, the Group will not be attractive to employees and/or customers in the long run.</p>
	<p><i>Market and Group related risks</i></p>

	<p>The electricity retail market in which the Group operates may be subject to a diverse range of regulatory, technological and consumer-driven changes, all of which can have a material impact on the operating conditions currently facing the Group.</p> <p>The Group operates in a highly competitive and rapidly changing marketplace and competes with a variety of organisations that offer electricity and other services similar to those offered by the Group. The competition risk is divided into three categories being, competition in the private electricity market, competition in the business electricity market and competition in the mobile market.</p> <p>The Group's growth to date together with continued future growth, is expected to place significant demands on the management team and other resources, and will require the Group to continuously develop and improve its operational, financial and other internal controls. Both the Group and the electricity industry are generally characterised by low profit margins. If profit margins are changed during a cycle, it can have significant negative consequences on the Group's profitability.</p> <p>The Group's success depends upon its management team and the Group's ability to hire, attract, motivate, retain and train these personnel.</p> <p>The Group may not be successful at identifying, acquiring or integrating other businesses or technologies. The Group has in recent years been involved in a lot of activities, but limited mergers &amp; acquisitions have taken place. It is possible that the Group may be unable to identify suitable acquisitions or other strategic partnerships and may therefore not complete the desired number and type of acquisitions.</p>
	<i>Legal and regulatory risks</i>
	<p>Changes in laws and regulations or their interpretation or enforcement may be unpredictable and could adversely affect the Group's business. In particular, changes in Norwegian tax laws, privacy regulations and national security regulations, if adopted, could adversely affect the Group's business.</p> <p>The Group may be the subject of litigation, which, if adversely determined, could harm the Group's business, reputation, results of operations, financial condition and prospects.</p> <p>The Group may not have the capacity to track compliance to external legislative, industry or business requirements.</p> <p>Labour disputes could disrupt the Group's operations or lead to higher labour costs.</p>
	<i>Financial and accounting risks</i>
	<p>The Group's degree of leverage and ability to incur additional indebtedness could have a material and adverse effect on the Group's ability to obtain additional financing or make the Group more vulnerable in the event of a downturn in the business or the economy generally.</p>

	<p>The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or the Group's ability to declare dividends to the Group's shareholders.</p>
<b>D.2 Key risks specific to the securities</b>	<p><i>Risks related to the Listing and the Shares</i></p>
	<p>There may not be an active and liquid market for the Shares and the price of the Shares could fluctuate significantly.</p> <p>The Selling Shareholders may continue to exercise significant influence or control over the Company and its operations, and the interests of these shareholders may conflict with those of other shareholders.</p> <p>Future sales, or the possibility for future sales, of Shares after the Offering, may affect the market price of the Shares.</p> <p>Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders.</p> <p>Investors could be unable to exercise their voting rights for Shares registered in a nominee account.</p> <p>The Company's ability to pay dividends in accordance with its dividend policy or otherwise is dependent on the availability of distributable reserves and the Company may be unable or unwilling to pay any dividends in the future.</p> <p>Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway.</p> <p>Norwegian law could limit shareholders' ability to bring an action against the Company.</p> <p>The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions.</p>

1.1.1.5. *Section E – Offer*

<b>E.1 Proceeds and estimated expenses</b>	<p>The gross proceeds from the Offering will amount to NOK 1,329,387,793.50 at the mid-point of the Indicative Price Range, assuming the Joint Global Coordinator exercises the Over-Allotment option in full, with estimated expenses incidental to the Listing and the Offering amounting to approximately NOK 43,000,000. The net proceeds will therefore be NOK 1,286,387,793.50 at the mid-point of the Indicative Price Range.</p> <p>The combined costs related to the Listing and the Offering incurred by the Selling Shareholders and the Company is expected to amount to up to NOK 65,266,107, provided all the Sale Shares are sold (and the Joint Global Coordinator exercises the Over-Allotment option in full).</p> <p>No proceeds will be received by the Company.</p>
--	--

<p><b>E.2 Reasons for the Offering and use of proceeds</b></p>	<p>Through the Offering and Listing, the Company will diversify its shareholder base and aim to provide a regulated market place for its Shares. The Company believes that the Listing will further strengthen the Company's profile in the markets in which it operates, namely, enhance its profile with shareholders, business partners, customers and employees. The Listing is also expected to enable access to capital markets for future growth. In addition, the Company expects the listing to enhance its ability to participate in industry consolidation, hereunder by engaging with vertically integrated electricity companies contemplating a spin-off of their electricity retail operations. For such companies, Fjordkraft will be able, following the Listing, to offer a typically desired exposure to the electricity retail market through holding listed shares in Fjordkraft.</p> <p>No proceeds will be received by the Company.</p>
<p><b>E.3 Terms and conditions of the Offering</b></p>	<p>The Offering consists of an offer of up to 39,186,081 Sale Shares offered by the Selling Shareholders, all of which are validly issued and fully paid-up registered Shares with a par value of NOK 0.30 each.</p> <p>In addition, the Global Coordinator, in consultation with the other Joint Bookrunner, may elect to over-allot up to 5,877,912 Additional Shares, equalling up to approximately 15 percent of the aggregate number of Sale Shares sold in the Offering. The Lending Selling Shareholders have granted the Global Coordinator an Over-Allotment Option to borrow a corresponding number of Additional Shares to cover any such over-allotments. Certain of the Selling Shareholders have further granted the Global Coordinator an option to purchase from the relevant Selling Shareholders, up to a combined total number of Shares equal to the Additional Shares in order to facilitate re-delivery of the borrowed Shares (the "<b>Greenshoe Option</b>"). See Section 18.9 "Over-allotment and stabilisation activities".</p> <p>The Offering consists of:</p> <ul style="list-style-type: none"> <li>• An Institutional Offering, in which Offer Shares are being offered (a) to institutional and professional investors in Norway, (b) to investors outside Norway and the United States, subject to applicable exemptions from prospectus and registration requirements, and (c) in the United States to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,500,000.</li> <li>• A Retail Offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 2,499,999 for each investor. Investors who intend to place an order in excess of NOK 2,499,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering will be treated as one application with respect to the maximum application limit.</li> </ul>



- An Employee Offering, in which Offer Shares are being offered to the Eligible Employees, subject to a lower limit per application of NOK 10,500 for each Eligible Employee. Eligible Employees participating in the Employee Offering will receive a 20% discount on the aggregate amount payable for the Offer Shares allocated to such employee, subject to a maximum discount of NOK 3,000. Eligible Employees will receive full allocation for any application up to and including an amount of NOK 2,499,999. Multiple applications by one applicant in the Employee Offering will be treated as one application with respect to the maximum application limit and the guaranteed allocation. For applications exceeding NOK 2,499,999, the Company, together with the Global Coordinator, will determine the allocation of Offer Shares.

All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in compliance with Regulation S of the U.S. Securities Act. For further details, see "Important Information" and Section 19 "Selling and Transfer Restrictions".

The Bookbuilding Period for the Institutional Offering is expected to take place from 12 March 2018 at 09:00 hours (Oslo time) until 20 March 2018 at 13:00 hours (Oslo time). The Application Period for the Retail Offering and the Employee Offering is expected to take place from 12 March 2018 at 09:00 hours (Oslo time) until 20 March 2018 at 12:00 hours (Oslo time). The Company, in consultation with the Global Coordinator, reserves the right to shorten or extend the Bookbuilding Period and/or Application Period at any time in its sole discretion.

The Joint Bookrunners expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or about 21 March 2018, by issuing contract notes to the applicants by mail or otherwise. Payment by applicants in the Institutional Offering will take place against delivery of Offer Shares. Delivery and payment for Offer Shares is expected to take place on or about 23 March 2018, through the facilities of the VPS.

The Company and the Selling Shareholders have, in consultation with the Global Coordinator, set an Indicative Price Range for the Offering from NOK 28 to NOK 31 per Offer Share.

The due date of payment in the Retail Offering and the Employee Offering is on or about 22 March 2018. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering and the Employee Offering is expected to take place on or about 23 March 2018.

Completion of the Offering is conditional upon, among other conditions, the Company satisfying the listing conditions and being listed on Oslo Børs, see Section 18.13 "Conditions for completion of the Offering — Listing and trading of the Offer Shares".

<p><b>E.4 Material and conflicting interests</b></p>	<p>The Joint Bookrunners or their affiliates have provided from time to time, and may provide in the future, financial advisory, investment and commercial banking services as well as financing to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Joint Bookrunners do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Bookrunners will receive sales commissions in connection with the Offering and, as such, have an interest in the Offering.</p> <p>The Selling Shareholders will receive the proceeds from the sale of the Sale Shares and the sale of any Additional Shares pursuant to the Over-Allotment Option. The Lending Selling Shareholders will receive the profit, if any, from any stabilisation activities, in proportion to their respective shares in the total net proceeds from the Greenshoe Option. Any net loss resulting from stabilisation activities shall be borne by the Joint Bookrunners.</p> <p>Beyond those mentioned above, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Offering.</p>
--	--

<p><b>E.5 Selling shareholders and lock-up agreements</b></p>	<p>Pursuant to lock-up undertakings, the Company, the Selling Shareholders and members of the Board of Directors and members of Management have undertaken to the Global Coordinator not to without the prior written consent of the Global Coordinator, during a period of 12 months for the Company and the Selling Shareholders and 12 months for members of the Board of Directors and members of Management (1) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other equity interest in the capital of the Company or any securities convertible into or exercisable for such Shares or other equity interests, or (2) enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or other equity interests, whether any such transaction described in (1) or (2) above is to be settled by delivery of the Shares or other securities or interests, in cash or otherwise, or (3) publicly announce or indicate an intention to effect any transaction specified in (1) or (2) above.</p> <p>For the Company, the foregoing shall not apply to the granting of Shares, or the honouring of other rights to Shares, by the Company pursuant to any management or employee share incentive schemes or for issuance of consideration shares in connection with mergers and acquisitions.</p> <p>For the Selling Shareholders, the foregoing shall not apply to (A) any sale or other transfer of Shares to any of the Joint Bookrunners pursuant to the Placing Agreement, (B) any pre-acceptance, acceptance and any similar action in connection with a takeover offer for all Shares in accordance with chapter 6 of the Norwegian Securities Trading Act or a legal merger, (C) any pledge over Shares in existence at the time of the undertaking or any pledge over Sale Shares offered for sale in the Offering and remaining unsold, which is established in connection with retransfer of such Shares from the Joint Bookrunners to the Selling Shareholders, or (D) any transfer of Shares to companies controlled by the respective Selling Shareholder who assumes the obligations set forth in the undertaking. The undertaking shall apply to all Shares and rights to Shares currently held or which during the lock-up period described above are acquired by the respective Selling Shareholder and entities directly or indirectly controlled by it.</p> <p>For members of the Board of Directors and members of Management, the foregoing shall not apply to (A) any pre-acceptance, acceptance and any similar action in connection with a takeover offer for all Shares in accordance with chapter 6 of the Norwegian Securities Trading Act or a legal merger, or (B) any transfer of Shares to companies controlled by the respective Board Member, member of Management who assumes the obligations set forth in the undertaking. The undertaking shall apply to all Shares and rights to Shares currently held or which during the lock-up period described above are acquired by the member of the Board of Directors and member of Management and entities directly or indirectly controlled by it.</p> <p>See Section 18.16 "Lock-up" for a full description of the lock-up arrangements.</p>
---	---

<b>E.6</b>	<b>Dilution resulting from the Offering</b>	The Offering will not lead to any dilution for the existing shareholders.
<b>E.7</b>	<b>Estimated expenses charged to investor</b>	Not applicable. No expenses or taxes will be charged by the Company or the Joint Bookrunners to the applicants in the Offering.

## **2. RISK FACTORS**

*An investment in the Offer Shares involves risks. Prior to making an investment decision with respect to the Offer Shares, investors should carefully consider the risk factors set forth below and all information contained in this Prospectus, including the Financial Statements and related notes. An investment in the Offer Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects, which could cause a decline in the value and trading price of the Offer Shares, resulting in the loss of all or part of an investment in the Offer Shares.*

*The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, results of operations, financial condition, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively. Furthermore, risks that the Group currently believe are not material could in the future prove to become significant to the Group.*

### **2.1. Operational and business risks**

#### **2.1.1. Risks relating to physical trading of electricity**

The Group trades electricity in the physical wholesale market on the energy-exchange, Nord Pool Spot AS. The physical market is further divided into the day-ahead market, continuous intraday market and the balancing market. The day-ahead market is the main arena for electricity trading by the Group. On the day-ahead market, contractual orders are made by buyers and sellers on a daily basis hour-for-hour for the delivery of electricity the following day through the Nord Pool day-ahead trading system. The next day, power contracts are physically delivered, that is, electricity is provided to the buyer, hour for hour in accordance with the contracts agreed. There is a risk of a mismatch occurring in the trade between the registered volume of electricity available and the actual volume of electricity in the trading hour. Consumers of electricity pay a spot price for their consumption of the imbalance with the exception of variable portfolios.

While supply and demand are the key factors for determining the hourly market prices, transmission capacity plays an important role. Bottlenecks can occur where power connections are linked to each other if large volumes need to be transmitted to meet demand. To relieve congestion, area prices are introduced where the price is increased to reduce demand in areas affected and also to trigger net capacity investments to level out price differences. There is a risk that the Group will not be able to adequately mitigate this risk in its customer contracts.

#### **2.1.2. Risks relating to financial trading of electricity**

The Group engages in trading of energy derivatives such as forward and futures contracts (so-called financial trading of electricity) for the purpose of price hedging and risk management of its physical trading of electricity. This is done to mitigate the risk of product pricing where the Group guarantees its customers a fixed price or a price ceiling and to manage electricity supply on behalf of customers. The Group's customers bear the risk for any loss or profit on the contracts while the Group is exposed to counter-party risk. All financial trade is conducted through an agreed framework and Statkraft is the trade counter-party.

Such financial contracts are often long-term without any physical trade taking place in the shorter-term. Forward contracts may, due to their nature, pose financial risks for the Group. A forward contract is made on the basis of a predetermined fixed supply price for an agreed volume of electricity using the reference price in the spot market during an agreed supply period. The Group uses forward contracts to balance the physical trade of electricity against future cash flows from the customer base so that the value change of the physical contract is sought to harmonise the value change of the futures contract. There is a risk that a mismatch from the hedging may occur which would have a negative result on the Group's financial performance. There is also a counterparty performance risk in the trading of forward and futures contracts.

Although it seeks to manage this risk by purchasing financial contracts that account for its customers' pricing range, the Group is vulnerable to basis risk which may arise if there is a difference in the

development in the price of electricity to be hedged and the price of the electricity serving as the hedge. There is also a risk of deviation of area prices from reference prices in a financial contract.

#### **2.1.3. *Volume risk from physical trading and financial trading of electricity***

The Group faces volume risk which arises when customers purchase a financial price hedge such as a traditional fixed price agreement. The Group then has to price the expected volume but the actual volume will differ from that which is price-hedged. The Group seeks to manage volume risk by having the customer bear the volume risk, that is, the customer buys a fixed hedge volume and the deviation from this volume is settled through the spot price.

The Group faces a risk of changes in expected income due to deviations in volume between the electricity's hedging (through derivatives and/or electricity certificates) and actual consumption. This may be caused by inaccuracies in prognoses and segmenting or variations in consumption due to for example, temperature variances (such as a cold winter). By fixing the future price of electricity for consumers on the basis of agreements that seek to match consumers' future consumption, the Group is exposed to the volume risk of consumers' consumption pattern. Volume risk may be managed by allowing customers to bear this risk. That is, customers (most typically business customers) may be allowed to purchase a fixed hedging volume and any deviations from the hedging volume are settled at spot price.

#### **2.1.4. *Imbalances between purchased and sold electricity***

The Group purchases electricity for its customers before the final electricity consumption is known. The actual volume of electricity consumed by the Group's customers is usually determined over a period of time (such as quarterly or annually) by grid companies, with a bilateral adjustment being made for the deviation between purchased volume of electricity and the actual volume consumed. The Group has in place systems for managing this risk and experienced personnel, but there is a risk that the adjustment by the grid companies does not result in a balance between the purchased electricity volume and the volume of electricity invoiced to the Group's customers and that the Group will not be able to invoice customers for the same volume of electricity that the Group has purchased.

#### **2.1.5. *Dependency on electricity transmission services***

The Group depends on electricity transmission facilities to transmit the electricity it sells to its customers. The Group is not the owner of, nor does it control, the transmission facilities. Transmission facilities are controlled by system operators.

In the event of a failure of the transmission facilities utilised by the Group to sell electricity, the Group may suffer economic losses that impact on the Group's business, financial status and operating results.

Further, the Group is exposed to the costs of any imbalances (regulatory energy costs) arising when the forecasted and reported volume of consumption for the following day is not available. This may result in the Group having to sell back the actual volume and create a cost imbalance for the Group.

#### **2.1.6. *Fluctuations in electricity prices***

The Group's profits from electricity supply may be affected by fluctuations in electricity prices. The physical barriers to storing and moving electricity create large swings in the cost of electricity to companies supplying electricity to consumers, including the Group. Some of the swings are due to usage patterns throughout a day, week or year. In addition, disturbances to the electricity can create unexpected and dramatic price fluctuations over short periods. Little precipitation in Norway can, for example, lead to higher electricity cost through a reduction of hydro power on offer. In addition, electricity prices are influenced by prices for alternative energy sources, emission allowances and similar elements. The Group attempts to mitigate the risk of fixed price exposure by hedging the cost of electricity through financial derivatives but, sudden increases in electricity prices can have a material adverse effect on the Group's business, financial status and results of operations.

The further integration of Norwegian electricity networks with European electricity networks may place an upward pressure on electricity costs for the Group which may then be passed on to its customers. This poses a credit risk to the Group due to increased capitalisation costs from such integration and also increases the risk connected to recovery of accounts receivables from customers. Increased price levels may also affect the level of customer satisfaction.

The trend with bilateral agreements such as those between participants in the electricity industry and self-producers of electricity (including industrial companies that purchase their own energy producing sources such as wind parks) and agreements with respect to distributed energy production between for example those engaging in self-production of electricity and consumers, may impact on swings in both price and volume of electricity traded.

#### **2.1.7. *Emergence of extreme weather events and loss of electricity sales***

The emergence of extreme weather events such as storms and heat waves in Europe in the last twenty years has led to increased operational risks for electricity companies and may have an impact on the operations of the Group. Storms have destroyed large KWh of transmission lines and heat waves may cause nuclear plants to not run at full capacity because river water temperature exceeds the maximum levels accepted by environmental agencies.

Although there have been operational upgrades in the recent years, an ageing fleet of Norwegian power generators may create operational challenges for the Group. The Group may also be able to assert force majeure pursuant to its supply terms and transfer its variable portfolios to a spot price if force majeure was to occur.

#### **2.1.8. *Electricity certificate market***

Since 1 January 2012, Norway has been a party to the Norwegian-Swedish electricity certificate market which aims to increase the production of renewable energy. The Electricity Certificate Act (Norwegian: *Lov om Elsertifikater*) requires that providers of electricity to final consumers purchase a prescribed number of electricity certificates corresponding to a certain proportion (quota) of their calculation-relevant volume of electricity supplied to final consumers. These certificates are traded on the electricity certificate market via spot price contracts and forward contracts.

A failure to purchase the prescribed quantum of electricity certificates by the Group involves a risk to the Group of being issued a penalty by the Norwegian Water Resources and Energy Directorate ("NVE") in the amount of 150% of the volume-weighted average price applying to the electricity certificates during the prior year. The cost to the Group for the electricity certificates is sought to be passed on to the customers in the form of higher prices. However, there is a risk that there will not be a sufficient number of certificates available in the market for all parties required to purchase the certificates. If the number of certificates available for sale to the Group is insufficient to meet its requirement, the aforementioned penalty may be imposed on the Group. This risk remains until 2035, when the electricity certificate system requirements will cease to apply.

As noted above, electricity providers pay for the electricity certificate costs but, it is not possible to trace the precise electricity certificate fee to any given customer. Any changes to the costs of the electricity certificates can be passed on to the customers but aggressive pricing may result in a loss of customers for the Group.

There is also risk that new regulations in the electricity certificate market are introduced that can influence strategies used by the Group, values, price setting and income opportunities. For example, if new purchase/sale, issuance and customer transparency regulations are introduced.

#### **2.1.9. *Guarantees of origin (GoO)***

The legal framework prescribed by NVE, as a result of the implementation of EU Directive 2001/77/EC in 2001, requires Norwegian energy suppliers to inform their customers of the origin of the energy that was sold during the previous year. In other words, they are required to provide a product declaration. To comply with this requirement, an energy provider may purchase GoO or base its product declarations on the Norwegian national energy product declaration determined by NVE.

GoO are a labelling scheme for electricity to show electricity customers that a portion of energy is from a specified source. Energy companies that do not purchase GoO from NVE may instead refer their customers to the energy product declaration determined by NVE. This is an average mix of energy sources for electricity that is sold in Norway for the previous year. GoO on the other hand allow energy suppliers to document that the energy they sell has another origin than the national product declaration. GoO are the only publicly approved mechanism by which energy providers may guarantee that they provide renewable electricity. Energy suppliers that purchase GoO can offer their customers a guarantee that they produce as much renewable energy as is used by the customer and enables a customer to elect to include guarantee GoO in its electricity subscription.

The GoO scheme adds additional costs for the Group and as such impacts on the Group's results of operations. The costs of this can be priced into the customer's fees.

#### **2.1.10. CO2 quota scheme**

In 2005, the EU Emissions Trading System (EU ETS) was implemented which requires certain industries to annul quantities of CO2 quotas corresponding to their emission of greenhouse gases. The Group allows its customers to purchase from it and annul CO2 quotas to compensate for their greenhouse gas emissions enabling them to become climate neutral. Trading CO2 quotas carries the same risks for the Group as trading in energy derivatives addressed above in 2.1.2 and 2.1.3. In addition, there is a risk of deviation between the volume of CO2 quotas that the Group annuls and a customer's actual greenhouse gas emission. Such deviations may have significant economic consequences for customers that are bound by the CO2 quota scheme and thereby expose the Group to litigation risk.

#### **2.1.11. Contracting risk**

##### *Supplier contracts*

The Group has entered into a large volume of contracts for the purchase of services from external suppliers throughout the Group's value chain. The Group's extensive purchase of services exposes it to significant risk, both with respect to contractual matters, such as litigation and with respect to non-performance or poor performance on the part of suppliers. Although the Group seeks to manage its contractual risks through various measures such as annual strategy conferences with the Group's key suppliers, portfolio management systems and use of template agreements, non-performance or poor performance from supplier contracts may result in the Group not achieving its projected results.

There is also a risk that a supplier may become insolvent or undergo changes to its business model such that it cannot continue the supply of a relevant product to the Group. Regulations may also be introduced which may negatively impact on the structure of contracts with suppliers such that the Group's earnings potential is reduced.

##### *Customer contracts*

The Group provides a guarantee in some of its customer agreements that it will not apply a higher price in respect of a particular product than any of the Group's competitors. This entails a contractual risk for the Group if the Group does not adequately monitor the situation and a contractual breach arises.

The Group may not have a traceable record of contractual documentation for all of its older customer relationships. Non-archived customer contracts from sales processes and changes in customer relationships that have not been electronically tracked are a current operational risk. The Group's strategy is to save this information on the customer portal operated by the Group. However, as at the date of this Prospectus, the Group does not have a viable solution to this risk with respect to all historical customer relationships. This presents challenges for the Group such as winning back older customers.

A large number of the Group's business-segment-customers request the Group to enter into agreements on the customer's standard purchase terms. There is a risk that the Group does not have adequate internal contract management in respect of the numerous agreements entered into on customer terms and may therefore not have sufficient control of contractual breach. The Group may also be subject to enforceability risks in case of the Group's customer agreements failing to correctly name all relevant counterparties.

##### *Sales and marketing contracts*

The Group does not enter into written contracts during its sales processes. That is, new customers that sign up for the Group's services through customer service support or existing customers that purchase additional products through customer service support do not enter into written contracts with the Group in the initial stage. There is a risk that no agreed or sufficient terms exist in the event of a dispute with customers that are not subject to a written contract with the Group.

#### **2.1.12. Risks relating to outsourcing invoicing services to third parties**

The Group outsources invoicing services to third parties. Third party invoicing poses challenges for the Group due to the lack of visibility of the processes and the automated control of the process steps. The Group relies on service level agreements that define several KPIs for such processes. These are often retrospective such that the Group is informed of the status on the invoicing processes after the completion



of the process and therefore bears an operational risk of not being in control of whether a process has commenced and its status throughout the process. Given the lack of control of the process, the Group faces difficulties with setting up automated controls with the third parties that can provide a current status.

Incomplete reporting from third parties creates a risk of the Group not being able to satisfy its accounting practices due to a reliance on, and lack of control of, data from third party invoicing services.

In addition, the Group faces a challenge in respect of expense estimation and time to market when the Group makes requests to amend invoices to third parties.

Use of third party invoicing also has several general risks arising from the transfer of large amounts of data (that are required to support the subject of the invoices) between several parties which may lead to data being lost in the transfer process, despite the presence of controls and automated reconciliations between the parties involved.

All of the above mentioned risk factors are continually being addressed by the Group's operational department and measures are considered for reducing the above described operational risk, however, the use of third party invoicing remains a significant risk for the Group's daily operations.

### **2.1.13. Project implementation and performance**

#### *Project prioritisation challenges*

The Group faces a challenge of prioritising the large volume of its internal projects. There are both short term and long term projects that need to be implemented across the Group's divisions that require extensive amendments to business processes including efficiency improvements, process automation, implementation of new client bases, integration of new suppliers into the Group's existing processes and implementation of deliverables from revenue increasing projects. The Group is also required to implement changes arising from amendments to the Group's framework agreements and regulatory changes. In prioritising projects, there is a risk involved in finding the right balance when deciding between short term and long term projects and between revenue increasing and efficiency increasing projects that will reduce costs. Projects that are required by regulations and amendments to framework agreements are usually prioritised by the Group to ensure compliance.

The Group has established various practices, including project portfolio reviews and management involvement which aim to reduce the risk of project portfolios' contents not being prioritised in accordance with the Group's strategy. However, failure to sufficiently or correctly manage the project portfolio may lead to operational and financial loss, including loss of opportunities.

#### *Project implementation uncertainty*

In the initial phase of a project, there is a high risk that resources required for the Group's projects such as time, internal resources and investment finance are underestimated and the project's parameters such as its scope, quality and timeline are incorrectly defined. Many of the Group's projects are subject to uncertainty during this phase.

### **2.1.14. Risks relating to the Group's mobile phone subscription**

The Group is exposed to various risks in connection with its mobile phone subscription services. There is a risk that the Group's suppliers of mobile communication services such as Telenor and Erate increase their costs for such services to the Group without the Group being able to pass these on to its customers in the shorter term.

There is also a risk that the Group's customers will consume more mobile phone services than estimated by the Group and that this may lead to an increase in the underlying costs to the Group of providing such services without the Group being able to pass on the higher costs to its customers or amend subscription agreements with its customers at the same pace.

The Group depends on third party suppliers such as Telenor to provide mobile phone services. If there is an error on Telenor's behalf such as poor coverage or other supply failure, this will impact on the Group's provision of the services and thereby its reputation and customer satisfaction.

Inability to adapt to changes in the market for provision of mobile phone subscription services and competition (especially from other players that enter this segment) is a risk that the Group operates with. For example, there is a risk that development in technology may make the Group's mobile service

offering irrelevant to customers and there is a risk that the Group will not have sufficient resources such as systems, personnel and finances to develop an offering in accordance with market demand and expectations.

#### *Continued large losses*

The Group has incurred significant costs in respect of its mobile platform, without being able to materialise corresponding revenues. This has led to significant loss-making on a stand-alone basis. There is a risk that such loss-making will continue in the future if its revenues are not able to sufficiently cover costs associated with its mobile offering.

#### **2.1.15. Increased need for data security solutions**

The Group operates large volumes of customer data which increases the Group's data security risk. There is a risk that customer data is lost or that it may not be possible to access data due to technical problems or due to its systems being hacked. There is also a risk of data theft especially through the extensive use by the Group of the customer portal services on its website for gathering customer information. The consequences of any of these risks eventuating can, amongst other things, impact on the Group's reputation in the event such incident occurs and is covered in the media.

Reference is also made to the regulatory risk arising from the EU General Data Protection Regulation described in 2.3.1.

#### **2.1.16. Manual processes**

The Group is continuously improving its processes within all parts of its value chain but nevertheless, operates with some manual processes. These manual processes increase error risk and process time such that in certain cases there is a long time to market. A failure to improve processes may lead to the risk of reduced customer satisfaction and therefore also a loss of customers and other significant consequences.

#### **2.1.17. Large volume of daily operational processes**

The Group has a large volume of daily operations with respect to the establishment of customers, termination of customers, daily follow-up of customers, customer account settlements and invoicing. Given its large volume of customer processes, there is a risk of error that can act as a bottleneck for one or more processes or lead to a customer error, especially with respect to invoicing.

#### **2.1.18. Risks arising from the Group's insurance offering**

The Group offers insurance products (also referred to as the "triple guarantee" in this Prospectus) to its customers as a value added service. The insurance products are provided by a third party insurer and the Group is a distribution agent of such insurance products. The Group markets the insurance services as a cost effective alternative to other insurance providers and the Group does not have control over the quality of service provided by the third party insurance provider. There is a risk that the third party insurance provider will increase its costs such that its services are no longer cost effective or that the services provided by it are of a poor quality. The reputation of the Group may be negatively impacted in such situations.

The Group does not evaluate the individual circumstances of each customer as part of the process of selling insurance products to its customers or the appropriateness of such products for each individual customer. Further, while the terms of the insurance products are made known to its customers by the Group, there may be circumstances in which the Group's customers purchase insurance products without full understanding of the nature of the insurance products and/or full understanding that such insurance products are ultimately offered by a third party insurance provider and not by the Group. There is a risk that customers may bring legal claims against the Group for amongst other things "miss-selling" insurance products or that regulatory authorities may impose penalties on the Group for misrepresentation or misleading conduct during sales processes. Both these circumstances may have significant negative consequences for the Group's reputation and result in a loss of customers. This will in turn negatively impact the Group's financial results.

#### **2.1.19. Allocation of resources and balancing conflicting goals**

The Group's management will from time to time face challenges in allocating the Group's resources between various areas and operations and balancing conflicting goals. For example, there is a risk that in certain periods, the Group devotes more than necessary resources to its sales operations compared to customer services such that customer services do not have sufficient capacity to manage the increased customer base resulting from the sales operation efforts.

#### **2.1.20. Reputational risk**

Reputational risk is a significant risk factor for the Group and the Group is exposed to this risk in all of its processes. The Group enjoys the benefits of strong awareness and customer appreciation. Any adverse change in this respect or in the Group's general reputation may materially impact the Group's financial results and prospects. Negative publicity or attention through general media and social media sources can have significant consequences for the Group's reputation.

The Group's reputation is also exposed to the reputation and conduct of its co-operation partners that represent the Group through sales and marketing channels such as door-knocking sales and other customer marketing. While the Group provides training to its co-operation partners on how to conduct marketing efforts, individuals involved in marketing the Group may engage in deceptive and misleading conduct in order to win customers for the Group and, the Group may from time be taken to the Consumer Council. There is a risk that these external parties that represent the Group undertake acts that impact negatively on the Group's reputation.

#### **2.1.21. Bribery and misconduct**

Despite having established ethical codes of practice, an established leadership philosophy and solid governance with effective internal controls, the Group is exposed to the risk of corruption and misconduct.

#### **2.1.22. General industry risk**

The electricity industry is characterised as an industry with significant inherent risks. It is an industry with many participants offering electricity services and low establishment barriers. Changing electricity providers is a relatively simple task for customers and customer churn is high.

#### **2.1.23. Loss of customers**

The Group operates with diverse pricing models and pricing plans, such that product pricing varies between customers. Public comparisons may thus lead to loss of customers. If the Group's electricity prices and other product offerings fail to be sufficiently competitive, this may lead to a loss of customers, especially in the event of an economic crisis.

Management of fluctuating electricity prices is another challenge facing the Group. If the Group is unable to effectively manage fluctuating electricity prices, customer satisfaction may decrease and lead to customer loss.

There is increased sales activity in the small to medium business electricity market and many participants have entered into longer term contracts with their customers. Such contracts affect the Company's ability to win back customers as well as win new customers. The Group has a strong portfolio of long term customers in the public segment. However, the profitability of this portfolio may decrease significantly when these customers commence a bid round in accordance with regulations which require them to seek tenders every six years.

An increasing proportion of advisors operating in the electricity market may result in larger companies deciding to engage in similar bidding processes to those common in the public sector leading the Group to lose a share of its customers in this market segment.

#### *Customer portfolio acquisition*

The Group acquires customer portfolios from time to time. These acquisitions are recognised as assets at the time of acquisition. The customer portfolios are depreciated with the expected rate of customer turnover. The rationale for the acquisition of customer portfolios are mainly economies of scale that can be utilised through increased revenues with relatively low marginal costs, thus affecting the Group's results positively if the revenue exceeds the costs and depreciation. If the customer turnover should be

significantly higher than expected, there would be a need to write down the customer portfolio which will negatively influence the Group's results.

#### **2.1.24. *Incorrect or insufficient submission of tax returns and VAT returns***

The Group must, in accordance with applicable regulations, submit tax returns and VAT returns and other relevant forms regarding direct and indirect taxes. If the Group fails to submit tax returns or VAT returns, applicable forms or relevant information, or gives incorrect information on submitted tax returns/forms, fees or penalty tax/surtax may be imposed on the Group by the Norwegian tax authorities.

#### **2.1.25. *Corporate culture***

A key element for protecting the Group's culture is a clearly defined leadership philosophy that is recognised and followed by all of the Group's employees. Further, the Group's mission, vision and values constitute key foundations for the Group. There is a risk that the Group will not be able to maintain a corporate culture with a sufficiently strong focus on continuous improvement and that for this reason, the Group will not be attractive to employees and/or customers in the long run. This may adversely impact the Group's operations and financial results and prospects.

#### **2.1.26. *Product risks that cannot be hedged against***

Risks that the Group cannot be hedged against are typically large scale manual/operational or systematic errors. An example is errors that lead to incorrect invoicing that can be difficult to correct. There is also a risk that the Group's personnel do not have sufficient knowledge of its systems or the processes involved between sales, accounting and invoicing, such that errors remain unnoticed up until a discrepancy arises when sales and accounting figures do not reconcile.

The Group may fail to hedge pricing risk connected to its standard variable products as intended for the shorter periods where these products are fixed. Volume risk in the same periods is also risk that the Group may not be able to hedge against. The Group may also fail to hedge against the risk tied to trading of financial contracts where the volume of electricity cannot be transferred to customers.

Further, if the Group's volume of electricity certificates purchased deviates from the regular volume underlying the physical delivery to its customers, there is a risk that the increased purchase price cannot be passed on to the Group's customers for competition reasons and this will impact on the Group's revenues.

The Group is unable to hedge the risk of not being able to optimise its product portfolio which may lead to negative results.

The Group's mobile phone subscription service exposes the Group to various types of fraud risk which the Group cannot hedge against.

### **2.2. Market and Group related risk factors**

#### **2.2.1. *The Group's results of operations could be negatively affected if the Group cannot adapt, expand and develop its services in response to changes in technology or customer demand***

The electricity retail market in which the Group operates may be subject to a diverse range of regulatory, technological and consumer-driven changes, all of which can have a material impact on the operating conditions currently facing the Group.

##### *Digitalisation*

The electricity industry is subject to increased digitalisation and utilisation of "big data". Digitalisation will have a significant impact on the Group, especially through Advanced Meter and Control Systems (AMS), collective invoicing, "shareconomy" and the Elhub.

If the Group fails to digitalise its services, it will risk losing customers to competitors that take advantage of technology and risk its competitors implementing distribution systems that are more effective than the Group's.

"Shareconomy" is another technological threat to the Group. Companies operating with "shareconomy" enable private parties to transact through use of the digital platform such as mobile applications and internet websites.

The Group's reliance on artificial intelligence in the future such as prediction models for customers and products involves elements of risk in the event the actual situation proves different to a predicted situation and the Group has based its strategies on incorrect predictions.

#### *Automation of service provision*

The Group is constantly analysing automation of service provision risk as part of its monitoring of the digitalisation challenges.

Automation of services generally has been growing at an increasing pace across a variety of markets, including the electricity market. There is a risk that market participants or new entrants in the electricity market automate the process of electricity supply through software solutions and are able to offer services at better prices and on better conditions than the Group given the lower operational costs. An example may be a software application that uses smart software to assist customers in finding the best electricity prices from producers of renewable energy and automates the process of switching electricity providers.

#### *Robot shopping*

Robot technology may disrupt the market for electricity supply through operating as a third party for customers. Customers may enter into agreements to grant each other access to digital electricity measurement values such that robot technology may use this information to find the cheapest electricity provider for any given hour and transfer customers to that supplier. Price will then be the only differentiation between suppliers. Such trading will lead to mass transfers of customers between electricity providers during short time intervals and require the Group to dedicate extensive resources to handle, amongst other things, electronic communication with customers and invoicing. However, regulatory changes are required to enable the development of the aforementioned processes.

#### *Product innovation and adaptability*

The pace of innovation in the society has increased dramatically in recent years. The Group is dependent on its ability to continuously renew its product offering to remain relevant to its customer base in the long term and to remain competitive in a market where the Group's competitors are continuously driving product innovation. Failing to implement appropriate strategies to counter this risk may negatively impact on the Group's position in the market and on the revenue of the Group.

#### *Diversification of product and service offering*

The Group may need to diversify its product and service offering in order to establish additional income sources as a defence to any decreases in customer demand for its electricity services. Diversification may entail new service offerings by the Group of intangible services such as insurance, financing and services tied to establishment of distributed production that serve customers that are both consumers and producers in respect of the purchase and sale of electricity.

Diversification exposes the Group to various risks including, amongst others, unsuccessfully implemented product and service offerings.

#### *Technology disruptors*

The entrance of major, international technology-based disruptors (such as GAFA; Google, Amazon, Facebook and Apple) to the Norwegian electricity retail market could materially change the Group's operating environment through the introduction of new business concepts or products that are in direct competition with the Group's offering.

#### *The shift to "green" energy*

There is increased focus on solar energy and on the development of storage batteries that allow customers to utilise more self-produced electricity, initiatives driven through consumer demand and regulatory changes. Corporations often base decisions for purchase of electricity on Corporate Social Responsibility (CSR). The Group will need to expand its product offering and focus areas to the supply of renewable energy and have increased focus on the green shift in order to align itself with consumer expectations, regulatory requirements and trends.

From 1 January 2017, end-users with consumption and production at the point of connection (so called "plus customers"), must chose an electricity provider that is willing to purchase surplus energy when one does not produce more than one uses in the event that the grid operating company does not want to be the

purchase of the surplus energy. The same electricity provider must also supply electricity periods when its production is not sufficient to cover consumption. As a central player in the electricity market, the Group will need to develop an offer for the "plus customers" which may add to the Group's expenses.

Business models tied to "plus customers" and new technologies currently receive a significant amount of attention in the private customer market. One example is the use of block chain based software to enable peer-to-peer energy trade between "plus customers". Such trade will be made without a third party such as an electricity provider. While it will take some time to implement such software due to regulatory constraints within organisations, the Group will need to keep pace with such developments.

#### *Consumer driven trends*

There is a risk of consumer-driven trends such as economy sharing (consumer to consumer transactions) and distributed energy production which have an impact on the operating environment and value chain in which the Group is positioned.

#### *Lack of presence in the wider Nordic market*

There is increasing demand for the supply of electricity to Nordic business groups. The Group is excluded from certain segments of its business market due to a lack of presence outside the Norwegian market where business groups also demand electricity supply.

#### *Inability to exploit new technology and data*

There is a risk that the Group will not have the capability to exploit technological developments and use the large volumes of data in its possession to, amongst other things, develop customer-friendly and profitable services. This risk is triggered by the fact that technological development is progressing at an increasing rate.

### **2.2.2. The markets in which the Group competes are highly competitive, and the Group might not be able to compete effectively**

The Group operates in a highly competitive and rapidly changing international marketplace and competes with a variety of organisations that offer electricity and other services similar to those the Group offers. The competition risk is divided into three categories being, competition in the private market, competition in the business market and competition in the mobile market.

#### *Private customer market*

The competitive landscape in the private electricity market has increased following the implementation of the collective invoice for electricity and grid services. Increased competition compels consolidation in the industry. There are more than 100 electricity providers in the Norway, from small local electricity providers to large corporations such as Fortum which, after the acquisition of Hafslund, will be Norway's largest electricity provider. NorgesEnergi, the "fighting brand" of the former Hafslund-group (now Fortum) is the Group's most aggressive competitor. Hafslund (Fortum), Gudbrandsdal Energi, Ustekveikja, Tibber, Agva Kraft, Akraft and Oslo Kraft are the other main competitors of the Group. In smaller regions in Norway, the Group's main competitors are local electricity providers for the region which are more difficult for the Group to compete with as they are marketed as providing local foundation, local employment and social responsibility.

Attractive electricity prices is the most crucial parameter in remaining competitive in the electricity industry. Even though the Group has been able to offer competitive prices, its competitors may offer more aggressive contractual terms or compete on pricing in a manner that the Group is not willing or able to match on a sustained basis in light of the Group's size and financial condition, which may affect the Group's ability to obtain new or sustain its level of business activities.

The Group's faces tough competition in all of its segments. In segments where the Group has a large market share, it is challenging to maintain market share. It is challenging for the Group to maintain all new customers due to the win-back activities of its competitors. It is especially challenging for the Group to differentiate itself on subscription services tied to a generic product like electricity in the private consumer market. In order to remain competitive, the Group will need to ensure it maintains its strong presence in the market and is present in all possible sales channels.

Even if the Group has potential offerings that address marketplace or customer needs, the Group's competitors may be more successful at selling similar services, including to the Group's current

customers. For example, the Group's competitor, Fortum, is more active than the Group at coming up with new concepts. The charging stations for electrical cars is an example of Fortum's differentiation efforts.

If the Group is unable to compete successfully, the Group could lose market share and customers to competitors, which could adversely affect the Group's business, results of operations, financial condition, cash flows and/or prospects.

#### *Business customer market*

Large enterprise segment: In competition to win market share, price margins have been driven down and profitability has become a significant challenge for this segment. The Group faces strong competition on price from LOS, Bergen Energi, Hafslund (Fortum), Markedskraft, Ishavskraft and Eneas.

Small to medium business segment: There are many electricity providers in the small to medium business customer market that offer long-term, fixed price contracts with no-termination rights over a determined period (some operate with up to 5 years) and unbalanced contract terms. These companies often present electricity prices and terms without disclosing all chargeable elements such as electricity certificates and present the Group as a more expensive alternative. The Group has been able to maintain its market share in the business customer market through a focus on non-binding contracts and evidence of customer satisfaction. The Group has extensive sale resources and wide distribution channels. However, the Group faces the risk of not being seen as an attractive employer, nor partner. The Group also faces the risk of not being able to supply the pan-Nordic customers as it is not able to distribute electricity outside Norway.

#### *Alliances market – wholesale market*

The Group provides services covering parts of the value chains of smaller players throughout the country. Initially, the Group supplied its Alliance partners energy trade services but, the service provision has now expanded to include larger parts of the value chain such as meter reading settlements, invoicing and recovery of receivables. There is limited competition in the provision of services to Alliance partners. However, there is a risk that the Group's competitors can provide services that appear more attractive than the Group's. There is also a risk that Alliance partners will take part in M&A-transactions not involving the Group.

#### *International players*

The Group faces a threat of entrance by international companies into the Norwegian market for the retailing of electricity which may increase the Group's current competition. An example of such entrance is Fortum's acquisition of Hafslund to expand its presence in the Norwegian electricity market. The Group carefully monitors the threat of new international entrants.

#### *Diversification of services by other industries*

There is a risk that other businesses with large customer bases, such as banks and insurance companies, may decide to diversify their product offering and enter into the electricity market. The threat arises from highly professional and robust market participants that have a national focus and may be able to offer lower prices through bundling products and achieving synergies.

### **2.2.3. Any inability to manage the Group's growth could disrupt the Group's business and reduce the Group's profitability**

In recent years, the Group has expanded its service offering to also include mobile telephone subscription.

The Group's growth to date has, and the Group expects the Group's future growth will, place significant demands on the management team and other resources, and will require the Group to continuously develop and improve its operational, financial and other internal controls. Both the Group and the electricity industry are generally characterised by low profit margins relative to gross revenue. If profit margins are changed during a cycle, it can have significant negative consequences on the Group's profitability. In particular, the Group's continued growth will increase the challenges involved in:

- recruiting, training and retaining technical, finance, sales, legal and management personnel and consultants specialised in financial services with the knowledge, skills and experience that the Group's business model requires;
- maintaining high levels of customer satisfaction;

- developing and improving the Group's internal infrastructure, particularly the Group's financial, operational, communications and other internal systems;
- managing operating costs and remaining cost effective;
- increasing and leveraging automation of the Group's services;
- achieving and maintaining economies of scale;
- preserving the Group's culture, values and performance-focused environment;
- effectively managing the Group's personnel and operations and effectively communicating to the Group's personnel the Group's core values, strategies and goals; and
- successfully executing acquisition opportunities when M&A opportunities arise.

The increasing size and scope and diverse nature of the Group's operations raise the possibility that a member of the Group's personnel will engage in unlawful or fraudulent activity, breach the Group's Code of Conduct, internal policies or contractual obligations, or otherwise expose the Group to unacceptable business risks, despite the Group's efforts to train its people and maintain internal controls to prevent such instances. The Group may be unable to monitor subcontractors and enforce its supplier conduct principles, which would increase the risk of failing to meet customer obligations in respect of supply chain management. If the Group does not continue to develop and implement the right processes and tools to manage the Group's enterprise, the Group will be exposed to heightened operational risks and the Group's ability to achieve its business objectives could be impaired, which could have an adverse impact on the Group's business, results of operations, financial condition, cash flows and/or prospects.

**2.2.4. *The Group's success depends on its ability to retain customers and procure additional work from existing customers***

The Group's success depends on it being able to retain its customers and expand its current customer base. Reaching the right balance between profitability on its services and customer satisfaction, maintaining an attractive brand and a proactive approach to resolving issues arising from the Group's services are required to ensure the Group can retain customers and grow its customer base.

In the business customer market, the Group is in the process of implementing new concepts to win additional customers but it will take a longer period of time to grow the Group's customer base through its new concepts.

**2.2.5. *The Group's future results may differ materially from what is expressed or implied by the financial targets presented in this prospectus, and investors should not place undue reliance on these targets***

This Prospectus includes various financial and business targets for the Group. The actual results of the Group may differ materially from what is expressed or implied by the financial and business targets. These targets may not be achievable in the short term or at any time. These financial targets are based upon a number of assumptions, which are subject to significant business, operational, economic and other risks, many of which are outside of the Group's control. Key assumptions that management has made when setting its targets, include, *inter alia*, that the macroeconomic and competitive environments in which the Group operates remain stable. These assumptions may not continue to reflect the commercial, regulatory and economic environment in which the Group operates. Accordingly, such assumptions used for settling the Group's financial targets may change or may not materialise at all. In addition, unanticipated events may have a material adverse effect on the actual results that the Group achieves in future periods whether or not its assumptions otherwise prove to be correct. As a result, the Group's actual results may vary materially from these targets and investors should not place undue reliance on them.

Specifically, deviations from assumptions relating to margins, growth and customer churn are the key risks within income development. The Group is also exposed to deviations from expected expenses.

**2.2.6. *The Group's success depends upon its management team and the Group's ability to hire, attract, motivate, retain and train these personnel***

The Group's success depends to a significant degree on the contributions of a small number of individuals including the executive Directors and senior management and its future success will depend to a large extent upon its ability to attract and retain such individuals. Although the Group has entered into service or employment contracts with these individuals, loss of the services of any member of its key management may affect the business and results of the operations of the Group.



**2.2.7. *The Group's results of operations could be adversely affected by a change in consumer demand and macroeconomic conditions***

Norwegian macroeconomic conditions may have an effect on the Group's customers' businesses, which may have a consequential effect on their spending and demand for the Group's services. This risk is assessed to be relatively low in respect of the Group's private customers but somewhat greater in respect of its business customers.

Demand for the Group's services may in the future be affected by a change in consumer preference for solar energy, increased battery capacity and other such factors which may negatively affect the Group's business, results of operations, financial condition, cash flow and/or prospects.

**2.2.8. *The Group may not be successful at identifying, acquiring or integrating other businesses or technologies***

As part of its overall growth strategy, the Group seeks to drive market consolidation, particularly in Norway and continuously evaluates potential acquisition opportunities. The Group has in the recent years been involved in a lot of activities, but limited mergers & acquisitions have taken place. It is possible that the Group may be unable to identify suitable acquisitions, candidates or other strategic partnerships, and hence may not complete the desired number and kind of acquisitions. Even if the Group is able to identify an acquisition, the Group may not be able to complete the acquisition on commercially reasonable terms. Further, if the Group acquires a company, the Group could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may not agree to employment with the Group. These difficulties could disrupt the Group's ongoing business, distract the Group's management and employees and increase the Group's expenses. If the Group is inefficient or unsuccessful at integrating any acquired businesses into its operations, the Group may not be able to achieve its planned rates of growth or improve its market share, profitability or competitive position in specific markets or services.

**2.3. Legal and regulatory risk**

**2.3.1. *Changes in laws and regulations or their interpretation or enforcement may be unpredictable and could adversely affect the Group's business. In particular, changes in Norwegian tax laws, privacy regulations and national security regulations, if adopted, could adversely affect the Group's business***

The market for electricity is heavily influenced by EU and national government regulations and policies. There may be unforeseeable changes in such regulation or policy and delays in implementation. Such changes in laws and regulations applicable to the Group could add uncertainty within the electricity industry, increase compliance costs, mandate significant and costly changes to the way the Group implements its services and solutions, threaten the Group's ability to continue to serve certain markets and lead to revenue reductions.

One example of uncertainty in regulation of the electricity industry may be gauged from the proposed Norwegian electricity energy regulations expected to come into force on 1 January 2021. The regulations require a functional and company level separation of distribution grid operating services from other energy services where distribution grid companies are integrated with other business lines. While these regulations do not directly impact the business of the Group, they will positively impact the competitiveness of the Group and the Group may base certain investment decisions in reliance on these future amendments. The Group bears a risk with respect to decisions made in reliance on future regulations especially if the regulations are not implemented as intended or their intended effect does not eventuate in the market.

There is also uncertainty with respect to the continued application of the Meter Settlement Regulations 1993, no. 301 which does not allow customers to change electricity providers through a power of attorney. In particular, how this piece of legislation may impede the use of several automated processes in the electricity industry that are addressed in section 2.2.1.

*General Data Protection Regulation*

The EU General Data Protection Regulation (GDPR) will enter into force on 25 May 2018 and the Group will therefore be affected by new and more onerous laws relating to the handling of customer data and/or the location of data storage centres. This will result in the Group incurring additional compliance costs

and face a risk of high penalties in the event of non-compliance. The Group is currently implementing a GDPR project and aims to be compliant with GDPR within 25 May 2018.

#### *Second Payment Services Directive*

The EU Second Payment Services Directive (PSD2) must be transposed into Norwegian law by 13 January 2018 and will apply from that date. This legislation requires payment service providers (PSPs) to make a significant number of changes to existing operations and is an important step towards a Digital Single Market in Europe. PSD2 will set out a common legal framework for businesses and consumers when making and receiving payments within the European Economic Area (EEA). Customers will have a right to use Payment Initiation Service Providers (PISPs) and Account Information Service Providers (AISPs) where the payment account is accessible online and where they have given their explicit consent. These changes reflect the market growth in e-commerce activities and use of internet and mobile payments as well as the rise of new technological developments and a trend towards customers having relationships with multiple account providers. There is a risk that the Group will not be able to manage the opportunity presented by this legislative amendment in a way that will allow the Group to win customers.

#### *Single invoice model*

The Group is subject to the regulations implementing the single invoice model in the Norwegian electricity industry. Companies are expected to implement this model in the year 2020/2021 and a failure to implement this model or delays in implementation may impact negatively on the competitiveness of the Group and its earnings.

#### *New consumer marketing regulations*

There is a risk of new consumer regulations being introduced in Norway which may restrict certain marketing practices or introduce marketing guidelines. Such regulations may impact on the Group's ability to continue its current marketing practices, such as door-knocking, which the Group heavily relies upon and therefore affect the Group's ability to grow its customer base if it is unable to adopt other effective marketing strategies.

#### *White paper on infrastructure critical to national security*

Another risk arising from changes to regulations is a white paper on infrastructure critical to national security (*Sikkerhetsloven*) currently under public review. Should the Group become directly subject to the legislation (which it does not consider itself to be under the existing legislation), the Group could become subject to costly reporting regimes, restrictions on foreign ownership and other onerous obligations impacting the Group's operations. In addition, changes in tax laws, treaties or regulations could impose additional taxes on the provision of the Group's services and solutions, resulting in lower profitability. Certain services offered by the Financial Services business area are exempt from Norwegian VAT under an applicable exemption from VAT for financial services. Any changes to this legislation, or a change in the interpretation thereof, could lead to a loss of this exemption. In addition, Norway has with effect from 1 January 2017 introduced a financial tax, consisting of two elements; (i) a separate 5 percent tax on wage costs and (ii) a 25 percent corporate tax rate on profits instead of the 24 percent corporate tax generally applicable in Norway from 2017. This financial tax is currently not applicable to the Group due to certain exemptions available to the Group, but any changes to this legislation, its interpretation or the nature of the Group's business could lead to this exemption no longer being available. To the extent these taxes will apply to the Group's services to customers, and the Group is unable to pass on these additional costs to customers, or such costs impact customer demand for the Group's services and solutions, this could have a material adverse impact on the Group's business results of operations and/or prospects.

In particular, anti-offshoring legislation, or privacy legislation with the same effect on the market in Europe, if adopted, could adversely affect the Group's business. Given the ongoing debate over offshoring, the introduction and consideration of such restrictive legislation or regulations is possible in Norway. If enacted, such measures may broaden existing restrictions on offshoring by governmental bodies and on government contracts with firms that outsource services directly or indirectly, or impact private industry with measures that include, but are not limited to, tax disincentives, fees or penalties, intellectual property transfer restrictions, mandatory government audit requirements, and new standards that have the effect of restricting the use of certain business and work visas. In the event that any of these measures become law, the Group's operating revenue and profitability could be adversely affected and the Group's ability to provide services to its customers could be impaired.

**2.3.2. *The Group may be the subject of litigation, which, if adversely determined, could harm the Group's business, reputation, results of operations, financial condition and prospects***

The Group has in the past been, and may in the future be, subject to legal claims, including those arising in the normal course of business. For example, there is a risk of disputes arising from contractual breach for incorrect measuring of electricity consumption and incorrect pricing of electricity consumption.

Other matters that may be the subject of a dispute involving the Group include aggressive behaviour during sales processes such that customers may claim that an agreement with the Group was entered into on false premises, disputes in respect of the management of customer data or competing companies bringing claims against the Group for misleading sales and marketing processes.

The Group also faces a risk of a breach of the terms of the Group's trading license.

The Group's provisions for losses related to pending legal proceedings may not be adequate to cover its ultimate costs in relation to such proceedings and may need to be adjusted as a result of subsequent developments in or the final outcome of such legal proceedings. Whether or not the Group ultimately prevails, litigation and arbitration are costly and can divert management's attention from the Group's business. In addition, the Group may decide to settle a litigation or arbitration matter, which could cause the Group to incur significant costs. A settlement or an unfavourable outcome on any litigation or arbitration matter could have an adverse effect on the Group's operating revenue and profitability.

**2.3.3. *The Group may not have the capacity to track compliance to external legislative, industry or business requirements***

The markets in which the Group operates are subject to changes in legislation that directly impact the Group, but the Group may also be indirectly exposed to changes in the legislation governing the Group's customers to the extent the Group's contracts with its customers place all or parts of the risk for legislation on the Group. The Group may not be able to effectively monitor and timely adjust for all legislative changes, which can result in fines or other sanctions.

**2.3.4. *Labour disputes could disrupt the Group's operations or lead to higher labour costs***

Certain of the Group's employees are members of unions or represented by works councils, employee representatives or other bodies. In many cases, the Group must, inform, consult with and request the consent or opinion of union representatives or works councils in managing, developing or restructuring certain aspects of its business.

Although the Group believes its relations with employees and unions are strong, its operations may nevertheless be materially affected by strikes, work stoppages, work slowdowns or other labour-related developments in the future, including disagreements with unions, works councils or other employee co-determination bodies, as well as with labour law authorities. These and other similar labour-related incidents or matters could disrupt the Group's operations and have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

Further, if the Group needs to reduce its headcount, the Group will need to comply with the Norwegian employment law, which can be time consuming and/or entail additional costs.

**2.3.5. *The Group's services, software or solutions could infringe upon third-party intellectual property rights or the Group may lose its ability to utilise the intellectual property of third parties***

The Group's services, software and solutions, or the services, software and solutions of others that the Group offers to its customers by incorporation into the Group's offerings, could infringe on third-party intellectual property rights. Although the Group is not aware of any material infringement claims, third parties may in the future assert claims against the Group or the Group's customers alleging infringement of patent, copyright, trademark, or other intellectual property rights. Infringement claims could harm the Group's reputation, result in liability for the Group or prevent the Group from offering some services, software or solutions. In the Group's customer contracts, the Group generally agrees to indemnify the Group's customers for certain expenses, costs or liabilities resulting from potential infringement of the intellectual property rights of third parties. The amount of the Group's liability under these indemnities is usually substantial and in many cases unlimited. Any claims that the Group's services, software or solutions infringe the intellectual property rights of third parties, regardless of the merit or resolution of such claims, may result in significant costs in defending and resolving such claims, and may divert the

efforts and attention of the Group's management and technical personnel from the Group's business. In addition, as a result of such intellectual property infringement claims, the Group could be required or otherwise decide that it is appropriate to:

- discontinue using, licensing, or offering particular services, software or solutions subject to infringement claims;
- discontinue using the technology or processes subject to infringement claims;
- develop other technology not subject to infringement claims, which could be costly or may not be possible; or
- obtain future use rights.

The occurrence of any of the foregoing could result in unexpected increased expenses or require the Group to recognise an impairment of its assets. In addition, if the Group alters or discontinues offering a particular service, software or solution as a result of an infringement claim, the Group's operating revenue could be affected. If a claim of infringement were successful against the Group or the Group's customers, an injunction might be ordered against the Group's customers or the Group's own operations, causing further damages.

**2.3.6. *The Group depends on protecting its proprietary technology and intellectual property rights, and protective measures may prove costly, time consuming and may not be resolved in the Group's favour***

Although the Group currently is not aware of any material infringement of its intellectual property by other parties, it cannot guarantee that such infringement does not currently exist or will not occur in the future. To protect its intellectual property rights and to maintain its competitive advantage, the Group may file suits against parties that it believes are infringing its intellectual property. Any infringement or misuse of the Group's intellectual property could result in increased costs, loss of operating revenue and damage to the Group's reputation and brand. In addition, intellectual property litigation is expensive and time consuming, could divert management's attention from the Group's business and could have a material adverse effect on its business, results of operations, financial condition, cash flows and/or prospects. Furthermore, the Group's intellectual property enforcement efforts may not be successful. In some situations, the Group may have to bring intellectual property suits outside of Norway or the other countries in which it operates, in which case the Group would be subject to additional risk as to the result of the proceedings, the amount of damages that it could be awarded and/or collect, as well as potential currency risk. Certain jurisdictions may not provide protection for intellectual property comparable to that in the Nordic region, Western Europe or the United States. Infringement of the Group's intellectual property and engagement in intellectual property enforcement actions could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

**2.4. Financial and accounting risks**

**2.4.1. *The Group's ability to incur additional indebtedness could have a material and adverse effect on the Group's ability to obtain additional financing or make the Group more vulnerable in the event of a downturn in the business or the economy generally***

In order for the Group to participate in consolidation of the Norwegian electricity retail market, the Group may need to raise further funds. Any additional equity financing may be dilutive to the Company's shareholders, and debt financing, if available, may involve additional restrictions in financing and operating activities. In addition, there can be no assurance that the Group will be able to raise additional equity funds or debt funds when needed, or that such funds will be available on terms favourable to the Group. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion or to cease trading.

**2.4.2. *The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or the Group's ability to declare dividends to the Group's shareholders***

Liquidity risk is a central risk for the Group. It is the risk that the Group will be unable to meet its financial obligations when they are due and that financing will not be available at a reasonable price and that the Group will not have adequate funds to finance its obligations.

The Group's financing requirements mainly relate to working capital requirements, as electricity prices and electricity demands are higher in Q1 and Q4 than Q2 and Q3 and may draw down the Group's available liquidity temporarily. Should seasonal high electricity consumption and higher electricity prices

require the Group to fund additional working capital, the Group may draw on its NOK 1 billion DNB facility. The Company has also the option to delay payments to Statkraft for its electricity acquisitions for one additional month (although to date, the Company has never made use of this). There can, however, be no assurance that the DNB Bank ASA facility and Statkraft agreement will be sufficient to finance the short term impact on working capital from extreme fluctuations in electricity prices and/or consumption.

The Group's management of liquidity risk entails maintenance of adequate liquid reserves and credit facilities. The Group monitors its liquidity development constantly through both short term and long term revolving liquidity forecasts. The Group's credit facility with DNB Bank ASA also seeks to minimise this risk, but there can be no assurances that such or other credit facility will ultimately be available at any given time.

The DNB credit facility agreement includes a financial covenant where the Group needs to maintain a book value of equity of no less than NOK 300 million at all times. The Group is in compliance with this covenant at the date of the Prospectus but there is no assurance that the Group will be in compliance with this covenant if the financial conditions of the Group are materially adversely affected, upon which the credit facility agreement may lapse. Further, the facility agreement may be terminated by either party on short notice.

Further, the amount of any future dividend payments by the Group will depend on its future earnings, financial condition, cash flows, working capital requirements, capital expenditures and/or its future and current financing arrangements. There can be no assurance that the Group will have distributable reserves available for dividends in the future. Any profits generated by the Group may be retained and used to finance the expansion and development of its business.

#### **2.4.3. *Customer credit risk and counterparty financial risk***

The Group is exposed to the risk of not being able to recover some of its account receivables, in respect of both private customers and business customers, and having to write these off as bad debt. This risk is managed by the Group through a high focus on credit evaluation of new customers, continuous customer credit monitoring with credit assurance measures such as guarantees and deposits in respect of customers with higher risk profiles together with effective recovery methods. External parties are used by the Group to assist with the aforementioned processes.

There is an inherently high credit risk in the business customer electricity industry in the sense that net profits relative to gross revenues in the electricity industry are low compared to other industries.

Financial counterparty risk is a special form of credit risk that arises when a customer becomes insolvent/bankrupt and that customer has a negative financial position, in which case, the Group must bear the risk of the customer's negative financial position.

#### **2.4.4. *The Group's operating results may be adversely affected by fluctuations in foreign currency exchange rates or restrictions in its ability to convert funds into its operating currencies***

The Group is, as at the date of this Prospectus, exposed to the risk of fluctuations in foreign currency exchange rates to a limited extent through its trade on the NASDAQ, where the EURO currency is used. The Group has sought to eliminate foreign currency exchange risk through its bilateral agreement with Statkraft, whereby Statkraft undertakes all trade on behalf of the Group and Statkraft requires the trade to be in NOK. If the agreement with Statkraft terminates, the Group will be exposed to foreign currency exchange risk until it enters into a similar agreement with a third party.

#### **2.4.5. *Interest rate fluctuations could materially and adversely affect the Group's business, results of operations, financial condition and cash flows***

The Group has short term interest bearing debt with respect to goods circulation. The Group has not taken any measures to reduce the risk connected to such debt.

#### **2.4.6. *Pension matters***

The Company's defined benefit pension scheme is established with the BKK Pension Fund, a joint pension fund for BKK and certain other participating companies (including the Group). Pursuant to the Articles of Association of the BKK Pension Fund and the agreement on common administration and management of the pension schemes (the "**Pension Scheme Agreement**"), entered into as part of the establishment of the joint pension fund, a participating company being acquired by another entity shall, if

the acquiring entity obtains a “determinative influence” (as defined in section 1-3 (2) of the Norwegian Public Limited Liability Companies Act) over the company, retract from the Pension Scheme Agreement unless the other participating companies consent to a continued participation in the BKK Pension Fund by the company in question. Implicitly, if a participating company retracts from the Pension Scheme Agreement, it will have to transfer its pension scheme(s) out of BKK Pension Fund into a life insurance company or establish its own pension fund and transfer the pension scheme(s) into that pension fund.

A listing of the Company’s shares on Oslo Børs will not be deemed an acquisition of the Company and therefore not require the Company to transfer its pension scheme out of the BKK Pension Fund.

If BKK sells some or all of its shares in the Company in connection with or after the Listing, such sale may affect the Company’s ability to remain in the BKK Pension Fund if a new owner of shares obtains a “decisive influence” over the Company. If the other participating companies do not consent to a continued participation in the BKK Pension Fund, the Company may be required to transfer its defined benefit pension scheme out of the BKK Pension Fund. Due to lack of competition in the market for defined benefit pension schemes, a transfer of the Company’s defined benefit scheme to a Norwegian life insurance company may be difficult or expensive. The Company may in such case be required to establish its own pension fund which, normally, will require a capital injection (solvency capital, etc.) from the Company into the pension fund.

#### **2.4.7. Risk related to outsourcing of accounting services**

The Group will continue to outsource its accounting services to BKK following the Listing and will therefore depend on BKK for delivery of timely and high quality accounting services with the standards required by listed companies. There is a risk that BKK may not be able to provide the requisite standard of service.

#### **2.4.8. Risk related to accounting estimates and changes in accounting policies**

The Group’s accounts include estimates relating to varying amounts that are unknown at the point of time of submission of accounts and several unrealised amounts. These types of accounting items may result in a displacement of results between accounting periods. The Group is also exposed to the risk of material errors in its accounts and the risk associated with the effect of changes in accounting rules and principles. The former risk is managed by the Group through a high focus on improvement processes and prediction models as well as continuous competency improvements.

A large proportion of the Group’s final settlement of sales and distribution of power is made after the Group has finalised its annual financial report. Revenues related to sale of electricity are estimated based on the volumes that have been physically delivered during the period. The physically delivered volume is apportioned in accordance with consumption forecasts for each customer group and price plan. The model is based on historical information. However, there is a degree of estimation uncertainty involved in the volume apportioned to the various price segments that requires a degree of judgment by management. There can be no assurance that future revenue estimation adjustments may not be higher than the historical adjustments.

### **2.5. Risks related to the Listing and the Shares**

#### **2.5.1. The Company will incur increased costs as a result of being a publicly traded company**

As a publicly traded company with its Shares listed on Oslo Børs, the Company will be required to comply with Oslo Børs’ reporting and disclosure requirements and with corporate governance requirements. The Company will incur additional legal, accounting and other expenses to comply with these and other applicable rules and regulations, including hiring additional personnel. The Company anticipates that its incremental general and administrative expenses as a publicly traded company will include, among other things, costs associated with annual and quarterly reports to shareholders, shareholders’ meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. Any such increased costs, individually or in the aggregate, could have an adverse effect on the Company’s business, results of operations and financial condition.

#### **2.5.2. There may not be an active and liquid market for the Shares and the price of the Shares could fluctuate significantly**

An investment in the Company’s Shares is associated with a high degree of risk and the price of the Shares may not develop favourably. Prior to the Offering, there has not been a public market for the

Shares. Following the Offering, an active or liquid trading market in the Company's Shares may not develop or be sustained. If such market fails to develop or be sustained, it could have a negative impact on the price volatility of the Shares. Investors may not be in a position to sell their shares quickly or at the market price if there is no active trading in the Company's Shares.

The share prices of publicly-traded companies can be highly volatile and, after the Offering, the price of the Shares could fluctuate substantially due to various factors, some of which could be specific to the Company and its operations, and some of which could be related to the industry in which the Company operates or equity markets generally. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, investors' evaluations of the success and effects of the strategy described in this Prospectus, an increase in market interest rates, changes in shareholders and other factors. As a result of these and other factors, the Shares may trade at prices significantly below the Offer Price.

One of the factors that could influence the price of the Shares is its annual dividend yield as compared to yields on other financial instruments. Thus, an increase in market interest rates will result in higher yields on other financial instruments, which could adversely affect the price of the Shares.

Market volatility and volume fluctuations have affected and continue to affect the market prices of securities issued by many companies, including companies in the retail market, and may occur without regard to the operating performance of such companies. The market price of the Shares may decline, and the Shares may trade at prices significantly below the Offer Price, regardless of the Company's actual operating performance, and there can be no assurance as to the liquidity of any market in the Shares, an investor's ability to sell their Shares or the prices at which investors would be able to sell their Shares.

**2.5.3. *The Selling Shareholders may continue to exercise significant influence or control over the Company and its operations, and the interests of these shareholders may conflict with those of other shareholders***

Upon completion of the Offering, BKK and Skagerak Energi will continue to hold a significant percentage of the Shares in the Company. The interests of the Selling Shareholders may differ from or compete with the Company's interests or those of other shareholders and it is possible that the Selling Shareholder may exercise their influence or control over the Company in a manner that is not in the best interests of all shareholders. The concentration of share ownership may delay, postpone or prevent a change of control of the Company and impact mergers or other forms of combinations as well as distributions of profit, which may or may not be desired by the other investors.

**2.5.4. *Future offerings of debt or equity securities by the Company may adversely affect the market price of the Shares and lead to substantial dilution of existing shareholders***

Other than the Offering, the Company has no current plans for an offering of Shares or other share capital and will, pursuant to the terms of the lock-up granted by it in favour of the Global Coordinator in connection with the Offering, be unable to do so for a period of 12 months after the first day of trading and official listing of the Offer Shares (subject to certain exceptions). However, the Company may in the future seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities in order to finance new capital-intensive projects, in connection with future acquisitions, in connection with unanticipated liabilities or expenses, for growth, or for any other purposes. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price for the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. There can be no assurance that the Company will not decide to conduct further offerings of securities in the future, and because the time and nature of any future offering will depend on market conditions at the time of such an offering, the Company cannot predict or estimate the amount, timing or nature of any future offering. Accordingly, the shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

**2.5.5. *Future sales, or the possibility for future sales, of Shares after the Offering may affect the market price of the Shares***

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on the market price of the Shares. Sales of substantial amounts of the Shares in the public market following the Offering, including by the Selling Shareholders, or the perception that

such sales could occur, could adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares at a time and price that they deem appropriate.

Although the Selling Shareholders have agreed with the Global Coordinator to restrictions, subject to certain exceptions, on its ability to sell or transfer Shares for a period of 12 months after the first day of trading and official listing of the Offer Shares, the Global Coordinator may, in their sole discretion and at any time, waive such restrictions on sales or transfer during this period. Following the expiry of the applicable lock-up period, or the waiver of the lock-up restrictions by the Global Coordinator, the Company's Shareholders who were subject to lock-ups may sell Shares in the open market or otherwise, subject to applicable securities laws restrictions. There can be no assurance that such parties will not sell Shares or effect other transactions upon the expiry of the applicable lock-up period or the waiver of the lock-up restrictions and the Company cannot predict the effect, if any, that future sales of Shares, or the availability of the Shares for future sale, will have on the market price of the Shares. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-up arrangements, the market price of the Shares may fall in anticipation of a sale of Shares. Any sales of substantial amounts of Shares in the public market, or the perception or any announcement that such sales might occur, could result in a material adverse effect on the market price of the Shares and could impair the Group's ability to raise capital through the sale of additional equity securities.

**2.5.6. *Pre-emptive rights to subscribe for Shares in additional issuances could be unavailable to U.S. or other shareholders***

Under Norwegian law, unless otherwise resolved at the Company's general meeting of shareholders (the "**General Meeting**"), existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, exempted, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction in respect of any such rights and Shares, and doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

**2.5.7. *Investors could be unable to exercise their voting rights for Shares registered in a nominee account***

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) could be unable to vote such Shares unless their ownership is re-registered in their names with the VPS prior to any General Meeting. There is no assurance that beneficial owners of the Shares will receive the notice of any General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

**2.5.8. *The Company's ability to pay dividends in accordance with its dividend policy or otherwise is dependent on the availability of distributable reserves and the Company may be unable or unwilling to pay any dividends in the future***

Norwegian law provides that any declaration of dividends must be adopted by the shareholders at the General Meeting, or by the Board of Directors in accordance with an authorisation from the General Meeting. Dividends may only be declared to the extent that the Company has distributable funds and the Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. As the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. As a general rule, the General Meeting may not declare higher dividends than the Board of Directors has proposed or approved. If, for any reason, the General Meeting does not declare dividends in accordance with the above, a shareholder will, as a general rule, have no claim in respect of such non-payment, and the Company will, as a general rule, have no obligation to pay any dividend in respect of the relevant period. The Company's ability to distribute dividends may also be limited in the Company's future financing agreements.



**2.5.9. *Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway***

The Company is a public limited company organised under the laws of Norway. All members of the Board of Directors and Management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

**2.5.10. *Norwegian law could limit shareholders' ability to bring an action against the Company***

The rights of holders of the Shares are governed by Norwegian law and by the Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

**2.5.11. *Exchange rate fluctuations could adversely affect the value of the Shares and any dividends paid on the Shares for an investor whose principal currency is not NOK***

The Shares will be priced and traded in NOK on Oslo Børs and any future payments of dividends on the Shares will be denominated in NOK. Investors registered in the VPS whose address is outside Norway and who have not supplied the VPS with details of any NOK account or linked a local cash account and swift address to their local bank, will however receive dividends by cheque in their local currency, as exchanged from the NOK amount distributed through the VPS. If it is not practical in the sole opinion of DNB Bank ASA (the "**Registrar**"), being the Company's VPS registrar, to issue a cheque in a local currency, a cheque will be issued in USD. The issuing and mailing of cheques will be executed in accordance with the standard procedures of the Registrar. The current policy of the Registrar is to apply the exchange rate(s) on the date of issuance, and there is no guarantee that the Registrar will not adopt an alternative policy in the future. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Further, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

**2.5.12. *The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions***

The Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and other applicable securities laws. See Section 19 "Selling and Transfer Restrictions". In addition, there is no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

### 3. RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Offering described in this Prospectus and the Listing of the Shares on Oslo Børs.

The Board of Directors of the Company accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

9 March 2018

#### **The Board of Directors of the Company**

Robert Olsen

*Chair*

Birthe Iren Grotle

*Board member*

Svein Kåre Grønås

*Board member*

Kristil Håland Helgerud

*Board member*

Peder Brustad

*Board member*

Frank Økland

*Board member*

Øistein Prestø

*Board member*

Lindi Bucher Vinsand

*Board member*

## **4. GENERAL INFORMATION**

### **4.1. Other important investor information**

The Company has furnished the information in this Prospectus. The Joint Bookrunners make no representation or warranty, whether express or implied, as to the accuracy, completeness or verification of the information in this Prospectus. Nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Joint Bookrunners, as to the past or the future. The Joint Bookrunners assume no responsibility for the accuracy, completeness or verification of this Prospectus and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise which they might otherwise have in respect of this Prospectus or any such statement.

The Joint Bookrunners are acting exclusively for the Company and the Selling Shareholder and no-one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to any legal person, other than the Company and the Selling Shareholder, for providing the protections afforded to their respective clients and for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

None of the Company, the Selling Shareholder, the Joint Bookrunners, or any of their respective affiliates, representatives, advisers or selling agents makes any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

### **4.2. Forward-looking statements**

This Prospectus contains forward-looking statements that reflect Management's current views with respect to future events and anticipated financial and operational performance. Forward-looking statements are, generally, all statements other than statements as to historical facts or present facts or circumstances. Forward-looking statements may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might" and, in each case, their negatives, or similar expressions. Other forward-looking statements can be identified in the context in which the statements are made. Sections of this Prospectus entitled "Summary", "Risk Factors", "Dividends and Dividend Policy", "Operating and Financial Review", "Industry and Market Overview" and "Business" and include, among other things, statements relating to:

- the Company's future results of operations, including the statements relating to its future expectations;
- the competitive nature of the business in which the Company operates and the competitive pressure and competitive environment in general;
- the Company's financial condition;
- the Company's liquidity, capital resources, capital expenditures, and access to funding;
- the Company's future dividends;
- the Company's expected growth and other developments;
- the Company's business strategy, plans and objectives for future operations and events; and
- economic, legal, social and political developments in the markets in which the Group operates.

Although Management believes that the expectations reflected in these forward-looking statements are reasonable, it provides no assurance that they will materialise or prove to be correct. Given that these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors, including, among others:

- competition from companies in the markets in which the Company operates;

- changes in the demand for services, in particular in the Norwegian market;
- changes in international, national and local economic, political, business, industry and tax conditions;
- the Company's ability to manage an increasingly complex business;
- political and administrative decisions that may affect the Company's business;
- the Company's ability to retain or replace key personnel and manage employee turnover and other labour costs;
- unplanned events affecting the Group's operations or equipment;
- the Company's ability to grow the business organically or through acquisitions;
- changes regarding the Company's brand reputation and brand image;
- fluctuations in the price of goods and services, the value of the NOK and exchange and interest rates;
- the Company's ability to manage its further growth and expansion;
- changes in the legal and regulatory environment and in the Company's compliance with laws and regulations;
- increases of the Company's effective tax rate or other harm to its business as a result of changes in tax laws;
- changes in the Company's business strategy, development and investment plans;
- other factors referenced in this Prospectus; and
- the Company's success in identifying other risks to its business and managing the risks of the aforementioned factors.

If one or more of these risks or uncertainties materialises, or if any underlying estimates or assumptions prove to be inappropriate or incorrect, the Company's actual financial condition, cash flows or results of operations could differ materially from what is expressed or implied in this Prospectus. The Company urges investors to read in particular the sections of this Prospectus entitled "Risk Factors" and "Operating and Financial Review" for a more complete analysis of the factors that could affect its future performance and the industry in which it operates.

The forward-looking statements speak only as at the date of this Prospectus. The Company expressly undertakes no obligation to publicly update or publicly revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned to not place undue reliance on any of the forward-looking statements in this Prospectus. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above or contained elsewhere in this Prospectus.

#### **4.3. Presentation of financial and other information**

##### **4.3.1. Financial information**

The Group's audited consolidated financial statements as at, and for the year ended, 31 December 2017 with comparative figures for the year ended, 31 December 2016 (the "**2017 Financial Statements**") have been audited by Deloitte AS and prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act. The Group's audited consolidated financial statements as at, and for the year ended, 31 December 2016 with comparative figures for the year ended, 31 December 2015 (the "**2016 Financial Statements**"), have been audited by Deloitte AS and prepared in accordance with Norwegian Generally Accepted Accounting Principles ("**NGAAP**"). The 2017 Financial Statements and the 2016 Financial Statements are together referred to herein as the "**Audited Financial Statements**"

or "**Financial Statements**". The Audited Financial Statements are incorporated by reference to this Prospectus.

#### **4.3.2. Non-IFRS and non-NGAAP financial measures**

In this Prospectus, the Group presents certain non-IFRS and non-NGAAP financial measures and ratios:

- "**Reported Net Revenue**" represents the Group's revenue less the direct cost of sales in the 2017 Financial Statements. This measure equals the term "Revenue less direct cost of sales" in the 2017 Financial Statements. Net revenue is the profit the Group makes after deducting the direct costs associated with selling electricity and value added services/products. Net revenue is considered to better reflect the contribution and growth per business segment than revenue due to fluctuations in electricity prices. The Group uses a markup price model for most of its products, which implies that fluctuations in electricity prices should have limited impact on Net Revenue.
- "**Reported Net Revenue growth**" represents the performance in net revenue against previous years. It is presented as the percentage change in Reported Net Revenue in the year compared to the prior year.
- "**Adjusted Net revenue**" represents the Group's revenue less the direct cost of sales, adjusted for any estimate deviations related to previous periods recognised in the following period. A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its annual financial statements. At the date of reporting, the Group recognises electricity revenue and the associated direct cost of sales based on a best estimate approach. Management is of the opinion that the underlying net revenue in the reporting period should be adjusted for such estimate deviations, thus the term Adjusted Net Revenue is presented.
- "**Adjusted Net Revenue growth**" represents the percentage change in Adjusted Net Revenue in the year compared to the prior year.
- "**Reported EBIT**" represents operating profit/(loss), i.e. profit/(loss) before interest and taxes.
- "**Reported EBIT margin**" represents Reported EBIT expressed as a percentage of Reported Net Revenue.
- "**Adjusted EBIT**" represents the Group's operating profit/(loss) adjusted for any estimate deviations related to previous periods recognised in the following period and items not allocated to operating segments to better reflect underlying operating performance in the year. A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its annual financial statements. At the date of reporting, the Group recognises electricity revenue and the associated direct cost of sales based on a best estimate approach. Management is of the opinion that the underlying EBIT in the reporting period should be adjusted for such estimate deviations, thus the term Adjusted EBIT is presented. Management bonus specific for the Listing process, specific Listing process costs and non-recurring marketing costs and unrealised gains and losses (in the IFRS figures only) as described in note 5 in the 2017 Financial Statements are also adjusted for.
- "**Adjusted EBIT margin**" represents Adjusted EBIT expressed as a percentage of Adjusted Net Revenue.
- "**Reported EBITDA**" represents operating profit/(loss) before depreciation and amortisation, i.e. profit/(loss) before interest, taxes, depreciation and amortisation.
- "**Reported EBITDA margin**" represents EBITDA expressed as a percentage of Reported Net Revenue.
- "**Adjusted EBITDA**" represents the Group's EBITDA adjusted for any estimate deviations related to previous periods recognised in the following period and items not allocated to operating segments to better reflect underlying operating performance in the year. A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its annual financial statements. At the date of reporting, the Group recognises electricity revenue and the associated direct cost of sales based on a best estimate approach. Management is of the opinion that the underlying EBITDA in the reporting period

should be adjusted for such estimate deviations, thus the term Adjusted EBITDA is presented. Management bonus specific for the Listing process, specific Listing process costs and non-recurring marketing costs and unrealised gains and losses (in the IFRS figures only) as described in note 5 in the 2017 Financial Statements are also adjusted for.

- **"Adjusted EBITDA margin"** represents adjusted EBITDA expressed as a percentage of Adjusted Net Revenue.
- **"Capital Expenditure"** represents the sum of purchases of property, plant and equipment and intangible assets net of the proceeds of sale of such assets. For IFRS, this measure equals the net cash used in investing activities in the 2017 Financial Statements less payments to obtain contract assets, net (outflow)/proceeds from non-current receivables and acquisitions of customer portfolios (please refer to section 11.6). For NGAAP, this measure equals net cash used in investing activities in the 2016 Financial Statements less net (outflow)/proceeds from non-current receivables, acquisitions of customer portfolios (please refer to section 11.6) and changes in intangible assets (which under IFRS is classified as part of cash flow from operating activities in the statement of cash flows). This is a measure of the operational investments in the period, and Management believes it is useful to those reading the Group's financial statements in evaluating the capital intensity of the operations. Payments to obtain a contract (contract assets) as included in investing activities in the consolidated statement of cash flows in the 2017 Financial Statements are not a part of "Capital Expenditure" as it is considered to be part of the Group's operating business cycle.
- **"Net Interest Bearing Debt/(Net Cash)"** represents the sum of long-term interest bearing debt to financial institutions and short-term interest bearing borrowings, less cash and cash equivalents
- **"Net Working Capital"** represents current assets, less bank deposits, less current non-interest bearing liabilities. Net Working Capital is a useful measure of the Group's liquidity and ability to generate cash through operations. Note that the credit facility with Statkraft Energi AS ("SEAS"), as described in section 14.2, is regarded as Net Working Capital, even though the credit facility includes an interest compensation for extended credit periods, as it is a part of trade payables and considered a part of the Group's normal business cycle. The interest compensation is classified as "Direct cost of sales" in the statement of profit or loss as it is considered to be direct costs related to purchase of electricity, and thus a part of the Group's operating profit (EBIT).
- **"Capital Employed"** represents total equity plus net interest-bearing debt. The measure is included to demonstrate the cumulative amount the business has invested in its operations.

The non-IFRS and non-NGAAP financial measures presented herein are not recognised measurements of financial performance or liquidity under IFRS and NGAAP, but are used by Management to monitor and analyse the underlying performance of the Group's business and operations. In particular, non-IFRS and non-NGAAP financial measures should not be viewed as substitutes for profit/(loss) for the period, profit/(loss) before tax from continuing operations, operating income, cash and cash equivalents at period end or other income statement or cash flow items computed in accordance with IFRS and NGAAP. The non-IFRS and non-NGAAP financial measures do not necessarily indicate whether cash flow will be sufficient or available to meet the Group's cash requirements and may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results. These non-IFRS and non-NGAAP measures have not been audited or reviewed by any third party.

Management has presented these non-IFRS and non-NGAAP measures in this Prospectus because it considers them to be important supplemental measures of the Group's performance and believes that they are widely used by investors in comparing performance between companies. Because companies calculate the non-IFRS and non-NGAAP financial measures presented herein differently, the non-IFRS and non-NGAAP financial measures presented herein may not be comparable to similarly defined terms or measures used by other companies. The non-IFRS and non-NGAAP financial measures presented herein are also classified as alternative performance measures under the guidelines of the European Securities and Markets Authority.

#### **4.3.3. *Changes in presentation of segment financial information***

The financial information for the Group's segments is presented for the first time in the 2017 Financial Statements.

#### **4.3.4. *Currency***

In this Prospectus, all references to (i) "NOK" are to the Norwegian krone, the lawful currency of Norway.

The Group publishes its financial information in NOK. Unless otherwise noted, all amounts in this Prospectus are expressed in NOK.

The Group has limited exposure to foreign currency exchange rates as the vast majority of transactions are denominated in NOK.

#### **4.3.5. *Rounding***

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

#### **4.3.6. *Trademarks***

The Group owns or has rights to certain trademarks, trade names or service marks that it uses in connection with the operation of its business. The Group asserts, to the fullest extent under applicable law, its rights to its trademarks, trade names and service marks.

Each trademark, trade name or service mark of any other Group appearing in this Prospectus belongs to its holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Prospectus are listed without the <sup>TM</sup>,<sup>®</sup> and © symbols.

#### **4.3.7. *Industry and market data***

Certain documents incorporated by reference in this Prospectus contain market and industry data obtained from a combination of third-party sources and the estimates of management of the Company. Although management believes that these third-party sources and the estimates of management are reliable, the accuracy and completeness of such data is not guaranteed and has not been verified by any independent sources. Market and industry data, including estimates and projections relating to size of market and market share, is inherent imprecise and cannot be verified due to limitations in the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations inherent in any market research or other survey. Management's estimates are based on internal research, its knowledge of the relevant market and industry and extrapolations from third-party sources. While the Group are not aware of any misstatements regarding the market and industry data presented in the documents incorporated by reference in this Prospectus such data involve risks and uncertainties and are subject to change based on various factors, including those factors discussed under "Forward Looking Statements".

#### **4.3.8. *Other financial and operating measures***

In this Prospectus the following terms, unless otherwise specified or the context otherwise requires, have the following meanings:

"Q1" refers to the three months ended 31 March, "Q2" refers to the three months ended 30 June, "Q3" refers to the three months ended 30 September and "Q4" refers to the three months ended 31 December.

## **5. REASONS FOR THE OFFERING, LISTING AND USE OF PROCEEDS**

Through the Offering and Listing, the Company will diversify its shareholder base and aim to provide a regulated market place for its Shares. The Company believes that the Listing will further strengthen the Company's profile in the markets in which it operates, namely, enhance its profile with shareholders, business partners, customers and employees. The Listing is also expected to enable access to capital markets for future growth. The Company expects that the Listing will enhance its ability to participate in industry consolidation by engaging with vertically integrated electricity companies contemplating a spin-off of their electricity retail operations. For such companies, Fjordkraft will, following the Listing, be able to offer a typically desired exposure to the electricity retail market through holding listed Fjordkraft shares.

The Company will not receive any proceeds from the sale of the Sale Shares and/or the sale of any Additional Shares by the Selling Shareholders. The Company's costs connected to the Listing and the Offering is expected to amount to approximately NOK 22,266,107.



## 6. DIVIDENDS AND DIVIDEND POLICY

### 6.1. Dividend policy

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will comply with the legal requirements set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the "**Norwegian Public Limited Companies Act**") (see Section 6.2 "Legal constraints on the distribution of dividends"), and take into account the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions pursuant to its contractual arrangements in place at the time, in addition to the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

The Group has adopted a dynamic dividend policy with the aim of returning surplus capital to its shareholders. The Group's target is to distribute at least 80% of its net profit adjusted for non-recurring and special items. In determining the annual dividend level, the Board of Directors will take into consideration, among other things, the expected cash flow, capital expenditure plans, covenant restrictions in its financial loan agreements, financing requirements (including for any M&A activity) and appropriate financial flexibility.

The following dividends have been distributed in the last three years by the Subsidiary, in each case in respect of the financial result for the previous year:

- 2018: NOK 100,000,000, NOK 0.96 per share
- 2017: NOK 120,084,261, NOK 1.15 per share
- 2016: NOK 156,453,029, NOK 1.50 per share

The number of shares as at 31 December 2017 is used when calculating dividends per share in 2017, 2016 and 2015.

There can be no assurance that a dividend will be proposed or declared in any given year. If a dividend is proposed or declared, there can be no assurance that the dividend amount will be as contemplated above.

### 6.2. Legal constraints on the distribution of dividends

Dividends may be distributed as cash and in some instances as dividends in kind. The Norwegian Public Limited Companies Act contains the following restrictions on the distribution of dividends applicable to the Company:

- The Company may distribute dividends provided that the Company's net assets following such distribution are sufficient to cover (i) the Company's share capital, (ii) the Company's reserve for valuation variances and (iii) the Company's reserve for unrealised gains (Section 8-1 of the Norwegian Public Limited Companies Act). Any receivables of the Company which are secured through a pledge over the Company's Shares and the aggregate amount of credit and security which, pursuant to Sections 8-7 through to 8-10 of the Norwegian Public Limited Companies Act falls within the limits of distributable equity are to be deducted from the distributable amount.
- The calculation of the distributable amount shall be made on the basis of the balance sheet included in the approved annual accounts for the previous financial year, provided however, that the registered share capital as at the date of the resolution to distribute dividends shall be applied. Following the approval of the annual accounts for the previous financial year, the General Meeting of Shareholders may authorise the Board of Directors to declare dividends on the basis of the Company's annual accounts (Section 8-2 of the Norwegian Public Limited Companies Act).
- Dividends may also be made on the basis of an interim balance sheet prepared and audited in accordance with the provisions applying to the annual accounts and approved by the General Meeting of Shareholders. The interim balance sheet date must not be older than six months before the date of the General Meeting's resolution (Section 8-2a of the Norwegian Public Limited Companies Act).

- Dividends can only be distributed to the extent that the Company's equity and liquidity following a distribution is sound in light of the risk and scope of the Company's business.

The Norwegian Public Limited Companies Act does not provide any time after which entitlement to a dividend lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 17 "Taxation".

### **6.3. Manner of dividend payments**

Payment of dividends on the Shares will be denominated in NOK and will be paid to the shareholders through the VPS. Investors registered in the VPS whose address is outside of Norway and who have not supplied the VPS with details of any NOK account will however receive dividends by wire transfer in their local currency, as converted from the NOK amount distributed through the VPS.

In order to receive a payment of dividends, shareholders registered in the VPS must supply the VPS with details of their bank account. Shareholders that fail to register their bank account details with the Registrar will not receive a payment of dividends.

The Registrar's exchange rate(s) on a relevant payment date will be applied when denominating any future payments of dividends to the relevant shareholder's currency. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the Registrar with their bank account details. Shareholders will not be required to present documentation of Share ownership.

A Shareholders' right to receive a dividend will lapse three years following the resolved payment date for such dividend if the Shareholder has not registered its bank account details with the Registrar during that time. The sum of dividends not distributed following the expiry of this three year period will be returned from the Registrar to the Company.

## 7. INDUSTRY AND MARKET OVERVIEW

The statements regarding the outlook and trends in the Norwegian and international electricity markets, including the retail market, as well as the future development in demand and supply for electricity and other non-historical statements contained in this section are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties outside the control of the Group, some of which are described in Section 4.2 "Forward-looking statements". The information in this section includes publicly available information as well as industry and market data from independent industry publications and market research, including publications and research prepared by Kantar TNS, Norges Vassdrag og Energivesen (NVE – the market regulator), the European Commission, the European Parliament, Energifakta Norge, the Norwegian Government, Statnett, Nord Pool and ACER (the European regulator). For additional information regarding these sources, see Section 4.3.7 "Industry and market data".

### 7.1. Market overview

The Group's core operational focus is the management and provision of electricity and related services to both private and business consumers across the whole of Norway. In addition to the electricity business, Fjordkraft became a supplier of mobile services to private customers within the same geographic area in 2017.

The Norwegian electricity market is divided into a wholesale and retail market. The wholesale price for electricity is determined in an international market based on demand for electricity from consumers and supply of electricity from producers. In the Nordic region, the price is determined by a common exchange, Nord Pool - which is a marketplace for physical trade of electricity. The retail market consists of professional suppliers with a concession to sell electricity to Norwegian consumers. This market is national and comprises over 100 providers of electricity with varying geographical coverage. Electricity is an absolute necessity in everyday life and a vital input factor for many businesses. As such, a well-functioning market with limited friction is important for both consumers of electricity and society as a whole. In order to facilitate a free and efficient electricity retail market, certain regulations are in place to govern the rights of consumers. Given that grid operators have a natural monopoly in their respective geographical areas, consumers are, by law, entitled to choose freely amongst electricity retailers with local coverage.

The Norwegian electricity retail market is deemed one of the most advanced in Europe together with the other Nordic countries<sup>1</sup>, which is reflected through the market's high transparency and competitive market structure.

### 7.2. History and regulatory milestones

Norway was one of the first countries to implement a full deregulation of its electricity sector. The new Energy Act entered into effect on 1 January 1991 (the "**Energy Act**"), with the intention of ensuring that energy production, transmission, distribution and use, benefits society as a whole. The Energy Act facilitates free market competition within activities related to production and distribution of electricity, the cornerstone principle for a deregulated and well-functioning system. Given that development and operation of electricity grids are a natural and geographic monopoly, consumers could otherwise be restricted to purchase electricity from companies that also supply transmission in the same area, which could have an adverse effect on the commercial conditions offered to customers. Since the Energy Act entered into effect in 1991, the regulatory environment has matured further into what is now a highly transparent and efficient marketplace for distribution of electricity.

#### 7.2.1. Liberalisation of European electricity markets

During the 1990s, when most national electricity and natural gas markets were monopolies, the EU and Member States decided to open markets to competition gradually. The key motivation for this ambition was to harmonise and liberalise the EU's internal energy market. This was addressed through three consecutive legislative packages adopted between 1996 and 2009, predominantly focusing on market access, transparency and regulation, consumer protection, supporting interconnection and adequate levels of supply. The first liberalisation directive (First Energy Package) was adopted in 1996 (electricity), the second in 2003 with directives to be transposed into national law by member states in 2004 and with

---

<sup>1</sup> According to ACER

some provisions entering into force first in 2007. Following the entrance of this legislation, industrial and domestic consumers were free to choose their own electricity (and gas) providers from a wider range of competing suppliers. In April 2009, a Third Energy Package seeking to further liberalise electricity markets was adopted<sup>2</sup>.

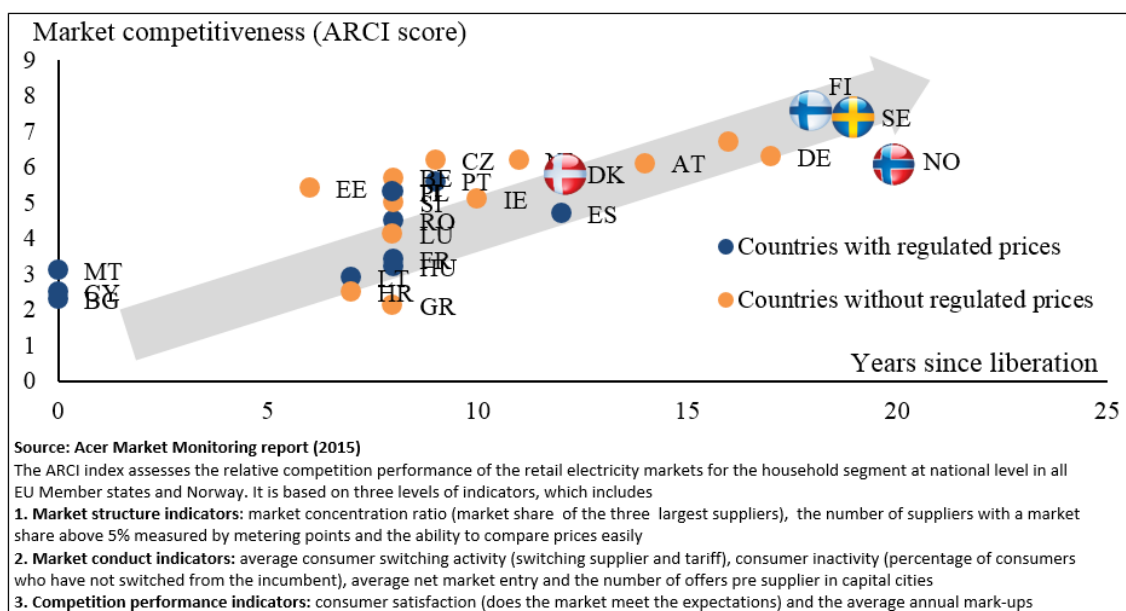
Reasons underpinning the promotion of liberalisation related to the following principles:

- distinguish clearly between competitive parts of the industry (e.g. supply to customers) and non-competitive parts (e.g. operation of the grids);
- oblige the operators of the non-competitive parts of the industry (e.g. grid and other infrastructure) to allow third parties to access their infrastructure;
- free up the supply side of the market (e.g. remove barriers preventing alternative suppliers from importing or producing energy);
- gradually remove any restrictions on customers from changing their supplier; and
- introduce independent regulators to monitor the sector.

Despite significant progress following promotion of liberalisation, competition growth was initially slow and markets remained largely national. There was limited cross-border trade and high concentration. As a result of industry-wide concerns with the slow development of wholesale electricity markets, high prices and limited consumer optionality, the Commission launched a sector inquiry in 2005 to identify barriers preventing competition in these markets. Based on the Commission's Energy Package of January 2007, including the results of the inquiry, further legislative proposals were introduced in September 2007 to strengthen competition in electricity markets.

The market structure and political forces that drive change in operating conditions have varied to a large degree across markets, causing effects from promotion of liberalisation to emerge in waves. Today, most countries are at least partly liberalised, however, there are still a number of countries that either practice regulated electricity prices in the household segment or even in the entire market. Norway, Sweden and Finland were among the first countries in Europe to deregulate their electricity markets and they did so more than a decade ahead of most other European countries. (Denmark concluded on a final market opening in 2003).

(1) *Relationship between market competitiveness and years since liberation*



According to ACER, consumers in countries with a longer history of liberalisation tend to benefit from more diverse offers than those in countries that liberalised their retail markets five to ten years ago, with

<sup>2</sup> Almost 8 years following EU's adoption of the third Energy Package (2009), Norway, Island and Liechtenstein came to an agreement with the Commission regarding the conditions for incorporation with the EEA agreement. [https://lovdata.no/artikkel/eus\\_tredje\\_energimarkedspakke/1874](https://lovdata.no/artikkel/eus_tredje_energimarkedspakke/1874)

offers displaying several non-price-related characteristics, underpinning a larger extent of product differentiation strategies to attract and retain customers. Although consumer response is often price-driven, other elements, which are not exclusively price-related, also play a role in assessing the level of innovation and competition in the different markets. Nordic countries are viewed as being amongst the most competitive and transparent in Europe. This is a reflection of the many years of liberalisation in these markets.

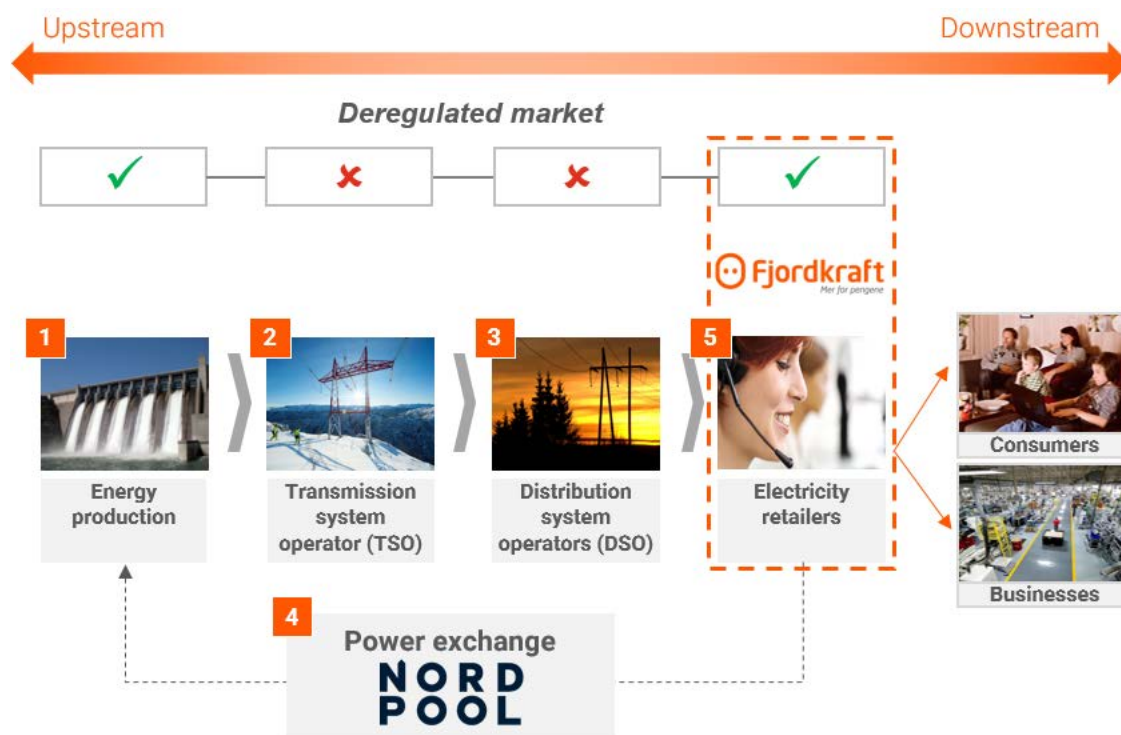
### 7.2.2. History of the Nordic electricity market

The Nordic cooperation is a success story in a European context considering the ambition of a harmonised and internationally integrated electricity market – with Nord Pool serving as the cornerstone foundation. Today, the Nordic electricity market is the largest marketplace in Europe for buying and selling electricity and the cooperation roots back to the Norwegian parliament's decision to deregulate the market for trading of electrical energy in 1991.

As opposed to many other European countries, Norway did not apply a step-wise model to a free market structure. The market was in principle open to everyone from its inception, positioning Norway as one of the first countries with free access for all market participants. This would further build the basis for Europe's leading electricity market, Nord Pool, which was first established in 1993 with the objective of quoting electricity prices for the Norwegian Market (established by the Norwegian TSO under the name "Statnett – Marked"). In 1995, a framework for an integrated Nordic electricity contract was presented for the Norwegian Parliament. Together with Nord Pool's license for cross-border trading, this report made the foundation for spot trading at Nord Pool. In 1996, the group was rebranded to Nord Pool ASA following the entry of Sweden, leading to the world's first international electricity exchange, before welcoming Finland in 1998. The Nordic market became fully integrated when Denmark joined the exchange in 2000. Today, Nord Pool runs the leading electricity market in Europe, incorporating operations in all of the Nordic and Baltic countries, while also being linked to the European electricity market through interconnectors to Germany, the Netherlands, Poland and Russia.

### 7.3. Value chain and industry dynamics

Fjordkraft operates in a value chain encompassing a range of different functions that together ensure that households and businesses receive adequate supplies of electricity for a competitive and transparent price. Historically, many companies operating alongside the electricity value chain have been vertically integrated. That is, they engage in operations across several layers in the electricity value chain, such as in production, grid operations and retailing of electricity.



In 2016, the Norwegian government approved amendments to the Energy Act. New regulations require legal and functional unbundling of DSOs (Distribution System Operators, see description in 7.3.3) from

other operations, which will come into effect on 1 January 2021, applying to all DSOs irrespective of size<sup>3</sup>. The object of the new regulations is to reduce risk for cross-subsidisation between operations with a natural monopoly and other, competitive activities, together with promoting neutrality for DSOs. Legal unbundling implies that DSOs must be separated into separate legal entities, which entities will not have activities other than operating electricity grids. Also, a DSO cannot be owned by a company that either has operations within production or retailing of electricity. Functional unbundling implies that the DSO is required to be operated independently of other activities. That is, persons in management of a DSO may not participate in the management of other companies in a group that also engages in other business activities. The parent or controlling owner of a DSO has overarching control of the financial management of the DSO but may not engage in the daily operations of the DSO or the development and upgrading of the grid portfolio.

#### **7.3.1. Energy production**

Norwegian electricity-supply is heavily dominated by hydro-electricity, making up to approximately 96<sup>4</sup>% of the total production. This distinguishes Norway from other European markets. A unique feature of the Norwegian supply is that hydro-electricity allows for storage of energy. Norway manages half of the hydro-reservoirs in Europe and more than 75<sup>5</sup>% of the Norwegian production capacity is flexible. An increasing share of electricity sources into the total supply may not be regulated according to demand, such as wind electricity and solar electricity, which increases the need for flexibility in the remaining supply. The total generation in Norway was approximately 149 TWh in 2016. However, this varies significantly due to changes from year to year in precipitation. Public entities (state, counties and municipalities) own about 90% of the generated capacity, which is managed through separate hydroelectricity companies.

#### **7.3.2. Transmission System Operator (TSO)**

Security of supply and a well functioning system for electricity transmission are highly important in all markets. In any electricity system, there must be an instantaneous balance between total generation and consumption of electricity, including exchange of electricity with adjacent electricity systems. System operations involve coordination of grid and generation systems, including grid and maintenance planning, analysis of expected electricity flow in the grid and feasible interventions necessary to ensure satisfactory quality of supply in the running operation of the system. In coordinating a country's electricity system, the Transmission System Operator (TSO) also regulates all electricity exchange with other national grid systems. For the Norwegian TSO, this primarily relates to grid systems of other Nordic operators.

Statnett has the role of TSO in the Norwegian electricity system through a license for system operation, issued by NVE. Statnett operates the central grid (transmission grid) in Norway and ensures supply and balance in regional and local areas.

#### **7.3.3. Distribution System Operator (DSO)**

The DSOs operate local and regional distribution grids connected to the central grid. DSOs own, maintain and develop infrastructure for distribution of energy with the aim of ensuring socially efficient supply for the end customers. The grid is a communal effort and a grid fee is paid by all consumers whose electricity is transported through a distribution grid. As it would not be beneficial to society to construct cables in parallel in the same areas, grid operators have a natural, local monopoly. There are approximately 140 different grid companies in Norway.

---

<sup>3</sup> SP suggested to remove the requirement for functional unbundling for grid companies with less than 30.000 customers, according to <http://www.europower.com/Public/article284169.ece>

<sup>4</sup> Based on SSB data for 2016. 96% of gross production from hydro-power, 2% from heat production and 1% from wind

<sup>5</sup> According to Energifakta Norge

#### **7.3.4. Nord Pool power exchange**

Nord Pool Spot operates Europe's leading marketplace for power. It had a total turnover of 505 TWh of traded power in 2016<sup>6</sup>. Nord Pool offers trading, clearing, settlement and associated services in both day-ahead and intraday markets across 9 European countries, and is owned by various Nordic and Baltic transmission system operators. Large volumes of electricity are traded on Nord Pool between electricity producers, electricity providers, brokers, energy companies and users. Financial trading in the Nordic electricity market takes place on Nasdaq OMX.

#### **7.3.5. Electricity retailer**

Electricity retailers' main function is to provide an efficient link between producers and users of electricity. The Norwegian retail market for electricity covers both private households and business consumers. The market consists of several retailers, a wide selection of contracts and relatively high switching rates compared to many other markets.

In an international context, the Norwegian market is viewed as both transparent and competitive. NVE's department of Energy Market Regulation supervises the retail market in accordance with provisions under the Energy Act and adjoining regulations, and seeks to ensure that the market is well-functioning and easy for consumers to engage in. A key feature with the Norwegian market is that all consumers of electricity are entitled to choose freely amongst retailers covering their area coupled with a market-based price determination, which sets the scene for an efficient, competitive arena.

In 2016, NVE introduced new regulations enabling electricity retailers to offer one, joint invoice to customers for both electricity provided and grid rent, from grid companies already providing this. This requires grid operators to invoice electricity retailers directly, whereas the electricity retailer includes this amount when invoicing the end customer. The intention with the single invoice model is to enhance simplicity for the customer whilst prohibiting an unreasonable competitive advantage for vertically integrated utilities, which often have a dominating position in their local grid areas. As such, the electricity retailer will be the only player in the electricity value chain with an end-customer relationship.

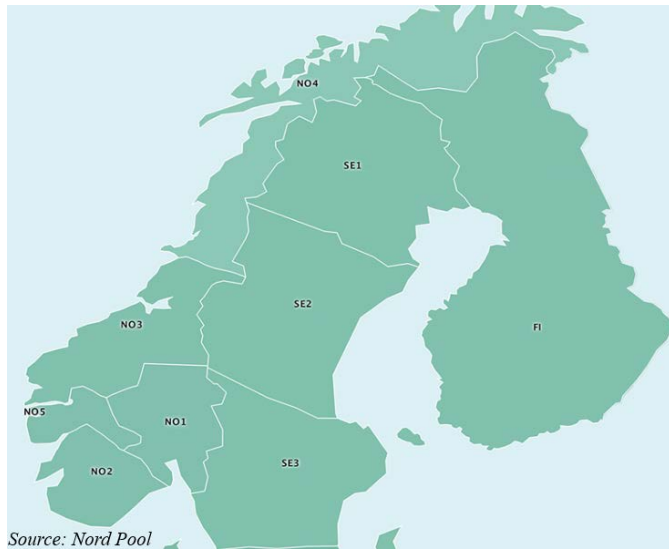
#### **7.3.6. Dynamics of the electricity market**

Electricity supply profiles vary amongst countries. For example, Norway has a high share of adjustable production through its water reservoirs while Denmark has a high share of wind power production. As a result of the hydropower capacity, Norway has a substantial over-supply of electricity at certain times of the year (particularly during times of melting snow), instigating export of electricity at that time. Similarly, Denmark has high production during times of high wind levels. At these times, Norway can import electricity from Denmark and delay utilisation of water reservoirs to hours when this has a relatively higher value.

Through cross-border connections, countries can derive substantial social benefits and synergies through energy coordination as exemplified above. Norway, Sweden, Finland and Denmark are all part of a common synchronous area. This means that decisions regarding the energy system in one country will influence decisions in other countries. As such, it is important to promote a close cross-border cooperation, ensuring safe and efficient operations of the electricity system, including trade and balancing of supply.

---

<sup>6</sup> Nord Pool annual report 2016. The total volume of 505 TWh is comprised by 391 TWh from the Nordic and Baltic day-ahead market, 109 TWh from the UK day-ahead market and 5.1 TWh from the Nordic, Baltic and German intraday market



The Nordic electricity system is split into different pricing areas due to limitations in grid capacity. Norway is split into 5 areas and no transfer limitations have been prescribed by the system operator in each area. Due to capacity constraints, prices can deviate between areas. This deviation is a reflection of where electricity has the highest value at any given time. It is a political goal to ensure that price deviations are limited and that differences across areas enable the system operator to plan for efficient development of new capacity.

Distribution of electricity can be split into a wholesale and retail market. In the wholesale market, significant volumes are traded between players such as producers, brokers, retailers and large industrial customers. Electricity retailers trade on behalf of small and medium-sized customers, including also businesses. The wholesale market is divided into three sub-markets where participants provide bids and prices are determined:

- Day-ahead market (Nord Pool)
- Continuous intraday market (Nord Pool)
- Balancing markets (Statnett)

Market participants may also trade on a bilateral basis and determine pricing, volume and period for delivery, independent of market movements. The day-ahead and intraday market are the main markets for electricity trading in the Nordics, where most of the volumes on Nord Pool are traded. The day-ahead market is a market for contracts with delivery of physical electricity on an hour-per-hour basis for the next day. Participants deliver their purchase and sales bids to Nord Pool between 08:00 and 12:00, while the TSO delivers transmission capacity for each area at 10:00. Based on all bids and available transmission capacity, prices for next day delivery are determined. In the intraday market, trading continues from clearing of the day-ahead market to one hour prior to delivery. This provides participants with an optionality to trade into balance.

Nord Pool determines the system price every day for the coming day. The system price is a theoretical price not considering transmission limitations and similar factors and acts as a reference point for the determination of prices in the financial electricity-market in the Nordics (Nasdaq OMX). Producers of electricity report the amount of electricity they are willing to produce at a given price level, given their production costs, while buyers report the same for their demand. Price is determined by the clearing point between supply and demand in the day-ahead market. In such price determination mechanism, the cost of producing the marginal unit of electricity will ultimately set the price. This ensures that only the most economically efficient energy resources are utilised. This implies that the electricity price in Norway is also affected by, amongst other things, the cost of fossil energy and emission allowances, following the large exchange capacities with other markets.

Electricity is a perfectly homogenous product. A consumer is unable to distinguish between the physical delivery from the suppliers. However, electricity retailers may distinguish themselves from each other through use of different packaging and contract designs. In general, the end customer may choose between three main types of electricity contracts:



- Fixed price contracts: A contract that requires the electricity retailer to deliver electricity at a fixed price during an agreed time period, for instance one year, independent of fluctuations in the underlying reference price
- Standard variable contracts: The price for the standard variable price contract varies with developments in the electricity market. A standard variable price has a shorter fixed period than the fixed price contract and the supplier is obliged to inform customers of price changes 14 days in advance
- Spot price: Contracts based on the Nord Pool reference price with a mark-up

Consumers are also entitled to purchase electricity from different and preferred sources through GoO (Guarantees of Origin).

The total electricity cost presented to end-customers is split into three main categories; the grid rent, electricity price and public charges. Grid rent is compensation paid to a grid operator for transporting electricity to a consumer and is determined by a grid company. However, given that a grid operator has a natural monopoly in its local area, its revenue base is regulated by NVE. A key principle for determining the allowed revenue cap is that a grid company should be able to cover its operating costs and depreciations while also providing a reasonable return on investments given efficient operation, utilisation and development of the grid. To ensure proper maintenance of the grid and avoid electricity outages, the cost of energy not supplied (CENS) is deducted from allowed revenue. This provides an economic incentive for grid operators to continuously invest in its grid.

The electricity price is made up of several sub-components and covers compensation to both the producer and retailer of electricity. Retailers act as intermediaries between producers and consumers of electricity and largely pass on the wholesale price of each unit of electricity provided. With proper hedging activities in place, electricity retailers have a low exposure to fluctuations in the electricity price. Together with the wholesale price, the price ultimately presented to consumers also includes a mark-up covering the retailer's operational costs and potential profits. In addition, electricity retailers are required to include the cost of el-certificates in the retail price. El-certificates is a subsidy scheme promoting production of new renewable energy in Norway and Sweden. The target is to reach new renewable production capacity of 28.4 TWh within the joint electricity certificate market before 2020, which corresponds to the electricity consumption of more than half of all Norwegian households. In 2016, electricity retailers were required to purchase certificates corresponding to 11.9% of Norwegian electricity users' consumption.

Below is an overview of the quota curve for el-certificates until 2035, published by Lovdata. The quota curve is monitored by NVE and Energimyndigheten in Sweden which provides recommendations on adjustments to the curve in order to ensure compliance with the renewable energy ambitions on which the el-certificate scheme is based<sup>7</sup>.

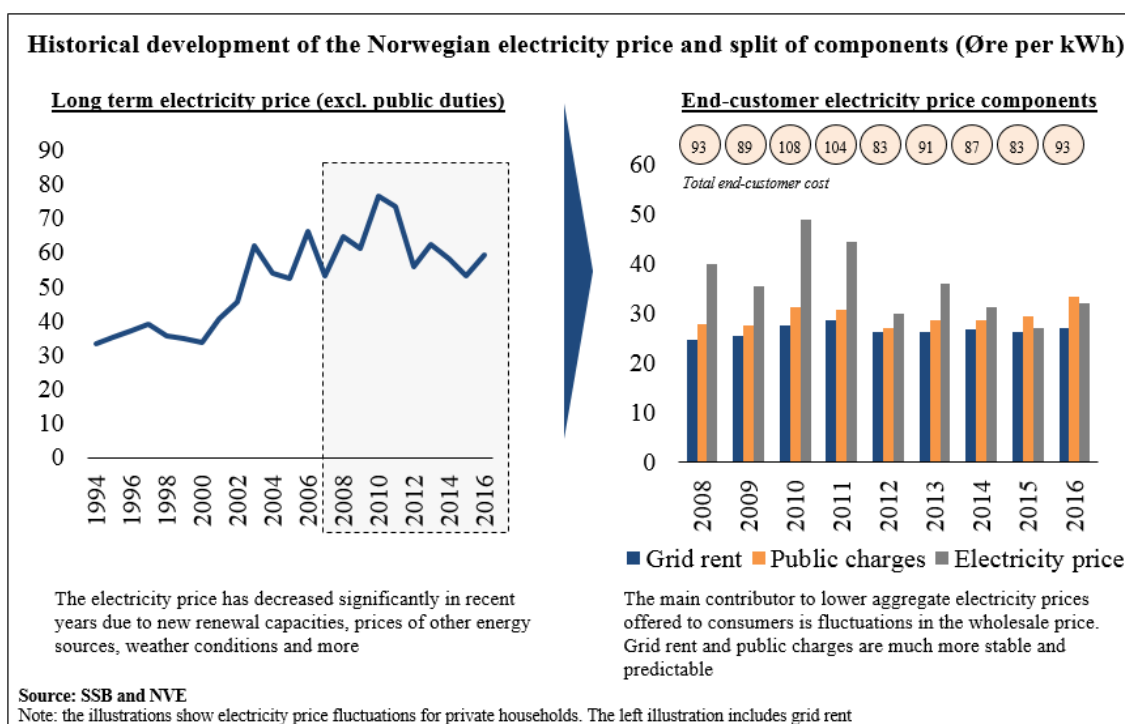
%	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Quota curve	11.9	13.7	15.3	16.7	18.9	18.9	18.9	18.8	18.6	18.3	16.8	15.3	12.8	10.7	8.3	6.6	4.9	3.3	1.6	0.8

Source: Lovdata

Finally, the electricity price also includes public duties, such as the electricity charge, VAT and Enova contribution. The development in the long term electricity price and components are illustrated below.

<sup>7</sup> The el-certificate quota is calculated by dividing the demand for el-certificates on the volume of electricity consumption mandatory for el-certificates

(2) *Historical development of the Norwegian electricity price and split of components (Øre per kWh)*



#### 7.4. Key markets in which Fjordkraft operates

The principal market in which Fjordkraft operates is the Norwegian electricity retail market, which comprises purchase, distribution and management of electricity for both private households and businesses. Fjordkraft has a national focus and serves customers across the entire country, with a specifically strong presence in Hordaland, Vestfold & Telemark and the central region of Norway. In 2016, 123 TWh (net<sup>8</sup>) of electricity was consumed in Norway, with approximately 31% consumed by private households<sup>9</sup> and 69% by businesses and other customers. Since 1993, the household percentage of total electricity consumed has remained between 28% and 33<sup>10</sup>%.

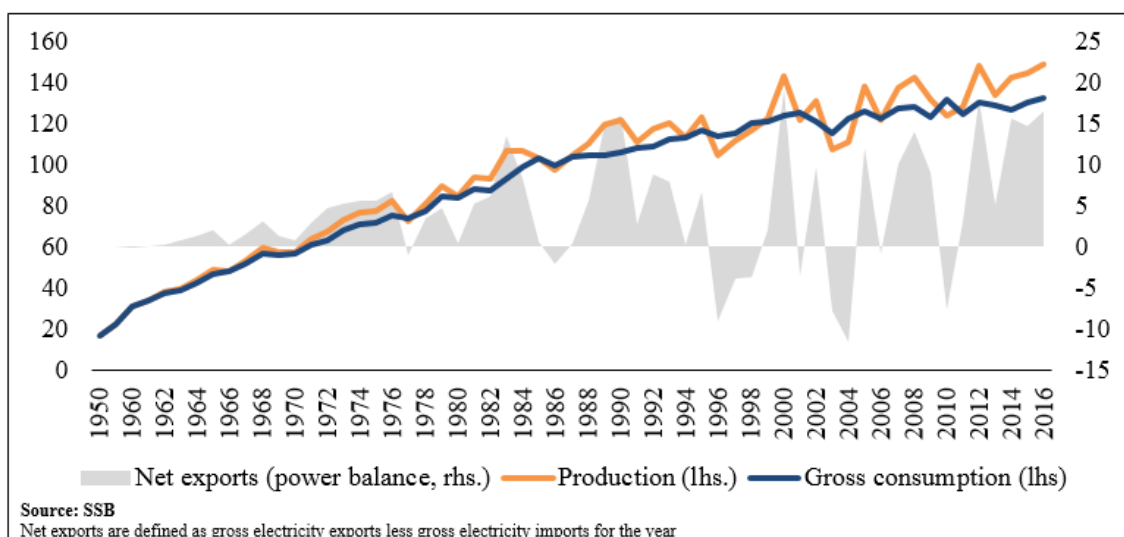
According to SSB data, both production and total consumption of electricity in Norway has been steadily growing since 1950, however with significant variations in the balance (net electricity exports) on a year-to-year basis. Key drivers for variations in consumption relate to weather and temperature fluctuations, while production varies mainly with precipitation. In the early years of 1990, a considerable overcapacity in the Norwegian electricity supply was revealed during the deregulation of the market. Following a period with lower investments in electricity supply and a relatively high growth in consumption, the electricity balance was reduced in the years after the millennium. After the financial crisis in 2008 and 2009, lower growth in consumption and higher production, led to a growing, positive electricity balance. Since the electricity price has been decreasing in recent years, new investments have primarily been driven by the el-certificate scheme which promotes investments in renewable capacity. Below is an overview of the historical development in Norwegian electricity production, consumption and electricity balance.

<sup>8</sup> 133 TWh was consumed on a gross basis. The difference between net and gross production of electricity mainly relates to electricity losses, statistical differences and similar

<sup>9</sup> Excluding holiday homes

<sup>10</sup> According to the historical SSB data

(3) *Historical electricity production, consumption and electricity balance in Norway (TWh)*



Electricity is the most important energy source in Norway with a clear margin. According to SSB, a total of 123 TWh of electricity was consumed during 2016 (net). Including also electricity losses, statistical differences, usage in pump electricity facilities and electricity stations, total consumption was 133 TWh, which is the highest level recorded in Norway. NVE expects a higher growth rate for consumption of electricity in the period from 2015 to 2020 compared to 2010 to 2015 and expects that the Norwegian energy mix will be skewed more towards electricity in the coming years.

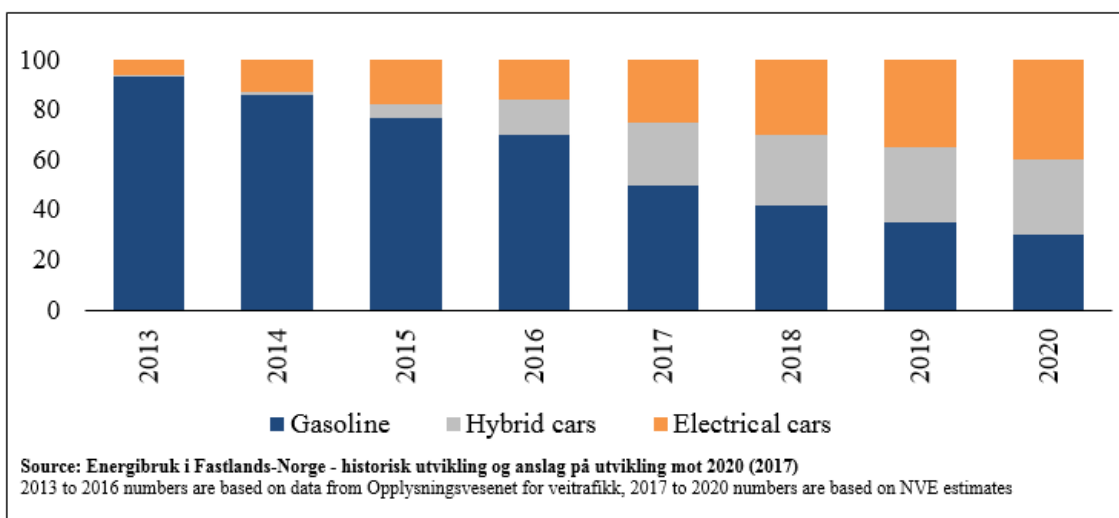
Energy source	Energy consumption per source (TWh)					Period change (%)	
	2000	2005	2010	2015	2020E	10 - 15	15 - 20E
Electricity	113.6	115.3	120.8	120.0	130.1	-0.7%	8.4%
Jet paraffin	4.1	3.8	4.7	5.1	5.0	8.5%	-2.0%
Marine gas	13.3	12.1	12.5	10.7	10.7	-14.4%	0.0%
Diesel	17.6	23.4	32.4	37.9	35.3	17.0%	-6.9%
Gasoline	19.8	19.3	14.7	10.7	9.2	-27.2%	-14.0%
Coal, coke	11.6	8.1	7.0	6.8	7.2	-2.9%	5.9%
Gas	17.0	17.5	17.6	18.0	18.1	2.3%	0.6%
Oil heating	11.6	10.6	9.8	4.2	2.5	-57.1%	-40.5%
District heating	1.5	2.5	4.5	5.0	5.3	11.1%	6.0%
Bio Energy	11	12.9	13.6	9.4	13.7	-30.9%	45.7%
Other	0.6	0.9	1.0	0.7	0.1	-30.0%	-85.7%
<b>Total</b>	<b>221.6</b>	<b>226.2</b>	<b>238.5</b>	<b>228.5</b>	<b>237.4</b>	<b>-4.2%</b>	<b>3.9%</b>
Electricity (%)	51%	51%	51%	53%	55%	-	-

Source: NVE publication, *Energibruk i Fastlands-Norge* (2017)

The trend of replacing fossil energy sources with electricity is continuing. Paraffin and heating oil used in households and commercial buildings will be substituted with electricity and heat pumps. As a consequence of the 2020 climate agreement, using these sources for heating purposes will be prohibited from 2020. A higher share of electrical engines in transportation and machines is also expected. However, some of these effects will also be dampened by more energy efficient solutions and new technology.

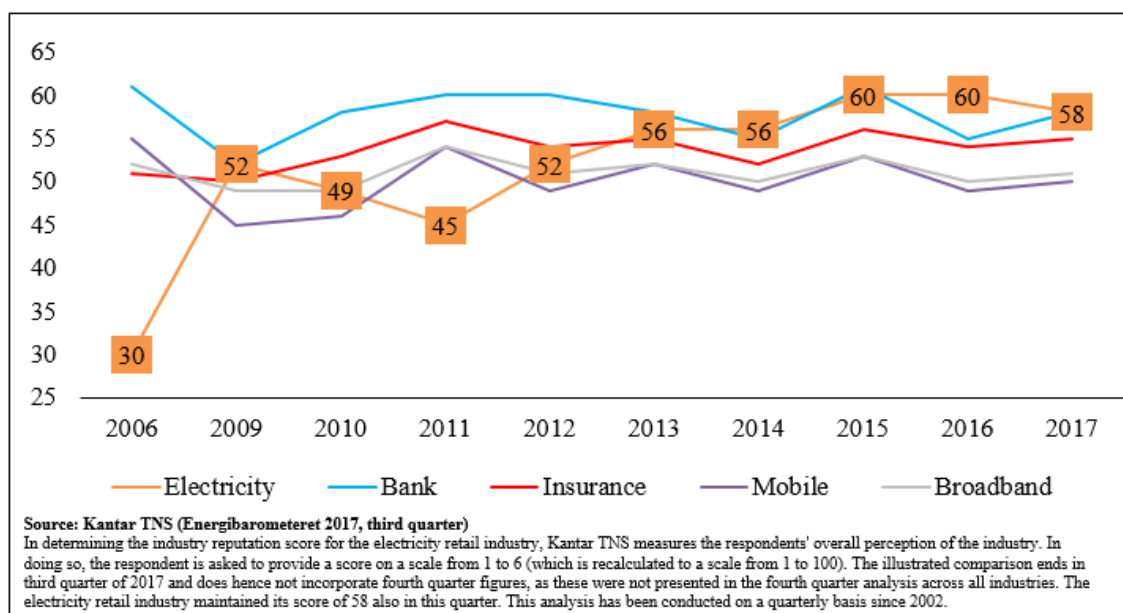
The number of electrical powered cars in Norway has doubled each year since 2010. More than 30% of new car sales are made up of hybrid or electrical cars in 2016. In addition to a continuation of this trend, a shift towards vehicles such as battery driven vans, busses, trucks and ferries is expected going forward. However, such transportation concepts are as at this date, in their early phase and less commercialised. Below is an overview of the estimated mix of new cars coming to market in Norway for each year until 2020.

(4) *New car sales in Norway until 2020 (% of annual total new sales)*



Electricity is the most versatile and applicable energy source available. It is continuously being used more and more across a range of areas. NVE expects that consumption of electricity in Norway will increase across most sectors going forward, with the highest growth coming from the petroleum business, industrial application and data centres. The most important driver for increased energy consumption is population growth. Based on SSB estimates, NVE expects a need for more residential properties going forward with implied higher energy consumption, underpinning also a further need for commercial buildings. The electricity retail business has, according to Kantar TNS, significantly improved its reputational standing amongst Norwegian consumers in the previous ten years, also outperforming other industries such as insurance, mobile, banks and broadband. Despite a decrease in 2017, electricity retail still demonstrates a leading score, together with banks.

(5) *Long term development in industry reputation (score)<sup>11</sup>*



In addition to its electricity business, Fjordkraft established itself as a provider of mobile services to the Norwegian market in 2017. The mobile market is highly competitive and dominated by two major

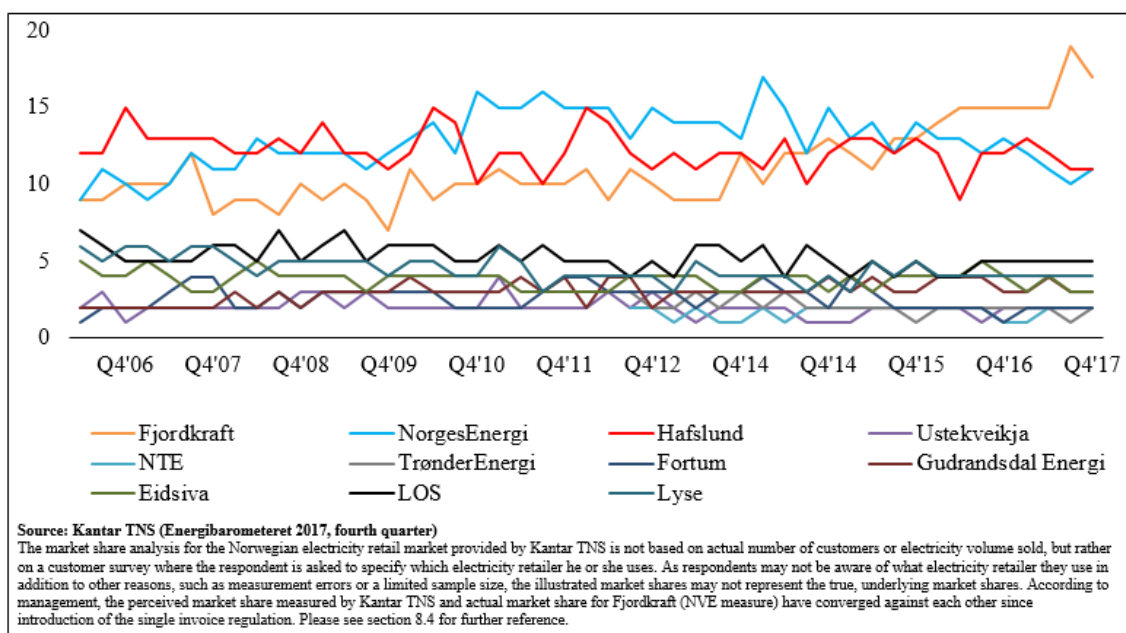
<sup>11</sup> The Kantar TNS report (Energibarometeret) is not a publicly disclosed document, however Fjordkraft has purchased the rights to publish data and analysis from this report at its discretion

players, Telenor and Telia, which together control over 90%<sup>12</sup> of private consumers in Norway. In addition to these companies (including owned sub-brands), there are a number of players that operate through rented network capacity, either using Telenor or Telia as suppliers. ICE.net operates the third mobile network in Norway.

## 7.5. Competitive landscape

Fjordkraft operates in a highly competitive and fragmented market environment comprising different types of players. In addition to the larger and well-known brands with national or regional coverage, there are a wide range of smaller electricity retailers with a strong local position. In total, there are more than 100 electricity retailers in the Norwegian market, comprising both independent and vertically integrated players. According to NVE, the dominating electricity supplier within each grid area has an average market share of 68% in the consumer segment as at the third quarter of 2017, which is close to the long term historical average. Given the new regulations to come into force, the ability for vertically integrated players to maintain such market shares is likely to be challenged. Despite the significant number of local players, three major brands comprising Fjordkraft, Hafslund and NorgesEnergi have a perceived market share in Norway of approximately 40% as at year end 2017, according to Kantar TNS (Energibarometer fourth quarter, 2017). In addition to these, there are 8 players with an individual perceived market share ranging from 2% to 5%, making up approximately 23% of the Norwegian market. Historically, the Norwegian market structure has been relatively stable as illustrated by the development in measured market shares below.

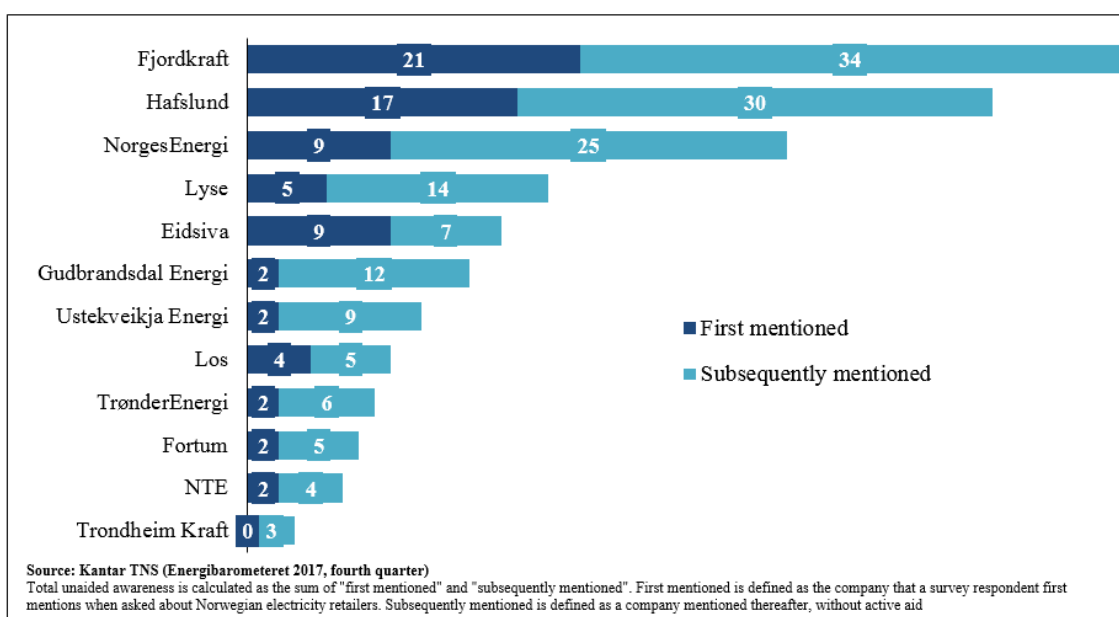
(6) *Top electricity retailers in Norway – perceived market share in number of customers (%)*



During the previous ten years and particularly since the strategic shift in 2013, Fjordkraft has been able to distinguish itself through highly successful marketing efforts, a strong offering and clear brand communication, leading to strong growth both in terms of number of customers and profitability. According to Kantar TNS data, Fjordkraft has in the same period continued to increase its top of mind position amongst Norwegian customers, and currently ranks ahead of all major competitor brands.

<sup>12</sup> Approximately 92.3% combined market share in the private market according to the NKOM report published 25 October 2017 (Nasjonal Kommunikasjonsmyndighet). The market share calculation is based on revenues for the first half of 2017

(7) *Unaided awareness for electricity retailers in Norway (%)*



## 7.6. Key trends and drivers

The Norwegian electricity retail market is well-functioning and advanced in an international context, with several retailers offering a wide selection of contracts. However, despite its long history of being liberalised, the market will be affected by several major developments between 2015 and 2021 as a result of new regulations from NVE. In addition, international trends within digitalisation, consumer behaviour together with new types of electricity distributors may also alter and challenge the commercial environment in which Fjordkraft operates and present both threats and new opportunities to existing market participants.

Key themes for new regulatory changes include promoting simplicity, transparency and protection for customers while also driving costs down. Another important aim is to ensure that all players compete on equal terms and that the regulatory framework facilitates for decision-making and investments that benefit both the industry and society as a whole.

In 2013, NVE published a survey showing that 68% of customers' choice of electricity retailer was influenced by its ability to provide a joint invoice together with the grid operator. At the time, only vertically integrated players had the opportunity to provide this, translating into a clear competitive advantage. To eliminate this advantage, a new regulation was proposed. This regulation requires grid operators that already provide single invoices to also enable external electricity retailers to do so upon request. The regulation came into force on 1. September 2016 and represents a step in the process of introducing a new supplier centric market model where mandatory billing of electricity and grid rent on the same invoice is a key feature. This will effectively limit the number of parties that an electricity consumer will deal with to just one, being the electricity retailer.

Single invoice represents a major game-changer in the electricity market that may drive consolidation and introduce new competitive dynamics for existing market participants. Removing the exclusive advantages for vertically integrated companies will enable the national retailers to compete more efficiently, also in local areas, which will benefit players with scale and a leading offering. The convergence between perceived and actual market share for Fjordkraft underpins this development. The regulation on legal and functional unbundling will also lead to similar improvements and challenge synergies between monopoly and competitive business operations.

Several aspects of technological development may drive change in coming years. Digitalisation is a cross-industry buzz-word and is also expected to impose new competitive dynamics for electricity retailers, including potential for new service offerings. An international trend is the rise of prosumers and distributed energy sources which refers to consumers producing their own electricity – through installation of solar panels and similar energy sources. Despite limited relevance in Norway today, this may potentially affect the whole electricity value chain in the future, with unknown results. Another relevant and more tangible topic arising from digital progress is how consumers monitor their use of electricity. The roll-out of AMS (Advanced Metering System) and establishment of a central data hub

(Elhub) will lead to significant amounts of customer specific data being recorded for the potential use of third-parties if access is permitted by the consumer. This enables development of analysis and surveillance tools together with increased reliability of third party advisor services.

## 8. BUSINESS

### 8.1. Overview

Fjordkraft is a leading Norwegian electricity retailer with a national focus<sup>13</sup>. The Group's operations comprise both purchase, distribution and management of electricity and adjacent services for a wide range of customers, from private households and municipalities to private and public companies as well as a mobile offering marketed under the Fjordkraft brand. Fjordkraft also provides insurance products as a distribution agent and various services to smaller local producers and retailers of electricity.

According to Kantar TNS data, Fjordkraft has a perceived<sup>14</sup> market share of approximately 17%<sup>15</sup> in Norway making it the largest retail brand in the country for private customers, to which it distributed 6.3 TWh of electricity during 2017. Following a highly successful execution of a strategic plan laid out in 2013, Fjordkraft has grown its net revenues from NOK 336 million in 2012 to NOK 924 million (adjusted)<sup>16</sup> in 2017 (compound annual growth rate, "CAGR", of 22%) together with an EBIT growth in the same period from NOK 31 million to NOK 354 million (adjusted CAGR of 63%). This growth is driven largely by a rapid increase in customers together with value added services and operational improvements. Fjordkraft currently has the highest customer satisfaction<sup>17</sup> amongst the largest players that have a national focus and operate in the Norwegian electricity market in addition to a leading brand awareness.

Fjordkraft's mission is to create the most attractive electricity retailer in Norway. A key building block in pursuing this mission is to operate with a customer-centric approach, ensuring the Group at all times offers an attractive and diversified menu of relevant products at competitive prices. As electricity itself is considered to be a low-interest everyday necessity, national retailers must be able to distinguish themselves in order to succeed in the long term. In addition to Fjordkraft's focus on delivering an attractive product proposition with appealing price structures, the Group has a strong focus on consistent brand communication and maintaining a clear presence in all relevant channels. This has enabled Fjordkraft to consistently improve its brand awareness in the long run, leading to a top-of-mind recognition position amongst electricity retailers in Norway (Kantar TNS, Energibarometer fourth quarter, 2017), which is an important strategic differentiator for capturing further customer growth.

In addition to providing an attractive offering menu through a powerful distribution network, Fjordkraft places strong emphasis on employing a lean and cost effective platform to ensure profitable operations and scalability. During the period from 2013 to date, the Group has invested significantly in the "Fjordkraft Factory" which is built on service oriented architecture (SOA) embedding internal and external relations into an integrated network. The underlying purpose of this framework is to increase efficiency while enhancing the customer experience, positioning Fjordkraft to leverage trends within digitalisation and enabling further customer growth in a highly cost-effective manner. Fjordkraft is also dedicated to promoting climate friendly decision-making. The Group has been climate neutral since 2007 and introduced climate neutrality standards to suppliers with the "Klimanjaro"-initiative in 2017, as a first-mover in the industry. This requires suppliers to be climate neutral according to the UN's definition

---

<sup>13</sup> See section 7.5 (competitive landscape) for further information on Fjordkraft's competitive position in the Norwegian electricity retail market (Kantar TNS analysis). Further statements concerning brand awareness, perceived market share, top of mind and similar in this chapter are based on the same source unless explicitly stated

<sup>14</sup> The term perceived is used to capture the fact that Kantar TNS's data for the Norwegian electricity market is not based on the actual number of customers or electricity volume sold but rather on a customer survey where respondents are asked to specify their electricity supplier.

<sup>15</sup> Perceived market share (Kantar TNS) as at fourth quarter 2017. Fjordkraft catered for approximately 551.000 registered electricity deliveries (meters) at the end of 2017, including 21,500 from the Extended Alliance concept

<sup>16</sup> Revenue and EBIT figures disclosed in this section include certain adjustments – please see section 10, Selected financial and other information and section 11, Operating and financial review for further information regarding these adjustments. Adjusted net revenue and EBIT figures are used for the remainder of this section

<sup>17</sup> Based on Norsk Kundebarometer analysis (average measured customer satisfaction for the consumer segment from 2015 to 2017 for the top 5 nationwide electricity retailers). All statements in this chapter regarding customer satisfaction are based on this source



from 1 January 2019 and the initiative has to date been well received with all key suppliers fulfilling the requirements<sup>18</sup>.

Private consumers of electricity represent Fjordkraft's most significant customer segment, generating 71% of the Group's adjusted net revenues and 75% of adjusted EBIT in 2017. In addition to standard power pricing plans, the Group offers a wide selection of value added and adjacent services targeting private consumers, including loyalty agreements, affinity insurance, payment solutions and an in-house mobile offering marketed under the Fjordkraft brand. The portfolio of products enables the Group to further differentiate itself. Customers are offered both attractive bundles and access to external benefits if using Fjordkraft as an electricity provider. According to Kantar TNS, Fjordkraft is also a leading provider of electricity and related services to the business segment, with more than 25.000 business customers as at end of 2017. The business segment differs from the consumer segment in several ways and both electricity agreements and adjacent services need to be customised to fulfill the specific needs of business customers. As such, churn in the business segment is driven more by unsatisfactory services and less by pricing for customers. Fjordkraft recognises this and places significant emphasis on delivering valuable services to match individual customers' risk preferences, demand specifications and competence levels. In addition to tailored price plans for different risk profiles, business customers have access to value added services including analytical tools, advisory services performed by in-house experts and other solutions facilitating efficient use of electricity. The business segment generated 26% of the Group's adjusted net revenues in 2017 and 34% of adjusted EBIT in 2017.

In addition to the core electricity offering including adjacent services, Fjordkraft operates certain strategic growth initiatives to further leverage its powerful distribution platform while diversifying revenue streams and accessing new pockets of demand. The Alliance concept represents Fjordkraft's cooperation model for local electricity retailers and producers. Through this concept, Fjordkraft provides purchasing and management of power services— including preparation of products, price hedging, marketing materials and advisory services for Alliance customers. Comprehensive work was done in 2016 to develop an extended service offering comprising messaging, settlement, billing, debt collection and accounting which together position Fjordkraft as a valuable, full-service partner for a range of smaller electricity retailers and producers with less scale and in-house capacity. These services were launched in 2017.

Fjordkraft entered the Norwegian mobile market with its own mobile offering for private consumers in 2017. With its strong brand name, large customer base and powerful distribution capabilities, mobile is seen as a key strategic enabler for Fjordkraft going forward and ensures that all individuals in the household are targeted rather than just the household as a whole. In addition to representing a new area for further growth, the mobile initiative is expected to contribute to higher customer loyalty and reduced switching rates given that the most attractively priced offering will only be available to Fjordkraft's electricity customers.

The Group's headquarters and main administrative functions are located in Bergen, Norway. As at 31 December 2017, the Group employed 215 employees (212 full time employees). In addition to the Fjordkraft brand, the Group owns the complementary and regional brand Trondheim Kraft which operates in the Trondheim area. Fjordkraft has regional offices in Sandefjord, Oslo, Stavanger and Trondheim.

## **8.2. History and key events**

The establishment of Fjordkraft in 2001 was a result of BKK's and Statkraft's long term aspiration to create a leading electricity retailer in the Norwegian market. To materialise this ambition, the retail business of Skagerak Energi (previously SKK Energi AS and VK Energi AS) was carved out and subsequently merged with BKK Kraftsalg AS (BKK K) as the acquiring company. In May 2001, BKK K changed its name to Fjordkraft<sup>19</sup>.

The table below provides a description of key events and milestones from the history of the Group.

---

<sup>18</sup> Fjordkraft applies the recognised standards of the World Resources Institute and the Greenhouse Gas Protocol to calculate the suppliers' direct and indirect emissions (more information about this may be found at <http://climateneutralnow.org/Pages/Home.aspx>)

<sup>19</sup> BKK K was previously owned by BKK AS (ratio of 50/99) and Statkraft Holding AS (ratio of 49/99)

Date	Important events
2001	Fjordkraft established
2003	Swedish customer portfolio is divested to Öresundskraft
2004	Fjordkraft's ownership in Hurum Kraft AS is divested. The Group's market share in the private market is 13.5% at this time
2006	"Electricity to wholesale price" is launched with success. Fjordkraft is the first player in the Norwegian market to provide this product
2007	A collaboration agreement with the foundation "Grønt i Praksis" (GRIP) is signed, targeting consultation services to municipalities and businesses regarding reduction of greenhouse gas emissions
2008	UN-approved climate allowances are offered to private consumers and businesses with an ambition of reaching climate neutrality
2009	Fjordkraft commences lobbying the regulator and industry for one joint invoice for electricity retailers and grid operators as a new standard
2010	All shares in the electricity retailer Trondheim Energi Kraftsalg AS are acquired (now Trondheim Kraft AS), together with Statkraft's shares in Scanenergi A/S, a Danish entity <sup>20</sup>
2011	Fjordkraft's customer service center named best in the Norwegian electricity industry
2012	Decision made to invest over NOK 50 million over a three year period to develop the Fjordkraft Factory
2013	Rolf J. Barmen appointed new group CEO. A new strategic platform is established
2014	Fjordkraft wins the customer service award "Best in Test" at the Call Center-days. The group benefit program is expanded
2015	Branch offices are established in Oslo and Stavanger. The Group wins several awards for its customer services and significantly increases volume supplied and its customer base. Acquired customer portfolios from For Better Days (private) and Shell (business)
2016	The Group reaches a new historical height in terms of "top-of-mind" score amongst its private customers
2017	Fjordkraft introduces the "Klimanjaro" initiative, launches the Extended Alliance concept and a mobile offering, acquires Ladestasjoner.no and welcomes its first external customers to the Fjordkraft Factory. Acquired a customer portfolio from BKK Energitjenester (private)

### 8.3. Business overview and product offering

Fjordkraft operates through three business segments distinguished by product and customer types. The Group's most significant business area is the consumer segment which comprises electricity supply, value added and adjacent services to private households. Fjordkraft is also a supplier of both electricity, value added services and advisory services to business customers, which includes both "SMEs" (Small and Medium-sized Enterprises) and "LE's and the public sector" (Large Enterprises and public customers). In addition to the Group's core business areas, Fjordkraft operates certain new growth initiatives, currently comprising the Alliance Extended Services concept and the mobile subscription offering. The new growth initiatives provide Fjordkraft with an opportunity to leverage its powerful distribution network, well known brand and digital platform. Mobile is expected to increase customer loyalty and make Fjordkraft relevant for a wider audience. In addition, it will promote cross and up-selling of product categories while driving synergies in marketing and reducing churn. The Alliance Extended Services concept will enable further utilisation of scale benefits together with positioning Fjordkraft to access demand in local areas where the competitive arena is otherwise dominated by strong local brands with high satisfaction and loyalty.

Below is an overview of adjusted net revenues and EBIT for Fjordkraft's three business segments for financial year 2017. For completeness, it should be noted that the new growth initiatives (comprising of other business activities - sale of mobile services to private customers and various services offered to Alliance partners) are referred to as new growth initiatives in the Prospectus but are not considered separate operating segments.

<sup>20</sup> Fjordkraft divested its entire holding in the Danish operations in December 2011

Segments	Adjusted net revenues, NOKm	Adjusted EBIT, NOKm
Consumer segment	660 (71% of total)	265 (75% of total)
Business segment	241 (26% of total)	119 (34% of total)
New growth initiatives	23 (2% of total)	-30 (negative contribution)
<b>Total</b>	<b>924</b>	<b>354</b>

### 8.3.1. Consumer segment<sup>21</sup>

The consumer segment comprises electricity sales and a wide selection of value-added and adjacent services for private households with a nationwide coverage. The Group offers an attractive selection of various products and benefits tailored to fit consumer trends and demands which has contributed to the Group's leading market position and high customer satisfaction. Fjordkraft places significant emphasis on providing a good customer experience coupled with a strong and competitive value proposition. This is reflected through attractive electricity contracts, a price match policy, extensive access to third party benefits, satisfaction guarantees (money refund if product fails to deliver on a customer's expectations) and repeatedly accoladed customer services with long opening hours.

Fjordkraft is currently ranked as the number one electricity retail brand in the Norwegian consumer market with a leading brand recognition and "best-in-class" customer satisfaction amongst the largest nation-wide players. In 2017, the segment made up 71% of the Group's adjusted net revenues and 75% of adjusted EBIT.

In the consumer segment, Fjordkraft offers two standard pricing plans (spot and variable price) as a basis for electricity products to private customers together with associated add-on features and value added services. Spot products reflect the daily electricity price on Nord Pool together with a variable mark-up per kWh and a fixed monthly fee, which is independent of both the electricity price and volume consumed by customers. Variable price is a plan in which Fjordkraft sets a price in advance of a period, which remains fixed until a new price is determined. The variable price does not fluctuate with the daily Nord Pool prices. Variable price contracts may or may not include a fixed price component, depending on the specific design. The price for customers may be changed within 1 to 14 days notice and may also be monitored on Fjordkraft's web pages or "Min Side"<sup>22</sup>.

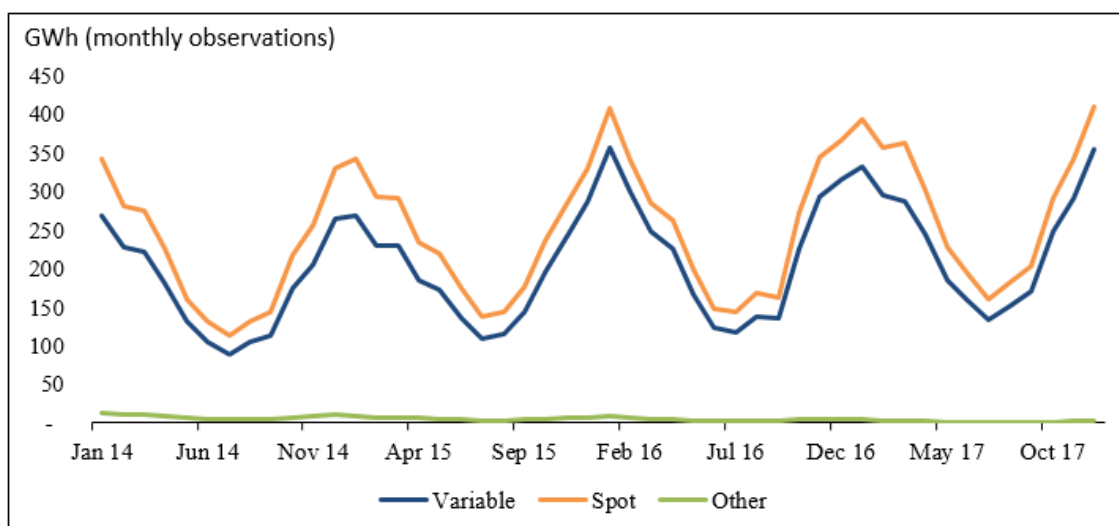
In 2017, Fjordkraft provided 3.4 TWh of electricity through spot price contracts to private customers, making up 54% of distributed volume for this particular segment and 2.8 TWh of electricity through variable contracts, corresponding to the remaining 45% of electricity<sup>23</sup> volume for this segment. Below is an overview of the volume sold through spot and variable contracts during recent years.

<sup>21</sup> Brand and satisfaction rankings are based on Kantar TNS data (as at fourth quarter in 2017) and Norsk Kundebarometer

<sup>22</sup> Min side is a login information portal where customers may update their contact details and access personal information such as invoice and electricity contract details

<sup>23</sup> Approximately 0.02 TWh of electricity was provided through other contracts, equalling 0.3% of the volume to private consumers in 2017

(8) *Volume of spot price and variable price contracts sold by Fjordkraft (GWh)*



Together with the standard pricing plans, Fjordkraft offers a range of associated attributes, add-on features and value added services. This enables the Group to meet the specific needs and preferences of individual customers while also differentiating the product portfolio from its competitors' portfolios. Examples of such features comprise price ceiling, loyalty bonuses, competitor price guarantee, payment method and renewable electricity guarantee. Through offering different contract designs, Fjordkraft may cater for a larger customer base with a wider portfolio of products. Selected examples of electricity contracts provided by Fjordkraft are illustrated below.

Electricity contract	Price plan base	Features
Simple Spot price	Spot price	Ordinary spot product with no distinct features
Shell plan	Spot price	Spot product where the customer receives a discount on gasoline at Shell stations
EuroBonus plan	Spot price	Spot product where the customer earns EuroBonus points each year (together with sign-on points) which may be used for travelling or shopping purposes
Variable Online	Variable price	A standard variable price plan that requires the customer to use autogiro or eFaktura as payment method
Electricity car plan	Variable price	Ensures that all of the customer's electricity consumption is renewable
LOfavør Topp 3	Variable price	A contract that ensures customers that terms offered are at least amongst the three best available for variable contracts in the Norwegian market based on a selection of the largest retailers

In addition to the Group's portfolio of contracts, Fjordkraft offers a range of add-on features that may be chosen independently of an electricity plan. These include the triple guarantee (insures for a small daily fee, free electricity in case of sick leave or unemployment and covers the deductible, to a certain limit, if lightning causes damage to electrical equipment) and full control (ensures that the electricity bill is the same every month of the year for a fixed monthly fee). In certain circumstances, the triple guarantee is offered as a standard solution forming part of a product bundled together with the electricity offering.

Customers are not bound to Fjordkraft as their supplier despite entrance into a contract with Fjordkraft (except currently for customers that receive a discount through signing up through Power – where customers may not switch for three months).

In order to offer its customers insurance products, Fjordkraft has entered into a co-operation agreement with insurance provider, Insr ASA, pursuant to which Fjordkraft offers insurance products as an insurance distribution agent. As an insurance agent, Fjordkraft charges its customers a gross price and pays a net price to the insurance provider. In the Group's opinion, Fjordkraft's sales routines and order systems are

designed to ensure that customers are adequately informed of the triple guarantee they purchase from Fjordkraft prior to their entrance into an agreement to purchase such products. For an outline of the potential risks relating to its insurance product offering, see section 2.1.18 ("Risks arising from the Group's insurance offering").

In order to ensure an efficient and diverse distribution platform and increase the overall attractiveness of Fjordkraft as an electricity retailer, Fjordkraft offers its customers an exclusive and wide range of benefits through its external partners such as monthly discounts. Partners such as XXL, Power, Drømmereise, Norges Taxi, Narvesen/Shell and 7-eleven are standard providers. Fjordkraft's customers may save money while shopping online in more than 150 webshops, all of which provide attractive discounts that are automatically subtracted from the monthly electricity bill.

### **8.3.2. Business segment<sup>24</sup>**

In addition to being a nationally leading player within the Norwegian consumer market, Fjordkraft has a leading position within the business segment, serving more than 25,000 businesses across the whole of Norway. The business segment comprises electricity sales and adjacent services to both SME's, LE's and the public sector, including tailored solutions to cater for specific needs, access to all financial instruments (both standard and tailored) and professional advice from experienced in-house personnel. Within the business segment, Fjordkraft has a brand awareness of 95% together with a high top-of-mind share (Kantar TNS). The Group is ranked as the most attractive electricity retailer in Norway with leading customer services. The business segment makes up 26% of the Group's adjusted net revenues as at 2017, and 34% of adjusted EBIT.

The business segment differs from the consumer segment in several key respects, including customers key purchasing criteria and the need for customisation to meet specific needs. While most private households have highly similar consumption and seasonality patterns, businesses' demand dynamics may deviate more from each other. For many businesses, electricity serves as an important input factor into everyday operations while also representing a meaningful cost component, underpinning the necessity for proper consumption monitoring and energy management policies. The level of complexity for understanding the underlying drivers of electricity consumption and potential improvements are therefore greater than for private consumers.

To meet the specific needs of various businesses, encompassing also a tailored product proposition, Fjordkraft has developed powerful advisory capabilities. Similar to the consumer segment, Fjordkraft applies a nation-wide coverage for businesses. In addition, the Group has positioned itself as a relevant provider across subsegments, ensuring a diversified customer group and viable operating conditions.

In order to facilitate for hands-on support with close proximity to the customer, Fjordkraft employs a local sales force within important areas, including Oslo, Bergen, Stavanger, Sandefjord and Trondheim.

Business customers are divided into two subsegments, SMEs and LE's and the public sector, both with unique needs and purchasing criteria. SMEs typically seek value added advisory services, competitive terms and simplicity together with competency in electricity trading. Fjordkraft addresses the needs of SMEs with a wide offering of standard products for all risk profiles, including spot price agreements, variable price agreements, fixed price agreements and agreements based on financial trading. In addition, SMEs may utilise value added services such as energy management tools ("Min Bedrift") and renewable energy products. Fjordkraft also offer one joint invoice document for multiple meters.

The needs of LE's and the public sector are more complex and vary more than those of SMEs. They comprise demands for services including skilled electricity trading management from a professional trading environment, flexible and tailored solutions to customise for individual risk preferences, personal continuous follow-ups (dedicated Key Account Managers), intuitive and user friendly reporting together with predictable, correct invoicing of electricity, including grid rent on one joint invoice. To cater for such customers' needs, Fjordkraft offers highly flexible solutions designed to handle all electricity management requirements relating to financial trading – which ensures a tailored approach for dealing

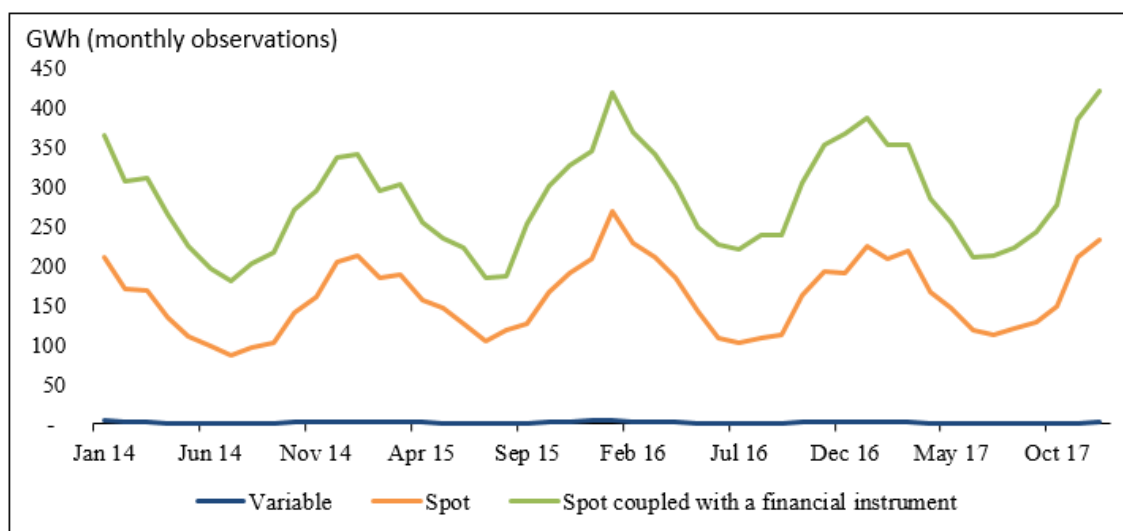
---

<sup>24</sup> Market position and awareness according to the Kantar TNS as at Q4 2017 and EPSI Strømhandel BM 2017. According to EPSI, Fjordkraft scores highest amongst the largest retail brands in terms of perceived service level offered to business customers (the EPSI report is not disclosed in its entirety – Fjordkraft has purchased an extended report which provides the basis for certain observations in this chapter).

with all risk profiles, including also bilateral products with corresponding pricing. To ensure cost-efficiency, tailored solutions are based on standard operational modules used by Fjordkraft. Web-based reporting systems ("Min Bedrift") supports financial reporting, budget pricing and price prognosis tools. This segment may naturally also utilise products offered to the SME-segment.

In 2017, Fjordkraft provided 2.0 TWh of electricity through ordinary spot price contracts to business customers, making up 36% of distributed volume for this particular segment. In the same year, the Group provided 3.6 TWh of electricity through spot contracts coupled with a financial instrument, corresponding to 64% of distributed volume for this segment. Variable contracts are not common for business customers. Below is an overview of the volume sold through spot and other contracts during recent years.

(1) *Volume of spot price, financial instruments and variable price contracts sold by Fjordkraft (GWh)*



Just as in the consumer segment, in the business segment, customers are not bound to Fjordkraft as their supplier despite entrance into a contract with Fjordkraft, with the exception of public customers and individual large customers that specifically request this.

### 8.3.3. *New growth initiatives*

Fjordkraft operates certain strategic growth initiatives to further leverage its powerful distribution platform and to support the attractiveness and position of the core electricity business while also diversifying revenue streams and accessing new pockets of demand. The new growth initiatives segment currently comprises two individual business areas; the Alliance Extended Services concept together with Fjordkraft's own mobile offering marketed under the Fjordkraft brand.

The Alliance Extended Services concept is a platform for various services directed towards, and through cooperation with, smaller local electricity producers and retailers. The concept comprises a complete service portfolio including back-office and customer services to Fjordkraft's Alliance partners. It represents an attractive offering to players with less internal capacity and scale to perform certain day-to-day tasks in-house. The concept was initially launched in the late 1990s with the aim of supporting smaller electricity producers and retailers with electricity purchasing and hedging solutions. Since this time, it has expanded to become a successful addition to Fjordkraft's overall offering menu. The Alliance concept provides Fjordkraft with unique commercial features such as access to demand in local areas where the competitive arena is otherwise dominated by strong local brands with high satisfaction and loyalty. The Group may also leverage the established Fjordkraft Factory through integrating it with the day-to-day operations of Alliance partners in addition to in-house utilisation, thereby realising economies of scale and additional revenue streams. In 2017, Fjordkraft launched the Extended Services concept to facilitate for further growth and more attractive integration with partners, comprising a full CRM<sup>25</sup> integration with the Fjordkraft Factory. The Alliance concept specifically entails services associated with analysis and service tools together with electricity purchasing and management/trading. The Extended Services version also comprise invoice and back-office functions, accounting services and debt collection

<sup>25</sup> Customer relationship management

services. As a result of increased complexity in the industry following regulatory changes such as functional and legal unbundling, more players acknowledge a need for such services. Below is an overview of selected Alliance Partners and partners in the Extended Services program.

	Alliance concept	Extended Alliance concept
Selected Alliance partners	 <p><i>Fjordkraft has as of end of year 2017 32 Alliance partners (including Extended Alliance Partners)</i></p>	 <p><i>Fjordkraft has as of end of year 2017 4 Extended Alliance Partners</i></p>

Fjordkraft's Alliance partners have access to a selection list of services offered under the concept. However, not all partners take advantage of the full spectrum of services. The services are also priced according to the specific nature of each product. Revenues from physical and financial trade of electricity are volume-based while access to customer survey and interaction systems have a fixed monthly fee. Other services may be priced with a fixed annual amount or per electricity meter served.

In 2017, the Group entered the Norwegian mobile market with an offering marketed under the Fjordkraft brand. With its strong and clearly communicated brand name, significant customer base in the Norwegian market and a powerful distribution platform, mobile represents a key strategic enabler for Fjordkraft going forward. With this solid fundament, mobile is expected to be an attractive growth driver. More importantly, the mobile initiative is expected to contribute to increased customer loyalty in the core electricity business and reduced switching rates given that the most attractively priced offering will only be available to Fjordkraft's customers. This increases the incentive to switch electricity provider to Fjordkraft.

Fjordkraft's rationale for establishing a mobile offering is threefold. First, it strengthens its customer relations through attractive product bundling and an enhanced "value for money" proposition, contributing to increased loyalty and customer satisfaction. Through mobile, Fjordkraft has the potential to target all household individuals rather than just the household as a whole. The second rationale is to leverage a strong brand while realising tangible synergies. Fjordkraft already has a strong awareness amongst Norwegian consumers which may be capitalised when marketing the mobile offering, enabling significantly lower efforts than what would be required on a stand-alone basis. Mobile marketing efforts are considered a highly effective means of enforcing Fjordkraft's brand perception. Also, as both mobile services and electricity retailing are subscription-based services with a significant customer interface, many of the operational requirements for success overlap. As such, the mobile platform may largely operate from the existing Fjordkraft setup, leveraging current customer centers and distribution channels - together with competencies associated with procurement, structuring of products, invoicing and similar. Finally, in light of the current market environment and competitive structure, Fjordkraft considers there is an attractive opportunity for a player like itself to tap into this market. The market is largely dominated by a duopoly comprising of Telenor and Telia which together have an aggregate market share of over 90%<sup>26</sup>. There are also a number of smaller providers operating through these two players' mobile networks. Given the aforementioned synergies with its existing operations and the positive effect on electricity customers, Fjordkraft is well-positioned to offer attractive prices and bundles while maintaining an economic rationale for the mobile business.

Fjordkraft's mobile platform operates on a fully commercial basis and the Group currently aims to launch mobile offerings in new segments together with additional add-on products. As at 31 December 2017, Fjordkraft had approximately 38,000 mobile customers.

#### 8.4. Competitive strenghts

Fjordkraft believes it has a number of key strengths that differentiate it from its competitors and that have enabled the Group to achieve strong and profitable growth while increasing brand awareness and customer satisfaction.

<sup>26</sup> According to NKOM (Nasjonal kommunikasjons-myndighet)



**The leading electricity retail brand in the Norwegian market.** Fjordkraft has demonstrated a solid customer growth over the last 5 years enabled by product management optimisation, investments in top-of-mind and loyalty programs, extended sales resources and initiatives driving operational excellence. Together with the rapid customer growth, Fjordkraft has positioned itself as a leading brand in the Norwegian electricity retail market with a strong customer satisfaction and high customer awareness. With this position, Fjordkraft has clear scale advantages – which enables the Group to offer a diversified product portfolio at attractive prices to a national customer base, while also introducing new innovations in a cost-efficient manner.

According to Kantar TNS, Fjordkraft has increased its perceived market share from 12%<sup>27</sup> to 17% from 2015 to 2017 which gives a clear headroom to competing national brands such as NorgesEnergi and Hafslund, underpinning the Group's ability to attract attention and to create positive brand association. Fjordkraft's perceived market share now corresponds better to the actual market share of 19% (NVE<sup>28</sup>). According to Management, the perceived market share of 12% in 2015 was artificially low due to regulatory issues. The introduction of the single invoice regulation has helped converge the perceived and real market shares closer to each other. In addition, the Group has a 92% awareness and a 21% top of mind recognition among private consumers. Clear and consistent brand communication and high visibility amongst both private consumers and businesses are essential features for successful retailing of low-interest products such as electricity. Fjordkraft recognises this and places significant emphasis on building a stronger position with a clear and comprehensive marketing strategy. Key success factors that Fjordkraft incorporates in its activities comprise simple and humorous marketing messages, evidence enabled through an "evidence bank"<sup>29</sup> as a clear value proposition for customers, investments in share of voice and consistent attractive customer deals. Together, these elements create a robust image of Fjordkraft as a transparent, trustworthy and high quality provider of electricity and related services. This underpins high satisfaction and a strong, long term relationship with the customer. In the business segment, Fjordkraft is, according to Kantar TNS, ranked as the most attractive electricity retailer in Norway, coupled with a top two market share and brand position. In this segment, Fjordkraft provides a diversified range of attractive services and acts as an important advisor to a range of SMEs, LEs and public customers. With Fjordkraft as a full-service provider, business customers gain access to a knowledgeable sales force and professional advisors together with trading competence and related products, all of which are tailored to meet the specific demands of various customers.

**Powerful distribution capabilities and a highly attractive product offering matching customers' needs across segments.** Fjordkraft has developed a diverse and powerful distribution platform with national reach in order to maximise quality interaction with existing and potential customers. Due to the general little interest in, and knowledge of, electricity, which is a homogenous product with limited room for differentiation, it must be actively marketed and sold in an efficient way to attract customers. According to Management, Fjordkraft's invested and proven distribution channels make up a key competitive tool for the Group and represent an important driver of long term success.

Fjordkraft's powerful distribution platform consists of both internal and external channels. In total, the Group employs over 200 professional sales people specialised in telemarketing or traditional door-knocking. In addition, 750 real estate brokers sell Fjordkraft electricity at take-over of purchased property

---

<sup>27</sup> NVE's new regulations regarding single invoice came into effect from 1 September 2016, which is likely to have affected the change in measured market shares, as these are based on customer surveys. The increase from 2015 to 2017 was from first quarter 2015 to fourth quarter 2017

<sup>28</sup> According to NVE data, Fjordkraft has a market share in Norway of approximately 19% as at year end 2017 (based on the total number of electricity meters in Norway, 2.973.800 as reported by NVE. Fjordkraft caters for approximately 551.000 electricity deliveries, which includes some 21.500 from the Extended Alliance concept. Based solely on Fjordkraft's private and business metering points of 529.000, its market share is approx. 18%)

<sup>29</sup> Electricity is a homogenous product with few relevant differentiation factors between suppliers. According to management, much focus from electricity providers has been to market low prices in order to attract new customers. Fjordkraft therefore created an "evidence bank" with differentiation factors that would make the company stand out from others and be the heart of all communication. The goal was to ensure that Fjordkraft products are perceived as uncomplicated and inexpensive. Fjordkraft's core values are "be friendly", "create value" and "keep it simple". The evidence bank is rooted in these values, and comprise factors such as competitive electricity tariffs, the most satisfied customers, Fjordkraft Fordel, outstanding customer service, satisfaction guarantee, no prepayment and flexible payment solutions



ensuring that the Group's offering is proactively addressed in relevant contexts. Fjordkraft also utilises well known external partners for channeling in new customers. These include Power, SAS, Shell, MEKK and Elektroimportøren. This distribution platform engages in over 1.75 million sales conversations on an annual basis. External players do not only contribute to Fjordkraft's distribution activities as pure sales channels but also by adding benefits to the Group's product offering, through for example partnership discounts or similar. Increased visibility in the market coupled with higher brand recognition are other benefits for Fjordkraft employing such channels. Management expects marketing activities and distribution channels to evolve into smarter, more advanced and responsive tools through automation, Artificial Intelligence and similar. Traditional channels, however, are also expected to remain important. The customers' digital footprint, based on leads and clicks, will contribute to more efficient and personalised targeting. Fjordkraft's proven digital capabilities, (ranked as one of the best digital marketers in Norway in 2017 by Bearingpoint – also SEO<sup>30</sup> showcased as one of two European examples at the Google Summer Summit conference in New York 2017) and significant customer interface, the Group should be well positioned to benefit from such trends.

Fjordkraft continuously tracks customer behavior and trends in order to provide a relevant and wide product offering at competitive terms. This continuous focus has contributed to position the Group as an attractive provider of both electricity, adjacent and value added services to both private consumers, businesses and other market participants in the electricity value chain. According to Management, the key drivers of product innovation performed by Fjordkraft comprise analysis of the customer needs, technological changes, market dynamics and the competitive situation. The Group's mobile offering serves as a recent example of Fjordkraft's ability to take significant steps, also in business areas not directly related to electricity, with an ambition of attaining over 125,000 customers in 2020.

**Proven operational excellence and a well invested platform securing several tangible advantages.** Fjordkraft has demonstrated rapid growth in recent years coupled with significantly improved profitability, increasing EBIT from NOK 31 million in 2012 to NOK 354 million (adjusted) in 2017, the latter also including a negative contribution from the new growth initiatives. In addition to scale effects arising from a larger customer base across segments and a widened product portfolio, the Group has invested significantly in operational improvements and digital capabilities, ensuring that future challenges and new opportunities are approached in a proper manner.

Continuous improvements was introduced as one of the strategic pillars when the 2013 strategic plan was formulated. Since 2014, Fjordkraft has worked actively to enforce its LEAN methodology, which incorporates this ambition into everyday operations. LEAN is well aligned with the company's values and targets more efficient and smarter processes, without imposing a top-down perspective on the organisation. This fosters an involving culture for efficiency improvements and cost reductions. In 2017, Fjordkraft was internally reorganised to ensure that process improvement initiatives are thoroughly integrated with further digitalisation, which is expected to have positive effects for customers, employees and owners in the future.

According to Management, incorporating trends within digitalisation and automated processes will represent key success factors also for electricity retailers going forward. In addition to internal operational improvements, driving loyalty through efficient customer interfaces and systems will also largely depend on succeeding in the digital area. Development of the Fjordkraft Factory is expected to provide significant digital flexibility in the future and serve as a competitive edge for the Group. Between 2012 and 2017, approximately NOK 58 million was invested in the Fjordkraft Factory (most of the investments were made in the years from 2014 to 2016). In addition to representing an internal and scalable source driving operational excellence, it may also be applied to materialising a wide range of new commercial opportunities. The Group has already experienced cost efficient sales of immaterial services to third parties.

**Seasoned and highly experienced management team with a proven ability to deliver on strategic ambitions.** Fjordkraft's seasoned management team has been a key driving success-factor behind the Group's commercial success in recent years. The team, together, has approximately 135 years of relevant experience. The Group's Management has a long track-record from the Fjordkraft system and its predecessors and such, have in-depth knowledge of its operational history, organisation and competitive environment. At the date of this Prospectus, Fjordkraft's Management consists of Rolf Barmen, chief executive officer (joined early 2013), Birte Strander, chief financial officer (15 years)<sup>31</sup>, Arnstein

---

<sup>30</sup> Search Engine Optimisation

<sup>31</sup> Number of years in brackets represents experience at Fjordkraft and / or any of its predecessors.

Flaskerud, head of strategy and M&A (+20 years), Jeanne Tjomsland, head of HR, Communication and Information Security (+25 years), Solfrid K. Aase, head of company projects (+20 years), Ingeborg Morken, chief commercial officer (13 years), Alf Kåre Hjartnes, chief operating officer (18 years) and Torkel Rolfseng, head of power trading and alliances (16 years). With significant operational and executive experience from the retail electricity market, the Management team has gained a unique understanding of how to adapt to new regulations and changing customer dynamics in parallel with assessing new opportunities and risks. In 2013 (the year CEO, Rolf Barmen, joined Fjordkraft), the Group adopted a new strategy to further develop its operations. Fjordkraft's operational and digital improvements since 2013 and, customer growth and earnings transformation achieved in the same period serves as a reflection of the current Management's ability to execute on strategic measures.

**Robust business proposition with significant scale and operational versatility.** Fjordkraft has established a firm position as a leading electricity retailer in the Norwegian market, delivering a wide range of core and adjacent services to various customer groups through a diverse set of channels. The underlying fundamentals, such as a growing population and an increased expected share of electricity in the Norwegian energy mix support continued demand for electricity in the future. Through its significant scale, investments in its digital platform and broad product portfolio offered at attractive terms, Fjordkraft is well positioned to continue its track record of value creation in the electricity market, especially with further support from the mobile initiative. In addition, Management believes the Group will benefit from a changing competitor structure following regulatory amendments. This is expected to lead to a robust business proposition with solid long term prospects. Fjordkraft continuously monitors market trends and customer behavior in order to assess the commercial potential for introducing new services or engaging in new business areas where the Group may have a competitive advantage while also leveraging synergies with current activities. With the Group's significant customer base and powerful distribution power, Fjordkraft may efficiently commercialise new products and services while utilising its strong access to customer data as input for new innovations.

**Well positioned to benefit from a changing regulatory environment and competitive dynamics.** The Norwegian electricity retail market is considered to be one of the most transparent and competitive markets in Europe, resulting from its many years of being liberalised. Despite this, Management expects that the competitive structure will be significantly different in the future and, will change from today's fragmented environment to a more consolidated marketplace, dominated by larger and nationally focused players. Key regulatory drivers of this are legal and functional unbundling of DSOs together with the single invoice model<sup>32</sup> which are expected to reduce the competitive advantage of vertically integrated players in their local grid areas. With a more open and free competition in the whole of Norway and reduced structural frictions, Management expects that players with scale benefits, digital capabilities and a leading value proposition will increase their market share, positioning Fjordkraft at the forefront of its competitive landscape.

## 8.5. Strategy

The Group's core strategy is to continue to strengthen its position within the Norwegian electricity retail market, both in the consumer and business segment. Primary drivers of this will be continued customer growth, product innovation and further distribution of value added and adjacent services to both new and existing customers. Delivering best-in-class customer services while supporting high customer satisfaction are also key to ensuring long term attractivity. In addition, Fjordkraft aims to further leverage its brand and established platform through the Alliance concept and mobile offering, which will both contribute to growth on a stand-alone basis while utilising synergies with the core business.

Fjordkraft actively promotes a clear and holistic approach to strategy planning and decision making. This approach involves comprehensive examination and monitoring of regulatory changes, key consumer and competitor behavior as well as analysis of megatrends such as digitalisation. In formulating its strategic missions, Fjordkraft uses a formal template comprising 7 different elements, ensuring that decisions are balanced, thoroughly assessed and tested. These include analysis and evaluation of strategic purpose, current situation, trends, external conditions, CSFs (Critical Success Factors), KPIs (Key Performance Indicators) and strategic activities for a future period of three years. A key theme for Fjordkraft is to promote a highly involving and decentralised form for strategic planning and decision-making. Fjordkraft's belief is that in a dynamic and complex business, all managers need to be strategists and

---

<sup>32</sup> Implementation of the single invoice model will become mandatory for companies operating the electricity market by year 2020. This model allows electricity providers to demand invoicing on behalf of grid owners and enables economies of scale in invoicing

proactively contribute to strategic processes and analysis, together with top management. This ensures that first-hand observations and reflections are made by persons with operational, day-to-day responsibility from various units and supports a better foundation for balanced and informed decision-making for the Group as a whole. To promote day-to-day execution of strategic directions, Fjordkraft conducts frequent reviews with key employees and monitors important performance measures. Examples of management follow-up routines include monthly business reviews, sharing main objectives and goals of the week, daily call-center feedback and similar, with the intention of monitoring factors such as goal execution, cost initiatives and customer feedback. In order to track the underlying development in such factors, Fjordkraft monitors a wide range of underlying key performance indicators, which are measurable and quantifiable.

Fjordkraft has developed 19 sub-strategies covering everything from the various business and commercial units to internal operations such as information security, controlling and accounting, product innovation and procurement. A summary of key strategic ambitions is described below.

**Continue customer growth in the consumer and business segments.** Fjordkraft has established a strong position and national presence in both segments. Following a successful execution of a new strategic plan formulated in 2013, the Group has been able to grow its market share significantly in recent years coupled with increased customer satisfaction. Growth continuity in customer numbers in both segments represents a key long term strategic focus area for Fjordkraft. Given that the retail market is highly competitive and electricity is a low-interest product, retailers need to distinguish themselves over time in order to attract new customers. Fjordkraft recognises this and is committed to delivering an overall customer experience which communicates trust, simplicity and an appealing value proposition. Key success ingredients include attractive and transparent prices, a leading product offering, a variety of benefits through external partners and best-in-class customer services. Fjordkraft has established a flexible and innovative organisation with decentralised strategic planning, working to identify and continuously respond to customer needs while at the same time ensuring that this is done in a cost-efficient manner through scale benefits and operational excellence. This enables Fjordkraft to continuously offer strong terms coupled with an attractive offering. This benefits customers and ensures competitive differentiation for the Group.

Despite Norway's long history as a liberalised marketplace for electricity, the competitive environment is expected to change significantly in the coming years following important regulatory changes. Key shifts that are likely to promote more efficient competition and remove advantages historically held by local, vertically integrated players include legal and functional unbundling together with the single invoice model. Such players have a very strong retail position in the local areas where they also provide grid services. Prior to the single invoice model, only the vertically integrated players were able to provide a single bill to its customers comprising both retail and grid expenses. This has been a clear advantage for these companies as it increases simplicity and transparency for their customers. Pursuant to the new regulation, electricity retailers may require information from local grid suppliers to enable them to issue a single invoice. This is expected to contribute to a more even competitive environment with less structural friction, benefitting national players with scale advantages and a wider offering, such as Fjordkraft. Despite the historical and current friction, nationally focused players have been able to increase market shares at the expense of smaller, local players during the previous ten years. This reflects the advantages of, amongst other things, efficient distribution platforms and economies of scale. Given the mentioned regulatory amendments, the digitalisation and increased complexity in providing tailored solutions fit to match consumer preferences, this trend is expected to continue in the coming years.

In the business segment, an important mission will be to provide an improved value proposition through expanding the service offering. To be a valuable full-service provider and speaking partner for business customers, Fjordkraft has developed strong advisory capabilities and a tailored service offering, ensuring that complex and company-specific needs are catered for. In the coming years, Fjordkraft will continue to invest in its professional competencies and sales qualifications while also improving working methods. Increasing the lifetime of existing customers and selling services adjacent to the core electricity delivery are also important goals, both representing key value drivers in the coming years.

**Strengthen customer loyalty and barriers to switching supplier.** Fjordkraft has demonstrated a strong long term improvement in customer satisfaction reflected in the significant increase in numbers of customers, resulting in a top position amongst Norwegian electricity retailers (Kantar TNS and Bright). Given that attracting new customers is costly and competition is strong, churn-reducing measures are important value drivers for Fjordkraft.

Norwegian electricity customers are often offered an attractive introductory offer when approached by retailers, either in the form of discounts, other benefits or even free electricity for a defined period. As

such, attracting new customers often involves significant investment. Such investment may be an added cost, additional to direct sales and marketing expenditures. For Fjordkraft, sustained and even increased loyalty are important strategic ambitions, which if successfully executed, may correspond to lower sales provisions and longer customer lifetimes. Correct positioning, brand communication and a credible and leading value proposition are key drivers for attracting customers and building on their loyalty. Fjordkraft places considerable emphasis on clear and consistent communication with its customers, conveying messages such as transparency, simplicity and unbeatable pricing. Fjordkraft also offers a wide and attractive benefit program exclusive to customers through established partnerships with external suppliers. These include discounted shopping and bonuses and adds to the overall customer experience. With Fjordkraft's large customer base and evident recent growth trajectory, the Group represents an attractive partner for a number of external parties which may contribute to more competitive deals together with an extended partner portfolio in coming years.

Fjordkraft's own mobile offering is an example of a major recent initiative, which in addition to representing a stand-alone growth driver, primarily aims to increase loyalty amongst customers. In addition to added sales and scale, the Group is also expected to derive significant marketing and cost synergies between the core electricity and mobile business in the future, allowing Fjordkraft to offer very attractive mobile subscription terms to its customers. The mobile offering will be available to the entire consumer market, however only members of households that are electricity customers of Fjordkraft will be able to benefit from the best offers, which effectively adds to switching barriers, while also increasing the incentive to become an electricity customer of the Group. Fjordkraft may also introduce a mobile offering to its business customers in the future.

**Drive cost leadership through scale and operational excellence.** In an increasingly competitive arena, Fjordkraft considers scale advantages and a disciplined cost structure as important drivers of resilience and financial returns. The message from the government and NVE, the regulator of Norwegian electricity retailers, is clear – promote free market competition with no unfair competitive advantages. As such, the competitive trend will involve providing the widest offering and the best terms, positioning players with an operational advantage and strong brand ahead of its competitors, which will also benefit customers.

Fjordkraft has made significant investment in its operational platform and digital capabilities in recent years in order to deliver customer growth and high quality customer management at a reduced cost. In order to ensure proper execution of this in the future, the Group will continuously work with automation and standardisation of operational processes, together with increasing the competence level of employees. Since 2012, Fjordkraft has invested significantly in the Fjordkraft Factory, which has re-engineered the Group's IT capabilities from representing a factor limiting execution of commercial ambitions into a competitive edge. According to management, technology is currently, and will continue to be, an important driver of customer satisfaction and efficient working processes - being at the forefront of technology will hence be strategically pursued also in years to come. The Fjordkraft Factory is a proprietary developed and integrated service architecture, embedding both internal and external relations into an integrated network. The initiative to build such a structure was launched in 2012, with the key ambition to create a seamless and holistic IT platform from a variety of systems and sub-structures. Today, the Fjordkraft Factory represents a competitive advantage enabling cost efficient sales of immaterial services to third parties, in addition to benefits from in-house application. As the platform is scalable and flexible, it may be easily applied to match expected industry and customer trends, in addition to being highly adaptive to new add-on components and features. Due to such investments to date, and continued reinvestments in the coming years, Fjordkraft is well prepared to welcome technology-driven change and, will continue to pursue scalability, automation, digitalisation and cost optimisation in everyday operations and in interactions with both customers and partners.

**Proactively address implications from regulatory changes and megatrends.** Several major changes to the regulatory regime will affect the Norwegian electricity retail market and corresponding competitive structure in coming years, the most important being the single invoice and legal and functional unbundling. These new regulations will contribute to a more efficient marketplace for electricity, where the competitive advantage previously held by vertically integrated players will diminish, benefitting Norwegian consumers and independent market participants such as Fjordkraft. As a result, the Group expects to be in a significantly better position to also compete for local customers and engage in industry consolidation in the future, leveraging its strong distribution platform and offering proposition.

In the intersection between increased digitalisation, more demanding customer dynamics, intensified competition and effects from regulatory changes, business operations will become complex for players in the electricity value chain in the future, requiring adaptability and investments. Through the Alliance and Extended Alliance concept, Fjordkraft may leverage on its strong IT capabilities and operational scale to

assist smaller power producers and retailers with a range of services. These services presently include analysis and service tools, electricity purchasing and management, invoice and back-office functions, debt collection services and accounting services. For Fjordkraft, this will ensure a wider commercial arena in terms of both products offered and value chain coverage, including scale advantages of integrating Alliance partners with the Fjordkraft Factory in addition to its own customer base.

Climate friendly initiatives and policies represent a clear international trend also in commercial contexts and correspondingly in capital markets, with more and more companies, public bodies and countries committing to lower emissions and a more active stance in support of a greener environment. Fjordkraft has incorporated this trend as a part of its CSR and commercial strategy, with the ambition of creating a market where climate neutrality is the new standard. Fjordkraft has been climate neutral since 2007 and, introduced, as a first mover in the industry, a requirement to all of its suppliers to be climate neutral according to the UN definition prior to 1 January 2019<sup>33</sup>, labelled as the Klimanjaro initiative. This has been well received amongst the Group's supplier base, with all of its significant suppliers currently committing to the program. Fjordkraft has also received public attention from the UN for its initiative.

**Take a leading position in market consolidation.** Historically and up to this date, the Norwegian electricity retail market has been fragmented, including a range of smaller, local players together with regional and nationally focused retailers. Vertically integrated companies offering grid supply in local markets have enjoyed a strong position, also in their retail businesses in the same area. With the introduction of the single invoice and legal and functional separation, including a splitting of IT infrastructure, it is likely that the current competitive structure will be challenged, causing national players to accelerate consolidation.

Fjordkraft will seek to be a driving force in this trend. With its significant scale, high profitability and financial flexibility – together with a national focus and invested IT infrastructure suited to integrate bolt-on acquisitions in a seamless and efficient manner, the Group may drive value through M&A activities in addition to organic growth. Other forces motivating consolidation are continuously low electricity prices, digitalisation and amplified operational complexity, increasing amounts of municipality debt and significant expected investments in grid capacity in coming years.

**Develop new services or products where Fjordkraft may obtain a competitive edge or meaningful synergies.** Retailing of electricity to Norwegian consumers and businesses is Fjordkraft's fundamental and core business proposition. This also includes the offer of adjacent and value added services. Market movements such as regulatory changes and demand dynamics, including electrification of transportation together with general population growth, create a positive backdrop for the Group's future operations and activity level. Despite this, Fjordkraft's management expects the role of electricity retailers to encompass other activities in the future. The Group continuously monitors market trends and customer behavior in order to make sound decisions on strategic investments for such purposes. In doing so, Fjordkraft predominantly focuses on initiatives with growth potential and where economies of scale are warranted. The Group will continue to own the customer interface, thereby focusing on roles which entail sales and marketing activities, brand building and customer satisfaction. This could comprise business initiatives comparable to the launched mobile offering; including broadband, financing, insurance and health related concepts – however always with intangible services as a common denominator.

The acquisition of Ladestasjoner.no serves as an example of Fjordkraft positioning itself for future commercial opportunities. Management views electrification to be a continuing trend where the Group may naturally utilise its existing platform and knowledge base. Through Ladestasjoner.no, which has achieved a leading ranking through Google, Fjordkraft will achieve high visibility in searches relating to electrical charging. This positions the Group attractively in the arena for electrical charging without operating physical infrastructure. This harmonises with Fjordkraft's general strategy.

Another example of a current Fjordkraft activity serving as a test pilot for future potential commercial operations includes the "Smart Informator" (research project on digitalisation of the power system through AMS and application of Big Data, in the context of smart homes and similar). Without taking an active position to conquer all opportunities today, Fjordkraft also sees potential related to the trend of prosumers (private electricity production of wind and solar), Artificial Intelligence and IoT (Internet of

---

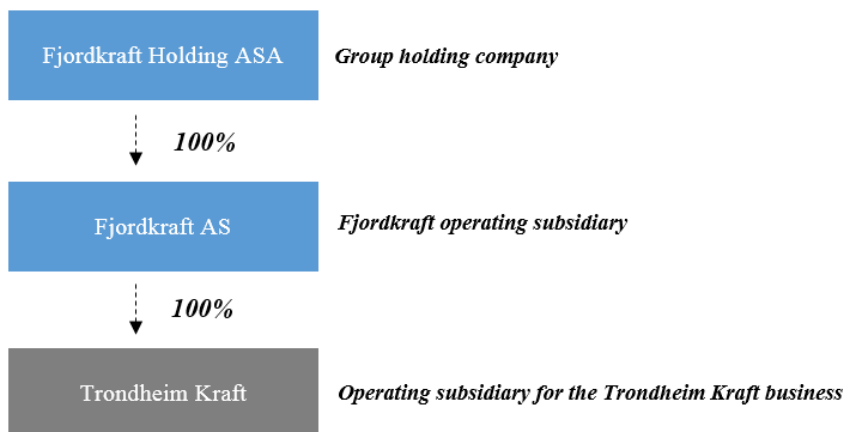
<sup>33</sup> Fjordkraft applies the recognised standards of the World Resources Institute and the Greenhouse Gas Protocol to calculate the suppliers' direct and indirect emissions (more information about this may be found at <http://climateneutralnow.org/Pages/Home.aspx>)

Things), information security and encryption together with blockchain technology and self-service solutions.

### ***Group overview***

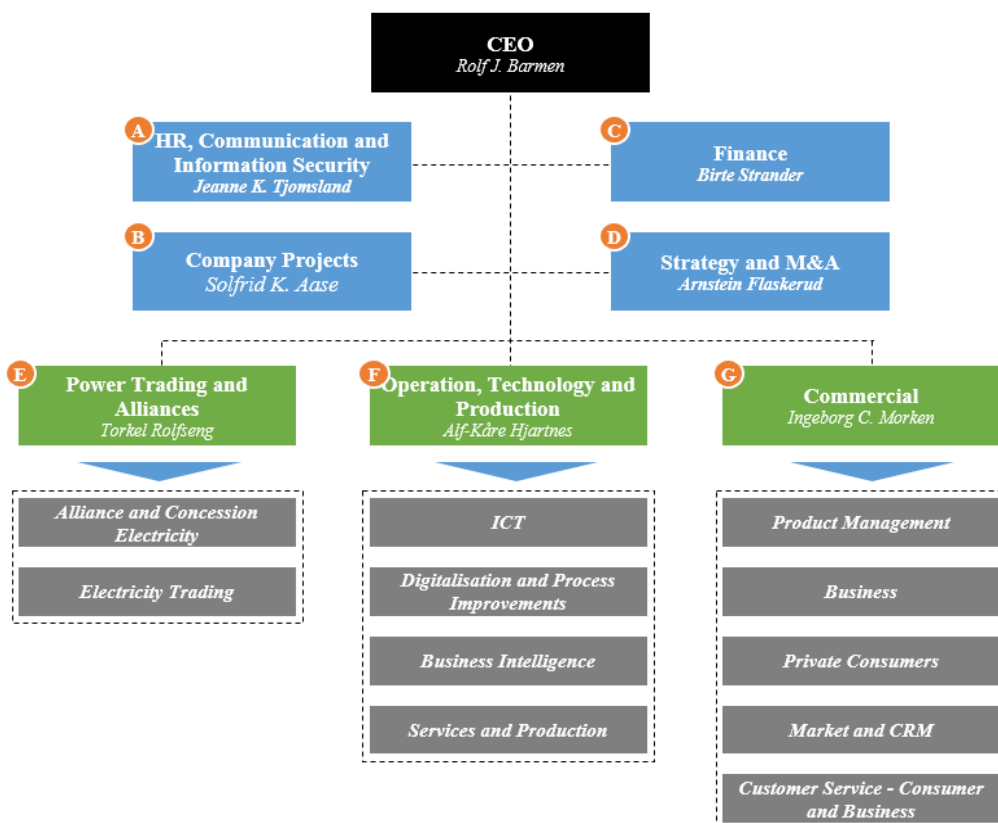
#### **8.5.1. Legal structure**

Fjordkraft Holding ASA is the holding company of the Group. The Group employs a simple legal structure with operating activities carried out through the wholly-owned operating subsidiary, Fjordkraft AS, which owns 100% of the shares of Trondheim Kraft, a local retail brand covering the Trondheim area. The illustration below provides an overview of the Group's legal structure.



#### **8.5.2. Operational structure**

The Group's operations are governed and managed through 4 different staff units and 3 divisions, on a day-to-day basis. Staff functions represent Group resources that are not specifically assigned to any division but serve to supervise, control and support daily operations, strategic-decision making and similar. The illustration and table below provides an overview of how the Group's operations and functions are organised together with a summary of the Group's management (blue boxes represent staff units, green boxes represent divisions and grey boxes represent units reporting up to respective division heads. Names in the division and staff unit boxes form part of Group Management together with the CEO, Rolf J. Barmen).



Below is an overview of the Group's management together with division and staff responsibility

Name	Current position within the company	Division / staff	Employed with the company since
Rolf Barmen	Chief executive officer (CEO)		01.02.2013
Birte Strander	Chief financial officer (CFO)	Finance	01.05.2002
Arnstein Flaskerud	Head of strategy and M&A	Strategy and M&A	01.04.2001
Jeanne Katralen Tjomsland	Head of HR, communications and information security	HR, Communication and Information Security	01.01.2002
Torkel Rolfseng	Head of power trading and alliances	Power Trading and Alliances	01.01.2010
Ingeborg Cecilie Torvund Morken	Chief commercial officer (CCO)	Commercial	01.09.2004
Solfrid Kongshaug Aase	Head of company projects	Company Projects	01.04.2001
Alf-Kåre Hjartnes	Chief operating officer (COO)	Operation, Technology and Production	01.04.2001

**A. HR, Communication and Information Security (staff)** - headed by Jeanne Tjomsland. HR activities performed by the division encompass developing strategic principles, defining guidelines and assisting line organisation with recruiting, training and terminating use of human resources. Due to Fjordkraft's significant growth over recent years, recruitment of new personnel has been a prioritised activity. The Group conducts employee surveys to understand how its employees experience their working environment and the extent to which they identify with Fjordkraft's goals

and values. Employee satisfaction is viewed as very strong and employees' response indicates that they are strongly committed to their working place.

The main responsibilities of the Communication unit are related to PR and internal communication. Public statements and media inquiries are generally managed by the communication director or advisor, in some instances also the Group CEO. Responding to inquiries from internal or external stakeholders which may affect the perception of the Group is an important task given that Fjordkraft's brand and reputation is deemed to be its key competitive advantage.

Head of Information Security is responsible for advising and guiding the units of the Group within information security, physical security and GDPR<sup>34</sup> where relevant. It is Fjordkraft's dedicated resource on general security issues. The unit works closely with the division for Operation, Technology and Production, especially with respect to ICT and Business Intelligence activities. The ICT unit is responsible for following up and monitoring information security for both Fjordkraft and its suppliers.

- B. Company Projects (staff)** - headed by Solfrid K. Aase. The Company Projects staff is made up of four project leaders and one project director, together responsible for Fjordkraft's projects, guidelines and project methodology. It is also responsible for educating and coordinating internal resources in project organisations such as project resources, the project owner, steering group members and similar. Fjordkraft engages in a range of processes and initiatives on a daily basis, requiring efficient prioritisation routines and guidelines for utilisation of Group resources. Through its mandate to supervise and coordinate such processes, Company Projects ensure an optimal utilisation of internal capacity. This is important for Fjordkraft's dynamic and innovative environment.
- C. Finance (staff)** - headed by Birte Strander. This staff unit is divided into three units; (i) finance, risk management and procurement, (ii) controlling and (iii) accounting, all of which are physically located in Bergen. The accounting unit consists of seven employees responsible for the Group's external statements. Several key services are outsourced from BKK AS. The controlling unit assists, advises and controls all of Fjordkraft's business units including staff units. It is also responsible for preparing analysis and material for management's and board of director's decision-making. Finance, risk management and procurement has the overall responsibility for assignments related to the Group's funding and liquidity, cash and credit management together with procurement and risk management. The unit has also the main responsibility for corporate governance in Fjordkraft.
- D. Strategy and M&A (staff)** - headed by Arnstein Flaskerud. The nature of responsibilities involve interaction with all other divisions, to varying extents. Following Fjordkraft's decentralised approach to strategy planning and execution, the Group involves the whole organisation in determining its substrategies, key strategic activities and promises. Employees are responsible for the methodology and yearly revision of the Group's strategy process. During M&A processes, the division works closely with key members of management such as the chief financial officer – and further also together with other divisions when conducting assessments of revenue and cost synergies. Fjordkraft also aims to grow within both traditional electricity sales and new business areas in the future. In order to ensure sufficient capacity for reviewing new opportunities, the Group dedicates certain funds to "StratEx" (strategic expenditures). Fjordkraft employs a structured approach to follow-ups and monitoring of its project portfolio. There is high involvement of competent employees across divisions and with Group management. Employees are also responsible for the regulatory framework and government relations.
- E. Electricity Trading and Alliance (division)** - headed by Torkel Rolfseng. This division has the mandate to manage all physical electricity trading on behalf of the Group together with financial hedging activities for both internal purposes and for its customers, hereunder Alliance partners. The actual execution of physical electricity trades is outsourced to Statkraft Energi AS, whereas the internal unit is responsible for ordering and monitoring tasks related to the physical and financial needs of Fjordkraft and its customers. The Alliance unit is responsible for services associated with the concept, including electricity trading, settlement and invoicing. The division works closely with Statkraft Energi AS as supplier of physical electricity trading on a daily basis, together with the

---

<sup>34</sup> In 2018, EU's regulation for GDPR (General Data Protection Regulation) will enter into force, also in Norway. Management of each organisation are responsible for putting in place routines for enforcement of the new regulations while all employees are required to have sufficient knowledge about these. More information may be found at [www.datatilsynet.no](http://www.datatilsynet.no)



divisions and employees of Finance, Operation, Technology and Production and Commercial – the latter being responsible for follow-ups of large customers and development of new products. The division works pursuant to clear instructions from top management concerning relevant exposures.

- F. Operation, Technology and Production (division)** - headed by Alf-Kåre Hjartnes. This division was established during the Group's reorganisation in April 2017 to ensure that digitalisation is incorporated into development of new services. This division is primarily responsible for four areas including traditional ICT operations for working stations and infrastructure on all physical locations; maintenance, management and development of Business Intelligence and data warehouse solutions; maintenance, management and development of services such as message exchanges, settlements, invoicing and collection (together with sale of services to Alliance partners); digitalisation and process improvements through application of technology and the LEAN methodology.
- G. Commercial (division)** - headed by Ingeborg C. Morken. This division has the commercial responsibility for sales activities related to both Fjordkraft's and Trondheim Kraft's electricity and mobile services, together with other customer-related processes. The division has an administrative group with day-to-day responsibility for both consumer sales activities, business sales activities, marketing and CRM, product management and customer services.

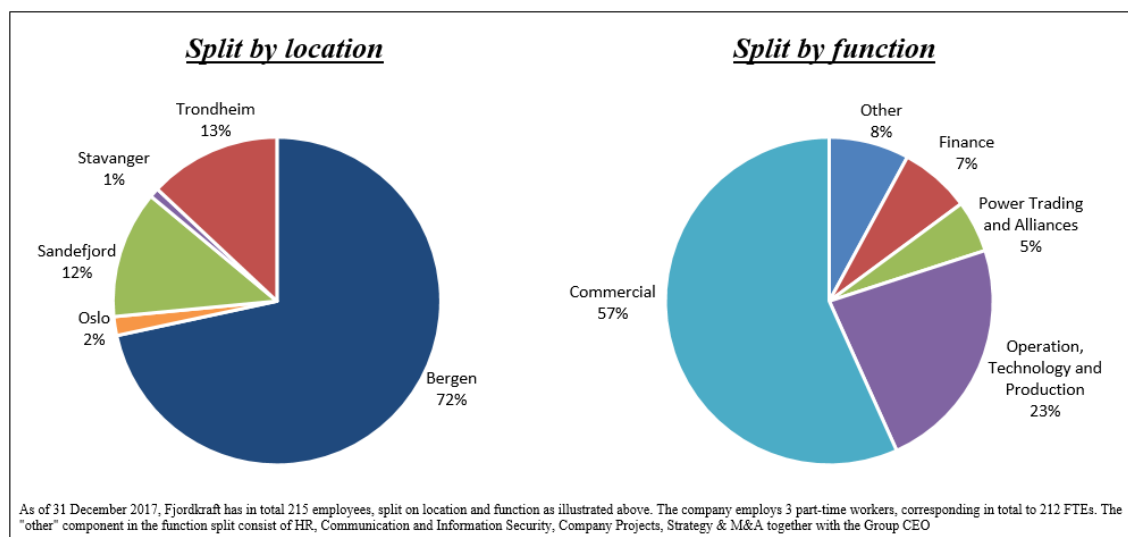
Product Management is responsible for product development, portfolio management, daily operations and product training for both private consumers, businesses and mobile. The unit determines prices on the variable portfolio and mark-up on other contracts. It works closely with Electricity Trading, Operations, Technology and Production in addition to Finance, on a daily basis.

The consumer sales department and business sales department are responsible for relevant distribution channels and all sales activities, including local sales offices.

The Customer Service department consists of more than 90 full-time and part-time employees in total, where the consumer branch responds to both electricity and mobile-related inquiries. Fjordkraft's Customer Service department received over 500,000 inquiries in 2017.

The Market and CRM department manages important tasks such as customer and market analysis and digital channel sales. It is responsible for promoting customer relations, loyalty and satisfaction.

An overview of Fjordkraft's employee split (% of total number of employees) is illustrated in the graph below. Fjordkraft's total number of employees as at 31 December 2017 was 215.



## 8.6. Sales channels

Fjordkraft has developed a powerful distribution platform and employs a wide range of different sales channels in order to maximise its quality interface with electricity consumers. The distribution platform serves as a competitive advantage for the Group and ensures Fjordkraft is highlighted in all relevant contexts.

Internal sales channels consist of customer services, telemarketing and digital channels. External sales channels consist of door-knocking, promotional stands, dealers (Power, MEKK and Elektroimportøren), real estate brokers, telemarketing and digital channels. Fjordkraft strives to maintain an even distribution of sales activity between external and internal channels.

### **8.7. Competition**

The Group operates in a highly competitive business environment, competing with a range of players of differing sizes, strategies, geographical focuses and service offerings. Despite the fierce competition, Fjordkraft has managed to attain and retain a leading position in the Norwegian market, both in terms of profitability, brand and customer satisfaction.

During the course of the previous ten years, national players have increased their market shares at the cost of smaller, local players, due to more efficient operations, scale, a wider product offering and powerful distribution models. Such large, national players constitute Fjordkraft's strongest competitors in the private consumer market. In 2017, Hafslund Strøm and NorgesEnergi joined forces together with the retail business of Fortum as a result of the ownership restructuring and public buyout of Hafslund from the Oslo Stock Exchange. The new, combined company will have a customer base of approximately 2.4<sup>35</sup> million customers across the Nordic countries.

### **8.8. Corporate social responsibility and climate neutrality**

Fjordkraft recognises its social responsibility to promote sustainable solutions and climate friendly policies. With its leading customer awareness and presence through a diversified and powerful distribution network, Fjordkraft may also inspire others to incorporate similar values into everyday activities while committing to ambitious goals for reaching a sustainable future.

One of Fjordkraft's key CSR ambitions is to create a market where climate neutrality is the new standard. In addition to being climate neutral since 2007, Fjordkraft was a first mover in the industry when it introduced climate neutrality standards for its suppliers, requiring such implementation prior to the first of January 2019. The project is called Klimanjaro, and has been well received by suppliers to date, with all important suppliers committing to the program. Fjordkraft applies UNs definition of climate neutral organisations and the internationally recognised standards defined by World Resource Institute and Greenhouse Gas Protocol regarding estimation of suppliers' direct and indirect emissions. Fjordkraft has received public attention from UNFCCC (United Nations Framework Convention on Climate Change) for its initiative and work with promoting climate neutrality.

### **8.9. Strategic partnerships and vendors**

Fjordkraft cooperates with a range of strategic partners and suppliers. Through its benefit and discount programs, the Group has established several commercial relationships with external names, which both provide differentiating features to specific electricity deals and purchasing offers that are exclusive to Fjordkraft customers. Fjordkraft has also developed a powerful distribution and sales platform using, amongst others, real estate brokers, dealers and retail concepts together with suppliers of PR and marketing services and leads management. Fjordkraft engages several external providers of services in connection with internal IT systems and architecture.

Generally, management does not consider the Group to be highly dependent on specific partnerships or agreements. Fjordkraft engages in cooperation with external parties mainly to extend their number of distribution channels, which may be substituted if and when relevant to new channels. Fjordkraft currently has a portfolio of such distribution channels which together make up approximately 13% of gross revenues for the Group. Fjordkraft also has a cooperation with more than 30 external partners under the Alliance concept. A loss of Alliance partners would naturally lead to reduced revenues. However, no individual partnerships are considered critical to the Group. The list of partners has historically been very stable with few customer losses. According to internal surveys, satisfaction amongst Alliance partners is strong.

### **8.10. Licences**

*Licence for sale of electrical energy*

---

<sup>35</sup> According to Fortum (see Fortum website for more information)

In order to operate a marketplace for the sale of electrical energy in Norway, the Group needs to obtain a licence from the Norwegian Water Resources and Energy Directorate (NVE) enabling it to do so. NVE has granted such licence to the Group.

#### *Licence for provision of credit*

The Group has obtained a licence from the Financial Supervisory Authority of Norway for the provision of credit in respect of its invoicing practices whereby the Group settles invoices provided to it by grid companies for the Group's customers' consumption of electricity and separately claims reimbursement of such amounts from its customers.

#### *Licence for the handling of personal information*

The Norwegian Data Authority issued a licence for the Group in March 2017, permitting it to handle personal information in respect of its telecommunications network services including with respect to customer administration, information services and invoicing services.

### **8.11. Insurance**

The Group reviews its risk situation on annual basis and analyses its insurance coverage as part of this process. Tryg Forsikring is the current provider of the Group's insurance portfolio which includes director's and CEO's personal liability insurance for damages of up to a total of NOK 10,000,000, third party liability insurance for damages of up to NOK 10,000,000 per incident and up to NOK 20,000,000 per insured year, asset insurance of up to NOK 5,000,000 and corporate and product liability insurance of up to NOK 10,000,000.

The Group is evaluating the need for expanding its current insurance portfolio to include data crime insurance which will, amongst other things, cover liability that may arise from the General Data Protection Regulation addressed in 8.12.

### **8.12. Regulations**

There are a number of recent regulatory developments in the electricity industry as well as general regulations that will impact on the business of the Group.

#### *Single invoicing*

The Group is subject to the regulations implementing the single invoice model in the Norwegian electricity industry. Implementation of this model will become mandatory for companies operating in the electricity market by year 2020. This model allows electricity retailers to demand invoicing on behalf of grid owners and enables economies of scale in invoicing.

#### *Unbundling*

Norwegian electricity energy regulations expected to come into force on 1 January 2021, require a functional and company level separation of distribution grid operating services from other energy services where distribution grid companies are integrated with other business lines. While these regulations do not directly impact on the business of the Group, they will positively impact on the competitiveness of independent electricity retail companies such as the Group.

#### *Smart meter (automatic electricity meters – "AMS")*

Regulations have been introduced to roll out smart electricity reading meters to be installed for all electricity customers by 1 January 2019 (AMS). AMS may enable the Group's growth through new service offerings.

#### *ELhub*

An ICT hub provided by Statnett is to be implemented by 2019 to centralise key tasks previously operated by grid providers based on data from AMS. This will lower technological barriers for the Group but have a limited effect on the competitive environment for electricity retailers.

#### *General Data Protection Regulation*

The EU General Data Protection Regulation (GDPR) will enter into force on 25 May 2018 and the Group will therefore be affected by new and more onerous laws relating to the handling of customer data and/or the location of data storage centres. The Group is currently implementing a project that will ensure it is compliant with GDPR within its enforcement date.

### **8.13. Properties**

The Group does not own any properties and has entered into commercial lease agreements with landlords for the lease of premises in Oslo, Bergen, Sandefjord, Trondheim and Stavanger.

### **8.14. Intellectual Property**

The Group's intellectual property includes trademarks, domain names and trade names. The Group believes such intellectual property is critical for the success of its business.

The Group owns trademarks that are registered with the Norwegian Industrial Property Office and are protected under applicable intellectual property laws. The trademarks owned by the Group include the Fjordkraft name and Fjordkraft logos, the Fjordkraft Mobil name and Fjordkraft Mobil logo, the Klimanjaro name, the Fjordkraftfabrikken name and the Trondheim Kraft logo. Some of these trademarks are registered, and some are pending for registration, in Norway and may be registered in other jurisdictions in the future.

As the Group believes that its trademarks are valuable to its business, the Group invests in maintaining and increasing the value of its key brand names and logos. The Group attempts to obtain registration of its trademarks wherever practicable and to pursue any infringement of its marks. The Group's trademark registrations have various expiration dates and each registered trademark in Norway is valid for a period of 10 years, with rights of renewal upon the timely payment of applicable fees.

The Group also maintains the registration of approximately 80 domain names such as [www.fjordkraft.no](http://www.fjordkraft.no) and [www.fjordkraft-mobil.no](http://www.fjordkraft-mobil.no).

### **8.15. Disputes and legal proceedings**

The Group is involved in disputes from time to time. Customer disputes, for example, are a natural aspect of the Group's business operations.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) in the 12 months prior to the date of this Prospectus, which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

## 9. CAPITALISATION AND INDEBTEDNESS

The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 10 "Selected Financial and Other Information", Section 11 "Operating and Financial Review" and the Audited Financial Statements with their notes incorporated by reference to this Prospectus.

This Section provides information about the Group's audited consolidated capitalisation and net financial indebtedness on an actual basis as at 31 December 2017 and, in the "As adjusted 31 December 2017" column, the Company's consolidated capitalisation and net financial indebtedness as at 31 December 2017 on an adjusted basis to give effect to the adjustments as if the transaction described in the paragraph directly below had been completed on 31 December 2017.

The Group entered into an agreement to acquire 100% of the shares of TrønderEnergi Marked AS (company registration number 993 385 565) ("**TEM**") on 23 February 2018. The capitalisation and indebtedness tables reflect the adjustments to the Group's capitalisation as if TEM was acquired on 31 December 2017. Please refer to section 11.11 for details of the acquisition.

*Other than as set forth above, there has been no material change to the Group's consolidated capitalisation and net financial indebtedness since 31 December 2017.*

### 9.1. Capitalisation

The table below sets out information about the Group's consolidated capitalisation as at 31 December 2017.

	As at 31 December 2017	Adjustments 31 December 2017 <sup>(4)</sup>	As adjusted 31 December 2017
(In NOK thousands)			
<b>Indebtedness</b>			
<i>Total current debt:</i>			
Guaranteed and secured	-	-	-
Guaranteed but unsecured	139,052 <sup>(1)</sup>	46,488 <sup>(2)</sup>	185,540
Secured but unguaranteed	-	27,833 <sup>(3)</sup>	27,833
Unguaranteed and unsecured	1,180,594 <sup>(2)</sup>	182,267 <sup>(1)</sup>	1,362,861
<b>Total current debt</b>	<b>1,319,646</b>	<b>260,588</b>	<b>1,580,234</b>
<i>Total non-current debt:</i>			
Guaranteed and secured	-	-	-
Guaranteed but unsecured	-	-	-
Secured but unguaranteed	-	250,501 <sup>(3)</sup>	250,501
Unguaranteed and unsecured	- <sup>(3)</sup>	1,117 <sup>(8)</sup>	1,117
<b>Total non-current debt</b>	<b>-</b>	<b>251,618</b>	<b>251,618</b>
<b>Total indebtedness</b>	<b>1,319,646</b>	<b>512,206</b>	<b>1,831,852</b>
<b>Shareholders' equity</b>			
Share capital	31,349	-	31,349
Share premium	125,035	-	125,035
Retained earnings	559,916	-	559,916
<b>Total shareholders' equity</b>	<b>716,299</b>	<b>-</b>	<b>716,299</b>
<b>Total capitalisation</b>	<b>2,035,945</b>	<b>512,206</b>	<b>2,548,151</b>

<sup>(1)</sup> Guaranteed but unsecured current debt includes liabilities related to re-invoicing of grid rent, accrued property rent and advance tax withholding for employees. All these liabilities have been guaranteed by a financial institution.

<sup>(2)</sup> Unguaranteed and unsecured current debt includes all other current liabilities in the statement of financial position in the 2017 Financial Statements except guaranteed but unsecured current debt as described in (1) above.

<sup>(3)</sup> Net employee defined benefit liabilities of NOK 73.7 million and deferred tax liabilities of NOK 12.9 million are not included in the information of the Group's indebtedness as at 31 December 2017.

<sup>(4)</sup> The Group entered into an agreement to acquire 100% of the shares of TrønderEnergi Marked AS ("**TEM**") on 23 February 2018. The capitalisation table reflects the adjustments to the Group's capitalisation including the acquisition of TEM. Note that the adjustments are subject to completion of the transaction, including the approval from the Norwegian Competition Authority.

<sup>(5)</sup> Adjustments to guaranteed but unsecured current debt reflects liabilities relating to re-invoicing of grid rent in TEM that is guaranteed by a financial institution as at 31 December 2017.

<sup>(6)</sup> The purchase price of the shares of TEM is NOK 278.3 million which will be financed 100% by a new secured loan from DNB Bank ASA. The loan will be secured with the Group's trade receivables and has a repayment period of 5 years. The loan repayments will be made in 20 equal quarterly instalments. Thus, the expected instalments in 2018 of NOK 27.8 million (two

instalments) are included in current debt while the remaining instalments of NOK 250.5 million are included in non-current debt.

- (7) Adjustments to unguaranteed and unsecured current debt reflect all other current liabilities in TEM's statement of financial position in its financial statements as at 31 December 2017 except guaranteed but unsecured current debt as described in (6) above.
- (8) Adjustments to unguaranteed and unsecured non-current debt reflects non-current debt included in TEM's statement of financial position in its financial statements as at 31 December 2017. Note that net employee defined benefit liabilities and deferred tax liabilities in TEM's statement of financial position in its financial statements as at 31 December 2017 are not included in the indebtedness in the table above.

The table below sets out information about the Group's net financial indebtedness as at 31 December 2017.

	As at 31 December 2017	Adjustments 31 December 2017 <sup>(3)</sup>	As adjusted 31 December 2017
(In NOK thousands)			
(A) Cash	363,212	75,980 <sup>(4)</sup>	439,192
(B) Cash equivalents	-	-	-
(C) Trading securities	-	-	-
<b>(D) Liquidity (A)+(B)+(C)</b>	<b>363,212</b>	<b>75,980</b>	<b>439,192</b>
<b>(E) Current financial receivables</b>	<b>1,477,954<sup>(1)</sup></b>	<b>186,319<sup>(5)</sup></b>	<b>1,664,273</b>
(F) Current bank debt	-	-	-
(G) Current portion of non-current debt	-	27,833 <sup>(6)</sup>	27,833
(H) Other current financial debt	1,319,646 <sup>(2)</sup>	232,755 <sup>(7)</sup>	1,552,401
<b>(I) Current financial debt (F)+(G)+(H)</b>	<b>1,319,646</b>	<b>260,588</b>	<b>1,580,234</b>
<b>(J) Net current financial indebtedness (I)-(E)-(D)</b>	<b>(521,520)</b>	<b>(1,711)</b>	<b>(523,231)</b>
(K) Non-current bank loans	-	250,501 <sup>(6)</sup>	250,501
(L) Bonds issued	-	-	-
(M) Other non-current loans	-	-	-
<b>(N) Non-current financial indebtedness (K)+(L)+(M)</b>	<b>-</b>	<b>250,501</b>	<b>250,501</b>
<b>(O) Net financial indebtedness (J)+(N)</b>	<b>(521,520)</b>	<b>248,790</b>	<b>(272,730)</b>

- (1) Current financial receivables includes all current assets as described in note 6 in the 2017 Financial Statements, which is all trade receivables and derivative financial instruments (assets) in the statement of financial position in the 2017 Financial Statements.
- (2) Other current financial debt includes all current liabilities in the statement of financial position in the 2017 Financial Statements. Note that net employee defined benefit liabilities of NOK 73.7 million and deferred tax liabilities of NOK 12.9 million are not included in the information on the Group's financial indebtedness as at 31 December 2017.
- (3) The Group entered into an agreement to acquire 100% of the shares of TEM on 23 February 2018. The indebtedness table reflects the adjustments to the Group's indebtedness including the acquisition of TEM. Note that the adjustments are subject to closing of the transaction, including the approval from the Norwegian Competition Authority.
- (4) Adjustments to cash reflects cash in TEM's statement of financial position in its financial statements as at 31 December 2017.
- (5) Adjustments to current financial receivables reflects all current assets, except cash and cash equivalents, in TEM's statement of financial position in its financial statements as at 31 December 2017. It also includes unrealised gain on derivative financial instruments of NOK 1.6 million which is treated as off-balance sheet items in TEM's NGAAP financial statements. This would have been included in the Group's statement of financial position as required under IFRS.
- (6) The purchase price of the shares in TEM is NOK 278.3 million which will be financed 100% by a new secured loan from DNB Bank ASA. The loan will be secured with the Group's trade receivables and has a repayment period of 5 years. The loan repayments will be in 20 equal quarterly instalments. Thus, the expected instalments in 2018 of NOK 27.8 million (two instalments) are included in the current portion of non-current debt while the remaining instalments of NOK 250.5 million are included in non-current bank loans.
- (7) Adjustments to other current financial debt reflect all current liabilities in TEM's statement of financial position in its financial statements as at 31 December 2017.

## 9.2. Working capital statement

The Group is of the opinion that the working capital available to the Group is sufficient to meet the Group's requirements for at least 12 months from the date of this Prospectus.

## 9.3. Contingent and indirect indebtedness

As at 31 December 2017, and as at the date of this Prospectus, the Group did not have any contingent or indirect indebtedness other than the acquisition of TEM as described above. The indebtedness related to the acquisition is contingent on customary closing conditions for transactions of this nature as well as clearance from the Norwegian Competition Authority. The transaction is also subject to approval from the Norwegian Water Resources and Energy Directorate. Please refer to section 11.11 for additional information.

## 10. SELECTED FINANCIAL AND OTHER INFORMATION

### 10.1. Introduction and basis of preparation

The selected consolidated financial information presented below has been derived from the Group's Audited Financial Statements. The selected "other financial and operating information" has been derived from management accounts and has not been audited or reviewed.

The 2017 Financial Statements, incorporated by reference in this Prospectus, have been audited by Deloitte AS and prepared in accordance with IFRS as well as the Norwegian disclosure requirements pursuant to the Norwegian Accounting Act. Financial information as at and for the year ended 31 December 2016 has been derived from the comparative figures included in the 2017 Financial Statements.

The 2016 Financial Statements have been audited by Deloitte AS and prepared in accordance with NGAAP. Financial information as at and for the year ended 31 December 2015 has been derived from the comparative figures included in the 2016 Financial Statements.

The selected consolidated financial information included herein should be read in connection with, and is qualified in its entirety by reference to, the Audited Financial Statements incorporated by reference in this Prospectus and should be read together with Section 11 "Operating and Financial Review".

### 10.2. Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgements, please refer to the accounting principles section of the Audited Financial Statements, incorporated by reference in this Prospectus.

In parallel with the conversion to IFRS in the 2017 Financial Statements, the Group adopted (early), IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers, effective from 1 January 2017 with full retrospective application. Reference is made to note 2 in the 2017 Financial Statements where the effects of the transition to IFRS have been described in detail. Reference is also made to note 4 in the 2017 Financial Statements where revenue recognition pursuant to IFRS 15 is described in detail.

### 10.3. Consolidated statement of profit or loss

The table below sets out a summary of financial information extracted from the Group's audited consolidated statement of profit or loss information for the years ended 31 December 2017, 2016 and 2015.

	Twelve months ended 31 December			
	2017	2016	2016	2015
(In NOK thousands)	(IFRS) (audited)	(IFRS) (audited)	(NGAAP) (audited)	(NGAAP) (audited)
Revenue	4,452,510	3,925,007	4,663,808	3,728,494
Other income	-	-	88,999	65,327
Direct cost of sales	(3,540,521)	(3,144,538)	(3,967,101)	(3,069,876)
<b>Revenue less direct cost of sales</b>	<b>911,989</b>	<b>780,469</b>	<b>785,706</b>	<b>723,945</b>
Personnel expenses	(178,751)	(135,636)	(135,636)	(124,569)
Other operating expenses	(312,923)	(238,227)	(328,329)	(279,110)
Depreciation and amortisation	(105,578)	(68,511)	(18,378)	(16,816)
<b>Total operating expenses</b>	<b>(597,252)</b>	<b>(442,374)</b>	<b>(482,343)</b>	<b>(420,495)</b>
Other gains and losses, net	7,884	(888)	-	-
<b>Operating profit</b>	<b>322,620</b>	<b>337,207</b>	<b>303,363</b>	<b>303,450</b>
Interest income	11,801	8,118	34,556	32,029
Interest expense	(175)	(467)	(31,455)	(26,206)
Other financial items, net	(2,779)	(2,164)	(212)	232
<b>Net financial income / (cost)</b>	<b>8,847</b>	<b>5,488</b>	<b>2,889</b>	<b>6,055</b>
<b>Profit/(loss) before tax</b>	<b>331,467</b>	<b>342,695</b>	<b>306,251</b>	<b>309,505</b>

	Twelve months ended 31 December			
	2017	2016	2016	2015
(In NOK thousands)	(IFRS) (audited)	(IFRS) (audited)	(NGAAP) (audited)	(NGAAP) (audited)
Income tax (expense) / income	(79,527)	(85,644)	(77,646)	(85,195)
<b>Profit/ (loss) for the year</b>	<b>251,941</b>	<b>257,051</b>	<b>228,605</b>	<b>224,311</b>

#### 10.4. Consolidated statement of comprehensive income (loss)

The table below sets out a summary of financial information extracted from the Group's audited consolidated statement of comprehensive income for the years ended 31 December 2017, 2016 and 2015.

	Twelve months ended 31 December			
	2017	2016	2016	2015
(In NOK thousands)	(IFRS) (audited)	(IFRS) (audited)	(NGAAP) (audited)	(NGAAP) (audited)
<b>Profit/(loss) for the year</b>	<b>251,941</b>	<b>257,051</b>	<b>228,605</b>	<b>224,311</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Actuarial (loss)/gain on pension obligations (net of tax)	(20,008)	2,299	-	-
<b>Total other comprehensive (loss)/income for the year, net of tax</b>	<b>(20,008)</b>	<b>2,299</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>231,932</b>	<b>259,350</b>	<b>228,605</b>	<b>224,311</b>

#### 10.5. Consolidated statement of financial position

The table below sets out a summary of financial information extracted from the Group's audited consolidated statement of financial position as at 31 December 2017, 2016 and 2015.

	As at 31 December			
	2017	2016	2016	2015
(In NOK thousands)	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
<b>Assets</b>				
<b>Non-current assets</b>				
Deferred tax assets	-	-	14,337	16,050
Property, plant and equipment	3,568	3,127	14,101	3,263
Goodwill	-	-	130	387
Intangible assets	82,096	69,795	64,116	70,673
Other non-current assets	137,536	101,149	-	-
Other non-current financial assets	14,198	13,859	13,859	15,489
<b>Total non-current assets</b>	<b>237,398</b>	<b>187,930</b>	<b>106,543</b>	<b>105,862</b>
<b>Current assets</b>				
Intangible assets	2,569	5,424	-	-
Inventories	1,394	-	-	-
Trade receivables	1,364,519	1,204,894	1,197,505	633,478
Derivative financial instruments	113,435	96,867	3,312	-
Other current assets	40,083	35,433	35,433	64,919
Cash and cash equivalents	363,212	193,226	193,226	333,448
<b>Total current assets</b>	<b>1,885,211</b>	<b>1,535,845</b>	<b>1,429,477</b>	<b>1,031,845</b>
<b>Total assets</b>	<b>2,122,609</b>	<b>1,723,774</b>	<b>1,536,019</b>	<b>1,137,707</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	31,349	31,352	31,352	31,352



(In NOK thousands)	As at 31 December			
	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
Share premium	125,035	125,032	125,032	125,032
Retained earnings	559,916	448,268	243,616	132,796
<b>Total equity</b>	<b>716,299</b>	<b>604,651</b>	<b>400,000</b>	<b>289,179</b>
<b>Non-current liabilities</b>				
Net employee defined benefit liabilities	73,720	47,420	47,420	54,695
Deferred tax liabilities	12,944	12,368	-	-
<b>Total non-current liabilities</b>	<b>86,664</b>	<b>59,788</b>	<b>47,420</b>	<b>54,695</b>
<b>Current liabilities</b>				
Trade and other payables	726,631	475,867	479,179	183,442
Current income tax liabilities	71,198	70,403	70,403	84,980
Derivative financial instruments	95,428	86,744	-	-
Social security and other taxes	50,085	47,544	47,544	22,830
Dividend payable	-	-	120,084	156,453
Other current liabilities	376,304	378,777	371,388	346,127
<b>Total current liabilities</b>	<b>1,319,646</b>	<b>1,059,335</b>	<b>1,088,599</b>	<b>793,832</b>
<b>Total liabilities</b>	<b>1,406,310</b>	<b>1,119,123</b>	<b>1,136,019</b>	<b>848,527</b>
<b>Total equity and liabilities</b>	<b>2,122,609</b>	<b>1,723,774</b>	<b>1,536,019</b>	<b>1,137,707</b>

## 10.6. Consolidated statement of cash flows

The tables below set out a summary of financial information extracted from the Group's audited consolidated cash flow information for the years ended 31 December 2017, 2016 and 2015.

(In NOK thousands)	Twelve months ended 31 December	
	2017	2016
	(IFRS) (audited)	(IFRS) (audited)
<b>Operating activities</b>		
Profit/(loss) before tax	331,467	342,695
<i>Adjustments for:</i>		
Depreciation	24,372	18,378
Interest expense	175	467
Interest income	(11,801)	(8,118)
Change in fair value of financial instruments	(7,884)	888
Change in post-employment liabilities	(27)	(4,209)
Amortisation of contract assets	81,206	50,133
Impairment loss recognised in trade receivables	11,920	4,087
<i>Changes in working capital:</i>		
Inventories	(1,394)	-
Trade receivables	(171,544)	(554,421)
Purchase of el-certificates	(210,908)	(150,321)
Non-cash effect from cancelling el-certificates	216,322	156,036
Purchase of guarantees of origination	(2,558)	-
Other current assets	(4,649)	29,487
Trade and other payables	250,764	292,425
Other current liabilities	(170)	34,985
<b>Cash generated from operations</b>	<b>505,292</b>	<b>212,511</b>
Interest paid	(175)	(467)
Interest received	11,801	8,118
Income tax paid	(71,799)	(89,981)
<b>Net cash from operating activities</b>	<b>445,119</b>	<b>130,181</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(1,309)	(1,533)
Purchase of intangible assets	(35,807)	(26,583)

	Twelve months ended 31 December	
	2017	2016
	(IFRS) (audited)	(IFRS) (audited)
(In NOK thousands)		
Payments to obtain a contract (contract assets)	(117,594)	(87,465)
Net (outflow)/proceeds from non-current receivables	(339)	1,630
<b>Net cash used in investing activities</b>	<b>(155,048)</b>	<b>(113,951)</b>
<b>Financing activities</b>		
Dividends paid	(120,084)	(156,453)
<b>Net cash used in financing activities</b>	<b>(120,084)</b>	<b>(156,453)</b>
<b>Net change in cash and cash equivalents</b>	<b>169,987</b>	<b>(140,223)</b>
Cash and cash equivalents at 1 January	193,226	333,448
<b>Cash and cash equivalents at 31 December</b>	<b>363,212</b>	<b>193,226</b>

	Twelve months ended 31 December	
	2016	2015
	(NGAAP) (audited)	(NGAAP) (audited)
(In NOK thousands)		
<b>Operating activities</b>		
Profit before tax	306,251	309,505
<i>Adjustments for:</i>		
Depreciation	18,378	16,816
Non cash pension costs	12,746	14,878
Payment related to pension plan	(16,955)	(7,534)
<i>Changes in working capital:</i>		
Trade receivables	(564,028)	158,084
Other current assets	26,174	(3,052)
Trade payables	31,611	23,813
Other liabilities	312,805	23,535
Income tax paid	(89,981)	(53,026)
<b>Net cash from operating activities</b>	<b>37,002</b>	<b>483,020</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(11,722)	(1,141)
Purchase of intangible assets	(16,394)	(34,416)
Changes in intangible assets	5,715	(4,226)
Proceeds from non-current receivables	1,630	(724)
<b>Net cash used in investing activities</b>	<b>(20,771)</b>	<b>(40,506)</b>
<b>Financing activities</b>		
Dividends	(156,453)	(120,495)
<b>Net cash used in financing activities</b>	<b>(156,453)</b>	<b>(120,495)</b>
<b>Net change in cash and cash equivalents</b>	<b>(140,222)</b>	<b>322,019</b>
Cash and cash equivalents at 1 January	333,448	11,430
<b>Cash and cash equivalents at 31 December</b>	<b>193,226</b>	<b>333,448</b>

## 10.7. Consolidated statement of changes in equity

The table below sets out a summary of financial information extracted from Fjordkraft's audited consolidated statement of changes in equity for the years ended 31 December 2017, 2016 and 2015.

	Share capital	Share premium	Retained earnings	Total
(In NOK thousands)				
<b>NGAAP</b>				
<b>Balance at 1 January 2015</b>	<b>31,352</b>	<b>125,032</b>	<b>43,616</b>	<b>200,000</b>
Profit/(loss) for the period	-	-	224,311	224,311
Estimate deviation pension liabilities	-	-	21,322	21,322
Provision for dividends	-	-	(156,453)	(156,453)
<b>Balance at 31 December 2015</b>	<b>31,352</b>	<b>125,032</b>	<b>132,796</b>	<b>289,179</b>
<b>IFRS</b>				
<b>Balance at 31 December 2015 (NGAAP)</b>	<b>31,352</b>	<b>125,032</b>	<b>132,796</b>	<b>289,179</b>
Transition to IFRS	-	-	212,574	212,574
<b>Balance at 1 January 2016 (IFRS)</b>	<b>31,352</b>	<b>125,032</b>	<b>345,370</b>	<b>501,754</b>
Profit/(loss) for the period	-	-	257,051	257,051
Other comprehensive income for the year, net of tax	-	-	2,299	2,299
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>259,350</b>	<b>259,350</b>
Dividends paid	-	-	(156,453)	(156,453)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(156,453)</b>	<b>(156,453)</b>
<b>Balance at 31 December 2016</b>	<b>31,352</b>	<b>125,032</b>	<b>448,268</b>	<b>604,651</b>
<b>Balance at 1 January 2017</b>	<b>31,352</b>	<b>125,032</b>	<b>448,268</b>	<b>604,651</b>
Profit/(loss) for the period	-	-	251,941	251,941
Other comprehensive income for the year, net of tax	-	-	(20,008)	(20,008)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>231,932</b>	<b>231,932</b>
Dividends paid	-	-	(120,084)	(120,084)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(120,084)</b>	<b>(120,084)</b>
Incorporation of Fjordkraft Holding ASA	(3)	3	(200)	(200)
<b>Balance at 31 December 2017</b>	<b>31,349</b>	<b>125,035</b>	<b>559,916</b>	<b>716,299</b>

## 10.8. Segment information

The tables below present the Group's revenue and operating profit by reportable segment as it is presented in note 5 in the 2017 Financial Statements. A large portion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its annual financial statements. At the date of reporting, the Group recognises electricity revenue and the associated cost of sales based on a best estimate approach. 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. Therefore, the tables below also present the Group's operating profit before such estimate deviations in the line "Adjusted operating profit (before unallocated and estimate deviation)".

(In NOK thousands)	<b>2017 (IFRS) (audited)</b>			
	<b>Customer</b>	<b>Business</b>	<b>New growth initiatives</b>	<b>Total segments</b>
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)
<b>Revenue less direct cost of sales</b>	<b>655,394</b>	<b>231,920</b>	<b>24,674</b>	<b>911,989</b>
<b>Expenses</b>				
Personnel and other operating expenses	(300,425)	(112,814)	(51,434)	(464,673)
Depreciation and amortisation	(94,245)	(9,321)	(2,012)	(105,578)
<b>Adjusted Operating profit (before unallocated)</b>	<b>260,725</b>	<b>109,785</b>	<b>(28,772)</b>	<b>341,738</b>
Adjustment: (Positive)/negative estimate deviations previous year	4,463	9,298	(1,605)	12,156
<b>Adjusted operating profit (before unallocated and estimate deviations)</b>	<b>265,188</b>	<b>119,083</b>	<b>(30,377)</b>	<b>353,894</b>

(In NOK thousands)	2016 (IFRS) (audited)			
	Customer	Business	New growth initiatives	Total segments
Revenue	2,129,719	1,767,101	28,188	3,925,007
Direct cost of sales	(1,574,517)	(1,569,631)	(390)	(3,144,538)
<b>Revenue less direct cost of sales</b>	<b>555,202</b>	<b>197,470</b>	<b>27,798</b>	<b>780,469</b>
<b>Expenses</b>				
Personnel and other operating expenses	(255,153)	(98,455)	(20,254)	(373,862)
Depreciation and amortisation	(63,554)	(5,380)	423	(68,511)
<b>Adjusted Operating profit (before unallocated)</b>	<b>236,495</b>	<b>93,635</b>	<b>7,967</b>	<b>338,096</b>
Adjustment: (Positive)/negative estimate deviations previous year	(7,344)	(884)	(4,803)	(13,031)
<b>Adjusted operating profit (before unallocated and estimate deviations)</b>	<b>229,151</b>	<b>92,751</b>	<b>3,163</b>	<b>325,065</b>

Reconciliation to operating profit in consolidated statement of profit and loss:

(In NOK thousands)	2017	2016
	(IFRS) (audited)	(IFRS) (audited)
<b>Adjusted operating profit (before unallocated and estimate deviations)</b>	<b>353,894</b>	<b>325,065</b>
Adjustment: (Positive)/negative estimate deviation previous year	(12,156)	13,031
Personnel expenses	(6,852)	-
Other operating expenses	(20,420)	-
Other gains and losses, net	7,884	(888)
<b>Operating profit</b>	<b>322,620</b>	<b>337,207</b>

The figures above are derived from the 2017 Financial Statements. As this was the first time the Group presented segment information in its financial statements, no such information is available in the 2016 Financial Statements. Internal segment information (not audited) is commented on in section 11.3 for the years ended 31 December 2016 and 2015 prepared in accordance with NGAAP.

### 10.9. Selected other financial information

The non-IFRS financial measures presented in this Prospectus are not recognised measurements of financial performance or liquidity under IFRS but are used by Management to monitor and analyse the underlying performance of the Group's business and operations. In particular, non-IFRS financial measures should not be viewed as substitutes for any income statement, cash flow or balance sheet items shown herein and in accordance with IFRS.

The table below illustrates the Group's other financial information<sup>(1)</sup>:

(In NOK thousands, except for percentages)	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
Reported Net Revenue <sup>(2)</sup>	911,989	780,469	785,706	723,945
Reported Net Revenue growth <sup>(3)</sup>	16.9 %	n.a.	8.5 %	n.a.
Adjusted Net Revenue <sup>(4)</sup>	924,145	767,438	772,675	724,462
Adjusted Net Revenue growth <sup>(5)</sup>	20.4 %	n.a.	6.7 %	n.a.
Operating profit (Reported EBIT)	322,620	337,207	303,363	303,450
Reported EBIT margin (%) <sup>(6)</sup>	35.4 %	43.2 %	38.6 %	41.9 %
Adjusted EBIT <sup>(7)</sup>	353,894	325,065	290,332	303,967
Adjusted EBIT margin (%) <sup>(8)</sup>	38.3 %	42.4 %	37.6 %	42.0 %
Reported EBITDA <sup>(9)</sup>	428,198	405,718	321,741	320,267
EBITDA margin (%) <sup>(10)</sup>	47.0 %	52.0 %	40.9 %	44.2 %

	2017	2016	2016	2015
(In NOK thousands, except for percentages)	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
Adjusted EBITDA <sup>(11)</sup>	459,472	393,576	308,710	320,784
Adjusted EBITDA margin (%) <sup>(12)</sup>	49.7 %	51.3 %	40.0 %	44.3 %
Capital expenditure <sup>(13)</sup>	(29,352)	(28,116)	(28,116)	(27,035)
Net Interest Bearing Debt/(Net Cash) <sup>(14)</sup>	(363,212)	(193,226)	(193,226)	(333,448)
Net Working Capital <sup>(15)</sup>	202,353	283,284	267,736	61,017
Capital Employed <sup>(16)</sup>	716,299	604,651	400,000	289,179

- (1) Please refer to section 4.3.2 for further description of non-IFRS and non-NGAAP measures.
- (2) Reported Net Revenue represents the Group's revenue less the direct cost of sales and equals the line "Revenue less direct cost of sales" in the consolidated statement of profit or loss in section 10.3.
- (3) Reported Net Revenue growth represents the percentage change in Reported Net Revenue in the year compared to the prior year.
- (4) Adjusted Net Revenue represents the Group's revenue less the direct cost of sales, adjusted for any estimate deviations related to previous periods recognised in the following period.
- (5) Adjusted Net Revenue growth represents the percentage change in Adjusted Net Revenue in the year compared to the prior year.
- (6) Reported EBIT margin represents operating profit/ (loss) expressed as a percentage of Reported Net Revenue.
- (7) Adjusted EBIT represents the Group's operating profit/ (loss) adjusted for any estimate deviations related to previous periods recognised in the following period and items not allocated to operating segments to better reflect underlying operating performance in the year.
- (8) Adjusted EBIT margin represents Adjusted EBIT expressed as a percentage of Adjusted Net Revenue.
- (9) Reported EBITDA represents operating profit/ (loss) before depreciation and amortisation.
- (10) Reported EBITDA margin represents EBITDA expressed as a percentage of Reported Net Revenue.
- (11) Adjusted EBITDA represents the Group's EBITDA adjusted for any estimate deviations related to previous periods recognised in the following period and items not allocated to operating segments to better reflect underlying operating performance in the year.
- (12) Adjusted EBITDA margin represents adjusted EBITDA expressed as a percentage of Adjusted Net Revenue.
- (13) Capital expenditure represents net cash used in investing activities less payments to obtain contract assets, net (outflow)/proceeds from non-current receivables, acquisition of customer portfolios and changes in intangible assets (NGAAP only).
- (14) Net Interest Bearing Debt/ (Cash) represents the sum of long-term interest bearing debt to financial institutions and short-term interest bearing borrowings, less cash and cash equivalents. Note that the liability to SEAS is not included. Although the credit facility is interest bearing, the liability is regarded as trade payables as this is considered a part of the Group's normal business cycle, thus a part of Net Working Capital (see (15) below).
- (15) Net Working Capital represents current assets, less bank deposits, less current non-interest bearing liabilities. Net Working Capital is a useful measure of the Group's liquidity and ability to generate cash through operations. The liability to SEAS is included in Net Working Capital. Although the credit facility is interest bearing, the liability is regarded as trade payables as this is considered a part of the Group's normal business cycle. For internal working capital and liquidity purposes, Fjordkraft follows and classifies both cash and SEAS facility as part of net working capital, despite that both items are interest bearing.
- (16) Capital Employed represents total equity plus net interest-bearing debt.

## 10.10. Selected other information

The table below illustrates the Group's other non-financial information:

	2017	2016	2015
Number of electricity deliveries – Consumer (in thousands)	466	420	392
Number of electricity deliveries – Business (in thousands)	63	58	60
Year-end number of subscriptions (Mobile)	38,344	0	0
Delivered volume - Consumer (GWh)	6,293	5,790	5,245
Delivered volume - Business (GWh)	5,672	5,674	5,219

## 10.11. Reconciliations of non-IFRS measures

### 10.11.1. Reported Net Revenue

	2017	2016	2016	2015
(In NOK thousands)	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
Revenue	4,452,510	3,925,007	4,663,808	3,728,494
Other income	-	-	88,999	65,327
Direct cost of sales	(3,540,521)	(3,144,538)	(3,967,101)	(3,069,876)
<b>Reported Net Revenue</b>	<b>911,989</b>	<b>780,469</b>	<b>785,706</b>	<b>723,945</b>

### 10.11.2. Adjusted Net Revenue

	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
(In NOK thousands)				
Reported Net Revenue	911,989	780,469	785,706	723,945
(Positive)/negative estimate deviations previous year	12,156	(13,031)	(13,031)	517
<b>Adjusted Net Revenue</b>	<b>924,145</b>	<b>767,438</b>	<b>772,675</b>	<b>724,462</b>

### 10.11.3. Adjusted EBIT

	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
(In NOK thousands)				
Operating profit (Reported EBIT)	322,620	337,207	303,363	303,450
(Positive)/negative estimate deviations previous year	12,156	(13,031)	(13,031)	517
Management bonus specific for the Listing process	6,582	-	-	-
Specific Listing process costs and non-recurring marketing costs	20,420	-	-	-
Unrealised gains and losses on derivative financial instruments	(7,884)	888	-	-
<b>Adjusted EBIT</b>	<b>353,894</b>	<b>325,065</b>	<b>290,332</b>	<b>303,967</b>

### 10.11.4. Reported EBITDA

	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
(In NOK thousands)				
Operating profit (Reported EBIT)	322,620	337,207	303,363	303,450
Depreciation	24,372	18,378	18,378	16,816
Amortisation of contract assets	81,206	50,133	-	-
<b>Reported EBITDA</b>	<b>428,198</b>	<b>405,718</b>	<b>321,741</b>	<b>320,267</b>

### 10.11.5. Adjusted EBITDA

	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
(In NOK thousands)				
Reported EBITDA	428,198	405,718	321,741	320,267
(Positive)/negative estimate deviations previous year	12,156	(13,031)	(13,031)	517
Management bonus specific for the Listing process	6,582	-	-	-
Specific Listing process costs and non-recurring marketing costs	20,420	-	-	-
Unrealised gains and losses on derivative financial instruments	(7,884)	888	-	-
<b>Adjusted EBITDA</b>	<b>459,472</b>	<b>393,576</b>	<b>308,710</b>	<b>320,784</b>

### 10.11.6. Capital expenditure

	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
(In NOK thousands)				
Net cash used in investing activities	(155,048)	(113,951)	(20,771)	(40,506)
Less: Payments to obtain a contract (contract assets)	117,594	87,465	-	-
Less: Net (outflow)/proceeds from non-current receivables	339	(1,630)	(1,630)	724
Less: Acquisition of customer portfolios	7,763	-	-	8,521
Less: Changes in intangible assets	0	0	(5,715)	4,226
<b>Capital expenditure</b>	<b>(29,352)</b>	<b>(28,116)</b>	<b>(28,116)</b>	<b>(27,035)</b>

### 10.11.7. Net Interest Bearing Debt/(Net Cash)

	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
(In NOK thousands)				
Non-current interest bearing liabilities	-	-	-	-
Current interest bearing liabilities	-	-	-	-
Cash and cash equivalents	(363,212)	(193,226)	(193,226)	(333,448)
<b>Net Interest-Bearing Debt (Net/Cash)</b>	<b>(363,212)</b>	<b>(193,226)</b>	<b>(193,226)</b>	<b>(333,448)</b>

### 10.11.8. Net Working Capital

	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
(In NOK thousands)				
Intangible assets	2,569	5,424	-	-
Inventories	1,394	-	-	-
Trade receivables	1,364,519	1,204,894	1,197,505	633,478
Derivative financial instruments	113,435	96,867	3,312	-
Other current assets	40,083	35,433	35,433	64,919
Trade and other payables	(726,631)	(475,867)	(479,179)	(183,442)
Current income tax liabilities	(71,198)	(70,403)	(70,403)	(84,980)
Derivative financial instruments	(95,428)	(86,744)	-	-
Social security and other taxes	(50,085)	(47,544)	(47,544)	(22,830)
Other current liabilities	(376,304)	(378,777)	(371,388)	(346,127)
<b>Net Working Capital</b>	<b>202,353</b>	<b>283,284</b>	<b>267,736</b>	<b>61,017</b>
Change in Net Working Capital	(80,931)	n.a.	206,719	n.a.

### 10.11.9. Capital Employed

	2017	2016	2016	2015
	(IFRS)	(IFRS)	(NGAAP)	(NGAAP)
(In NOK thousands)				
<b>Total Equity</b>	<b>716,299</b>	<b>604,651</b>	<b>400,000</b>	<b>289,179</b>
Net Interest-Bearing Liabilities	-	-	-	-
Net employee defined benefit liabilities	73,720	47,420	47,420	54,695
Deferred tax liabilities	12,944	12,368	-	-
<b>Capital Employed</b>	<b>802,963</b>	<b>664,439</b>	<b>447,420</b>	<b>343,874</b>

For further non-IFRS measures related to growth and margins, see the table and its footnotes in section 10.9 "Selected other financial information".

## 10.12. Auditor

Deloitte AS, with registration number 980 211 282, and business address at Dronning Eufemias gate 14, 0191, Oslo, Norway, is the Group's independent auditor. Deloitte AS is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants). Deloitte AS has been the Group's independent auditor since 2001.

Deloitte AS' audit reports on the Audited Financial Statements are included together with the Audited Financial Statements incorporated by reference to this Prospectus. Deloitte AS has not audited or produced any report on any other information provided in this Prospectus.

## 11. OPERATING AND FINANCIAL REVIEW

*The following is a discussion and analysis of the Group's results of operations and financial condition based on the Audited Financial Statements. This operating and financial review should be read together with Section 4 "General Information", Section 8 "Business", Section 10 "Selected Financial and Other Information" and the Audited Financial Statement and related notes incorporated by reference to this Prospectus. The 2017 Financial Statements have been prepared in accordance with IFRS as adopted by the European Union, as well as Norwegian disclosure requirements pursuant to the Norwegian Accounting Act of 31 December 2014. The 2016 Financial Statements have been prepared in accordance with NGAAP. See Section 4.3.1 "Financial information" for further information. The Audited Financial Statements have been audited by Deloitte AS, as set forth in their auditor's reports incorporated by reference herein.*

*This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Group's current expectations, estimates, assumptions and projections about the Group's industry, business, strategy and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 "Risk Factors" and Section 4.2 "Forward-looking statements" of this Prospectus.*

### 11.1. General overview

Fjordkraft is a leading Norwegian electricity retailer with national coverage. The Group's operations comprise purchase, distribution and management of electricity for a wide selection of customers, ranging from consumers and municipalities to private and public companies. Fjordkraft also provides adjacent services to both customers of the company and small electricity producers – in addition to a mobile offering marketed under the Fjordkraft brand. The Group currently reports along three main business areas based on the business concepts offered and with focus on different customer segments:

- The consumer segment comprises electricity sales and sales of value added services/products to private consumers. This segment has by far been the largest contributor to the Group's historical net revenue and EBIT, constituting 71.9% of the Group's net revenue in 2017 (71.1% in 2016). The EBIT contribution from this segment was NOK 260.7 million in 2017 (236.5 million in 2016), equivalent to 76.3% of total segments EBIT in 2017 (69.9% in 2016).
- The business segment comprises electricity sales and sale of value added services/products to both small, medium and large businesses and public entities. Through successful portfolio management and increased offering of value added services, the margins from this segment have historically experienced significant improvements. The net revenue margin increased from 11.2% in 2016 to 12.4% in 2017. Segment EBIT increased from NOK 93.6 million in 2016 to 109.8 million in 2017, equivalent to 17.3% growth, which is the segment with the largest EBIT growth.
- New growth initiatives includes sale of mobile service to private customers, electricity purchase, included related services, on behalf of Alliance partners and costs related to strategic initiatives. The Group launched the mobile services offering in Q2 2017, with start-up costs that have been a significant contributor to the segment's negative EBIT of NOK 28.8 million in 2017. Thus, the segment EBIT is less comparable to the 2016 EBIT.

Fjordkraft's financial profile is characterised by the key characteristics described below.

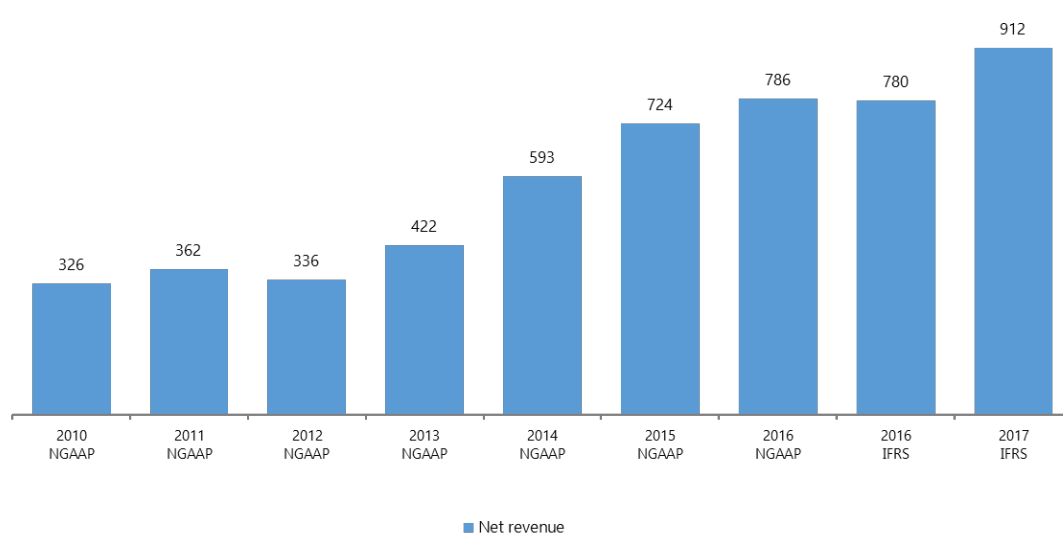
#### *Solid net revenue growth*

The Group has experienced solid net revenue growth driven by successful gain in market share<sup>36</sup> from ~10% in 2010 to ~19 % at the end of 2017. In the period from 1 January 2010 to 31 December 2017, the Group had a CAGR in net revenue of 14.0%. The growth in net revenue is a result of both increased revenue from sale of electricity and value added services. The following graph illustrates the Group's development in net revenue in (NOK million) from 2010 to 2017.

---

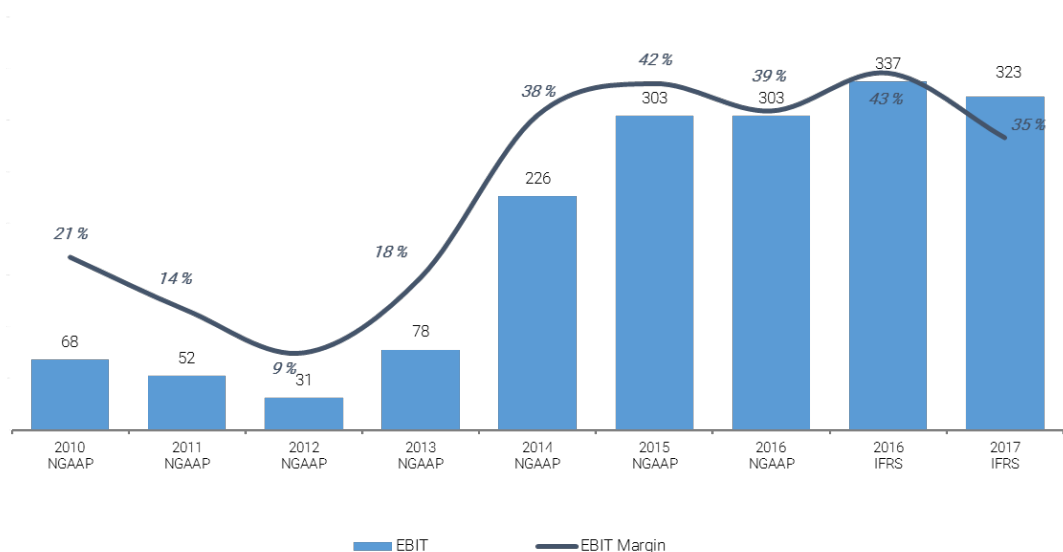
<sup>36</sup> Calculated as number of electricity deliveries in Fjordkraft divided by total number of electricity deliveries in the Norwegian market. Total number of electricity deliveries is based on information in NVE's quarterly reports, available at <https://www.nve.no/reguleringsmyndigheten-for-energi-rme-marked-og-monopol/rapporter-og-analyser/leverandorskifteundersokelsen/>





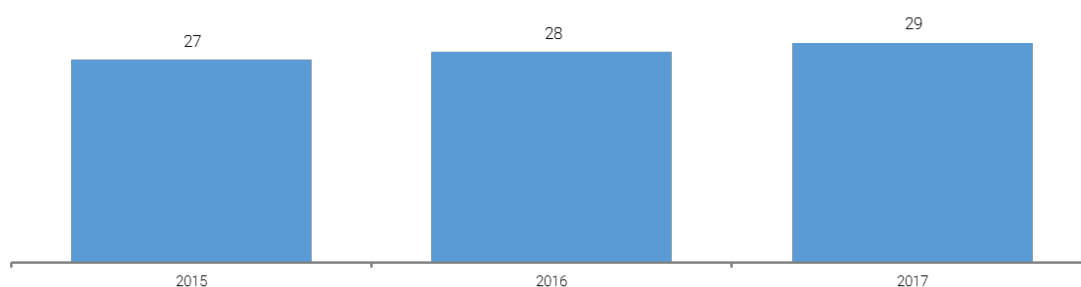
### Improved margins

The Group has experienced a solid shift in profitability since 2013 with a maintained level through 2015-2017. The profitability shift from 2013 was a result of a successful strategy execution that included optimisation of product management and investment in the Fjordkraft Factory. The following graph illustrates the Group's EBIT development since 2010. The decrease in EBIT and EBIT margin in 2017 is primarily due to increased costs related to establishing Fjordkraft as a mobile services provider, increased sales and marketing expenses and non-recurring costs (NOK 12.2 million) related to the initial public offering process. The following graph illustrates the Group's development in EBIT (NOK million) and EBIT margin from 2010 to 2017.



### Asset light with limited capital expenditure

The Group's business model is capital light with attractive limited capital expenditure requirement. The following graph illustrates the Group's capital expenditure (excluding acquisitions of customer portfolios and payments to obtain contracts) from 2015 to 2017.



## 11.2. Significant factors affecting the Group's results of operations and financial condition

Fjordkraft's result of operations have been, and will continue to be, affected by a range of factors, many of which are beyond the Group's control. The factors that the Management believes have had a material effect on the Group's results of operations, as well as those considered likely to have a material effect on its results of operations in the future, are described below.

### 11.2.1. Legislative and regulatory environment

Several regulatory developments have and will likely continue to influence the Group's results of operations.

From 1 September 2016, all electricity providers, such as Fjordkraft, were provided with the opportunity to demand a single invoice solution from the grid owners. This allows electricity providers to invoice grid rent to the customers on behalf of the grid owners. As such, customers will only receive one invoice covering both electricity consumption and grid rent. The "single invoice" solution is planned to be mandatory for all electricity providers in 2020. The Group believes that for those electricity providers that do not offer this solution to its customers already, will be facing an additional challenge. For Fjordkraft, that already offers this solution today, the result may be that grid rent is considered to be cost of goods sold, thus grid rent and any losses on receivables is VAT deductible. It may also be more expensive if the handling of fees and closure rights are delegated to the electricity providers. However, the Group believes that it should be among those that are best qualified to handle such changes. The "one invoice" solution affects the Group's financial position as it will increase both assets (trade receivables) and liabilities (trade payables).

In 2017, the roll-out of smart meters ("AMS") commenced and is expected to be fully rolled-out to all households by 1 January 2019. This will provide more accurate consumption reporting, which in turn leads to more accurate invoicing and revenue recognition. It will also provide opportunities to increase the sales of value added services related to "smart homes".

NVE has commissioned Statnett to establish an ICT Elhub, which will centralise key tasks previously operated by the grid providers based on data from AMS. The Group believes this will provide a more cost effective solution as the electricity providers only have to relate to one party instead of all grid suppliers separately. On the other hand, there will be an additional cost component related to Elhub that Fjordkraft has to cover together with other market participants. The Board of Statnett has decided to launch Elhub on 18 February 2019.

As described in section 7.3 and 8.13, a regulatory requirement for brand unbundling of grid- and retailing operations is expected to be required from 2021. The Group believes this will be solely positive for Fjordkraft as an independent electricity provider. For integrated (local/regional) players, this will most likely be a significant loss of competitive advantage.

### 11.2.2. Customer attrition (churn)

Fjordkraft experienced an average annual churn rate<sup>37</sup> of approximately 20% for the years 2015-2017, which is a combination of relatively low churn rate for local customers in Fjordkraft's "home market" and

<sup>37</sup> Churn rate is a measure of the customer attrition, calculated as the percentage of customers leaving a supplier during a given time period (excluding moving customers). Thus, the annual churn rate is the number of customers leaving during the respective year.

higher churn rates in the national markets outside Fjordkraft's "home market". The Group expects churn rates for 2018 and 2019 to maintain at this level due to continued competition in the industry. Changes in customer behaviour, government regulations or increased competition may affect churn rates in the future, and these changes could adversely influence the future cash flow of the Group. A relatively high level of churn implicates a higher need for sales and market spending, thus it may isolated influence the future cash flow of the Group adversely.

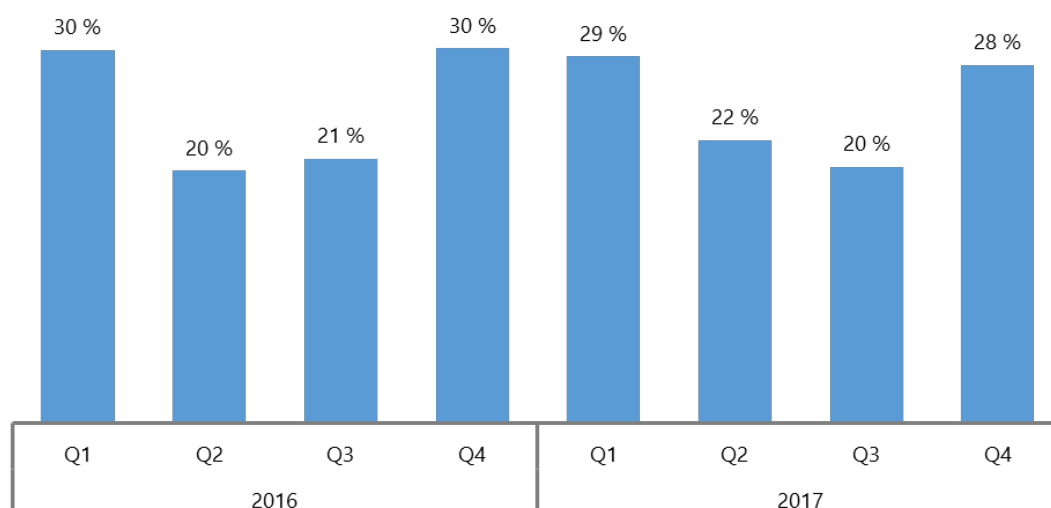
### 11.2.3. *Margin per electricity delivery*

The market that Fjordkraft operates in has and is changing from local monopolies to a homogenous national market, thus affecting the margins that can be achieved per electricity delivery. The changes in the regulatory environment also contribute to increased competition. Despite the market development, Fjordkraft has historically increased its margin per electricity delivery significantly in both consumer and business segment. This has been achieved through the Group's clear strategy to upsell and develop new value added products/services to existing customer base.

### 11.2.4. *Weather impacts on customer volumes*

The Group's results of operations and cash flows have varied, and are expected to continue to vary, from quarter to quarter and period to period driven by customer volumes. The volumes are influenced by the weather and temperature situation, where the demand for electricity is at its highest through the winter months. Thus, the Group's results reflect seasonality, as electricity consumption is greater during the first and fourth quarters (winter quarters). The seasonal pattern in revenues imply corresponding fluctuations in EBITDA and EBIT in absolute terms. Moreover, the seasonality has resulted in significant fluctuations in net working capital within the financial year, with net working capital requirements being at its highest in the winter quarters.

The following graph illustrates the Group's seasonal variations in net revenue as percentage of total annual net revenue.



### 11.2.5. *Electricity prices*

The Nordic wholesale market for physical delivery of electricity (spot market) has system prices that are quoted for 24 hours per day, together with area prices. Prices can deviate between regions in Norway on a day-to-day basis due to limitations in transmission capacity. The Group's gross revenue is significantly exposed towards fluctuations in the electricity prices, while the Group's net revenue and profit in general has limited exposure towards electricity prices. For spot price products, there is no exposure, while for variable price products there are some short-term exposure in the pre-set price period of 1-14 days. For all

other products, such as fixed price, price ceilings and electricity trading management, Fjordkraft is applying a back-to-back financial hedging strategy.

#### **11.2.6. Value added services**

In addition to offering regular electricity plans to the customers, the Group aims to offer value added services to increase customer satisfaction and loyalty, and increase profitability. Historically this has had a positive contribution to the Group's results, and Fjordkraft believes this will continue to provide positive contributions to the Group's results.

#### **11.2.7. El-certificates**

All electricity providers are regulatory required to buy el-certificates for a given part of electricity volumes sold to customers. For 2017, the requirement was 13.7%, while it increases to 15.3%, 16.7% and 18.9% in 2018, 2019 and 2020 respectively. El-certificates are issued by the electricity producers of renewable energy and are traded in an open market. Electricity retailers charge the cost of el-certificates to its consumers through an addition to the price charged, including a mark-up. The Group enters into forward contracts to cover a share of its estimated future commitment, thus the purchase price of el-certificates on these volumes is fixed. This is done for the customers' convenience, since it eliminates the need for frequent price adjustments as el-certificate prices fluctuate. If the Group's competitors have a significantly different cost of el-certificates, this may serve as a competitive advantage or disadvantage for Fjordkraft and may affect the Group's results.

#### **11.2.8. Sales and marketing expenses**

The sales and marketing expenses are a significant part of the Group's operating expenses. This includes both sales commissions paid to external sales partners and salaries to sales personnel. The level of these expenses is influenced by the current competitive situation and churn level, thus should the competitive situation become more demanding this will likely increase the Group's sales and marketing expenses. Historically, the sales and marketing expenses have increased due to a more demanding competitive situation. Under IFRS, costs of obtaining new customers (sales commissions and gift cards/bonus points through the customer loyalty program) are considered incremental costs of obtaining a contract, which Fjordkraft expect to recover. Such costs are recognised as an asset and amortised by using a rate derived from historical customer turnover on a portfolio basis. Such costs are recognised as an asset and amortised by using a rate derived from historical customer turnover on a portfolio basis. The amortisation is recognised in "other operating expenses" in the statement of profit or loss.

#### **11.2.9. Customer acquisitions**

The Group acquires customer portfolios from time to time. These acquisitions are recognised as intangible assets at the time of acquisition, and included as part of capital expenditure. The customer portfolios are depreciated with the expected rate of customer turnover. The rationale for the acquisition of customer portfolios are mainly economies of scale that can be utilised through increased revenues with relatively low marginal costs, thus affecting the Group's results positively if the revenue exceeds the costs and depreciation. If the customer turnover should be significantly higher than expected, there would be a need to write down the customer portfolio that will influence the Group's results negatively. For details on acquisitions in the period under review, refer to section 11.2.11.

#### **11.2.10. Salaries and personnel costs**

Salaries and personnel costs have historically represented one of the Group's largest costs. Salaries and personnel costs, excluding sales and marketing personnel as described in Section 11.3, have also increased over the last years to position Fjordkraft for continued growth and to capitalise on economies of scale. The Group believes that the number of employees will likely increase some in the following years as the business continues to grow.

#### **11.2.11. Acquisitions**

During the period under review, the Group has acquired the following customer portfolios:

##### *Consumer segment*

- In 2017, the Group acquired a customer portfolio from BKK Energitjenester consisting of approximately 22,000 electricity deliveries.

- In 2015, the Group acquired a customer portfolio from For Better Days consisting of approximately 3,000 electricity deliveries.

#### *Business segment*

- In 2015, the Group acquired a customer portfolio from Shell with an estimated annual consumption of 700 GWh.

All of the above described acquisitions have contributed to an increase in both gross and net revenue.

On 23 February 2018, the Subsidiary entered into an agreement with TrønderEnergi AS to acquire all of the issued shares of TEM and, through the acquisition, a considerable customer portfolio in the Trøndelag Area. For further information on this acquisition, please refer to section 11.11.

#### **11.2.12. Establishing Fjordkraft as a mobile service provider**

The Group launched the mobile services offering in Q2 2017, with significant costs, affecting the 2017 results negatively. The revenue from mobile services is expected to increase in the future in line with increased number of mobile customers. This is expected to lead to economies of scale effects that are expected to have a positive effect on the Group's results.

### **11.3. Results of operations**

#### **11.3.1. Results of operations for the year ended 31 December 2017 compared to the year ended 31 December 2016 (IFRS)**

The table below sets out the Group's financial information for the year ended 31 December 2017 and 2016.

(In NOK thousands)	<b>2017</b> (IFRS) (audited)	<b>2016</b> (IFRS) (audited)	<b>% change</b>
Revenue	4,452,510	3,925,007	13.4 %
Direct cost of sales	(3,540,521)	(3,144,538)	12.6 %
<b>Revenue less direct cost of sales</b>	<b>911,989</b>	<b>780,469</b>	<b>16.9 %</b>
Personnel expenses	(178,751)	(135,636)	31.8 %
Other operating expenses	(312,923)	(238,227)	31.4 %
Depreciation and amortisation	(105,578)	(68,511)	54.1 %
Other gains and losses, net	7,884	(888)	-987.9 %
<b>Operating profit</b>	<b>322,620</b>	<b>337,207</b>	<b>-4.3 %</b>
Interest income	11,801	8,118	45.4 %
Interest expense	(175)	(467)	-62.4 %
Other financial items, net	(2,779)	(2,164)	28.4 %
<b>Net financial income / (cost)</b>	<b>8,847</b>	<b>5,488</b>	<b>61.2 %</b>
<b>Profit/(loss) before tax</b>	<b>331,467</b>	<b>342,695</b>	<b>-3.3 %</b>
Income tax (expense) / Income	(79,527)	(85,644)	-7.1 %
<b>Profit/ (loss) for the year</b>	<b>251,941</b>	<b>257,051</b>	<b>-2.0 %</b>

All amounts in brackets are comparative figures for 2016 unless specifically stated.

#### *Revenue*

The Group's consolidated revenue in 2017 amounted to NOK 4,452.5 million (NOK 3,925.0 million), an increase of NOK 527.5 million or 13.4%. The increase is a result of both increase in volumes and increase in prices. In addition, the Group launched its mobile offering in Q2 2017, which also contributed to increased revenue compared to 2016. Revenue from sale of insurance products also increased slightly from 2016 to 2017.

The table below sets out revenue by segment and total for the Group for the year ended 31 December 2017 and 2016.

(In NOK thousands)	2017 (IFRS) (audited)	2016 (IFRS) (audited)	% change
Consumer	2,518,778	2,129,719	18.3 %
Business	1,872,997	1,767,101	6.0 %
New growth initiatives	60,735	28,188	115.5 %
<b>Total</b>	<b>4,452,510</b>	<b>3,925,007</b>	<b>13.4 %</b>

*(i) Consumer segment*

Gross revenue amounted to NOK 2,518.8 million in 2017 (NOK 2,129.7 million), an increase of NOK 389.1 million compared to 2016, or 18.3%. The increase is due to both growth in number of electricity deliveries and increased electricity prices. The effect from increase in volume was 8.7 %, while the effect from increase in electricity prices was 9.6 %.

*(ii) Business segment*

Gross revenue amounted to NOK 1,873.0 million in 2017 (NOK 1,767.1 million), an increase of NOK 105.9 million compared to 2016, or 6.0%. Total volume in 2017 is in line with 2016, with a marginal decrease of 2 GWh, thus the growth in gross revenue is entirely explained by increased electricity prices.

*(iii) New growth initiatives*

Gross revenue amounted to NOK 60.7 million in 2017 (NOK 28.2 million), an increase of NOK 32.5 million compared to 2016, or 115.5%. The increase is primarily due to the launch of mobile services in 2017, which generated revenue from April.

*Direct cost of sales*

The table below sets forth a breakdown of direct cost of sales for the periods indicated.

(In NOK thousands)	2017 (IFRS) (audited)	2016 (IFRS) (audited)	% change
Purchase of electrical power and el certificates	3,485,418	3,137,814	11.1%
Other direct cost of sales	49,024	2,172	2157.1%
Interest compensation for extended credit days electricity purchase	6,079	4,551	1.33%
<b>Total direct cost of sales</b>	<b>3,540,521</b>	<b>3,144,538</b>	<b>12.6%</b>

Consolidated direct cost of sales in 2017 amounted to NOK 3,540.5 million (NOK 3,144.5 million), an increase of NOK 396.0 million, or 12.6%. The increase is a result of both increase in volumes and increase in prices. In addition, the Group launched its mobile offering in Q2 2017, which also contributed to increased direct cost of sales compared to 2016. Direct cost of sales from mobile phone services are included in the line "Other direct cost of sales", thus explaining the significant increase from NOK 2.2 million in 2016 to NOK 49.0 million in 2017. The line "Interest compensation for extended credit days electricity purchase" relates to interest compensation paid to SEAS for extended credit days on electricity purchase as described in section 14.2.

*Net revenue*

Net revenue, which is calculated by subtracting direct cost of sales from total revenue, increased from NOK 780.5 million to NOK 912.0 million, the equivalent of 16.8%. This was a result of both increased volume and increased margin per kWh.

The table below sets out reported and adjusted net revenue by segment and total for the Group for the year ended 31 December 2017 and 2016.

(In NOK thousands)	2017 (IFRS)		2016 (IFRS)		% change	
	Reported Net Revenue	Adjusted Net Revenue <sup>(1)</sup>	Reported Net Revenue	Adjusted Net Revenue <sup>(1)</sup>	Reported	Adjusted
Consumer	655,394	659,857	555,202	547,858	18.0 %	20.4 %
Business	231,920	241,218	197,470	196,586	17.4 %	22.7 %
New growth initiatives	24,674	23,069	27,798	22,995	-11.2 %	0.3 %
<b>Total</b>	<b>911,989</b>	<b>924,145</b>	<b>780,469</b>	<b>767,438</b>	<b>16.9 %</b>	<b>20.4 %</b>

<sup>(1)</sup> A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its annual financial statements. At the date of reporting, the Group recognises electricity revenue and the associated cost of sales based on a best estimate approach. 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 tables above also presents the Group's net revenue before such estimate deviations in the columns "Adjusted".

*(i) Consumer segment*

Adjusted net revenue amounted to NOK 659.9 million in 2017 (NOK 547.9 million), an increase of NOK 112.0 million compared to 2016, or 20.4%. Increased margins account for 11.8% of the increase, while the effect of increased volume was 8.7%.

*(ii) Business segment*

Adjusted net revenue amounted to NOK 241.2 million in 2017 (NOK 196.6 million), an increase of NOK 44.6 million compared to 2016, or 22.7%. The increase is entirely explained by higher margins in 2017 compared to 2016.

*(iii) New growth initiatives*

Adjusted net revenue amounted to NOK 23.1 million in 2017 (NOK 23.0 million), a marginal increase of NOK 0.1 million compared to 2016, or 0.3%. Net revenues from mobile services had limited impact on adjusted net revenue in 2017 due to introductory discounts to customers and other start-up costs. The net revenue from mobile services is thus expected to increase in the future, as the business grows.

*Personnel expenses*

The following table sets forth a breakdown of personnel expenses for the periods indicated.

(In NOK thousands)	2017 (IFRS) (audited)	2016 (IFRS) (audited)	% change
Salaries	135,053	104,531	29.2 %
Social security tax	18,850	15,060	25.2 %
Pension expenses	12,857	12,746	0.9 %
Other benefits	8,530	8,345	2.2 %
Bonus related to Listing process	6,582	-	n.a
<b>Gross personnel expenses</b>	<b>181,873</b>	<b>140,682</b>	<b>29.3 %</b>
Capitalised R&D costs	(3,121)	(5,046)	-38.1 %
<b>Total personnel expenses</b>	<b>178,751</b>	<b>135,636</b>	<b>31.8 %</b>

Consolidated personnel expenses amounted to NOK 178.8 million (NOK 135.6 million), an increase of NOK 43.2 million, or 31.8 %. The expenses increased primarily due to increase in the number of full-time equivalents (from 169 in 2016 to 212 in 2017) and normal salary growth. In addition, there was an extra bonus payment to management and selected employees for their extra work specific to the Listing process in 2017 of NOK 6.6 million. The line "salaries" in the table above includes a bonus payment to all employees of total NOK 12.2 million in 2017, which was NOK 4.9 million higher than in 2016.

*Other operating expenses*

The following table sets forth a breakdown of other operating expenses for the periods indicated.

(In NOK thousands)	2017 (IFRS) (audited)	2016 (IFRS) (audited)	% change
Purchase of various services	95,948	72,198	32.9 %
Marketing, telecommunication, postage and information	115,511	67,447	71.3 %
External consultants	38,320	32,501	17.9 %
External customer services	2,133	26,903	-92.1 %
Rent and other property related costs	11,473	10,321	11.2 %
IT software, annual maintenance	14,118	9,009	56.7 %
Travel expenses	8,606	7,503	14.7 %
Other expenses	21,220	12,346	71.9 %
Non-recurring costs related to Listing process	5,594	-	n.a
<b>Total other operating expenses</b>	<b>312,923</b>	<b>238,227</b>	<b>31.4 %</b>

Consolidated other operating expenses amounted to NOK 312.9 million (NOK 238.2 million), an increase of NOK 74.7 million, or 31.4%. The increase is primarily due to an increase in external consultants and marketing expenses in addition to increased purchase activity of various services. These cost elements are further described below.

*(i) Purchase of various services, external consultants and customer services*

Consolidated purchase of various services and external consultants amounted to NOK 136.4 million (NOK 131.6 million), an increase of NOK 4.8 million or 3.6%. These costs mainly relates to purchase of external IT services, accounting services, HR services and customer services. The level of these costs has increased to position Fjordkraft for continued growth and to capitalise on economies of scale. Note that the decrease in "External customer services" is due to insourcing of customer services for part of the customer portfolio.

*(ii) Marketing, telecommunication, postage and information*

Consolidated marketing, tele, postage and information amounted to NOK 115.5 million (NOK 67.4 million), an increase of NOK 48.1 million, or 71.3%. The increase was primarily due to an increase in marketing and postage expenses, including non-recurring marketing expenses related to the launch of mobile services of NOK 14.8 million. The Group gradually increased the focus on visibility and significantly increased focus on Top of Mind within the industry, which measures the Group's brand perception. The increase in postage expenses was primarily due to customer growth hence increased number of invoices sent. Number of invoices sent increased with 130 %, from 2.2 million in 2016 to 5.1 million in 2017. The main reason for increased number of invoices is insourcing of invoicing services.

*Depreciation and amortisation*

Consolidated depreciation and amortisation expenses amounted to NOK 105.6 million (NOK 68.5 million), an increase of NOK 37.1 million or 54.2%. The increase was primarily due to increase in amortisation of sales commission, which are recognised as assets and amortised by using a rate derived from historical customer turnover on a portfolio basis. Consolidated amortisation of sales commission amounted to NOK 81.2 million (NOK 50.1 million), an increase of NOK 31.1 million or 62.0%. The amortisation of sales commissions are primarily amortisation of sales commissions to external sales partners. In general, there was an increase in customer churn in the industry due to higher degree of competition within the industry. The increase in amortisation of sales commissions corresponds to the increase in number of sales by external sales partners in 2017 and 2016 compared to previous periods. In addition there was a growth in intangible assets, resulting from investments in the "Fjordkraft Factory", including development of systems to increase the Group's efficiency, and purchase of customer portfolios that contributed to increased depreciation.

*Operating profit (EBIT)*

The table below sets out EBIT and EBIT margin by segment and total for the Group for the year ended 31 December 2017 and 2016.



(In NOK thousands)	2017 (IFRS)		2016 (IFRS)		% change	
	Reported EBIT	Adjusted EBIT <sup>(1)</sup>	Reported EBIT	Adjusted EBIT <sup>(1)</sup>	Reported	Adjusted
Consumer	260,725	265,188	236,495	229,151	10.2%	15.7%
% margin	39.8 %	40.5 %	42.6 %	41.3 %		
Business	109,785	119,083	93,635	92,751	17.2%	28.4%
% margin	47.3 %	51.3 %	47.4 %	47.0 %		
New growth initiatives	(28,772)	(30,377)	7,967	3,163	-461.1%	-1060.4%
% margin	-116.6 %	-123.1 %	28.7 %	11.4 %		
<b>Total segments</b>	<b>341,738</b>	<b>353,894</b>	<b>338,096</b>	<b>325,065</b>	<b>1.1 %</b>	<b>8.9%</b>
% margin	37.5 %	38.8 %	43.3%	41.6 %		
Unallocated	(19,118)	(19,118)	(888)	(888)		
<b>Total Group</b>	<b>322,620</b>	<b>334,776</b>	<b>337,207</b>	<b>324,177</b>	<b>-4.3%</b>	<b>3.3%</b>
% margin	35.4 %	36.2 %	43.2 %	42.2 %		

<sup>(1)</sup> Adjusted EBIT represents the Group's operating profit/ (loss) adjusted for any estimate deviations related to previous periods recognised in the following period and items not allocated to operating segments to better reflect underlying operating performance in the year.

Adjusted EBIT in 2017 was NOK 334.8 million (NOK 324.2 million), an increase of NOK 10.6 million or 3.3 %. This was primarily as a result of the factors described above. EBIT development on segment level is commented below:

*(i) Consumer segment*

Adjusted EBIT in 2017 amounted to NOK 265.2 million (NOK 229.2 million), an increase of NOK 36.0 million compared to 2016, or 15.7%. The increase in net revenues is offset by increased expenses of NOK 76.0 million or 23.8%. The bulk of the increase is related to sales and marketing including amortisation of sales commissions.

*(ii) Business segment*

Adjusted EBIT in 2017 amounted to NOK 119.1 million (NOK 92.8 million), an increase of NOK 26.3 million compared to 2016, or 28.4%. As in the consumer segment, expenses have increased mainly because of increased sales and market spending. The increase in expenses of NOK 18.3 million or 19.7% was lower than in the consumer segment, mainly due to lower increase in number of electricity deliveries.

*(iii) New growth initiatives*

EBIT in 2017 amounted to NOK -30.4 million (NOK 3.1 million), a decrease of NOK 33.5 million compared to 2016. The 2017 figures are highly affected by costs related to the launch of mobile services. With a growing number of mobile customers, net revenue is expected to increase in the future and EBIT to be positive.

*Interest income*

Consolidated interest income amounted to NOK 11.8 million (NOK 8.1 million), an increase of NOK 3.7 million, or 45.7%. The increase was primarily due to increased interest income on bank deposits because of increased average level of bank deposits.

*Interest expenses*

Interest expenses amounted to NOK 0.2 million (NOK 0.5 million). The interest expenses in the 2017 Financial Statements comprise only interest on the bank credit facility that has been rarely used in 2017 and 2016, thus these expenses are negligible.

*Profit before tax*

Profit before tax was NOK 331.5 million (NOK 342.7 million), a decrease of NOK 11.2 million or 3.3%, due to the reasons explained above.

*Income tax expense*

Income tax expenses amounted to NOK 79.5 million (NOK 85.6 million), a decrease of NOK 6.1 million or 7.1%. The effective income tax rate was 24.0% (25.0%). The statutory tax rate in Norway was reduced from 25.0% in 2016 to 24.0% in 2017.

### *Net profit or loss for the year*

Due to the effects discussed above, net profit for the year was NOK 251.9 million (NOK 257.1 million).

### **11.3.2. Results of operations for the year ended 31 December 2016 compared to the year ended 31 December 2015 (NGAAP)**

The table below sets out the Group's financial information for the year ended 31 December 2016 and 2015

(In NOK thousands)	2016	2015	% change
	(NGAAP) (audited)	(NGAAP) (audited)	
Revenue	4,663,808	3,728,494	25.1 %
Other income	88,999	65,327	36.2 %
Direct cost of sales	(3,967,101)	(3,069,876)	29.2 %
<b>Revenue less direct cost of sales</b>	<b>785,706</b>	<b>723,945</b>	<b>8.5 %</b>
Personnel expenses	(135,636)	(124,569)	8.9 %
Other operating expenses	(328,329)	(279,110)	17.6 %
Depreciation and impairment	(18,378)	(16,816)	9.3 %
<b>Total operating expenses</b>	<b>(482,343)</b>	<b>(420,495)</b>	<b>14.7 %</b>
<b>Operating profit</b>	<b>303,363</b>	<b>303,450</b>	<b>0.0 %</b>
Interest income	34,556	32,029	7.9 %
Interest expense	(31,455)	(26,206)	20.0 %
Other financial items, net	(212)	232	-191.1 %
<b>Net financial income / (expenses)</b>	<b>2,889</b>	<b>6,055</b>	<b>-52.3%</b>
<b>Profit/(loss) before tax</b>	<b>306,251</b>	<b>309,505</b>	<b>-1.1%</b>
Income tax (expense) / Income	(77,646)	(85,195)	-8.9%
<b>Profit/ (loss) for the year</b>	<b>228,605</b>	<b>224,311</b>	<b>1.9%</b>

All amounts in brackets are comparative figures for 2015 unless specifically stated.

#### *Revenue*

Consolidated revenue from sale of power amounted to NOK 4,663.8 million (NOK 3,728.5 million), an increase of NOK 935.3 million or 25.1%. In addition to revenue from power sales to consumer and business customers, these revenues include gross revenue from Alliance partners. The effect from increase in volume was 9.6%, while the effect from increase in electricity prices was 15.5%. The revenue increase is a result of the 5.8% increase in number of electricity deliveries, as well as higher electricity prices and higher consumption per electricity delivery.

#### *Other income*

Consolidated other income amounted to NOK 89.0 million (NOK 65.3 million), an increase of NOK 23.7 million or 36.3%. The increase primarily reflects an increase in revenue from insurance products to consumers and web services to business customers. The revenue from insurance products amounted to NOK 57.4 million (NOK 44.4 million) which is the equivalent of 64.5% of total other income in 2016 (68.0% in 2015), explaining NOK 13.0 million of the increase from 2015 to 2016.

#### *Cost of sales*

Consolidated cost of sales amounted to NOK 3 967.1 million (NOK 3 069.9 million), an increase of NOK 897.2 million, or 29.2%. The increase reflects both increased electricity prices and volume. The effect from increase in volume was 9.6%, while the effect from increase in electricity prices was 19.6%.

#### *Net revenue*

Net revenue, which is calculated by subtracting cost of sales from total revenue, increased from NOK 723.9 million to 785.7, the equivalent of 8.5%. This was a result of increased volume of 9.6%, offset by a decrease in margin per kWh with a negative effect of 1.1%. The business segment was the largest contributor to increased net revenue.

#### *Personnel expenses*

The following table sets forth a breakdown of personnel expenses for the periods indicated.

(In NOK thousands)	2016 (NGAAP) (audited)	2015 (NGAAP) (audited)	% change
Salaries	104,531	95,517	9.4 %
Social security tax	15,060	13,442	12.0 %
Pension expenses	12,746	14,878	-14.3 %
Other benefits	8,345	7,232	15.4 %
<b>Gross personnel expenses</b>	<b>140,682</b>	<b>131,068</b>	<b>7.3 %</b>
Capitalised R&D costs	(5,046)	(6,500)	-22.4 %
<b>Total personnel expenses</b>	<b>135,636</b>	<b>124,568</b>	<b>8.9 %</b>

Consolidated personnel expenses amounted to NOK 135.6 million (NOK 124.6 million), an increase of NOK 11 million, or 8.8%. The expenses increased primarily due to increase in the number of employees (from 150 at the end of 2015 to 172 at the end of 2016) and normal salary growth. The line “salaries” includes a bonus payment to all employees of total NOK 7.3 million in 2016, which was NOK 0.5 million higher than in 2015. The decrease in pension expenses from 2015 to 2016 reflects updated assumptions in the actuarial model.

#### *Other operating expenses*

The following table sets forth a breakdown of other operating expenses for the periods indicated.

(In NOK thousands)	2016 (NGAAP) (audited)	2015 (NGAAP) (audited)	% change
Sales commissions	90,101	72,686	24.0 %
Purchase of various services	73,567	58,384	26.0 %
Marketing, telecommunication, postage and information	67,447	59,574	13.2 %
External consultants	32,501	21,677	49.9 %
External customer services	26,903	36,742	-26.8 %
Rent and other property related costs	10,321	7,201	43.3 %
IT software, annual maintenance	9,009	8,008	12.5 %
Travel expenses	7,503	7,515	-0.2 %
Other expenses	10,977	7,322	49.9 %
<b>Gross other operating expenses</b>	<b>328,329</b>	<b>279,110</b>	<b>17.6%</b>

Consolidated other operating expenses amounted to NOK 328.3 million (NOK 279.1 million), an increase of NOK 49.2 million, or 17.6%. The increase is primarily due to an increase in sales commissions, external consultants and marketing expenses in addition to increased purchase activity of various services. These cost elements are further described below.

#### *(i) Sales commissions*

Consolidated sales commissions amounted to NOK 90.1 million (NOK 72.7 million), an increase of NOK 17.4 million or 24.0 %. The sales commissions are primarily commissions to external sales partners. In general, we observed an increase in customer churn in the industry due to higher degree of competition within the industry. The increase in sales commissions corresponds to the increase in number of sales by external sales partners in the period, which increased by approximately 40 %. A higher percentage increase in number of sales by external partners than in sales commissions indicates a more effective use of the commission funds, hence lower cost per order (“CPO”) for the Group.

#### *(ii) Purchase of various services, external consultants and customer services*

Consolidated purchase of various services and external consultants amounted to NOK 133.0 million (NOK 116.8 million), an increase of NOK 16.2 million or 13.9 %. These costs mainly relates to purchase of external IT services, accounting services, HR services and customer services. The level of these costs has increased to position Fjordkraft for continued growth and to capitalise on economies of scale. Note that the decrease in “External customer services” is due to insourcing of customer services for part of the customer portfolio.

#### *(iii) Marketing, telecommunication, postage and information*

Consolidated marketing, tele, postage and information amounted to NOK 67.5 million (NOK 59.6 million), an increase of NOK 7.9 million, or 13.2 %. The increase was primarily due to an increase in marketing and postage expenses. The Group gradually increased the focus on visibility and significantly increased focus on Top of Mind within the industry, which measures the Group’s brand awareness. The

increase in postage expenses was primarily due to customer growth hence increased number of invoices sent. The in-house number of invoices sent increased with 32.4 %, from 1.7 million in 2015 to 2.2 million in 2016.

#### *Depreciation and amortisation expense*

Consolidated depreciation and amortisation expenses amounted to NOK 18.4 million (NOK 16.8 million), an increase of NOK 1.6 million or 9.5%. The increase was primarily a result of growth in non-current assets.

#### *Operating profit (EBIT)*

The table below sets out the Group's EBIT and EBIT margin for the years ended 31 December 2016 and 2015.

(In NOK thousands)	2016 (NGAAP) (audited)	2015 (NGAAP) (audited)	% change
EBIT	303,363	303,450	-0.0%
EBIT margin	38.6%	41.9%	n.a.

EBIT in 2016 was in line with EBIT in 2015, however there was a decrease in EBIT margin from 41.9% to 38.6% from 2015 to 2016. This was primarily as a result of the factors described above.

#### *Interest income*

Consolidated interest income amounted to NOK 34.6 million (NOK 32.3 million), an increase of NOK 2.3 million, or 7.1%. The increase was primarily due to increased interest income on bank deposits because of increased average level of bank deposits.

#### *Interest expenses*

Interest expenses amounted to NOK 31.5 million (NOK 26.2 million), an increase of NOK 5.3 million, or 20.2%. The increase was primarily due to interest paid on the Group's credit facilities as well as an increase in supplier interest rate paid on power purchase. Interest paid related to electricity purchase increased due to increased average number of credit days and increased volumes purchased hence customer and volume growth.

#### *Profit before tax*

Profit before tax was NOK 306.3 million (NOK 309.5 million), a decrease of NOK 3.2 million or 1.0%, due to the reasons explained above.

#### *Income tax expense*

Income tax expenses amounted to NOK 77.6 million (NOK 85.2 million), a decrease of NOK 7.6 million or 8.9%. The effective income tax rate was 25.3% (27.5%). Tax expenses reflect changes in deferred tax due to changes in tax rate.

#### *Net profit or loss for the year*

Due to the effects discussed above, net profit for the year was NOK 228.6 million (NOK 224.3 million).

#### *Segment information*

The Group presented segment information for the first time in the 2017 financial statements, thus no such information is available in the 2016 Financial Statements. Internal segment information (unaudited), as derived from management accounts, in 2016 and 2015 prepared in accordance with NGAAP was as follows:

- Consumer segment had adjusted net revenue of NOK 552.5 million (NOK 546.0 million) and EBIT of NOK 196.2 million (NOK 233.0 million).
- Business segment had adjusted net revenue of NOK 198.7 million (NOK 156.4 million) and EBIT of NOK 92.6 million (NOK 64.4 million).
- New Growth Initiatives had adjusted net revenue of NOK 21.4 million (NOK 22.0 million) and EBIT of NOK 1.2 million (NOK 6.6 million).

## **11.4. Statement of financial position**

### **11.4.1. Financial year ended 31 December 2017 compared to the financial year ended 31 December 2016 (IFRS)**

See Section 10.5 "Selected Financial and other information - Consolidated statement of financial position" for the balance sheet statement. All amounts in brackets are comparative figures for 2016 unless specifically stated.

#### *Non-current assets*

Total non-current assets was NOK 237.4 million (NOK 187.9 million), an increase of NOK 49.5 million. The increase relate to additions in capitalised sales commissions, investments in property plant and equipment and a reduction in intangible assets due to depreciation and amortisation.

#### *Current assets*

Total current assets amounted to NOK 1,885.2 million (NOK 1,535.8 million), an increase of NOK 349.4 million. The increase was primarily a result of growth in trade receivables, which amounted to NOK 1,364.5 million (NOK 1,205.9 million). The increase in trade receivables are primarily due to re-invoicing of grid rent introduced in 2016 and increased electricity prices. In addition there was an increase in cash and bank deposits which amounted to NOK 363.2 million (NOK 193.2 million), primarily due to increased cash inflow from operating activities. See further discussions below in section 11.6 related to cash flows.

#### *Equity and liabilities*

Equity increased during the year to NOK 716.3 million (NOK 604.7 million), an increase of NOK 111.6 million due to profit for the year of NOK 231.9 million reduced by dividend payment of NOK 120.1 million and incorporation expenses of Fjordkraft Holding ASA recognised against equity of NOK 0.2 million.

Total non-current liabilities increased during the year to NOK 86.7 million (NOK 59.8 million) primarily due to increase in pension liabilities.

Total current liabilities amounted to NOK 1,319.6 million (NOK 1,059.3 million), an increase of NOK 260.3 million. The increase was primarily due to increased trade and other payables because of increased sales, re-invoicing of grid rent and due date on payables to SEAS a few days after the balance sheet date.

### **11.4.2. Financial year ended 31 December 2016 compared to the financial year ended 31 December 2015 (NGAAP)**

See Section 10.5 "Selected Financial and other information - Consolidated statement of financial position" for the balance sheet statement. All amounts in brackets are comparative figures for 2015 unless specifically stated.

#### *Non-current assets*

Total non-current assets were NOK 106.5 million (NOK 105.9 million), an increase of NOK 0.6 million. The increase relate to investments in property plant and equipment and a reduction in intangible assets due to depreciation and amortisation.

#### *Current assets*

Total current assets amounted to NOK 1,429.5 million (NOK 1,031.8 million), an increase of NOK 397.7 million. The increase was primarily a result of growth in trade receivables, which amounted to NOK 1,197.5 million (NOK 633.5 million). The increase in trade receivables is primarily due to re-invoicing of grid rent introduced in 2016 and increased electricity prices. The increase was partly offset by lower cash and bank deposits which amounted to NOK 193.2 million (NOK 333.4 million), primarily due to reduced cash inflow from operating activities as a result of an increase in trade receivables of NOK 564.0 million. See further discussion below in section 11.6 related to cash flows.

#### *Equity and liabilities*

Equity increased during the year to NOK 400.0 million (NOK 289.2 million), an increase of NOK 110.8 million due to profit for the year reduced by dividend.

Total non-current liabilities decreased during the year to NOK 47.4 million (NOK 54.7 million) due to decrease in pension liabilities.

Total current liabilities amounted to NOK 1,088.6 million (NOK 793.8 million), an increase of NOK 294.8 million. The increase was primarily due to increased trade and other payables, partly offset by reduction in current income tax liabilities and dividend payable.

## 11.5. Liquidity, capital and financing resources

### 11.5.1. Sources and uses of cash

The Group's liquidity requirements primarily arise from the financing of operating expenses (primarily purchase of electricity), working capital investments, of which mainly trade receivables, and capital expenditures in connection with acquisition of customer portfolios.

The Group's ability to generate cash from operations depends on its future operating performance, which is, in turn, dependent, to some extent, on general economic, financial, competitive, market regulatory and other facts, many of which are beyond the Group's control, as well as other facts described in Section 2 "Risk Factors".

The Group primarily finances its operations and working capital needs with cash generated from operations, as well as with amounts available under its credit facilities. The Group intends to finance future planned capital expenditures from operating cash flows.

The Group has an overdraft facility agreement with DNB with a limit of NOK 1,000 million. The agreement was renegotiated and signed on 19 December 2017. The credit facility agreement includes financial covenants where the Group needs to maintain a book value of equity of no less than NOK 300 million at all times. DNB has a first priority security in trade receivables of NOK 1,765 million that covers both the credit facility of NOK 1,000 million and bank guarantees provided. The interest rate on the credit facility is 1 month NIBOR + 0.75 percentage point margin on the drawn amount, and a commission of 0.1% of the credit facility amount. The credit facility is denominated in NOK.

The Group also has an agreement with SEAS where the Group has 30 credit days with an option of extension to 60 credit days if payment on credit day 30 will imply that the Group's bank credit facility will be exceeded. Fjordkraft exercised an option in December 2017 to extend the agreement for three years to May 2021. The Group pays interest on this credit facility with SEAS as SEAS has daily settlements against Nord Pool Spot for the purchase of power on behalf of the Group, while the Group has normal credit terms of 30 days with SEAS. The interest terms are 1 month NIBOR plus a market based margin. The interest compensation is classified as "Direct cost of sales" in the statement of profit or loss as it is considered to be direct costs related to purchase of electricity, and thus a part of the Group's operating profit (EBIT).

The cash generated from operating activities is subject to seasonal variations as the working capital requirement, due to higher electricity prices and volumes, is higher in Q1 and Q4 than Q2 and Q3.

### 11.5.2. Cash flows for the year ended 31 December 2017 compared to the year ended 31 December 2016 (IFRS)

See Section 10.6 "Selected Financial and other information - Consolidated statement of cash flows" for the cash flow statement. The following table sets out financial information extracted from the cash flow statement.

(In NOK thousands)	2017 (IFRS) (audited)	2016 (IFRS) (audited)
<b>Cash and cash equivalents 1 January</b>	<b>193,226</b>	<b>333,448</b>
Net cash from operating activities	445,119	130,181
Net cash used in investing activities	(155,048)	(113,951)
Net cash used in financing activities	(120,084)	(156,453)
<b>Net change in cash and cash equivalents</b>	<b>169,987</b>	<b>(140,223)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>363,212</b>	<b>193,226</b>

All amounts in brackets are comparative figures for 2016 unless specifically stated.

#### *Net cash from operating activities*

Net cash flow from operational activities amounted to NOK 445.1 million (NOK 130.2 million), an increase of NOK 314.9 million. The underlying operations, represented by EBIT, was somewhat lower

compared to 2016, thus the main reason for the change in net cash from operations was changes in net working capital.

The Group's net working capital in general varies a lot within the year, and between years. The variation is due to seasonal variations in volume and price as well as changes in the consumption pattern and price volatility.

The change in net working capital had a significant positive cash flow effect in 2017, compared to 2016. The positive cash flow effect was primarily due to less negative changes in trade receivables, offset by a less positive effect from changes in changes in trade and other payables, other current liabilities and other current assets. Changes in trade receivables had a negative cash flow effect in 2017 of NOK 171.5 million compared to a negative effect of NOK 554.4 million in 2016. Trade receivables amounted to NOK 1,364.5 million (NOK 1,204.9 million), an increase of NOK 171.5 million (adjusted for NOK 11.9 million in impairment loss on trade receivable) as the cash flow states. The increase was partly due to an increase of 6.1 % in the system price from December 2016 to December 2017, increased volume and the timing of the invoicing, hence when the due date is set. In addition to these two factors, the Group started with re-invoicing of grid rent in 2016. This also contributed to the increase in trade receivables from 2016 to 2017. The Group experienced some challenges related to re-invoicing of grid rent which affected the due date on the customer invoices in December 2016, hence a larger part of the trade receivables was paid in 2017.

#### *Net cash used in investing activities*

Net cash flow used in investing activities was negative NOK 155.0 million (negative NOK 114.0 million). The increased negative cash flow of NOK 41.0 million was primarily a result of increased additions to capitalised sales commissions (NOK 117.6 million in 2017 compared to NOK 87.5) million and increase in additions to intangible assets as described in section 11.6.

#### *Net cash used in financing activities*

Net cash flow used in financing activities was negative NOK 120.1 million (negative NOK 156.4 million), and only relates to dividend payments in both years. The reduced negative cash flow of NOK 36.3 million was due to a decrease in paid dividend compared to 2016.

### **11.5.3. Cash flows for the year ended 31 December 2016 compared to the year ended 31 December 2015 (NGAAP)**

See Section 10.6 "Selected Financial and other information - Consolidated statement of cash flows" for the cash flow statement. The following table sets out financial information extracted from the cash flow statement.

(In NOK thousands)	2016 (NGAAP) (audited)	2015 (NGAAP) (audited)
<b>Cash and cash equivalents at 1 January</b>	<b>333,448</b>	<b>11,430</b>
Net cash from operating activities	37,002	483,020
Net cash used in investing activities	(20,771)	(40,506)
Net cash used in financing activities	(156,453)	(120,495)
<b>Net change in cash and cash equivalents</b>	<b>(140,222)</b>	<b>322,019</b>
<b>Cash and cash equivalents at 31 December</b>	<b>193,226</b>	<b>333,448</b>

All amounts in brackets are comparative figures for 2015 unless specifically stated.

#### *Net cash from operating activities*

Net cash flow from operational activities amounted to NOK 37.0 million (NOK 483.0 million), a decrease of NOK 446.0 million. The underlying operations, represented by EBIT, was in line with 2015, thus the main reason for the change in net cash from operations was changes in net working capital.

The Group's net working capital in general varies a lot within the year, and between years. The variation is due to seasonal variations in volume and price as well as changes in the consumption pattern and price volatility.

The change in net working capital had a significant negative cash flow effect in 2016, compared to 2015. The negative cash flow effect was primarily due to changes in trade receivables and other liabilities.

Trade receivables had a negative cash flow effect in 2016 of NOK 564.0 million compared to a positive effect of NOK 158.1 million in 2015. Trade receivables amounted to NOK 1,197.5 million (NOK 633.5 million), an increase of NOK 564.0 million as the cash flow states. The increase was partly due to an increase of 61 % in the system price from December 2015 to December 2016, increased volume and the timing of the invoicing, hence the due date on the invoices. In addition to these two factors, the Group started with re-invoicing of grid rent in 2016 as a result of the single invoice solution that was implemented. This also contributed to the increase in trade receivables from 2015 to 2016. The Group experienced some challenges related to re-invoicing of grid rent which affected the due date on the customer invoices in December 2016 and hence, a larger part of the trade receivables was paid in 2017. On the other hand, changes in other liabilities contributed positively to the cash flow effect from net working capital, with NOK 312.8 million compared to NOK 23.5 million in 2015. The change in other liabilities was primarily due to the increase in liabilities to SEAS that is explained by different payment dates to SEAS compared to the previous year.

#### *Net cash used in investing activities*

Net cash flow used in investing activities was negative NOK 20.8 million (negative NOK 40.5 million). The reduced negative cash flow of NOK 19.7 million was primarily a result of reduced net investments in fixed assets.

#### *Net cash used in financing activities*

Net cash flow used in financing activities was negative NOK 156.5 million (negative NOK 120.5 million). The reduced cash flow of NOK 36.0 million was due to an increase in paid dividend.

### **11.6. Historical investments**

The Group's historical investments for the year ended 31 December 2017, 2016 and 2015 as presented in the Statement of cash flows in the Audited Financial Statements are shown below.

(In NOK thousands)	<b>2017</b> (IFRS) (audited)	<b>2016</b> (IFRS) (audited)	<b>2016</b> (NGAAP) (audited)	<b>2015</b> (NGAAP) (audited)
Purchases of property, plant and equipment	1,309	1,533	11,722	1,141
Purchase of intangible assets	35,807	26,583	16,394	34,416
<b>Total historical investments</b>	<b>37,116</b>	<b>28,116</b>	<b>28,116</b>	<b>35,557</b>

The Group's research & development policy in the period have had a two-fold focus. One aspect has revolved around the digitalisation and automation of systems to rig the company to convert all customers into a database and adjustments related to through billing. The second aspect has been to rig system solutions for new business areas (Mobile and Extended Alliance). For amounts spent on these activities, please refer to the table and review below.

The following table presents the different categories of historical investments and significant individual investments for the years ended 31 December 2017, 2016 and 2015:

(In NOK thousands)	<b>2017</b>	<b>2016</b>	<b>2015</b>
Fjordkraft Factory	645	5,910	18,243
Digital software	4,087	3,005	1,165
Digitalisation	9,848	3,598	3,496
Mobile phone services	5,174	7,120	-
Extended alliance	150	4,888	-
Other	9,449	3,595	4,132
<b>Total excl. customer portfolios</b>	<b>29,553</b>	<b>28,116</b>	<b>27,036</b>
Acquisition of customer portfolios	7,763	-	8,521
<b>Total historical investments</b>	<b>37,116</b>	<b>28,116</b>	<b>35,557</b>

As described in section 8, the Group has invested significant amounts in the Fjordkraft Factory. This amounted to NOK 0.7 million, 5.9 million and 18.2 million in 2017, 2016 and 2015 respectively.

Investments in digital software relates to development and implementation of online customer portals and sales tools to the sales department.



Investments in digitalisation relates to digitalisation of establishment and implementation of new products to reduce time-to-market as a measure to increase the competitive advantage through increased innovation.

Investments in mobile phone services relate to the launch of mobile phone services in 2017 as described in Chapter 8.

The goal of the investments in Extended Alliance, as described in Section 8, is to develop a delivery platform for small and medium sized local electricity suppliers so that they can deliver electricity under their own brand to end users in Norway, independent of the grid owner. The platform will support the distribution of customer service, re invoicing of grid rent and full industry functionality.

The Group invested in two customer portfolios, For Better Days (appx. 3,000 electricity deliveries) and Shell (appx. 700 GWh), in 2015 with a total investment amount of NOK 8.5m.

The increase in investments from NOK 28.1 million in 2016 to 37.1 million in 2017 was primarily due to the acquisition of the customer portfolio from BKK Energitjenester (appx. 22,000 electricity deliveries) in 2017 for NOK 7.8 million.

The decrease in investments from NOK 35.6 million in 2015 to 28.1 million in 2016 was primarily because the Group acquired customer portfolios from For Better Days and Shell, with a total purchase price of NOK 8.5 million in 2015, while no customer portfolios were acquired in 2016.

In addition, up to NOK 13 million may be incurred related to deferred payment for the consumer customer portfolio acquired from BKK Energitjenester in 2017 as the customers are transferred to Fjordkraft.

Further, please refer to Section 11.11 for a description of the transaction recently entered into by the Subsidiary.

### 11.7. Contractual obligations and commercial commitments

The Group leases office properties and cars from external suppliers. The leases are operating leases with varying maturities, price regulating clauses and prolongation rights.

Lease expenses recognised in 2017 and 2016 are specified in the table below.

(In NOK thousands)	2017 (IFRS) (audited)	2016 (IFRS) (audited)
Property rental agreements	9,898	7,180
Leasing of cars	908	573
Leasing of office equipment	219	106
<b>Total</b>	<b>11,025</b>	<b>7,859</b>

Future minimum lease payments for non-cancellable operating leases are specified in the tables below.

(In NOK thousands)	Year ended 31 December 2017 (IFRS) (audited)			
	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Property rental agreements	9,214	18,045	3,438	30,697
Leasing of cars	524	904	-	1,428
Leasing of office equipment	108	-	-	108
<b>Total</b>	<b>9,846</b>	<b>18,949</b>	<b>3,438</b>	<b>32,233</b>

**Year ended 31 December 2016**

(IFRS)

(audited)

(In NOK thousands)	<b>Within 1 year</b>	<b>Between 1 and 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Property rental agreements	9,887	27,055	5,273	42,215
Leasing of cars	1,248	-	-	1,248
Leasing of office equipment	208	108	-	216
<b>Total</b>	<b>11,243</b>	<b>27,163</b>	<b>5,273</b>	<b>43,679</b>

### **11.8. Off-balance sheet arrangements**

The Group has provided bank guarantees related to re-invoicing of grid rent, employees' tax deduction and property rent. Group 31 December 2017 total guarantees provided was NOK 713.7 million. The terms of the bank guarantees include a commission of 0.1% of the guaranteed amount plus a 0.4% charge on the drawn amount.

The Group is required to provide el-certificates to Statnett to cover a certain percentage of its sale of electricity. El-certificate liabilities are due 1 April the following year. Statnett is the system operator in the Norwegian energy system and is a state enterprise, established under the Act relating to state-owned enterprises and owned by the Norwegian state through the Ministry of Petroleum and Energy.

As at 31 December 2017, 31 December 2016 and 1 January 2016, the total el-certificate liability as is either covered through forward contracts or el-certificates in hand.

Forward purchase of el-certificates are considered to be non-financial contracts entered into and held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements, and as a consequence not in the scope of IFRS 9 - Financial Instruments (IFRS 9.2.4). Therefore, El-certificates forwards are not recognised in the financial statements until they are settled or are recognised as onerous contracts according to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

### **11.9. Financial risk management**

Fjordkraft's main operations is buying and selling electricity to end users. Both volatility in commodity price and fierce competition in the consumer market cause significant business risk. The Group's portfolio of electricity products contains spot-based products, fixed price contracts and standard variable contracts.

Fjordkraft's main objective of risk management is to detect events which could have a material adverse impact on operating results, cash flow and liquidity and take actions which mitigate the potential effects.

#### *Currency risk*

The group has limited exposure to currency fluctuations. A limited share of the Group's customers conduct transactions in foreign currency. The currency risk rising from these transactions are handled by purchasing electricity from SEAS through contracts denominated in the same currency as the related revenue.

Through its agreement with SEAS, Fjordkraft has the opportunity to conduct all of its operational and financial purchase of electricity in NOK. This limits the Group's general exposure to foreign currency.

#### *Interest rate risk*

Fjordkraft is mainly exposed to interest rate fluctuations associated with its floating rate credit facility and short-term payables towards SEAS for purchase of electricity. The current exposure to interest rate does not warrant the use of derivative instrument, since it is not considered to be material and is temporary in nature. The Group has set out parameters to actively monitor this risk going forward.

#### *Market risk*

The Group defines market risk as both price risk and volume risk. The Group's operations of buying and selling electricity to its customers is a business of margins. When participating in the electricity market, the Group is aiming to have a "back to back"-strategy. Participation in the financial market is generally conducted on behalf of customers. This is done by replicating obligations towards the customer with financial contracts bought through SEAS. This strategy is used for both consumers of electricity and

Alliance partners. For smaller customers, which are grouped into portfolios, the estimated requirements of financial contracts do not always match the actual aggregated customer requirements. In these circumstances, the Group aims to reduce its residual risk exposure as much as possible.

The key areas of the Group's market risk management are:

**Volume risk:** Fjordkraft is generally not exposed to volume risk for most of its standard products. Some, albeit low, volume risk exists for products with financial instrument component. Combined portfolios as described above can have some volume risk exposure, however the related costs are largely covered by the customers.

**Electricity price risk (system/area prices):** For spot products and products with back-to-back hedging, the Group has no price risk exposure. For variable products, Fjordkraft has a moderate short-term electricity price risk exposure in the pre-set period (1-14 days).

**El-certificate risk:** The trading of financial contracts is primarily conducted to reduce the fluctuation in prices for customers. Since the Group has chosen to cover a share of its future liabilities related to el-certificates, by entering into forward contracts in advance, it introduces a risk of losses if the price of el-certificates falls at same time as the Group is forced to lower its prices to its customers. It is not considered probable that an event like this will occur.

There are two main categories of financial contracts used to manage risk exposure to commodity prices; forward contracts and options. Additionally, forward contracts on el-certificates are used to manage risk exposure to fluctuations in el-certificate prices.

The Group has implemented a risk management system, which regularly reconciles obligations towards customers with the Group's own risk exposure.

#### *Credit risk*

The Group is exposed to credit risk if counterparties fail to make payments as they fall due. Most of the Group debtors are either private individuals, businesses or Alliance partners who purchase electricity and value added services. Procedures have been established for the creation, detection, management and monitoring of credit risk. Following the introduction of re-invoicing in 2016, providers of electricity are now responsible for invoicing both the grid rent and supply of power. The credit risk related to grid rent is thus transferred to Fjordkraft, which has contributed to an increase in the Group's credit risk. The Group invoices mobile subscriptions monthly in advance, thus contributing to a decrease in credit risk towards mobile customers.

#### *Liquidity risk*

The Group's liquidity risk is managed through short term or long-term agreements that secure the Group's financing, primarily overdraft facility with DNB and agreement with SEAS in respect of purchase of electricity. The capital need is monitored by rolling cash flow forecasts.

### **11.10. Critical accounting policies and estimates**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### *1) Defined benefit plans*

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date.

### *2) Gross vs. net presentation*

When evaluating the classification of and presentation of revenue transactions with customers, management make judgment to what extent the Group in fact controls the specific goods and services before it is transferred to the customers. In making the judgement, management applies indicators set out in IFRS 15, of which key indicators are:

- is the Group primarily responsible for fulfilling the promise to provide the specified goods or services,
- does the Group have inventory risks before or after transferring goods or services to the customer,
- does the Group have discretion in establishing prices for the specific goods or services.

Following the detailed evaluation of these criteria, management is satisfied that the classification of and presentation of revenue from sale of our various products and services are appropriate.

### *3) Determining the amount of the costs incurred to obtain or fulfil a contract with a customer*

In determining which sales commissions represents incremental costs to obtain a contract, management evaluates the various type of sale commissions to determine what portion of the sales commissions that in fact represents an incremental cost to obtain the contract. A determining factor is to what extent a new contract in fact is signed by the customer. Management also make judgment in determining the amortisation rate that provides the best match for the economic benefits the Group derives from these new contracts. A detailed analysis has been carried out to identify how long the various customers remain with the signed contract before cancelling the contract. Following the detailed review and evaluation of the historical behaviour of these customers, management is satisfied that the amortisation method used provides the best allocation of these costs.

## **11.11. Recent developments**

On 23 February 2018, the Subsidiary entered into an agreement to acquire all of the issued shares of TEM. TEM is currently a wholly owned subsidiary of municipality owned and integrated utility group, TrønderEnergi AS, the seller of the shares. TEM is a leading electricity retailer in the Trøndelag area with 61,700 electricity deliveries, of which 50,600 are in the consumer market and 11,100 are in the business market<sup>38</sup>. TEM is the number nine electricity retailer in the consumer market in Norway with a market share of approximately 2%. Through the acquisition of TEM, the Group reinforces its position as a consolidator in the Norwegian electricity market and strengthens its presence in mid-Norway. TEM generated net revenues of NOK 84 million and an EBIT of NOK 36 million in 2017 (both NGAAP figures). The purchase price for the shares of TEM is based on an agreed equity value of NOK 278,334,000 using a customary locked box approach based on the year end accounts of TEM as at 31 December 2017. The purchase price will be increased by interest of 2.46% per annum from 1 January 2018 until the completion date of the transaction.

The transaction has received the required corporate approvals from relevant corporate bodies of each of the parties. Completion of the transaction is subject to the customary closing conditions for transactions of this nature as well as clearance from the Norwegian Competition Authority given that the entities involved exceed the relevant thresholds, making the transaction subject to the notification duty. The clearance from the Norwegian Competition Authority is expected to be issued around mid April. The transaction is also subject to approval from the Norwegian Water Resources and Energy Directorate given that a direct or indirect transfer of more than 90% of the concession held by TEM requires the parties to seek such approval. Completion of the transaction is therefore expected some time in April 2018, pending clearance of the above mentioned approvals.

---

<sup>38</sup> These figures are as at year-end 2017.

Following completion of the transaction, the Subsidiary will acquire the right to utilise the existing trade name, brand and logo of TEM for a period of 12 months from completion of the transaction.

The transaction will be financed 100% by a new secured loan from DNB Bank ASA. The loan will be secured with the Group's trade receivables and has a repayment period of 5 years. The repayments of the loan will be in 20 equal quarterly instalments. The loan agreement includes a financial covenant where the book value of equity on a Group level needs to be no less than NOK 350 million and a requirement of approval from DNB Bank ASA before new loans are raised.

Other than as described above, there have been no significant changes in the financial or trading position of the Group since the last financial period ended 31 December 2017.

#### **11.12. Long term objectives**

Corresponding with its strategy as set out in section 8.5 "Strategy", the Company has a number of long-term financial objectives.

In terms of net revenue, the Company targets to realise mid-single digit organic growth over the coming years. To achieve this target, the Company targets to realise a slight positive net revenue growth within the Consumer segment and above double-digit revenue growth within the business segment. The Company furthermore has set at target for new growth initiatives to comprise up towards 10% of consolidated net revenues in 2020.

In terms of EBIT margin, the Company aims to reach a sustainable margin in the level of 25-30% for the Consumer segment and 55-60% for the Business segment over the next three years, with respectively some 2/3 and a majority of the change compared to 2017 realised in 2018. The Company furthermore has set a target for new growth initiatives to comprise up towards 5% of consolidated EBIT in 2020.

The Company targets capital expenditure to be in the level of NOK 35-40 million per annum in the coming years.

Certain of the statements in the section above constitute forward-looking statements, which are based on numerous assumptions and estimates which are subject to risks and uncertainties outside of the Company's control and which may cause such forward-looking statements not to materialise. The long-term objectives set forth above are goals, and not forecasts of future performance, and actual results could differ materially. Please see Section 4.2 "Forward-looking statements" and Section 2 "Risk Factors".

## 12. BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

### 12.1. Introduction

The Company's highest authority is the general meeting of shareholders of the Company ("**General Meeting**"). All of the Company's shareholders are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included in the agenda for a General Meeting.

The overall management of the Company is vested in the Board of Directors and the Management. Pursuant to Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company, ensuring proper organisation, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts and asset management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board of Directors has two sub-committees: an audit committee and a remuneration committee. In addition, the Articles of Association provide for a nomination committee.

Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's chief executive officer (CEO) is responsible for keeping the Company's accounts in compliance with prevailing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. The CEO must, pursuant to Norwegian law, brief the Board of Directors on the Company's activities, financial position and operating results at least once a month.

### 12.2. Board of Directors

#### 12.2.1. Overview of the Board of Directors

The Articles of Association provide that the Board of Directors must comprise of a minimum of five and a maximum of eight shareholder-elected Board Members. The Chairman of the Board of Directors is elected by the General Meeting.

The names, positions and term of office of the Board Members as at the date of this Prospectus are set out in the table below.

Name	Position	Served since*	Term expires
Robert Olsen .....	Chairman	15.12.2017	Chairman until date of Listing and Board Member until 05.2019
Birthe Iren Grotle .....	Deputy Chairman	15.12.2017	05.2019
Svein Kåre Grønås .....	Board member	15.12.2017	03.2018
Kristil Håland Helgerud .....	Board member	15.12.2017	03.2018
Peder Brustad .....	Board member	15.12.2017	03.2018
Frank Økland <sup>(1)</sup> .....	Board member	15.12.2017	05.2019
Øistein Prestø <sup>(1)</sup> .....	Board member	15.12.2017	05.2019
Lindi Bucher Vinsand <sup>(1)</sup> .....	Board member	15.12.2017	05.2019
Bettina Bergesen <sup>(2)</sup> .....	Alternate board member	15.12.2017	05.2019
Erik Engebretsen <sup>(2)</sup> .....	Alternate board member	15.12.2017	05.2019
Sissel K. Grevstad <sup>(2)</sup> .....	Alternate board member	15.12.2017	05.2019
Arne Andreas Riisnes <sup>(3)</sup> .....	Alternate board member	15.12.2017	20.03.2018
Børre Evensen <sup>(3)</sup> .....	Alternate board member	15.12.2017	20.03.2018
Heidi Bjørstad Aspheim <sup>(3)</sup> .....	Alternate board member	15.12.2017	20.03.2018

\* The "served since" date relates to the date the Board Members commenced service with the Company. However, several of these Board Members have served on the board of directors of the Subsidiary over a longer period of time.

<sup>(1)</sup> Employee representative.

<sup>(2)</sup> If a board member elected by the employees is unable to participate in a board meeting, an alternate board member elected by the employees will participate in the board meeting in place of the absent board member. Ms Bergesen, Mr Engebretsen and Ms Grevstad are alternate board members for Mr Økland, Mr Prestø and Ms Vinsand, respectively.

<sup>(3)</sup> Up until the date of Listing, Mr Riisnes is alternate board member for Ms Grotle and Mr Grønås and Mr Evensen is alternate board member for Mr Brustad. Ms Aspheim is alternate board member for Ms Helgerud and Mr Olsen. With effect on and from the date of Listing, there will no longer be any alternate board members for the shareholder elected Board Members.

With effect on and from the date of Listing, Svein Kåre Grønås, Kristil Håland Helgerud and Peder Brustad will retire from the Board of Directors and be replaced by Per Axel Koch, Steinar Sønsteby and

Live Haukvik who were elected by the General Meeting on 27 February 2018 with effect on and from the date of Listing, each having a term that expires in May 2019.

At the General Meeting held on 27 February 2018, Per Axel Koch was elected to replace Robert Olsen as Chairman of the Company, and Robert Olsen will continue to serve as a Board Member, with effect on and from the date of Listing.

On and from the date of Listing, the Company will be in compliance with the independence requirements provided in the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 (the "**Corporate Governance Code**") given that (i) the majority of the shareholder elected members of the Board of Directors are independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder elected Board Members are independent of the Company's main shareholders (shareholders holding more than 10 percent of the Shares) and (iii) no member of the Management serves on the Board of Directors.

The Company's registered business address, Folke Bernadottes vei 38 5147 Fyllingsdalen, Bergen, Norway, serves as the business address for the Board Members in relation to their directorship with the Company.

#### **12.2.2. Brief biographies of the Board Members as at the date of this Prospectus**

Set out below are brief biographies of the Board Members, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a Board Member is or has been a member of the administrative management or supervisory bodies or partner in the previous five years.

##### *Robert Olsen, Chairman*

Robert Olsen has been a Board Member since 15 December 2017 and has served as Board Member of the Subsidiary in the period from May 2013 until September 2017, alternate board member of the Subsidiary in the period from 2004 until 2011 and board member of the Subsidiary from 2001 until 2004.

Mr Olsen was appointed as chief investment officer of Skagerak Energi in 2013 and has vast experience with business and finance. He served as chief financial officer and deputy managing director of Skagerak Energi from 2001 until 2013, as chief financial officer of Vestfold Kraft from 1998 until 2001, as finance manager at Privat Investor from 1996 until 1998 and as finance manager at Wilhelmsen Terminal AS from 1992 to 1993.

Mr Olsen holds two Master of Business Administration degrees, specialising in finance and a Bachelor of Science in Economics and Business Administration from the Norwegian Business School (BI). He is also a Certified European Financial Analyst (AFA/CEFA) from the Norwegian School of Economics (NHH).

##### *Birthe Iren Grotle, Deputy Chairman and Board Member*

Birthe Iren Grotle has served as Board Member and deputy chairman of the Company since 15 December 2017, as board member of the Subsidiary since May 2011 and as deputy chairman of the Subsidiary since May 2013.

Ms Grotle has extensive management experience and was appointed as senior advisor for industrial ownership in BKK in 2016. She has held various management positions in her career including deputy managing director of the commercial business area "Kunde" at BKK from 2007 until 2016 and deputy managing director of BKK Marked AS from 2007 until 2010. In addition, Ms Grotle was appointed administration manager, and later deputy chief executive officer, of Coop Hordaland BA in the period from 2003 until 2005 and was promoted to chief executive officer of Coop Hordaland BA in 2005, which position Ms Grotle held until 2006. Through her positions as senior consultant/manager at Deloitte, Ms Grotle gained in depth experience from various retail businesses.

Ms Grotle holds a Master of Science in Economics and Business Administration from the Norwegian School of Economics (NHH) and has attended the management development programme "Solstrand-programmet" (AFF).

##### *Svein Kåre Grønås, Board Member*

Svein Kåre Grønås has been a Board Member since 15 December 2017 and has served as board member of the Subsidiary since September 2017.

Mr Grønås has over 20 years' experience in the fields of business and technology. He was appointed as executive vice president (EVP) of entrepreneurship and market and chief digital officer of BKK from September 2017, director of shared service and chief digital officer from 2016 until August 2017 at BKK, director of BKK 2020 (improvement program) from 2015 until 2016 and chief executive officer of BKK Fiber AS from 2010 until 2015.

Mr Grønås holds a Master of Science in Electric Engineering and Data Technology from the Norwegian University of Science and Technology (NTNU) and an Executive Master of Management degree in Strategic Management from the Norwegian School of Economics (NHH).

*Kristil Håland Helgerud, Board Member*

Kristil Håland Helgerud has served as Board Member since 15 December 2017.

Ms Helgerud has since 2016 held the position of department manager of accounts and control at Skagerak Kraft AS and has held several positions with Skagerak Energi, including as analytical strategist and business director. She was a senior auditor at Deloitte AS prior to this.

Ms Helgerud holds a Master of Science in Economics and Business Administration from Handelshøyskolen BI and has a course certificate in governance.

*Peder Brustad, Board Member*

Peder Brustad has served as Board Member since 15 December 2017 and has served as board member of the Subsidiary since May 2016.

Mr Brustad has over 20 years' experience in corporate development within the energy and telecommunications industries. Mr Brustad commenced employment with Statkraft AS in January 2006 and has held various management positions in Statkraft AS since this time. He currently serves as senior vice president of strategy for business areas WDP (Wind power, district heating and projects). Mr Brustad has valuable experience from his work with strategy and finance during his time at Telenor and Telia.

Mr Brustad holds a Master of Science in Economics and Business Administration from the Norwegian Business School (BI) and an Executive Master of Management degree in Strategic Management from the Norwegian School of Economics (NHH).

*Frank Økland, Board Member (employee representative)*

Frank Økland has served as Board Member since 15 December 2017 and as a board member and employee representative of the Subsidiary since May 2003 in various periods.

Mr Økland has been a Sales Manager in the Alliances and Concessionary division of the Subsidiary since 2014 and was a key account manager for major customers from 2006 until 2014. Mr Økland has held secretarial positions with the Subsidiary from 2000 until 2004, with BKK Kraftsalg from 1996 until 1999 and with Bergen Lysverker AS from 1993 until 1996. He also has work experience from Heffermehl Inkasso AS, Forsvaret, Bergen Kommune and Nordbye Engros AS.

Mr Økland holds a diploma from the Norwegian School of Information Technology (NITH) in computer science and a diploma from the Norwegian School of Economics (NHH) in mathematics and statistics.

*Øistein Prestø, Board Member (employee representative)*

Øistein Prestø has served as Board Member since 15 December 2017 and as board member of the Subsidiary since May 2011.

Mr Prestø has been the senior marketing advisor of the Subsidiary since 2001 and senior marketing advisor of BKK Kraftsalg AS from 1999 until 2001. Prior to these positions, Mr Prestø was advisor and controller at Bergen Lysverker AS.

Mr Prestø holds a diploma of marketing from Bergen Language School and a diploma in power currents from the Bergen Technical College.

*Lindi Bucher Vinsand, Board Member (employee representative)*



Lindi Bucher Vinsand has served as Board Member since 15 December 2017 and was alternate board member of the Subsidiary since May 2017. Ms Vinsand has been a senior advisor of Customer Service of the Subsidiary since 2017.

Ms Vinsand holds a Bachelor of Science in Energy and Climate Technology from the Oslo College of Engineering and has taken a project management course from the Vestfold University College (HiVe).

*Bettina Bergesen, Alternate Board Member*

Bettina C. Bergesen has served as an Alternate Board Member of the Company since 15 December 2017 and as an alternate board member of the Subsidiary since 19 May 2017.

Ms Bergesen has been a senior advisor in development and quality assurance of the Subsidiary since August 2017. Since 2008, Ms Bergesen held several advisory and administrative roles with the Subsidiary.

Ms Bergesen has completed several courses with the Norwegian School of Economics (NHH).

*Erik Engebretsen, Alternate Board Member*

Erik Engebretsen has served as an Alternate Board Member of the Company since 15 December 2017 and as an alternate board member of the Subsidiary since 19 May 2017.

Mr Engebretsen is currently the sales manager in telemarketing with the Subsidiary and commenced with the Subsidiary in August 2012. He also has work experience from Den Kongelige Norske Marine as a SIS Operator.

Mr Engebretsen holds a Master of Science in Finance and Management from Cranfield School of Management and a Bachelor of Science in Economics and Business Administration from the Norwegian Business School (BI).

*Sissel K. Grevstad, Alternate Board Member*

Sissel K. Grevstad has served as an Alternate Board Member of the Company since 15 December 2017 and as an alternate board member of the Subsidiary since 19 May 2017.

Ms Grevstad is a customer services advisor and general advisor of the Subsidiary and has held various administrative positions with the Subsidiary since 1994.

*Arne Andreas Riisnes, Alternate Board Member*

Arne Andreas Riisnes has served as an Alternate Board Member of the Company since 15 December 2017 and as an alternate board member of the Subsidiary since 19 May 2017.

Mr Riisnes has ten years' work experience with BKK where he currently serves as a special advisor in industrial ownership.

Mr Riisnes holds a Master of Science in Social Geography from the University of Bergen (UiB).

*Børre Evensen, Alternate Board Member*

Børre Evensen has served as an Alternate Board Member since 15 December 2017 and has served as an alternate board member of Skagerak Energi.

Mr Evensen has held several management positions at Statkraft AS including project manager in the M&A department, risk manager, fund manager in the finance department and economics consultant.

Mr Evensen holds a Master of Science in Economics and Business Administration from the Norwegian Business School (BI) and became an authorised financial analyst in 2007.

*Heidi Bjaarstad Aspheim, Alternate Board Member*

Heidi Bjaarstad Aspheim has served as Alternate Board Member since 15 December 2017.

Ms Aspheim is an authorised auditor. She is currently the director of finance at Skagerak Energi and has held several finance roles at Skagerak Energi and Skagerak Fiber AS.

Ms Aspheim holds a Bachelor of Science in Economics and Business Administration from Telemark District College and is expecting to complete her second Executive Master of Management in summer 2018 with a specialisation in change management and personal labour law.

### **12.2.3. Brief biographies of new Board Members as at the first day of Listing**

#### *Per Axel Koch*

Mr Koch has over 20 years' top managerial experience from the media industry including his current position as CEO of Polaris Media ASA, an Oslo Børs listed company, which he has held since the company was established in 2008. From 1991 until 2008, Mr Koch held several management positions at Adresseavisen ASA including as CEO, managing director and deputy managing director. Prior to 1991 Mr Koch was a consultant at McKinsey & Company (1988-1991) and at Wilh Wilhelmsen ASA (1987-1988).

Mr. Koch has over 20 years' experience as a representative on various company boards including as chairman of Sparebank 1 SMN (from 2001 until 2013), chairman of AtB AS since 2016 and board member of FINN AS since 1999.

Mr Koch holds a Master of Science in Economics and Business Administration (Siviløkonom) and a Graduate Programme in Economics and Business Administration from the Norwegian School of Economics (NHH).

#### *Steinar Sønsteby*

Steinar Sønsteby was elected to the Board of Directors by the General Meeting on 27 February 2018 with effect on and from the date of Listing.

Mr Sønsteby is an IT and technology expert and has been instrumental in establishing the IT infrastructure industry in Norway. He is currently the President and chief executive officer of Atea ASA and has since 1996 held the position of chief executive officer and chief operating officer of entities that have since been combined with Atea ASA, including Merkantildata (Norway and Sweden). Prior to this, Mr Sønsteby held several managerial positions with Skrivervik Data AS and NPC Civil AS. Mr Sønsteby has extensive M&A and integration experience, having been involved in over 50 acquisitions.

Mr Sønsteby holds a degree in Civil Engineering from the University of Utah and is a Business Candidate from the Norwegian Business School (BI).

#### *Live Haukvik*

Live Haukvik was elected to the Board of Directors by the General Meeting on 27 February 2018 with effect on and from the date of Listing.

Ms Haukvik has extensive experience as an executive and director of a diverse range of listed and fast growing companies. She is currently the chief operating officer of Komplett Group and has been chairman of Komplett Group since 2014. Ms Haukvik was the chief finance officer of Komplett Group from 2011 until 2017.

Mrs. Haukvik has extensive board experience from several blue chip companies including, amongst others, Eksportfinans, Kvaerner, BI Norwegian Business School, Sparebanken 1 BV and Borgestad.

Ms Haukvik holds a Master of Finance (liz.rer.pol.) from Université de Fribourg, Switzerland and a Master of Management from BI Norwegian Business School.

### **12.2.4. Shares held by members of the Board**

No Board Member holds any Shares in the Company.

### **12.2.5. Employee representation/corporate assembly**

Pursuant to Norwegian company law, the majority of the employees of companies that have more than 30 employees and that have not established a corporate assembly, can demand that the employees are represented on the board of directors. Additionally, companies with more than 200 employees are required to have a corporate assembly unless the company has agreed with the majority of the employees

or unions representing more than two-thirds of the employees to have increased employee representation instead.

There is an arrangement in place with the Group's employees which allows for a total of three employee representatives on the Board of Directors of the Company. Furthermore, the Group complies with applicable employee representation rules in the other companies of the Group for which representation is required.

### 12.3. Management

#### 12.3.1. Overview

The Management team consists of eight individuals. The names of the members of the Management as at the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Current position within the Company	Employed with the Company since
Rolf Barmen	Chief executive officer (CEO)	01.02.2013
Birte Strander	Chief financial officer (CFO)	01.05.2002
Arnstein Flaskerud	Head of strategy and M&A	01.04.2001
Jeanne Katralen Tjomsland	Head of human resources, communications and information security	01.01.2002
Torkel Rolfseng	Head of power trading and alliances	01.01.2010
Ingeborg Cecilie Torvund Morken	Chief commercial officer (CCO)	01.09.2004
Solfrid Kongshaug Aase	Head of company projects	01.04.2001
Alf-Kåre Hjartnes	Chief operating officer (COO)	01.04.2001

The Company's registered business address, Folke Bernadottes vei 38 5147 Fyllingsdalen, Bergen, Norway, serves as the business address for the members of the Management in relation to their employment with the Company.

#### 12.3.2. Brief biographies of the members of the Management

Set out below are brief biographies of the members of the Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management is or has been a member of the administrative, management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company). These members of Management are employed by other companies in the Group but will represent the Company in these positions as needed.

##### *Rolf Barmen, Chief executive officer (CEO)*

Rolf Barmen is the President and chief executive officer (CEO) of the Company. Mr Barmen has been the CEO of the Subsidiary since 2013 and became also the chairman of Trondheim Kraft AS at that time. He has extensive experience as a chief executive officer within the telecommunication industry including with Teling AS from 1999 until 2008, Chess Communication from 2008 until 2011 and NextGenTel from 2011 until 2013. Furthermore, he has experience as regional director of Telenor Telehus and operations manager of IKEA Bergen.

Rolf Barmen holds a Master of Science in Economics and Business Administration (Siviløkonom) from the Norwegian School of Economics (NHH).

##### *Birte Strander, Executive vice-president (EVP) and chief financial officer (CFO)*

Birte Strander is the executive vice-president (EVP) and chief financial officer (CFO) of the Company. Ms Strander commenced employment with the Company in 2002 as a financial controller, became senior business developer in 2007, was appointed head of the department for Innovation and Projects in 2008 and appointed the director of business, finance and IT in 2009. Prior to joining the Company, Ms Strander was a consultant at PwC from 2000 until 2002 and provided consulting services to the Subsidiary during this time.

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

##### *Arnstein Flaskerud, Executive vice-president (EVP) and head of strategy and M&A*

Arnstein Flaskerud is the Company's executive vice-president (EVP) and head of strategy and M&A. Mr Flaskerud has more than 30 years' experience in the electric power industry. He commenced employment with the Company in 2001 as the director of corporate clients. Mr Flaskerud was a strategic business developer in 2010, director of the strategy department in 2013, market manager for BKK Kraftsalg AS from 1997 until 2001 and market manager at Bergen Lysverker from 1992 until 1996. Mr Flaskerud was an engineer at Samkjøring av Kraftverkene in Norway before for six years prior to 1992.

In 2013, Flaskerud received the industry price for "Influencer of the Year" for his work on regulatory issues, particularly within topics regarding one single invoice and "the supplier centric model". Mr Flaskerud is a Norwegian representative at Eurelectric, an EU organisation for the power industry.

Mr Flaskerud holds a Bachelor of Engineering in electric power technique and a Bachelor of Engineering in automation technique from Bergen University College (HiB) in addition to an Executive Master of Management degree from the Norwegian Business School (BI).

*Jeanne Katralen Tjomsland, Executive vice-president (EVP) and head of human resources, communications and information security*

Jeanne Katralen Tjomsland is the Company's executive vice-president (EVP) and head of human resources, communications and information security. Ms Tjomsland has over 25 years' experience within the field of communication. She commenced employment with the Subsidiary as information manager in 2002, was appointed director of human resources and security in 2010 (which from 2015 also included a communications role). Ms Tjomsland was a senior public relations consultant and deputy manager at Consilio Kommunikasjon AS from 1997 until 2001. She was also information manager at BKK during a six month period and information manager at Bergen Lysverker from 1991 until 1997 and manager for information and marketing at IULA World Congress from 1990 until 1991.

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

*Torkel Rolfseng, executive vice-president (EVP) and head of power trading and alliances*

Torkel Rolfseng is the Company's executive vice-president (EVP) and head of power trading and alliances at Fjordkraft. Mr Rolfseng has almost 20 years' experience in the electric power industry. He commenced employment with the Subsidiary in 2010 as the manager of products and services and joined Trondheim Kraft AS, a subsidiary of the Company as the chief executive officer in 2011. Mr Rolfseng has held several executive positions with the Subsidiary and served as business and product developer, market manager and key account manager for Trondheim Energi Kraftsalg AS and was an energy consultant at Entro Energi AS.

Mr Rolfseng holds a Master of Science in Electric Power Engineering from the Norwegian University of Science and Technology (NTNU).

*Ingeborg Cecilie Torvund Morken, Executive vice-president (EVP) and chief Commercial Officer (CCO)*

Ingeborg Cecilie Torvund Morken is the Company's executive vice-president (EVP) and chief commercial officer. Ms Morken commenced employment with the Subsidiary as key account manager in 2004, held several managerial positions in the company since 2004 and was Manager of Business Development from 2010 until 2012. She became the director of business development and deliveries in 2012, was appointed the director of customer service in 2014 and became director of the sales, market and product management department in 2015. Prior to commencing employment with the Company, Ms Morken was service manager at Radisson SAS Hotel Norway.

Ms Morken was awarded the "Young Leader of the year in 2015" by Assessit.

Ms Morken holds a Master of Science in Economics and Business Administration from the Norwegian School of Economics (NHH).

*Solfrid Kongshaug Aase, Executive vice-president (EVP) and head of company projects*

Solfrid Kongshaug Aase is the Company's executive vice-president (EVP) and head of company projects. Ms Kongshaug Aase has more than 20 years' experience in the electric power industry. She held several managerial positions in BKK and the Subsidiary in the fields of business development, sales and portfolio services and was appointed director of customer service of the Subsidiary in 2015.

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

*Alf-Kåre Hjartnes, Executive vice-president (EVP) and chief operating officer (COO)*

Alf-Kåre Hjartnes is the Company's executive vice-president (EVP) and chief operating officer (COO). Mr Hjartnes has almost 20 years' experience from the electric power industry. Mr Hjartnes joined the Subsidiary in 1999 and has held several managerial positions with the Subsidiary, particularly within the IT department. Mr Hjartnes was a senior IT advisor in 2004, joined the business development department in 2007 as senior advisor, became senior advisor in the innovation and projects department in 2008, was appointed IT Manager in 2010 and the Director of IT in 2012.

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

### 12.3.3. Shares held by members of Management

No members of Management will receive Shares in the Listing. However, in the event that the Board of Directors resolves to complete the Listing, all members of Management will be required to use the full amount of the bonus allocated to them in connection with the Offering, to subscribe for Shares in the Offering. A three year restriction on the disposal of such Shares will apply to the members of the Management.

### 12.4. Other directorships and partnerships

In addition to their directorships with the Company and positions within the Group, the Board Members and the Management hold, or have held in the last five years from the date of this Prospectus, the following directorships, partnerships or executive management positions outside the Group:

Name	Current directorships or partnerships	Former directorships or partnerships
<b>Board members</b>		
Robert Olsen	Chairman of Fjordkraft AS Chairman of Skien Fjernvarme AS Chairman of Skagerak Energi Pensjonskasse Board member of Skagerak Naturgass AS Board member of Skagerak Elektro AS/Laugstol AS Board member of Skagerak Varde AS	Chairman of Energi og Miljøkapital AS Chairman of Skagerak Nett AS
Birthe Iren Grotle	Deputy chairman and board member of Fjordkraft AS Chairman of Bergen Fiber AS Board member of Uni Researcher Ploytec Board member of Uni Researcher AS Board member of BKK AS Varde Board member of Førdefjorden Energi Alternate board member of BKK Digitek Alternate board member of BKK Energitjenester	Chairman of BKK Varde Deputy chairman of BKK Digitek Chairman of BKK Marked Chairman of BKK Energitjenester Chairman of BKK Kundetjenester
Svein Kåre Grønås	Board member of Fjordkraft AS Chairman of BKK Digitek Chairman of BKK Enotek Chairman of BKK Energitjenester Chairman of BKK Elsikkerhet Chairman of BKK Varde Board member of Bergen Fiber	
Kristil Håland Helgerud	Board member of Fjordkraft AS Board member of Fjordkraft Holding ASA Board member of Helgerud Holding AS	Alternate board member of Fjordkraft AS Board member of Laugstol AS Alternate board member of Skagerak Naturgass Board member of Skagerak Naturgass
Peder Brustad Per Axel Koch	Board member of Fjordkraft AS Chairman of AtB (Public Transport in Trondheim and Trøndelag) Board member of Trønder-Avisa Chairman of Adresseavisen ASA Board member of Finn.no AS Chairman of Papirkjøp AS Chairman of Mid Norway Jazz Centre Board member of Norwegian Jazz Forum	Board member of Dagens Næringsliv Board member of NHST Media Group Chairman of Kanal24 Norge Chairman of Sparebanken 1 SMN Board member of BI Norwegian Business School Nomination Committee & Corporate Assembly Member of Statoil ASA Board member and chairman of Audit Committee of Eksportfinans

Name	Current directorships or partnerships	Former directorships or partnerships
		Chairman, Audit Committee and board member of Revus Energy ASA Board member of Borgestad ASA Board member of Maturo Kapital Board member of DynaPel ASA
Steinar Sønsteby	Board member of various entities in the Atea Group	
Live Haukvik	Board member of IKT Norge Chairman of Komplet Bank ASA	Board member of Agasti ASA Board member of Kvaerner ASA Board member of Sparebanken 1 SR-Bank-Buskerud
Frank Økland	Board member of Fjordkraft AS	
Øistein Prestø	Board member of Fjordkraft AS	
Bettina Bergesen	Alternate board member of Fjordkraft AS	
Erik Engebretsen	Alternate board member of Fjordkraft AS	
Sissel K. Grevstad	Alternate board member of Fjordkraft AS	
Arne Andreas Riisnes	Alternate board member of Fjordkraft AS	
Børre Evensen	Alternate board member of Fjordkraft AS	
<b>Management</b>		
Rolf Barmen	Chairman of Trondheim Kraft AS	Chairman of Service Elektrikerer AS Chairman of TeleRing AS Chairman of Sportsklubben Brann
Birte Strander	Board member of BKK Pensjonskasse	Chairman of Midtnorge Kraft

## 12.5. Remuneration and benefits

### 12.5.1. Remuneration of the Board of Directors

The total remuneration paid to the employee elected board members of the Subsidiary in 2017 was NOK 167,968. No remuneration was paid to board members of the Subsidiary that are not elected by employees of the Subsidiary.

The table below sets out the remuneration paid to the employee elected Board Members in 2017.

Name	Remuneration paid to employee representative Board Members (in NOK)
Øistein Prestø	55,000
Frank Økland	55,000
Per-Otto Svendsen	22,917
Bettina Bergesen	2,968
Lindi Vinsand	32,083

Remuneration of the Board of Directors is determined in advance and paid out in June and December each year.

In 2018, the Chairman of the Board of Directors, the independent Board Members and the employee-elected Board Members will each be entitled to annual remuneration of NOK 450,000, NOK 250,000 and NOK 100,000, respectively, for their services to the Board of Directors.

### 12.5.2. Remuneration of the Management

The Board of Directors has established guidelines for the remuneration to the members of the Management. It is a policy of the Company to offer Management competitive remuneration based on current market standards, Company performance and individual performance. The remuneration consists of a basic salary element combined with a performance-based bonus program. The Management is covered by the Company's insurance policies and each member is entitled to certain fringe benefits, such as a fixed car benefit.

The table below sets out the remuneration paid to Management in 2017 (in NOK)

Name	Annual Salary	Bonus	Car benefit
Rolf Barmen	2,334,751	100,000	120,000
Birte Strander	1,350,000	31,693	120,000
Arnstein Flaskerud	1,300,000	31,693	120,000
Jeanne Katralen	1,250,000	31,693	120,000
Tjomsland			

<b>Name</b>	<b>Annual Salary</b>	<b>Bonus</b>	<b>Car benefit</b>
Torkel Rolfseng	1,200,000	31,693	100,000
Ingeborg Cecilie Tørvund Morken	1,350,000	31,693	120,000
Solfrid Kongshaug Aase	1,150,000	31,693	100,000
Alf-Kåre Hjartnes	1,250,000	31,693	120,000

The CEO may terminate employment with the Company on 6 months' written notice and the other members of Management may terminate their employment with the Company on 3 months' written notice. The CEO is entitled to severance payment for a period of 12 months following termination of employment.

No member of Management received any remuneration or other benefits from any other company in the Group other than as set out above. No additional payments to those set out above were made for special services over and above an individual's normal management responsibilities.

A bonus in connection with the Listing process has been allocated to members of Management in the total amount of NOK 6.2 million. In the event that the Board of Directors resolves to complete the Listing, all members of Management will be required to use the full amount of the bonus allocated to them to subscribe for Shares in the Offering. A three year restriction on the disposal of such Shares will apply to the members of the Management.

#### **12.6. Long term incentive program**

The Group does not currently have in place any long term incentive programmes for its employees. However, the Board of Directors will consider the establishment of a share incentive program for its Board Members and key employees following the Listing.

Furthermore, the Board of Directors have, at a General Meeting held on 27 February 2018, been granted authority to buy back the Company's shares for the purposes of providing share based compensation. The authorisation is limited to an accumulated buy-back of NOK 10 million and requires that compensation arrangements are in accordance with the guidelines determined by the Norwegian Ministry of Trade for state-owned entities.

#### **12.7. Benefits upon termination**

The Group does not have in place any benefits upon termination for its employees.

#### **12.8. Pensions and retirement benefits**

The Company has a collective defined benefit pension scheme in the BKK pension fund for its employees. The pension scheme is a gross scheme analogous to public schemes. It provides the employees with a determined prospective pension benefit based on the total number of years of employment service and the salary level at the retirement age. The benefit pension scheme includes age, predicament, surviving relatives and child's pension. The retirement pension has a full entitlement of up to 66% of the pensionable income for salaries up until 12 G. The pension scheme is financed through a contribution of 2% of the pensionable income by its members and the residual pension premium is covered by the Company.

The CEO and Management participate in the above described pension scheme on the same conditions as the other employees of the Company.

#### **12.9. Nomination committee**

The Articles of Association provide for a nomination committee. The nomination committee is responsible for nominating the shareholder-elected members of the Board of Directors and making recommendations for remuneration of the members of the Board of Directors. Instructions for the nomination committee were adopted at an Extraordinary General Meeting held on 27 February 2018. Three members were elected to the nomination committee at the Extraordinary General Meeting held on 27 February 2018. These are Lisbeth Nærø (chair), Jannicke Hilland and Knut Barland (two such members were elected by each of BKK and Skagerak Energi and one is independent of the Selling Shareholders).

#### **12.10. Audit committee**

The Board of Directors has established an audit committee. As of the date of Listing, the members of the audit committee are Live Haukvik (Chairman), Robert Olsen and Birthe Iren Grotle. Pending this, the collective Board of Directors serves as the audit committee.

The primary purpose of the audit committee is to act as a preparatory and advisory committee for the Board of Directors on questions concerning accounting, audit and finance. In particular, the audit committee shall:

- monitor, amongst others, the financial reporting process, the effectiveness of the Company's internal controls, internal audit and risk management system and the statutory audit of the annual and consolidated accounts;
- monitor and review the independent auditor's qualifications and independence and the Company's internal accounting function; and
- monitor the Company's compliance with applicable legal and regulatory requirements and the Company's compliance with its governance policies.

The audit committee reports and makes recommendations to the Board of Directors but the Board of Directors retains responsibility for implementing such recommendations.

#### **12.11. Remuneration committee**

The Company has considered the need for a remuneration committee and, following Listing, the newly comprised Board of Directors will establish a remuneration committee amongst the Board Members.

The primary purpose of the remuneration committee is to assist the Board of Directors in discharging its duty of determining the compensation of Management. The remuneration committee shall report and make recommendations to the Board of Directors but the Board of Directors retains responsibility for implementing such recommendations.

#### **12.12. Corporate governance**

The Company has adopted and implemented a corporate governance regime which complies with the Corporate Governance Code.

#### **12.13. Conflicts of interests etc.**

During the five years preceding the date of this Prospectus, none of the Board Members or the members of the Management have, or had:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, director or senior manager of a company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and the members of the Management, including any family relationships between such persons.



### 13. SELLING SHAREHOLDERS

In the Offering, the Sale Shares will be offered by the Selling Shareholders in the amounts set out in the table below.

<u>Selling Shareholder</u>	<u>Business address</u>	<u>Sale Shares to be sold</u>
BKK AS (reg. nr 880 309 102) .....	Kokstadvegen 37, 5257 Kokstad, Norway	up to 18,102,672
Skagerak Energi AS (reg. nr 980 495 302) .....	Floodeløkka 1 3915 Porsgrunn, Norway	up to 17,787,072
Statkraft Industrial Holding AS (reg. nr 976 967 771) ..	Lilleakerveien 6, 0283 Oslo, Norway	up to 3,296,337

The Sale Shares represent up to 35.5 percent of the Shares held by BKK, up to 35.5 percent of the Shares held by Skagerak Energi and up to 100 percent of the Shares held by Statkraft Industrial Holding AS.

In addition, BKK and Skagerak Energi (jointly the "**Lending Selling Shareholders**") have granted the Global Coordinator an option to purchase up to 5,877,912 Additional Shares, equal to approximately 15 percent of the aggregate number of Sale Shares to be sold in the Offering (the "**Greenshoe Option**").

The Offering will amount to up to 45,063,993 Offer Shares (if the Additional Shares are included), representing 43.1 percent of the Shares following the Offering and the Selling Shareholders will retain an aggregate shareholding in the Company of 56.9 percent following the Offering provided that all Sale Shares and Additional Shares are sold. If only the Sale Shares are sold, the Selling Shareholders will retain an aggregate shareholding in the Company of 62.5 percent.

Pursuant to the Placing Agreement, the Selling Shareholders have agreed to be subject to a 12 month lock-up period after the first day of trading and official listing of the Offer Shares, subject to certain exceptions. See Section 18.16 "Lock-up".

The final number of Sale Shares and allocation between the Selling Shareholders of the Sale Shares to be sold in the Offering will be determined by the Company after consultation with the Global Coordinator on or about 20 March 2017.

## **14. RELATED-PARTY TRANSACTIONS**

### **14.1. Introduction**

Below is a summary of the Group's related-party transaction for the periods covered by the Financial Statements incorporated by reference to this Prospectus. For further information on related-party transactions of the Group, please refer to note 17 in the 2017 Financial Statements and note 5 in the 2016 Financial Statements incorporated by reference to this Prospectus. All related-party transactions have been concluded on arm's-length principles.

### **14.2. Transactions carried out with related parties in the years ended 31 December 2017, 2016 and 2015.**

The Group has an agreement with Statkraft Energi AS ("SEAS"), a sister company with Statkraft Industrial Holding AS and owned 100 % and directly controlled by Statkraft AS, related to power trading, both physical and financial trading, and advisory services. The transactions with SEAS is primarily related to sales and purchase of physical electricity power, settlement of financial derivatives and purchase of advisory services related to power trading. According to the agreement, the Group has 30 credit days with an option of extension to 60 credit days if payment on credit day 30 will imply that the Group's bank credit facility will be exceeded. The Group pays interest on this credit facility with SEAS as SEAS has daily settlements against Nord Pool Spot for the purchase of power on behalf of the Group, while the Group has normal credit terms of 30 days with SEAS. Fjordkraft exercised an option in December 2017 to extend the agreement with SEAS for three years to May 2021.

The Group has entered into a service level agreement with BKK, one of the Group's direct owners, related to outsourcing of accounting, payroll, HR systems, IT and other administrative services. The agreement expires at the end of 2018.

The Group has entered into a Service Level Agreement with BKK Kundetjenester AS (merged into BKK Digitek AS in 2017), a company owned 100 % and directly controlled by BKK, related to outsourcing of customer service, invoicing and handling of accounts receivable. The extent of services provided related to this agreement has been significantly reduced as customers in BKK's area has been transferred to Fjordkraft's own customer database during 2017. These customers are now invoiced directly by Fjordkraft instead of through BKK.

The Group has an agreement with BKK Nett AS, a company owned 100 % and directly controlled by BKK, where Fjordkraft delivers services to BKK Nett AS that includes consumption forecast, settlement and invoicing of network loss and power consumption for customers that have not yet selected a power supplier.

The Group has an agreement with Skagerak Nett AS, a company owned 100 % and directly controlled by Skagerak Energi, where Fjordkraft delivers services to Skagerak Nett AS that includes consumption forecast, settlement and invoicing of network loss and electricity consumption for customers that have not yet selected an electricity retailer.

The Group has an agreement with Skagerak Nett AS and BKK Nett AS, where Fjordkraft re-invoices grid rent on behalf of the previously mentioned parties.

The Group has an office lease agreement with Statkraft AS regarding office space in Lilleakerveien 6 in Oslo.

The Group has a collective defined benefit pension plan in BKK Pensjonskasse, which was started by BKK and includes several companies where BKK has a significant share of ownership.

Other transactions with related parties are on ad-hoc basis, and mainly relates to sale and purchase of electricity with BKK and its subsidiaries.

## 15. CORPORATE INFORMATION AND DESCRIPTION OF THE SHARE CAPITAL

*The following is a summary of certain corporate information and other material information relating to the Shares, share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Articles of Association and applicable Norwegian law in effect as at the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association, included in Appendix A to this Prospectus and applicable law.*

### 15.1. Company corporate information

The Company with registered name Fjordkraft Holding ASA is a public limited liability company organised and existing under the laws of Norway, pursuant to the Norwegian Public Limited Companies Act. The Company's registered office is in the municipality of Bergen, Norway. The Company was incorporated in Norway on 15 December 2017.

The Company's registration number in the Norwegian Register of Business Enterprises is 920 153 577 and the Shares are registered in book-entry form with the VPS under ISIN NO 001 0 815673. The Company's register of shareholders in the VPS is administrated by DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway. The Company's registered office is at Folke Bernadottes vei 38 5147 Fyllingsdalen, Bergen, Norway and the Company's main telephone number at that address is +47 23 00 61 00. The Company's website is [www.fjordkraft.no](http://www.fjordkraft.no). The content of [www.fjordkraft.no](http://www.fjordkraft.no) is not incorporated by reference into, and does not otherwise form part of, this Prospectus.

### 15.2. Legal structure

Fjordkraft Holding ASA is a holding company and its operations are carried out through its operating subsidiary, Fjordkraft AS. The following table sets out information about the Company's significant subsidiaries as at 9 March 2018:

Company	Country of incorporation	% holding
Fjordkraft AS .....	Norway	100%
Trondheim Kraft .....	Norway	100%

As at the date of this Prospectus, the Management is of the opinion that the Company's holdings in the entities specified above are likely to have a significant effect on the assessment of the Company's own assets and liabilities, financial condition and profits and losses.

### 15.3. Share capital and share capital history

On the date of this Prospectus, the Company's registered share capital is NOK 31,348,864.80 divided amongst 104,496,216 Shares with a par value of NOK 0.30 per Share. All of the Shares have been created under the Norwegian Private Limited Companies Act, are validly issued and fully paid. The Company has one class of Shares.

Neither the Company nor any of its subsidiaries directly or indirectly owns Shares. There have been no changes to the Company's share capital since it was incorporated on 15 December 2017.

### 15.4. Admission to trading

The Company expects to apply for admission to trading of its Shares on Oslo Børs on 9 March 2018. It is expected that the board of directors of Oslo Børs will approve the listing application of the Company on or about 19 March 2018, subject to the satisfaction of certain conditions. See Section 18.13 "Conditions for completion of the Offering — Listing and trading of the Offer Shares".

The Company expects commencement of trading of the Shares on Oslo Børs on or around 21 March 2018. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

### 15.5. Ownership structure

As at the date of this Prospectus, the Company has three shareholders.

The table below shows the shareholders of the Company as at the date of this Prospectus:

#	Shareholder Name	No. of Shares
1	BKK AS .....	51,044,895
2	Skagerak Energi AS .....	50,154,984
3	Statkraft Industrial Holding AS .....	3,296,337

Other than as set out above, as at the date of this Prospectus, none of the Company's shareholders hold more than 5 percent of the outstanding Shares.

See Section 13 "Selling Shareholders" for details on the Selling Shareholders offering of Sale Shares in the Offering.

There will be one class of Shares and therefore no differences in voting rights among Shares.

Shareholders owning 5 percent or more of the Shares will, following the Listing, have a notifiable interest in the Company's share capital pursuant to the Norwegian Securities Trading Act. See Section 16.7 "Disclosure obligations" for a description of the disclosure obligations under the Norwegian Securities Trading Act.

Upon the completion of the Offering, the Selling Shareholders will retain an aggregate shareholding in the Company of 56.9 percent provided that all Sale Shares and Additional Shares are sold. If only the Sale Shares are sold, the Selling Shareholders will retain an aggregate shareholding in the Company of 62.5 percent.

No measures are in place to ensure that control is not abused by larger shareholders. Minority shareholders are protected against abuse by relevant regulations through, amongst others, the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Act. See Section 15.9.2 "Certain aspects of Norwegian corporate law" and Section 16.10 "Compulsory acquisition" for further information.

The Shares have not been subject to any public takeover bids during the last three years prior to the date of this Prospectus.

The Company is not aware of any arrangements the operation of which may, on a subsequent date, result in a change of control of the Company

#### **15.6. Authorisations to increase the share capital and to issue Shares**

At a General Meeting held on 27 February 2018, the Board of Directors was granted authority to increase the share capital of the Company by a maximum of NOK 3,134,866.60, corresponding to up to 10,449,622 new shares each with a nominal value of NOK 0.30. The authorisation may be used in connection with the issue of consideration shares in respect of potential acquisitions or more generally, to increase the Company's share capital, but is not limited to such use. The authorisation is valid until the annual general meeting of the Company but will in any event expire no later than 30 June 2019.

The Board of Directors have been granted authority, at a General Meeting held on 27 February 2018, to buy back the Company's shares for the purposes of providing share based compensation. The authorisation is limited to an accumulated buy-back of NOK 10 million and requires that compensation arrangements are made pursuant to the guidelines determined by the Norwegian Ministry of Trade for state-owned entities. The authorisation is valid until the annual general meeting of the Company but will in any event expire no later than 30 June 2019.

Further, the Board of Directors have been granted authority at the General Meeting held on 27 February 2018 to buy back the Company's shares for a total nominal value of NOK 1,567,443.30 provided a maximum price of NOK 300 and a minimum price of NOK 0.30 is paid per share. The authorisation may be used in connection with a buy back for the purpose of delivering shares to the Eligible Employees under the Employee Offering as part of the Listing. The authorisation is valid until 30 June 2018.

#### **15.7. Other financial instruments**

Neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Further, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company.

Neither the Company nor any of its subsidiaries hold any shares (treasury shares) in the Company.

### **15.8. Shareholder rights**

The Company has issued all Shares in one class and, in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each Share carries one vote. The rights attaching to the Shares are described in Section 15.9 "The Articles of Association and certain aspects of Norwegian law".

### **15.9. The Articles of Association and certain aspects of Norwegian law**

#### **15.9.1. *The Articles of Association***

Below is a summary of the Articles of Association which will be in force from the date of Listing, as set out in Appendix A to this Prospectus. The General Meeting of the Company held on 15 December 2017 authorised certain changes to the share capital of the Company as further described in Section 15.6 "Authorisations to increase the share capital and to issue Shares". The below summary does not reflect the increase in the share capital of the Company in connection with the Offering.

#### *Objective of the Company*

The objective of the company is to trade electrical power and other energy in the end-user market, and any thereto related business, including participation in other companies.

#### *Registered office*

The Company's registered office is in the municipality of Bergen.

#### *Share capital and par value*

The Company's share capital is NOK 31,348,864.80 divided amongst 104,496,216 Shares, each Share with a par value of NOK 0.30. The Shares are registered with the VPS.

#### *Board of Directors*

The Board of Directors shall consist of a minimum of five and a maximum of eight shareholder-elected members including employee representatives and are elected by the General Meeting.

#### *Restrictions on transfer of Shares*

The Articles of Association do not provide for any restrictions on the transfer of Shares or a right of first refusal. Share transfers are not subject to approval by the Board of Directors.

#### *General meetings*

To the extent documents setting out or explaining the matters to be dealt with at the Company's General Meeting are made available on the website of the Company, the statutory requirement of sending such documents to the shareholders individually shall not apply. The documents must be made available on the Company's internet site no later than 21 days before a General Meeting.

This is also applicable with respect to documents that according to statutory law shall be included in or attached to the notice of a General Meeting.

Notwithstanding the above, each shareholder may request to be sent such documents.

#### *Nomination committee*

The Company shall have a nomination committee. See Section 12.9 "Nomination committee".

#### **15.9.2. *Certain aspects of Norwegian corporate law***

#### *General meetings*

Shareholders exercise supreme authority over Norwegian companies at general meetings. Norwegian law stipulates that the annual general meeting of shareholders is required to be held on or prior to 30 June of each year. Norwegian law further requires that written notice of annual general meetings for Norwegian

public limited liability companies listed on a stock exchange or a regulated market, provides the time of, venue for, and the agenda of, the meeting and that the notice must be sent to all shareholders with a known address by no later than 21 days before the annual general meeting, unless the articles of association stipulate a longer period, which is not the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. In accordance with the requirements of the Norwegian Securities Trading Act, the Company will include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as at the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings, without any requirement of pre-registration. The Articles of Association does, however, include a provision requiring shareholders to pre-register in order to participate at general meetings.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 5 percent of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings. However, the annual general meeting of a Norwegian public limited company may with a majority of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting resolve that extraordinary general meetings may be convened with a fourteen days' notice period until the next annual general meeting provided the company has procedures in place allowing shareholders to vote electronically.

#### *Voting rights – amendments to the Articles of Association*

Each of the Company's Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Articles of Association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90 percent of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account (NOM-account). A shareholder must, in order to be eligible to register, meet and vote for such Shares at the general meeting, transfer the Shares from such NOM-account to an account in the shareholder's name. Such registration must as a general rule appear from a transcript from the VPS at the latest at the date of the general meeting.

There are no quorum requirements that apply to the general meetings.

#### *Additional issuances and preferential rights*

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to the Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting

passed by the same vote required to amend the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the Articles of Association, authorise the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50 percent of the registered nominal share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Pursuant to Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the par value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all but the Company may seek to sell such rights on the shareholder's behalf. Similar restrictions and limitations may also apply pursuant to applicable laws and regulations in other jurisdictions.

#### *Minority rights*

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make it necessary to dissolve the Company.

Minority shareholders holding 5 percent or more of the Company's share capital have a right to demand in writing that the Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Board of Directors is notified within seven days before the deadline for convening the general meeting and the demand is accompanied with a proposed resolution or a reason for why the item shall be on the agenda. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

#### *Rights of redemption and repurchase of Shares*

The share capital of the Company may be reduced by reducing the par value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares also requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate par value of treasury Shares so acquired, and held by the Company must not exceed 10 percent of the Company's share capital, and treasury Shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the Shares. The authorisation by the general meeting cannot be granted for a period exceeding 18 months.

#### *Shareholder vote on certain reorganisations*

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting passed by at least two-thirds of the aggregate votes cast and at least

two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan, signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the company's website, at least one month prior to the general meeting to pass upon the matter.

#### *Liability of board members*

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company. A Board Member may not participate in the discussion or decision of any matter which is of such particular importance to him-/herself or any related parties that he/she must be deemed to have a special or prominent personal or financial interest in the matter.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause to the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10 percent of the share capital or, if there are more than 100 shareholders, more than 10 percent of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

#### *Indemnification of board members*

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

#### *Distribution of assets on liquidation*

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

#### *Shareholders' Agreement*

To the knowledge of the Company, there will not, as at completion of the Offering, be any shareholders' agreements relating to the Shares.



## **16. SECURITIES TRADING IN NORWAY**

*The following is a summary of certain information relating to securities trading in Norway and applicable Norwegian law in effect as at the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by applicable law. Shareholders who wish to clarify the aspects of securities trading in Norway should consult with and rely upon their own advisors.*

### **16.1. Introduction**

Oslo Børs was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. As at 31 December 2016, the total capitalisation of companies listed on the Oslo Børs amounted to approximately NOK 2,121 billion. Shareholdings of non-Norwegian investors as a percentage of total market capitalisation as at 31 December 2016 amounted to approximately 36.6 percent.

Oslo Børs has entered into a strategic cooperation with the London Stock Exchange group with regards to, *inter alia*, trading systems for equities, fixed-income securities and derivatives.

### **16.2. Trading and settlement**

Trading of equities on Oslo Børs is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange, including the Borsa Italiana, as well as by the Johannesburg Stock Exchange.

Official trading on Oslo Børs takes place between 09:00 hours (Oslo time) and 16.20 hours (Oslo time) each trading day, with a pre-trade period between 08:15 hours (Oslo time) and 09:00 hours (Oslo time), a closing auction from 16:20 hours (Oslo time) to 16:25 hours (Oslo time) and a post-trade period from 16:25 hours (Oslo time) to 17:30 hours (Oslo time). Reporting of after-exchange trades can be done until 17:30 hours (Oslo time).

The settlement period for trading on Oslo Børs is two trading days (T+2). This means that securities will be settled on the investor's account in VPS two days after the transaction, and that the seller will receive payment after two days. The settlement period is in line with the settlement requirements in the EU, including Regulation on improving securities settlement in the EU and on central securities depositories (CSDs) and amending Directive 98/26/EC.

SIX x-clear Ltd (Norwegian branch), a company in the SIX group, has a licence from the Norwegian FSA to act as a central clearing service, and offers clearing and counterparty services for equity trading on Oslo Børs.

Investment services in Norway may only be provided by Norwegian investment firms holding a licence under the Norwegian Securities Trading Act, branches of investment firms from an EEA Member State or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA Member State may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a licence to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA Member State, a licence to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs except for the general obligation on investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

### **16.3. Information, control and surveillance**

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA supervises the issuance of securities in both the equity and bond markets in Norway and evaluates whether issuance documentation, such as a prospectus, contains the required information and whether it would otherwise be unlawful to carry out an issuance.

Under Norwegian law, a company listed on a Norwegian regulated market, or which has applied for listing on such market, must promptly release any inside information directly concerning the company (i.e., precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

#### **16.4. The VPS and transfer of Shares**

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

#### **16.5. Shareholder register – Norwegian law**

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

#### **16.6. Foreign investment in shares listed in Norway**

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

#### **16.7. Disclosure obligations**

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5 percent, 10 percent,

15 percent, 20 percent, 25 percent, 1/3, 50 percent, 2/3 or 90 percent of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Børs and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

#### **16.8. Insider trading**

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act (i.e., precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

#### **16.9. Mandatory offer requirement**

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies not including the Company) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered (if the person, entity or consolidated group has not already stated that it will proceed with the making of a mandatory offer).

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for shares in the company in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered. The settlement must be guaranteed by a financial institution authorised to provide such guarantees in Norway.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

A new obligation to make an offer to purchase the remaining shares of the company (repeated offer obligation) will be triggered if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40 percent, or more of the votes in the company. The same applies if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50 percent or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

#### **16.10. Compulsory acquisition**

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90 percent or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90 percent or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90 percent of the total number of issued shares, as well as more than 90 percent of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to first make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90 percent of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

#### **16.11. Foreign exchange controls**

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

## 17. TAXATION

*Set out below is a summary of certain Norwegian and United States tax matters related to an investment in the Company. The summary regarding Norwegian and United States taxation is based on the laws, rules and regulation in force in Norway and United States as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.*

*The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. The summary is intended to serve as a general guide and does not provide a complete description of all relevant issues. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. The statements only apply to shareholders who are beneficial owners of the shares.*

*Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.*

### 17.1. Norwegian taxation

#### 17.1.1. Taxation of dividends

##### *Norwegian Personal Shareholders*

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable as ordinary income in Norway for such shareholders at a current rate of 23 percent to the extent the dividends exceed a statutory tax-free allowance (Nw.: *Skjermingsfradrag*). The tax basis is adjusted upwards by a factor of 1.33 before taxation, implying that dividends exceeding the tax free allowance are effectively taxed at a rate of 30.59 percent.

The tax-free allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a risk free interest rate determined based on the interest rate on three-month Norwegian treasury bills (Nw.: *statskasseveksler*) plus 0.5 percentage points, adjusted downwards with the tax rate. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer.

Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realisation of, the same share, and will be added to the basis for the allowance calculation in the following years.

##### *Norwegian Corporate Shareholders*

Dividends distributed from the Company to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of 0.69 percent (3 percent of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of 23 percent).

##### *Non-Norwegian Personal Shareholders*

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25 percent. The withholding tax rate of 25 percent may be reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to the Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free

allowance on each individual share (please see "Taxation of dividends – Norwegian Personal Shareholders" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25 percent less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will generally be subject to the same taxation on dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Non-Norwegian Personal Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

#### *Non-Norwegian Corporate Shareholders*

Dividends distributed to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25 percent. The withholding tax rate of 25 percent may be reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax **provided that** the shareholder is the beneficial owner of the shares and that the shareholder is deemed to be "genuinely established and performs genuine economic business activities" within the relevant EEA jurisdiction from a Norwegian tax perspective.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will generally be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who are exempt from withholding tax or have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25 percent unless the nominee has obtained approval from the Norwegian tax authorities for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends, and the Company assumes this obligation.

Non-Norwegian Corporate Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

#### **17.1.2. Taxation of capital gains on realisation of shares**

##### *Norwegian Personal Shareholders*

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a current rate of 23 percent. The tax basis is adjusted upwards by a factor of 1.33 before taxation/deductions, implying an effective taxation at a rate of 30.59 percent.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the Norwegian Personal Shareholder's ownership interest in the Company prior to the disposal.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance **provided that** such allowance has not already been used to reduce taxable dividend income. Please refer to Section 17.1.1 "Taxation of dividends – Norwegian Personal Shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled. Furthermore, unused allowance may not be set off against gains from realisation of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Private Shareholders that cease to be tax-resident in Norway.

#### *Norwegian Corporate Shareholders*

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of shares qualifying for participation exemption, including shares in the Company. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

#### *Non-Norwegian Personal Shareholders*

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless (i) the shares are effectively connected with business activities carried out or managed in Norway or (ii) the shares are held by an individual who has been a resident of Norway for tax purposes with unsettled/postponed exit tax.

#### *Non-Norwegian Corporate Shareholders*

Capital gains derived by the sale or other realisation of shares by Non-Norwegian Corporate Shareholders will not be subject to taxation in Norway.

### **17.1.3. Net wealth tax**

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85 percent of the value assessed. The Shares will be included in the net wealth basis with 80 percent of their listed value as at 1 January in the assessment year (i.e., the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (i.e., to 80 percent).

Norwegian Corporate Shareholders and Non-Norwegian Corporate Shareholders are not subject to net wealth tax in Norway.

Non-Norwegian Personal Shareholders are generally not subject to Norwegian net wealth tax, unless the Shares are held in connection with business activities carried out or managed from Norway.

### **17.1.4. VAT and transfer taxes**

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

### **17.1.5. Inheritance tax**

Norway does not impose any inheritance tax. However, the heir continues the giver's tax positions, including the input values, based on principles of continuity.

## **17.2. Certain U.S. Federal Income Tax Considerations**

The following summary is a general discussion of certain U.S. federal income tax considerations to U.S. Holders (as defined below) of acquiring, holding and disposing of Shares purchased in the International Offering. The following summary applies only to U.S. Holders that hold Shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). The discussion also does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and

gift tax or the Medicare tax on net investment income). This summary does not address all tax considerations applicable to investors that own (directly or by attribution) 10 per cent. or more of the Company's voting stock, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special tax treatment (such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, investors liable for the alternative minimum tax, certain U.S. expatriates, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, securities traders that elect mark-to-market tax accounting, investors that will hold the Shares as part of constructive sales, straddles, hedging, integrated or conversion transactions for U.S. federal income tax purposes or investors whose "functional currency" is not the U.S. dollar).

The following summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury regulations issued thereunder, published rulings of the U.S. Internal Revenue Service (the "**IRS**") and judicial and administrative interpretations thereof, in each case as available on the date of this Prospectus. Changes to any of the foregoing, or changes in how any of these authorities are interpreted, may affect the tax consequences set out below, possibly retroactively. No ruling will be sought from the IRS with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court will uphold such statement or conclusion.

For purposes of the following summary, a "**U.S. Holder**" is a beneficial owner of Shares that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or any state thereof or the District of Columbia or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Shares, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. An entity or an arrangement treated as a partnership considering an investment in Shares should consult its own tax advisers about the U.S. federal income tax consequences of an investment in the Shares.

Prospective purchasers of Shares should consult their own tax advisers with respect to the U.S. federal, state, local and non-U.S. tax consequences to them in their particular circumstances of acquiring, holding, and disposing of Shares.

The Company expects, and this summary assumes, that the Company will not be a passive foreign investment company for U.S. federal income tax purposes. See below under "17.2.3—Passive Foreign Investment Company Rules".

#### **17.2.1. Distributions on Shares**

The gross amount of any distributions by the Company with respect to Shares (including any amounts withheld to reflect Norwegian withholding taxes) generally will be taxable to a U.S. Holder as foreign source ordinary dividend income to the extent paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not expect to maintain calculations of its earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect that any distribution will generally be treated as a dividend for U.S. federal income tax purposes.

Dividends on the Shares will not be eligible for the dividends-received deduction generally allowed to domestic corporations in respect of dividends received from other domestic corporations. With respect to non-corporate U.S. Holders, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. If the Company is eligible for the benefits of the income tax treaty between the United States and Norway (the "**Treaty**") subject to generally applicable limitations and conditions, it should be a qualified foreign corporation.

U.S. Holders should consult their own tax advisors to determine whether the reduced rate of taxation will apply to any dividends received from the Company.

In the event that dividends on the Shares are subject to Norwegian withholding tax, a U.S. Holder may be entitled, subject to generally applicable limitations and conditions, to claim a U.S. foreign tax credit in respect of any such taxes withheld on dividends received on the Shares. U.S. Holders who do not elect to



claim a credit for any foreign income taxes paid or accrued during the taxable year may instead claim a deduction of such taxes. If a U.S. Holder is eligible for benefits under the Treaty or otherwise is entitled to a refund for the taxes withheld, such holder will not be entitled to a foreign tax credit or deduction for the amount of any non-U.S. taxes withheld in excess of the applicable rate under the Treaty or for the taxes with respect to which such holder can obtain a refund from the Norwegian taxing authorities. The rules relating to the foreign tax credit are complex, and U.S. Holders are urged to consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances.

U.S. Holders should consult their own tax advisers about how to account for dividends received in a currency other than the U.S. dollar.

#### ***17.2.2. Sale, Exchange or Other Taxable Disposition of Shares***

A U.S. Holder generally will recognise U.S.-source capital gain or loss upon the sale, exchange or other taxable disposition of Shares equal to the difference, if any, between the U.S. dollar amount realised on the sale, exchange or other taxable disposition of the Shares and the U.S. Holder's tax basis in the Shares (generally such U.S. Holder's cost in U.S. dollars). Any such gain or loss will generally be long-term capital gain or loss if the Shares have been held for more than one year at the time of disposition. Certain non-corporate U.S. Holders may be eligible for reduced rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations.

U.S. Holders should consult their own tax advisers about how to account for payments made or received in a currency other than the U.S. dollar.

#### ***17.2.3. Passive Foreign Investment Company Rules***

In general, a non-U.S. corporation will be considered a "passive foreign investment company" ("PFIC") for any taxable year in which either (i) 75 percent or more of its gross income consists of passive income or (ii) 50 percent or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25 percent by value of the stock of another corporation is treated as if it held its proportionate share of the assets of such other corporation and received directly its proportionate share of the income of such other corporation. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents and royalties and gains from the disposition of passive assets.

Based on the nature of the Company's business, the composition of its income and assets, and projections as to the value of its equity, the Company does not expect to be classified as a PFIC for the most recent taxable year, for the current taxable year or in the foreseeable future. However, PFIC status depends on facts that generally are not determinable until after the close of the taxable year. In addition, because the Company's PFIC status depends upon the composition of its income and assets and the market value of its assets and equity from time to time, there can be no assurance that the Company will not be classified as a PFIC for the current taxable year or any future taxable year.

If the Company were classified as a PFIC at any time during a U.S. Holder's holding period, such U.S. Holder could be subject to materially adverse tax consequences including being subject to greater amounts of tax on gains and certain distributions on Shares as well as additional tax reporting obligations. U.S. Holders should consult their tax advisors about the consequences if the Company is classified as a PFIC.

#### ***17.2.4. Backup Withholding and Information Reporting***

A U.S. Holder may be subject to information reporting on amounts received by such U.S. Holder from a distribution on, or disposition of, Shares, unless such U.S. Holder establishes that it is exempt from these rules. If a U.S. Holder does not establish that it is exempt from these rules, it may be subject to backup withholding on the amounts received unless it provides a taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding is not an additional tax and the amount of any backup withholding from a payment that is received generally will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

In addition, U.S. Holders should consult their tax advisers about any reporting obligations that may apply as a result of the acquisition, holding or disposition of the Shares. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.**

## 18. THE TERMS OF THE OFFERING

### 18.1. Overview of the Offering

The Offering consists of an offer of up to 39,186,081 Sale Shares by the Selling Shareholders, all of which are validly issued and fully paid-up registered Shares each with a par value of NOK 0.30.

In addition, the Global Coordinator, in consultation with the other Joint Bookrunner, may elect to over-allot up to 5,877,912 Additional Shares, equalling up to approximately 15 percent of the aggregate number of Sale Shares sold in the Offering. The Lending Selling Shareholders have granted the Global Coordinator an Over-Allotment Option to borrow a corresponding number of Additional Shares to cover any such over-allotments. The Lending Selling Shareholders have further granted the Global Coordinator an option to purchase from the Lending Selling Shareholders, up to a combined total number of Shares equal to the Additional Shares in order to facilitate re-delivery of the borrowed Shares (the "**Greenshoe Option**"). See Section 18.9 "Over-allotment and stabilisation activities".

The Offering consists of:

- An Institutional Offering, in which Offer Shares are being offered (a) to institutional and professional investors in Norway, (b) to investors outside Norway and the United States, subject to applicable exemptions from prospectus and registration requirements, and (c) in the United States to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,500,000.
- A Retail Offering, in which Offer Shares are being offered to the public in Norway subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 2,499,999 for each investor. Investors who intend to place an order in excess of NOK 2,499,999 must do so in the Institutional Offering. Multiple applications by one applicant in the Retail Offering will be treated as one application with respect to the maximum application limit.
- An Employee Offering, in which Offer Shares are being offered to the Eligible Employees subject to a lower limit per application of NOK 10,500 for each Eligible Employee. Eligible Employees participating in the Employee Offering will receive a 20% discount on the aggregate amount payable for the Offer Shares allocated to such employee, subject to a maximum discount of NOK 3,000. Eligible Employees will receive full allocation for any application up to and including an amount of NOK 2,499,999. Multiple applications by one applicant in the Employee Offering will be treated as one application with respect to the maximum application limit and the guaranteed allocation. For applications exceeding NOK 2,499,999, the Company, together with the Global Coordinator, will determine the allocation of Offer Shares.

All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in compliance with Regulation S of the U.S. Securities Act.

This Prospectus does not constitute an offer of, or an invitation to purchase, the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see "Important Information" and Section 19 "Selling and Transfer Restrictions".

The Bookbuilding Period for the Institutional Offering is expected to take place from 12 March 2018 at 09:00 hours (Oslo time) to 20 March 2018 at 13:00 hours (Oslo time). The Application Period for the Retail Offering and the Employee Offering is expected to take place from 12 March 2018 at 09:00 hours (Oslo time) to 20 March 2018 at 12:00 hours (Oslo time). The Company, in consultation with the Global Coordinator, reserves the right to shorten or extend the Bookbuilding Period and/or Application Period at any time in its sole discretion. Any shortening of the Bookbuilding Period and/or the Application Period will be announced through Oslo Børs's information system on or before 09:00 hours (Oslo time) on the day before the prevailing expiration date of the Bookbuilding Period, provided however, that in no event will the Bookbuilding Period and/or Application Period expire prior to 16:30 hours (Oslo time) on 19 March 2018. Any extension of the Bookbuilding Period and/or the Application Period will be announced through Oslo Børs's information system on or before 09:00 hours (Oslo time) on the first Business Day following the then prevailing expiration date of the Bookbuilding Period. An extension of the Bookbuilding Period and/or the Application Period can be made one or several times provided that the Bookbuilding Period and/or Application Period will in no event be extended beyond 16:30 hours (Oslo time) on 27 March 2018. In the event of a shortening or an extension of the Bookbuilding Period and/or the Application Period, the allocation date, the payment due dates and the dates of delivery of Offer

Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed.

The Company and the Selling Shareholders have, in consultation with the Global Coordinator, set an Indicative Price Range for the Offering from NOK 28 to NOK 31 per Offer Share. The Indicative Price Range may change during the course of the Offering and the Offer Price may be set within, above, or below, the Indicative Price Range. The total number of Offer Shares in the Offering will be 45,063,993, and the aggregate gross amount of the Offering will be approximately NOK 1,329,387,793.50 at the mid-point of the Indicative Price Range, if all Sale Shares are sold and the Over-Allotment Option is exercised in full. The Company, in consultation with the Global Coordinator, will determine the number of Offer Shares to be sold and the Offer Price on the basis of the bookbuilding process in the Institutional Offering and the number of applications received in the Retail Offering and the Employee Offering. The bookbuilding process, which will form the basis for the final determination of the number of Offer Shares and the Offer Price, will be conducted only in connection with the Institutional Offering. The Indicative Price Range may be amended during the Bookbuilding Period. Any change to the Indicative Price Range will be communicated by way of a stock exchange announcement through Oslo Børs' information system.

The Selling Shareholders have entered into a placing agreement (the "**Placing Agreement**") with the Company and the Global Coordinator prior to the date of this Prospectus with respect to the sale of up to 39,186,081 Sale Shares by the Selling Shareholders and with respect to the Lending Selling Shareholders, the Over-allotment Option and the Greenshoe Option.

According to the Placing Agreement, each Selling Shareholder has committed to sell the number of Sale Shares as set out in the table below within and above the Indicative Price Range. The table below sets out the name, business address and number of Sale Shares offered by each Selling Shareholder.

<u>Selling Shareholder</u>	<u>Business address</u>	<u>Sale Shares to be sold</u>
BKK AS (reg. nr 880 309 102) .....	Kokstadvengen 37, 5257 Kokstad, Norway	up to 18,102,672
Skagerak Energi AS (reg. nr 980 495 302) .....	Floodeløkka 1 3915 Porsgrunn, Norway	up to 17,787,072
Statkraft Industrial Holding AS (reg. nr 976 967 771) ..	Lilleakerveien 6, 0283 Oslo, Norway	up to 3,296,337

In addition, BKK AS and Skagerak Energi AS (jointly the "**Lending Selling Shareholders**") have granted the Global Coordinator a Greenshoe Option which may be exercised to purchase up to 5,877,912 Additional Shares, of which up to 2,964,800 Shares are from BKK AS and up to 2,913,112 Shares are from Skagerak Energi AS, equal to up to approximately 15 percent of the number of Sale Shares at the Offer Price, exercisable, in whole or in part, on no later than the 30<sup>th</sup> day following the time at which trading in the Shares commences on Oslo Børs which is expected to be on 21 March 2018. The Greenshoe Option has been granted to cover over-allotments, if any, made in connection with the Offering on the terms and subject to the conditions described in this Prospectus. In order to permit delivery in respect of over-allotments made, the Lending Selling Shareholders have granted the Stabilisation Manager an option (the "**Over-Allotment Option**") to borrow up to a number of Shares equal to the number of Additional Shares. See Section 18.9 "Over-allotment and stabilisation activities" for further details.

As part of the Offering, the Company and the Selling Shareholders have each agreed with the Global Coordinator to be subject to a 12 month lock-up period after the first day of trading and official listing of the Offer Shares, subject to certain exceptions. In addition, members of the Board of Directors and members of Management have agreed with the Global Coordinator to be subject to a 12 month lock-up period, after the first day of trading and official listing of the Offer Shares, in each case subject to certain exceptions. For more information on these restrictions, see Section 18.16 "Lock-up".

Sale of electricity is a strategic part of BKK's and Skagerak Energi's businesses and these companies have, in the press release issued on 24 November 2017 relating to the Company, stated that they intend to continue as long term shareholders of the Company.

Completion of the Offering is conditional upon, among other things, the Company satisfying the listing conditions and being listed on Oslo Børs, see Section 18.13 "Conditions for completion of the Offering — Listing and trading of the Offer Shares".

See Section 18.15 "Expenses of the Offering and the Listing" for information regarding fees expected to be paid to the Joint Bookrunners and costs expected to be paid by the Company in connection with the Offering and pursuant to the Placing Agreement.

## 18.2. Timetable

The timetable set out below provides certain indicative key dates for the Offering (subject to shortening or extension):

Bookbuilding Period commences .....	12 March 2018 at 09:00 hours Oslo time
Bookbuilding Period ends .....	20 March 2018 at 13:00 hours Oslo time
Application Period commences .....	12 March 2018 at 09:00 hours Oslo time
Application Period ends .....	20 March 2018 at 12:00 hours Oslo time
Allocation of the Offer Shares.....	20 March 2018 On the afternoon/evening of 20 March 2018 or before 09:00 hours (CET) on 20 March 2018
Publication of the results of the Offering .....	On or about 21 March 2018
Distribution of allocation notes/contract notes .....	
Accounts from which payment will be debited in the Retail Offering and the Employee Offering to be sufficiently funded ..	On or about 21 March 2018
Payment date in the Retail Offering and the Employee Offering ..	On or about 22 March 2018
Delivery of the Offer Shares in the Retail Offering and the Employee Offering .....	On or about 23 March 2018
Payment date and delivery of Offer Shares in the Institutional Offering .....	On or about 23 March 2018
Commencement of trading in the Shares.....	On or about 21 March 2018

The Company, in consultation with the Global Coordinator, reserves the right to shorten or extend the Bookbuilding Period and/or the Application Period. In the event of a shortening or an extension of the Bookbuilding Period and/or the Application Period, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be changed.

## 18.3. The Institutional Offering

### 18.3.1. *Determination of the number of Offer Shares and the Offer Price*

The Company and the Selling Shareholders have, in consultation with the Global Coordinator, set an Indicative Price Range for the Offering from NOK 28 to NOK 31 per Offer Share. The Company, in consultation with the Global Coordinator, will determine the number of Offer Shares and the Offer Price on the basis of the applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Retail Offering and the Employee Offering. The Offer Price will be determined on or about 20 March 2018. The Offer Price may be set within, below or above the Indicative Price Range. Investors' applications for Offer Shares in the Institutional Offering will, after the end of the Bookbuilding Period, be irrevocable and binding regardless of whether the Offer Price is set within, above, or below, the Indicative Price Range. The final Offer Price is expected to be announced by the Company through Oslo Børs' information system on or about 20 March 2018 under the ticker code "FKRAFT".

### 18.3.2. *Bookbuilding Period*

The Bookbuilding Period for the Institutional Offering is from 12 March 2018 at 09:00 hours (Oslo time) until 20 March 2018 at 13:00 hours (Oslo time), unless shortened or extended.

The Company, in consultation with the Global Coordinator, may shorten or extend the Bookbuilding Period at any time, on one or several occasions. The Bookbuilding Period may in no event expire prior to 16:30 hours (Oslo time) on 19 March 2018 or be extended beyond 16:30 hours (Oslo time) on 27 March 2018. In the event of a shortening or an extension of the Bookbuilding Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be amended accordingly, but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be amended.

### **18.3.3. Minimum application**

The Institutional Offering is subject to a minimum application of NOK 2,500,000 per application. Investors in Norway who intend to place an application for less than NOK 2,500,000 must do so in the Retail Offering or, for Eligible Employees, in the Employee Offering.

### **18.3.4. Application procedure**

Applications for Offer Shares in the Institutional Offering must be made during the Bookbuilding Period by informing one of the Joint Bookrunners shown below of the number of Offer Shares that the investor wishes to order and the price per share that the investor is offering to pay for such Offer Shares.

ABG Sundal Collier ASA  
Munkedamsveien 45 D  
P.O. Box 1444 Vika  
N-0115 Oslo  
Norway  
Phone: + 47 22 01 60 00  
Email: [subscription@abgsc.no](mailto:subscription@abgsc.no)  
Website: [www.abgsc.com](http://www.abgsc.com)

SpareBank 1 Markets AS  
Olav V's gate 5  
P.O. Box 1398 Vika  
N-0114 Oslo  
Norway  
Phone: + 47 24 14 74 00  
E-mail: [subscription@sb1markets.no](mailto:subscription@sb1markets.no)  
Website: [www.sb1markets.no](http://www.sb1markets.no)

All applications in the Institutional Offering to a Joint Bookrunner will be treated in the same manner regardless of whom the applicant elects to place the application with. Any orally placed application in the Institutional Offering will be binding upon the investor and subject to the same terms and conditions as a written application. The Joint Bookrunners may, at any time and in their sole discretion, require the investor to confirm any orally placed application in writing. Applications made may be withdrawn or amended by the investor at any time until the end of the Bookbuilding Period. From the close of the Bookbuilding Period, all applications in the Institutional Offering that have not been withdrawn or amended are irrevocable and binding upon the investor.

### **18.3.5. Allocation, payment for and delivery of Offer Shares**

The Joint Bookrunners expect to issue notifications of allocation of Offer Shares in the Institutional Offering on or about 21 March 2018 by issuing contract notes to the applicants by mail or otherwise.

Payment by applicants in the Institutional Offering will take place against delivery of Offer Shares. Delivery and payment for Offer Shares is expected to take place on or about 23 March 2018 (the "**Institutional Closing Date**"). The delivery and payment for Offer Shares may not take place on the Institutional Closing Date or at all if certain conditions or events referred to in Section 18.13 are not satisfied or waived or occur on or prior to such date. See Section 18.1 "Overview of the Offering".

For late payment, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Overdue Payment of 17 December 1976 no. 100 (the "**Norwegian Act on Overdue Payment**"), which, at the date of this Prospectus, is 8.5 percent per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicants, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel the application and to re-allot or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit). The original applicant remains liable for payment for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding.

## **18.4. The Retail Offering**

### **18.4.1. Offer Price**

The price for the Offer Shares offered in the Retail Offering will be the same as in the Institutional Offering, see Section 18.3.1 "Determination of the number of Offer Shares and the Offer Price".

Each applicant in the Retail Offering will be permitted, but not required, to indicate when ordering through the VPS online application system or on the application form to be used to apply for Offer Shares in the Retail Offering, attached to this Prospectus as Appendix B and Appendix C (the "**Retail Application Form**"), that the applicant does not wish to be allocated Offer Shares should the Offer Price be set higher than the highest price in the Indicative Price Range (i.e., NOK 31 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set higher than the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when ordering through the VPS online application system or on the Retail Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, as long as the Offer Price has been determined on the basis of orders placed during the bookbuilding process described above.

### **18.4.2. Application Period**

The Application Period during which applications for Offer Shares in the Retail Offering will be accepted is from 12 March 2018 at 09:00 hours (Oslo time) until 20 March 2018 at 12:00 hours (Oslo time), unless shortened or extended. The Company, in consultation with the Global Coordinator, may shorten or extend the Application Period at any time, and extensions may be made on one or several occasions. The Application Period may in no event expire prior to 16:30 hours (Oslo time) on 19 March 2018 or be extended beyond 16:30 hours (Oslo time) on 27 March 2018. In the event of a shortening or an extension of the Application Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be amended accordingly but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be amended.

### **18.4.3. Minimum and maximum application**

The Retail Offering is subject to a minimum application amount of NOK 10,500 and a maximum application amount of NOK 2,499,999 for each applicant.

Multiple applications are allowed. One or multiple applications from the same applicant in the Retail Offering with a total application amount in excess of NOK 2,499,999 will be adjusted downwards to an application amount of NOK 2,499,999. If two or more identical application forms are received from the same investor, the application form will only be counted once unless otherwise explicitly stated on one of the application forms. In the case of multiple applications through the online application system or applications made both on a physical application form and through the online application system, all applications will be counted. Investors who intend to place an order in excess of NOK 2,499,999 must do so in the Institutional Offering.

### **18.4.4. Application procedures and application offices**

Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on one of the following websites: [www.abgsc.no](http://www.abgsc.no) and [www.sblmarkets.no](http://www.sblmarkets.no). Applicants in the Retail Offering who do not have access to the VPS online application system must apply using the Retail Application Form attached to this Prospectus as Appendix B "Application Form for the Retail Offering" and a Norwegian translation of the form attached to this Prospectus as Appendix C. Retail Application Forms, together with this Prospectus, can be obtained from the Company, the Company's website <https://investor.fjordkraft.no>, the Joint Bookrunners' websites listed above or the application offices set out below. Applications made through the VPS online application system must be duly registered during the Application Period.

The application offices for physical applications in the Retail Offering are:

ABG Sundal Collier ASA  
P.O. Box 1444 Vika  
N-0115 Oslo  
Norway

Tel: +47 22 01 60 00  
E-mail: [subscription@abgsc.no](mailto:subscription@abgsc.no)  
Website: [www.abgsc.no](http://www.abgsc.no)

SpareBank 1 Markets AS  
P.O. Box 1398 Vika  
N-0114 Oslo  
Norway

Tel: + 47 24 14 74 00  
E-mail: [subscription@sb1markets.no](mailto:subscription@sb1markets.no)  
Website: [www.sb1markets.no](http://www.sb1markets.no)

All applications in the Retail Offering to a Joint Bookrunner will be treated in the same manner regardless of whom the applicant elects to place the application with. Further, all applications in the Retail Offering will be treated in the same manner regardless of whether they are submitted by delivery of a Retail Application Form or through the VPS online application system.

Retail Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, may be disregarded without further notice to the applicant. Properly completed Retail Application Forms must be received by one of the application offices listed above or registered electronically through the VPS application system by 12:00 hours (Oslo time) on 20 March 2018, unless the Application Period is shortened or extended. Neither the Company, nor the Selling Shareholders, nor any of the Joint Bookrunners may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any application office.

Subject to Section 18.4.1 "Offer Price" above, all applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

#### **18.4.5. Allocation, payment and delivery of Offer Shares**

ABG Sundal Collier, acting as settlement agent for the Retail Offering, expects to issue notifications of allocations of Offer Shares in the Retail Offering on or about 21 March 2018, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it, may contact one of the application offices listed above from 21 March 2018 at 08:00 CET. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS Account**") should be able to see how many Offer Shares they have been allocated on or about 21 March 2018.

By registering an application through the VPS online application system or completing a Retail Application Form, each applicant in the Retail Offering authorises ABG Sundal Collier (on behalf of the Joint Bookrunners), to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or about 22 March 2018 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 21 March 2018. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date. The delivery of and payment for Offer Shares may not take place on the Payment Date or at all if certain conditions or events referred to in the Placing Agreement are not satisfied or waived or occur on or prior to such date. See Section 18.1 "Overview of the Offering".



Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 8.5 percent per annum. ABG Sundal Collier (on behalf of the Joint Bookrunners) reserves the right (but has no obligation) to make up to three debit attempts through to 3 April 2018 if there are insufficient funds on the account on the Payment Date. The Offer Shares allocated will not be delivered to the applicant if it has not made its payment and, if payment is not made when due, the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit therefrom). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding.

Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 23 March 2018.

## **18.5. The Employee Offering**

### **18.5.1. Eligible Employees and Offer Price**

Subject to applicable laws, all permanent employees of the Company ) and its directly or indirectly wholly owned subsidiary incorporated in Norway and being resident in Norway, as at the last day of the Application Period (collectively the "**Eligible Employees**") are eligible to participate in the Employee Offering.

The price for the Offer Shares offered in the Employee Offering will be the same as in the Institutional Offering, see Section 18.3.1 "Determination of the number of Offer Shares and the Offer Price", but each Eligible Employee will receive a 20% discount on the aggregate amount payable for the Offer Shares allocated to such employee, subject to a maximum aggregate discount of NOK 3,000. To facilitate this discount, the Offer Shares allocated in the Employee Offering will be acquired from the Company following a buy back from the Existing Shareholders pursuant to an authorisation granted by the General Meeting in 27 February 2018. Eligible Employees participating in the Employee Offering will receive full allocation for any application for a value of up to NOK 2,499,999. Multiple applications by one applicant in the Employee Offering will be treated as one application with respect to the guaranteed allocation. For applications exceeding NOK 2,499,999, the Company, together with the Global Coordinator, will determine the allocation of Offer Shares.

Each applicant in the Employee Offering will be permitted, but not required, to indicate when applying for Offer Shares in the Employee Offering, that it does not wish to be allocated Offer Shares should the Offer Price be set higher than the highest price in the Indicative Price Range (i.e., NOK 31 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set higher than the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when applying for Offer Shares, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, as long as the Offer Price has been determined on the basis of orders placed during the bookbuilding process described above.

### **18.5.2. Application Period**

The Application Period during which applications for Offer Shares in the Employee Offering will be accepted is from 12 March 2018 at 09:00 hours (Oslo time) until 20 March 2018 at 12:00 hours (Oslo time), unless shortened or extended. The Company, in consultation with the Global Coordinator may shorten or extend the Application Period at any time on one or several occasions. The Application Period may in no event be shortened to expire prior to 16:30 hours (Oslo time) on 19 March 2018 or extended beyond 16:30 hours (Oslo time) on 27 March 2018. In the event of a shortening or an extension of the Application Period, the allocation date, the payment due date and the date of delivery of Offer Shares will be amended accordingly but the date of the Listing and commencement of trading on Oslo Børs may not necessarily be amended.

### **18.5.3. Minimum and maximum application**

The Employee Offering is subject to a minimum application amount of NOK 10,500 for each applicant.

Multiple applications are allowed. Multiple applications by one applicant in the Employee Offering will be treated as one application with respect to the guaranteed allocation. If two or more identical application forms are received from the same investor, the application form will only be counted once unless otherwise explicitly stated on one of the application forms. In the case of multiple applications through the online application system or applications made both on a physical application form and through the online application system, all applications will be counted.

#### **18.5.4. Application procedures and application offices**

To participate in the Employee Offering, each Eligible Employee must have a VPS Account. For the establishment of VPS Accounts and nominee accounts, please see Section 18.8 "VPS Account" and refer to internal information made available to the Eligible Employees through the Company's internal communication channels.

Eligible Employees in the Employee Offering are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on the Company's intranet. The content of the website is not incorporated by reference into and does not otherwise form part of this Prospectus. Eligible Employees in the Employee Offering not having access to the VPS online application system must apply using the employee application form attached to this Prospectus (the "**Employee Application Form**") as Appendix D "Application Form for the Employee Offering". Employee Application Forms, together with this Prospectus, can be obtained from the Company and the Company's website <https://investor.fjordkraft.no>. Applications made through the VPS online application system must be duly registered during the Application Period.

The application office for physical applications in the Employee Offering is:

ABG Sundal Collier ASA  
P.O. Box 1444 Vika  
N-0115 Oslo  
Norway  
Tel: +47 22 01 60 00  
E-mail: [subscription@abgsc.no](mailto:subscription@abgsc.no)  
Website: [www.abgsc.no](http://www.abgsc.no)

All applications in the Employee Offering will be treated in the same manner regardless of whether they are submitted by delivery of an Employee Offering Form or through the online application system.

Employee Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period may be disregarded without further notice to the applicant. Properly completed Employee Application Forms must be received by the application office listed above or registered electronically by 12:00 hours (Oslo time) on 20 March 2018, unless the Application Period is shortened or extended. None of the Company, the Selling Shareholders or the Global Coordinator may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by the application office.

Subject to Section 18.5.1 "Eligible Employees and Offer Price" above, all applications made in the Employee Offering will be irrevocable and binding upon receipt of a duly completed Employee Application Form, or in the case of applications through the online application system, upon registration of the application, irrespective of any extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the online application system, upon registration of the application.

#### **18.5.5. Allocation, payment and delivery of Offer Shares**

Eligible Employees participating in the Employee Offering will receive full allocation for any application up to and including an amount of NOK 2,499,999.

ABG Sundal Collier, acting as settlement agent for the Employee Offering, expects to issue notifications of allocation of Offer Shares in the Employee Offering on or about 21 March 2018, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it may contact the application office listed above from 21 March 2018 at 08:00 CET. Applicants who have access to investor services through an institution that operates the applicant's VPS

Account should be able to see how many Offer Shares they have been allocated from on or about 21 March 2018.

In registering an application through the VPS online application system or completing an Employee Application Form, each applicant in the Employee Offering will authorise ABG Sundal Collier to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Employee Application Form. Accounts will be debited on or about the Payment Date (22 March 2018), and there must be sufficient funds in the stated bank account from and including 21 March 2018. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (unless the applicant has applied via a nominee account).

Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 8.5 percent per annum. ABG Sundal Collier (on behalf of the Joint Bookrunners) reserves the right (but has no obligation) to make up to three debit attempts through to 3 April 2018 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding.

Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Employee Offering is expected to take place on or about 23 March 2018.

#### **18.6. Mechanism of allocation**

It has been provisionally assumed that 90-99% of the Offering will be allocated in the Institutional Offering and that 1-10% of the Offering will be allocated in the Retail Offering and the Employee Offering. The final determination of the number of Offer Shares allocated in the Institutional Offering, the Retail Offering and the Employee Offering will only be decided, however, by the Company, in consultation with the Global Coordinator, following completion of the bookbuilding process for the Institutional Offering, based on among other things the level of orders or applications received from each of the categories of investors. The Company and the Global Coordinator reserve the right to deviate from the provisionally assumed allocation between tranches without further notice and in their sole discretion.

No Offer Shares have been reserved for any specific national market.

In the Institutional Offering, the Company, together with the Global Coordinator, will determine the allocation of Offer Shares. An important aspect of the allocation principles is the desire to create an appropriate long-term shareholder structure for the Company. The allocation principles may, in accordance with normal practice for institutional placements, include factors such as premarketing and management road-show participation and feedback, timeliness of the order, price level, relative order size, sector knowledge, investment history, perceived investor quality and investment horizon. The Company and the Global Coordinator further reserve the right, in their sole discretion, to take into account the creditworthiness of any applicant. The Company and the Global Coordinator may also set a maximum allocation, or decide to not make an allocation to any applicant.

In the Retail Offering, no allocations will be made for a number of Offer Shares representing an aggregate value of less than NOK 10,500 per applicant provided however, that all allocations will be rounded down to the nearest number of whole Offer Shares and the payable amount will be adjusted accordingly. In the Retail Offering, allocation will be made solely on a *pro rata* basis using the VPS' automated simulation procedures. The Company and the Global Coordinator reserve the right to limit the total number of applicants to whom Offer Shares are allocated if the Company and the Global Coordinator deem this to be appropriate in order to keep the number of shareholders in the Company at an appropriate level. If the Company and the Global Coordinator decide to limit the total number of applicants to whom Offer Shares are allocated, the applicants to whom Offer Shares are allocated will be determined on a random basis among all applications, or among all applications below an amount determined by the Company in consultation with the Global Coordinator, by using the VPS automated simulation procedures and/or

another random allocation mechanism. The Company and the Global Coordinator reserve the right to set a maximum allocation per applicant in the Retail Offering.

In the Employee Offering, no allocation will be made for a number of Offer Shares of an aggregate value of less than NOK 10,500 (calculated on the basis of the final Offer Price), provided however, that all allocations will be rounded down to the nearest number of whole Offer Shares and the payable amount will be adjusted accordingly. Further, the applicants will receive full allocation for any application for a number of Offer Shares representing an aggregate value of up to NOK 2,499,999. For applications exceeding NOK 2,499,999, the Company, together with the Global Coordinator, will determine the allocation of Offer Shares.

In addition to the above, the Company expects to provide full allocation to Board Members (including those appointed with effect from the Listing) for applications for a number of Offer Shares representing an aggregate value of up to NOK 2,499,999.

#### **18.7. VPS Account**

To participate in the Offering, each applicant must have a VPS Account. The VPS Account number must be stated when registering an application through the VPS online application system or on the Retail Application Form and the Employee Application Form for the Retail Offering and the Employee Offering, respectively. VPS Accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised investment firms in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS Accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of VPS Accounts requires verification of identification by the relevant VPS registrar in accordance with Norwegian anti-money laundering legislation (see Section 18.8 "Mandatory anti-money laundering procedures").

Eligible Employees that need to establish a VPS Account may refer to information available through the Company's internal communication channels for guidance and further detail.

#### **18.8. Mandatory anti-money laundering procedures**

The Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 no. 302 (collectively, the "**Anti-Money Laundering Legislation**").

Applicants who are not registered as existing customers of any of the Joint Bookrunners must verify their identity to the Joint Bookrunner with which the order is placed in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available, and in accordance with the anti-money laundering policies of the Joint Bookrunners. Applicants who have designated an existing Norwegian bank account and an existing VPS Account on the Retail Application Form or on the Employee Application Form, or when registering an application through the VPS online application system, are exempted, unless verification of identity is requested by any of the Joint Bookrunners. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period may not be allocated Offer Shares.

#### **18.9. Over-allotment and stabilisation activities**

##### **18.9.1. Over-allotment of Additional Shares**

In connection with the Offering, the Global Coordinator, in consultation with the other Joint Bookrunner, may elect to over-allot a number of Additional Shares equalling up to approximately 15 percent of the number of Sale Shares initially allocated in the Offering.

In order to permit delivery of shares in respect of over-allotments made, the Lending Selling Shareholders have granted the Global Coordinator acting as Stabilisation Manager the Over-Allotment Option (the "**Over-allotment Option**"), which is an option to borrow a number of shares equal to the number of Additional Shares (the "**Borrowed Shares**").

Further, the Lending Selling Shareholders have granted the Global Coordinator the Greenshoe Option, which may be exercised to acquire at a price per Share equal to the Offer Price up to the number of Borrowed Shares (with a Shares split equal to approximately 50 percent of the Borrowed Shares of each of BKK AS and Skagerak Energi AS). The Greenshoe Option may be exercised by the Stabilisation

Manager not later than on the 30<sup>th</sup> day following commencement of trading in the Shares on Oslo Børs, as may be necessary to cover over-allotments and short positions, if any, made or created in connection with the Offering. To the extent that the Global Coordinator has over-allotted Shares in the Offering, the Global Coordinator has created a short position in the Shares. The Stabilisation Manager will close out this short position by buying Shares in the open market through stabilisation activities and/or by exercising the Greenshoe Option.

A stock exchange notice will be made on the first day of trading (expected to take place on 21 March 2018) announcing whether the Global Coordinator has over-allotted Shares in connection with the Offering. Any exercise of the Over-Allotment Option will be promptly announced by the Stabilisation Manager through Oslo Børs's information system.

#### **18.9.2. Price stabilisation**

The Stabilisation Manager (ABG Sundal Collier ASA), or its agents, may upon exercise of the Over-Allotment Option, from the first day of the Listing, effect transactions with a view to supporting the market price of the Shares at a level higher than what might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. There is no obligation on the Stabilisation Manager to conduct stabilisation activities and there is no assurance that stabilisation activities will be undertaken. Such stabilising activities, if commenced, may be discontinued at any time, and will be brought to an end at the latest 30 calendar days after the time at which trading in the Shares commences on Oslo Børs.

Any stabilisation activities will be conducted in accordance with Section 3-12 of the Norwegian Securities Trading Act and the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilisation of financial instruments.

The Lending Selling Shareholders have agreed with the Global Coordinator that any profit or loss resulting from stabilisation activities conducted by the Stabilisation Manager will be for the account of the Lending Selling Shareholders.

Within one week after the expiry of the 30-calendar-day period of price stabilisation, the Stabilisation Manager will publish information as to whether or not price stabilisation activities were undertaken. If stabilisation activities were undertaken, the statement will also include information about: (i) the total amount of Shares sold and purchased; (ii) the dates on which the stabilisation period began and ended; (iii) the price range between which stabilisation was carried out, as well as the highest, lowest and average price paid during the stabilisation period; and (iv) the date on which stabilisation activities occurred last.

#### **18.10. Publication of information in respect of the Offering**

In addition to press releases which will be posted on the Company's website, the Company will use Oslo Børs's information system to publish information relating to the Offering, such as amendments to the Bookbuilding Period and Application Period (if any), the final Offer Price, the number of Offer Shares and the total amount of the Offering, allotment percentages and first day of trading.

The final determination of the Offer Price, the number of Offer Shares and the total amount of the Offering is expected to be published on or about 20 March 2018.

#### **18.11. The rights conferred by the Offer Shares**

The Sale Shares will in all respects carry full shareholder rights in the Company on an equal basis as any other Shares of the Company, including the right to any dividends.

For a description of rights attached to the Shares, see Section 15 "Corporate Information and Description of the Share Capital".

#### **18.12. VPS registration**

The Sale Shares and any Additional Shares have been created under the Norwegian Public Limited Companies Act. The Sale Shares and any Additional Shares are registered in book-entry form with the VPS and have ISIN NO 001 0 815673. The Company's register of shareholders with the VPS is administrated by DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway.

### **18.13. Conditions for completion of the Offering – Listing and trading of the Offer Shares**

The Company will apply for Listing of its Shares on Oslo Børs on 9 March 2018. It is expected that the board of directors of Oslo Børs will approve the Listing application of the Company on or about 19 March 2018, conditional upon (i) the Company obtaining a minimum of 500 shareholders, each holding Shares with a value of more than NOK 10,000 and (ii) there being a minimum free float of the Shares of 25 percent.

Completion of the Offering on the terms set forth in this Prospectus is expressly conditioned upon the board of directors of Oslo Børs approving the application for Listing of the Shares in its meeting to be held on or about 19 March 2018 on conditions acceptable to the Company and on any such conditions being satisfied by the Company. The Offering will be cancelled in the event that the conditions are not satisfied. There can be no assurance that the board of directors of Oslo Børs will grant such approval or that the Company will satisfy these conditions.

Completion of the Offering on the terms set forth in this Prospectus is otherwise only conditional on the Company, in consultation with the Global Coordinator, having approved the Offer Price, the number of Offer Shares and the allocation of the Offer Shares to eligible investors following the bookbuilding process and approval of the Listing by the board of directors of Oslo Børs. There can be no assurance that these conditions will be satisfied. If the conditions are not satisfied, the Offering may be revoked or suspended.

Assuming that the conditions are satisfied, the first day of trading of the Shares, including the Offer Shares, on Oslo Børs is expected to be on or about 21 March 2018. The Shares are expected to trade under the ticker code "FKRAFT".

Applicants in the Retail Offering and the Employee Offering selling Offer Shares prior to delivery must ensure that payment for such Offer Shares is made on or prior to the Payment Date, by ensuring that the stated bank account is sufficiently funded to ensure settlement of shares sold. Applicants in the Institutional Offering selling Offer Shares prior to delivery must ensure that payment for such Offer Shares is made on or prior to the Institutional Closing Date. Accordingly, an applicant who wishes to sell his/her Offer Shares, following confirmed allocation of Offer Shares, but before delivery, must ensure that timely payment is made in order for such Offer Shares to be delivered in time to the applicant.

Prior to the Listing and the Offering, the Shares have not been listed on any stock exchange or authorised market place and no application has been filed for listing on any other stock exchanges or regulated market places other than Oslo Børs.

### **18.14. Dilution**

Completion of the Offering will not lead to any dilution for the existing shareholders of the Company.

### **18.15. Expenses of the Offering and the Listing**

The Selling Shareholders will pay brokerage fees to the Joint Bookrunners for the sale of Sale Shares and incur certain other costs in connection with the Listing and Offering. The Company's total costs and expenses of, and incidental to, the Listing and the Offering are estimated to amount to approximately NOK 22,266,107.

No expenses or taxes will be charged by the Company, the Selling Shareholders or the Joint Bookrunners to the applicants in the Offering.

### **18.16. Lock-up**

Pursuant to lock-up undertakings, the Company, the Selling Shareholders and members of the Board of Directors and members of Management have undertaken to the Global Coordinator not to, without the prior written consent of the Global Coordinator, during a period of 12 months for the Company and the Selling Shareholders and during a period of 12 months for the members of the Board of Directors and members of Management, (1) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other equity interest in the capital of the Company or any securities convertible into or exercisable for such Shares or other equity interests, or (2) enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or other equity interests, whether any such transaction

described in (1) or (2) above is to be settled by delivery of the Shares or other securities or interests, in cash or otherwise, or (3) publicly announce or indicate an intention to effect any transaction specified in (1) or (2) above.

For the Company, the foregoing shall not apply to the granting of Shares, or the honouring of other rights to Shares, by the Company pursuant to any management or employee share incentive schemes or for issuance of consideration shares in connection with mergers and acquisitions.

For the Selling Shareholders, the foregoing shall not apply to (A) any sale or other transfer of Shares to any of the Joint Bookrunners pursuant to the Placing Agreement, (B) any pre-acceptance, acceptance and any similar action in connection with a takeover offer for all Shares in accordance with chapter 6 of the Norwegian Securities Trading Act or a legal merger, (C) any pledge over Shares in existence at the time of the undertaking or any pledge over Sale Shares offered for sale in the Offering and remaining unsold, which is established in connection with retransfer of such Shares from the Joint Bookrunners to the Selling Shareholders, or (D) any transfer of Shares to companies controlled by the respective Selling Shareholder who assume the obligations set forth in the undertaking. The undertaking shall apply to all Shares and rights to Shares currently held or which during the lock-up period described above are acquired by the respective Selling Shareholder and entities directly or indirectly controlled by it.

For members of the Board of Directors and members of Management, the foregoing shall not apply to (A) any pre-acceptance, acceptance and any similar action in connection with a takeover offer for all Shares in accordance with chapter 6 of the Norwegian Securities Trading Act or a legal merger, or (B) any transfer of Shares to companies controlled by the respective Board Member or member of Management who assumes the obligations set forth in the undertaking. The undertaking shall apply to all Shares and rights to Shares currently held or which during the lock-up period described above are acquired by the member of the Board of Directors and member of Management and entities directly or indirectly controlled by it.

#### **18.17. Interest of natural and legal persons involved in the Offering**

The Joint Bookrunners or their affiliates have provided from time to time, and may provide in the future, financial advisory, investment and commercial banking services as well as financing to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Joint Bookrunners do not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Bookrunners will receive a fixed percentage fee of gross proceeds in the Offering from the Selling Shareholders in connection with the Offering and, as such, have an interest in the Offering. In addition, the Selling Shareholders may, in the sole and absolute discretion of the Selling Shareholders and the Company, pay to the Joint Bookrunners an additional discretionary fee in connection with the Offering. Such additional discretionary fee, if any, will be a fixed percentage up to 1.25 percent of the gross proceeds from the Offering and will be determined based on the Company and Selling Shareholders' evaluation of the overall process, the number of applicants and the outcome of the Offering.

In connection with the Offering, each of the Joint Bookrunners and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Joint Bookrunners or any of their respective affiliates acting in such capacity. In addition, certain of the Joint Bookrunners or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares. None of the Joint Bookrunners intend to disclose the extent of any such investment or transactions other than in accordance with any legal or regulatory obligation to do so.

The Selling Shareholders will receive the net proceeds from the sale of the Sale Shares and the sale of any Additional Shares purchased by the Joint Bookrunners pursuant to the Over-Allotment Option.

Other than as mentioned above, the Company is not aware of any interests, including conflicting ones, of any natural or legal persons involved in the Offering, which are material to the Offering.

**18.18. Participation of the Selling Shareholders and members of the Management, Board of Directors or nomination committee in the Offering**

Eligible Employees (as defined in Section 18.5.1 "Eligible Employees and Offer Price") are offered to apply for Offer Shares in the Offering. See Section 18.5 "The Employee Offering".

A bonus in connection with the Listing process has been allocated to members of Management in the total amount of NOK 6.2 million.

The Company is not aware of whether any major shareholders of the Company intend to apply for Offer Shares in the Offering, or whether any person intends to apply for more than 5 percent of the Offer Shares. It is expected that certain members of the Management and Board Members will apply for Offer Shares within the Bookbuilding Period. Such applications, if any, will be announced through a stock exchange announcement through Oslo Børs' information system.

**18.19. Governing law and jurisdiction**

This Prospectus, the Retail Application Form, the Employee Application Form and the terms and conditions of the Offering shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, this Prospectus, the Retail Application Form, the Employee Application Form or the Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with the Oslo District Court as the legal venue.

**18.20. Advisors**

ABG Sundal Collier ASA (Munkedamsveien 45 E, P.O. Box 1444 Vika, N-0115 Oslo, Norway) is acting as Global Coordinator and Joint Bookrunner in the Offering. Sparebank 1 Markets AS (Olav V's gate 5, N-0161 Oslo, Norway) is acting as Joint Bookrunner in the Offering.

Advokatfirmaet Schjødt AS (Ruseløkkveien 14, P.O. Box 2444 Solli, N-0201, Oslo, Norway) is acting as Norwegian legal counsel to the Company. Advokatfirmaet Wiersholm AS (Dokkveien 1, N-0250 Oslo, Norway) is acting as Norwegian legal counsel to the Joint Bookrunners. PricewaterhouseCoopers AS (Sandviksbodene 2A, N-5035 Bergen, Norway) has been engaged to perform the financial (including tax) due diligence.



## 19. SELLING AND TRANSFER RESTRICTIONS

### 19.1. General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby.

Other than in Norway, the Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

### 19.2. Selling restrictions

#### 19.2.1. *United States*

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; or (ii) to certain persons outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in each case, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Offer Shares as part of its allocation at any time other than to those it reasonably believes to be QIBs in the United States in accordance with Rule 144A or outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Offer Shares will be restricted and each purchaser of the Offer Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 19.3.1 "United States".

Any offer or sale in the United States will be made by affiliates of the Joint Bookrunners who are broker-dealers registered under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements of the U.S. Securities Act and in connection with any applicable state securities laws.

#### 19.2.2. *United Kingdom*

This Prospectus and any other material in relation to the Offering described herein is only being distributed to, and is only directed at persons outside the United Kingdom or persons in the United Kingdom who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("**qualified investors**") that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom distributions may otherwise lawfully be made (all such persons together being referred to as "**Relevant Persons**"). The Offer Shares are only available to, and any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, Relevant Persons). This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Persons who are not Relevant Persons should not take any action on the basis of this Prospectus and should not rely on it.

#### 19.2.3. *European Economic Area*

In relation to each Member State of the EU which has implemented the Prospectus Directive (each a "**Relevant Member State**"), other than Norway, an offer to the public of any Shares may not be made in

that Relevant Member State, except that the Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (c) in any other circumstances, falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Shares shall result in a requirement for the publication by the Company or any Joint Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Joint Bookrunners and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression "an offer to the public of any Shares", in relation to any Shares in any Relevant Member State, means the communication in any form and by any means of sufficient information on the terms of the Offering and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each financial intermediary will also be deemed to have represented, warranted and agreed that the Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public of any Shares, other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale.

The Company, the Joint Bookrunners and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor, and who has notified the Joint Global Coordinators of such fact in writing, may, with the consent of the Joint Global Coordinators, be permitted to subscribe for or purchase Shares in the Offering.

#### **19.2.4. Additional jurisdictions**

##### **19.2.4.1. Canada**

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

#### 19.2.4.2. *Hong Kong*

The Offer Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

#### 19.2.4.3. *Singapore*

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may they be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

#### 19.2.4.4. *Dubai International Financial Centre*

This Prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This Prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Prospectus nor taken steps to verify the information set forth herein and has no responsibility for the Prospectus. The Offer Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offer Shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this Prospectus you should consult an authorised financial advisor.

#### 19.2.4.5. *Switzerland*

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Offer Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the Offer Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offering will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the Offering has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offer Shares.

#### 19.2.4.6. *Australia*

This prospectus is not a disclosure document for the purposes of Australia's Corporations Act 2001 (Cth) of Australia, or the Corporations Act, has not been lodged with the Australian Securities and Investments Commission and is only directed to the categories of exempt persons set out below. Accordingly, if you receive this prospectus in Australia, you confirm and warrant that you are either:

- (a) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;
- (b) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to the Company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
- (c) a person associated with the Company under Section 708(12) of the Corporations Act; or
- (d) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act.

To the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this prospectus is void and incapable of acceptance.

You warrant and agree that you will not offer any of the securities issued to you pursuant to this prospectus for resale in Australia within 12 months of those securities being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

#### *19.2.4.7. Other jurisdictions*

The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, any jurisdiction in which it would not be permissible to offer the Offer Shares.

In jurisdictions outside the United States and the EEA where the Offering would be permissible, the Offer Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

### **19.3. Transfer restrictions**

#### **19.3.1. United States**

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority or any state of the United States, and are subject to significant restrictions on transfer.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus.
- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognise any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above restrictions.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Selling Shareholders, the Joint Bookrunners and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States pursuant to Rule 144A will be deemed to have acknowledged, represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Offer Shares, as the case may be.
- The purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- The purchaser understands and acknowledges that if, in the future, the purchaser or any such other QIBs for which it is acting, or any other fiduciary or agent representing such purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, as the case may be, such Shares may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Offer Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser understands that Offer Shares are “restricted securities” within the meaning of Rule 144(a)(3) and that no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for resales of any Offer Shares, as the case may be.
- The Company shall not recognise any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Selling Shareholders, the Joint Bookrunners and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

## **20. ADDITIONAL INFORMATION**

### **20.1. Auditor and advisers**

The Company's independent auditor is Deloitte AS (Dronning Eufemias gate 14, N-0191 Oslo, Norway). Deloitte AS is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants).

ABG Sundal Collier ASA (Munkedamsveien 45 E, P.O. Box 1444 Vika, N-0115 Oslo, Norway) and Sparebank 1 Markets AS (Olav V's gate 5, N-0161 Oslo, Norway) are acting as Joint Bookrunners for the Offering.

Advokatfirmaet Schjødt AS (Ruseløkkveien 14, P.O. Box 2444 Solli, N-0201, Oslo, Norway) is acting as Norwegian legal counsel to the Company. Advokatfirmaet Wiersholm AS (Dokkveien 1, N-0250 Oslo, Norway) is acting as Norwegian legal counsel to the Joint Bookrunners. PricewaterhouseCoopers AS (Sandviksbodene 2A, N-5035 Bergen, Norway) has been engaged to perform the financial (including tax) due diligence.

### **20.2. Documents on display**

Copies of the following documents will be available for inspection at the Company's offices at Folke Bernadottes vei 38 Bergen, Norway, during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- the Company's certificate of incorporation and Articles of Association;
- all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus;
- the historical financial information of the Company and its subsidiary undertakings for each of the two financial years preceding the publication of this Prospectus; and
- this Prospectus.

### **20.3. Confirmation regarding sources**

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and as far as the Company is aware of and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified wherever used. This Prospectus contains market data, industry forecasts and other information published by third parties, including information related to the sizes of markets in which the Company operates. The information has been extracted from a number of sources. The Company has estimated certain market share statistics using both its internal data and industry data from other sources. Although the Company regards these sources as reliable, the information contained in them has not been independently verified. Therefore, the Company does not guarantee or assume any responsibility for the accuracy of the data, estimates, forecasts or other information taken from the sources in the public domain. This Prospectus also contains assessments of market data and information derived therefrom that could not be obtained from any independent sources. Such information is based on the Company's own internal assessments and may therefore deviate from the assessments of competitors of the Company or future statistics by independent sources.

## 21. NORWEGIAN SUMMARY (NORSK SAMMENDRAG)

*Sammendrag består av informasjon som skal gis i form av «Elementer.» Elementene er nummerert i punktene A – E (A.1 – E.7) nedenfor. Dette sammendraget inneholder alle Elementer som skal være inkludert i et sammendrag for denne type verdipapir og utsteder. Som følge av at enkelte Elementer ikke må beskrives, kan det være huller i nummereringen av Elementene. Selv om man kan være pålagt å innta et Element i sammendraget på grunn av typen verdipapir og utsteder, er det mulig at det ikke kan gis relevant informasjon knyttet til Elementet. I så fall er det inntatt en kort beskrivelse av Elementet i sammendraget sammen med benevnelsen «ikke aktuelt.»*

### 21.1.1.1. Punkt A – Introduksjon og Advarsler

<b>A.1 Advarsel</b>	<p>Dette sammendraget bør leses som en innledning til Prospektet og;</p> <ul style="list-style-type: none"><li>• enhver beslutning om å investere i verdipapirene bør baseres på investorens vurdering av Prospektet i sin helhet;</li><li>• dersom et krav knyttet til informasjonen i prospektet fremsettes for en domstol, kan saksøkende investor, i henhold til nasjonal lovgivning i sitt Medlemsland, bli pålagt å dekke kostnadene for oversettelse av Prospektet før rettsforhandlingene igangsettes; og</li><li>• kun de personer som har satt opp sammendraget, inkludert oversettelser av dette, kan pådra seg sivilrettslig ansvar, men kun dersom sammendraget er misvisende, unøyaktig eller inkonsekvent når det leses i sammenheng med de øvrige deler av Prospektet, eller dersom sammendraget, når det leses sammen med de øvrige deler av Prospektet, ikke gir den nøkkelinformasjonen som investorene behøver når de vurderer om de skal investere i slike verdipapirer.</li></ul>
---------------------	---

### 21.1.1.2. Punkt B – Utsteder

<b>B.1 Juridisk forretningsnavn</b>	Fjordkraft Holding ASA.
<b>B.2 Hjemmehørende og rettslig organisering, lovgivning og stiftelsesland</b>	Fjordkraft Holding ASA er et allmennaksjeselskap, organisert og underlagt norsk lovgivning i henhold til allmennaksjeloven. Fjordkraft Holding ASA ble stiftet i Norge den 15. desember 2017, og Fjordkraft Holding ASAs organisasjonsnummer i Foretaksregisteret er 920 153 577.

<b>B.3</b> <b>Eksisterende virksomhet, hovedaktiviteter og markeder</b>	<p>Gruppen er en ledende norsk leverandør av strøm i det norske forbruksmarkedet med et nasjonalt dekkende tilbud og operasjonell virksomhet gjennom to adskilte forretningssegmenter som leverer forskjellige produkter til ulike kundegrupper. Gruppens viktigste forretningsområde er forbrukersegmentet, som inkluderer strømforsyning, verdiskapende tjenester og tilhørende tjenester til private husholdninger. Gruppen forsyner også strøm, verdiskapende tjenester og tilhørende tjenester til bedriftskunder, som inkluderer både SMEs (små og mellomstore bedrifter), LEs (store bedrifter) og offentlige institusjoner. Gruppen har i tillegg til kjerneforretningsområdene, andre aktiviteter referert til som nye veksttiltak, i øyeblikket bestående av konseptet "Alliance" og tilbud om mobilabonnement. Aktiviteter rundt nye veksttiltak gir gruppen mulighet til å utnytte sitt ledende distribusjonsnettverk, velkjente varemerke og digitale plattform. Det forventes at mobilabonnement vil styrke kundelojaliteten og gjøre det mulig for Gruppen å nå et bredere publikum, rettet mot samtlige familiemedlemmer i husholdningen. Videre vil levering av mobilabonnement promotere blant annet kryss- og mersalg mellom produktkategoriene og fremme synergier i markedsføringen. "Alliance"-konseptet gjør det mulig å utnytte stordriftsfordeler ytterligere og gir gruppen bedre tilgang til etterspørsel i lokale områder der konkurransen ikke er dominert av sterke lokale varemerker som allerede har tilfredsstillende etterspørsel og sterk lojalitet.</p>
<b>B.4</b> <b>Vesentlige aktuelle trender</b>	<p>Siden siste finansperiode ble avsluttet 31. desember 2017 har Selskapet opprettholdt god drift og i tråd med nyere trender.</p> <p>Datterselskapet inngikk den 23. februar 2018 en avtale med TrønderEnergi AS om ervervelse av alle utstedte aksjer i TrønderEnergi Marked AS, og erverver samtidig en betydelig kundeportefølje i Trøndelag.</p> <p>Se kapittel 11.11 «Recent Developments» for ytterligere informasjon.</p>
<b>B.5</b> <b>Beskrivelse av Fjordkraft Holding ASA</b>	<p>Fjordkraft Holding ASA er et holdingselskap. Virksomheten utøves gjennom det operasjonelle datterselskapet Fjordkraft AS.</p>
<b>B.6</b> <b>Interesser i Fjordkraft Holding ASA og stemmerettigheter</b>	<p>Aksjonærer som eier 5 prosent eller mer av Aksjene vil, etter noteringen, ha eierskap i Fjordkraft Holding ASAs aksjekapital som er meldepliktig etter verdipapirhandelloven.</p> <p>På tidspunktet for dette Prospektet har Fjordkraft Holding ASA tre aksjonærer.</p> <p>Det er bare en aksjeklasse og dermed ingen forskjeller i stemmeretten blant aksjene.</p> <p>Selskapet er ikke kjent med noen forhold som på et senere tidspunkt vil kunne føre til kontrollskifte i Selskapet.</p>



<b>B.7 Sammen drag av finansiell informasjon</b>	De konsoliderte regnskapstallene som er presentert nedenfor er hentet fra konsernets reviderte årsregnskap. Årsregnskapet for 2017, med sammenligningstall for 2016 (" <b>2017 Årsregnskapet</b> "), er utarbeidet i samsvar med internasjonale regnskapsstandarder (" <b>IFRS</b> "), som fastsatt av EU, samt de norske opplysningskrav i henhold til norsk regnskapslov. Konsernets reviderte årsregnskap for 2016, med sammenligningstall for 2015 (" <b>2016 Årsregnskapet</b> "), er utarbeidet i samsvar med norsk regnskapslov og god regnskapsskikk (NGAAP).
	De reviderte årsregnskapene innarbeidet ved henvisning til dette Prospektet, er revidert av Deloitte AS. Sammen draget av regnskapsinformasjonen nedenfor, bør leses i sammenheng med konsernets reviderte regnskap, innarbeidet ved henvisning i dette prospektet, og leses i sammenheng med seksjon 11 "Operating and Financial Review".

<b>Konsolidert resultatregnskap</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
(I NOK tusen)	(IFRS) (revidert)	(IFRS) (revidert)	(NGAAP) (revidert)	(NGAAP) (revidert)
Salgsinntekter	4,452,510	3,925,007	4,663,808	3,728,494
Andre driftsinntekter	-	-	88,999	65,327
Varekostnad	(3,540,521)	(3,144,538)	(3,967,101)	(3,069,876)
<b>Netto driftsinntekter</b>	<b>911,989</b>	<b>780,469</b>	<b>785,706</b>	<b>723,945</b>
Lønnskostnader	(178,751)	(135,636)	(135,636)	(124,569)
Andre driftskostnader	(312,923)	(238,227)	(328,329)	(279,110)
Avskrivninger	(105,578)	(68,511)	(18,378)	(16,816)
<b>Sum driftskostnader</b>	<b>(597,252)</b>	<b>(442,374)</b>	<b>(482,343)</b>	<b>(420,495)</b>
Andre gevinster og tap, netto	7,884	(888)	-	-
<b>Driftsresultat</b>	<b>322,620</b>	<b>337,207</b>	<b>303,363</b>	<b>303,450</b>
Renteinntekt	11,801	8,118	34,556	32,029
Rentekostnad	(175)	(467)	(31,455)	(26,206)
Andre finansposter, netto	(2,779)	(2,164)	(212)	232
<b>Netto finans</b>	<b>8,847</b>	<b>5,488</b>	<b>2,889</b>	<b>6,055</b>
<b>Resultat før skattekostnad</b>	<b>331,467</b>	<b>342,695</b>	<b>306,251</b>	<b>309,505</b>
Skattekostnad	(79,527)	(85,644)	(77,646)	(85,195)
<b>Arsresultat</b>	<b>251,941</b>	<b>257,051</b>	<b>228,605</b>	<b>224,311</b>
<b>Konsolidert balanse</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
(I NOK tusen)	(IFRS) (revidert)	(IFRS) (revidert)	(NGAAP) (revidert)	(NGAAP) (revidert)
<b>Eiendeler</b>				
<b>Anleggsmidler</b>				
Utsatt skattefordel	-	-	14,337	16,050
Varige driftsmidler	3,568	3,127	14,101	3,263
Goodwill	-	-	130	387
Immaterielle eiendeler	82,096	69,795	64,116	70,673
Andre langsiktige eiendeler	137,536	101,149	-	-
Andre langsiktige fordringer	14,198	13,859	13,859	15,489
<b>Sum anleggsmidler</b>	<b>237,398</b>	<b>187,930</b>	<b>106,543</b>	<b>105,862</b>
<b>Omløpsmidler</b>				
Immaterielle eiendeler	2,569	5,424	-	-
Varelager	1,394	-	-	-
Kundefordringer	1,364,519	1,204,894	1,197,505	633,478
Derivater	113,435	96,867	3,312	-
Andre omløpsmidler	40,083	35,433	35,433	64,919

<b>Konsolidert balanse</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
(I NOK tusen)	(IFRS) (revidert)	(IFRS) (revidert)	(NGAAP) (revidert)	(NGAAP) (revidert)
Bankinnskudd o.l	363,212	193,226	193,226	333,448
<b>Sum omløpsmidler</b>	<b>1,885,211</b>	<b>1,535,845</b>	<b>1,429,477</b>	<b>1,031,845</b>
<b>Sum eiendeler</b>	<b>2,122,609</b>	<b>1,723,774</b>	<b>1,536,019</b>	<b>1,137,707</b>
<b>Egenkapital og gjeld</b>				
<b>Egenkapital</b>				
Aksjekapital	31,349	31,352	31,352	31,352
Overkurs	125,035	125,032	125,032	125,032
Opptjent egenkapital	559,916	448,268	243,616	132,796
<b>Sum egenkapital</b>	<b>716,299</b>	<b>604,651</b>	<b>400,000</b>	<b>289,179</b>
<b>Avsetning for forpliktelser</b>				
Netto pensjonsforpliktelser	73,720	47,420	47,420	54,695
Utsatt skatt	12,944	12,368	-	-
<b>Sum langsiktige forpliktelser</b>	<b>86,664</b>	<b>59,788</b>	<b>47,420</b>	<b>54,695</b>
<b>Kortsiktig gjeld</b>				
Gjeld til leverandører o.l	726,631	475,867	479,179	183,442
Betalbar skatt	71,198	70,403	70,403	84,980
Derivater	95,428	86,744	-	-
Skyldig offentlige avgifter	50,085	47,544	47,544	22,830
Avsatt utbytte	-	-	120,084	156,453
Annen kortsiktig gjeld	376,304	378,777	371,388	346,127
<b>Sum kortsiktig gjeld</b>	<b>1,319,646</b>	<b>1,059,335</b>	<b>1,088,599</b>	<b>793,832</b>
<b>Sum gjeld</b>	<b>1,406,310</b>	<b>1,119,123</b>	<b>1,136,019</b>	<b>848,527</b>
<b>Sum egenkapital og gjeld</b>	<b>2,122,609</b>	<b>1,723,774</b>	<b>1,536,019</b>	<b>1,137,707</b>

<b>Konsolidert kontantstrømoppstilling</b>	<b>2017</b>	<b>2016</b>
(I NOK tusen)	(IFRS) (revidert)	(IFRS) (revidert)
<b>Operasjonelle aktiviteter</b>		
Resultat før skattekostnad	331,467	342,695
<i>Justering for:</i>		
Avskrivninger	24,372	18,378
Rentekostnader	175	467
Renteinntekter	(11,801)	(8,118)
Endring i virkelig verdi av finansielle instrumenter	(7,884)	888
Pensjonskostnader uten kontanteffekt	(27)	(4,209)
Amortisering av kontrakter med kunder	81,206	50,133
Nedskrivning på kundefordringer	11,920	4,087
<i>Endring i arbeidskapital:</i>		
Varelager	(1,394)	-
Kundefordringer	(171,544)	(554,421)
Kjøp av el-sertifikater	(210,908)	(150,321)
Innløsning av el-sertifikater uten kontanteffekt	216,322	156,036
Kjøp av opprinnelsesgarantier	(2,558)	-
Andre kortsiktige eiendeler	(4,649)	29,487
Gjeld til leverandører o.l	250,764	292,425
Andre kortsiktige gjeldsposter	(170)	34,985
<b>Kontantstrøm fra operasjonelle aktiviteter</b>	<b>505,292</b>	<b>212,511</b>
Betalte renter	(175)	(467)
Mottatte renter	11,801	8,118
Periodens betalte skatt	(71,799)	(89,981)
<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>	<b>445,119</b>	<b>130,181</b>
<b>Investeringsaktiviteter</b>		
Utbetaling ved kjøp av varige driftsmidler	(1,309)	(1,533)

<b>Konsolidert kontantstrømoppstilling</b>	<b>2017</b>	<b>2016</b>
(I NOK tusen)	(IFRS) (revidert)	(IFRS) (revidert)
Utbetaling ved kjøp av immaterielle eiendeler	(35,807)	(26,583)
Utbetalinger til oppnåelse kontrakter (kontraktseiendeler)	(117,594)	(87,465)
Innbetalinger fra langsiktige fordringer	(339)	1,630
<b>Netto kontantstrøm fra investeringsaktiviteter</b>	<b>(155,048)</b>	<b>(113,951)</b>
<i><b>Finansieringsaktiviteter</b></i>		
Utbetaling av utbytte	(120,084)	(156,453)
<b>Netto kontantstrøm fra finansieringsaktiviteter</b>	<b>(120,084)</b>	<b>(156,453)</b>
<b>Netto endring i bankinnskudd o.l</b>	<b>169,987</b>	<b>(140,223)</b>
Bankinnskudd o.l per 01.01	193,226	333,448
<b>Bankinnskudd o.l per 31.12</b>	<b>363,212</b>	<b>193,226</b>

<b>Konsolidert kontantstrømoppstilling</b>	<b>2016</b>	<b>2015</b>
(I NOK tusen)	(NGAAP) (revidert)	(NGAAP) (revidert)
<b>Operasjonelle aktiviteter</b>		
Resultat før skattekostnad	306,251	309,505
<i>Justering for:</i>		
Avskrivninger	18,378	16,816
Pensjonskostnader uten kontanteffekt	12,746	14,878
Utbetalinger til pensjonsordninger	(16,955)	(7,534)
<i>Endring i arbeidskapital:</i>		
Kundefordringer	(564,028)	158,084
Andre omløpsmidler	26,174	(3,052)
Leverandørgjeld	31,611	23,813
Andre gjeldsposter	312,805	23,535
Periodens betalte skatt	(89,981)	(53,026)
<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>	<b>37,002</b>	<b>483,020</b>
<b>Investeringsaktiviteter</b>		
Utbetalinger ved kjøp av varige driftsmidler	(11,722)	(1,141)
Utbetalinger ved kjøp av immaterielle eiendeler	(16,394)	(34,416)
Innbetalinger ved salg av varige driftsmidler	5,715	(4,226)
Innbetalinger fra langsiktige fordringer	1,630	(724)
<b>Net cash used in investing activities</b>	<b>(20,771)</b>	<b>(40,506)</b>
<i><b>Finansieringsaktiviteter</b></i>		
Utbetaling av utbytte	(156,453)	(120,495)
<b>Netto kontantstrøm fra finansieringsaktiviteter</b>	<b>(156,453)</b>	<b>(120,495)</b>
<b>Netto endring i bankinnskudd o.l</b>	<b>(140,222)</b>	<b>322,019</b>
Bankinnskudd o.l per 01.01	333,448	11,430
<b>Bankinnskudd o.l per 31.12</b>	<b>193,226</b>	<b>333,448</b>

<b>B.8</b>	<b>Utvalgt <i>proforma</i> finansiell nøkkelinformasjon</b>	Ikke aktuelt. Det finnes ingen <i>proforma</i> finansiell informasjon.
<b>B.9</b>	<b>Resultatprognose eller estimat</b>	Ikke aktuelt. Det er ikke utarbeidet noen resultatprognose eller noe estimat.
<b>B.10</b>	<b>Forbehold i revisjonsrapport</b>	Ikke aktuelt. Det er ingen forbehold i revisjonsrapportene.

<b>B.11 Utilstrekkelig driftskapital</b>	Ikke aktuelt. Ledelsen er av den oppfatning at Selskapets driftskapital er tilstrekkelig for å møte Selskapets behov i minst 12 måneder fra datoen for dette Prospektet.
--	--

21.1.1.3. *Punkt C – Verdipapirene*

<b>C.1 Type og klasse verdipapir tatt opp til notering og identifikasjonsnummer</b>	Selskapet har utstedt én aksjeklasse, og i henhold til allmennaksjeloven har alle aksjer i denne klassen like rettigheter i Selskapet. Hver aksje har én stemme. Aksjene er utstedt i henhold til allmennaksjeloven og er registrert i VPS med ISIN NO 001 0 815673.
<b>C.2 Valuta på utstedelse</b>	Aksjene er utstedt i NOK.
<b>C.3 Antall aksjer utstedt og pålydende verdi</b>	På tidspunktet for dette Prospektet er Fjordkraft Holding ASAs aksjekapital NOK 31 348 864,80 fordelt på 104 496 216 Aksjer, hver pålydende NOK 0,30.  Selskapet har én aksjeklasse.  Etter Tilbudet vil det være 104 496,216 Aksjer utestående.
<b>C.4 Rettigheter knyttet til verdipapirene</b>	Fjordkraft Holding ASA har én aksjeklasse utstedt, og samtlige Aksjer gir like rettigheter i Fjordkraft Holding ASA. Hver Aksje gir én stemme. Rettighetene knyttet til Aksjene er beskrevet i kapittel 15.9 «The Articles of Association and certain aspects of Norwegian law».
<b>C.5 Begrensninger i verdipapirenes omsettelighet</b>	Selskapet og Selgende Aksjonærene (Selling Shareholders) har blitt enige med Global Coordinator om at Aksjene (Offer Shares), skal være underlagt en bindingstid på 12 måneder, etter første handelsdag og offisiell notering av aksjene. Enkelte unntak vil gjelde. Ledelsen har blitt enige med Global Coordinator en bindingstid på 12 måneder, og styrets medlemmer har akseptert en bindingstid på 12 måneder. I begge tilfeller gjeldende fra første handelsdag og offisiell notering av aksjene. Enkelte unntak vil gjelde. Se kapittel 18.16 "Lock-up".  Vedtektene gir ingen restriksjoner på Aksjenes omsettelighet, eller forkjøpsrett for Fjordkraft Holding ASAs aksjeeiere. Aksjenes omsettelighet er ikke betinget av styrets samtykke.  Se også kapittel 19 «Selling and Transfer Restrictions».
<b>C.6 Opptak til notering</b>	Selskapet forventer å søke om notering av Aksjene på Oslo Børs den 9. mars 2018. Det er forventet at styret i Oslo Børs godkjenner noteringssøknaden til Selskapet rundt den 19. mars 2018, betinget av at enkelte vilkår oppfylles. Se kapittel 18.13 "Conditions for completion of the Offering — Listing and trading of the Offer Shares".  Selskapet forventer at handel i Aksjene på Oslo Børs vil starte rundt den 21. mars 2018. Selskapet har ikke søkt om notering av Aksjene på noen annen børs eller annet regulert marked.

<b>C.7 Utbyttepolitikk</b>	<p>Gruppen har vedtatt en dynamisk utbyttepolitikk med sikte på å returnere overskuddskapital til sine aksjeeiere. Gruppens mål er å utbetale minst 80 % av netto overskudd justert for engangsprodukter og spesielle gjenstander. Ved fastsettelse av nivået for årlig utbytte skal Styret blant annet ta hensyn til forventede kontantstrømmer, investeringsplaner, kontraktuelle restriksjoner, finansieringskrav (inkludert eventuelle fusjoner og overtagerelser) og tilstrekkelig finansiell fleksibilitet.</p>
----------------------------	---

21.1.1.4. *Punkt D – Risiko*

<b>D.1 Vesentlige risikoer knyttet til Selskapet eller dets bransje</b>	<p><i>Risiko knyttet til Selskapets virksomhet</i></p> <p>Gruppen handler strøm i det fysiske engrosmarkedet på energihandelsplassen Nord Pool Spot AS. Det er en risiko for uoverensstemmelser ved handelen mellom registrert strømvolum og faktisk strømvolum på oppgjørstidspunktet. Forbrukere av elektrisitet betaler spotpris for forbruket av differansen, med unntak av variable porteføljer.</p> <p>Gruppen handler energiderivater som terminkontrakter (forwards og futures – såkalt finansiell handel i elektrisitet) i den hensikt å forsikre seg mot prissvingninger og i risikostyringsøyemed. Dette reduserer risikoen ved produktprising hvor Gruppen garanterer kundene en fast pris eller et pristak, og for å håndtere levering av elektrisitet på vegne av kundene. Gruppens kunder bærer risikoen for eventuelt påført tap eller oppnådd overskudd ved handelen i kontrakter, mens Gruppen er utsatt for motpartsrisiko.</p> <p>Gruppen kjøper elektrisitet for kundene før det endelige elektrisitetsforbruket er kjent, og det er en risiko for at justeringen gjort av kraftnettverksselskapene ikke resulterer i balanse mellom kjøpt elektrisitetsvolum og fakturert volum til Gruppens kunder, og at Gruppen ikke vil kunne fakturere kundene for samme elektrisitetsvolum som Gruppen har kjøpt.</p> <p>Gruppen håndterer store mengder kundedata som øker Gruppens risiko knyttet til datasikkerhet. Det er en risiko for at kundedata går tapt eller at det ikke er mulig å få tilgang til data grunnet tekniske problemer eller som følge av at systemene blir hacket. Det er også en risiko for datatyveri, spesielt på grunn av Gruppens utstrakte bruk av kundeportaltjenestene på deres hjemmesider for innsamling av kundeinformasjon.</p> <p>Gruppen står foran en utfordring når det gjelder prioritering av Gruppens store mengde interne prosjekter. Når prosjekter prioriteres, er det risiko involvert i å finne den riktige balansen mellom kortsiktige og langsiktige prosjekter, samt mellom økt avkastning og effektivitetsøkende prosjekter som vil redusere kostnader.</p> <p>I et prosjekts innledende fase er det høy risiko for at de ressurser som kreves for Gruppens prosjekter, herunder tid, interne ressurser og investeringskapital, er undervurdert og at prosjektets parametere, herunder omfang, kvalitet og tidsplan, ikke er korrekt definert. For mange av gruppens prosjekter vil det i denne fasen være knyttet usikkerhet til om prosjektet vil kunne implementeres.</p>
---	--

	<p>Omdømmerisiko er en vesentlig risikofaktor for Gruppen og Gruppen er utsatt for dette i all sin virksomhet.</p> <p>Gruppens omdømme er også utsatt for omdømmet og adferden til sine samarbeidspartnere som representerer Gruppen gjennom salg og markedsføring, herunder dørsalg og annen kundemarkedsføring.</p>
	<p>Gruppen risikerer tap av kunder dersom, blant andre grunner, Gruppens elektrisitetspriser og andre produkttilbud mislykkes i å være tilstrekkelig konkurransedyktig som videre fører til redusert kundetilfredshet.</p> <p>Det er risiko for at Gruppen ikke vil kunne opprettholde en foretakskultur med tilstrekkelig sterkt fokus på kontinuerlig forbedring og at Gruppen av denne grunn på sikt ikke vil være i stand til å tiltrekke seg attraktive arbeidstagere og/eller kunder.</p>
	<i>Markeds og Grupperelatert risiko</i>
	<p>Markedet for handel av strøm som Gruppen opererer i kan bli utsatt for et bredt spekter av regulatoriske, teknologiske og forbruksdrevne forandringer som kan ha vesentlig innvirkning på forutsetningene for Gruppens virksomhet.</p> <p>Gruppen opererer i et meget konkurranseutsatt og stadig skiftende marked og konkurrerer med en rekke organisasjoner som tilbyr strøm og andre tjenester tilsvarende det Gruppen tilbyr. Konkurranserisikoen kan inndeles i tre kategorier; konkurranse i det private strømmarkedet; konkurranse i bedriftsmarkedet for strøm og; konkurranse i mobiltelefonimarkedet.</p> <p>Gruppens vekst så langt, sammen med fortsatt vekst i fremtiden, forventes å stille betydelige krav til ledelsen og andre ressurser, og vil kreve at Gruppen kontinuerlig utvikler og forbedrer operasjonelle, finansielle og andre interne kontroller. Både Gruppen og strømindustrien er generelt karakterisert av lave inntjeningsmarginer. Dersom inntjeningsmarginene endrer seg i løpet av en periode kan det ha betydelig negativ innvirkning på Gruppens lønnsomhet.</p> <p>Gruppens suksess avhenger av ledelsen og av Gruppens evne til å ansette, tiltrekke, motivere, beholde og lære opp slikt personell.</p>
	<p>Gruppen kan mislykkes med å identifisere, anskaffe eller integrere andre virksomheter eller teknologier. Gruppen har de siste årene vært involvert i mange aktiviteter, men et begrenset antall fusjoner og oppkjøp har funnet sted. Det er en mulighet for at Gruppen ikke kan identifisere egnede oppkjøp eller andre strategiske samarbeidspartnere, og at de dermed ikke kan gjennomføre det antall og type oppkjøp de ønsker.</p>
	<i>Juridisk og Regulatorisk risiko</i>
	<p>Endringer i lover og forskrifter, eller deres tolkning eller håndheving, kan være uforutsigbare og påvirke Gruppens virksomhet. Spesielt kan vedtatte endringer i norske skattelovgivninger, personvernregler og nasjonale sikkerhetsforskrifter påvirke Gruppens virksomhet negativt.</p>

	<p>Gruppen kan være utsatt for rettssaker som kan skade Gruppens virksomhet, omdømme, driftsresultat, økonomiske forhold og potensielle kunder, hvis de er av negativ art.</p> <p>Gruppen kan mangle kapasitet til å følge med på, til enhver tid, eksterne krav som stilles innen lovgivning, næringsliv- og forretningsvirksomhet.</p> <p>Arbeidskonflikter kan forstyrre Gruppens virksomhet eller føre til høyere lønnskostnader.</p>
	<i>Risiko knyttet til Konsernets finanser</i>
	<p>Gruppens grad av innflytelse og evne til å pådra seg ytterligere gjeld kan ha en vesentlig og negativ effekt på Gruppens mulighet til å skaffe ytterligere finansiering, eller gjøre Gruppen mer sårbar i tilfelle nedgang i virksomheten eller i økonomien generelt.</p> <p>Gruppens eksisterende eller fremtidige gjeldsordninger kan begrense gruppens likviditet og fleksibilitet for å skaffe ytterligere finansiering, for å forfølge andre forretningsmuligheter eller bedriftsaktiviteter eller det kan begrense Gruppens mulighet til å utdele utbytte til Gruppens aksjonærer.</p>
<b>D.2</b>	<i>Risiko knyttet til Noteringen og Aksjene</i>
<b>Vesentlige risikoer knyttet til verdipapirene</b>	<p>Det kan være et lite eksisterende marked for Aksjene, og prisen på Aksjene kan svinge vesentlig.</p> <p>De Selgende Aksjonærene kan fortsette å utøve betydelig innflytelse eller kontroll over selskapet og dets virksomhet, og interessene til disse aksjonærene kan være i konflikt med de andre aksjonærene.</p> <p>Fremtidige salg, eller mulighetene for fremtidige salg av aksjer etter Tilbudet kan påvirke Aksjenes markedspris.</p> <p>Fortrinnsrett til å tegne seg for Aksjer i senere utstedelser kan være utilgjengelig for USA eller andre aksjonærer.</p> <p>Investorer kan være ute av stand til å utøve sine stemmerettigheter for Aksjer registrert på forvalterkonto.</p> <p>Selskapets mulighet til å utdele utbytte er avhengig av Selskapets utbyttegrunnlag, og Selskapet kan være i en posisjon hvor det ikke kan eller er uvillig til å utdele utbytte i fremtiden.</p> <p>Det kan være umulig for investorer å få dekket deres tap i sivile søksmål i andre jurisdiksjoner enn i Norge.</p> <p>Norsk lov kan begrense aksjonærenes mulighet til å føre saker mot Selskapet.</p> <p>Overføring av Aksjer er underlagt restriksjoner i henhold til verdipapirlovgivningen i USA eller andre jurisdiksjoner.</p>

21.1.1.5. Punkt E – Tilbudet

<p><b>E.1 Proveny og estimerte kostnader</b></p>	<p>Selskapets bruttogevinst fra Tilbudet, forutsatt at Joint Global Coordinator utøver Over-Allotment opsjon fullt ut, vil utgjøre NOK 1,329,387,793.50 i midten av det indikativ prisklasse med estimerte utgifter i forbindelse med noteringen og Tilbudet til omtrent NOK 43.000.000. Nettoprovenyet vil derfor være NOK 1,286,387,793.50 i midten av det indikativ prisklasse.</p> <p>De samlede kostnadene knyttet til noteringen og Tilbudet som tilbys av de Selgende Aksjonærene og Selskapet, forventes å beløpe seg til opp til NOK 65.266.107, forutsatt at alle salgsandeler selges (og Joint Global Coordinator utøver Over-Allotment opsjon fullt ut).</p>
	<p>Selskapet vil ikke motta proveny fra salget.</p>
<p><b>E.2 Bakgrunn for Tilbudet og bruk av provenyet</b></p>	<p>Gjennom Tilbudet og noteringen vil Selskapet utvide sin aksjonærbase og ha som mål å tilby et regulert marked for sine aksjer.</p> <p>Selskapet mener at noteringen vil styrke Selskapets profil ytterligere i markedene den opererer i, herunder hos aksjonærer, samarbeidspartnere, kunder og ansatte.</p> <p>Noteringen forventes også å gi tilgang til kapitalmarkedene for fremtidig vekst. I tillegg forventer Selskapet at noteringen skal øke Selskapets evne til å delta i industrikonsolidering, herunder ved å engasjere seg med vertikalt integrerte elektrisitetsselskaper som vurderer en spin-off av deres elektrisitetssvirksomhet. Etter noteringen vil Fjordkraft kunne tilby slike selskaper en typisk ønsket eksponering for elektrisitetmarkedet ved å eie børsnoterte aksjer i Fjordkraft.</p> <p>Selskapet vil ikke motta noe proveny fra salget.</p>
<p><b>E.3 Vilkår for tilbudet</b></p>	<p>Tilbudet består av et tilbud fra de Selgende Aksjonærene om opp til 39.186.081 gyldig utstedte og fullt innbetalte registrerte Aksjer, hver pålydende NOK 0.30.</p>
	<p>I tillegg kan Global Coordinator velge å overtildele opp til 5.877.912 Tilleggsaksjer, tilsvarende opp til ca. 15 % av det totale antall Aksjer solgt i Tilbudet. De Ulånsselgende Aksjonærer (Lending Selling Shareholders) har tildelt Tilretteleggerne (Joint Bookrunners) en Overtildelingsopsjon for å låne et tilsvarende antall Tilleggsaksjer for å dekke en slik overtildeling. Noen av de Selgende Aksjonærene har videre tildelt Tilretteleggerne (Joint Bookrunners) en mulighet for å kjøpe fra den aktuelle Selgende Aksjonær, opp til et samlet antall Aksjer som er lik antall Tilleggsaksjer, dette for å lette tilbakelevering av de lånte Aksjene ("<b>Greenshoe Option</b>"). Se punkt 18.9 "Over-allotment and stabilisation activities".</p>
	<p>Tilbudet består av:</p> <p>Et Institusjonelt Tilbud, hvor Tilbudsaksjer tilbys (a) til institusjonelle og profesjonelle investorer i Norge, (b) til investorer utenfor Norge og USA i henhold til gjeldende unntak fra prospektkrav, og (c) investorer i USA som er "qualified institutional buyers" (QIBs), i henhold til Regel nr. 144A i U.S. Securities Act. Det institusjonelle tilbudet er underlagt en nedre grense per bestilling på NOK 2 500 000.</p>



	<p>Et Offentlig Tilbud, hvor Tilbudsaksjer tilbys til allmennheten i Norge med en nedre grense per bestilling på NOK 10 500 og en øvre grense per bestilling på NOK 2 499 999 for hver investor. Investorer som ønsker å legge inn en bestilling som overstiger NOK 2 499 999 må gjøre det i det Institusjonelle Tilbudet. Flere bestillinger fra én bestiller i det Offentlige Tilbudet vil bli behandlet som én bestilling hva gjelder maksimal bestillingsgrense.</p>
	<p>Et Ansattetilbud, hvor Tilbudsaksjer tilbys Selskapets kvalifiserte ansatte, med en nedre grense per bestilling på NOK 10 500 for den enkelte kvalifiserte ansatte. Kvalifiserte ansatte som deltar i Ansattetilbudet vil motta 20 % rabatt på det samlede beløpet som skal betales for Tilbudsaksjene som er tildelt en slik ansatt, med en maksimumsrabatt på NOK 3 000. Kvalifiserte ansatte vil motta fulltildeling for enhver søknad opp til og med et beløp på NOK 2 499 999. Flere bestillinger fra én bestiller i Ansattetilbudet vil bli behandlet som én bestilling hva gjelder maksimal bestillingsgrense og den garanterte tildelingen. For bestillinger som overgår NOK 2 499 999, vil selskapet sammen med Global Coordinator bestemme tildelingen av aksjene.</p> <p>Ethvert tilbud eller salg i USA vil bare bli gjort til "qualified institutional buyers" (QIBs) i henhold til Regel nr. 144A eller i henhold til et annet unntak fra registreringskravene i U.S. Securities Act. Alle tilbud eller salg utenfor USA vil bli gjort i henhold til Regulation S i U.S. Securities Act. For ytterligere detaljer, vennligst se «Important Information» og kapittel 19 «Selling and Transfer Restrictions.»</p> <p>Bookbuildingperioden for det Institusjonelle Tilbudet er forventet å finne sted fra den 12. mars 2018 fra kl. 09:00 (norsk tid) til den 20. mars 2018 kl. 13:00 (norsk tid). Bestillingsperioden for det Offentlige Tilbudet og Ansattetilbudet er forventet å begynne den 12. 2018 kl. 09:00 (norsk tid) til den 20. mars 2018 kl. 12:00 (norsk tid). Selskapet forbeholder seg retten til, i konsultasjon med Global Coordinator, når som helst å forkorte eller forlenge Bookbuildingperioden og/eller Bestillingsperioden.</p> <p>Tilretteleggerne (Joint Bookrunners) forventer å kunne gi beskjed om tildeling av Tilbudsaksjer i det Institusjonelle Tilbudet rundt den 21. mars 2018, gjennom utstedelse av sluttседdel til bestillerne via post eller på annen måte. Betaling fra bestillerne i det Institusjonelle Tilbudet vil finne sted mot levering av Tilbudsaksjer. Levering og betaling av Tilbudsaksjene er forventet å finne sted rundt den 23. mars 2018 via VPS.</p> <p>Selskapet og de Selgende Aksjonærene har, i konsultasjon med Global Coordinator), fastsatt et Indikativt Prisintervall fra NOK 28 til NOK 31 per Tilbudsaksje.</p> <p>Frist for betaling i det Offentlige Tilbudet og Ansattetilbudet er satt til den eller rundt den 22. mars 2018. Forutsatt rettidig betaling av bestilleren, er levering av Tilbudsaksjene tildelt i det Offentlige Tilbudet og Ansattetilbudet er forventet å finne sted den eller rundt den 23. mars 2018.</p> <p>Gjennomføring av Tilbudet er blant annet betinget av at Selskapet oppfyller noteringsvilkårene og at Selskapet blir notert på Oslo Børs, se kapittel 18.13 «Conditions for completion of the Offering — Listing and trading of the Offer Shares.»</p>

<b>E.4 Vesentlige og motstridende interesser</b>	<p>Tilretteleggerne (Joint Bookrunners) eller deres tilknyttede selskap, har fra tid til annen gitt, og kan i fremtiden gi, finansiell rådgivning, investeringstjenester og kommersielle banktjenester, samt finansiering til Selskapet og dets tilknyttede selskap som ledd i sin ordinære virksomhet. For slike tjenester kan de ha mottatt og vil kunne fortsette å motta vanlige honorarer og provisjoner. Tilretteleggerne (Joint Bookrunners) har ikke til hensikt å fremlegge omfanget av slike investeringer eller transaksjoner med mindre de er juridisk eller regulatorisk forpliktet til dette. Tilretteleggerne (Joint Bookrunners) vil motta et tilretteleggerhonorar i forbindelse med Tilbudet, og de vil på grunn av dette ha en interesse i Tilbudet.</p>
	<p>De Selgende Aksjonærene vil motta provenyet fra salget av Salgsaksjene og salget av eventuelle Tilleggsaksjer i henhold til Overtildelingsopsjonen. De Utlånsselgende Aksjonærene vil motta en eventuell fortjeneste fra potensielle stabiliseringsaktiviteter, i forhold til deres respektive andeler i det totale nettoprovenyet fra Greenshoe-Tilbudet. Eventuelle nettotap som følge av stabiliseringsaktiviteter skal bæres av Tilretteleggerne (Joint Bookrunners).</p> <p>Selskapet er ikke kjent med, utenom de som er nevnt ovenfor, noen interesser, herunder konfliktinteresser, av fysiske eller juridiske personer som er involvert i Tilbudet.</p>
<b>E.5 Selgende aksjonær og bindingsavtaler (lock-upavtaler)</b>	<p>I henhold til bindingsavtaler har Selskapet, de Selgende Aksjonærene, styrets medlemmer og ledelsen forpliktet seg overfor Global Coordinator til å ikke, uten skriftlig samtykke fra Global Coordinator, for en periode på 12 måneder for Selskapet og de Selgende Aksjonærene og 12 måneder for styrets medlemmer og ledelsen (1), utstede, tilby, pantsette, selge, utstede salgskontrakter, selge eventuelle opsjoner eller inngå kjøpsavtaler, kjøpe opsjoner eller inngå salgskontrakter, utlevere opsjonsrettigheter eller kjøpsgaranti, låne eller på annen måte overføre eller selge, direkte eller indirekte, eventuelle Aksjer eller andre eierandeler i Selskapets kapital eller eventuelle verdipapirer som kan konverteres til eller utøves for slike Aksjer eller andre egenkapitalinteresser, eller (2) inngå bytte eller annen avtale som overfører helt eller delvis til en annen, noen av de økonomiske konsekvensene av eierskap av andeler eller andre egenkapitalinteresser, om en slik transaksjon beskrevet i (1) eller (2) ovenfor skal være avregnet ved levering av Aksjene eller andre verdipapirer eller interesser, i kontanter eller på annen måte, eller (3) offentliggjør eller indikerer en intensjon om å gjennomføre en transaksjon spesifisert i (1) eller (2) ovenfor.</p> <p>For Selskapet skal ovennevnte ikke gjelde for tildeling av Aksjer, eller for innfrielse av andre rettigheter til Aksjer, av Selskapet i henhold til eventuelle ledelse- eller ansattes bonusaksjeordninger, eller for utstedelse av vederlagsaksjer i forbindelse med fusjoner og oppkjøp.</p>

	<p>For de Selgende Aksjonærene, skal det overstående ikke gjelde ved (A) salg eller overføring av Aksjer til en av Tilretteleggerne (Joint Bookrunners) i henhold til Plasseringsavtalen, (B) eventuell forhåndsgodkjenning, aksept eller lignende handling i forbindelse med et overtakelsestilbud for alle Aksjer i samsvar med verdipapirhandelloven § 6, eller ved en fusjon, (C) enhver panterett om Aksjer som eksisterer på tidspunktet for foretakende eller enhver panterett om Salgsandeler som tilbys for salg i Tilbudet og gjenstår usolgte, som er etablert i forbindelse med tilbakeførsel av slike Aksjer fra Tilretteleggerne (Joint Bookrunners) til de Selgende Aksjonærene, (D) enhver overføring av Aksjer til selskaper som er kontrollert av Selgende Aksjonær som påtar seg forpliktelsene angitt i foretakende. Foretakende gjelder for alle Aksjer og rettigheter til Aksjer som for tiden er eiet, eller som i bindingsperioden beskrevet ovenfor, erverves av respektive Selgende Aksjonær og enheter direkte eller indirekte kontrollert av den.</p> <p>For styremedlemmer og medlemmer av ledelsen, skal det foregående ikke gjelde når (A) forhåndsgodkjenning, aksept og lignende handling i forbindelse med et overtakelsestilbud for alle Aksjer i samsvar med verdipapirhandelens § 6, eller en fusjon, eller (B) ved overførsel av Aksjer til selskaper som er kontrollert av det respektive styremedlem eller medlem av ledelsen, som påtar seg forpliktelsen i foretakende. Foretakende skal gjelde alle Aksjer og rettigheter til Aksjer som styremedlemmene, medlemmene av ledelsen og enheter de direkte eller indirekte kontrollerer, enten innehar, eller anskaffer i løpet av bindingsperioden beskrevet ovenfor.</p>
	Se punkt 18.16 "Lock-up" for en fullstendig beskrivelse av bindingsavtalen.
<b>E.6</b>	<b>Utvanning som følge av Tilbudet</b>
	Tilbudet vil ikke føre til utvanning av eksisterende aksjonærer.
<b>E.7</b>	<b>Estimerte kostnader som vil kreves fra investorene</b>
	Ikke aktuelt. Ingen utgifter eller avgifter vil kreves av Selskapet eller Tilretteleggerne til investorene i Tilbudet.

## 22. DEFINITIONS AND GLOSSARY

For definitions of certain terms and metrics used in the Prospectus, see Section 4.3 “Presentation of financial and other information”. In the Prospectus, the following defined terms have the following meanings:

<b>2010 PD Amending Directive .....</b>	Directive 2010/73/EU amending the EU Prospectus Directive.
<b>2017 Financial Statements .....</b>	Financial information as at, and for the year ended, 31 December 2017 with comparative figures for the year ended, 31 December 2016 prepared in accordance with IFRS as well as the Norwegian disclosure requirements pursuant to the Norwegian Accounting Act.
<b>2016 Financial Statements .....</b>	The Group's audited consolidated financial statements as at, and for the year ended, 31 December 2016 with comparative figures for the year ended, 31 December 2015 prepared in accordance with Norwegian Generally Accepted Accounting Principles.
<b>Additional Shares .....</b>	A number of additional Shares sold in the Offering pursuant to the over-allotment by the Stabilisation Manager, equalling up to approximately 15 percent of the number of Sale Shares to be sold in the Offering.
<b>Alliance</b>	The Alliance concept represents Fjordkraft's cooperation model for local electricity retailers and producers.
<b>Alliance Extended Services</b>	A platform for various services directed towards and through, cooperation with, smaller local electricity producers and retailers.
<b>AMS</b>	Automatic electricity meter.
<b>Anti-Money Laundering Legislation</b>	The Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations of 13 March 2009 no. 302, collectively.
<b>Application Period .....</b>	The application period for the Retail Offering and the Employee Offering which will take place from 9:00 hours (Oslo time) on 12 March 2018 to 12:00 hours (Oslo time) on 20 March 2018, unless shortened or extended.
<b>Articles of Association .....</b>	The Company's articles of association.
<b>Audited Financial Statements .....</b>	The 2017 Financial Statements and the 2016 Financial Statements, together.
<b>BKK</b>	BKK AS with registration number 880 309 102 and registered address at Kokstadvegen 37, 5257 Kokstad, Norway.
<b>Board of Directors .....</b>	The board of directors of the Company.
<b>Board Members .....</b>	The members of the Board of Directors.
<b>Bookbuilding Period .....</b>	The bookbuilding period for the Institutional Offering which will take place from 9:00 hours (Oslo time) on 12 March 2018 to 13:00 hours (Oslo time) on 20 March 2018, unless shortened or extended.
<b>Borrowed Shares</b>	The shares borrowed pursuant to the Over-Allotment Option equal to the number of Additional Shares.

<b>Business Day</b>	Means any day (excluding Saturdays and Sundays) when banks normally are open for general banking business in Norway.
<b>Company</b>	The Norwegian public limited liability company, Fjordkraft Holding ASA with organisation number 920 153 577.
<b>CAGR</b>	Compound Annual Growth Rate.
<b>CCO</b>	Chief Commercial Officer.
<b>CEO</b>	Chief Executive Officer.
<b>CFO</b>	Chief Financial Officer.
<b>COO</b>	Chief Operating Officer.
<b>CRM</b>	Customer Relationship Management.
<b>CSR</b>	Corporate Social Responsibility.
<b>Corporate Governance Code</b>	The Norwegian Code of Practice for Corporate Governance, dated 30 October 2014.
<b>DSO</b>	Distribution System Operator.
<b>EBIT</b>	Operating profit/(loss), i.e. profit/(loss) before interest and taxes.
<b>EBITDA</b>	Represents the operating profit/(loss) before depreciation and impairment, i.e. profit/(loss) before interest, taxes, depreciation and impairment.
<b>EEA</b> .....	The European Economic Area.
<b>Eligible Employees</b> .....	All full time employees of the Company or its directly or indirectly wholly owned subsidiaries resident in Norway as at the last day of the Application Period.
<b>Employee Application Form</b> .....	Application form to be used to apply for Offer Shares in the Employee Offering, attached to this Prospectus as Appendix D in English and Appendix E in Norwegian.
<b>Employee Offering</b> .....	An Employee Offering, in which Offer Shares are being offered to the Company's Eligible Employees, subject to a lower limit of NOK 10,500 for each Eligible Employee.
<b>Energy Act</b>	Act relating to the generation, conversion, transmission, trading, distribution and use of energy etc (The Energy Act) Act no. 50 of 29 June 1990 in force 1 January 1991.
<b>EU</b> .....	The European Union.
<b>EUR</b> .....	The lawful common currency of the EU member states who have adopted the Euro as their sole national currency.
<b>EU Prospectus Directive</b> .....	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State.
<b>Fjordkraft</b> .....	The Norwegian public limited liability company, Fjordkraft Holding ASA with organisation number 920 153 577.
<b>Financial Statements</b> .....	The Audited Financial Statements.

<b>GDPR</b>	General Data Protection Regulation.
<b>General Meeting</b> .....	The Company's general meeting of shareholders.
<b>Global Coordinator</b>	ABG Sundal Collier ASA
<b>GoO</b>	The Guarantee of Origin is an instrument defined in European legislation that labels electricity from renewable sources to provide information to electricity customers on the source of their energy.
<b>Greenshoe Option</b>	An option granted to the Stabilisation Manager to purchase from certain of the Selling Shareholders up to a combined total number of Shares equal to the Additional Shares, exercisable, in whole or in part, within a 30-day period commencing at the time trading of the Shares commences on Oslo Børs to cover any over-allotments made in connection with the Offering.
<b>Group</b> .....	The Company and its subsidiaries.
<b>HR</b>	Human Resources
<b>IAS 34</b> .....	International Accounting Standard 34 "Interim Financial Reporting".
<b>ICT</b>	Information and Communications Technology
<b>IFRS</b> .....	International Financial Reporting Standards, as adopted by the EU.
<b>Indicative Price Range</b> .....	The indicative price range in the Offering of NOK 28 to NOK 31 per Offer Share.
<b>Institutional Closing Date</b> .....	Delivery and payment for the Offer Shares by the applicants in the Institutional Offering is expected to take place on or about 23 March 2018.
<b>Institutional Offering</b> .....	An institutional offering, in which Offer Shares are being offered (a) to institutional and professional investors in Norway, (b) to investors outside Norway and the United States, subject to applicable exemptions from the prospectus requirements, and (c) in the United States, to QIBs, as defined in, and in reliance on Rule 144A under the U.S. Securities Act, subject to a lower limit per application of NOK 2,500,000.
<b>IT</b> .....	Information Technology.
<b>IP</b> .....	Intellectual Property.
<b>Joint Bookrunners</b> .....	ABG Sundal Collier ASA and SpareBank 1 Markets AS, collectively.
<b>Global Coordinator</b> .....	ABG Sundal Collier ASA.
<b>LE</b>	Large enterprise.
<b>Lending Selling Shareholders</b>	BKK and Skagerak Energi
<b>Listing</b> .....	The listing of the Shares on Oslo Børs.
<b>Management</b> .....	The senior management team of the Company.
<b>Member States</b>	A state that is a member of an international organisation or of a federation or confederation.

<b>Min Bedrift</b>	Fjordkraft's energy management tools.
<b>Min Side</b>	A login information portal where customers may update their contact details and access personal information such as invoice and electricity contract details.
<b>M&amp;A</b>	Mergers and acquisitions.
<b>NGAAP</b>	Norwegian Generally Accepted Accounting Principles.
<b>NVE</b>	Norwegian Water Resources and Energy Directorate.
<b>NOK</b> .....	Norwegian kroner, the lawful currency of Norway.
<b>NASDAQ</b>	The National Association of Securities Dealers Automated Quotations exchange.
<b>Non-Norwegian Corporate Shareholder</b> .....	Shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes.
<b>Non-Norwegian Personal Shareholder</b> .....	Shareholders who are individuals not resident in Norway for tax purposes.
<b>Nord Pool</b>	Nord Pool AS, a Norwegian company with reg. no 984 058 098 and is a market for electrical energy trade in Europe operating in Norway, Denmark, Sweden, Finland, Estonia, Latvia, Lithuania, Germany and the UK.
<b>Nordic region</b> .....	Norway, Sweden, Finland and Denmark.
<b>Norwegian Act on Overdue Payment</b> .....	The Norwegian Act on Overdue Payment of 17 December 1976 no. 100.
<b>Norwegian Corporate Shareholder..</b>	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes.
<b>Norwegian FSA</b> .....	The Norwegian Financial Supervisory Authority ( <i>Nw.: Finanstilsynet</i> ).
<b>Norwegian Personal Shareholder</b> .....	Shareholders who are individuals resident in Norway for tax purposes.
<b>Norwegian Public Limited Companies Act</b> .....	The Norwegian Public Limited Companies Act of 13 June 1997 no. 45 ( <i>Nw.: allmennaksjeloven</i> ).
<b>Norwegian Securities Trading Act...</b>	The Norwegian Securities Trading Act of 29 June 2007 no. 75 ( <i>Nw.: verdipapirhandelloven</i> ).
<b>Offering</b> .....	The global offering including the Institutional Offering, the Retail Offering and the Employee Offering taken together.
<b>Offer Price</b> .....	The final offering price for the Offer Shares in the Offering. The Offer Price may be set within, below or above the Indicative Price Range.
<b>Offer Shares</b> .....	The Sale Shares and any Additional Shares, unless the context indicates otherwise.
<b>Order</b> .....	The UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
<b>Oslo Børs</b> .....	Oslo Børs ASA, or, as the context may require, Oslo Børs, a Norwegian regulated stock exchange operated by Oslo Børs ASA.

<b>Oslo time</b> .....	Central European Time.
<b>Over-Allotment Option</b> .....	A lending option expected to be granted to the Stabilisation Manager by the Lending Selling Shareholders, pursuant to which the Stabilisation Manager may require the Selling Shareholders to lend to the Stabilisation Manager, on behalf of the Joint Bookrunners, up to a number of Shares equal to the number of Additional Shares.
<b>Payment Date</b> .....	The payment date for the Offer Shares under the Retail Offering and the Employee Offering, expected to be on 22 March 2018.
<b>Pension Scheme Agreement</b>	An agreement on the common administration and management of the joint pension fund benefit scheme entered into as part of the establishment of the BKK Pension Fund, a joint pension fund for BKK and certain other participating companies (including the Group).
<b>Placing Agreement</b>	The Placing Agreement between the Company, the Selling Shareholders and the Joint Bookrunners relating to the Offering.
<b>Prospectus</b> .....	This Prospectus, dated 9 March 2018.
<b>QIBs</b> .....	Qualified institutional buyers as defined in Rule 144A.
<b>Registrar</b>	DNB Bank ASA
<b>Regulation S</b> .....	Regulation S under the U.S. Securities Act.
<b>Relevant Member State</b> .....	Each Member State of the EEA which has implemented the EU Prospectus Directive.
<b>Relevant Persons</b> .....	Persons in the UK that are (i) investment professionals falling within Article 19(5) of the Order or (ii) high net worth entities, and other persons to whom the Prospectus may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order.
<b>Retail Application Form</b> .....	Application form to be used to apply for Offer Shares in the Retail Offering, attached to this Prospectus as Appendix B in English and Appendix C in Norwegian.
<b>Retail Offering</b> .....	A retail offering, in which Offer Shares are being offered to the public in Norway, subject to a lower limit per application of an amount of NOK 10,500 and an upper limit per application of NOK 2,499,999 for each investor.
<b>Rule 144A</b> .....	Rule 144A under the U.S. Securities Act.
<b>Sale Shares</b> .....	The existing Shares of the Company offered by the Selling Shareholders pursuant to the Offering.
<b>Selling Shareholders</b> .....	The Company's existing shareholders listed in Section 13 ("The Selling Shareholders").
<b>SFA</b> .....	The Securities and Futures Act of Singapore.
<b>Share(s)</b> .....	Ordinary shares in the share capital of the Company.
<b>Skagerak Energi</b>	Skagerak Energi AS with registration number 980 495 302 and registered address at Floodeløkka 1 3915 Porsgrunn, Norway.



<b>SME</b>	Small to medium enterprise.
<b>Stabilisation Manager</b> .....	ABG Sundal Collier ASA.
<b>Subsidiary</b>	The Norwegian public limited liability company, Fjordkraft AS with organisation number 976 944 682.
<b>TEM</b>	TrønderEnergi Marked AS with company registration number 993 385 565.
<b>TSO</b>	Transmission System Operator
<b>UK</b> .....	The United Kingdom.
<b>U.S. or United States</b> .....	The United States of America.
<b>U.S. Exchange Act</b> .....	The U.S. Securities Exchange Act of 1934, as amended.
<b>U.S. Holder</b> .....	A U.S. Holder is a beneficial owner of a share that is a citizen or resident of the United States, a U.S. domestic corporation, or otherwise subject to U.S. federal income tax on a net income basis with respect to income from the shares. Accordingly, a "non-U.S. Holder" is a beneficial owner that is not a U.S. Holder.
<b>U.S. Securities Act</b> .....	The U.S. Securities Act of 1933, as amended.
<b>USD</b> .....	United States dollars, the lawful currency in the United States.
<b>VPS</b> .....	The Norwegian Central Securities Depository ( <i>Nw.: Verdipapirsentralen</i> ).
<b>VPS Account</b> .....	An account with the VPS for the registration of holdings of securities.

**VEDTEKTER  
FOR  
FJORDKRAFT HOLDING ASA**

(vedtatt på stiftelsesmøte 15. desember 2017)

**§ 1 Navn**

Selskapets navn er Fjordkraft Holding ASA.

**§ 2 Selskapsform**

Selskapet skal være et allmennaksjeselskap.

**§ 3 Forretningskontor**

Selskapets forretningskontor er i Bergen kommune.

**§ 4 Formål**

Selskapets virksomhet er omsetning av elektrisk kraft og annen energi i sluttbrukermarkedet, samt virksomhet som har tilknytning til dette, herunder deltakelse i andre selskaper.

**§ 5 Aksjekapital**

Selskapets aksjekapital er på NOK 31 348 864,80, fordelt på 104 496 216 aksjer, hver pålydende NOK 0,30. Selskapets aksjer skal være registrert i verdipapirsentralen (VPS).

**§ 6 Styre**

Selskapets styre skal ha fra 5 til 8 medlemmer inkludert eventuelle ansattrepresentanter, og velges av generalforsamlingen.

**§ 7 Firma**

Selskapets firma tegnes av styrets leder og ett styremedlem i fellesskap, eller styrets leder og administrerende direktør i fellesskap, eventuelt av to styremedlemmer og administrerende direktør i fellesskap. Styret kan meddele tegningsrett.

**§ 8 Generalforsamlingen**

Den ordinære generalforsamling skal årlig behandle:

1. Fastsetting av årsregnskap og årsberetning
2. Anvendelse av overskudd eller dekning av underskudd, herunder utdeling av utbytte.
3. Fastsettelse av honorar til styret og godkjenning av revisjonshonorar.
4. Valg av eller endringer i styre.
5. Andre saker som etter lov eller vedtekter hører under generalforsamlingen.

## **§ 9 Innkalling til generalforsamling**

Dokumenter som gjelder saker som skal behandles på generalforsamlingen trenger ikke sendes til aksjeeierne dersom dokumentene er gjort tilgjengelige for aksjeeierne på selskapets nettsider. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen. Dokumentene skal gjøres tilgjengelig på selskapets nettsider senest 21 dager før generalforsamling.

## **§ 10 Stemmeavgivning**

Aksjeeierne skal kunne avgi sin stemme skriftlig i saker på agendaen til generalforsamlingen i en periode før generalforsamlingen, herunder ved bruk av elektronisk kommunikasjon, i den utstrekning selskapets styre finner betryggende metoder for autentisering av avsenderen av slik stemme og i samsvar med allmennaksjelovens bestemmelser.

## **§ 11 Valgkomité**

Selskapet skal ha en valgkomité som velges av generalforsamlingen. Valgkomiteen skal ha fra 1 til 3 medlemmer. Komiteens medlemmer og leder velges av generalforsamlingen. Generalforsamlingen velger også godtgjørelse til komiteens leder og medlemmer.

Valgkomiteen skal forberede og foreslå valg av styremedlemmer overfor generalforsamlingen. Komiteen skal også avgi innstilling til generalforsamlingen om styrehonorar. Generalforsamlingen kan vedta instruks for valgkomiteens arbeid.

Valgkomiteens innstilling skal gjøres tilgjengelig på selskapets nettsider senest 21 dager før generalforsamling.

## **§ 12 Revisjonsutvalg**

Selskapet skal ha et revisjonsutvalg som velges av og blant styrets medlemmer. Utvalget skal ha tre medlemmer. Styret skal fastsette nærmere instruks for revisjonsutvalgets arbeid.

## **§ 13 Kompensasjonsutvalg**

Selskapet skal ha et kompensasjonsutvalg. Styret skal fastsette nærmere instruks for kompensasjonsutvalgets arbeid.

## **§ 14 Allmennaksjeloven**

For øvrig henvises til den til enhver tid gjeldende allmennaksjelovgivning.

## APPLICATION FORM FOR THE RETAIL OFFERING

**General information:** The terms and conditions for the Retail Offering are set out in the prospectus dated 9 March 2018 (the "**Prospectus**"), which has been prepared by Fjordkraft Holding ASA (the "**Company**") in connection with the initial public offering (the "**Offering**") of up to 39,186,081 existing ordinary shares, with a par value of NOK 0.30 each, of the Company (the "**Sale Shares**") offered by the Company's existing shareholders (the "**Selling Shareholders**") and the related listing (the "**Listing**") of the Company's Shares on Oslo Børs, a stock exchange operated by Oslo Børs ASA. In addition, ABG Sundal Collier ASA (the "**Global Coordinator**"), in consultation with SpareBank 1 Markets AS (together with ABG Sundal Collier ASA, the "**Joint Bookrunners**"), may elect to over-allot a number of additional shares equalling up to approximately 15 percent of the number of Sale Shares sold in the Offering (the "**Additional Shares**") and together with the Sale Shares, the "**Offer Shares**"). All capitalised terms not defined herein shall have the meaning assigned to them in the Prospectus.

**Application procedure:** Norwegian applicants in the Retail Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on the following websites: [www.abgsc.no](http://www.abgsc.no) and [www.sb1markets.no](http://www.sb1markets.no). Applicants in the Retail Offering not having access to the VPS online application system must apply using this Retail Application Form. Retail Application Forms must be correctly completed and submitted by the applicable deadline to one of the following application offices:

ABG Sundal Collier ASA P.O. Box 1444 Vika N-0115 Oslo, Norway Tel: +47 22 01 60 00 E-mail: <a href="mailto:subscription@abgsc.no">subscription@abgsc.no</a> Website: <a href="http://www.abgsc.no">www.abgsc.no</a>	SpareBank 1 Markets AS P.O. Box 1398 Vika N-0114 Oslo, Norway Tel: +47 24 14 74 00 E-mail: <a href="mailto:subscription@sb1markets.no">subscription@sb1markets.no</a> Website: <a href="http://www.sb1markets.no">www.sb1markets.no</a>
--	--

The applicant is responsible for the correctness of the information filled in on this Retail Application Form. Retail Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, and any application that may be unlawful, may be disregarded without further notice to the applicant. Properly completed Retail Application Forms must be received by one of the application offices listed above or registered electronically through the VPS application system by 12:00 hours (CEST) on 20 March 2018, unless the Application Period is being shortened or extended. None of the Company, the Selling Shareholders or any of the Joint Bookrunners may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any application office. All applications made in the Retail Offering will be irrevocable and binding upon receipt of a duly completed Retail Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any shortening or extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

**Price of Offer Shares:** The indicative price range (the "**Indicative Price Range**") for the Offering is from NOK 28 to NOK 31 per Offer Share. The Company, in consultation with the Global Coordinator, will determine the number of Offer Shares and the final Offer Price on the basis of the applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Retail Offering and the Employee Offering. The Offer Price will be determined on or about 20 March 2017. The Offer Price may be set within, below or above the Indicative Price Range. Each applicant in the Retail Offering will be permitted, but not required, to indicate when ordering through the VPS online application system or on this Retail Application Form that the applicant does not wish to be allocated Offer Shares should the Offer Price be set higher than the highest price in the Indicative Price Range (i.e. NOK 31 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set higher than the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when ordering through the VPS online application system or on this Retail Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, as long as the Offer Price has been determined on the basis of orders placed during the bookbuilding process described above.

**Allocation, payment and delivery of Offer Shares:** In the Retail Offering, no allocations will be made for a number of Offer Shares representing an aggregate value of less than NOK 10,500 per applicant. All allocations will be rounded down to the nearest whole number of Offer Shares and the payable amount will be adjusted accordingly. One or multiple applications from the same applicant in the Retail Offering with a total application amount in excess of NOK 2,499,999 will be adjusted downwards to an application amount of NOK 2,499,999. ABG Sundal Collier, acting as settlement agent for the Retail Offering, expects to issue notifications of allocation of Offer Shares in the Retail Offering on or about 21 March 2018, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it, may contact one of the application offices listed above on or about 21 March 2018 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or about 21 March 2018. In registering an application through the VPS online application system or by completing and submitting this Retail Application Form, each applicant in the Retail Offering will authorise ABG Sundal Collier (on behalf of the Joint Bookrunners), to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Retail Application Form. Accounts will be debited on or about 22 March 2018 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 21 March 2018. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (expected to be 22 March 2018). Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 21 March 2018, or can be obtained by contacting ABG Sundal Collier at +47 22 01 60 00. Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 8.50% per annum. ABG Sundal Collier (on behalf of the Joint Bookrunners) reserves the right (but has no obligation) to make up to three debit attempts through to 3 April 2018 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit therefrom). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Retail Offering is expected to take place on or about 23 March 2018 (or such later date upon the successful debit of the relevant account).

**Guidelines for the applicant:** Please refer to the second page of this Retail Application Form for further application guidelines.

<b>Applicant's VPS-account (12 digits):</b>	<b>I/we apply for Offer Shares for a total of NOK (minimum NOK 10,500 and maximum NOK 2,499,999)</b>	<b>Applicant's bank account to be debited (11 digits):</b>
<b>OFFER PRICE:</b> My/our application is conditional upon the final Offer Price not being set above the upper end of the Indicative Price Range (insert cross) <b>(must only be completed if the application is conditional upon the final Offer Price not being set above the upper end of the Indicative Price Range):</b>		
I/we hereby irrevocably (i) apply for the number of Offer Shares allocated to me/us, at the Offer Price, up to the aggregate application amount as specified above subject to the terms and conditions set out in this Retail Application Form and in the Prospectus, (ii) authorise and instruct each of the Joint Bookrunners (or someone appointed by any of them) acting jointly or severally to take all actions required to purchase and/or subscribe the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Retail Application Form, and to ensure delivery of such Offer Shares to me/us in the VPS, on my/our behalf, (iii) authorise ABG Sundal Collier to debit my/our bank account as set out in this Retail Application Form for the amount payable for the Offer Shares allotted to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are eligible to apply for and purchase Offer Shares under the terms set forth therein.		
<b>Date and place*:</b>	<b>Binding signature**:</b>	

\* Must be dated during the Application Period.

\*\* The applicant must be of legal age. If the Retail Application Form is signed by a proxy, documentary evidence of authority to sign must be attached in the form of a Power of Attorney or Company Registration Certificate.

Please note: If the application form is sent to the Manager(s) by e-mail, the e-mail will be unsecured unless the applicant takes measures to secure it. The Manager(s) recommend(s) the applicant to secure all e-mails with application forms attached.

DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED	
First name	Surname/Family name/Company name
Home address (for companies: registered business address)	Zip code and town
Identity number (11 digits) / business registration number (9 digits)	Nationality
Telephone number (daytime)	E-mail address

## GUIDELINES FOR THE APPLICANT

**THIS RETAIL APPLICATION FORM IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE "SELLING RESTRICTIONS" BELOW.**

**Regulatory issues:** Legislation passed throughout the European Economic Area (the "EEA") implemented in the Norwegian Securities Trading Act, imposes requirements in relation to business investment. In this respect the Joint Bookrunners must categorise all new clients in one of three categories: Eligible counterparties, Professional and Non-professional clients. All applicants applying for Offer Shares in the Offering who/which are not existing clients of one of the Joint Bookrunners will be categorised as Non-professional clients. The applicant can by written request to the Joint Bookrunners ask to be categorised as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorisation the applicant may contact the Joint Bookrunners. The applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

**Target market:** The target market for the Offering and the Offer Shares is non-professional, professional and other eligible counterparties. Negative target market: An investment in the Offer Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile.

**Execution only:** As the Joint Bookrunners are not in the position to determine whether the application for Offer Shares is suitable for the applicant, the Joint Bookrunners will treat the application as an execution only instruction from the applicant to apply for Offer Shares in the Offering. Hence, the applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

**Information barriers:** The Joint Bookrunners are securities firms, offering a broad range of investment services. In order to ensure that assignments undertaken in the Joint Bookrunners' corporate finance departments are kept confidential, the Joint Bookrunners' other activities, including analysis and stock broking, are separated from their corporate finance departments by information barriers known as "Chinese walls". The applicant acknowledges that the Joint Bookrunners' analysis and stock broking activity may act in conflict with the applicant's interests with regard to transactions in the Offer Shares as a consequence of such Chinese walls.

**VPS account and anti-money laundering procedures:** The Retail Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulation of 13 March 2009 no. 302 (collectively, the "**Anti-Money Laundering Legislation**"). Applicants who are not registered as existing customers of one of the Joint Bookrunners must verify their identity to one of the Joint Bookrunners in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Retail Application Form are exempted, unless verification of identity is requested by a Joint Bookrunner. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Retail Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the Retail Application Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian FSA.

**Selling restrictions:** The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 19 "Selling and transfer restrictions" in the Prospectus. Neither the Company nor the Selling Shareholders assumes any responsibility in the event there is a violation by any person of such restrictions. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States. The Offer Shares will, and may, not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any jurisdiction where the offer or sale of the Offer Shares is not permitted, or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any jurisdiction where the offer or sale is not permitted, except pursuant to an applicable exemption. In the Retail Offering, the Offer Shares are being offered and sold to certain persons outside the United States in offshore transactions within the meaning of and in compliance with Rule 903 of Regulation S under the U.S. Securities Act.

The Company has not authorised any offer to the public of its securities in any Member State of the EEA other than Norway. With respect to each Member State of the EEA other than Norway and which has implemented the EU Prospectus Directive (each, a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of the Offer Shares requiring a publication of a prospectus in any Relevant Member State. Any offers outside Norway will only be made in circumstances where there is no obligation to produce a prospectus.

**Stabilisation:** In connection with the Offering, ABG Sundal Collier (as the "**Stabilisation Manager**"), or its agents, on behalf of the Joint Bookrunners, may engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days from the commencement of trading and the Listing of the Shares on Oslo Børs. Specifically, the Stabilisation Manager may effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. The Stabilisation Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilisation Manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the Stabilisation Manager does not intend to disclose the extent of any stabilisation transactions under the Offering.

**Investment decisions based on full Prospectus:** Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

**Terms and conditions for payment by direct debiting - securities trading:** Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply.

1. The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, General terms and conditions for deposit and payment instructions.
2. Costs related to the use of "Payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.
3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Financial Contracts Act, the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
5. The payer cannot authorise for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.
6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
7. If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Financial Contracts Act.

**Overdue and missing payments:** Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100, which at the date of the Prospectus is 8.50% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and that the applicant will not be entitled to any profit therefrom). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company, the Selling Shareholders and/or the Joint Bookrunners may enforce payment of any such amount outstanding.

## BESTILLINGSBLANKETT FOR DET OFFENTLIGE TILBUDET

**Generell informasjon:** Vilkårene og betingelsene for det Offentligetilbudet fremgår av prospektet datert 9. mars 2018 ("**Prospektet**"), som er utarbeidet av Fjordkraft Holding ASA ("**Selskapet**") i forbindelse med tilbudet av opp til 39.186.081 eksisterende ordinære aksjer i Selskapet ("**Tilbudet**"), hver pålydende NOK 0,30 ("**Salgsaksjene**") tilbudt av Selskapets eksisterende aksjonærer (de "**Selgende Aksjonærene**"), og tilhørende notering ("**Noteringen**") av Selskapets Aksjer på Oslo Børs. I tillegg kan ABG Sundal Collier ASA ("**Global Coordinator**") i samråd med Sparebank 1 Markets AS (samlet "**Tilretteleggerne**"), velge å overtildel et antall aksjer lik eller opp til cirka 15 % av det totale antall Salgsaksjer som selges i Tilbudet ("**Tilleggsaksjene**") sammen med Salgsaksjene ("**Tilbudsaksjene**"). Alle definerte ord og uttrykk (angitt med stor bokstav) som ikke er definert i denne bestillingsblanketten, skal ha samme innhold som i Prospektet.

**Bestillingsprosedyre:** Norske bestillere i det Offentlige Tilbudet som er norske statsborgere med et norsk personnummer anbefales å foreta bestillinger av Tilbudsaksjer gjennom VPS' nettbaserte bestillingssystem ved å følge linken til det nettbaserte bestillingssystemet på følgende internettsider: [www.abgsc.no](http://www.abgsc.no) og [www.sb1markets.no](http://www.sb1markets.no). Bestillere i det Offentlige Tilbudet som ikke har tilgang til VPS' nettbaserte bestillingssystem må bruke denne bestillingsblanketten. Korrekt utfyllt bestillingsblankett må være mottatt av en av de følgende bestillingskontorer før utløpet av den relevante fristen:

ABG Sundal Collier ASA Postboks 1444 Vika 0115 Oslo, Norge Tel: 22 01 60 00 E-mail: <a href="mailto:subscription@abgsc.no">subscription@abgsc.no</a> Website: <a href="http://www.abgsc.no">www.abgsc.no</a>	SpareBank 1 Markets AS Postboks 1398 Vika 0114 Oslo, Norge Tel: 24 14 74 00 E-mail: <a href="mailto:subscription@sb1markets.no">subscription@sb1markets.no</a> Website: <a href="http://www.sb1markets.no">www.sb1markets.no</a>
---	---

Bestilleren er ansvarlig for riktigheten av informasjonen som er fylt inn i bestillingsblanketten. Bestillingsblanketter som er ufullstendige eller uriktig utfyllt, elektronisk eller på papir, eller som mottas etter utløpet av Bestillingsperioden, og enhver bestilling som kan være ulovlig, kan bli avvist uten nærmere varsel til bestilleren. Korrekt utfyllt bestillingsblankett må være mottatt av et av bevillingskontorene som opplistet ovenfor eller registrert elektronisk gjennom det VPS nettbaserte bestillingssystemet innen kl. 12.00 norsk tid den 20. mars 2018, med mindre Bestillingsperioden forkortes eller forlenges. Verken Selskapet, de Selgende Aksjonærene eller noen av Tilretteleggerne (Joint Bookrunners) kan holdes ansvarlig for forsinkelser i postgang, utliggjelige fakslinjer, internettlinjer eller servere eller andre logistikk- eller tekniske problemer som kan resultere i at bestillinger ikke blir mottatt i tide, eller i det hele tatt, av noen av bestillingskontorene. Alle bestillinger i det Offentlige Tilbudet er ugjenkallelige og bindende og kan ikke trekkes, kanselleres eller endres av bestilleren etter at bestillingen er registrert i VPS' nettbaserte bestillingssystem eller hvis bestilling gjøres på bestillingsblankett, når komplett utfyllt bestillingsblankett er mottatt av et av bestillingskontorene, uavhengig av en eventuell forkortelse eller forlengelse av bestillingsperioden.

**Pris på Tilbudsaksjene:** Det indikative prisintervallet (det "**Indikative Prisintervallet**") i Tilbudet er fra NOK 28 til NOK 31 per Tilbudsaksje. Selskapet vil, i samråd med Tilretteleggerne, fastsette antallet Tilbudsaksjer og den endelige prisen per Tilbudsaksje på basis av ordre som mottas og ikke trekkes tilbake i det Institusjonelle Tilbudet gjennom bookbuilding-prosessen og antallet bestillinger mottatt i det Offentlige Tilbudet og Ansattetilbudet. Tilbudsprisen vil fastsettes rundt den 20. mars 2018. Prisen per Tilbudsaksje kan fastsettes innen, under eller over det Indikative Prisintervallet. Hver bestiller i det Offentlige Tilbudet kan, men må ikke, indikere i VPS' nettbaserte bestillingssystem eller på bestillingsblanketten at bestilleren ikke ønsker å bli tildelt Tilbudsaksjer dersom prisen per Tilbudsaksje blir fastsatt høyere enn den høyeste prisen i det Indikative Prisintervallet (altså NOK 31 per Tilbudsaksje). Dersom bestilleren indikerer dette, vil bestilleren ikke bli tildelt noen Tilbudsaksjer i det tilfellet Tilbudsprisen er satt høyere enn den høyeste prisen i det Indikative Prisintervallet. Dersom bestilleren ikke uttrykkelig gir uttrykk for en slik reservasjon i VPS' nettbaserte bestillingssystem eller på bestillingsblanketten, vil bestillingen være bindende uavhengig av om prisen per Tilbudsaksje fastsettes innenfor eller over (eller under) det Indikative Prisintervallet.

**Allottering, betaling og levering av Tilbudsaksjer:** I det Offentlige Tilbudet vil det ikke bli allottet Tilbudsaksjer som representerer en verdi lavere enn NOK 10 500 per bestiller. Alle bestillinger vil bli rundet ned til nærmeste hele antall Tilbudsaksjer og betalbart beløp vil bli rundet ned tilsvarende. En eller flere bestillinger fra samme bestiller i det Offentlige Tilbudet med et samlet bestillingsbeløp på mer enn NOK 2 499 999 vil bli ansett som en bestilling for et bestillingsbeløp på NOK 2 499 999. ABG Sundal Collier, som oppgjørsgjenger for det Offentlige Tilbudet, forventer å gi beskjed om tildeling av Tilbudsaksjer i det Offentlige Tilbudet rundt den 21. mars 2018 per post eller på annen måte. Bestillere som ønsker å få opplyst det eksakte antallet Tilbudsaksjer som denne er tildelt, kan kontakte et av bestillingskontorene fra rundt den 21. mars 2018 innenfor ordinær åpningstid. Bestillere som har tilgang til investorservice gjennom en institusjon som er kontofører for bestillerens VPS-konto ("**VPS-konto**"), skal fra rundt den 21. mars 2018 kunne se antall Tilbudsaksjer de er tildelt. Ved å registrere en bestilling i VPS' nettbaserte bestillingssystem eller ved å fylle ut og sende inn en bestillingsblankett, gir hver bestiller i det Offentlige Tilbudet fullmakt til ABG Sundal Collier (på vegne av Tilretteleggerne) til å debitere bestillerens norske bankkonto for et beløp som tilsvarer den samlede kjøpesummen for de Tilbudsaksjene som bestilleren blir tildelt. Bankkontoen vil debiteres på eller rundt den 22. mars 2018 ("**Betalingsdatoen**"), og det må være tilstrekkelige innskudd på den aktuelle kontoen fra og med 21. mars 2018. Bestillerens bankkontonummer må angis i VPS' nettbaserte bestillingssystem eller på bestillingsblanketten. Bestillere som ikke har en norsk bankkonto må forsikre seg om at betaling for tildelte Aksjer foretas senest på Betalingsdatoen (forventet å være den 22. mars 2018). Ytterligere betalingsdetaljer og instruksjoner vil fremgå av tildelingsbrevet som sendes ut rundt den 21. mars 2018, eller kan også fås ved å kontakte ABG Sundal Collier på tel 22 01 60 00. Dersom en bestiller ikke har tilstrekkelig innskuddende midler på den aktuelle bankkontoen, eller betaling er forsinket av en eller annen årsak, eller dersom det ikke er mulig å debitere kontoen, vil det påløpe forsinkelsesrente på beløpet til en sats som er lik gjeldende forsinkelsesrente i henhold til forsinkelsesrenteloven, som på tidspunktet for Prospektet er 8,50% per år. ABG Sundal Collier (på vegne av Tilretteleggerne) forbeholder seg retten (men har ingen forpliktelse) til å gjøre inntil tre debiteringsforsøk frem til og med 3. april 2018 dersom det er utilstrekkelig med midler på kontoen på Betalingsdatoen. Dersom betalingen ikke er rettidig, vil tildelte Tilbudsaksjer ikke leveres til bestilleren, og Tilretteleggerne forbeholder seg retten, med risikoen og kostanden for bestilleren, til å kansellere bestillingen til enhver tid deretter og re-allottere eller på annen måte disponere over de tildelte Tilbudsaksjene, på slike vilkår og på en slik måte som Tilretteleggerne måtte bestemme (og bestilleren vil ikke ha rett til noen fortjeneste derfra). Den opprinnelige bestilleren vil fortsatt være ansvarlig for betaling av Tilbudsprisen for Tilbudsaksjene som er allottet til bestilleren, sammen med eventuelle renter, omkostninger, gebyr og utgifter som er påløpt, og Tilretteleggerne kan innkreve betaling av slikt utestående beløp. Dersom betaling for tildelte Tilbudsaksjer er mottatt rettidig, vil levering av tildelte Tilbudsaksjer i det Offentlige Tilbudet foretas rundt den 23. mars 2018 (eller på slik senere dato ved vellykket debitering av den relevante kontoen).

**Retningslinjer for bestilleren:** Vennligst se side to av denne bestillingsblanketten for ytterligere retningslinjer for bestillingen.

<b>Bestillerens VPS-konto (12 siffer):</b>	<b>Jeg/vi bestiller herved Tilbudsaksjer for totalt NOK (minimum NOK 10 500 og maksimum NOK 2 499 999)</b>	<b>Bestillerens bankkonto som skal debiteres (11 siffer):</b>
<b>TILBUDSPRISEN:</b> Min/vår bestilling er betinget av at den endelige prisen for Tilbudsaksjene ikke fastsettes over det øvre nivået i det Indikative Prisintervallet (kryss av) ( <b>Dette feltet skal kun fylles ut dersom bestillingen er betinget av at den endelige Tilbudsprisen ikke fastsettes over den øvre prisen i det Indikative Prisintervallet</b> ):		
Herved (i) foretar jeg/vi, i henhold til vilkårene og betingelsene som fremgår av denne bestillingsblanketten og av Prospektet, en ugjenkallelig bestilling av det antall Tilbudsaksjer tildelt meg/oss til Tilbudsprisen, opp til det samlede bestillingsbeløpet angitt ovenfor, (ii) gir jeg/vi hver av Tilretteleggerne (eller noen utpekt av dem) ugjenkallelig fullmakt og instruerer hver av dem til, sammen eller hver for seg, å gjennomføre enhver handling som er nødvendig for å overføre Tilbudsaksjene som tildeles meg/oss og sikre levering av disse Tilbudsaksjene i VPS på mine/våre vegne, (iii) gir jeg/vi ABG Sundal Collier ugjenkallelig fullmakt til å debitere min/vår bankkonto som angitt i bestillingsblanketten for den samlede kjøpesummen for de Tilbudsaksjene som jeg/vi får tildelt, og (iv) bekrefter og garanterer jeg/vi ugjenkallelig å ha lest Prospektet og at jeg/vi er kvalifisert til å bestille og kjøpe Tilbudsaksjer på de vilkår som der fremgår.		
<b>Dato og sted*:</b>		<b>Bindende signatur**:</b>

\* Må være datert i bestillingsperioden.

\*\*Undertegneren må være myndig. Dersom bestillingsblanketten undertegnes på vegne av bestilleren, må det vedlegges dokumentasjon i form av firmaattest eller fullmakt for at undertegner har slik kompetanse.

Vennligst merk: Dersom bestillingsblanketten sendes Tilrettelegger(ne) via e-post, vil e-posten være usikret med mindre bestilleren sørger for å sikre den. Tilrettelegger(ne) anbefaler at bestillerne sikrer alle e-poster som inneholder en bestillingsblankett.

INFORMASJON OM BESTILLEREN — ALLE FELT MÅ FYLLES UT	
Fornavn	Ettersnavn/Foretaksnavn
Adresse (for foretak: registrert forretningsadresse)	Postnummer og sted
Fødselsnummer (11 siffer) / organisasjonsnummer (9 siffer)	Nasjonalitet
Telefonnummer (dagtid)	E-postadresse

## RETNINGSLINJER FOR BESTILLEREN

**DENNE BESTILLINGSBLANKETTEN SKAL IKKE DISTRIBUERES ELLER OFFENTLIGGJØRES, VERKEN DIREKTE ELLER INDIREKTE, I ELLER TIL USA, CANADA, AUSTRALIA ELLER JAPAN ELLER NOEN ANNEN JURISDIKSJON DER SLIK DISTRIBUSJON ELLER OFFENTLIGGJØRING VIL VÆRE ULOVLIG. ANDRE RESTRIKSJONER GJELDER OGSÅ, SE PUNKTET "SALGSRESTRIKSJONER" NEDENFOR.**

**Regulatoriske forhold:** I overensstemmelse med relevante EU-direktiv, oppstiller lov 29. juni 2007 nr 75 om verdipapirhandel ("Verdipapirhandelloven") med tilhørende forskrifter, krav relatert til finansielle investeringer. I den forbindelse må Tilretteleggerne kategorisere alle nye kunder i en av tre kategorier; kvalifiserte motparter, profesjonelle og ikke-profesjonelle kunder. Alle bestillere som bestiller Tilbudsaksjer i det Offentlige Tilbudet og som ikke allerede er kunde hos en av Tilretteleggerne, vil bli kategorisert som ikke-profesjonell kunde. Bestilleren kan ved skriftlig henvendelse til Tilretteleggerne anmode om å bli kategorisert som profesjonell kunde dersom Verdipapirhandellovens vilkår for dette er oppfylt. For ytterligere informasjon om kundekategorisering kan bestilleren kontakte Tilretteleggerne. Bestilleren bekrefter herved å inneha tilstrekkelig kunnskap og erfaring om finansielle og forretningsmessige forhold for å kunne evaluere risikoen ved å investere i Selskapet gjennom å bestille Tilbudsaksjer i det Offentlige Tilbudet, og bestilleren bekrefter å være i stand til å ta den økonomiske risikoen og tåle et fullstendig tap av sin investering i Selskapet.

**Target marked:** "Target marked" for Tilbudet og Tilbudsaksjene er ikke profesjonelle, profesjonelle og andre kvalifiserte motparter. "Negative target marked": En investering i Tilbudsaksjene er ikke forenlig for investorer som ønsker full kapitalbeskyttelse eller tilbakebetaling, som ikke har risikotoleranse eller som krever garantert gevinst eller fullt ut forutsigbar gevinst profil.

**Kun ordreutførelse:** Tilretteleggerne vil behandle bestillingen av Tilbudsaksjer som en instruksjon om utførelse av ordre ("execution only") fra bestilleren, ettersom Tilretteleggerne ikke vil være i stand til å avgjøre om bestillingen er hensiktsmessig for bestilleren. Bestilleren vil derfor ikke kunne påberope seg Verdipapirhandellovens regler om investorbeskyttelse.

**Informasjonsbarrierer:** Tilretteleggerne er verdipapirforetak som tilbyr et bredt spekter av investeringstjenester. For å sikre at oppdrag som gjennomføres av Tilretteleggernes "corporate finance"-avdelinger holdes konfidensielle, er disse avdelingene adskilt fra Tilretteleggernes andre avdelinger, herunder avdelinger for analyse og aksjemegling, gjennom bruk av informasjonsbarrierer også kjent som "chinese walls". Bestilleren erkjenner at som en konsekvens av dette kan Tilretteleggernes analyse- og aksjemeglingsavdelinger komme til å opptre i strid med bestillerens interesser i forbindelse med transaksjoner i Tilbudsaksjene.

**VPS-konto og pålagte hvitvaskingsprosedyrer:** Det Offentlige Tilbudet er underlagt gjeldende hvitvaskingslovgivning, herunder kravene i lov 6. mars 2009 nr 11 om tiltak mot hvitvasking og terrorfinansiering samt hvitvaskingsforskriften av 13. mars 2009 nr. 302 ("**Hvitvaskingslovgivningen**"). Bestillere som ikke er registrert som kunde hos en av Tilretteleggerne må bekrefte sin identitet til en av Tilretteleggerne, i samsvar med Hvitvaskingslovgivningen, med mindre det gjelder spesielle unntak. Bestillere som har oppgitt en eksisterende norsk bankkonto og en eksisterende VPS-konto på bestillingsblanketten er unntatt med mindre verifikasjon av bestillerens identitet blir krevet av en av Tilretteleggerne. Bestillere som ikke har gjennomført tilstrekkelig verifikasjon av identitet før utløpet av Bestillingsperioden vil ikke bli tildelt Tilbudsaksjer. Deltakelse i det Offentlige Tilbudet er betinget av at bestilleren har en VPS-konto. VPS kontonummeret må være angitt i bestillingsblanketten. En VPS-konto kan etableres ved en autorisert VPS-kontofører som kan være en norsk bank, autorisert verdipapirforetak i Norge og norske avdelinger av finansinstitusjoner i EØS. Etablering av en VPS-konto krever bekreftelse på identitet overfor kontoføreren i henhold til Hvitvaskingslovgivningen. Utenlandske investorer kan imidlertid benytte en forvalterkonto registrert i VPS i forvalterens navn. Forvalteren må være autorisert av Finanstilsynet.

**Salgsrestriksjoner:** Tilbudet er underlagt salgsrestriksjoner i enkelte jurisdiksjoner, se kapittel 19 "Selling and transfer restrictions" i Prospektet. Verken de Selgende Aksjonærene eller Selskapet påtar seg noe ansvar dersom noen bryter disse restriksjonene. Tilbudsaksjene har ikke vært, og vil ikke bli, registrert i henhold til United States Securities Act av 1933 som endret ("**U.S. Securities Act**") eller i henhold til noen verdipapirlovgivning i noen stat eller annen jurisdiksjon i USA og kan ikke tas opp, tilbys, selges, videreselges, overføres, leveres eller distribueres, verken direkte eller indirekte, innenfor, til eller fra USA bortsett fra i henhold til et gjeldende unntak fra, eller i en transaksjon som ikke er underlagt, registreringsbestemmelsene i U.S. Securities Act og i overensstemmelse med verdipapirlovgivningen i enhver stat eller annen jurisdiksjon i USA. Det vil ikke forekomme noe offentlig tilbud i USA. Tilbudsaksjene vil, og kan ikke, tilbys, selges, videreselges, overføres, leveres eller distribueres, verken direkte eller indirekte, innenfor, til eller fra noen jurisdiksjon der tilbud eller salg av Tilbudsaksjer ikke er tillatt, eller til, eller på vegne av eller til fordel for, enhver person med registrert adresse i, eller som bor eller vanligvis bor i, eller er innbygger i, noen jurisdiksjon der tilbud eller salg ikke er tillatt, bortsett fra i henhold til et gjeldende unntak. I det Offentlige Tilbudet tilbys og selges Tilbudsaksjene til enkelte personer utenfor USA i "offshore transactions" innenfor betydningen av og i overensstemmelse med Rule 903 i Regulation S i U.S. Securities Act.

Selskapet har ikke gitt tillatelse til noe offentlig tilbud av dets verdipapirer i noe medlemsland av EØS bortsett fra Norge. Når det gjelder andre medlemsland i EØS enn Norge som har implementert Prospektdirektivet ("**Aktuelle Medlemsland**"), har det og vil det ikke bli gjort noe for å fremsette et offentlig tilbud av Tilbudsaksjene som krever publisering av et prospekt i noen Aktuelle Medlemsland. Alle tilbud utenfor Norge vil derfor skje i henhold til unntak fra krav om prospekt.

**Stabilisering:** I forbindelse med Tilbudet kan ABG Sundal Collier (som "**Stabiliserende Tilrettelegger**"), eller dets agenter, på vegne av Tilretteleggerne, utføre transaksjoner med tanke på å stabilisere, støtte eller på annen måte påvirke kursen på aksjene i opp til 30 dager fra første handelsdag på " og Noteringen av Aksiene på Oslo Børs. Stabiliserende Tilrettelegger kan særlig utføre transaksjoner med formål å stabilisere markedskursen til aksjene på et høyere nivå enn det som ellers kan tenkes å ville gjelde, gjennom å erverve Aksjer i det åpne markedet til priser som er lik eller lavere enn Tilbudsprisen. Stabiliserende Tilrettelegger eller dets agenter har ingen forpliktelse til å foreta stabiliserende handlinger og det er ikke sikkert at stabiliseringshandling vil gjennomføres. Slike stabiliseringshandling kan, hvis påbegynt, avsluttes når som helst, og vil avsluttes ikke mer enn 30 kalenderdager fra første noteringsdag. Med mindre det er påkrevd av lov eller forskrift, har Stabiliserende Tilrettelegger ingen intensjoner om å offentliggjøre omfanget av stabiliseringstransaksjoner under Tilbudet.

**Investeringsbeslutninger må baseres på Prospektet:** Investorer må verken akseptere noe tilbud om, eller erverv av, verdipapirer i Selskapet på annet grunnlag enn det fullstendige Prospektet.

**Vilkår for betaling med engangsfullmakt — verdipapirhandel:** Betaling med engangsfullmakt er en banktjeneste tilbudt av samarbeidende banker i Norge. I forholdet mellom betaler og betalers bank gjelder følgende standard vilkår:

1. Tjenesten "Betaling med engangsfullmakt — verdipapirhandel" suppleres av kontoavtalen mellom betaler og betalers bank, se særlig kontoavtalen del C, Generelle vilkår for innskudd og betalingsoppdrag.
2. Kostnader ved å bruke "Betaling med engangsfullmakt — verdipapirhandel" fremgår av bankens gjeldende prisliste, kontoinformasjon og/eller opplyses på annen egnet måte. Banken vil belaste oppgitt konto for påløpte kostnader.
3. Engangsfullmakten signeres av betaler og leveres til betalingsmottaker. Betalingsmottaker vil levere belastningsoppdraget til sin bank som igjen kan belaste betalers bank.
4. Ved et eventuelt tilbakekall av engangsfullmakten skal betaler først ta forholdet opp med betalingsmottaker. Etter finansavtaleloven skal betalers bank medvirke hvis betaler tilbakekaller et betalingsoppdrag som ikke er gjennomført. Slikt tilbakekall kan imidlertid anses som brudd på avtalen mellom betaler og betalingsmottaker.
5. Betaler kan ikke angi et større beløp på engangsfullmakten enn det som på belastningstidspunktet er disponibelt på konto. Betalers bank vil normalt gjennomføre dekningskontroll før belastning. Belastning ut over disponibelt beløp skal betaler dekke inn umiddelbart.
6. Betalers konto vil bli belastet på angitt belastningsdag. Dersom belastningsdag ikke er angitt i engangsfullmakten vil kontobelastning skje snarest mulig etter at betalingsmottaker har levert oppdraget til sin bank. Belastningen vil likevel ikke skje etter engangsfullmaktens gyldighetsperiode som er angitt foran. Betaling vil normalt være godskrevet betalingsmottaker én til tre virkedager etter angitt belastningsdag/innliveringsdag.
7. Dersom betalers konto blir urettmessig belastet på grunnlag av en engangsfullmakt, vil betalers rett til tilbakeføring av belastet beløp bli regulert av kontoavtalen og finansavtaleloven.

**Forsinket og manglende betaling:** Forsinket betaling belastes med gjeldende forsinkelsesrente i henhold til forsinkelsesrenteloven av 17. desember 1976 nr. 100, som per dato for Prospektet er 8,50% p.a. Dersom betaling ikke skjer ved forfall, vil Tilbudsaksjene ikke bli levert til bestilleren, og Tilretteleggerne forbeholder seg retten til å, for tegnerens regning og risiko, når som helst kansellere og reallokere eller på annen måte disponere over de allokerede Tilbudsaksjene, på de vilkår og på den måten Tilretteleggerne bestemmer (og bestilleren ikke vil være berettiget til noe overskudd derfra). Den opprinnelige bestilleren vil fortsette å være ansvarlig for betaling av Tilbudsprisen for Tilbudsaksjene tildelt bestilleren, sammen med enhver rente, kostnader, gebyrer og utgifter påløpt, og Selskapet, de Selgende Aksjonærene og/eller Tilretteleggerne kan innrive betaling for alle utestående beløp.

## APPLICATION FORM FOR THE EMPLOYEE OFFERING

**General information:** The terms and conditions for the Employee Offering are set out in the prospectus dated 9 March 2018 (the "**Prospectus**"), which has been prepared by Fjordkraft Holding ASA (the "**Company**") in connection with the initial public offering (the "**Offering**") of up to 39,186,081 existing ordinary shares, with a par value of NOK 0.30 each, of the Company (the "**Sale Shares**") offered by the Company's existing shareholders (the "**Selling Shareholders**") and the related listing (the "**Listing**") of the Company's Shares on Oslo Børs, a stock exchange operated by Oslo Børs ASA. In addition, ABG Sundal Collier ASA (the "**Global Coordinator**"), in consultation with SpareBank 1 Markets AS (together with ABG Sundal Collier ASA, the "**Joint Bookrunners**"), may elect to over-allot a number of additional shares equalling up to approximately 15 percent of the number of Sale Shares sold in the Offering (the "**Additional Shares**" and together with the Sale Shares, the "**Offer Shares**"). All capitalised terms not defined herein shall have the meaning assigned to them in the Prospectus.

**Application procedure:** Eligible Employees in the Employee Offering who are residents of Norway with a Norwegian personal identification number are recommended to apply for Offer Shares through the VPS online application system by following the link to such online application system on the Company's intranet. Eligible Employees in the Employee Offering not having access to the VPS online application system must apply using this Employee Application Form. Employee Application Forms must be correctly completed and submitted by the applicable deadline to the following application office:

ABG Sundal Collier ASA  
P.O. Box 1444 Vika  
N-0115 Oslo, Norway  
Tel: +47 22 01 60 00  
E-mail: subscription@abgsc.no  
Website: www.abgsc.no

The applicant is responsible for the correctness of the information filled in on this Employee Application Form. Employee Application Forms that are incomplete or incorrectly completed, electronically or physically, or that are received after the expiry of the Application Period, and any application that may be unlawful, may be disregarded without further notice to the applicant. **Properly completed Employee Application Forms must be received by the application office listed above or registered electronically through the VPS application system by 12:00 hours (CEST) on 20 March 2018, unless the Application Period is being shortened or extended.** None of the Company, the Selling Shareholders or any of the Joint Bookrunners may be held responsible for postal delays, unavailable fax lines, internet lines or servers or other logistical or technical matters that may result in applications not being received in time or at all by any application office. All applications made in the Employee Offering will be irrevocable and binding upon receipt of a duly completed Employee Application Form, or in the case of applications through the VPS online application system, upon registration of the application, irrespective of any shortening or extension of the Application Period, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the application office, or in the case of applications through the VPS online application system, upon registration of the application.

**Price of Offer Shares:** The indicative price range (the "**Indicative Price Range**") for the Offering is from NOK 28 to NOK 31 per Offer Share. The Company, in consultation with the Global Coordinator, will determine the number of Offer Shares and the final Offer Price on the basis of the applications received and not withdrawn in the Institutional Offering during the Bookbuilding Period and the number of applications received in the Retail Offering and the Employee Offering. The Offer Price will be determined on or about 20 March 2018. Multiple applications by one applicant in the Employee Offering will be treated as one application with respect to the guaranteed allocation. The Offer Price may be set within, below or above the Indicative Price Range. Each applicant in the Employee Offering will be permitted, but not required, to indicate when ordering through the VPS online application system or on this Employee Application Form that the applicant does not wish to be allocated Offer Shares should the Offer Price be set higher than the highest price in the Indicative Price Range (i.e. NOK 31 per Offer Share). If the applicant does so, the applicant will not be allocated any Offer Shares in the event that the Offer Price is set higher than the highest price in the Indicative Price Range. If the applicant does not expressly stipulate such reservation when ordering through the VPS online application system or on this Employee Application Form, the application will be binding regardless of whether the Offer Price is set within or above (or below) the Indicative Price Range, as long as the Offer Price has been determined on the basis of orders placed during the bookbuilding process described above. Applicants in the Employee Offering will receive a 20% discount on the aggregate amount payable for the Offer Shares allocated to such employee, subject to a maximum discount of NOK 3,000.

**Allocation, payment and delivery of Offer Shares:** Eligible Employees participating in the Employee Offering will receive full allocation for any application up to and including an amount of NOK 2,499,999. ABG Sundal Collier, acting as settlement agent for the Employee Offering, expects to issue notifications of allocation of Offer Shares in the Employee Offering on or about 21 March 2018, by issuing allocation notes to the applicants by mail or otherwise. Any applicant wishing to know the precise number of Offer Shares allocated to it, may contact the application office listed above on or about 21 March 2018 during business hours. Applicants who have access to investor services through an institution that operates the applicant's account with the VPS for the registration of holdings of securities ("**VPS account**") should be able to see how many Offer Shares they have been allocated from on or about 21 March 2018. In registering an application through the VPS online application system or by completing and submitting this Employee Application Form, each applicant in the Employee Offering will authorise ABG Sundal Collier (on behalf of the Joint Bookrunners), to debit the applicant's Norwegian bank account for the total amount due for the Offer Shares allocated to the applicant. The applicant's bank account number must be stipulated on the VPS online application or on the Employee Application Form. Accounts will be debited on or about 22 March 2018 (the "**Payment Date**"), and there must be sufficient funds in the stated bank account from and including 21 March 2018. Applicants who do not have a Norwegian bank account must ensure that payment for the allocated Offer Shares is made on or before the Payment Date (expected to be 22 March 2018). Further details and instructions will be set out in the allocation notes to the applicant to be issued on or about 21 March 2018, or can be obtained by contacting ABG Sundal Collier at +47 22 01 60 00. Should any applicant have insufficient funds on his or her account, or should payment be delayed for any reason, or if it is not possible to debit the account, interest will accrue on the amount due at a rate equal to the prevailing interest rate under the Norwegian Act on Interest on Overdue Payments, which at the date of this Prospectus is 8.50% per annum. ABG Sundal Collier (on behalf of the Joint Bookrunners) reserves the right (but has no obligation) to make up to three debit attempts through to 3 April 2018 if there are insufficient funds on the account on the Payment Date. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and the applicant will not be entitled to any profit there from). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Joint Bookrunners may enforce payment of any such amount outstanding. Subject to timely payment by the applicant, delivery of the Offer Shares allocated in the Employee Offering is expected to take place on or about 23 March 2018 (or such later date upon the successful debit of the relevant account).

**Guidelines for the applicant:** Please refer to the second page of this Employee Application Form for further application guidelines.

<b>Applicant's VPS-account (12 digits):</b>	<b>I/we apply for Offer Shares for a total of NOK (minimum NOK 10,500)</b>	<b>Applicant's bank account to be debited (11 digits):</b>
<b>OFFER PRICE:</b> My/our application is conditional upon the final Offer Price not being set above the upper end of the Indicative Price Range (insert cross) <b>(must only be completed if the application is conditional upon the final Offer Price not being set above the upper end of the Indicative Price Range):</b>		
I/we hereby irrevocably (i) apply for the number of Offer Shares allocated to me/us, at the Offer Price, up to the aggregate application amount as specified above subject to the terms and conditions set out in this Employee Application Form and in the Prospectus, (ii) authorise and instruct each of the Joint Bookrunners (or someone appointed by any of them) acting jointly or severally to take all actions required to purchase and/or subscribe the Offer Shares allocated to me/us on my/our behalf, to take all other actions deemed required by them to give effect to the transactions contemplated by this Employee Application Form, and to ensure delivery of such Offer Shares to me/us in the VPS, on my/our behalf, (iii) authorise ABG Sundal Collier to debit my/our bank account as set out in this Employee Application Form for the amount payable for the Offer Shares allotted to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are eligible to apply for and purchase Offer Shares under the terms set forth therein.		
<b>Date and place*:</b>	<b>Binding signature**:</b>	

\* Must be dated during the Application Period.

\*\* The applicant must be of legal age. If the Employee Application Form is signed by a proxy, documentary evidence of authority to sign must be attached in the form of a Power of Attorney or Company Registration Certificate.

Please note: If the application form is sent to the Manager(s) by e-mail, the e-mail will be unsecured unless the applicant takes measures to secure it. The Manager(s) recommend(s) the applicant to secure all e-mails with application forms attached.

DETAILS OF THE APPLICANT — ALL FIELDS MUST BE COMPLETED	
First name	Surname/Family name/Company name
Home address (for companies: registered business address)	Zip code and town
Identity number (11 digits) / business registration number (9 digits)	Nationality
Telephone number (daytime)	E-mail address



## GUIDELINES FOR THE APPLICANT

**THIS EMPLOYEE APPLICATION FORM IS NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE "SELLING RESTRICTIONS" BELOW.**

**Regulatory issues:** Legislation passed throughout the European Economic Area (the "EEA") implemented in the Norwegian Securities Trading Act, imposes requirements in relation to business investment. In this respect the Joint Bookrunners must categorise all new clients in one of three categories: Eligible counterparties, Professional and Non-professional clients. All applicants applying for Offer Shares in the Offering who/which are not existing clients of one of the Joint Bookrunners will be categorised as Non-professional clients. The applicant can by written request to the Joint Bookrunners ask to be categorised as a Professional client if the applicant fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorisation the applicant may contact the Joint Bookrunners. The applicant represents that it has sufficient knowledge, sophistication and experience in financial and business matters to be capable of evaluating the merits and risks of an investment decision to invest in the Company by applying for Offer Shares, and the applicant is able to bear the economic risk, and to withstand a complete loss of an investment in the Company.

**Target market:** The target market for the Offering and the Offer Shares is non-professional, professional and other eligible counterparties. Negative target market: An investment in the Offer Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile.

**Execution only:** As the Joint Bookrunners are not in the position to determine whether the application for Offer Shares is suitable for the applicant, the Joint Bookrunners will treat the application as an execution only instruction from the applicant to apply for Offer Shares in the Offering. Hence, the applicant will not benefit from the corresponding protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

**Information barriers:** The Joint Bookrunners are securities firms, offering a broad range of investment services. In order to ensure that assignments undertaken in the Joint Bookrunners' corporate finance departments are kept confidential, the Joint Bookrunners' other activities, including analysis and stock broking, are separated from their corporate finance departments by information barriers known as "Chinese walls". The applicant acknowledges that the Joint Bookrunners' analysis and stock broking activity may act in conflict with the applicant's interests with regard to transactions in the Offer Shares as a consequence of such Chinese walls.

**VPS account and anti-money laundering procedures:** The Employee Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulation of 13 March 2009 no. 302 (collectively, the "**Anti-Money Laundering Legislation**"). Applicants who are not registered as existing customers of one of the Joint Bookrunners must verify their identity to one of the Joint Bookrunners in accordance with requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Applicants who have designated an existing Norwegian bank account and an existing VPS account on the Employee Application Form are exempted, unless verification of identity is requested by a Joint Bookrunner. Applicants who have not completed the required verification of identity prior to the expiry of the Application Period will not be allocated Offer Shares. Participation in the Employee Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the Employee Application Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian FSA.

**Selling restrictions:** The Offering is subject to specific legal or regulatory restrictions in certain jurisdictions, see Section 19 "Selling and transfer restrictions" in the Prospectus. Neither the Company nor the Selling Shareholders assumes any responsibility in the event there is a violation by any person of such restrictions. The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States. The Offer Shares will, and may, not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any jurisdiction where the offer or sale of the Offer Shares is not permitted, or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any jurisdiction where the offer or sale is not permitted, except pursuant to an applicable exemption. In the Employee Offering, the Offer Shares are being offered and sold to certain persons outside the United States in offshore transactions within the meaning of and in compliance with Rule 903 of Regulation S under the U.S. Securities Act.

The Company has not authorised any offer to the public of its securities in any Member State of the EEA other than Norway. With respect to each Member State of the EEA other than Norway and which has implemented the EU Prospectus Directive (each, a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of the Offer Shares requiring a publication of a prospectus in any Relevant Member State. Any offers outside Norway will only be made in circumstances where there is no obligation to produce a prospectus.

**Stabilisation:** In connection with the Offering, ABG Sundal Collier (as the "**Stabilisation Manager**"), or its agents, on behalf of the Joint Bookrunners, may engage in transactions that stabilise, maintain or otherwise affect the price of the Shares for up to 30 days from the commencement of trading and the Listing of the Shares on Oslo Børs. Specifically, the Stabilisation Manager may effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail, through buying Shares in the open market at prices equal to or lower than the Offer Price. The Stabilisation Manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the Stabilisation Manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the Stabilisation Manager does not intend to disclose the extent of any stabilisation transactions under the Offering.

**Investment decisions based on full Prospectus:** Investors must neither accept any offer for, nor acquire any Offer Shares, on any other basis than on the complete Prospectus.

**Terms and conditions for payment by direct debiting - securities trading:** Payment by direct debiting is a service provided by cooperating banks in Norway. In the relationship between the payer and the payer's bank the following standard terms and conditions apply.

1. The service "Payment by direct debiting — securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement. General terms and conditions for deposit and payment instructions.
2. Costs related to the use of "Payment by direct debiting — securities trading" appear from the bank's prevailing price list, account information and/or information is given by other appropriate manner. The bank will charge the indicated account for incurred costs.
3. The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank who in turn will charge the payer's bank account.
4. In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Financial Contracts Act, the payer's bank shall assist if payer withdraws a payment instruction which has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.
5. The payer cannot authorise for payment a higher amount than the funds available at the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall be covered by the payer immediately.
6. The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.
7. If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Financial Contracts Act.

**Overdue and missing payments:** Overdue payments will be charged with interest at the applicable rate under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100, which at the date of the Prospectus is 8.50% per annum. Should payment not be made when due, the Offer Shares allocated will not be delivered to the applicant, and the Joint Bookrunners reserve the right, at the risk and cost of the applicant, to cancel at any time thereafter the application and to re-allot or otherwise dispose of the allocated Offer Shares, on such terms and in such manner as the Joint Bookrunners may decide (and that the applicant will not be entitled to any profit therefrom). The original applicant will remain liable for payment of the Offer Price for the Offer Shares allocated to the applicant, together with any interest, costs, charges and expenses accrued, and the Company, the Selling Shareholders and/or the Joint Bookrunners may enforce payment of any such amount outstanding.

## BESTILLINGSBLANKETT FOR ANSATTETILBUDET

**Generell informasjon:** Vilkårene og betingelsene for Ansattetilbudet fremgår av prospektet datert 9. mars 2018 ("Prospektet"), som er utarbeidet av Fjordkraft Holding ASA ("Selskapet") i forbindelse med tilbudet av opp til 39.186.081 eksisterende ordinære aksjer i Selskapet ("Tilbudet"), hver pålydende NOK 0,30 ("Salgsaksjene") tilbudt av Selskapets eksisterende aksjonærer (de "Selgende Aksjonærene"), og tilhørende notering ("Noteringen") av Selskapets Aksjer på Oslo Børs. I tillegg kan ABG Sundal Collier ASA ("Global Coordinator") i samråd med Sparebank 1 Markets AS (samlet "Tilretteleggerne"), velge å overtidele et antall aksjer lik eller opp til cirka 15 % av det totale antall Salgsaksjer som selges i Tilbudet ("Tilleggsaksjene" sammen med Salgsaksjene ("Tilbudsaksjene"). Alle definerte ord og uttrykk (angitt med stor bokstav) som ikke er definert i denne bestillingsblanketten, skal ha samme innhold som i Prospektet.

**Bestillingsprosedyre:** Norske bestillere i Ansattetilbudet som er norske statsborgere med et norsk personnummer anbefales å foreta bestillinger av Tilbudsaksjer gjennom VPS' nettbaserte bestillingssystem ved å følge linken til det nettbaserte bestillingssystemet på Selskapets intranett. Bestillere i Ansattetilbudet som ikke har tilgang til VPS' nettbaserte bestillingssystem må bruke denne bestillingsblanketten. Korrekt utfylt bestillingsblankett må være mottatt av følgende bestillingskontor før utløpet av Bestillingsperioden:

ABG Sundal Collier ASA  
Postboks 1444 Vika  
0115 Oslo, Norway  
Tel: 22 01 60 00  
E-post: subscription@abgsc.no  
Web: www.abgsc.no

Bestilleren er ansvarlig for riktigheten av informasjonen som er fylt inn i bestillingsblanketten. Bestillingsblanketter som er ufullstendige eller uriktig utfylt, elektronisk eller på papir, eller som mottas etter utløpet av Bestillingsperioden, og enhver bestilling som kan være ulovlig, kan bli avvist uten nærmere varsel til bestilleren. **Korrekt utfylt bestillingsblankett må være mottatt av bestillingskontoret som angitt ovenfor eller registrert elektronisk gjennom det VPS nettbaserte bestillingssystemet innen kl. 12.00 norsk tid den 20. mars 2018, med mindre Bestillingsperioden forkortes eller forlenges.** Verken Selskapet, de Selgende Aksjonærene eller noen av Tilretteleggerne (Joint Bookrunners) kan holdes ansvarlig for forsinkelser i postgang, utligjengelige fakslinjer, internettlinjer eller servere eller andre logistikk- eller tekniske problemer som kan resultere i at bestillinger ikke blir mottatt i tide, eller i det hele tatt, av noen av bestillingskontorene. Alle bestillinger i Ansattetilbudet er ugjenkallelige og bindende og kan ikke trekkes, kanselleres eller endres av bestilleren etter at bestillingen er registrert i VPS' nettbaserte bestillingssystem eller hvis bestilling gjøres på bestillingsblankett, når komplett utfylt bestillingsblankett er mottatt av et av bestillingskontorene, uavhengig av en eventuell forkortelse eller forlengelse av bestillingsperioden.

**Pris på Tilbudsaksjene:** Det indikative prisintervall (det "Indikative Prisintervall") i Tilbudet er fra NOK 28 til NOK 31 per Tilbudsaksje. Selskapet vil, i samråd med Global Coordinator, fastsette antallet Tilbudsaksjer og den endelige prisen per Tilbudsaksje på basis av ordre som mottas og ikke trekkes tilbake i det Institusjonelle Tilbudet gjennom bookbuilding-prosessen og antallet bestillinger mottatt i det Offentlige Tilbudet og Ansattetilbudet. Tilbudsprisen vil fastsettes rundt den 20. mars 2018. Prisen per Tilbudsaksje kan fastsettes innen, under eller over det Indikative Prisintervall. Hver bestiller i Ansattetilbudet kan, men må ikke, indikere i VPS' nettbaserte bestillingssystem eller på bestillingsblanketten at bestilleren ikke ønsker å bli tildelt Tilbudsaksjer dersom prisen per Tilbudsaksje blir fastsatt høyere enn den høyeste prisen i det Indikative Prisintervall (altså NOK 31 per Tilbudsaksje). Dersom bestilleren indikerer dette, vil bestilleren ikke bli tildelt noen Tilbudsaksjer i det tilfellet Tilbudsprisen er satt høyere enn den høyeste prisen i det Indikative Prisintervall. Dersom bestilleren ikke uttrykkelig gir uttrykk for en slik reservasjon i VPS' nettbaserte bestillingssystem eller på bestillingsblanketten, vil bestillingen være bindende uavhengig av om prisen per Tilbudsaksje fastsettes innenfor eller over (eller under) det Indikative Prisintervall. Som det følger av Prospektet vil bestillere i Ansattetilbudet motta 20 % rabatt på det samlede beløpet som skal betales for Tilbudsaksjene som er tildelt bestilleren, med en maksimumsrabatt på NOK 3 000.

**Allokering, betaling og levering av Tilbudsaksjer:** Berettigede Ansatte som deltar i Ansattetilbudet vil få full allokering for enhver bestilling til og med et beløp på NOK 2 499 999. ABG Sundal Collier, som oppgjørsagent for Ansattetilbudet, forventer å gi beskjed om tildeling av Tilbudsaksjer i Ansattetilbudet rundt den 21. mars 2018 per post eller på annen måte. Bestillere som ønsker å få opplyst det eksakte antallet Tilbudsaksjer som denne er tildelt, kan kontakte ABG Sundal Collier fra rundt den 21. mars 2018 innenfor ordinær åpningstid. Bestillere som har tilgang til investorservice gjennom en institusjon som er kontofører for bestillerens VPS-konto ("VPS-konto"), skal fra rundt den 21. mars 2018 kunne se antall Tilbudsaksjer de er tildelt. Ved å registrere en bestilling i VPS' nettbaserte bestillingssystem eller ved å fylle ut og sende inn en bestillingsblankett, gir hver bestiller i Ansattetilbudet fullmakt til ABG Sundal Collier (på vegne av Tilretteleggerne) til å debitere bestillerens norske bankkonto for et beløp som tilsvarer den samlede kjøpesummen for de Tilbudsaksjene som bestilleren blir tildelt. Bestillerens bankkontonummer må angis i VPS' nettbaserte bestillingssystem eller på bestillingsblanketten. Bankkontoen vil debiteres på eller rundt den 22. juni 2017 ("Betalingsdatoen"), og det må være tilstrekkelige innestående på den aktuelle kontoen fra og med 21. mars 2018. Bestillere som ikke har en norsk bankkonto må forsikre seg om at betaling for tildelte Aksjer foretas senest på Betalingsdatoen (forventet å være den 22. mars 2018). Ytterligere betalingsdetaljer og instruksjoner vil fremgå av tildelingsbrevet som sendes ut rundt den 21. mars 2018, eller kan også fås ved å kontakte ABG Sundal Collier på tel 22 01 60 00. Dersom en bestiller ikke har tilstrekkelig innestående midler på den aktuelle bankkontoen, eller betaling er forsinket av en eller annen årsak, eller dersom det ikke er mulig å debitere kontoen, vil det påløpe forsinkelsesrente på beløpet til en sats som er lik gjeldende forsinkelsesrente i henhold til forsinkelsesrenteloven, som på tidspunktet for dette Prospektet er 8,50 % per år. ABG Sundal Collier (på vegne av Tilretteleggerne) forbeholder seg retten (men har ingen forpliktelse) til å gjøre inntil tre debiteringsforsøk frem til og med 3. april 2018 dersom det er utilstrekkelig med midler på kontoen på Betalingsdatoen. Dersom betalingen ikke er rettidig, vil tildelte Tilbudsaksjer ikke leveres til bestilleren, og Tilretteleggerne forbeholder seg retten, med risikoen og kostanden for bestilleren, til å kansellere bestillingen til enhver tid deretter og re-allokere eller på annen måte disponere over de tildelte Tilbudsaksjene, på slike vilkår og på en slik måte som Tilretteleggerne måtte bestemme (og bestilleren vil ikke ha rett til noen fortjeneste derfra). Den opprinnelige bestilleren vil fortsatt være ansvarlig for betaling av Tilbudsprisen for Tilbudsaksjene som er allokeret til bestilleren, sammen med eventuelle renter, omkostninger, gebyr og utgifter som er påløpt, og Tilretteleggerne kan innkreve betaling av slikt utestående beløp. Dersom betaling for tildelte Tilbudsaksjer er mottatt rettidig, vil levering av tildelte Tilbudsaksjer i Ansattetilbudet foretas rundt den 23. mars 2018 (eller på slik senere dato ved vellykket debitering av den relevante kontoen).

**Retningslinjer for bestilleren:** Vennligst se side to av denne bestillingsblanketten for ytterligere retningslinjer for bestillingen.

<b>Bestillerens VPS-konto (12 siffer):</b>	<b>Jeg/vi bestiller herved Tilbudsaksjer for totalt NOK (minimum NOK 10 500)</b>	<b>Bestillerens bankkonto som skal debiteres (11 siffer):</b>
<b>TILBUDSPRISEN:</b> Min/vår bestilling er betinget av at den endelige prisen for Tilbudsaksjene ikke fastsettes over det øvre nivået i det Indikative Prisintervall (kryss av) <b>(Dette feltet skal kun fylles ut dersom bestillingen er betinget av at den endelige Tilbudsprisen ikke fastsettes over den øvre prisen i det Indikative Prisintervall):</b>		
Herved (i) foretar jeg/vi, i henhold til vilkårene og betingelsene som fremgår av denne bestillingsblanketten og av Prospektet, en ugjenkallig bestilling av det antall Tilbudsaksjer tildelt meg/oss til Tilbudsprisen, opp til det samlede bestillingsbeløpet angitt ovenfor, (ii) gir jeg/vi hver av Tilretteleggerne (eller noen utpekt av dem) ugjenkallig fullmakt og instruerer hver av dem til, sammen eller hver for seg, å gjennomføre enhver handling som er nødvendig for å overføre Tilbudsaksjene som tildeles meg/oss og sikre levering av disse Tilbudsaksjene i VPS på mine/våre vegne, (iii) gir jeg/vi ABG Sundal Collier ugjenkallig fullmakt til å debitere min/vår bankkonto som angitt i bestillingsblanketten for den samlede kjøpesummen for de Tilbudsaksjene som jeg/vi får tildelt, og (iv) bekrefter og garanterer jeg/vi ugjenkallig å ha lest Prospektet og at jeg/vi er kvalifisert til å bestille og kjøpe Tilbudsaksjer på de vilkår som der fremgår.		
<b>Dato og sted*:</b>	<b>Bindende signatur**:</b>	

\* Må være datert i bestillingsperioden.

\*\*Undertegneren må være myndig. Dersom bestillingsblanketten undertegnes på vegne av bestilleren, må det vedlegges dokumentasjon i form av firmaattest eller fullmakt for at undertegner har slik kompetanse.

Vennligst merk: Dersom bestillingsblanketten sendes Tilrettelegger(ne) via e-post, vil e-posten være usikret med mindre bestilleren sørger for å sikre den. Tilrettelegger(ne) anbefaler at bestillerne sikrer alle e-poster som inneholder en bestillingsblankett.

INFORMASJON OM BESTILLEREN — ALLE FELT MÅ FYLLES UT	
Fornavn	Etternavn/Foretaksnavn
Adresse (for foretak: registrert forretningsadresse)	Postnummer og sted
Fødselsnummer (11 siffer) / organisasjonsnummer (9 siffer)	Nasjonalitet
Telefonnummer (dagtid)	E-postadresse

## RETNINGSLINJER FOR BESTILLEREN

DENNE BESTILLINGSBLANKETTEN SKAL IKKE DISTRIBUERES ELLER OFFENTLIGGJØRES, VERKEN DIREKTE ELLER INDIREKTE, I ELLER TIL USA, CANADA, AUSTRALIA ELLER JAPAN ELLER NOEN ANNEN JURISDIKSJON DER SLIK DISTRIBUSJON ELLER OFFENTLIGGJØRING VIL VÆRE ULOVLIG. ANDRE RESTRIKSJONER GJELDER OGSÅ, SE PUNKTET "SALGSRESTRIKSJONER" NEDENFOR.

**Regulatoriske forhold:** I overensstemmelse med relevante EU-direktiv oppstiller lov 29. juni 2007 nr 75 om verdipapirhandel ("**Verdipapirhandelloven**") med tilhørende forskrifter, krav relatert til finansielle investeringer. I den forbindelse må Tilretteleggerne kategorisere alle nye kunder i en av tre kategorier: kvalifiserte motparter, profesjonelle og ikke-profesjonelle kunder. Alle bestillere som bestiller Tilbudsaksjer i det Offentlige Tilbudet og som ikke allerede er kunde hos en av Tilretteleggerne, vil bli kategorisert som ikke-profesjonell kunde. Bestilleren kan ved skriftlig henvendelse til Tilretteleggerne anmode om å bli kategorisert som profesjonell kunde dersom Verdipapirhandellovens vilkår for dette er oppfylt. For ytterligere informasjon om kundekategorisering kan bestilleren kontakte Tilretteleggerne. Bestilleren bekrefter herved å inneha tilstrekkelig kunnskap og erfaring om finansielle og forretningsmessige forhold for å kunne evaluere risikoen ved å investere i Selskapet gjennom å bestille Tilbudsaksjer i det Offentlige Tilbudet, og bestilleren bekrefter å være i stand til å ta den økonomiske risikoen og tåle et fullstendig tap av sin investering i Selskapet.

**Targetet marked:** "Target markedet" for Tilbudet og Tilbudsaksjene er ikke profesjonelle, profesjonelle og andre kvalifiserte motparter. "Negative target markedet": En investering i Tilbudsaksjene er ikke forenlig for investorer som ønsker full kapitalbeskyttelse eller tilbakebetaling, som ikke har risikotoleranse eller som krever garantert gevinst eller fullt ut forutsigbar gevinst profil.

**Kun ordretutførelse:** Tilretteleggerne vil behandle bestillingen av Tilbudsaksjer som en instruksjon om utførelse av ordre ("execution only") fra bestilleren, ettersom Tilretteleggerne ikke vil være i stand til å avgjøre om bestillingen er hensiktsmessig for bestilleren. Bestilleren vil derfor ikke kunne påberope seg Verdipapirhandellovens regler om investorbeskyttelse.

**Informasjonsbarrierer:** Tilretteleggerne er verdipapirforetak som tilbyr et bredt spekter av investeringstjenester. For å sikre at oppdrag som gjennomføres av Tilretteleggernes "corporate finance"-avdelinger holdes konfidensielle, er disse avdelingene adskilt fra Tilretteleggernes andre avdelinger, herunder avdelinger for analyse og aksjemegling, gjennom bruk av informasjonsbarrierer også kjent som "chinese walls". Bestilleren erkjenner at som en konsekvens av dette kan Tilretteleggernes analyse- og aksjemeglingsavdelinger komme til å opptre i strid med bestillerens interesser i forbindelse med transaksjoner i Tilbudsaksjene.

**VPS-konto og pålagte hvitvaskingsprosedyrer:** Ansattetilbudet er underlagt gjeldende hvitvaskingslovgivning, herunder kravene i lov 6. mars 2009 nr 11 om tiltak mot hvitvasking og terrorfinansiering samt hvitvaskingsforskriften av 13. mars 2009 nr. 302 ("**Hvitvaskingslovgivningen**"). Bestillere som ikke er registrert som kunde hos en av Tilretteleggerne må bekrefte sin identitet til en av Tilretteleggerne, i samsvar med Hvitvaskingslovgivningen, med mindre det gjelder spesielle unntak. Bestillere som har oppgitt en eksisterende norsk bankkonto og en eksisterende VPS-konto på bestillingsblanketten er unntatt med mindre verifikasjon av bestillerens identitet blir krevet av en av Tilretteleggerne. Bestillere som ikke har gjennomført tilstrekkelig verifikasjon av identitet for utløpet av Bestillingsperioden vil ikke bli tildelt Tilbudsaksjer. Deltakelse i Ansattetilbudet er betinget av at bestilleren har en VPS-konto. VPS kontonummeret må være angitt i bestillingsblanketten. En VPS-konto kan etableres ved en autorisert VPS-kontofører som kan være en norsk bank, autorisert verdipapirforetak i Norge og norske avdelinger av finansinstitusjoner i EØS. Etablering av en VPS-konto krever bekreftelse på identitet overfor kontoføreren i henhold til Hvitvaskingslovgivningen. Utenlandske investorer kan imidlertid benytte en forvalterkonto registrert i VPS i forvalterens navn. Forvalteren må være autorisert av Finanstilsynet.

**Salgsrestriksjoner:** Tilbudet er underlagt salgsrestriksjoner i enkelte jurisdiksjoner, se kapittel 19 "Selling and transfer restrictions" i Prospektet. Verken de Selgende Aksjonærene eller Selskapet påtar seg noe ansvar dersom noen bryter disse restriksjonene. Tilbudsaksjene har ikke vært, og vil ikke bli, registrert i henhold til United States Securities Act av 1933 som endret ("**U.S. Securities Act**") eller i henhold til noen verdipapirlovgivning i noen stat eller annen jurisdiksjon i USA og kan ikke tas opp, tilbys, selges, videreselges, overføres, leveres eller distribueres, verken direkte eller indirekte, innenfor, til eller fra USA bortsett fra i henhold til et gjeldende unntak fra, eller i en transaksjon som ikke er underlagt, registreringsbestemmelsene i U.S. Securities Act og i overensstemmelse med verdipapirlovgivningen i enhver stat eller annen jurisdiksjon i USA. Det vil ikke forekomme noe offentlig tilbud i USA. Tilbudsaksjene vil, og kan ikke, tilbys, selges, videreselges, overføres, leveres eller distribueres, verken direkte eller indirekte, innenfor, til eller fra noen jurisdiksjon der tilbud eller salg av Tilbudsaksjer ikke er tillatt, eller til, eller på vegne av eller til fordel for, enhver person med registrert adresse i, eller som bor eller vanligvis bor i, eller er innbygger i, noen jurisdiksjon der tilbud eller salg ikke er tillatt, bortsett fra i henhold til et gjeldende unntak. I Ansattetilbudet tilbys og selges Tilbudsaksjene til enkelte personer utenfor USA i "offshore transactions" innenfor betydningen av og i overensstemmelse med Rule 903 i Regulation S i U.S. Securities Act.

Selskapet har ikke gitt tillatelse til noe offentlig tilbud av dets verdipapirer i noe medlemsland av EØS bortsett fra Norge. Når det gjelder andre medlemsland i EØS enn Norge som har implementert Prospektdirektivet ("**Aktuelle Medlemsland**"), har det og vil det ikke bli gjort noe for å fremsette et offentlig tilbud av Tilbudsaksjene som krever publisering av et prospekt i noen Aktuelle Medlemsland. Alle tilbud utenfor Norge vil derfor skje i henhold til unntak fra krav om prospekt.

**Stabilisering:** I forbindelse med Tilbudet kan ABG Sundal Collier (som "**Stabiliserende Tilrettelegger**"), eller dets agenter, på vegne av Tilretteleggerne, utføre transaksjoner med tanke på å stabilisere, støtte eller på annen måte påvirke kursen på aksjene i opp til 30 dager fra første handelsdag og Noteringen av Aksjene på Oslo Børs. Stabiliserende Tilrettelegger kan særlig utføre transaksjoner med formål å stabilisere markedskursen til aksjene på et høyere nivå enn det som ellers kan tenkes å ville gjelde, gjennom å erverve Aksjer i det åpne markedet til priser som er lik eller lavere enn Tilbudsprisen. Stabiliserende Tilrettelegger eller dets agenter har ingen forpliktelse til å foreta stabiliserende handlinger og det er ikke sikkert at stabiliseringshandlinger vil gjennomføres. Slike stabiliseringshandling kan, hvis påbegynt, avsluttes når som helst, og vil avsluttes ikke mer enn 30 kalenderdager fra første noteringsdag. Med mindre det er påkrevd av lov eller forskrift, har Stabiliserende Tilrettelegger ingen intensjoner om å offentliggjøre omfanget av stabiliseringstransaksjoner under Tilbudet.

**Investeringsbeslutninger må baseres på Prospektet:** Investorer må verken akseptere noe tilbud om, eller erverv av, verdipapirer i Selskapet på annet grunnlag enn det fullstendige Prospektet.

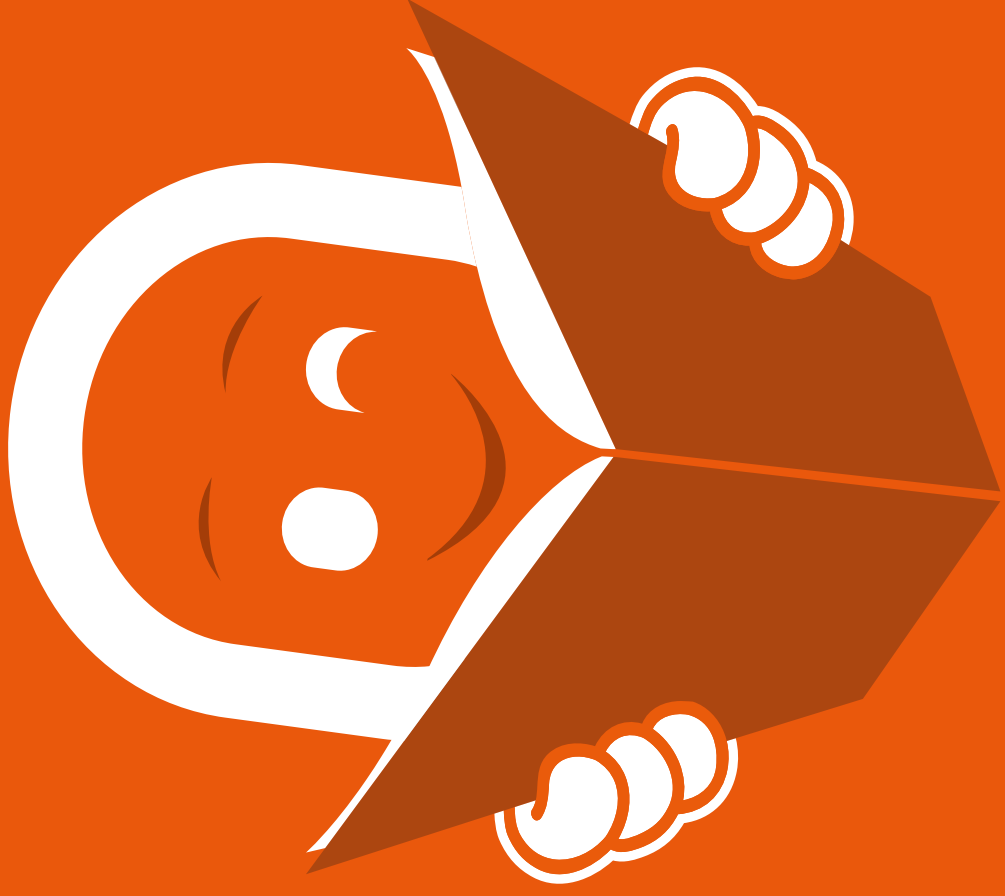
**Vilkår for betaling med engangsfullmakt — verdipapirhandel:** Betaling med engangsfullmakt er en banktjeneste tilbudt av samarbeidende banker i Norge. I forholdet mellom betaler og betalers bank gjelder følgende standard vilkår:

1. Tjenesten "Betaling med engangsfullmakt — verdipapirhandel" suppleres av kontoavtalen mellom betaler og betalers bank, se særlig kontoavtalen del C, Generelle vilkår for innskudd og betalingsoppdrag.
2. Kostnader ved å bruke "Betaling med engangsfullmakt — verdipapirhandel" fremgår av bankens gjeldende prislister, kontoinformasjon og/eller opplyses på annen egnet måte. Banken vil belaste oppgitt konto for påløpte kostnader.
3. Engangsfullmakten signeres av betaler og leveres til betalingsmottaker. Betalingsmottaker vil levere belastningsoppdraget til sin bank som igjen kan belaste betalers bank.
4. Ved et eventuelt tilbakekall av engangsfullmakten skal betaler først ta forholdet opp med betalingsmottaker. Etter finansavtaleloven skal betalers bank medvirke hvis betaler tilbakekaller et betalingsoppdrag som ikke er gjennomført. Slikt tilbakekall kan imidlertid anses som brudd på avtalen mellom betaler og betalingsmottaker.
5. Betaler kan ikke angi et større beløp på engangsfullmakten enn det som på belastningstidspunktet er disponibelt på konto. Betalers bank vil normalt gjennomføre dekningskontroll før belastning. Belastning ut over disponibelt beløp skal betaler dekke inn umiddelbart.
6. Betalers konto vil bli belastet på angitt belastningsdag. Dersom belastningsdag ikke er angitt i engangsfullmakten vil kontobelastning skje snarest mulig etter at betalingsmottaker har levert oppdraget til sin bank. Belastningen vil likevel ikke skje etter engangsfullmaktens gyldighetsperiode som er angitt foran. Betaling vil normalt være godskrevet betalingsmottaker én til tre virkedager etter angitt belastningsdag/innleveringsdag.
7. Dersom betalers konto blir urettmessig belastet på grunnlag av en engangsfullmakt, vil betalers rett til tilbakeføring av belastet beløp bli regulert av kontoavtalen og finansavtaleloven.

**Forsinket og manglende betaling:** Forsinket betaling belastes med gjeldende forsinkelsesrente i henhold til forsinkelsesrenteloven av 17. desember 1976 nr. 100, som per dato for Prospektet er 8,50 % p.a. Dersom betaling ikke skjer ved forfall, vil Tilbudsaksjene ikke bli levert til bestilleren, og Tilretteleggerne forbeholder seg retten til å, for tegnerens regning og risiko, når som helst kansellere og reallokere eller på annen måte disponere over de allokerte Tilbudsaksjene, på de vilkår og på den måten Tilretteleggerne bestemmer (og bestilleren ikke vil være berettiget til noe overskudd derfra). Den opprinnelige bestilleren vil fortsette å være ansvarlig for betaling av Tilbudsprisen for Tilbudsaksjene tildelt bestilleren, sammen med enhver rente, kostnader, gebyrer og utgifter påløpt, og Selskapet, de Selgende Aksjonærene og/eller Tilretteleggerne kan innrive betaling for alle utestående beløp.

# Fjordkraft Holding ASA and the Fjordkraft Group

Annual Report 2017



© Fjordkraft

**MAIN OFFICE, BERGEN:**  
Fjordkraft AS  
Folke Bernadottes vei 38  
5147 Fyllingsdalen

**SANDEFJORD:**  
Fjordkraft AS  
Østre Kullerød 3  
3241 Sandefjord

**TRONDHEIM**  
Trondheim Kraft AS  
Sluppenvegen 17 B, 5 etg.  
3073 Trondheim

**OSLO:**  
Fjordkraft AS  
Lilleakerveien 6  
0283 Oslo

**STAVANGER:**  
Fjordkraft AS  
DNB Arena, Ishockeyveien 1  
4021 Stavanger

# Contents

<b>PREFACE</b>	<b>3</b>	<b>PART 3</b>	<b>26</b>
<b>0.1 2017 Highlights</b>	<b>3</b>	<b>3.1 Strategy and strategy planning at Fjordkraft</b>	<b>26</b>
Key figures 2017	5		
<b>0.2 Social responsibility</b>	<b>6</b>	<b>PART 4</b>	<b>30</b>
Corporate social responsibility at Fjordkraft	7	<b>4.1 Annual Report 2017</b>	<b>30</b>
Ethics at Fjordkraft	8	Board of Director's report	31
		Market	32
<b>PART 1</b>	<b>9</b>	Organisation	33
<b>1.1 Letter from the CEO</b>	<b>9</b>	Environment	34
A word from the CEO	10	Risk and risk management	35
		Outlook	36
<b>PART 2</b>	<b>12</b>	<b>4.2 Financial statement Fjordkraft Group</b>	<b>38</b>
<b>2.1 Fjordkraft at a glance</b>	<b>12</b>	<b>4.3 Notes Fjordkraft Group</b>	<b>46</b>
Our business	13		
<b>2.2 Management</b>	<b>14</b>	<b>4.4 Financial statement Fjordkraft Holding ASA</b>	<b>104</b>
Organisation	15		
<b>2.3 Board of Directors</b>	<b>20</b>	<b>4.5 Notes Fjordkraft Holding ASA</b>	<b>108</b>
		<b>4.6 Auditor's report</b>	<b>117</b>

# Preface

## 0.1

## 2017 Highlights

- **Fjordkraft Netthandel was launched.** 150 online stores give Fjordkraft's electricity customers discounts. Because Fjordkraft has a large number of customers, we are an attractive partner for vendors and brands who would like to give our customers discounts.
  - **Ladestasjoner.no was acquired in March.** Fjordkraft has upgraded the website and launched a new application that provides an overview of more than 2,200 charging stations across Norway with a total of more than 10,000 charging points. The application also displays the location and specification of charging stations in the Nordic region.
  - **Digitization.** IT is no longer a staff function. The reorganization 1 April facilitates increased digitization as the IT and business operations were integrated in the Technology and Production division.
  - **Fjordkraft Mobil was launched on 25 April.** We already had a well-known brand, a skilled customer service centre and expertise from the electricity market. For Fjordkraft, the path from being an electricity retailer to also becoming a mobile phone operator was short. Fjordkraft's electricity customers get more value for money with cheap mobile phone subscriptions.
  - **New services for power plants.** The "Fjordkraft Factory" accepted its first external customers. The process and IT system for settling and billing which was developed by Fjordkraft, "Fjordkraft Factory," accepted
- external customers. There are four local grid companies and electricity suppliers who purchase their settlement and billing services from Fjordkraft.
- **Increased awareness.** More than 50 per cent of Norway's population mention Fjordkraft unaided when asked to mention an electricity supplier. 95 per cent of the adult population has heard of Fjordkraft.
  - **Fjordkraft has been an advocate of consolidated billing.** We sell electricity all over Norway and in 14 grid areas. Fjordkraft has entered into an agreement with local grid companies on consolidated billing, and the vast majority of Fjordkraft's customers can now pay for electricity and the grid tariff at the same time.
  - **Interest from the UN.** The United Nations Framework Convention on Climate Change (UNFCCC) commended Fjordkraft's Klimanjaro initiative. The goal is to contribute to reduced CO2 emissions by creating a domino effect through imposing climate requirements on the company's suppliers and creating a market where climate-neutral becomes the new standard.
  - **Increased market share:** 19% of electricity customers state that they are customers of Fjordkraft. This is the first time such a high market share has been reported for one electricity supplier in Norway (TNS Kantar Q3 2017).

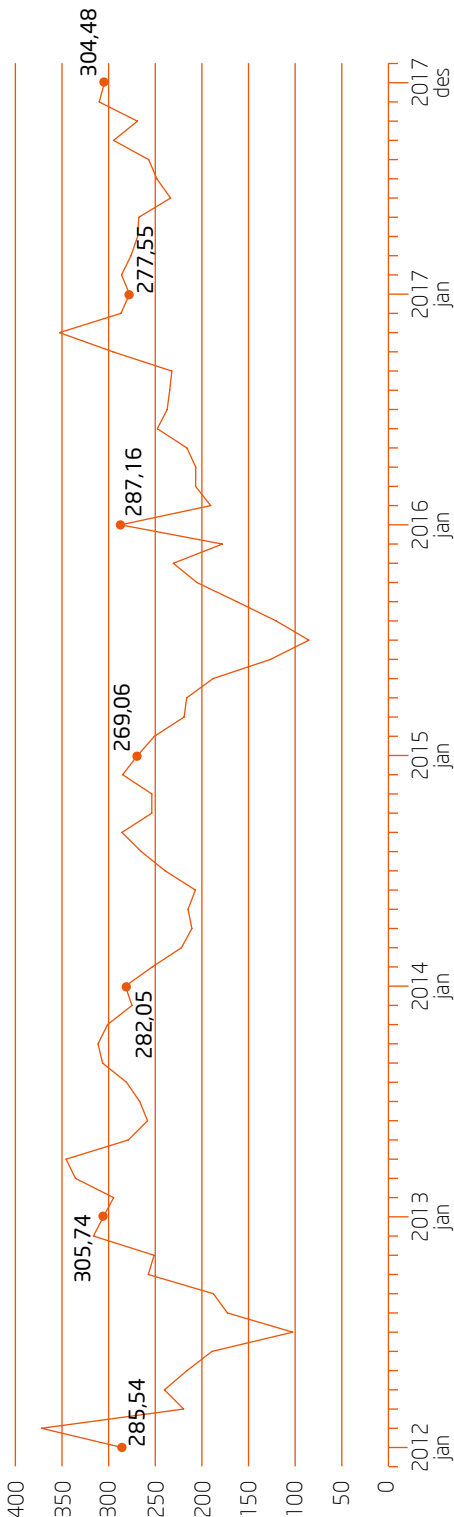
- **New major customers.** Competition in the tender market is tough. Among the largest public new customers in 2017 was NTNU, whose buildings have an annual consumption of approximately 100 GWh. Tine is a customer with an annual consumption of 364 GWh, which renewed their contract in 2017.
- **Brand awards.** Google Global Partner Summit in New York presented Fjordkraft on the stage as Best Practice in digital customer insight and marketing. Fjordkraft was one of the five finalists at the Change Awards on Iceland, a forum that recognises the best energy brands in the world. Competitors included Energia, Enel, EON and EDP. EON won.
- **The wholesale market.** Electricity prices in 2017 were higher than in 2016. The average price on the Nordic power exchange in 2017 was 27.43 øre/kWh excl. VAT, compared to 24.97 øre/kWh excl. VAT in 2016.
- **Norsk Kundebarometer** showed that the electricity industry saw negative developments in 2017. Higher electricity prices, negative stories about new electricity meters and uncertainty related to consolidated billing (same invoice for electricity and grid tariff) may have had an impact on Norsk kundebarometer.
- **Customer satisfaction.** Fjordkraft achieved 72.6 points on Norsk Kundebarometer 2017, a decline of 4.5 points from the top score in

- 2016. This indicates that we have somewhat more satisfied customers than the survey average. The score must exceed 70 points in order for the customers to be characterized as satisfied.
- **Committed employees.** The employees' identification with the company and how they experience the management and work situation is measured twice yearly. The energy index for permanent employees is at 25.5 – which is an increase on the previous survey. The benchmark for good human capital index is 24.
- **The Solstrøm** electricity contract was introduced. Fjordkraft buys excess production and encourages renewable production by paying extra for solar power produced by private customers.
- **GDPR.** An internal audit project of the status for GDPR compliance was conducted in the latter half of the year. The results are used in the company's preparations for GDPR compliance.
- **Stock exchange.** On 24 November it was announced that the company's owners are considering listing the company and that the process will be concluded in 2018.

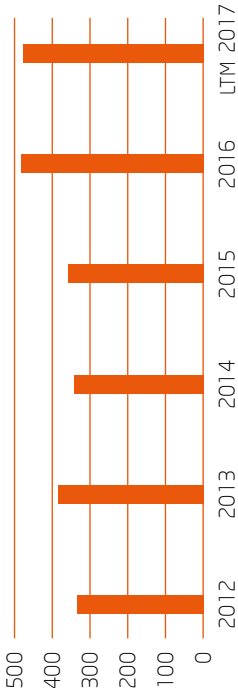
Key figures  
2017

Key figures		
NOK in millions		
	2017	2016
Revenue	4 453	3 925
Operating result (adjusted)	354	325
Profit for the year	252	257

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



Number of switches between electricity providers in Norway per year (000)<sup>1)</sup>



1) Supplier change figures from NVE. Not included churn from relocations and/or churn from financial inability to pay for customer (hence cancellation of subscription by electricity supplier). LTM as of Q3 2017.



## 0.2

### Social responsibility

Fjordkraft believes that companies have responsibilities beyond maximising profits for the shareholders. Fjordkraft has addressed this responsibility in its climate Initiative “Klimanjaro”, where we require our suppliers to be climate neutral by 2019. Fjordkraft has chosen to focus its corporate social responsibility work on the greatest challenge of our time – anthropogenic climate change.

# Corporate social responsibility at Fjordkraft



“Kilimanjaro” is a made-up portmanteau word, combining “climate” in

Norwegian with the name of Africa’s highest peak, Mount Kilimanjaro. This mountain is difficult to climb, but most people manage, with proper preparation. In the same way, “Kilimanjaro” is ambitious, but fully feasible. In addition, Kilimanjaro’s glaciers are shrinking as a result of anthropogenic climate change, making it a poster child for the challenges the world is facing.

There is broad consensus that climate change is accelerating, and the Paris Agreement states that we need to keep the global temperature from rising more than two degrees Celsius over preindustrial levels, or else climate change will spiral out of control.

In Norway, the Confederation of Norwegian Enterprise (NHO) and the Norwegian Confederation of Trade Unions (LO) actively urge the private sector to lead the way and introduce initiatives to combat climate change.

However, the changes that companies and policymakers are willing to implement are not in keeping with the seriousness of the impending crisis.

## Results first

Fjordkraft has been climate neutral since 2007. Now we are requiring all our suppliers to become climate neutral too, multiplying this impact by 100.

In other words: internal measures are all well and good, but we need a green value chain to really make a difference. Fjordkraft urges both public and private companies alike to set the same requirements to their suppliers. We do this in the media, at conferences and by making our “recipe” available on our website. Our goal is a domino effect that will have a real impact on climate change.

To prevent “Kilimanjaro” from grinding to a halt due to disagreement on methods or definitions of climate neutrality, we use the UN’s recognised standards for measuring climate impact. The initiative has already been praised by the United Nations Framework Convention on Climate Change (UNFCCC).

## Green shift with a green bottom line

According to NHO and LO, the actions of small and medium-sized businesses have an enormous impact on Norway’s overall greenhouse gas emissions. Nevertheless, only one in ten small to medium-sized businesses currently measure their climate footprint, according to a survey conducted for NHO and LO in connection with the ITUC “Climate Action Week” campaign.

In the same survey, eight out of ten small and medium-sized businesses reported that they are extremely or very environmentally aware, but only four out of ten believe environmental initiatives can be profitable.

Fjordkraft is convinced that climate neutrality is a competitive advantage.

Climate neutrality is not about zero emissions, but about reducing one’s own climate footprint, combined with purchasing approved climate quotas. Fjordkraft is working to create a market where climate neutrality is not only the ideal,

## Ethics at Fjordkraft

but the new norm, and believes that the green shift will also yield a green bottom line.

### Local action

Fjordkraft has started at the end that has the greatest impact, but the supplier requirements in “Klimanjaro” are also being followed up with local environmental initiatives at our various locations. In 2017, we had our three largest offices Eco-Lighthouse certified, and we work continuously to find new ways of improving our environmental performance.

At the same time, we are also looking into other ways of discharging our corporate social responsibility, parallel to “Klimanjaro”.

Fjordkraft operates with stringent requirements within its own organisation regarding proper conduct in business and expects the company's suppliers to adhere to the same high standards.

Fjordkraft's suppliers are obliged to comply with and abide by the eight fundamental ILO conventions on:

- Freedom of association and protection of the right to organise (No. 87)
- The right to organise and to bargain collectively (No. 98)
- The prohibition and abolition of forced labour (No. 29 and No. 105)
- Equal remuneration for men and women for work of equal value and discrimination in respect of employment and occupation (No. 100 and No. 111)
- Minimum age for admission to employment and work (No. 138)
- Prohibition and immediate action for the elimination of the worst forms of child labour (No. 182)

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

Through its internal code of conduct, which is based on recognised national and international standards, Fjordkraft has adopted strict anti-corruption provisions.

To prevent corruption further down the supply chain, Fjordkraft requires that these regulations shall also apply to the supplier's employees and any sub-contractors.

Fjordkraft is entitled to terminate the agreement with any supplier convicted of or fined for corruption. To qualify to compete in new tenders, it is a requirement that suppliers have not been convicted of corruption, organised crime or similar in the past five years.

Fjordkraft also requires that suppliers and any subcontractors have pay and working conditions in accordance with the applicable regulations.

# Part 1

## 1.1

### Letter from the CEO

2017 has been a good, busy year for Fjordkraft. We have strengthened our position in what we do best and established ourselves in new markets. Most importantly of all, we have gone further than ever to give our customers more for their money. This work has paid off and has brought us closer to our vision of Fjordkraft supplying electricity to two million people, at home and at work.

## A word from the CEO

2017 has been a good, busy year for Fjordkraft. We have strengthened our position in what we do best and established ourselves in new markets. Most importantly of all, we have gone further than ever to give our customers more for their money. This work has paid off and has brought us closer to our vision of Fjordkraft supplying electricity to two million people, at home and at work.

Five years ago, Fjordkraft embarked on a journey to become the most attractive electricity retailer in Norway. I am pleased to be able to say that 2017 has been a milestone year on this journey.

We have been developing our sales channels and customer service for several years and have now cemented our position as Norway's strongest brand in the electricity supply industry. Our orange logo and mascot are easily recognisable, and an incredible 95 per cent of the population of Norway knows that Fjordkraft is a power supplier.

In 2017, our sales work has really borne fruit. Fjordkraft now supplies electricity to more than 1.2 million people, and in the third quarter we also became the first ever electricity retailer in Norway to achieve a 19 per cent market share.

This motivates us to continue – and to do



more. It also provides us with an excellent starting point to branch out into new business areas and challenge existing players, in order to give our customers more for their money.

### Challenging the mobile market

In the first half of 2017, we did just that and launched mobile telephony. We set out to compete with the established providers, by offering extra cheap subscriptions to our electricity customers, in line with our aim to provide power contracts and other benefits that give our customers more for their money.

This launch was an important milestone for Fjordkraft. We demonstrated that we can use our brand, customer service and distribution capacity in other markets to give our customers more for their money. In addition, it was very educational for us as a company, facing new competitors and other players than those we know from our original industry. The mobile telephony market is marked by high marketing pressure and rapid innovation. This is both challenging and inspiring. We were also impressed by the high level of internal commitment revealed in connection with the training and preparations for the launch in April. This new business area has been a great success so far, and we will apply the lessons we have learned when considering new areas and benefits for our customers in the future.

### The customer is the boss

At Fjordkraft, we adhere to the philosophy that the customer is the boss. Our customer promise is to give you more for your money and help simplify your everyday life. This is the guiding

principle for all our work. In 2017 our customer service centre helped more than 2,000 people every day. We also made it easier for our customers to contact us, be it by phone, chat or e-mail. In addition to building good customer relations, this also allows us to discover new needs and new opportunities for Fjordkraft.

In 2017 we experienced one of the biggest changes in the end-user market in many years. A change in the regulations means electricity customers can now pay for their electricity consumption and grid rental on a single invoice. Fjordkraft started billing consumers for grid rental on behalf of the grid companies. For our customers, this was a long-awaited improvement, eliminating 10 million bills a year. Consolidated billing also ensures identical competition conditions for all power suppliers, which is positive for the industry and the customers alike.

### Changes in the electricity market

One of the goals in the National Transport Plan, published in summer 2017, was to reduce emissions from road traffic by 50 per cent by 2030. Electric vehicles are central to this solution. At the end of 2017, there were almost 140,000 electric cars in Norway. There are also some 70,000 chargeable hybrids. Roughly every tenth electric car in the world is registered in Norway. The number of motorists who need to charge their car at home is thus growing rapidly and looks set to continue increasing in the future. In February 2018 we launched simple, safe vehicle charging at home for our customers.

We are also seeing more households wanting to produce their own electricity. Prosumers,

to comply with the two-degree goal from the Paris Agreement, businesses must do their part. Fjordkraft wants to create a domino effect, and we are therefore urging our suppliers to set the same requirements to their suppliers.

### Further growth

2017 has been a good year, but our goals are ambitious. To succeed in the future, we must strike a balance between the interests of our customers, owners and employees. The excellent results we have achieved in 2017 reflect a concerted effort, and the entire organisation has done brilliant work. Everything we do is rooted in our values: Make it easier – Be friendly – Create value. We are thus also very well equipped to meet the targets and challenges of 2018 and continue on our way towards our vision: Fjordkraft supplies electricity to more than two million people – at home and at work.

### No-one can do everything, but everyone can do something

As an electricity retailer, sustainability and climate neutrality are issues that are close to our heart. It is clear to us that more commercial players need to focus on their greenhouse emissions and how they can become climate neutral.

As a distributor of non-physical products, our own climate footprint is relatively small, but we want to contribute in a sustainable manner. In 2017 we therefore decided that Fjordkraft will require all its business partners to become climate neutral. We have called this initiative Klimanjaro, and you can read more about it in this report. To date, suppliers with a combined climate footprint 70 times larger than Fjordkraft's have signed a declaration of intent to be climate neutral by 2019. We are very proud of this achievement.

Our solution is not perfect, but if Norway is



Rolf Barmen  
CEO

# Part 2

## 2.1

### Fjordkraft at a glance

Over 1.2 million people throughout the whole of Norway have electricity from Fjordkraft – either at home or at work. Fjordkraft aims to offer its customers power contracts and other benefits that provide them with better value for money.



# Our business

## National electricity supplier

- Throughout the whole of Norway, over 1.2 million people have electricity from Fjordkraft – either at home or at work. Fjordkraft sells electricity throughout the whole of Norway. Norway has many grid companies that operate local grids and electricity meters. We sell electricity to customers who live or have business activities in 114 different grid areas operated by local grid companies.

- Residential market. 19% of the electricity customers in the residential market state that they use Fjordkraft. This is the highest market share measured for a power supplier in Norway. Fjordkraft is a well-known brand. A total of 24% of the population mention Fjordkraft first when asked to name an electricity supplier. A total of 95% of the adult population has heard of Fjordkraft.<sup>1</sup>

- Corporate market. Fjordkraft is a leading supplier to the corporate market and has been chosen by more than 25,000 companies. Products range from straightforward

1 – Kantar TNS Q3 2017

## MISSION

Together we create the most attractive electricity retailer in Norway.



## VISION

Fjordkraft supplies electricity to more than 2 million people. At home and at work.



## CORE VALUES

- Be friendly
- Create value
- Make it easier



power contracts to advanced power portfolio management. Customers range from energy-intensive industrial manufacturers and large corporations with facilities all over the country to small local businesses. Digital tools for energy reporting and analysis help businesses achieve efficient energy use. We also offer energy and environmental advice.

- Municipal customers. Fjordkraft has a large number of municipal authorities as customers. We are the largest supplier of electricity to buildings and facilities owned by Norwegian municipalities.<sup>2</sup>

- Electricity in Trøndelag. Fjordkraft owns 100% of the shares in the power supply company Trondheim Kraft. Trondheim Kraft is located at Sluppen in Trondheim and employs 28 people.

## 32 alliance partners

- The Alliance concept is Fjordkraft's collaboration model for power producers and

2 – The Municipal Report

electricity suppliers in rural areas. Fjordkraft provides services related to power trading, invoicing, settlement and market support to 32 energy companies all over Norway. These are electricity suppliers, grid companies and power producers. This provides us with good insight into the conditions and situation for a wide range of different players and allows us to present a comprehensive picture in our communication with industrial associations and government authorities.

- Fjordkraft's internal management and invoicing system "Fjordkraft Factory" has been developed for the sale of account settlement and invoicing services to other companies. The first external customers, grid operators and electricity suppliers, started using "Kube" in 2017.

## Mobile

- Fjordkraft aims to offer its customers power contracts and other benefits that provide them with better value for money. On 25 April 2017, Fjordkraft became a provider of mobile telephony. With a well-known brand, a large customer service centre and broad experience with procurements and

invoicing, the company quickly became a serious contender in a mobile telephony market dominated by two large operators. Fjordkraft offers its customers cheap mobile telephony using Telenor's network.

## History

Fjordkraft was founded on 1 April 2001, with the ambition of becoming a leading company in the sale of electricity to the end-user market. Since the outset, the company has striven to increase national competition in the end-user market, introduce forward-looking, customer-friendly solutions, and ensure non-discriminatory market conditions for all the players in the industry. The company was founded as a result of a merger between the power-trading operations of BKK Kraftsalg AS and Skagerak Energi AS. The name Fjordkraft was adopted from 1 June 2001.

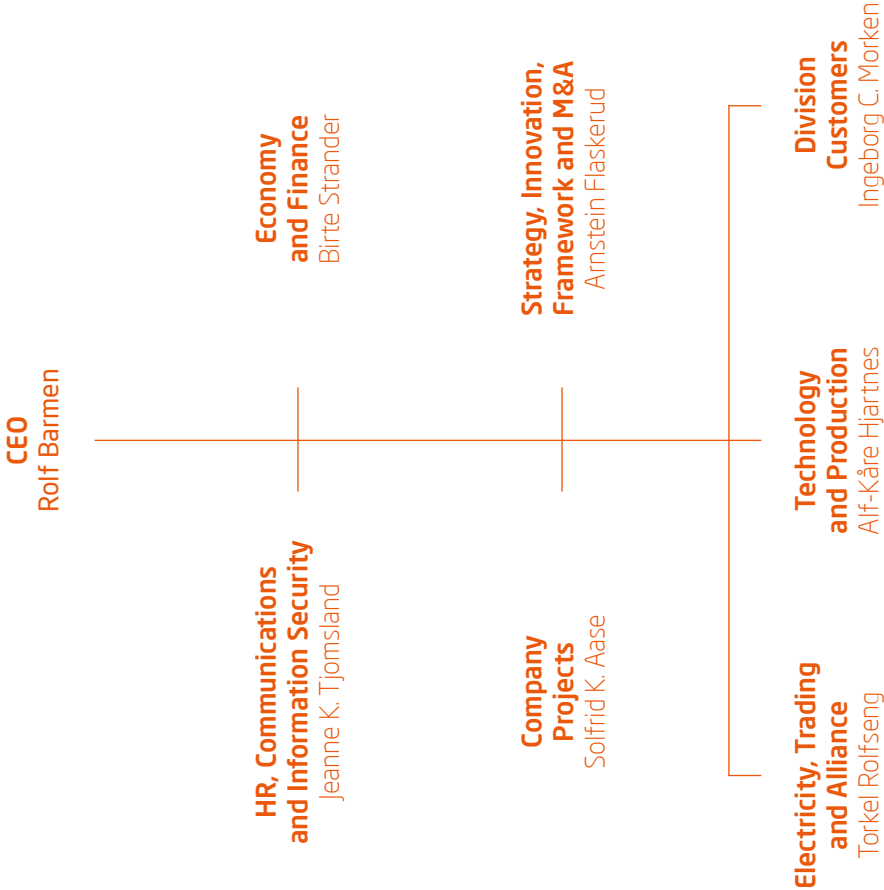
## Ownership

On 31 December 2017, ownership of Fjordkraft was as follows: BKK AS owns 48.85%, Skagerak Energi AS owns 48.00% and Statkraft Industrial Holding AS owns 3.15% of the shares.



## 2.2 Management

# Organisation



**Rolf Barmen**  
President and Chief Executive Officer (CEO)

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

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



## Birte Strander

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

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

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



## Arnstein Flaskerud

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

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

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



**Jeanne Katralen Tjomsland**  
Executive Vice-President (EVP) and Head of HR,  
Communications and Information Security

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

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



**Torkel Rolfseng**  
Executive Vice-President (EVP)  
and Head of Power Trading and Alliances

*Background:* Torkel Rolfseng, born in 1971, is the Company's Executive Vice-President (EVP) and Head of Power Trading and Alliances. Rolfseng is closing in on 20 years of experience in the electric power industry. He commenced employment with Fjordkraft in 2010 as the Manager of Products and Services and joined Trondheim Kraft AS, a subsidiary of the company as the Chief Executive Officer in 2011. Rolfseng has held several executive positions with Fjordkraft. He served as Business and Product Developer, Market Manager and Key Account Manager for Trondheim Energi Kraftsalg AS and worked as an energy consultant at Entro Energi AS.

*Education:* Mr Rolfseng holds a Master of Science in Electric Power Engineering from Norwegian University of Science and Technology (NTNU).



### Ingeborg Cecilie Torvund Morken

Executive Vice-President (EVP)  
and Chief Commercial Officer (CCO)

*Background:* Ingeborg Cecilie Torvund Morken, born in 1978, is the Company's Executive Vice-President (EVP) and Chief Commercial Officer. Ms Morken commenced employment with Fjordkraft as Key Account Manager in 2004, held several managerial positions in the company since 2004 and was Manager of Business Development from 2010 until 2012. She became the Director of Business Development and Deliveries in 2012, was appointed the Director of Customer Service in 2014 and became director of the Sales, Market and Product Management department in 2015. In addition to her managerial positions with Fjordkraft, Ms Morken was service manager at Radisson SAS Hotel Norway. In 2015, Morken was awarded the "Young Leader of 2015" by Assessit.

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



### Solfrid Kongshaug Aase

Executive Vice-President (EVP)  
and Head of Company Projects

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

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

**Alf-Kåre Hjartnes**

Executive Vice-President (EVP)  
and Chief Operating Officer (COO)

*Background:* Alf-Kåre Hjartnes, born in 1969, is the Company's Executive Vice-President (EVP) and Chief Operating Officer (COO). Mr Hjartnes has almost 20 years' experience from the electric power industry. He joined Fjordkraft in 1999 and has had several managerial positions with the company, particularly within the IT department. Mr Hjartnes was a senior IT advisor in 2004, joined the Business Development department in 2007 as senior advisor, became Senior Advisor in the Innovation and Projects department in 2008, was appointed IT Manager in 2010 and the Director of IT in 2012.

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

## 2.3 Board of Directors





Left to right

Rolf Barmen

Peder Brustad

Lindi Vinsand

Robert Olsen

Birthe I. Grotle

Svein-Kåre Grønås

Kristil Håland Helgerud

Frank Økland

Øystein Prestø.



Photo: Rebekka Davidsen.





## Robert Olsen

[Chairman](#)

Chairman and Board member since  
15 December 2017

*Background:* Robert Olsen was born in 1964 and lives in Holmestrand. He has served as chairman of Fjordkraft Holding ASA since 15 December 2017. He served as Board Member of Fjordkraft AS in the periods of 2013 until 2017 and from 2001 to 2004, and as alternate board member of Fjordkraft AS in the period from 2004 until 2011. Mr Olsen was appointed as Chief Investment Officer of Skagerak Energi AS in 2013, and has vast experience with business and finance. He served as Deputy Managing Director of Skagerak Energi from 2001 until 2013, as Chief Financial Officer of Vestfold Kraft from 1998 until 2001, as Finance Manager at Privat Investor from 1996 until 1998 and as Finance Manager at Wilhelmsen Terminal AS from 1992 to 1993.

*Education:* Mr Olsen holds two Master of Business Administration degrees, specializing in finance and a Bachelor of Science in Economics and Business Administration from the Norwegian Business School (BI). He is also a Certified European Financial Analyst (AFA/CEFA) from the Norwegian School of Economics (NHH).



## Birthe Iren Grotle

[Deputy Chairman and Board Member](#)

Deputy Chairman and Board Member since  
15 December 2017

*Background:* Birthe Iren Grotle was born in 1965 and lives in Knarrevik. She has served as Deputy Chairman and Board Member of Fjordkraft Holding ASA since 15 December 2017, as deputy chairman of Fjordkraft AS from 2013 to 2017 and as Board Member of Fjordkraft AS in the period 2011–2013. Ms Grotle is Senior Advisor for industrial ownership in BKK AS. She has broad experience with management and has held various management positions in her career, including Deputy Managing Director of Kunde BKK AS from 2010 until 2016, Deputy Managing Director of BKK Marked AS from 2007 until 2010 and Chief Executive Officer of Coop Hordaland BA from 2005 until 2006. Ms Grotle has vast experience from various retail businesses including Manager of Deloitte & Touche Management Solutions, Administration Manager of NKL Bergen and Senior Consultant at Deloitte Consulting.

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



### Svein Kåre Grønås

**Board Member**

Member since 15 December 2017

*Background:* Svein Kåre Grønås was born in 1965 and lives in Bergen. He has been a board member of Fjordkraft Holding ASA since 15 December 2017 and has served as Board Member of Fjordkraft AS from September to December 2017. Mr Grønås has over 20 years' experience in the fields of business and technology. He has held various management positions at BKK AS, including Chief Executive Officer of BKK Fiber from 2010 until 2015, Director of BKK AS from 2015 until 2016 and Director of Customer Service and Chief Digital Officer from 2016 until August 2017. Mr Grønås was appointed Executive Vice-President (EVP) of entrepreneurship and market and Chief Digital Officer of BKK AS from September 2017.

*Education:* Mr Grønås holds a Master of Science in Electric Engineering and Data Technology from the Norwegian University of Science and Technology (NTNU) and an Executive Master of Management degree in Strategic Management from the Norwegian School of Economics (NHH).



### Kristil Marie Håland Helgerud

**Board Member**

Member since 15 December 2017

*Background:* Kristil Marie Håland Helgerud was born in 1978 and lives in Skien. She has served as Board Member of Fjordkraft Holding ASA since 15 December 2017. Ms Helgerud has since 2016 held the position of Department Manager of Accounts and Control at Skagerak Kraft AS and has held several positions with Skagerak Energi AS, including Controller from 2006 until 2008, Business Director from 2008 until 2010 and Analytical Strategist from 2010 until 2016. She was a Senior Auditor at Deloitte AS for four years prior to this.

*Education:* Ms Helgerud holds a Master of Science in Economics and Business Administration (siviløkonom) from Handelshøyskolen BI and has a course certificate in governance.



## Peder Brustad

**Board Member**

Member since 15 December 2017

*Background:* Peder Brustad was born in 1971 and lives in Lommedalen. He has served as Board Member of Fjordkraft ASA since 15 December 2017, and as Board Member of Fjordkraft AS from 2016 until 2017. Mr Brustad is Senior Vice President (SVP) Strategy of Statkraft. He has more than 20 years' experience in corporate development within the power- and telecom sector. He has held various management positions in his career, including several at Statkraft, such as Acting Head of Corporate Strategy from 2016 until 2017, Head of Corporate Portfolio from 2015 until 2016, Head Advisor from 2010 until 2015, as well as Head of Strategy and Business Development from 2008 until 2010. Furthermore, Brustad has exhibited strong analytical capabilities and commercial understanding from his time at Telenor, Netcom and KPMG. He has participated in Statkraft's leadership programme "NEXT".

*Education:* Peder Bustad holds a Master of Science in Economics and Business Administration (Siviløkonom) from the Norwegian Business School (BI), in addition to an Executive Master of Management degree in Strategic Management from the Norwegian School of Economics (NHH).



## Frank Økland

**Board Member (employee representative)**

Member since 15 December 2017

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

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



### Øistein Prestø

**Board Member (employee representative)**

Member since 15 December 2017

*Background:* Øistein Prestø was born in 1954 and lives in Bergen. He has served as Board Member of Fjordkraft Holding ASA since 15 December 2017 and as Board Member of Fjordkraft AS from 2011 to 2017. Mr Prestø has 45 years' experience in the power industry. He has been the Senior Marketing Advisor of Fjordkraft since 2001 and Senior Marketing advisor of BKK Kraftsalg AS from 1999 until 2001. Prior to these positions, Mr Prestø was Advisor and Controller at Bergen Lysverker AS.

*Education:* Mr Prestø holds a diploma in heavy currents from the Bergen Technical College in addition to a diploma in marketing from Bergen Language School.



### Lindi Bucher Vinsand

**Board Member (employee representative)**

Member since 15 December 2017

*Background:* Lindi Bucher Vinsand was born in 1956 and lives in Horten. She has served as board member of Fjordkraft Holding ASA since 15 December 2017 and was alternate board member of Fjordkraft AS from May to December 2017. Ms Vinsand has been Senior Advisor of Customer Service since 2017, however, she has been with the company since its origin. Ms Vinsand has 25 years' experience in the energy industry. Prior to joining Fjordkraft in 2001, she has work experience from Nøtterøy Everk and Vestfold Kraft Energi AS.

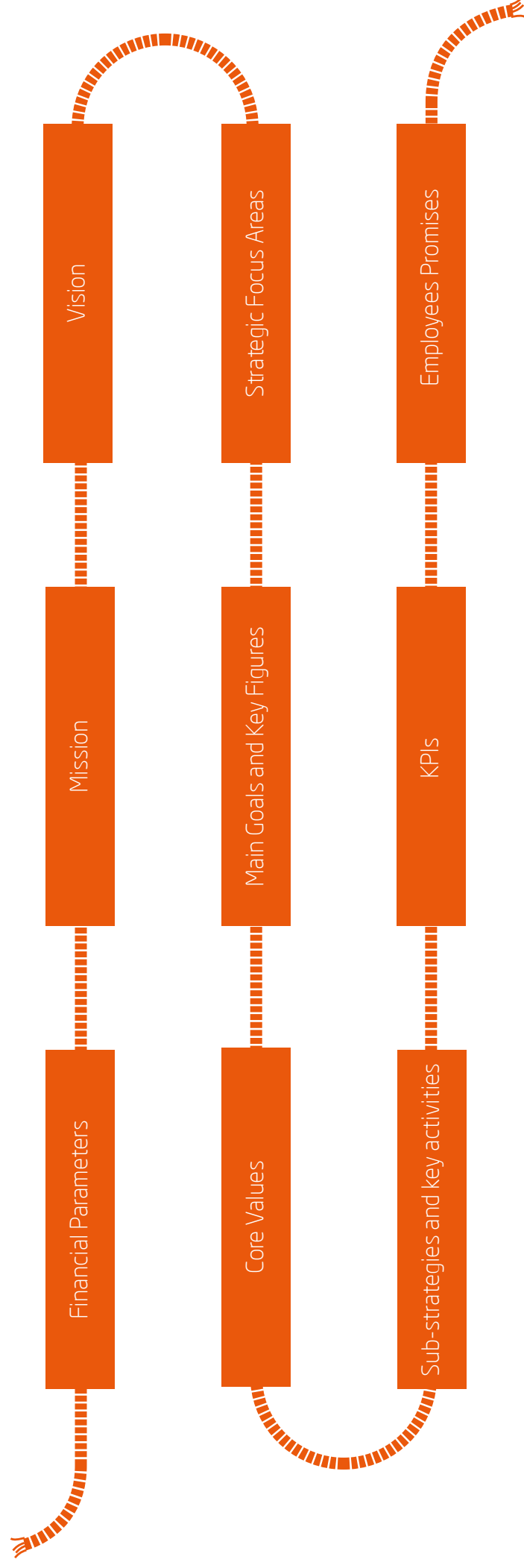
*Education:* Ms Vinsand holds a Bachelor of Science in Energy and Climate Technology from the Oslo College of Engineering and has taken a project management course from the Vestfold University College (HiVe).

# Part 3

## 3.1

### Strategy and strategy planning at Fjordkraft

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



Fjordkraft's strategy process is closely related to its management philosophy, ensuring that the strategy work is broad-based and not the exclusive province of the senior management. A high degree of involvement ensures continuity from our overarching strategic choices right down to the individual employees' activities. The strategy plan serves as the basis for decisions in our everyday work, providing us with a long-term perspective and the power to implement changes. This has been a key focus area for Fjordkraft's strategy work since 2013.





## General philosophy

Fjordkraft's strategy work is based on a high degree of involvement, in which we focus on defining collective ambitions in all areas of the organisation. This process ensures continuity from our overarching strategic choices right down to the individual employees' activities. Strategy work provides us with motivation, direction and differentiation. The strategy plan also serves as the basis for decisions in our everyday work, providing us with the power to implement changes and a long-term perspective. Rapid changes as a result of digitalisation and changing parameters mean all managers have to be strategists for their area. They must be familiar with the best practices and always be looking ahead. Development of sub-strategies and key activities ensures a clear focus on strategic challenges and opportunities within all key areas. Our proprietary strategic planning process is a hybrid model where strategy and tactics are merged throughout the organisation. Fjordkraft wants to continuously adapt to ensure we stay ahead of developments. We firmly believe that creating economies of scale will be a critical success factor to continue the positive development in our profitability.

In our industry, wealth creation has traditionally been unevenly distributed in the value chain, with low margins downstream and high margins upstream. The regulatory framework has ensured that regional end-user companies have been favoured, through the monopoly on premium rate services. The new customer-oriented market model, the digitalisation of the industry and expectations of low wholesale prices are paving the way for fairer competition,

new business opportunities and changes in the distribution of wealth creation throughout the entire value chain. This development is leading to the owners in the electricity industry demanding higher margins from our part of the value chain. We will optimise our business operations to ensure we are at all times rigged to be able to deliver satisfactory returns to our owners, regardless of the price pressure in the industry. We see that the time is ripe for consolidation and strong growth for a handful of national companies. Thanks to our broad customer base, expertise, "Factory" process and active owners, Fjordkraft is extremely well positioned to take a leading position in the future market.

## Current good-value offers to customers and sources of growth that are already in operation

Fjordkraft works continuously to optimise the savings proposals and services we offer to our various customer groups. We currently have three main segments in which services are distributed as follows:

1. Residential
  - a. Electricity – Continued pressure on sales of core products and exploitation of the opportunities afforded by combined invoicing.
  - b. Mobile – Fjordkraft as a mobile telephony operator. The main goal is to strengthen loyalty among existing electricity customers, while supporting the vision of two million electricity customers by allowing us to reach all members of the household.

## 2. Corporate

- a. Electricity – Continued pressure on sales of core products and exploitation of the opportunities afforded by combined invoicing.
- b. Energy consulting – Control over power consumption and costs using the "Min Bedrift" portal, offering analysis of power and grid leasing expenses and recommended measures to reduce expenses.
3. Alliance
  - a. Extended alliance – Operating services within message exchange, account settlement, invoicing and payment collection for alliance partners. Exploiting economies of scale in the Fjordkraft Factory.

All the current services and savings proposals correspond to exploitation of our competitive advantage: strong brand, large customer base, strong distribution power and the "Fjordkraft Factory". The "Fjordkraft Factory" has been developed to digitise and simplify the company's account settlement, invoicing, and payment collection processes. In addition to gains due to improved efficiency for the company, in 2017 the Fjordkraft Factory gained its first external customers among other energy companies.

## A good attack is built on good lines of defence

We still believe that it is necessary to invest in areas that can yield a competitive advantage and that these advantages must be actively maintained on an ongoing basis. This has resulted in our current focus on building market muscle and significant investments in size, branding, distribution and digital processes.

Fjordkraft has focused on building strong lines of defence. Our main aim has been to uphold the return on the core product for as long as possible, as we do not currently see any other sources of income that could replace revenue from electricity in the short or medium term. Sector convergence is thus primarily a line of defence that will enable us to compensate for falling margins in the future.

We have defined three distinct lines of defence:

1. Maintain nominal contribution margin  
We have initially focused on high sales activity and expansion of the service spectrum to ensure increased loyalty among existing customers and uphold the existing revenue streams.
  - High gross sales and increased market shares – Broad distribution, high Top of Mind score, regulatory parameters (supplier-centric model), consolidation
  - Product development – Portfolio optimisation and product development
  - Customer service and loyalty pro-

grammes – Customer loyalty, attraction, reduced sensitivity to price pressure

## 2. Increased efficiency to maintain EBIT

Our second line of defence focuses on cost leadership, as we expect this to be the “end game”. It is important to automate, while getting more customers to subscribe to the “Fjordkraft Factory”. We create value for our customers by delivering the right service at the right time, and we shall keep our promises in dialogue with our customers. We work every day to make things easier, for our customers, for our colleagues and for ourselves. At the same time, continuous development of smart, innovative solutions shall make it easier to be a Fjordkraft customer.

- Automation – Improving processes
- Consolidation – Accelerated capitalisation of process improvements requires acquisitions
- Cost leadership formatting – Low-cost company using the LEAN methodology

## 3. New business and globalisation

Our third line of defence focuses on developing entirely new business areas and new geographical areas. After several years of positive developments in our financial performance, growth, position and customer satisfaction, we have identified a need to develop the business beyond selling electricity. The most promising direction for our future expansion is sector convergence in

the role as a service provider – starting new sigmoid curves. We expect future technological shifts to entail increased pressure on electricity prices, at the same time as more and more customers will become self-sufficient. In the face of this outlook, it will be important to provide services related to the establishment of distributed production and at the same time meet the customers’ needs as a prosumer – the buying and selling of electricity, and the financing and insurance of the solar power systems.

- New business areas – New income from existing customers will offset the effects of squeezed margins
- New countries – Traditional revenues from new countries will offset the effects of squeezed margins when the time is ripe to export national competitive advantages
- Full transformation – New wave in which the bulk of the revenue comes from new areas

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

## Scenario planning

Working on the 2025 scenario has imbued the organisation with greater confidence and ability to follow through. This is because we now

have a better understanding of which factors we cannot control and which factors we can. In addition, thinking about how we will act in different scenarios means adaptation to new realities can be implemented quickly.

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



# Part 4

## 4.1

### Annual Report 2017

#### **Fjordkraft Holding ASA and the Fjordkraft Group**

Fjordkraft is pleased that 2017 has entered the history books as another year of customer growth and good financial results. The Group achieved a profit before tax of NOK 331 million in 2017. A new challenger in the mobile phone market saw the light of day in April when Fjordkraft also became a provider of mobile telephony.



The consolidated financial statements for 2017 were prepared in accordance with the IFRS accounting standard, unlike previous years when NGAAP was used. This means that the accounting figures in the annual report for 2017 are not comparable with previous annual reports. Adaptation of IFRS 9 and IFRS 15, which is initially applicable from 1.1.2018 has also been taken into account.

## Board of Director's report

Fjordkraft is a national electricity retailer and provider of related services to the consumer, public sector and business markets. The electricity retailer industry has many players and low entry barriers. However, the barriers for achieving growth and profitability are high. Managing customer portfolios in the business market and for public companies requires expertise in electricity in particular, and the power and financial markets in general. Becoming a national player requires a large volume of customers to achieve the efficient processes and financial strength necessary to build up a recognised brand and breadth in sales and distribution channels.

Fjordkraft has a broadly composed distribution system so it can reach out to customers nationwide. The company also makes use of numerous marketing channels. Fjordkraft talks or meets with nearly two million customers and potential customers a year. This provides good opportunities for customer dialogue and represents enormous potential as regards being able to offer customers relevant services and products.

Fjordkraft's head office is in Bergen. The Group also has offices in Sandefjord, Oslo and Stavanger, as well as in Trondheim via its subsidiary Trondheim Kraft AS. The company's customer service centres are located in Bergen,

Sandefjord and Trondheim. Fjordkraft strengthened its operations at its Oslo office in 2017 to increase its availability to customers in the Eastern Norway region. In December, a decision was made to move the Oslo office from Skøyen to Lilleaker.

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

### Services for other electricity companies

The alliance concept is Fjordkraft's partnership model for small-scale power producers, power grid companies and electricity retailers in the districts. Fjordkraft is responsible for purchases and management of the power portfolio for its members. This involves everything from developing the products and marketing materials to securing contract prices, analysis and offering expert advice in a number of areas. Fjordkraft had 32 customers in its alliance concept in 2017. Fjordkraft's services were expanded during the year to include billing and payment services.

## Market

### Business and public sector markets

Fjordkraft is the largest retailer of electricity to municipalities in Norway and manages licensed power for a number of power producing municipalities. The company also has a substantial number of other public sector customers. The competition in the market for public sector tenders is intense. Large volumes of electricity are traded, and this requires expertise and good management results. The Norwegian University of Science and Technology (NTNU) was the largest public sector customer Fjordkraft gained in 2017 with annual consumption of 100 million kWh. The extension of the Tine Group's contract was the largest corporate contract signed in 2017.

The business market ranges from major groups and energy-intensive operations to local production and service companies. Customer satisfaction in the business market has been an important focus area for the company. Fjordkraft is thus pleased that, according to a market survey of the business segment conducted by TNS Kantar in December 2017, it is regarded as the most attractive retailer to switch to.

### Strong brand

No less than 95% of the adult population has heard of Fjordkraft and more than 50% of Norway's population mentions Fjordkraft

unaided when asked to name an electricity retailer. A total of 19% of electricity customers in the consumer market state they are a customer of Fjordkraft. According to TNS Kantar, this is the highest market share measured for an electricity retailer in Norway.

Fjordkraft was one of the five finalists at the Change Awards in Iceland, a forum that recognises the best energy brands in the world. The eventual winner was E.ON.

Fjordkraft substantially increased its sold volumes and customer base in 2017. The plug sockets of more than 1,200,000 Norwegians are powered by Fjordkraft. Measurements in 2016 and 2017 show that the company is viewed as the most attractive electricity retailer to switch to in both the consumer and the business market. Its partnerships with Power, SAS Eurobonus, Shell and the sporting goods chain XXL have given the company access to new distribution channels and are included in a benefits programme for existing customers. The benefits programme was expanded further in 2017 and Fjordkraft Netthandel was launched. This involves a partnership with 150 online shops in which Fjordkraft's customers get discounts and cash back via their electricity bills.

Ladestasjon.no was acquired in March. Fjordkraft has upgraded the website and launched a new app that provides an overview of more than 2,200 charging stations across Norway. In February 2018, a partnership will be launched with DEFA in which Fjordkraft's customers will be offered good contracts for the purchase and installation of home chargers for electric cars and where payment will be made via their electricity bill.

### Mobile phones

Fjordkraft Mobil was launched on 25 April. The interest from customers far exceeded expectations and the budget. This resulted in long hold times for calls to the customer service centres in the summer and early autumn. The target of 30,000 customers in 2017 was achieved after the summer and the budget for the year was thus increased. Customer satisfaction among mobile phone customers has been very good according to surveys conducted by EPSI in autumn 2017.

The mobile telephony market is dominated by two major players with several different brands. Mobile telephony is one of the industries with the largest marketing and advertising budgets and it takes a great deal to compete with the established players. Fjordkraft is taking advantage of its well-known brand, major distribution system, large and capable customer service centres, and expertise in billing and payments from the electricity market to serve existing customers and try and reach out to new ones. In Fjordkraft's case, the path from being an electricity retailer to a mobile phone operator was thus fairly short. The company currently does not sell mobile telephony to the business market or physical phones or other equipment.

### Consolidated billing strengthening competition

NVE's Regulation concerning consolidated billing came into force on 1 September 2016 and in practice was generally implemented by players in 2017. Electricity customers prefer to pay for electricity and grid rental at the same time, regardless of which electricity retailer they have chosen. Major business customers have had

this option for years. Fjordkraft has lobbied for consolidated billing in the industry since 2009 because it both promotes competition and is customer friendly.

The company has noted that competition has intensified in the local areas where Fjordkraft previously was the only company that could offer personal customers consolidated billing for electricity and grid rental. At the same time, in 2017, the company entered into consolidated billing agreements with power grid owners nationwide. No less than 93% of Fjordkraft's personal customers had the option of paying for their electricity and grid rental together in 2017. This has strengthened the company's competitiveness.

# Organisation

## Equal opportunities

At the beginning of 2017, the Group had a total of 172 full-time employees accounting for 169.2 FTEs. At the end of the year, the figures were 215 employees and 212.4 FTEs. The increase in employees was due to customer growth, higher levels of activity, contracted FTEs who have been converted to permanent positions, and the insourcing of customer service tasks that were previously performed externally.

Of the total number of employees, six have part-time positions in the company; equivalent to 2.8% of the workforce. All of the part-time positions are due to the employees' own wishes. The proportion of women with part-time positions is 5.7% while the equivalent figure for men is 0.8%.

In Fjordkraft, men and women enjoy equal rights, opportunities and pay conditions for the same type of position. At the end of 2017, women accounted for 41% of employees and 37.5% of board members. Overall, 31% of managerial positions with personnel responsibilities were held by women. The company's executive management team is split 50/50 between men and women.

The average annual salary in the company in 2017, exclusive of the executive management group, was NOK 572,624. The average salary for men was NOK 590,048, while for women it

was NOK 547,223. 57% of the men earned less than the average annual salary, while 68.7% of the women earned less than the average annual salary. The average age in the company was 38.

The purpose of the Anti-Discrimination Act is to promote equality, ensure equal opportunities and rights, and prevent discrimination. The company actively and systematically promotes the purposes of the Act. The activities encompass recruitment, pay and working conditions, promotion, development opportunities and protection against harassment.

Total sick leave amounted to 4.6% in 2017, compared with 4.4% in 2016. The target for sick leave is lower than 4.5%. Fjordkraft has signed up to the "Inclusive Working Life" scheme. Employee surveys are conducted twice a year to learn their feelings about their work situation and how they identify with the company's goals and values. Satisfaction among our employees is very high and the employees have a strong commitment to their workplace.

## Organisation

Fjordkraft's owners are among the company's service providers. BKK AS delivers services such as accounting, payroll and IT operations to Fjordkraft. Statkraft Energi AS's trading section in Trondheim delivers services within physical and financial power trading.

Promise-based management has been an important element of Fjordkraft's culture and work methods since 2004 and aims to ensure that its strategy is converted into action in the individual's everyday lives. The company's management philosophy states how it expects managers to motivate and create results through

employees. Fjordkraft introduced LEAN as a working method in 2014 and in 2017 it again focused on improving processes with the aid of the LEAN method. This forms an important part of the company's work on continuous improvement.

Fjordkraft's strategy plan is used by large parts of the organisation and plays an important role in the managers' and employees' planning and normal workday. Managers at several levels help to shape the strategy for their areas of responsibility. Every year, as part of its evaluation and audit process, Fjordkraft chooses one focus area from the strategy plan which it subjects to particular scrutiny as far as the validity of its assumptions are concerned. In 2017, the management took a close look at the company's promises and value proposition for the customer. It used the models produced by Osterwalder for value proposition design to do so. The results are being used in the work on developing future products and business areas, as well as market communications.

## Integrated IT and business operations

The company carried out a major reorganisation that came into effect on 1 April. The main change involved IT transitioning from being a corporate function to integrating into services production and now constituting one of the company's divisions. This was done due to the need to ensure digitalisation forms a natural part of business operations. A good understanding of the business and close collaboration between IT and the employees in day-to-day service production are vital with respect to digitalisation

resulting in more efficient operations. This is how concrete improvements are created for the customers.

## Board changes

Robert Olsen took over from Wenche Teigland as the Chair of the Board at the extraordinary General Meeting on 28 September 2017. Teigland stepped down due to accepting the position of Chief Executive of BKK Nett AS. According to the Energy Act this is not compatible with holding a seat on the board of an electricity retailer. Kristil Håland Helgerud succeeded Thor-Erik Vartdal as Board Member on 18 December 2017.

## GDPR

The General Data Protection Regulation will be implemented with effect for Norwegian companies from 25 May 2018. The new data protection Regulation being implemented in Norway emphasises accountability and internal control at companies rather than advance control by the Norwegian Data Protection Authority. The new Regulation tightens the requirements for handling non-conformities, notifying affected parties and continuously working on information security. The company will organise its operations such that it complies with the requirements. There is room for interpretation with respect to whether Fjordkraft is required to have a data protection officer. However, Fjordkraft has decided that the company will have a data protection officer.



# Environment

## CSR – climate neutral

The company has been climate neutral since 2007. Fjordkraft believes the company can help make a positive difference in the work on reducing climate emissions and thus fulfil its corporate social responsibilities in this area. Fjordkraft has also started the “Klimanjarø” project. This involves stipulating a requirement that contractual partners of the company must comply with the UN’s programme for climate neutral companies when it comes to purchasing goods and services. Contractual partners must issue a declaration of intention concerning becoming climate neutral by 1 January 2019.

The company is also systematically working to ensure other businesses have similar ambitions, including through purchasing organisations and Energy Norway. The invitation to speak at Bergen Chamber of Commerce’s annual conference in November provided an opportunity to encourage more companies to follow our example by stipulating requirements for their suppliers. The aim is to create a domino effect with the aid of the company’s suppliers. This is how the company can create the greatest possible effect and positive results for the environment.

The fact that the United Nations Framework Convention on Climate Change (UNFCCC) has mentioned Fjordkraft’s Klimanjarø project on its

website has provided inspiration for the company’s future work.

The Fjordkraft Group’s total CO<sub>2</sub> emissions from energy consumption in offices and employees’ business travel was calculated at 460 tonnes CO<sub>2</sub> equivalents (CO<sub>2</sub>e) in 2017, compared with 430 tonnes CO<sub>2</sub>e in 2016. The increase was due to a rise in the number of employees since 2016. Office space increased during the year in Trondheim and Oslo. 262 tonnes CO<sub>2</sub>e of the emissions came from energy consumption in the company’s offices, compared with 257 tonnes CO<sub>2</sub>e in 2016. This is covered by buying guarantees of origin. Business travel by road and air amounted to emissions of 198 tonnes CO<sub>2</sub>e compared with 173 tonnes in 2016. Climate quotas equivalent to these emissions have been purchased. The company’s sites in Bergen, Sandefjord and Trondheim have been Eco-Lighthouse certified.

The company is noting increasing interest and demand from companies for electricity with a guarantee of origin (GOOs). There are international indications of a revitalisation of the CO<sub>2</sub> quota system and the company is adjusting its products in line with these.

## Development activities and investments

The Fjordkraft Group is a labour-intensive group with few fixed assets. In recent years the Group has made significant investments in digital solutions for rationalization purposes. The objective is to further develop cost-effective and customer-friendly processes for internal operations and for business purposes. In 2017 the Group invested a total of NOK 36 million in

intangible assets. A total of NOK 28 million is related to projects, including the mobile telephony initiative and software solutions, while the remainder is related to the acquisition of BKK Energitejner’s customer portfolio and the acquisition of the rights to Ladestasjoner.no. Corresponding investments related to projects in 2016 were NOK 27 million. In addition, investments of NOK 118 million have been made in connection with sales commissions, compared to NOK 87 million in 2016.

## Finances

The 2017 consolidated accounts for Fjordkraft include the operations of Fjordkraft Holding ASA (established 15 December 2017), the subsidiary Fjordkraft AS and second tier subsidiary Trondheim Kraft AS. Due to a potential stock market launch in 2018, the Group has converted its consolidated accounts from Norwegian accounting rules (NGAAP) to international accounting rules (IFRS) in compliance with the requirements of the Securities Trading Act Section 5-5.

The going concern assumption is the basis for the statement, and it is confirmed that this assumption is present. The Board of Directors is of the opinion that the financial statements provide a true and fair view of the Fjordkraft Group’s assets and liabilities, financial position and result.

When the financial statements are presented, part of electricity deliveries for the fiscal year remain unsettled. These deliveries are estimated, and deviations to estimated electricity sale revenues are posted as corrections the subsequent year. The statements therefore ordinarily include

correction amounts from previous years’ contribution margin. In 2016 the item showed a revenue recognition of NOK 13 million, while in 2017 it is an expense of NOK 12 million.

Power prices in 2017 were higher than in 2016. The average price on the Nordic power exchange in 2017 was 27.43 øre/kWh excl. VAT, compared to 24.97 øre/kWh excl. VAT in 2016. This affects the company’s sales figures. Total revenues in 2017 amounted to NOK 4,453 million compared to NOK 3,925 million in 2016. Total operating costs amounted to NOK 597 million, compared to NOK 442 million the previous year. The increase in costs is due to increased sales, marketing, the mobile initiative and higher costs for enterprise management and project costs in connection with a possible stock exchange launch. The number of man-years has increased from 169 at the end of 2016 to 212 at the end of 2017.

Profit before tax was NOK 331 million. The tax expense is estimated at NOK 80 million. Profit after tax for 2017 was thus NOK 252 million. The corresponding figures for 2016 are NOK 343 million before tax and NOK 257 million after tax. Underlying earnings are better than the 2016 result when corrections related to estimate deviations for earlier years and non-recurring effects triggered by a possible IPO are taken into account.

## Disposal of the year’s profit

According to IFRS accounting rules, no provisions are made for dividends before it is approved by the general meeting. The IFRS financial statements thus show no provisions for dividends as at 31 December 2017.

## Balance

The Fjordkraft Group has few fixed assets. Assets consist mainly of current assets in the form of accounts receivable and bank deposits. The size of these items often vary significantly throughout the year as a result of variations in price and consumption. Accounts receivable are financed via debt to our suppliers and overdraft facilities, if necessary.

Fixed assets amount to around 11 per cent of the Group's balance sheet value. The greatest increase from 2016 is related to sales provisions, which grew from NOK 101 million to NOK 137 million as a result of high new sales in 2017. Current assets amount to 89 per cent of the balance sheet value, and have increased by NOK 349 million from 2016. Accounts receivable have increased by NOK 160 million due to consolidated invoicing of the network tariff, more customers and higher market prices. At the same time bank deposits have increased by NOK 170 million. In addition, the derivatives have increased by more than NOK 16 million from NOK 97 million to NOK 113 million.

Equity has increased by NOK 112 million from NOK 605 million to NOK 716 million as a result of retained earnings. Other factors that affect equity are that, as a result of the IFRS accounting rules, no dividend is paid as at 31.12.17, but equity is reduced with the dividend at a later date. Additionally there is the estimate deviation for pensions charged against equity, also discussed below. Despite increased equity, an increase in the balance sheet value means that the Group's equity ratio is reduced from 35 per cent as at 31.12.2016 to 34 per cent as at 31.12.2017.

Total current liabilities have increased by NOK 260 million from 2016. This is largely related to increased supplier debt.

The Group did not have long-term liabilities as at 31.12.2017.

## Provisions for liabilities

Provisions for liabilities consist of net pension obligations amounting to NOK 74 million and deferred tax amounting to NOK 13 million. Updating financial and demographic assumptions for calculating the pension obligation in 2017 led to the pension obligation increasing by NOK 26 million from 2016. The updated actuarial calculation has used company-specific assumptions for curved wage growth and employee turnover rate. Beyond this, the mortality table has changed from GAP07 to K2013BE. The estimate deviation related to pensions has led to NOK 20 million after tax being charged to equity and has reduced this accordingly as at 31.12.2017.

## Key figures

The Fjordkraft Group operates in a cyclical industry where both price and volume ordinarily are highest in the winter and lowest in the summer. Variations in market prices and volume have direct consequences for certain key figures, and they should therefore be used with caution.

Based on the income statement and balance sheet, the key figures have been calculated:

Liquidity ratio 1 (current assets/current liabilities) is unchanged from the previous year at 1.4 and is considered satisfactory. The equity ratio is affected by changes to market prices

# Risk and risk management

## Risk management in general

The entire organization is involved in risk management and internal control, which is an integrated part of corporate governance. The organization shall identify, assess, manage and monitor risks in a structured manner through established activities and procedures. Annual independent internal audits of selected risk areas have been introduced as a key instrument in the Group's risk management.

## Market risk

The Group's main business is the sale of electricity to end-users. Both greatly fluctuating purchasing prices and tough competition in the end-user market constitute a significant business risk. The product range includes spot-related products and products with varying degrees of financial hedges.

Market risk is governed in accordance with exposure limits adopted by the board. These are complied with through the use of the NASDAQ OMX derivatives market.

## Counterparty risk

Counterparty risk related to trade in external financial markets is limited by the choice of solid power companies as counterparties. Other counterparty risk is managed through credit rating, credit monitoring and contractual options

and usually varies throughout the year. At the end of 2017 the Group's equity ratio was 34 per cent, and is thus 1 percentage point lower than in 2016. The increased balance sheet value of NOK 399 million from the previous year will in isolation lead to a weakening of equity. However, the fact that financial strength changes little is because no provision is made for dividends in accordance with IFRS.

## Cash flow analysis

The Fjordkraft Group can experience major fluctuations in price and consumption both between years and within a year. This entails that a cash flow analysis can vary significantly from a traditional performance statement. This becomes clear when comparing the cash flows from operating activities, which can vary significantly depending on the balance sheet date the cash flow is prepared. The greatest difference between the 2016 and 2017 cash flow is related to outstanding accounts receivable which saw a large increase in 2016 as a result of consolidated billing. Accounts receivable have also increased from 2016 to 2017 for the same reason, but the increase is lower than for the previous year.

Net cash flow from investment and financing activities shows smaller differences between the two years. There have been reduced payments to dividends in 2017 in order to strengthen the company's equity, while payments for investment activity have increased in 2017. The latter is related to greater activity in investment projects in 2017.

for guarantees and deposits. Guidelines have been adopted through a dedicated credit policy document.

### Operational risk

Operational risk is managed through good corporate governance. Key elements in this are requirements for good management, clear and involving target processes, relevant reporting, effective processes and ethical guidelines. An authority matrix has been established and will be presented for approval by the board at least once yearly. Policy documents for important areas have been prepared.

### Liquidity risk

Liquidity risk is managed by entering into running or long-term agreements that secure the basic financing of the capital requirement. Additional capital is covered as required through ongoing dialogue with the Group's banking partner and owners. Ongoing working capital requirements are monitored through the preparation of short-term and long-term liquidity forecasts.

## Outlook

The company's strategy plan for 2018–2020 was reviewed and updated during the year. This will provide the basis for decisions and activities for owners, the board, managers and employees in the company. In 2017, the strategy work focused on evaluating the company's customer promises and how customer experiences and services are being affected by digitalisation.

### Framework conditions

Fjordkraft has long experience of working with framework conditions based on principles that facilitate an attractive market place, as well as customer-friendly, future-oriented solutions. The relationship with the company's 32 alliance partners, comprised of local power producers, electricity retailers and power grid companies, provides insights that enable Fjordkraft to present a comprehensive picture of the contact with industry organisations and the authorities.

### Elhub and AMS

In 2013, NVE commissioned Statnett to establish a data hub that would encompass all measurement data for electricity in Norway. The planned start date for Elhub in 2017 was postponed from October 2017 to February 2019. So far, the Elhub work has contributed to simpler, better processes in the exchange of information between the companies.

By the end of 2019, digital electricity meters will have been installed in all Norwegian households. In 2017, it was noticeable that very many power grid companies have come a long way with respect to installing such meters. As a consequence of this, personal customers have gained electricity contracts with prices broken down by the hour, like business customers have already had for many years.

ENOVA and NVE want the new meters to be followed by smart solutions that can motivate consumers to save electricity. As one of seven companies, Fjordkraft has received support from ENOVA to develop a pilot project. Over a five-year period, the company will receive NOK 6.3 million to develop smart energy-saving solutions for private homes. The pilot project was implemented at a group of test users in 2017 after some delays. The aim is for the company to learn how it can develop services that reduce energy consumption on the customer's terms. The company has also commenced the next phase, which aims to develop commercial solutions for the consumer market.

### Customer perspective

The industry's general reputation has improved over a number of years, but it experienced a setback in customer satisfaction in 2017. Fjordkraft experienced the same effect in surveys in early 2017, although the results improved towards the end of the year. The reason for this is thought to be that consolidated billing, where both the electricity and grid rental charges are paid to the electricity retailer, was new to the customers. In the beginning, some customers misunderstood and thought that the power grid

company's bill had to be paid on top of this and that thus prices had increased.

Consolidated billing is one step in the process of introducing a single billing model. The division of roles between electricity retailers and power grid companies must be clarified. The changes require some reorganisation and Fjordkraft believes it is well prepared to meet them.

Fjordkraft is closely monitoring the trend of households and companies as "prosumers" of, among other things, solar energy and electrifying the transport industry and other industries. The company has a large proportion of electric motorists as electricity customers and will launch new products and market solutions for this segment in 2018.

## Stock exchange listing under consideration

On 24 November, the company's owners announced they are considering listing the company and that the process will be concluded in 2018. Listing the company would help to position it for new opportunities in the energy and electricity market. The owners also want Fjordkraft to play a key role in consolidation in the industry. BKK and Skagerak Energi sell electricity as a strategic part of their businesses and will continue to be significant owners of Fjordkraft after any listing.

The company has engaged ABG Sundal Collier as its main adviser and SpareBank1 Markets as a co-adviser in evaluating a listing. The owners have chosen to establish Fjordkraft Holding ASA and place its assets in Fjordkraft in this company.

With its brand, customer base, distribution network, organisation and process factory, Fjordkraft is well-equipped to meet this development. The board would like to take this opportunity to say a big thank you to our employees and everyone who works for Fjordkraft for their efforts in 2017.

The Board of Fjordkraft Holding ASA, Bergen, 13 February 2018.


  
Robert Olsen  
**Chairman**

  
Øistein Prestø  
**Board member**

  
Svein-Kåre Grønås  
**Board member**

  
Birthe Irene Grotle  
**Deputy Chairman**

  
Kristil Håland Heigerud  
**Board member**

  
Lindi Vinsand  
**Board member**

  
Frank Økland  
**Board member**

  
Peder Brustad  
**Board member**

  
Rolf Barmen  
**CEO**



## 4.2

# Financial statement Fjordkraft Group

## Consolidated statement of profit or loss

NOK in thousands	Note	2017	2016
<b>Continuing operations</b>			
Revenue	4, 5	4 452 510	3 925 007
Direct cost of sales	5, 21	(3 540 521)	(3 144 538)
<b>Revenue less direct cost of sales</b>		<b>911 989</b>	<b>780 469</b>
Personnel expenses	5, 8, 15, 19	(178 751)	(135 636)
Other operating expenses	5, 9	(312 923)	(238 227)
Depreciation and amortisation	4, 12, 13	(105 578)	(68 511)
<b>Total operating expenses</b>		<b>(597 252)</b>	<b>(442 374)</b>
Other gains and losses, net	6	7 884	(888)
<b>Operating profit</b>		<b>322 620</b>	<b>337 207</b>
Interest income	6	11 801	8 118
Interest expense	6	(175)	(467)
Other financial items, net	9	(2 779)	(2 164)
<b>Net financial income/(cost)</b>		<b>8 847</b>	<b>5 488</b>
<b>Profit/(loss) before tax</b>		<b>331 467</b>	<b>342 695</b>
Income tax (expense)/income	10	(79 527)	(85 644)
<b>Profit/(loss) for the year</b>		<b>251 941</b>	<b>257 051</b>
Basic earnings per share (in NOK)*	11	2.41	2.46
Diluted earnings per share (in NOK)*	11	2.41	2.46

\* Based on 1 04 496 216 shares outstanding. Reference is made to note 11 and 14 regarding incorporation of Fjordkraft Holding ASA as the new parent company in the Group.

## Consolidated statement of comprehensive income (loss)

NOK in thousands	Note	2017	2016
<b>Profit/(loss) for the year</b>		<b>251 941</b>	<b>257 051</b>
Other comprehensive income:			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial (loss)/gain on pension obligations (net of tax)	10, 15	(20 008)	2 299
<b>Total</b>		<b>(20 008)</b>	<b>2 299</b>
<b>Total other comprehensive (loss)/income for the year, net of tax</b>		<b>(20 008)</b>	<b>2 299</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>231 932</b>	<b>259 350</b>

## Consolidated statement of financial position

NOK in thousands	Note	31 December 2017	31 December 2016	1 January 2016
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	3 568	3 127	2 478
Intangible assets	13	82 096	69 795	60 706
Other non-current assets	4	137 536	101 149	63 817
Other non-current financial assets	6	14 198	13 859	15 489
<b>Total non-current assets</b>		<b>237 398</b>	<b>187 930</b>	<b>142 490</b>
<b>Current assets</b>				
Intangible assets	13	2 569	5 424	11 139
Inventories		1 394	-	-
Trade receivables	6, 18	1 364 519	1 204 894	654 560
Derivative financial instruments	6, 7	113 435	96 867	178 423
Other current assets		40 083	35 433	64 919
Cash and cash equivalents	6	363 212	193 226	333 448
<b>Total current assets</b>		<b>1 885 211</b>	<b>1 535 845</b>	<b>1 242 490</b>
<b>Total assets</b>		<b>2 122 609</b>	<b>1 723 774</b>	<b>1 384 980</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	14	31 349	31 352	31 352
Share premium	14	125 035	125 032	125 032
Retained earnings		559 916	448 268	345 370
<b>Total equity</b>		<b>716 299</b>	<b>604 651</b>	<b>501 754</b>
<b>Non-current liabilities</b>				
Net employee defined benefit plan liabilities	15	73 720	47 420	54 695
Deferred tax liabilities	10	12 944	12 368	2 657
<b>Total non-current liabilities</b>		<b>86 664</b>	<b>59 788</b>	<b>57 352</b>

### Consolidated statement of financial position

NOK in thousands	Note	31 December 2017	31 December 2016	1 January 2016
Trade and other payables	6, 18	726 631	475 867	183 442
Current income tax liabilities	10	71 198	70 403	84 980
Derivative financial instruments	6, 7	95 428	86 744	167 412
Social security and other taxes		50 085	47 544	22 830
Other current liabilities	16	376 304	378 777	367 210
<b>Total current liabilities</b>		<b>1 319 646</b>	<b>1 059 335</b>	<b>825 874</b>
<b>Total liabilities</b>		<b>1 406 310</b>	<b>1 119 123</b>	<b>883 226</b>
<b>Total equity and liabilities</b>		<b>2 122 609</b>	<b>1 723 774</b>	<b>1 384 980</b>

The Board of Fjordkraft Holding ASA, Bergen, 13 February 2018:

  
Robert Olsen  
Chairman

  
Birthe Irene Grotle  
Deputy Chairman

  
Frank Økland  
Board member

  
Øistein Prestø  
Board member

  
Kristil Håland Heigerud  
Board member

  
Peder Brustad  
Board member

  
Svein-Kåre Grønås  
Board member

  
Lindi Buckler Vinsand  
Board member

  
Rolf Barmen  
CEO

## Consolidated statement of changes in equity

NOK in thousands	Share capital	Share premium	Retained earnings	Total
<b>Balance at 1 January 2016</b>	31 352	125 032	345 370	501 754
Profit/(loss) for the period	-	-	257 051	257 051
Other comprehensive income for the year, net of tax	-	-	2 299	2 299
<b>Total comprehensive income for the year</b>	-	-	259 350	259 350
Dividends paid (note 11)	-	-	(156 453)	(156 453)
<b>Transactions with owners</b>	-	-	(156 453)	(156 453)
<b>Balance at 31 December 2016</b>	31 352	125 032	448 268	604 651
<b>Balance at 1 January 2017</b>	31 352	125 032	448 268	604 651
Profit/(loss) for the period	-	-	251 941	251 941
Other comprehensive loss for the year, net of tax	-	-	(20 008)	(20 008)
<b>Total comprehensive income for the year</b>	-	-	231 932	231 932
Dividends paid (note 11)	-	-	(120 084)	(120 084)
Transactions with owners	-	-	(120 084)	(120 084)
Incorporation of Fjordkraft Holding ASA*	(3)	3	(200)	(200)
<b>Balance at 31 December 2017</b>	31 349	125 035	559 916	716 299

\* Incorporation expenses of NOK 200 thousands were recognised against equity with the incorporation of Fjordkraft Holding ASA as the new parent company. Please refer to note 11 and 14 for further information.

## Consolidated statement of cash flows

NOK in thousands	Note	2017	2016
<b>Operating activities</b>			
Profit/(loss) before tax		331 467	342 695
<b>Adjustments for:</b>			
Depreciation	12, 13	24 372	18 378
Interest expense	6	175	467
Interest income	6	(11 801)	(8 118)
Change in fair value of derivative financial instruments	6, 7	(7 884)	888
Change in post-employment liabilities	15	(27)	(4 209)
Amortisation of contract assets	4	81 206	50 133
Impairment loss recognised in trade receivables	6	11 920	4 087
<b>Changes in working capital:</b>			
Inventories		(1 394)	-
Trade receivables	6, 18	(171 544)	(554 421)
Purchase of el-certificates	13	(210 908)	(150 321)
Non-cash effect from cancelling el-certificates	13	216 322	156 036
Purchase of guarantees of origination	13	(2 558)	-
Other current assets		(4 649)	29 487
Trade and other payables	6, 18	250 764	292 425
Other current liabilities	16	(170)	34 985
<b>Cash generated from operations</b>		<b>505 292</b>	<b>212 511</b>
Interest paid		(175)	(467)
Interest received		11 801	8 118
Income tax paid	10	(71 799)	(89 981)
<b>Net cash from operating activities</b>		<b>445 119</b>	<b>130 181</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment	12	(1 309)	(1 533)
Purchase of intangible assets	13	(35 807)	(26 583)
Payments to obtain a contract (contract assets)	4	(117 594)	(87 465)
Net (outflow)/proceeds from non-current receivables	6	(339)	1 630
<b>Net cash used in investing activities</b>		<b>(155 048)</b>	<b>(113 951)</b>

### Consolidated statement of cash flows

NOK in thousands	Note	2017	2016
<b>Financing activities</b>			
Dividends paid	11	(120 084)	(156 453)
<b>Net cash used in financing activities</b>		<b>(120 084)</b>	<b>(156 453)</b>
<b>Net change in cash and cash equivalents</b>		<b>169 987</b>	<b>(140 223)</b>
Cash and cash equivalents at 1 January		193 226	333 448
<b>Cash and cash equivalents at 31 December</b>		<b>363 212</b>	<b>193 226</b>



## 4.3

# Notes Fjordkraft Group

Note 1 Accounting policies	47				
Note 2 First-time adoption of IFRS	54				
Note 3 Significant accounting judgements, estimates and assumptions	64				
Note 4 Revenue recognition	65				
Note 5 Segment information	69				
Note 6 Financial assets and financial liabilities	72				
6(a) Trade receivables and Other non-current financial assets	74				
6(b) Trade and other payables	77				
6(c) Borrowings	77				
6(d) Cash and cash equivalents	78				
Note 7 Financial Risk Management Objectives	79				
Note 8 Personnel expenses		83			
Note 9 Other operating expenses and Other financial items, net		83			
Note 10 Income tax		84			
Note 11 Earnings per share		86			
Note 12 Property, plant and equipment		87			
Note 13 Intangible assets		88			
Note 14 Share capital		90			
Note 15 Pension liabilities		91			
Note 16 El-certificate cancellation liability		95			
Note 17 Commitments		96			
Note 18 Related party transactions		97			
Note 19 Remuneration		99			
Note 20 Guarantees		101			
Note 21 Direct cost of sales				102	
Note 22 Ownership interests in other entities				102	
Note 23 Events after the reporting period				102	
Directors responsibility statement				103	

## Note 1

# Accounting policies

### General information

Fjordkraft Holding ASA and its subsidiaries (together 'the Group' or 'Fjordkraft') is a supplier of electrical power in Norway. Statkraft AS is the ultimate parent company and controls the Group. The Group's core business is the purchase, sale 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, 5147 Bergen, Norway.

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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting

under IFRS. The consolidated financial statements also comply with IFRS as issued by the International Accounting Standards Board (IASB).

### Basis of preparation

For all periods up to and including the year ended 31 December 2016, the Group prepared its consolidated financial statements in accordance with generally accepted accounting principles in Norway (NGAAP). These consolidated financial statements of the Group for the year ended 31 December 2017, will be the first annual consolidated financial statements that comply with IFRS. In these consolidated financial statements, the term "Norwegian GAAP" or "NGAAP" refers to Norwegian GAAP in use before the adoption of IFRS.

Subject to certain transition elections and exceptions disclosed in note 2, the Group has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at 1 January 2016 throughout all periods presented, as if these policies had always been in effect.

Note 2 discloses the impact of the transition to IFRS on the Group's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Group's consolidated financial statements for the year ended 31 December 2016 prepared under Norwegian GAAP.

### Basis of consolidation

These consolidated financial statements include the accounts of Fjordkraft Holding ASA and its subsidiaries (note 22).

### Going concern

The Group's consolidated financial statements is prepared on a going concern basis. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing customer contracts and other service contracts, debt service and obligations. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

### Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets recognised as fair value through profit or loss, fair value through other comprehensive income, derivative financial instruments and defined benefit pension plans, which are measured at fair value. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

New standards, amendments and interpretations issued but not effective for the financial year ended 31 December 2017 and not early adopted by the Group.

Certain new accounting standards, amendments and interpretations have been published.

The Group's assessment of the impact of these new standards and interpretations is set out below:

- IFRS 16 - Leases
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between and Investor and its Associate or Joint Venture
- Amendment to IAS 40 - Transfers of Investment Property
- Amendment to IFRSs - Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

### IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised in the statement of financial position as it distinguishes leases and service contracts on the basis of whether an identifiable asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments with

an annual lease expense specified in note 17. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date and are currently assessing the potential impact and it is not practicable to provide a reasonable estimate until such assessment is complete.

With respect to the amendments and IFRIC 22 the Group has evaluated that they will not have a material impact on the consolidated financial statements.

## Principles of consolidation

### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between

Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Changes in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

## Foreign currency translation

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are presented in the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian kroner (NOK), which is Fjordkraft Holding ASA's functional and presentation currency. The functional currency in all subsidiaries in the Group is NOK.

### Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currency) are translated into the functional currency using the

exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other financial items.

Non-monetary items that are measured at fair value in a foreign currency are converted to NOK using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not subsequently revaluated.

## Revenue recognition

The Group recognises revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

The Group applied the following five step method outlined in IFRS15 Revenue from Contracts with Customers, to all revenue streams:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group only applies the five-step model to contracts when it is probable that the Group will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of IFRS 15, the Group assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct. The Company then recognises as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. For a complete discussion of accounting for revenue, see Note 2, "Revenue Recognition".

A large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its annual financial statements. Revenues related to sale of electricity are estimated based on the volumes that have been physically delivered during the period. The physically delivered volume is apportioned in accordance with consumption forecasts for each customer group and price plan. The model is rooted in historical information however there is a degree of estimation uncertainty attaches to the volume apportioned to the various price segments that requires judgment by management when assessing.

Please refer to note 5 - Segment information,

for disclosures related to any estimate deviations recognised in the current reporting period related to the previous reporting period.

## Income tax

### *Income Tax*

The tax expense represents the sum of the tax currently payable and deferred tax.

### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of

goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that

would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### *Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. The Group do currently not have any financing leases.

Payments made under operating leases (net of any incentives received from the lessor which are recognised as liability) are charged to profit or loss on a straight-line basis over the period of the lease.

## Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents

includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Trade receivables, loans and other receivables

Trade receivables, loans and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 6 and 7 for further information about the Group's accounting for trade receivables, loans, other receivables and credit risk.

## Investments and other financial assets

### 1. Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments



in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group has chosen not to use hedge accounting in accordance with IFRS 9. Thus, the unrealised changes in fair value of financial derivatives are recognised in the statement of profit or loss in Other gains and losses, net.

See note 6 and 7 for details about each type of financial asset. The Group reclassifies debt investments when and only when its business model for managing those assets change.

## 2. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised in profit or loss.

## Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement

categories in IFRS 9. The Group only applies the following measurement category for debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

## 3. Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 6 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 4. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and

rewards of the ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

At derecognition the difference between the asset's carrying amount (including any cumulative gain or loss that previously has been recognised in other comprehensive income and accumulated in equity) and the sum of the consideration received is recognised in profit or loss.

## Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

The Group has not designated any derivatives as hedging instruments, thus all subsequent changes in fair value are recognised through profit or loss.

See note 6 and 7 for details about each type of derivatives.

## Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 12.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 12).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss.

## Own use contracts

The Group's business is the distribution of electricity where it enters into contracts to purchase and sell electricity with the corresponding obligation to purchase electricity. As a result, the Group's contracts to purchase and sell electricity, and obligation to purchase related electricity, are recognised in quantities of el-certificates that will be delivered in quantities that will be used or sold in the Groups' normal course of business, have been accounted for under the "own use" exemption, are considered executory contracts and are recognised in the consolidated financial statements when the underlying purchase or sale has occurred.

## Intangible assets

### 1) *Intangible assets acquired separately - Customer Portfolios & el-certificates*

#### 1. El-certificates

Holdings of el-certificates are recognised as an intangible asset in accordance with IAS 38 - Intangible Assets and measured using the cost model. These certificates have an infinite life and are acquired to be used to settle the el-certificate cancellation liability by remitting the respective numbers of certificates to the government (refer to accounting policy 'Provision of El-certificate cancellation liability').

#### 2. Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets if, and only if all of the following conditions have been demonstrated:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits

- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software including directly related employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

#### 3. Customer portfolios

Customer portfolios are recognised at fair value in the consolidated statement of financial position at the time of acquisition. The customer portfolios have a limited useful economic life and are recognised at cost less deductions for accumulated amortisation. Amortisation is calculated on a straight-line basis over the expected period the customers are expected to remain customers.

### 2) *Internally generated intangible assets - Software*

#### Research and development

Research expenditure as well as development expenditure that do not meet the criteria in (ii) above are recognised as an expense within other operating expenses in the consolidated statement of profit or loss, as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Refer to note 13 for details about amortisation methods and periods used by the Group for intangible assets.

### Impairment of tangible and intangible assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss within the line other financial items, net.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### Provision for El-certificate cancellation liability

The Group is required by law ("Lov om Elsertifikater" and "Forskrift om elsertifikater"), as a distributor of electricity, to hand over a number of electricity certificates to the government at 1st April each year (the certificates are effectively cancelled by the government at 1st April) based on the total MWh of electricity sold to consumers during the preceding year.

The amount of certificates to be remitted to the government is determined as a fixed percentage per MWh determined by the government, before the relevant year starts, based on actual delivered volume required to be covered by el-certificate. The Group has elected as it accounting policy to account for this liability using the net liability method. As a distributor with no production of renewable electricity, the Group does not receive el-certificates from the government. As a result, all el-certificates necessary to meet the Group's certificate obligation are acquired.

This provision is estimated based on actual delivered volume required to be covered by el-certificates. The Group accounts for its el-certificates using the net liability approach. There is no specific guidance on such schemes under IFRS; however, the net liability approach is one of the commonly used approaches adopted. Hence, the part of the cancellation liability that is covered by the Group's holdings of el-certificates is measured at the cost of acquired el-certificates, the part covered by forward contracts is measured at contractual price of el-certificates, while any liability in excess of those amounts is recognised at fair value of the el-certificates

that are required to be purchased. (applicable when level of el-certificates acquired directly of through forward contracts are not sufficient to offset estimated number of certificates to be handed over to the government).

The cancellation liability is presented within other current liabilities and any el-certificates acquired are presented as part of Intangible assets. The corresponding cost is recorded as part of Direct cost of sales as it is considered an incremental cost of power purchased.

### Other provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### Employee benefits

The Group operates with both funded and unfunded defined benefit pension plans.

### Pension obligations

The Group has a pension scheme covering a total of 210 active members and 23 pensioners. The scheme entitles staff to defined future benefits. These are mainly dependent on the number of years of service, the salary level at pensionable age and the size of benefits paid by the national insurance. The liabilities are covered through an insurance company (funded). The Group's defined benefit plan includes retirement, disability and dependents pension.

The Group also has a contractual pension agreement (CPA) covering 209 persons. The CPA currently has no pensioners. The agreement entitles staff to benefits from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67. The CPA is based on a three-party partnership between the employers' organisations, the labor organisation and the state. The state covers 1/3 of the expenses of AFP, while companies cover 2/3. The Groups 2/3 portion is funded through operation and do not have any plan assets.

The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denom-

inated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the statement of financial position. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

### Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### Earnings per share

#### 1. Basic earnings per share:

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 11)



## 2. Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## Government grants

Companies within the Group may be entitled to claim refunds / grants for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research & Development tax incentive scheme "SkatteFUNN").

Government grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the consolidated statement of profit and loss on a systematic basis over the periods in which the

Group recognises the corresponding expenses for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised by deducting the grant from the carrying amount of the asset. The grant is recognised in the Consolidated statement of profit or loss over the life of the depreciable asset as a reduced depreciation expense.

Government grants that are receivable as compensation for expenses or losses already incurred with no future

Related costs to be incurred by the Group are recognised in the Consolidated statement of profit or loss in the period in which they become receivable.

## Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.



## Note 2

# First-time adoption of IFRS

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 31 December 2017, the comparative information presented in these financial statements for the year ended 31 December 2016 and in the preparation of an opening IFRS statement of financial position at 1 January 2016 (the Group's date of transition).

In preparing its opening IFRS statement of financial position, the Group has adjusted the amounts reported previously in the financial statements prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). An explanation of how the transition from NGAAP to IFRS has affected the Group's financial position and financial performance and cash flows is set out in the tables below and the notes that accompany these tables.

### Exemptions applied

- IFRS 1 - First Time Adoption of International Financial Reporting Standards, allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemption:
  - IFRS 3 - Business combinations, has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January

2016. Use of this exemption means that the NGAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

### Estimates

The various types of estimates in accordance with the NGAAP financial statements as at 1 January 2016 and 31 December 2016, are equally applicable under IFRS. However, the transition to IFRS increases the level of derivative financial instruments recognised in the statement of financial position as well as introducing amortisation of assets recognised as costs to obtain customer contracts. Refer to note 3 for significant accounting judgement, estimates and assumptions.

The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2016, the date of transition to IFRS and as at 31 December 2016. In accordance with IFRS 1, any information received subsequent to the date of transition to IFRS about estimates made under previous GAAP has been treated in the same way as non-adjusting events after the reporting period in accordance with IAS 10 Events after the Reporting Period.

## Note 2

## First-time adoption of IFRS

**Group reconciliation of statement  
of financial position as at 1 January  
2016 (date of transition to IFRS)**

NOK in thousands		1 January 2016		
Assets	Note	NGAAP	Adjustments	IFRS
<b>Non current assets</b>				
Deferred tax assets	I	16 050	(16 050)	-
Property, plant and equipment	H	3 263	(785)	2 478
Goodwill	C	387	(387)	-
Intangible assets	C, H, L	70 673	(9 968)	60 706
Other non-current assets	A	-	63 817	63 817
Other non-current financial assets		15 489	-	15 489
<b>Total non-current assets</b>		<b>105 862</b>	<b>36 628</b>	<b>142 490</b>
<b>Current assets</b>				
Intangible assets	L	-	11 139	11 139
Trade receivables		633 478	21 083	654 560
Derivative financial instruments	D	-	178 423	178 423
Other current assets		64 919	-	64 919
Cash and cash equivalents		333 448	-	333 448
<b>Total current assets</b>		<b>1 031 845</b>	<b>210 645</b>	<b>1 242 490</b>
<b>Total assets</b>		<b>1 137 707</b>	<b>247 273</b>	<b>1 384 980</b>

## Note 2

## First-time adoption of IFRS

**Group reconciliation of statement  
of financial position as at 1 January  
2016 (date of transition to IFRS)**

NOK in thousands	1 January 2016		
	NGAAP	Adjustments	IFRS
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	31 352	-	31 352
Share premium	125 032	-	125 032
Retained earnings	132 796	212 574	345 370
<b>Total equity</b>	<b>289 179</b>	<b>212 574</b>	<b>501 754</b>
<b>Non-current liabilities</b>			
Net employee defined benefit plan liabilities	54 695	-	54 695
Deferred tax liabilities	-	2 657	2 657
<b>Total non-current liabilities</b>	<b>54 695</b>	<b>2 657</b>	<b>57 352</b>
<b>Current liabilities</b>			
Trade and other payables	183 442	-	183 442
Current income tax liabilities	84 980	-	84 980
Derivative financial instruments	-	167 412	167 412
Social security and other taxes	22 830	-	22 830
Dividend payable	156 453	(156 453)	-
Other current liabilities	346 127	21 083	367 210
<b>Total current liabilities</b>	<b>793 832</b>	<b>32 042</b>	<b>825 874</b>
<b>Total liabilities</b>	<b>848 527</b>	<b>34 699</b>	<b>883 226</b>
<b>Total equity and liabilities</b>	<b>1 137 707</b>	<b>247 273</b>	<b>1 384 980</b>

## Note 2

## First-time adoption of IFRS

## Group reconciliation of statement of financial position as at 31 December 2016

NOK in thousands	31 December 2016		
	Note	NGAAP	Adjustments
Assets			
Non current assets			
Deferred tax assets	I	14 337	(14 337)
Property, plant and equipment	H	14 101	(10 974)
Goodwill	C	130	(130)
Intangible assets	C, H, L	64 116	5 679
Other non-current assets	A	-	101 149
Other non-current financial assets		13 859	-
<b>Total non-current assets</b>		<b>106 543</b>	<b>81 387</b>
Current assets			
Intangible assets	L	-	5 424
Trade receivables	N	1 197 505	7 389
Derivative financial instruments	D	3 312	93 555
Other current assets		35 433	-
Cash and cash equivalents		193 226	-
<b>Total current assets</b>		<b>1 429 477</b>	<b>106 368</b>
<b>Total assets</b>		<b>1 536 019</b>	<b>187 755</b>
			<b>1 723 774</b>

IFRS

## Note 2

## First-time adoption of IFRS

## Group reconciliation of statement of financial position as at 31 December 2016

NOK in thousands	31 December 2016		
	NGAAP	Adjustments	IFRS
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	31 352	-	31 352
Share premium	125 032	-	125 032
Retained earnings	243 616	204 651	448 268
<b>Total equity</b>	<b>400 000</b>	<b>204 651</b>	<b>604 651</b>
<b>Non-current liabilities</b>			
Net employee defined benefit plan liabilities	47 420	-	47 420
Deferred tax liabilities	-	12 368	12 368
<b>Total non-current liabilities</b>	<b>47 420</b>	<b>12 368</b>	<b>59 788</b>
<b>Current liabilities</b>			
Trade and other payables	479 179	(3 312)	475 867
Current income tax liabilities	70 403	-	70 403
Derivative financial instruments	-	86 744	86 744
Social security and other taxes	47 544	-	47 544
Dividend payable	120 084	(120 084)	-
Other current liabilities	371 388	7 389	378 777
<b>Total current liabilities</b>	<b>1 088 599</b>	<b>(29 264)</b>	<b>1 059 335</b>
<b>Total liabilities</b>	<b>1 136 019</b>	<b>(16 896)</b>	<b>1 119 123</b>
<b>Total equity and liabilities</b>	<b>1 536 019</b>	<b>187 755</b>	<b>1 723 774</b>

## Note 2

## First-time adoption of IFRS

### Group reconciliation of total comprehensive income for the year ended 31 December 2016

	2016			
	NOK in thousands	Note	NGAAP	Adjustments
Revenue		A, E, G, J	4 663 808	(738 801)
Other income		G	88 999	(88 999)
Direct cost of sales		E, K	(3 948 111)	803 574
Cost of value added services		F	(18 990)	18 990
<b>Revenue less direct cost of sales</b>			<b>785 706</b>	<b>(5 236)</b>
Personnel expenses			(135 636)	-
Other operating expenses			(328 329)	90 101
Depreciation and amortisation		A	(18 378)	(50 133)
<b>Total operating expenses</b>			<b>(482 343)</b>	<b>39 969</b>
<b>Operating profit</b>		D	<b>303 363</b>	<b>33 844</b>
Other gains and losses, net			-	(888)
<b>Interest income</b>			<b>8 118</b>	<b>-</b>
Interest expense		K	(5 018)	4 551
Other financial items, net		J	(212)	(1 952)
<b>Net financial income / (cost)</b>			<b>2 888</b>	<b>2 599</b>
<b>Profit/(loss) before tax</b>			<b>306 251</b>	<b>36 444</b>
Income tax (expense) / income		I	(77 646)	(7 998)
<b>Profit/(loss) for the year</b>			<b>228 605</b>	<b>28 446</b>
<b>Other comprehensive income:</b>				
Actuarial (loss)/gain on pension obligations (net of tax)		M	-	2 299
<b>Total other comprehensive income for the year - net of tax</b>			<b>-</b>	<b>2 299</b>
<b>Total comprehensive income for the year</b>			<b>228 605</b>	<b>30 745</b>
				<b>259 350</b>

## Note 2

## First-time adoption of IFRS

**Group reconciliation of cash flow for  
the year ended 31 December 2016**

NOK in thousands	Note	2016	
		NGAAP	Adjustments IFRS
<b>Operating activities</b>			
Profit/(loss) before tax		306 251	36 444
<b>Adjustments for:</b>			
Depreciation		18 378	-
Interest expense		467	-
Interest income		(8 118)	-
Change in fair value of derivative financial instruments	D	-	888
Non-cash post-employment benefit expense		(4 209)	-
Amortisation of contract assets	A	-	50 133
Impairment loss recognised in trade receivables		4 087	-
<b>Changes in working capital:</b>			
Trade receivables	N	(568 115)	13 694
Purchase of el-certificates		(150 321)	-
Non-cash effect from cancelling el-certificates		156 036	-
Other current assets	D	26 174	3 312
Trade and other payables	D	295 737	(3 312)
Other current liabilities		48 679	(13 694)
<b>Cash generated from operations</b>		<b>125 046</b>	<b>87 465</b>
Interest paid		(467)	-
Interest received		8 118	-
Income tax paid		(89 981)	-
<b>Net cash from operating activities</b>		<b>42 716</b>	<b>87 465</b>
			<b>130 181</b>

## Note 2

## First-time adoption of IFRS

### Group reconciliation of cash flow for the year ended 31 December 2016

NOK in thousands	Note	NGAAP	Adjustments	IFRS
<b>Investing activities</b>				
Purchases of property, plant and equipment		(1 533)	-	(1 533)
Purchase of intangible assets		(26 583)	-	(26 583)
Payments to obtain a contract (contract assets)	A	-	(87 465)	(87 465)
Net (outflow) / proceeds from non-current receivables		1 630	-	1 630
<b>Net cash used in investing activities</b>		<b>(26 486)</b>	<b>(87 465)</b>	<b>(113 951)</b>
<b>Financing activities</b>				
Dividends paid		(156 453)	-	(156 453)
<b>Net cash used in financing activities</b>		<b>(156 453)</b>	<b>-</b>	<b>(156 453)</b>
<b>Net change in cash and cash equivalents</b>		<b>(140 223)</b>	<b>-</b>	<b>(140 223)</b>
Cash and cash equivalents at 1 January		333 448	-	333 448
<b>Cash and cash equivalents at 31 December</b>		<b>193 226</b>	<b>-</b>	<b>193 226</b>

## Note 2

## First-time adoption of IFRS

### Notes to the reconciliation of equity as at 1 January 2016 and 31 December 2016 and total comprehensive income for the year ended 31 December 2016

#### Adjustment A

The Group has in the NGAAP financial statements expensed costs related to sales commissions programs through profit and loss. The sales commissions are considered to be incremental costs of obtaining a contract which the Group expect to recover. IFRS 15 requires such costs to be recognised as an asset and amortised on a systematic basis that

is consistent with the transfer to the customer of the goods or services to which the asset relates (refer to accounting principles in note 1).

The assets are amortised by using a rate derived from historical customer turnover on a portfolio basis (refer to note 3 for significant accounting judgements, estimates and assumptions).

#### Reconciliation of net adjustment in statement of financial position:

NOK in thousands	
Assets recognised as costs to obtain a contract in previous periods	105 742
Amortisation related to previous periods	(41 925)
<b>Opening balance 1 January 2016</b>	<b>63 817</b>
Additions of costs recognised as costs to obtain a contract	87 465
Amortisation during the period	(50 133)
<b>Net adjustment other current assets 31 December 2016</b>	<b>101 149</b>



### Adjustment B

Under NGAAP, dividend proposed and declared by the Board of Directors in the Board meeting in which the consolidated financial statements for the year is being approved, can be reflected as dividend liability in the consolidated statement of financial position as at the year end date. Under IFRS dividends must be formally approved before being recognised in the consolidated statement of financial position. As a result, dividend liabilities are recognised in the period when the dividend is formally approved.

### Adjustment C

The goodwill recognised in the NGAAP financial statement is related to purchased customer portfolios. Under IFRS, the customer portfolios are considered to meet the definition- and recognition criteria of an intangible asset in IAS 38 - Intangible Assets. The group has found the applied expected lifetime of the goodwill in

the NGAAP financial statement to be appropriate under IAS 38 as well.

### Adjustment D

In the NGAAP financial statement, back-to-back financial derivatives except for paid option premiums of NOK 3 312 thousands at 31 December 2016 (zero as per 1 January 2016), were treated as off balance sheet items. Under IFRS 9, derivatives classified as held for trading are recognised at fair value through profit or loss. Thus, fair value of derivatives have been recognised in the balance sheet at fair value, and unrealised gains and losses recognised through profit or loss.

### Adjustment E

The Group sells power to several alliance partners that again sell the same power to the end users. In the NGAAP financial statement, the group recognised this revenue on a gross basis.

### Adjustment H

In the NGAAP financial statements, cost related to development projects was recognised as property, plant and equipment. Under IFRS development costs are considered to meet the definition- and recognition criteria of an intangible asset in IAS 38. The Group has determined that the applied expected lifetime for the recognised development cost in the NGAAP financial statement would be the same under IAS 38.

### Adjustment I

The IFRS adjustments result in differences between accounting values and tax values. All tax adjustments related to IFRS-adoption is recognised as deferred tax.

### Adjustment F

The Group sells insurance to its customers through an insurance company. In the NGAAP financial statement, the Group recognised this revenue on a gross basis. Under IFRS 15 the Group is deemed to operate as an agent in this arrangement, as such the revenue is recognised on a net basis in the IFRS financial statements, refer to details in note 1 Accounting Principles.

### Adjustment G

In the NGAAP financial statements, the Group split their revenue between power sales and other income. With the transition to IFRS, all revenue is considered to be related to sales revenue, hence other income has been reclassified to sales revenue.

#### Note 2

#### First-time adoption of IFRS

### Notes to the reconciliation of equity as at 1 January 2016 and 31 December 2016 and total comprehensive income for the year ended 31 December 2016

Reconciliation of adjustments in deferred taxes:	31 December 2016	1 January 2016
NOK in thousands		
<b>Recognition of financial derivatives</b>		
Net adjustments related to costs to obtain a contract	10 123	11 011
Temporary differences related to adoption of IFRS	101 149	63 817
	111 272	74 828
Basis for calculation of deferred tax/(tax assets)	111 272	74 828
<b>Adjustment in net deferred tax position (25 % 1 January 2016 and 24 % 31 December 2016)</b>	26 705	18 707
Deferred tax liability/(asset) position under NGAAP	(14 337)	(16 050)
<b>Deferred tax liability/(asset) position under IFRS</b>	<b>12 368</b>	<b>2 657</b>

Note 2

First-time adoption of IFRS

Notes to the reconciliation of equity  
as at 1 January 2016 and 31  
December 2016 and total compre-  
hensive income for the year ended  
31 December 2016

Reconciliation of adjustments to tax expense:	
NOK in thousands	2016
Profit and loss before tax, impact of IFRS conversion	36 444
Tax effect of IFRS conversion adjustments	(7 998)
Income tax (expense) / income as per NGAAP	(77 646)
<b>Income tax (expense) / income IFRS</b>	<b>(85 644)</b>

Adjustment J

Additional fees related to extended credit periods to customers has been reclassified to revenue, from other financial items, as it is considered to be a part of revenue from customers.

Adjustment K

Compensation related to extended credit periods from the Group's supplier of electricity, Statkraft Energi AS, has been reclassified from interest expense to direct cost of sales as it is considered to be direct costs related to purchase of electrical power and should therefore be part of the Group's operating profit.

Adjustment L

El-certificates are reclassified to current assets as these are expected to be realised within twelve months after the end of the reporting period.

Adjustment M

NGAAP do not have the concept of Other Comprehensive Income. The actuarial gains and losses under NGAAP was recorded directly to equity and not included in consolidated statement of profit or loss.

Adjustment N

The liability towards customers related to the electricity product "Full Kontroll" that was classified net in "Trade receivables" under NGAAP is reclassified to "Other current liabilities" as this is considered not to fulfill the requirements in IAS 32 - Financial Instruments; Presentation, to be presented on a net basis.

## Note 3

### Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### 1. Defined benefit plans

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the reporting date.

#### 2. Gross vs. net presentation

When evaluating the classification of and presentation of revenue transactions with customers, management make judgment to what extent the Group in fact controls the specific goods and services before it is transferred to the customers. In making the judgement, management applies indicators set out in IFRS 15, of which key indicators are:

- is the Group primarily responsible for fulfilling the promise to provide the specified goods or services,

- does the Group have inventory risks before or after transferring goods or services to the customer,

- does the Group have discretion in establishing prices for the specific goods or services.

Following the detailed evaluation of these criteria, management is satisfied that the classification of and presentation of revenue from sale of our various products and services are appropriate.

#### 3. Determining the amount of the costs incurred to obtain or fulfil a contract with a customer

In determining which sales commissions represents incremental costs to obtain a contract, management evaluates the various type of sale commissions to determine what portion of the sales commissions that in fact represents an incremental cost to obtain the contract. A determining factor is to what extent a new contract in fact is signed by the customer. Management also make judgment in determining the amortisation rate that provides the best match for the economic benefits the Group derives from these new contracts. A detailed analysis have

been carried out to identify how long the various customers remain with the signed contract before cancelling the contract. Following the detailed review and evaluation of the historical behaviour of these customers, management is satisfied that the amortisation method used provides the best allocation of these costs.

## Note 4

### Revenue recognition

The following table summarises revenue from contracts with customers:

Revenue	2017	2016
NOK in thousands		
Revenue - Consumer segment (1)	2 518 778	2 129 719
Revenue - Business segment (2)	1 872 997	1 767 101
Revenue - New growth initiatives (3)	60 735	28 188
<b>Total revenue</b>	<b>4 452 510</b>	<b>3 925 007</b>
<b>Timing of revenue recognition</b>		
NOK in thousands	2017	2016
<b>Over time:</b>		
Revenue - Consumer segment	2 448 620	2 061 875
Revenue - Business segment	1 855 984	1 756 268
Revenue - New growth initiatives	60 198	28 188
<b>Total revenue recognised over time</b>	<b>4 364 802</b>	<b>3 846 331</b>
<b>At a point in time:</b>		
Revenue - Consumer segment	70 158	67 844
Revenue - Business segment	17 013	10 833
Revenue - New growth initiatives	537	-
<b>Total revenue recognised at a point in time</b>	<b>87 708</b>	<b>78 677</b>
<b>Total revenue</b>	<b>4 452 510</b>	<b>3 925 007</b>

(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 4

#### Revenue recognition

### Sale of electricity

The Group supplies electricity to both private and corporate end-user customers pursuant to agreed upon rates. These contracts for supply of electricity are a month-to-month contract and either party can terminate the contract (without penalty) pursuant to a '14 days' notice period provided to the other party. Services are billed on a rate/KWh for the total volume (KWh) consumed per month. Pursuant to the terms of the agreement, the Group has the right to invoice the customer in an amount that directly corresponds with the value to the customer of the Group's performance to date, accordingly the Company recognises revenue based on the amount billable to the customer.

### Electricity Procurement Services

The Group has contracts with 'alliance partner' customers to jointly procure electricity from Statkraft AS (ultimate parent of the Group and a producer of electricity) in Norway. Services are billed on a rate per KWh of electricity procured on behalf of the alliance partner. The rate stipulated in the contract with alliance partners is based on the market price for electricity in the Norway electricity wholesale market plus a fixed markup. The Group is the agent in this

transaction as it does not have control over the electricity being procured on behalf of the 'alliance' customers and accordingly recognises revenue, over time, equal to the amount of the markup billed to the alliance partners.

In addition, the Group provides certain additional services, namely procurement of electricity certificates, purchase contracts and derivative forward contracts and options contracts in the name of the alliance partner, all related to the electricity management strategy of the alliance partners.

Services related to procurement of electricity and related instruments are billed on a rate per KWh of volume of electricity under contract. The rate stipulated in the contract with alliance partners is based on the market price for electricity and respective instruments in the Norway electricity wholesale market plus a fixed markup. Similar to procurement above, the Group is the agent in these transactions as it does not have control over the electricity being purchased and instruments being purchased on behalf of the 'alliance' customers. Accordingly recognises revenue, over time as these services are delivered, equal to the amount of the markup billed to the alliance partners.

The Group also provides invoicing, book-keeping, collection and closely related services for the alliance partners. The fees depends on the type of service and can be fixed monthly, fixed annually and / or fixed fees per transactions. With respect to these deliveries the Group is not an agent and revenue is recognised, over time or at a point in time corresponding to the Group's performance obligations for respective services.

### Subscription

#### - mobile phone services

The Group offers mobile phone subscriptions to private consumers, and charges a fixed price per month for use of text messaging, call and data services. The customers pay a monthly fixed amount on each subscription and any unused data can be carried over to the next month only that is any carried over data at the end of the following month is forfeited. The customer is invoiced monthly in advance for the fixed amount while any consumption not included in the fixed monthly price is invoiced in arrears. Customers that also have a contract for delivery of electricity with the Group, are provided a discount on their mobile phone subscription.

The phone subscriptions include multiple deliverables; text messaging, call and data services. With the exception of data, where the customer can transfer unused data to the next month, accordingly data usage is accounted for as a separate performance obligation and fixed monthly fee is allocated to data services based on estimated expected cost plus margin. For customers who have both an electricity contract and a mobile phone subscription, the monthly discount is allocated to both the electricity and mobile phone services on a standalone selling price basis.

Revenue from messaging and call services are recognised in the month they are billed, reflecting the consumer's consumption of the services as the customer receives a fixed amount to use each month and cannot transfer unused amounts to the next period. Revenue from data is recognised over time reflecting the actual use of data by the customer. To the extent

the customer do not use all of the data in a given period, the Group recognises a liability, unearned revenue, which is released to revenue as and when the customer consummate this data.

### Other Services

Other services revenue consist primarily of revenues from:

- Insurance sales;
- Subscription revenue - tools; and
- Other miscellaneous products and services.

As it relates to insurance sales, the most significant judgment is determining whether the Group is the principal or agent for insurance sales made by the Group. The reported revenues from these transactions are made on a net basis because the performance obligation is to facilitate a transaction between the third party insurance company and end users, for which the Group earns a commission for connecting the customer with the insurance company and a markup for the invoicing and collection on behalf to the insurance company. Consequently, the portion of the gross amount billed to end users for premium that is remitted to the insurance company is not reflected as revenues.

The Group charges a fixed fee for access to tools and these contracts are typically on a month-to-month basis (with no specified minimum term). Accordingly the Group recognizes revenue for the monthly amount billable to the customer.



**Note 4****Revenue recognition****Contracts with Multiple Performance Obligations**

The Group periodically enters into contracts, or multiple contracts at or near the same time, with its customers in which a customer may purchase a combination of Electricity services and other services, such as procurement solutions or professional services. These contracts include multiple promises that the Group evaluates to determine if the promises are separate performance obligations. Once the Group determines the performance obligations, the Group determines the transaction price, which includes estimating the amount of variable consideration to

be included in the transaction price, if any. The Company then allocates the transaction price to each performance obligation in the contract based on a relative stand-alone selling price method or using the variable consideration allocation exception if the required criteria are met. The corresponding revenues are recognised as the related performance obligations are satisfied as discussed in the revenue categories above.

**Costs to Obtain a Contract**

The Company capitalizes commission expenses paid to external sales personnel that are incremental to obtaining customer contracts. These

costs are deferred in "other non-current assets". The judgments made in determining the amount of costs incurred include whether the commissions are in fact incremental and would not have occurred absent the customer contract. Costs to obtain a contract are amortised as sales and marketing expense on a declining basis over the expected period of benefit that has been determined to be approximately 36 months, presented as part of Depreciation and amortisation. These costs are periodically reviewed for impairment.

The following table summarises assets recognised from the cost to obtain a contract:

	2017	2016
NOK in thousands		
<b>Balance as at 1 January</b>		<b>63 817</b>
Additions	101 149	87 465
Amortisation during the year	117 594	(50 133)
Impairment losses recognised	(81 206)	-
<b>Balance as at 31 December</b>	<b>137 536</b>	<b>101 149</b>

**Contract Balances**

The Company receives payments from its customers based on billing schedules established in each contract. Up-front payments and fees are recorded as deferred revenue upon receipt or when due, and may require deferral of

revenue recognition to a future period until the Company performs its obligations under these arrangements. Amounts are recorded as accounts receivable when the Company's right to consideration is unconditional. The Company does not assess whether a contract has a signif-

icant financing component if the expectation at contract inception is such that the period between payment by the customer and the transfer of the promised goods or services to the customer will be one year or less.

**Note 4****Revenue recognition**

The following table presents changes in the Company's contract assets and liabilities during the year ended 31 December, 2016 and 2017:

NOK in thousands	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
<b>31 December 2016:</b>				
<b>Contract assets</b>				
Accrued revenue (delivered not invoiced)	542 957	3 851 239	(3 684 246)	709 949
<b>Contract liabilities</b>				
Deferred revenue (invoiced not delivered)	21 083			7 389
<b>31 December 2017:</b>				
<b>Contract assets</b>				
Accrued revenue (delivered not invoiced)	709 949	4 393 791	(4 306 818)	796 922
<b>Contract liabilities</b>				
Deferred revenue (invoiced not delivered)	7 389			20 472

During the year ended 31 December, 2016 and 2017, the Group recognised the following revenues as a result of changes in the contract asset and the contract liability balances in the respective periods:

NOK in thousands	2017	2016
Amounts included in the contract liability at the beginning of the period	7 389	21 083
Performance obligations satisfied in previous periods	7 389	21 083

### Transaction Price Allocated to Future Performance Obligations

IFRS 15 requires that the Group disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as 31 December, 2017 and 31 December 2016. The guidance provides certain practical expedients that limit this requirement. Majority of the Groups contracts meet either of the following practical expedients provided by IFRS15 and accordingly the Group

has applied this practical expedient.

1. The performance obligation is part of a contract that has an original expected duration of one year or less.
2. The entity recognizes revenue from its satisfaction of the performance obligations in the amount billable to the customer in accordance with paragraph B16 of IFRS15.

### Concentrations of Credit Risk

The Group do not have any customers that comprised more than 10% of the Group's revenue for year ended December 31, 2017 and December 31, 2016.

As of December 31, 2017 and December 31, 2016 the Group do not have significant customers that comprises more than 10% of accounts receivable.

## Note 5 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 focussed 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 certain operating expenses, adjustments for

estimate deviations previous year, 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 described in note 1.

All of the Group's revenue is from external parties and are 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.

As described in note 1, a large proportion of the Group's final settlement of sales and distribution of electricity is made after the Group has finalised its annual financial statements. 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 deviation)".



## Note 5

## Segment information

Year ended 31 December 2017				
NOK in thousands	Consumer	Business	New growth initiatives*	Total segments
Revenue	2 518 778	1 872 997	60 735	4 452 510
<b>Total external segment revenue</b>	<b>2 518 778</b>	<b>1 872 997</b>	<b>60 735</b>	<b>4 452 510</b>
Direct cost of sales	(1 863 383)	(1 641 077)	(36 061)	(3 540 521)
<b>Revenue less direct cost of sales</b>	<b>655 394</b>	<b>231 920</b>	<b>24 674</b>	<b>911 989</b>
<b>Expenses</b>				
Personnel and other operating expenses	(300 425)	(112 814)	(51 434)	(464 673)
Depreciation and amortisation	(94 245)	(9 321)	(2 012)	(105 578)
<b>Adjusted Operating profit (before unallocated)</b>	<b>260 725</b>	<b>109 785</b>	<b>(28 772)</b>	<b>341 738</b>
Adjustment: (Positive)/negative estimate deviations previous year**	4 463	9 298	(1 605)	12 156
<b>Adjusted Operating profit (before unallocated and estimate deviations)</b>	<b>265 188</b>	<b>119 083</b>	<b>(30 377)</b>	<b>353 894</b>
Year ended 31 December 2016				
NOK in thousands	Consumer	Business	New growth initiatives*	Total segments
Revenue	2 129 719	1 767 101	28 188	3 925 007
<b>Total external segment revenue</b>	<b>2 129 719</b>	<b>1 767 101</b>	<b>28 188</b>	<b>3 925 007</b>
Direct cost of sales	(1 574 517)	(1 569 631)	(390)	(3 144 538)
<b>Revenue less direct cost of sales</b>	<b>555 202</b>	<b>197 470</b>	<b>27 798</b>	<b>780 469</b>
<b>Expenses</b>				
Personnel and other operating expenses	(255 153)	(98 455)	(20 254)	(373 862)
Depreciation and amortisation	(63 554)	(5 380)	423	(68 511)
<b>Adjusted Operating profit (before unallocated)</b>	<b>236 495</b>	<b>93 635</b>	<b>7 967</b>	<b>338 096</b>
Adjustment: (Positive)/negative estimate deviations previous year**	(7 344)	(884)	(4 803)	(13 031)
<b>Adjusted Operating profit (before unallocated and estimate deviations)</b>	<b>229 151</b>	<b>92 751</b>	<b>3 163</b>	<b>325 065</b>

\* 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.

\*\* These adjustments relates to information received subsequent to the date of transition to IFRSs about estimates made under previous GAAP and has been treated in the same way as non-adjusting events after the reporting period in accordance with IAS 10 Events after the Reporting Period.

## Note 5

## Segment information

Reconciliation to statement of profit and loss for the period		
NOK in thousands	2017	2016
<b>Adjusted Operating profit (before unallocated and estimate deviations)</b>	<b>353 894</b>	<b>325 065</b>
Adjustment: (Positive)/negative estimate deviations previous year	(12 156)	13 031
Personnel expenses 1)	(6 582)	-
Other operating expenses 2)	(20 420)	-
Other gains and losses, net 3)	7 884	(888)
<b>Operating profit</b>	<b>322 620</b>	<b>337 207</b>
Interest income	11 801	8 118
Interest expense	(175)	(467)
Other financial items, net 4)	(2 779)	(2 164)
<b>Profit/(loss) before tax</b>	<b>331 467</b>	<b>342 695</b>

1) Personnel expenses consist of costs incurred specific to the process of preparing the company for listing on the Oslo Stock Exchange in the form of bonuses to management and employees for their extra work specific to this process.

2) Other operating expenses consist of costs incurred specific to the process of preparing the company for listing on the Oslo Stock Exchange in the form of fees to third party service providers and non-recurring marketing expenses not directly associated with/allocated to segments.

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

4) Other financial items, net consist of other financial expenses such as bank charges, realized foreign currency gains and losses.

## Note 6

### Financial assets and financial liabilities

The Group holds the following financial instruments:

<b>Financial assets</b>	<b>Notes</b>	<b>31 December 2017</b>	<b>31 December 2016</b>	<b>1 January 2016</b>
NOK in thousands				
<b>Financial assets at amortised cost</b>				
Trade receivables (1)	6(a)	1 364 519	1 204 894	654 560
Other non-current financial assets (1)	6(a)	14 198	13 859	15 489
Cash and cash equivalents (1)	6(d)	363 212	193 226	333 448
<b>Financial asset at fair value through profit or loss</b>				
Derivative financial instruments (2)	7	113 435	96 867	178 423
<b>Total financial assets</b>		<b>1 855 363</b>	<b>1 508 846</b>	<b>1 181 921</b>
<b>Financial liabilities</b>				
NOK in thousands				
<b>Liabilities at amortised cost</b>				
Trade and other payables (1)	6(b)	726 631	475 867	183 442
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative financial instruments (2)	7	95 428	86 744	167 412
<b>Total financial liabilities</b>		<b>822 059</b>	<b>562 611</b>	<b>350 854</b>

(1) The fair value of cash and cash equivalents, trades receivables, other non-current financial assets and trade and other payables approximate their carrying value due to their short term nature.

(2) Derivative financial instruments are measured at fair value through profit and loss and are classified in Level 2. There were no transfers between level 1, 2 or 3 for recurring fair value measurements during the year. 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.

**Note 6****Financial assets and financial liabilities**

Financial instruments that are recognised and measured at fair value the Group has classified these, financial instruments into a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. These levels are defined below:

Level 1: The fair value of financial instruments is determined by reference to quoted prices in active markets for identical assets and liabilities. The quoted market price used for financial instruments held by the Group is the current bid price at the end of the reporting period.

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; and

Level 3: Fair value of financial instruments that are determined using a valuation techniques and if one or more of the significant inputs is 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 (2016: 0.90 per cent) that reflects the Group's current borrowing rate at the end of the reporting period. Valuation method 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.

**Financial Statement Impact**

The Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the statement of profit or loss:

NOK in thousands	Notes	2017	2016
Interest from assets held at amortised cost		11 801	8 118
Interest expense from liabilities at amortised cost		(175)	(467)
Net impairment expense recognised on trade receivables	6(a)	12 402	6 154
Fair value gains(losses) on derivatives	7	7 884	(889)
Total net foreign exchange (losses) recognised in other financial items	9	(75)	(372)
<b>Total financial income and expense</b>		<b>31 837</b>	<b>12 546</b>

## 6(a) Trade receivables and Other non- current financial assets

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. Trade receivables are generally due for settlement within 30 to 60 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by grouping trade receivables based on reference to past default

experience for the group of customers and an analysis of whether the customer is an active customer to whom the Group continues to supply goods and services to or has ceased purchasing good or services from the Group. The customer's current financial position, adjusted for factors that are specific to the customers', general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current and prior reporting periods.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

## 6(a)

## Trade receivables and Other non-current financial assets

2017		Days past due						Total
NOK in thousands	Current	31-60 days	61-90 days	91-120 days	121-180 days	More than 180 days		
Active engagements (1)								
Consumer								
Expected loss rate	0.1 %	8.9 %	23.8 %	29.9 %	36.7 %	49.8 %	0.7 %	
Gross carrying amount	549 630	18 177	1 854	1 576	1 338	1 490	574 066	
Loss allowance provision	456	1 620	442	471	491	742	4 222	
Business								
Expected loss rate	0.0 %	3.9 %	22.9 %	37.6 %	73.9 %	91.0 %	0.1 %	
Gross carrying amount	760 620	2 456	1 055	53	-	-	764 184	
Loss allowance provision	343	97	242	20	-	-	702	
New growth initiatives								
Expected loss rate	0.2 %	8.9 %	23.8 %	29.9 %	36.7 %	49.8 %	0.0 %	
Gross carrying amount	-	-	-	-	-	-	-	
Loss allowance provision	-	-	-	-	-	-	-	
Ceased engagements (2)								
Consumer								
Expected loss rate	0.5 %	11.6 %	27.1 %	31.2 %	39.1 %	50.3 %	34.2 %	
Gross carrying amount	8 386	2 746	1 347	1 811	3 295	21 372	38 958	
Loss allowance provision	39	320	365	565	1 287	10 751	13 327	
Business								
Expected loss rate	0.2 %	4.0 %	23.2 %	36.5 %	73.9 %	91.0 %	47.3 %	
Gross carrying amount	4 151	424	257	261	938	4 525	10 555	
Loss allowance provision	10	17	60	95	693	4 118	4 992	
New growth initiatives								
Expected loss rate	0.5 %	11.6 %	27.1 %	31.2 %	39.1 %	50.3 %	n.a.	
Gross carrying amount	-	-	-	-	-	-	-	
Loss allowance provision	-	-	-	-	-	-	-	
Total Loss allowance provision	848	2 053	1 108	1 151	2 471	15 611	23 243	

(1) Active engagements represents accounts receivable for which the customer is still a customer for which the Group delivers ongoing services and / or power.

(2) Ceased engagements represents accounts receivable for associated with customers where the Group no longer delivers ongoing services and / or power.

## 6(a)

## Trade receivables and Other non-current financial assets

2016		Days past due						Total
NOK thousands	Current	31-60 days	61-90 days	91-120 days	121-180 days	More than 180 days		
Active engagements (1)								
Consumer								
Expected loss rate	0.2 %	6.1 %	28.3 %	51.1 %	73.4 %	73.2 %	0.7 %	
Gross carrying amount	432 676	13 456	944	625	466	753	448 921	
Loss allowance provision	913	817	267	319	342	551	3 209	
Business								
Expected loss rate	0.2 %	4.9 %	22.3 %	41.4 %	75.0 %	95.0 %	0.3 %	
Gross carrying amount	743 595	3 757	300	26	-	-	747 678	
Loss allowance provision	1 743	186	67	11	-	-	2 007	
New growth initiatives								
Expected loss rate	0.2 %	8.9 %	23.8 %	29.9 %	36.7 %	49.8 %	0.0 %	
Gross carrying amount	-	-	-	-	-	-	-	
Loss allowance provision	-	-	-	-	-	-	-	
Ceased engagements (2)								
Consumer								
Expected loss rate	0.2 %	30.8 %	47.7 %	55.1 %	65.3 %	92.6 %	34.4 %	
Gross carrying amount	8 537	1 869	634	810	1 242	4 045	17 138	
Loss allowance provision	19	576	302	446	811	3 746	5 901	
Business								
Expected loss rate	15.1 %	18.9 %	26.2 %	77.0 %	90.0 %	95.0 %	26.2 %	
Gross carrying amount	2 072	537	82	-	-	390	3 081	
Loss allowance provision	314	101	22	-	-	370	807	
New growth initiatives								
Expected loss rate	0.5 %	11.6 %	27.1 %	31.2 %	39.1 %	50.3 %	n.a.	
Gross carrying amount	-	-	-	-	-	-	-	
Loss allowance provision	-	-	-	-	-	-	-	
Total Loss allowance provision	2 989	1 681	658	776	1 153	4 667	11 924	

(1) Active engagements represents accounts receivable for which the customer is still a customer for which the Group delivers ongoing services and / or power.

(2) Ceased engagements represents accounts receivable for associated with customers where the Group no longer delivers ongoing services and / or power.

## 6(a)

Trade receivables and Other non-current financial assets

	2017	2016
NOK in thousands		
Opening balance, 1 January	11 924	7 836
Loss allowance recognised in profit or loss for the period	11 320	4 087
Other loss allowance provisions recognised in profit or loss for the period	600	-
<b>At 31 December</b>	<b>23 843</b>	<b>11 924</b>

The gross carrying amount of trade receivables reflects the maximum exposure to credit risk from customers. The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS:

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

	2017	2016
NOK in thousands		
Receivables written off	1 616	3 226
Movement in provision for impairment	11 920	4 087
Received payment on previously written off receivables	(1 133)	(1 159)
<b>Net impairment expense recognised on trade receivables</b>	<b>12 402</b>	<b>6 154</b>

## 6(b) Trade and other payables

### Current liabilities

	31 December 2017	31 December 2016	1 January 2016
NOK in thousands			
Trade and other payables	726 631	475 867	183 442

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

### Fair value of trade and other payables

The carrying amount of trade and other payables are considered to be the same as their fair values due to their short-term nature.

## 6(c)

## Borrowings

### Credit facility

Fjordkraft AS has a credit facility from DNB Bank ASA with a limit of NOK 1 000 000 000. The group has not drawn down on this facility at 31 December 2017 or 31 December 2016. Trade receivables with a carrying value not to exceed NOK 1.765 000 000 has been pledged as collateral for the credit facility to the extent drawn down.

NOK in thousands

	31 December 2017	31 December 2016	1 January 2016
<b>Book value of assets pledged as security</b>			
Trade receivables	1 364 519	1 204 894	654 560



## 6(d) Cash and cash equivalents

Current assets	31 December 2017	31 December 2016	1 January 2016
NOK in thousands			
Cash at bank and in hand	363 212	193 226	333 448
<b>Total</b>	<b>363 212</b>	<b>193 226</b>	<b>333 448</b>

The above figures equals the amount of cash shown in the statement of cash flows at the end of the financial year.

### Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

### Restricted cash

There were no restricted cash at 31 December 2017 or 31 December 2016. Please refer to note 20 for information about bank guarantees.

## Note 7 Financial Risk Management Objectives

The Group's main operations comprise of buying and selling electricity to end users and business customers. Volatility in commodity prices is the primary risk for the business. The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group classifies the following categories of financial risks:

- Market risk
- Credit risk
- Liquidity risk

### Market risk

The Group's activities expose it primarily to the financial risks of changes in commodity prices, interest rate risk, security prices and foreign currency exchange rates.

#### *Market risk – commodity prices*

The Group's operations of buying and selling electricity to its customers is a business of margins. When participating in the electricity

market, the group uses a "back to back"-strategy. Trading in the financial market is generally conducted on the behalf of customers. This is done by replicating obligations towards the customer with financial contracts entered into with Statkraft Energi AS ("SEAS"). This strategy is used both for consumers of electricity and Alliance partners. For smaller customers, which are grouped into portfolios, the estimated requirements of financial contracts does not always match the actual aggregated customer requirements. In these circumstances the Group aims to reduce its residual risk exposure as much as possible. The above discussion is not applicable to own use contracts.

There are two main categories of financial contracts used to manage risk exposure towards commodity prices; Forward contracts and options. Additionally, forward contracts on el-certificates are used to manage risk exposure towards fluctuations in el-certificate prices.

The trade of financial contracts are primarily conducted to reduce the fluctuation in prices for customers. Since the Group has chosen to cover, a portion of their future liabilities related to el-certificates (ranging from zero to 100 %), by entering into forward contracts in advance, it introduces a risk of losses if the price of el-certificates falls at same time as the Group is forced to lower its prices to its customers. It is not considered to be probable that an event like this will occur.

#### *Market risk - volume*

The Group is generally not exposed to volume risk for most of its standard products. Some, albeit low, volume risk exists for products with

a financial instrument component. Combined portfolios as described above can have some volume risk exposure, however the related costs are largely covered by the customers.

#### *Market risk – interest rates*

The Group is mainly exposed to interest rate fluctuations associated with its floating rate bank credit facility and short-term trade payables towards SEAS related to purchase of electricity. There is also some exposure to interest rate fluctuation associated with short-term receivables for customers who elects to extend their payment terms. The current exposure to interest rate does not warrant the use of derivative instrument, since it is not considered to be material and is temporary in nature. The Company has set out parameters to actively monitor this risk going forward.

#### *Market risk – security prices*

The Group is indirectly exposed to security price risk through its defined employee benefit agreement where part of the plan assets are invested in securities. This risk is managed through investment in diversified portfolios and managed by external insurance companies. For further disclosure on fair value of plan assets and risk exposure related to employee benefits, please refer to note 15.

#### *Market risk – foreign exchange rates*

The Group has limited exposure to foreign exchange currency fluctuations. A small portion of the Groups customers conduct transactions in foreign currency. The currency risk rising from these transactions is handled

by purchasing electricity from SEAS through contracts denominated in the same currency as the related revenue.

Through its agreement with SEAS, the Group has the opportunity to conduct all of its operational and financial purchase of electricity in NOK. This limits the Groups general exposure to foreign currency.

Derivatives are only used for economic hedging purposes and not as speculative investments and they are classified as 'held for trading' for accounting purposes below. The group has the following derivative financial instruments:

**Note 7****Financial Risk Management Objectives**

NOK in thousands	31 December 2017	31 December 2016	1 January 2016
<b>Current assets</b>			
Forwards with SEAS*	13 494	34 707	-
Options with SEAS*	(8 011)	(1 115)	-
Forwards with customers	97 779	61 573	161 562
Options with customers	10 015	1 689	16 861
Other derivatives	157	13	-
<b>Total current derivative assets</b>	<b>113 435</b>	<b>96 867</b>	<b>178 423</b>
<b>Current liabilities</b>			
Forwards with SEAS*	-	-	91 656
Options with SEAS*	-	-	16 944
Forwards with customers	95 270	84 181	58 813
Options with customers	-	2 550	-
Other derivatives	157	13	-
<b>Total current derivative liabilities</b>	<b>95 428</b>	<b>86 744</b>	<b>167 412</b>

\* Statkraft Energi AS (SEAS)

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2017, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties to the Group, arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables consist of a large number of end-user customers (mainly households)

and corporate customers spread across diverse industries. The Group uses publicly available financial information and its own trading records to rate its business customers. Refer to note 6 for concentration of credit risk related to trade receivables.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Derivative financial contracts

are entered into with Statkraft Energi AS (SEAS), the Group's counterparty and a subsidiary of the Group's ultimate parent company, Statkraft AS (refer to note 18). The Group manages the risks related to these contracts with SEAS, and other derivative financial contracts with customers, by entering into back-to-back contracts with the customers on similar terms and conditions.

**Liquidity risk**

The Group manages liquidity risk by maintaining adequate reserves, bank facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of finan-

cial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out at note 6(c), Borrowings.

**Liquidity risk table**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

## Note 7

## Financial Risk Management Objectives

31 December 2017							
NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Non-interest bearing	172 669	-	-	-	-	172 669	172 669
Variable interest rate instruments	553 962	-	-	-	-	553 962	553 962
Fixed interest rate instruments	-	-	-	-	-	-	-
Financial guarantee contracts	-	-	-	-	-	-	-
<b>Total</b>	<b>726 631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>726 631</b>	<b>726 631</b>
31 December 2016							
NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Non-interest bearing	64 296	-	-	-	-	64 296	64 296
Variable interest rate instruments	411 571	-	-	-	-	411 571	411 571
Fixed interest rate instruments	-	-	-	-	-	-	-
Financial guarantee contracts	-	-	-	-	-	-	-
<b>Total</b>	<b>475 867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>475 867</b>	<b>475 867</b>
1 January 2016							
NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Non-interest bearing	35 997	-	-	-	-	35 997	35 997
Variable interest rate instruments	147 445	-	-	-	-	147 445	147 445
Fixed interest rate instruments	-	-	-	-	-	-	-
Financial guarantee contracts	-	-	-	-	-	-	-
<b>Total</b>	<b>183 442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183 442</b>	<b>183 442</b>

## Note 7

## Financial Risk Management Objectives

The table below presents the maturities on the Group's derivative financial liabilities in nominal values:

31 December 2017							
NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Forwards with SEAS*	6 957	8 171	6 077	41 868	1 846	64 919	-
Options with SEAS*	1 829	3 148	2 814	7 812	-	15 603	-
Forwards with customers	17 026	21 536	35 704	50 842	1 034	126 142	95 270
Options with customers	-	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-	157
<b>Total</b>	<b>25 812</b>	<b>32 855</b>	<b>44 595</b>	<b>100 523</b>	<b>2 880</b>	<b>206 665</b>	<b>95 428</b>
31 December 2016							
NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Forwards with SEAS*	8 068	11 818	4 859	43 302	-	68 046	-
Options with SEAS*	-	1 063	3 722	-	-	4 785	-
Forwards with customers	21 053	24 221	19 105	32 413	-	96 792	84 181
Options with customers	4 499	2 101	-	2	-	6 603	2 550
Other derivatives	-	-	-	-	-	-	13
<b>Total</b>	<b>33 621</b>	<b>39 203</b>	<b>27 686</b>	<b>75 717</b>	<b>-</b>	<b>176 226</b>	<b>86 744</b>
1 January 2016							
NOK in thousands	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Forwards with SEAS*	-	-	-	2 752	-	2 752	91 656
Options with SEAS*	2 571	4 522	7 871	-	-	14 964	16 944
Forwards with customers	2 762	9 240	34 355	16 836	-	63 192	58 813
Options with customers	142	263	851	14	-	1 270	-
Other derivatives	-	-	-	-	-	-	-
<b>Total</b>	<b>5 333</b>	<b>14 024</b>	<b>43 077</b>	<b>19 602</b>	<b>-</b>	<b>82 177</b>	<b>167 412</b>

\* Note that derivatives with SEAS as counterparty is presented net in the balance sheet and gross in the maturity table, thus the total gross amount is not comparable to the carrying amount that is presented net.

## Note 8

### Personnel expenses

Pension obligations are covered through insurance companies. Norwegian entities are obligated to establish a mandatory company pension. This obligation is fulfilled under the current pension plans. Please refer to note 15 for further information regarding pensions.

For information regarding remuneration to executive management and Board of Director's please refer to note 19.

NOK in thousands	2017	2016
Salaries	135 053	104 531
Social security	18 850	15 060
Pension expenses	12 857	12 746
Other benefits	8 530	8 345
Bonus related to listing process	6 582	-
<b>Gross personnel expenses</b>	<b>181 873</b>	<b>140 682</b>
Capitalised R&D costs	(3 121)	(5 046)
<b>Total personnel expenses</b>	<b>178 751</b>	<b>135 636</b>

212

Number of full-time equivalents (FTEs)

169

#### Group performance bonus

All of the Group's employees except from the CEO, are included in the Group's performance bonus scheme. The bonus is based on financial and operational performance indicators. The Group's performance is measured by profit before tax, customer satisfaction, distribution of electricity to the private market, and invoicing process.

#### Bonus related to listing process

This is a bonus to management and employees for their extra work related to the process of preparing the company for listing on the Oslo Stock Exchange.

This note provides a breakdown of the items included in other operating expenses and other net financial items.

#### Other operating expenses

NOK in thousands	2017	2016
Purchase of various services	95 948	72 198
Marketing, telecommunication, postage and information	115 511	67 447
External consultants	38 320	32 501
External customer services	2 133	26 903
Rent and other property related costs	11 473	10 321
IT software, annual maintenance	14 118	9 009
Travel expenses	8 606	7 503
Other expenses	21 220	12 346
Non-recurring costs related to listing process	5 594	-
<b>Total other operating expenses</b>	<b>312 923</b>	<b>238 227</b>

#### Other financial items, net

NOK in thousands	2017	2016
Foreign exchange gain/(losses)	(75)	(372)
Other financial expenses	(2 704)	(1 792)
<b>Total other financial items, net</b>	<b>(2 779)</b>	<b>(2 164)</b>

## Note 9

### Other operating expenses and Other financial items, net

## Note 10

### Income tax

Specification of tax expense recognised in statement of profit or loss		
NOK in thousands	2017	2016
Tax payable on profit for the year	72 575	72 990
Adjustments to prior years tax payable	(1 377)	(1 291)
Adjustments to prior years deferred tax expense (income)	1 434	5 001
Change in deferred tax/(tax asset) from origination and reversal of temporary differences	7 743	9 655
Change in deferred tax/(tax asset) from changes in tax rates or the imposition of new taxes	(849)	(710)
<b>Tax expense recognised in statement of profit or loss</b>	<b>79 527</b>	<b>85 644</b>
Specification of current income tax liabilities		
NOK in thousands	2017	2016
Tax payable on profit for the year	72 575	72 990
Provision government grants (SkatteFUNN)	-	(1 296)
Adjustments prior years tax	(1 377)	(1 291)
<b>Current income tax liabilities recognised in balance sheet</b>	<b>71 198</b>	<b>70 403</b>
Reconciliation of statutory tax rate to effective tax rate:		
NOK in thousands	2017	2016
Profit before tax	331 467	342 695
<b>Income tax at statutory tax rate (24% - 2017 and 25% - 2016)</b>	<b>79 552</b>	<b>85 674</b>
Tax expense recognised in statement of profit or loss	79 527	85 644
<b>Difference</b>	<b>26</b>	<b>29</b>
Deferred tax expense (income) relating to changes in tax rates	(563)	(515)
Permanent differences	702	421
Adjusted deferred tax (SkatteFUNN)	(222)	(38)
Group contribution	-	-
Adjustments prior years tax payable	57	103
<b>Difference</b>	<b>(26)</b>	<b>(30)</b>

## Note 10

## Income tax

## Specification of basis for deferred tax

NOK in thousands	31 December 2017	31 December 2016	1 January 2016
Fixed assets	(2 797)	(3 354)	(3 984)
Receivables	(22 498)	(8 965)	(5 521)
Pension liabilities	(73 720)	(47 420)	(54 695)
Contract assets	137 538	101 149	63 817
Derivative financial instruments	18 007	10 123	11 011
Tax losses carried forward	-252	-	-
<b>Temporary differences</b>	<b>56 279</b>	<b>51 532</b>	<b>10 628</b>
Basis for calculation of deferred tax/(tax assets)	56 279	51 532	10 628
Deferred tax/(tax asset)	12 944	12 368	2 657
<b>Deferred tax asset recognised in statement of financial position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax recognised in statement of financial position</b>	<b>12 944</b>	<b>12 368</b>	<b>2 657</b>
Net position	12 944	12 368	2 657

## Changes in deferred tax balances

2016	1 January 2016	Changes recognised in statement of profit or loss	Changes recognised in other comprehensive income	31 December 2016
NOK in thousands				
Fixed assets	(996)	191		(805)
Receivables	(1 380)	(771)		(2 152)
Pension liabilities	(13 674)	1 526	766	(11 381)
Contract assets	15 954	8 321		24 276
Derivative financial instruments	2 753	(323)		2 430
Tax losses carried forward	-	-		-
<b>Total</b>	<b>2 657</b>	<b>8 944</b>	<b>766</b>	<b>12 368</b>
<b>2017</b>	<b>1 January 2017</b>	<b>Changes recognised in statement of profit or loss</b>	<b>Changes recognised in other comprehensive income</b>	<b>31 December 2017</b>
NOK in thousands				
Fixed assets	(805)	162		(643)
Receivables	(2 152)	(3 023)		(5 174)
Pension liabilities	(11 381)	744	(6 318)	(16 956)
Contract assets	24 276	7 357		31 633
Derivative financial instruments	2 430	1 712		4 142
Tax losses carried forward	-	(58)		(58)
<b>Total</b>	<b>12 368</b>	<b>6 894</b>	<b>(6 318)</b>	<b>12 944</b>



## Note 11

### 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 31 December 2017 was 104 496 216, while the total number of shares in the parent company of the Group as at 31 December 2016 was 31 352. The number of shares as at 31 December 2017 is used when calculating earnings per share in 2017 and 2016.

#### Basic earnings per share

	2017	2016
Profit/(loss) attributable to equity holders of the company (NOK in thousands)	251 941	257 051
Weighted average number of ordinary shares in issue	104 496 216	104 496 216
<b>Earnings per share in NOK</b>	<b>2,41</b>	<b>2,46</b>
<b>Dividend per share in NOK</b>	<b>1,15</b>	<b>1,50</b>

## Note 12

### Property, plant and equipment

2017					
NOK in thousands	Fixtures and equipment	Computer equipment	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)	-	
Disposals	-	-	-	-	
<b>Cost 31 December 2017</b>	<b>8 875</b>	<b>25 221</b>	<b>-</b>	<b>34 095</b>	
Accumulated depreciation 1 January 2017	(5 525)	(24 135)	-	(29 660)	
Depreciation for the year	(565)	(302)	-	(867)	
Disposals	-	-	-	-	
<b>Accumulated depreciation 31 December 2017</b>	<b>(6 090)</b>	<b>(24 437)</b>	<b>-</b>	<b>(30 527)</b>	
<b>Carrying amount 31 December 2017</b>	<b>2 785</b>	<b>783</b>	<b>-</b>	<b>3 568</b>	
2016					
NOK in thousands	Fixtures and equipment	Computer equipment	Construction in progress	Total	
Cost price 1 January 2016	6 731	24 167	356	31 254	
Additions	-	1 387	146	1 533	
Transferred from construction in progress	171	-	(171)	-	
Disposals	-	-	-	-	
<b>Cost 31 December 2016</b>	<b>6 902</b>	<b>25 554</b>	<b>331</b>	<b>32 787</b>	
Accumulated depreciation 1 January 2016	(4 810)	(23 966)	-	(28 776)	
Depreciation for the year	(715)	(169)	-	(884)	
Disposals	-	-	-	-	
<b>Accumulated depreciation 31 December 2016</b>	<b>(5 525)</b>	<b>(24 135)</b>	<b>-</b>	<b>(29 660)</b>	
<b>Carrying amount 31 December 2016</b>	<b>1 377</b>	<b>1 419</b>	<b>331</b>	<b>3 127</b>	
Useful life	8 years (or lease term if shorter)	3 years			
Depreciation method	Straight line	Straight line			

## Note 13

### Intangible assets

Non-current intangible assets						
2017						
NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	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 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	
2016						
NOK in thousands	Software and development projects	Construction in progress	Customer portfolios	Other intangible assets	Total non-current intangible assets	
Cost price 1 January 2016	70 513	26 585	12 378	-	109 475	
Additions - Purchase	1 808	20 636	-	-	22 445	
Additions - Internally generated	302	4 744	-	-	5 046	
Transferred from construction in progress	14 547	(14 547)	-	-	-	
Government grants (SkatteFUNN)	-	(907)	-	-	(907)	
Disposals	-	-	-	-	-	
Cost price 31 December 2016	87 169	36 511	12 378	-	136 059	
Accumulated depreciation 1 January 2016	(44 553)	-	(4 217)	-	(48 770)	
Depreciation for the year	(15 533)	-	(1 961)	-	(17 494)	
Disposals	-	-	-	-	-	
Accumulated depreciation 31 December 2016	(60 086)	-	(6 178)	-	(66 264)	
Carrying amount 31 December 2016	27 083	36 511	6 200	-	69 795	
Useful life	3 years		5-12 years	3 years		
Depreciation method	Straight line		Straight line	Straight line		

## Note 13

## Intangible assets

Current intangible assets				
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	2 558	213 467	
Disposals*	(216 322)	-	(216 322)	
<b>Cost 31 December 2017</b>	<b>11</b>	<b>2 558</b>	<b>2 569</b>	
Accumulated depreciation 1 January 2017	-	-	-	
Depreciation for the year	-	-	-	
Disposals	-	-	-	
<b>Accumulated depreciation 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Carrying amount 31 December 2017</b>	<b>11</b>	<b>2 558</b>	<b>2 569</b>	
* Disposals of El-certificates refers to amount of certificates being handed over to the government to offset el-certificate cancellation liability. Also refer to note 16.				
2016				
NOK in thousands	El-certificates	Guarantees of origination	Total current intangible assets	
Cost price 1 January 2016	11 139	-	11 139	
Additions - Purchase	150 321	-	150 321	
Disposals*	(156 036)	-	(156 036)	
<b>Cost price 31 December 2016</b>	<b>5 424</b>	<b>-</b>	<b>5 424</b>	
Accumulated depreciation 1 January 2016	-	-	-	
Depreciation for the year	-	-	-	
Disposals	-	-	-	
<b>Accumulated depreciation 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Carrying amount 31 December 2016</b>	<b>5 424</b>	<b>-</b>	<b>5 424</b>	
* Disposals of El-certificates refers to amount of certificates being handed over to the government to offset el-certificate cancellation liability. Also refer to note 16.				

Depreciation of intangible assets are included in the line 'Depreciation and amortisation' in the consolidated statement of profit and loss.

## Note 14

### Share capital

Shareholders at 31 December 2017					
	Number of shares	Nominal	Nominal value	Voting rights	Ownership
BKK AS	51 044 895	0.30	15 313 469	48.85%	48.85%
Skagerak Energi AS	50 154 984	0.30	15 046 495	48.00%	48.00%
Statkraft Industrial Holding AS	3 296 337	0.30	988 901	3.15%	3.15%
<b>Total</b>	<b>104 496 216</b>		<b>31 348 865</b>	<b>100.00%</b>	<b>100.00%</b>

There have been no changes in shareholders during 2017.

#### Share capital and share premium

NOK in thousands	Ordinary shares	Share premium	Total
1 January 2016	31 352	125 032	156 384
31 December 2016	31 352	125 032	156 384
31 December 2017	31 349	125 035	156 384

Fully paid ordinary shares which have a par value of NOK 0.30 carry one vote per share and carry a right to dividends. There are no share options or other dilutive instruments outstanding for the periods presented.

#### Movements in ordinary shares

Fjordkraft Holding ASA, a public limited liability company, was incorporated on 15 December 2017. The company was incorporated through a contribution in kind by the three owners' (as listed in the shareholders' table above), whereby the three direct owners of Fjordkraft AS exchanged the shares held in Fjordkraft AS with shares in Fjordkraft Holding ASA, with the same ownership percentage as before. On completion of the incorporation, Fjordkraft Holding ASA holds 100% of the shares in Fjordkraft AS, becoming the new immediate holding company of Fjordkraft AS. As a result, the incorporation of Fjordkraft Holding AS did not result in any changes in the ownership of Fjordkraft AS.

In accordance with IAS 27 – Separate Financial Statements, the new parent, Fjordkraft Holding ASA, measured the cost at the carrying amount of its share of the equity items shown in the separate financial statements for Fjordkraft AS at the date of the reorganisation. The share for share exchange, however, has been reflected in the year ended 31 December 2017 at the date occurred and the share capital in the prior periods is reflective of the previous capital structure.

The total number of shares in the parent company of the Group as at 31 December 2017 and 2016 was 104 496 216.

Reference is made to note 23 regarding the process of listing on Oslo Stock Exchange.

## Note 15 Pension liabilities

The Group has a collective defined benefit pension plan in BKK Pensjonskasse. All pension schemes are in accordance with the requirements in the Norwegian Mandatory Company Pensions Act.

### Pension obligations

The Group operates a defined benefit pension plan. The plan is final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The Norwegian companies in the group are subject to, and complies with, the requirements of the Norwegian Mandatory Company Pensions Act.

Typically defined benefit plans define an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuar-

ies using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in consolidated statement of Profit and Loss

### Defined benefit pension plans

The Group has a pension scheme covering a total of 210 active members and 23 pensioners. The scheme entitles staff to defined future benefits. These are mainly dependent on the number of years of service, the salary level at pensionable age and the size of benefits paid by the national insurance. The liabilities are covered through an insurance company (funded). The Group's defined benefit plan includes retirement, disability and dependents pension.

The Group also has a contractual pension agreement (CPA) covering 209 persons. The CPA currently has no pensioners. The agreement entitles staff to benefits from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67. The CPA is based on a three-party partnership between the employers' organizations, the labor organization and the state. The state covers 1/3 of the expenses of AFP, while companies cover

2/3. The Groups 2/3 portion is funded through operation and do not have any plan assets (non-funded).

The Group also has a contractual pension agreement (CPA) covering 209 persons. The CPA currently has no pensioners. The agreement entitles staff to benefits from the age of 62 until they are eligible for a national insurance pension when reaching the age of 67. The CPA is an unsecured arrangement funded through operations and does not have any plan assets.

The defined benefit plan's pension expenses and liabilities are presented according to IAS 19 (revised).

### Risk exposure

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below.

**Asset volatility:** The plan liabilities are calculated using a discount rate set with reference to covered bonds ("Obligasjoner med fortrinnsrett"); if plan assets underperform this yield, this will create a deficit. All plans hold a significant portion of investments in equity instruments, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

**Changes in bond yields:** A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

**Inflation risk:** Some of the Group's pension

obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

**Life expectancy:** The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

At the end of this note, there is a table showing sensitivity analysis of the most significant assumptions.

## Note 15

## Pension liabilities

Amounts recognised in statement of financial position:				
	31 December 2017	31 December 2016	1 January 2016	
NOK in thousands				
Present value of funded obligations	209 417	158 921	149 027	
Fair value of plan assets	148 489	124 716	105 884	
Deficit of funded plans	60 928	34 205	43 142	
Present value of unfunded obligations	12 792	13 215	11 552	
Total deficit of defined benefit pension plans	73 720	47 420	54 695	
2017				
NOK in thousands	Funded obligations	Non-funded obligations	Total	
Accrued pension entitlement for the year	10 862	1 180	12 042	
Payroll tax (PT)	1 532	166	1 698	
Net interest expense / (income)	3 634	304	3 938	
Expected return on plan assets	(3 043)	-	(3 043)	
Members' contribution	(1 779)	-	(1 779)	
Total amount recognised in profit or loss	11 206	1 651	12 857	
2016				
NOK in thousands	Funded obligations	Non-funded obligations	Total	
Accrued pension entitlement for the year	10 331	1 080	11 411	
Payroll tax (PT)	1 457	152	1 609	
Net interest expense / (income)	3 703	289	3 992	
Expected return on plan assets	(2 729)	-	(2 729)	
Members' contribution	(1 538)	-	(1 538)	
Total amount recognised in profit or loss	11 225	1 521	12 746	

## Note 15

## Pension liabilities

## Change in defined benefit obligation:

NOK in thousands	Present value of funded obligation	Fair value of plan assets	Total, Funded obligations, net of plan assets	Present value of non-funded obligation	Total, net
<b>At 1 January 2017</b>	<b>158 921</b>	<b>124 716</b>	<b>34 205</b>	<b>13 215</b>	<b>47 420</b>
Accrued pension entitlement for the year	10 862	-	10 862	1 180	12 042
Payroll tax (PT)	1 532	-	1 532	166	1 698
Interest expense (income)	3 634	-	3 634	304	3 938
Return on plan assets	-	3 043	(3 043)	-	(3 043)
Actuarial gains and losses (demographic assumptions)	13 540	-	13 540	(2 079)	11 461
Actuarial gains and losses (financial assumptions)	24 367	9 507	14 860	6	14 866
Benefits paid	(1 846)	(1 846)	-	-	-
Contribution	-	12 884	(12 884)	-	(12 884)
Members' contribution	-	1 779	(1 779)	-	(1 779)
Payroll tax of contribution	(1 592)	(1 592)	-	-	-
<b>At 31 December 2017</b>	<b>209 417</b>	<b>148 489</b>	<b>60 928</b>	<b>12 792</b>	<b>73 720</b>

NOK in thousands	Present value of obligation	Fair value of plan assets	Total, Funded obligations, net of plan assets	Present value of non-funded obligation	Total, net
<b>At 1 January 2016</b>	<b>149 027</b>	<b>105 884</b>	<b>43 142</b>	<b>11 552</b>	<b>54 695</b>
Accrued pension entitlement for the year	10 331	-	10 331	1 080	11 411
Payroll tax (PT)	1 457	-	1 457	152	1 609
Interest Expense (income)	3 703	-	3 703	289	3 992
Return on plan assets	-	2 729	(2 729)	-	(2 729)
Actuarial gains and losses (demographic assumptions)	-	-	-	-	-
Actuarial gains and losses (financial assumptions)	(1 687)	1 521	(3 207)	142	(3 066)
Benefits paid	(1 815)	(1 815)	-	-	-
Contribution	-	16 955	(16 955)	-	(16 955)
Members' contribution	-	1 538	(1 538)	-	(1 538)
Payroll tax of contribution	(2 095)	(2 095)	-	-	-
<b>At 31 December 2016</b>	<b>158 921</b>	<b>124 716</b>	<b>34 205</b>	<b>13 215</b>	<b>47 420</b>



## Note 15

## Pension liabilities

Actuarial gains and losses recognised directly in Other comprehensive income (OCI)			
NOK in thousands	2017	2016	
Net actuarial gains/(losses) recognised in OCI during the year	(20 008)		2 299
Tax effects of actuarial gains/(losses) recognised in OCI	(6 318)		766
<b>Significant actuarial assumptions</b>			
Discount rate	2.35 %	2016	2.30 %
Salary growth rate	2.50 %		2.25 %
Expected growth in base social security amount (G)	2.25 %		2.00 %
Estimated return on plan assets	2.35 %		2.30 %
Pension growth rate	1.50 %		1.25 %
AFP withdrawal	25 % when 62 yrs		25 % when 62 yrs
Demographic assumptions	K2013BE		Gap07/K63
Voluntary retirement	Before 45 yrs - 4.5 %		Before 45 yrs - 4.5 %
	45 yr - 60 yr - 2.0 %		45 yr - 60 yr - 2.0 %
	After 60 yrs - 0 %		After 60 yrs - 0 %

\* K2013BE is Gabler's present best estimate based on The Financial Supervisory Authority of Norway's mortality table K2013 and Statistics Norway's present population projection. Gap07 is the former denomination for Gabler's dynamic mortality table which was based on Statistics Norway's former population projection and K2013.

## Sensitivity of pension liabilities to changes in the weighted financial assumptions are:

NOK in thousands	Change in pension cost		Change in employee defined benefit liabilities	
	1.00 %	-1.00 %	1.00 %	-1.00 %
Discount rate	(4 975)	7 503	(47 658)	67 702
Salary growth rate	3 292	(2 584)	21 285	(18 738)
Expected growth in base social security amount (G)	3 727	(2 701)	41 265	(32 571)
Voluntary retirement	(64)	83	712	(455)

## Note 15

### Pension liabilities

#### Expected maturity for the defined benefit plans

NOK in thousands	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
2017	2 290	5 119	9 823	1 162 201	1 179 433
2016	2 318	4 870	8 746	671 143	687 077

The contribution for next annual reporting period is expected to be NOK 13 270 thousands.

#### Pension asset comprise:

Pension assets are invested in bonds and money-market placements issued by the Norwegian government, Norwegian municipalities, financial institutions and enterprises. Foreign currency bonds are hedged. Investments are made in both Norwegian and foreign shares. Any estimate deviation is distributed pro-rata between the individual asset categories.

#### In 2017 the plan's contributions were invested as follows:

NOK in thousands	Level 1	Level 2	Level 3	
	Exchange listed prices	Observable prices	Non-observable prices	Total
Equity instruments	15 518	39 009	8 760	63 287
Interest bearing instruments	934	84 268		85 202
<b>Total investments</b>	<b>16 452</b>	<b>123 277</b>	<b>8 760</b>	<b>148 489</b>
				<b>100%</b>

## Note 16

### El-certification cancellation liability

#### The Group has the following el-certificate liability recognised in Other current liabilities in the statement of financial position:

NOK in thousands	31 December 2017	31 December 2016	1 January 2016
El-certificate cancellation liability	182 141	223 977	161 121

The Group is required to provide el-certificates to Statnett to cover a certain percentage of its sale of electricity. El-certificate liabilities are due 1 April the following year. Statnett is the system operator in the Norwegian energy system and is a state enterprise, established under the Act relating to state-owned enterprises and owned by the Norwegian state through the Ministry of Petroleum and Energy.

As liabilities are a result of electricity sold for the period, the liability at 31 December contains uncertainty due to the estimation of the final settlement of electricity sales. The Group acquires either el-certificates or forward contracts to cover its accrued and estimated future commitment. As such, the part of the liability covered by el-certificates in hand is measured at cost for the acquired el-certificates, while the part covered by forward contracts is measured at the agreed contractual price of the el-certificates. On 1 April 2017 the Group cancelled an el-certificate liability with Statnett at the amount NOK 221 247 thousands. As of 31 December 2017, 31 December 2016 and 1 January 2016 the total el-certificate liability as specified in the table above is either covered through forward contracts or el-certificates in hand.

Forward purchase of el-certificates are considered to be non-financial contracts entered into and held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements, and as a consequence not in the scope of IFRS 9 - Financial Instruments (IFRS 9.2.4). Therefore, El-certificates forwards are not recognised in the financial statements until they are settled or are recognised as onerous contracts according to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

## Note 17

### Commitments

#### Non-cancellable operating leases

The Group leases office properties and cars from external suppliers. The leases are operating leases and have varying maturities, priceregulating clauses and prolongation rights.

#### Lease expenses recognised in the period

NOK in thousands	2017	2016
Property rental agreements	9 898	7 180
Leasing of cars	908	573
Leasing of office equipment	219	106
<b>Total</b>	<b>11 025</b>	<b>7 859</b>

#### Future minimum lease payments for non-cancellable operating leases

##### Year ended 31 December 2017

NOK in thousands	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Property rental agreements	9 214	18 045	3 438	30 697
Leasing of cars	524	904	-	1 428
Leasing of office equipment	108	-	-	108
<b>Total</b>	<b>9 846</b>	<b>18 949</b>	<b>3 438</b>	<b>32 233</b>

##### Year ended 31 December 2016

NOK in thousands	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Property rental agreements	9 887	27 055	5 273	42 215
Leasing of cars	1 248	-	-	1 248
Leasing of office equipment	108	108	-	216
<b>Total</b>	<b>11 243</b>	<b>27 163</b>	<b>5 273</b>	<b>43 679</b>

## Note 18 Related party transactions

As at 31 December 2017, BKK AS is the owner of 48.85 % of the shares in Fjordkraft Holding ASA, while Skagerak Energi AS owns 48.00 % and Statkraft Industrial Holding AS owns 3.15 %. Subsidiaries of owner comprise subsidiaries of BKK AS, Skagerak Energi AS or Statkraft Industrial Holding AS. Subsidiaries of ultimate parent comprise subsidiaries of Statkraft AS.

The Board of Directors and the management, is also considered to be related parties. Transactions related to these groups are disclosed in note 19. The following transactions were carried out with related parties (NOK in thousands):

### Income from related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2017	2016
BKK AS	Owner	Sale of electrical power	10 058	97
BKK Energi&jenester AS	Subsidiary of owner	Sale of electrical power	3 755	-
BKK Nett AS	Subsidiary of owner	Sale of electrical power	4 197	-
BKK Varme AS	Subsidiary of owner	Sale of electrical power	8 436	253
Skagerak Energi AS	Owner	Sale of electrical power	3 558	892
Skagerak Nett AS	Subsidiary of owner	Sale of electrical power	2 861	482
Skagerak Varme AS	Subsidiary of owner	Sale of electrical power	6 252	1 723
Statkraft AS	Ultimate parent	Sale of electrical power	2 078	2 176
Statkraft Varme AS	Subsidiary of ultimate parent	Sale of electrical power	37 276	34 850
BKK Energi&jenester AS	Subsidiary of owner	Sale of other services	1 633	-
Other	Related party	Other	4 315	1 423

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

### Expenses to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2017	2016
BKK AS	Owner	Purchase of electrical power	1 377	916
BKK Produksjon AS	Subsidiary of owner	Purchase of electrical power	12 750	917
Skagerak Nett AS	Subsidiary of owner	Purchase of electrical power	1 680	12 404
Statkraft Energi AS	Subsidiary of ultimate parent	Purchase of electrical power	3 067 577	2 589 314
BKK AS	Owner	Purchase of other services	28 854	21 291
BKK Energi&jenester AS	Subsidiary of owner	Purchase of other services	9 066	-
BKK Kunder&jenester AS	Subsidiary of owner	Purchase of other services	679	12 744
Skagerak Nett AS	Subsidiary of owner	Purchase of other services	135	12 317
Statkraft Energi AS	Subsidiary of ultimate parent	Purchase of other services	12 150	11 425
Other	Related party	Other	1 933	1 899

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

## Note 18

## Related party transactions

## Purchase of assets (NOK in thousands)

Related party	Relation	Purpose of transactions	2017	2016
BKK AS	Owner	Research and development	800	1 892
Statkraft Energi AS	Subsidiary of ultimate parent	Purchase of el-certificates	210 908	150 321

## Distributions to related parties (NOK in thousands)

Related party	Relation	Purpose of transactions	2017	2016
BKK AS	Owner	Dividend	58 659	76 425
Skagerak Energi AS	Owner	Dividend	57 637	75 093
Statkraft Industrial Holding AS	Owner	Dividend	3 788	4 935

## Current receivables from related parties (NOK in thousands)

Related party	Relation	31 December 2017	31 December 2016
Statkraft Varme AS	Subsidiary of ultimate parent	1 774	2 904
Other	Related party	2 406	1 936

## Current liabilities to related parties (NOK in thousands)

Related party	Relation	31 December 2017	31 December 2016
BKK AS	Owner	1 976	-
BKK Energi&jenester AS	Subsidiary of owner	3 969	-
BKK Kunder&jenester AS	Subsidiary of owner	-	1 097
BKK Nett AS	Subsidiary of owner	71 712	-
Skagerak Nett AS	Subsidiary of owner	622	-
Statkraft AS	Ultimate parent	152	-
Statkraft Energi AS	Subsidiary of ultimate parent	553 962	411 571

Payables to Statkraft Energi AS (SEAS) mainly relates to purchase of electricity. The Group purchases electricity at Nord Pool through SEAS. The daily transactions and payments 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 interest. Interest rate is based on 1 month NIBOR plus a margin based on current market terms.

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

## Note 19 Remuneration

Executive management 2017:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	2 334	1 267	120	262	3 983	805
Birte Strander (Chief Financial Officer)	1 350	707	120	191	2 368	-
Jeanne K. Tjomsland (Head of HR & Communications)	1 250	553	120	227	2 150	601
Arnstein Flakerud (Head of Strategy and M&A)	1 300	574	120	166	2 160	-
Solfrid K. Aase (Head of Company Projects)	1 150	415	100	167	1 832	-
Torkel Rolfseng (Head of Power Trading and Alliances)	1 200	432	100	224	1 956	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 250	449	120	155	1 974	56
Ingeborg C. Morken (Chief Commercial Officer)	1 350	595	120	196	2 261	595
<b>Total remuneration executive management 2017</b>	<b>11 184</b>	<b>4 992</b>	<b>920</b>	<b>1 587</b>	<b>18 683</b>	<b>2 057</b>

Board of directors 2017:

NOK in thousands	Total remuneration
Robert Olsen (Chairman)	-
Birthe Iren Grotle (Deputy Chairman)	-
Peder Brustad (Member)	-
Svein Kåre Grønås (Member)	-
Kristil Håland Helgerud (Member)	-
Lind Bucher Vinsand (Member, Employee representative)	28
Ølstein Prestø (Member, Employee representative)	55
Frank Økland (Member, Employee representative)	55
Per-Otto Svendsen (Member until 30 May 2017)	23
Bettina Bergesen (Deputy in board meetings)	3
Lind Vinsand (Board observer from 30 May 2017)	5
<b>Total remuneration Board of directors 2017</b>	<b>168</b>

### Note 19 Remuneration

#### Executive management 2016:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	2 331	-	133	262	2 725	815
Birte Strander (Chief Financial Officer)	1 250	32	100	189	1 571	-
Jeanne K. Tjomsland (Head of HR & Communications)	1 150	32	100	206	1 488	606
Arnstein Flakerud (Head of Strategy and M&A)	1 200	32	100	155	1 487	-
Solfrid K. Aase (Head of Company Projects)	1 100	32	50	117	1 299	-
Torkel Rolfseng (Head of Power Trading and Alliances)	1 150	32	50	232	1 464	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 150	32	100	145	1 427	58
Ingeborg C. Morken (Chief Commercial Officer)	1 250	32	100	191	1 573	599
<b>Total remuneration executive management 2016</b>	<b>10 581</b>	<b>224</b>	<b>733</b>	<b>1 497</b>	<b>13 034</b>	<b>2 078</b>

#### Board of directors 2016:

NOK in thousands	Total remuneration
Wenche Teigland (Chairman)	-
Robert Olsen (Deputy Chairman)	-
Birthe Iren Grotle (Member)	-
Thor-Erik Vartdal (Member)	-
Peder Brustad (Member)	-
Øistein Prestø (Member, Employee representative)	55
Frank Økland (Member, Employee representative)	55
<b>Total remuneration Board of directors 2016</b>	<b>110</b>

There are no current bonus agreements or agreement of similar profit sharing with the CEO or Chairman of the board. The rest of the executive management is included in the Group's performance bonus scheme. Note that an extra bonus payment was made to the executive management (including the CEO) in 2017 related to the listing process.

There has not been paid remuneration to board members that are under employment of the shareholding companies, BKK AS, Skagerak Energi AS and Statkraft Industrial Holding AS.

Mutual period for termination of employment is 6 months from the first of the month following notice of termination. The CEO is entitled to 12 months salary including other benefits, if the company chooses to terminate the employment before retirement. These benefits are shortened by other income received during the period.

Note 19  
Remuneration

The Group's executive management has the right to apply for loans on the same grounds as all the employees in the company. Maximum duration for loans to employees are 15 years. The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus 1 percentage point. Current limit for taxation of benefits is 2.2 %.

The CEO and Group management is included in the current pension plan for the Group.

Auditor's remuneration (all related to services provided by Deloitte)

	2017	2016
NOK in thousands		
Statutory audit*	1 770	684
Tax advisory services	22	19
Other assurance services	27	56
Other non-audit related services	29	256
<b>Total</b>	<b>1 848</b>	<b>1 015</b>

\*Statutory audit in 2017 includes auditor's work related to the listing process.

Note 20  
Guarantees

The company purchases bank guarantees to secure certain liabilities as per the table below.

	31 December 2017	31 December 2016	1 January 2016
NOK in thousands			
Bank guarantees related to re-invoicing	699 470	593 120	129 000
Bank guarantees related to tax deductions and property rent	14 198	11 198	11 198
<b>Total</b>	<b>713 668</b>	<b>604 318</b>	<b>140 198</b>

The Group provides re-invoicing to customers related to grid rent to the grid owners (consolidated billing). The Group is required from the grid owners to provide bank guarantees for the settlement of grid rent. The majority of the Group's guarantees are related to this.

In addition, the Group's bank connection provides a guarantee covering rent for offices in Bergen and Trondheim as well as a guarantee related to employees tax withholding.



## Note 21 Direct cost of sales

This note provides a breakdown of the items included in direct cost of sales		
NOK in thousands	2017	2016
Purchase of electrical power and el certificates	3 485 418	3 137 814
Other direct cost of sales	49 024	2 172
Interest compensation for extended credit days electricity purchase	6 079	4 551
<b>Total direct cost of sales</b>	<b>3 540 521</b>	<b>3 144 538</b>
* Refer to note 4 Revenue recognition		

Other indirect cost related to generating revenue are not included within direct costs of sales for 2017 and 2016 as they are not material and is included within other operating expenses in the consolidated statements of gains and losses. Management review and evaluate this on an annual basis.

The interest compensation for extended credit days related to electricity purchase from Statkraft Energi AS, the Group's main supplier of electrical power, is recorded in direct cost of sales. The Group's agreement with Statkraft Energi AS allows for payment terms of 30 days, of which the outstanding balance is interest-bearing from day 1. As at 31 December 2017, the interest bearing balance with Statkraft Energi AS was NOK 553 962 thousands (31 December 2016 was NOK 411 571 thousands).

The Group presents this interest expense as part of its direct cost of sales as it consider this a cost directly related to the purchase of electrical power.

Refer to Note 18 for a complete overview of transactions and positions with related parties.

## Note 22 Ownership interests in other entities

The Group's principal subsidiaries at 31 December 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of entity	Place of business	Ownership interest held by the Group	Principal activities
Trondheim Kraft AS	Trondheim, Norway	100%	Purchase, sales and portfolio management of electrical power
Fjordkraft AS	Bergen, Norway	100%	Purchase, sales and portfolio management of electrical power

## Note 23 Events after the reporting period

### Listing process

With reference to the press release on the Group's webpages on 24 November 2017 regarding a possible listing of Fjordkraft at Oslo Stock Exchange.

The three owner's incorporated a public limited liability company ("ASA"), Fjordkraft Holding ASA, on 15 December 2017 to comply with the requirements to be admitted as a listed company. At the date when these financial statements were authorised for issue, the Group, together with the owners and their advisors, were still in a process of considering a potential listing. The Group still expects to conclude on this process during 2018.

### Dividend

The Board of Directors has in the board meeting on 13 February 2018 proposed a dividend to the shareholders of total NOK 100 000 000 (NOK 0.96 per share).

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

## Directors responsibility statement

Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements for Fjordkraft Holding ASA, for the year ended 31 December, 2017 (Annual report 2017).

Fjordkraft Holding ASA's consolidated financial statements have been prepared in accordance with IFRSs and IFRICs as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for Fjordkraft Holding ASA have been prepared in accordance with the Norwegian Accounting Act § 3-9

and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS. The Board of Directors' report for the Group and the parent company is in accordance with the requirements in the Norwegian Accounting Act.

### To the best of our knowledge:

- The consolidated and separate annual financial statements for 2017 have been prepared in accordance with applicable financial reporting standards
- The consolidated and separate annual financial statements give a true and fair view of

the assets, liabilities, financial position and profit as a whole as of 31 December, 2017 for the Group and the parent company

- The Board of Directors' report for the Group and the parent company includes a fair review of:
  - i. the development and performance of the business and the position of the Group and the parent company, and
  - ii. the principal risks and uncertainties the Group and parent company face.

The Board of Fjordkraft Holding ASA, Bergen, 13 February 2018:



Robert Olsen  
**Chairman**




Øistein Prestø  
**Board member**



Svein-Kåre Grønås  
**Board member**



Birthe Irene Grotle  
**Deputy Chairman**



Kristil Håland Heigerud  
**Board member**



Linda Buckler Vinsand  
Lindi Vinsand  
**Board member**



Frank Økland  
**Board member**



Peder Brustad  
**Board member**



Rolf Barmen  
**CEO**

## 4.4

# Financial statement Fjordkraft Holding ASA

## Statement of comprehensive income (loss)

NOK in thousands	Note	15 Dec - 31 Dec 2017
Operating expenses	3	(190)
<b>Operating profit</b>		<b>(190)</b>
Financial income	7	231 689
<b>Net financial income/(cost)</b>		<b>231 689</b>
<b>Profit/(loss) before tax</b>		<b>231 499</b>
Income tax (expense)/income	8	58
<b>Profit/(loss) for the year</b>		<b>231 557</b>
Other comprehensive income		-
<b>Total other comprehensive income for the year, net of tax</b>		<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>231 557</b>

## Statement of financial position

NOK in thousands	Note	31 December 2017	15 December 2017
<b>Assets</b>			
<b>Non current assets</b>			
Deferred tax assets	8	58	-
Investments in subsidiaries	4	734 231	734 231
<b>Total non-current assets</b>		<b>734 290</b>	<b>734 231</b>
Current receivables from Group companies	7	231 689	
Cash and cash equivalents	-	-	-
<b>Total current assets</b>		<b>231 689</b>	<b>-</b>
<b>Total assets</b>		<b>965 979</b>	<b>734 231</b>

## Statement of financial position

NOK in thousands	Note	31 December 2017	15 December 2017
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	5	31 349	31 349
Share premium	5	702 683	702 683
Retained earnings	5	131 557	-
<b>Total equity</b>		<b>865 588</b>	<b>734 031</b>
<b>Current liabilities</b>			
Trade and other payables		121	-
Dividend Payable	7	100 000	-
Other current liabilities	6	269	200
<b>Total current liabilities</b>		<b>100 390</b>	<b>200</b>
<b>Total liabilities</b>		<b>100 390</b>	<b>200</b>
<b>Total equity and liabilities</b>		<b>965 979</b>	<b>734 231</b>

The Board of Fjordkraft Holding ASA, Bergen, 13 February 2018.

  
 Robert Olsen  
**Chairman**
  
 Birthe Irene Grotle  
**Deputy Chairman**
  
 Frank Økland  
**Board member**
  
 Øistein Prestø  
**Board member**
  
 Kristil Håland Heigerud  
**Board member**
  
 Peder Brustad  
**Board member**
  
 Svein-Kåre Grønås  
**Board member**
  
 Lindi Buckler Vinsand  
 Lindi Vinsand  
**Board member**
  
 Rolf Barmen  
**CEO**

## Statement of changes in equity

NOK in thousands	Share capital	Share premium	Retained earnings	Total equity
Opening balance at 15 December 2017	31 349	702 683	-	734 031
Profit/(loss) for the period	-	-	231 557	231 557
Other comprehensive income	-	-	-	-
Dividends	-	-	(100 000)	(100 000)
<b>Closing balance 31 December 2017</b>	<b>31 349</b>	<b>702 683</b>	<b>131 557</b>	<b>865 588</b>

## Statement of cash flows

NOK in thousands	Note	15 Dec - 31 Dec 2017
Profit/(loss) before tax		231 499
Adjustments for: Financial income		(231 689)
<b>Changes in working capital:</b>		
Trade and other payables		121
Other current liabilities	6	69
<b>Net cash from operative activities</b>		<b>-</b>
<b>Net cash used in investing activities</b>		<b>-</b>
<b>Net cash used in financing activities</b>		<b>-</b>
Net change in cash and cash equivalents		-
Cash and cash equivalents at 15 December		-
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>

## 4.5

# Notes Fjordkraft Holding ASA

Note 1 General information	109	Note 6 Other current liabilities	111
Note 2 Accounting principles	109	Note 7 Related party transactions	112
Note 3 Operating expenses	110	Note 8 Tax	113
Note 4 Investments in subsidiaries	111	Note 9 Remuneration to the Executive management and Board of Directors	114
Note 5 Share capital and shareholder information	111	Note 10 Events after the reporting period	116

## Note 1 General information

Fjordkraft Holding ASA, is a public limited liability company, and was incorporated on 15 December 2017. The company's core business is purchase, sales and portfolio management of electrical power to end users, as well as related activities, including investment in other companies.

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

## Note 2 Accounting principles

The financial statements of the Company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS. Principally this means that recognition and measurement comply with the International Accounting Standards IAS and presentation and note disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. Any exceptions from measurement and recognition according to IFRS is disclosed below.

### Use of estimates

The preparation of financial statements requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

### Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables

are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities.

### Investments in subsidiaries

Investments in subsidiaries are recognised as the carrying amount of equity in the subsidiaries at the time of incorporation.

The carrying amount is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in the carrying amount.

Dividend/group contribution from subsidiaries are reflected in the same year as the amount is approved.

Investments are written down to fair value if it is considered to be lower than carrying amount.

### Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

### Cost of incorporation

The costs related to the incorporation is estimated on the date of incorporation in line with management best estimate, and recognised directly towards equity.

### Taxes

The tax expense for the period includes both payable taxes for the period and changes in deferred tax. Tax expense is recognised in profit or loss, except when it relates to items in

other comprehensive income or items directly attributable to equity.

Deferred tax is calculated in accordance with tax laws and regulations enacted or substantially adopted on the balance sheet date. Uncertain tax liabilities are recognised when the probability of payment exceeds 50 per cent. Uncertain tax liabilities are assessed separately.

Deferred tax assets are capitalized to the extent that it is likely that future taxable profit will be available where future tax deductible can be utilized.

### Dividends

Pursuant to the exemption paragraph in Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS, the company has elected to recognise dividends in accordance with the Norwegian Accounting Act and Norwegian Generally Accepted Accounting Principles. Thus, any dividend payable is recognised as a current liability at the balance sheet date for the reporting period for which the dividend is proposed based on.

### Events after the reporting period

New information on conditions that existed on the balance sheet date is taken into account in the financial statements. Other events after the balance sheet date that will affect the company in the future, and are not insignificant, are disclosed in a separate note.



## Note 3 Operating expenses

NOK in thousands	15 Dec - 31 Dec 2017
Audit fee	75
Legal services	56
External consultants	59
<b>Total operating expenses</b>	<b>190</b>

### Specification of auditor's remuneration (all related to services provided by Deloitte)

NOK in thousands	15 Dec - 31 Dec 2017
Statutory audit	75
Other assurance services*	45
<b>Total auditor's remuneration</b>	<b>120</b>

\* These costs are related to the incorporation and is recognised directly towards equity at the date of incorporation, thus not recognised in statement of profit or loss.

There has been no remuneration for the Board of Directors or management during the period covered by these financial statements. The company has not had any employees in the period. Hence there is no requirements for the company to comply with the law on compulsory occupational pension.

## Note 4 Investments in subsidiaries

NOK in thousands	Location	Ownership/ voting right	Equity last year (100%)	Profit last year (100%)	Book value
Fjordkraft AS	Bergen, Norway	100%	711 161	224 383	734 231
<b>Book value at 31 December 2017</b>					
					<b>734 231</b>

## Note 5 Share capital and shareholder information

List of shareholders at 31 December	Number of shares	Ownership
BKK AS	51 044 895	48.85 %
Skagerak Energi AS	50 154 984	48.00 %
Statkraft Industrial Holding AS	3 296 337	3.15 %
<b>Total</b>	<b>104 496 216</b>	<b>100.00 %</b>

Fjordkraft Holding ASA was incorporated 15 December 2017. The company was incorporated through a contribution in kind of the three owners' shares in Fjordkraft AS. The contribution of shares amounted to NOK 734 031 494, of which NOK 31 348 865 was share capital and NOK 702 682 630 was share premium. The Company's ultimate parent company is Statkraft AS, a company located in Lilleakerveien 6, 0283 Oslo, Norway.

The Company is included in the consolidated financial statements of Statkraft AS. The consolidated financial statements are available at [www.statkraft.no](http://www.statkraft.no).

## Note 6 Other current liabilities

NOK in thousands	31 December 2017	15 December 2017
Provision for incorporation costs	138	200
Accrued expenses	131	-
<b>Total other current liabilities</b>	<b>269</b>	<b>200</b>

## Note 7 Related party transactions

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

Income from related parties (NOK in thousands)				
Related party	Relation	Purpose of transactions	2017	
Fjordkraft AS	Subsidiary	Dividend		231 689
Distributions to related parties (NOK in thousands)				
Related party	Relation	Purpose of transactions	2017	
BKK AS	Owner	Dividend		48 849
Skagerak Energi AS	Owner	Dividend		47 997
Statkraft Industrial Holding AS	Owner	Dividend		3 155
Current receivables from related parties (NOK in thousands)				
Related party	Relation		31 December 2017	15 December 2017
Fjordkraft AS	Subsidiary		231 689	-
Current liabilities to related parties (NOK in thousands)				
Related party	Relation		31 December 2017	15 December 2017
BKK AS	Owner		48 849	-
Skagerak Energi AS	Owner		47 997	-
Statkraft Industrial Holding AS	Owner		3 155	-

## Note 8

### Tax

NOK in thousands	2017
<b>Tax payable on profit for the year</b>	-
Change in deferred tax/(tax asset)	(58)
<b>Tax expense/(income) recognised in statement of profit or loss</b>	<b>(58)</b>
<b>Tax expense recognised in other comprehensive income</b>	<b>-</b>
Profit/(Loss) before tax	231 499
Income tax at statutory tax rate (24%)	55 560
<b>Tax effect of following conditions:</b>	
Non-deductible costs	(15)
Tax exemption method dividends	(55 605)
Deferred tax expense (income) relating to changes in tax rates	3
<b>Tax expense/(income)</b>	<b>(58)</b>
<b>Specification of basis for deferred tax:</b>	
NOK in thousands	31 December 2017
	15 December 2017
Tax losses carried forward	(252)
Basis for calculation of deferred tax/(tax assets)	(252)
<b>Total deferred tax liability (23 %)/(tax assets)</b>	<b>(58)</b>
	-

## Note 9 Remuneration to the Executive management and Board of Directors

Pursuant to the Norwegian Accounting Act §7-31b, the Company is required to disclose remuneration to the Executive management and the Board of Directors received from other companies in the Group. The Executive management has received the following remuneration from the Company's subsidiary, Fjordkraft AS, during the year ended 31 December 2017:

### Executive management 2017:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	2 334	1 267	120	262	3 983	805
Birte Strander (Chief Financial Officer)	1 350	707	120	191	2 368	-
Jeanne K. Tjomsland (Head of HR & Communications)	1 250	553	120	227	2 150	601
Arnstein Flakerud (Head of Strategy and M&A)	1 300	574	120	166	2 160	-
Solfrid K. Aase (Head of Company Projects)	1 150	415	100	167	1 832	-
Torkel Rolfseng (Head of Power Trading and Alliances)	1 200	432	100	224	1 956	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 250	449	120	155	1 974	56
Ingeborg C. Morken (Chief Commercial Officer)	1 350	595	120	196	2 261	595
<b>Total remuneration executive management 2017</b>	<b>11 184</b>	<b>4 992</b>	<b>920</b>	<b>1 587</b>	<b>18 683</b>	<b>2 057</b>

The Board of Directors has received the following remuneration from the Company's subsidiary, Fjordkraft AS, during the year ended 31 December 2017:

### Board of directors 2017:

NOK in thousands	Total remuneration
Robert Olsen (Chairman)	-
Birthe Iren Grotle (Deputy Chairman)	-
Peder Brustad (Member)	-
Svein Kåre Grønås (Member)	-
Kristil Håland Helgerud (Member)	-
Lindi Bucher Vinsand (Member, Employee representative)	28
Ølstein Prestø (Member, Employee representative)	55
Frank Økland (Member, Employee representative)	55
Per-Otto Svendsen (Member until 30 May 2017)	23
Bettina Bergesen (Deputy in board meetings)	3
Lindi Vinsand (Board observer from 30 May 2017)	5
<b>Total remuneration Board of directors 2017</b>	<b>168</b>

## Note 9

Remuneration to the Executive  
management and Board of Directors

The Executive management has received the following remuneration from the Company's subsidiary, Fjordkraft AS, during the year ended 31 December 2016:

## Executive management 2016:

NOK in thousands	Salary	Bonus	Other benefits	Pension costs	Total remuneration	Loans outstanding 31 December
Rolf Barmen (Chief Executive Officer)	2 331	-	133	262	2 725	815
Birte Strander (Chief Financial Officer)	1 250	32	100	189	1 571	-
Jeanne K. Tjomsland (Head of HR & Communications)	1 150	32	100	206	1 488	606
Arnstein Flaskerud (Head of Strategy and M&A)	1 200	32	100	155	1 487	-
Solfrid K. Aase (Head of Company Projects)	1 100	32	50	117	1 299	-
Torkel Rolfseng (Head of Power Trading and Alliances)	1 150	32	50	232	1 464	-
Alf-Kåre Hjartnes (Chief Operating Officer)	1 150	32	100	145	1 427	58
Ingeborg C. Morken (Chief Commercial Officer)	1 250	32	100	191	1 573	599
<b>Total remuneration executive management 2016</b>	<b>10 581</b>	<b>224</b>	<b>733</b>	<b>1 497</b>	<b>13 034</b>	<b>2 078</b>

The Board of Directors has received the following remuneration from the Company's subsidiary, Fjordkraft AS, during the year ended 31 December 2017:

## Board of directors 2016:

NOK in thousands	Total remuneration
Wenche Teigland (Chairman)	-
Robert Olsen (Deputy Chairman)	-
Birthe Iren Grotle (Member)	-
Thor-Erik Vartdal (Member)	-
Peder Brustad (Member)	-
Ølstein Prestø (Member, Employee representative)	55
Frank Økland (Member, Employee representative)	55
<b>Total remuneration Board of directors 2016</b>	<b>110</b>

There are no bonus agreements or agreements of similar profit sharing with The CEO or Chairman of the board. The rest of the executive management is included in The Groups performance bonus scheme. Note that an extra bonus payment was made to the executive management (including the CEO) in 2017 related to the listing process. There has not been paid remuneration to board members employed at the shareholding companies: BKK AS, Skagerak Energi AS and Statkraft Industrial Holding AS.

Mutual period for termination of employment is 6 months from the first of the month following notice of termination. The CEO is entitled to 12 months salary including other benefits, if the company chooses to terminate the employment before retirement. These benefits are shortened by other income received during the period.

The Group's executive management has the right to apply for loans on the same grounds as all the employees in the company. Maximum duration for loans to employees are 15 years. The interest rate for loans to employees is approximately equal to the current limit regarding taxation of benefits for such loans, plus 1 percentage point. Current limit for taxation of benefits is 2.2 %. The CEO and Group management is included in the current pension plan for the Group.

## Note 10

### Events after the reporting period

#### Listing process

With reference to the press release on the Group's webpages on 24 November 2017 regarding a possible listing of Fjordkraft at Oslo Stock Exchange.

The three owners incorporated a public limited liability company ("ASA"), Fjordkraft Holding ASA, on 15 December 2017 to comply with the requirements to be admitted as a listed company. At the date when these financial statements were authorised for issue, the Group, together with the owners and their advisors, were still in a process of considering a potential listing. The Group still expects to conclude on this process during 2018.

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

## 4.6 Auditor's report





Deloitte AS  
Drammensveien 135  
Postboks 100  
NO-5892 Bergen  
Norway  
Tlf.: +47 55 21 81 00  
Faks: +47 55 21 81 33  
www.deloitte.no

To the General Meeting of Fjordkraft Holding ASA  
INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion  
We have audited the financial statements of Fjordkraft Holding ASA (the "Group"). The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and income statement, statement of comprehensive income, statement of changes in equity, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2017, and income statement, statement of comprehensive income, statement of changes in equity, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity, and their member firms. The legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Medlemmer av Den norske Revisorforening  
org.nr.: 980 211 282



Accounting for estimated revenues

Key audit matters	How the matter was addressed in the audit
The Group's revenues from physical sales of power in the retail market is based on estimates, as actual sales of power per customer are not known at period end. Estimated accrued revenue as at 31 December, 2017 is NOK 797 millions and of which a majority relates to physical sales of power delivered in the retail market. Associated invoiced revenue amounts to NOK 4.307 millions in 2017.  To estimate revenues for the power delivered, not invoiced, the Group applies a model where supplied volume of power is allocated, by pricing areas, to the various customer segments and products based on historical transactions. Prices reflects current market- and product prices in the period. Although the estimate is based on historical information, estimation uncertainty exists. We refer to information in Notes 1, 3 and 4 to the consolidated financial statements.  Key areas of uncertainty: <ul style="list-style-type: none"><li>• the model's characteristics and ability to reflect best estimates for the period,</li><li>• the completeness and accuracy of the historical information used in the model, and</li><li>• management's judgement related to the allocation of supplied power volumes to customer segments and products.</li></ul> Due to the degree of management's judgment involved, this is considered a key audit matter.	We have assessed the Group's process for estimating revenue and tested the design and implementation of key controls.  We have tested the estimate and the model used as follows: <ul style="list-style-type: none"><li>• evaluated the models ability to reflect actual revenues from sale of power through use of retrospective analyses and analyses of the variation between revenue per the model and actual revenues,</li><li>• tested that the model is mathematically accurate,</li><li>• tested the completeness and accuracy of the historical information used in the model through reconciling selected data as follows:<ul style="list-style-type: none"><li>◦ delivered power per pricing area has been reconciled against power purchased, and</li><li>◦ prices, variables and fixed mark-ups have been reconciled against product prices,</li></ul></li><li>• the allocation of supplied volumes to customer segments and products has been compared to actual allocations being made during the year.</li></ul> We have utilized statistical regression software to prepare independent revenue expectations, compared these with the Group's own estimates, as well as obtaining and evaluating explanations for any significant deviation.  We have assessed the adequacy of the information presented in note 1 (accounting principles), 3 and 4 to the consolidated financial statements.



#### Early adoption of IFRS 9 and IFRS 15

Key audit matters	How the matter was addressed in the audit
<p>In 2017, the Group converted its accounting principles from NGAAP (Norwegian Generally Accepted Accounting Standards) to IFRS (International Financial Reporting Standards).</p> <p>In parallel with the conversion to IFRS, the company early adopted IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers, effective from 1 January, 2017, with full retrospective application.</p> <p>The impact on the profit/(loss) for the year ended 31 December, 2016, was NOK 28.4 millions. We refer to note 2 in the consolidated financial statements, where the effects of the transition to IFRS have been described in more detail.</p> <p>The key areas of focus specific to the early implementation of IFRS 9 and IFRS 15 have been:</p> <ul style="list-style-type: none"><li>• analysis of the company's contracts with customers against the criteria for income recognition under IFRS 15;</li><li>• agent / principal assessments under IFRS 15, including among others, management assessments related to its performance obligations and risks associated with the various contracts with customers;</li><li>• accounting for sales commissions and loyalty programs under IFRS 15 as well as management judgment with respect to which amortization period to be used, and</li><li>• the recognition of and the fair value estimates of financial derivatives under IFRS 9, previously not recorded in the statement of financial positions under NGAAP.</li></ul> <p>The Group have utilized external experts to assist with the implementation of IFRS.</p> <p>Due to the scope and complexity of the implementation process, this has been identified as a key audit matter.</p>	<p>We have assessed the process established by the Group to ensure complete and accurate conversion from NGAAP to IFRS, including the early implementation of IFRS 9 and IFRS 15.</p> <p>In testing the Group's early implementation we performed the following:</p> <ul style="list-style-type: none"><li>• analyzed previous years' NGAAP financial statements to identify items where we would expect to see differences between IFRS 9, IFRS 15 and NGAAP, and compared with the differences identified by the Group;</li><li>• identified and analyzed the company's contracts with customers against the criteria for revenue recognition under IFRS 15;</li><li>• utilized our internal IFRS experts as part of our evaluation of the differences in order to:<ul style="list-style-type: none"><li>◦ challenge the company's assessment of agent / principal considerations against the requirements of IFRS 15;</li><li>◦ evaluate the company's accounting principles with respect to accounting for sales commissions and loyalty programs in accordance with IFRS 15 including challenging the Group's method and model for amortization, and</li><li>◦ evaluated the Group's accounting policy for the financial derivatives in accordance with the requirements of IFRS 9;</li></ul></li><li>• where differences were identified we have obtained and tested the underlying supporting documentation.</li></ul> <p>We have also evaluated the competencies of the external expert used by the Group.</p> <p>We have assessed the adequacy of the information provided in Note 1 (Accounting Principles) and Note 2 to the consolidated financial statements.</p>

#### Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.



Page 5  
Independent Auditor's report to the  
General Meeting of Fjordkraft Holding ASA

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures; and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

*Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Bank's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 13 February 2018  
Deloitte AS

  
**Bjørn Lyse Opdal**  
State Authorised Public Accountant

# ÅRSRAPPORT 2016

## Fjordkraftkonsernet

### INNHold

Fjordkraftkonsernet	s 2
Organisasjon	s 3
<b>FJORDKRAFT</b>	
Styrets beretning	s 7-12
Regnskap 2016	s 13-18
Noter til regnskapet	s 19-35
<b>TRONDHEIM KRAFT</b>	
Styrets beretning	s 37-39
Regnskap 2016	s 40-44
Noter til regnskapet	s 45-51
Adresser	s 51



# FJORDKRAFTKONSERNET

Fjordkraftkonsernet består av Fjordkraft AS og Trondheim Kraft AS. Vi selger strøm til kunder over hele Norge. Vår virksomhet er innkjøp, salg og porteføljeforvaltning av strøm til husholdninger og kommuner, samt private- og offentlige bedrifter. I 2017 ble Fjordkraft også leverandør av mobiltelefoner til privatkunder over hele landet.

## INNHold

► <b>Fjordkraftkonsernet</b>	<b>s 2</b>
Organisasjon	s 3
<b>FJORDKRAFT</b>	
Styrets beretning	s 7-12
Regnskap 2016	s 13-18
Noter til regnskapet	s 19-35
<b>TRONDHEIM KRAFT</b>	
Styrets beretning	s 37-39
Regnskap 2016	s 40-44
Noter til regnskapet	s 45-51
Adresser	s 51

### Vår virksomhet

Over 1.100.000 har Fjordkraft i stikkontakten. Det er en målsetning for oss å tilby kundene strømvatner og fordeler som gir kundene mer for pengene.

### Eierforhold

Trondheim Kraft AS eies 100 prosent av Fjordkraft AS. Fjordkraft eies av BKK AS med 48,85%, Skagerak Energi AS eier 48 % og Statkraft Industrial Holding AS eier 3,15 %.

Fjordkraft ble opprettet 1. april 2001 som et resultat av fusjon mellom BKK Kraftsalg AS og omsetningsvirksomheten i Skagerak Energi AS.

### Misjon

Sammen skal vi skape den mest attraktive strømleverandøren i Norge.

### Visjon

2 millioner har Fjordkraft i stikkontakten, hjemme og på jobb.

### Våre verdier

Gjør det enklere - Vær vennlig - Skap verdi

### HOVEDTALL KONSERNET (Fjordkraft og Trondheim Kraft)

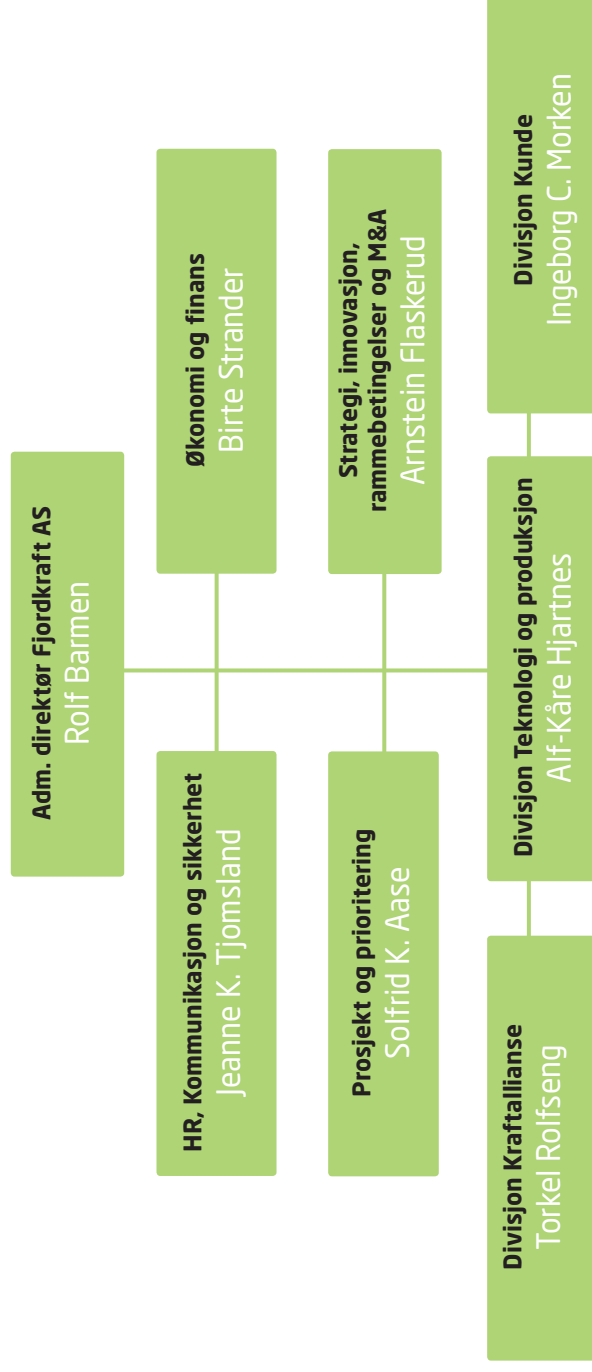
(mill kr)	2016	2015
Driftsinntekter	4,753	3,794
Driftsresultat	303	303
Resultat f. skatt	306	309
EK 31.12	400	289
Egenkapital prosent (soliditet)	25%	26%
Antall ansatte	172	150





# ORGANISASJON

Fjordkrafts hovedkontor er i Bergen. Regionskontorene er i Sandefjord og Trondheim. I 2015 etablerte selskapet kontorer i Stavanger og Oslo.



## INNHold

Fjordkraftkonsernet	s 2
► <b>Organisasjon</b>	<b>s 3</b>
FIORDKRAFT	
Styrets beretning	s 7-12
Regnskap 2016	s 13-18
Noter til regnskapet	s 19-35
TRONDHEIM KRAFT	
Styrets beretning	s 37-39
Regnskap 2016	s 40-44
Noter til regnskapet	s 45-51
Adresser	s 51

## Verdt å vite:

- Strømprisene i 2016 var høyere enn i 2015, som var et år med uvanlig lave strømpriser. Systemprisen på den nordiske kraftbørsen var i 2016 i gjennomsnitt for året 24,7 øre/kWh ekskl. mva., sammenliknet med 18,7 øre/kWh i 2015.
- Regelverket for gjennomfakturering ble vedtatt av NVE med virkning fra 1.september 2016. Det innebærer at alle kunder vil få samme mulighet til felles faktura for strøm og nettleie. Fjordkraft har jobbet for en slik løsning siden 2009, fordi dette er kundevennlig og fremmer konkurransen i strømmarkedet.



- Også i 2016 fortsatte Fjordkraft sin fremgang på Norsk Kundebarometers måling, og oppnådde 77,1 poeng, sammenliknet med 76,3 poeng foregående år. Poengsum høyere enn 70 tilsier at kundene er tilfredse. Den nye norske versjonen av Kotler og Kellers markedsføringsbok omtaler den positive utviklingen Fjordkraft har hatt på målingen.

# BILLIG MOBILTELEFONI TIL KUNDENE

Fjordkraft går inn i et tøft marked og utfordrer eksisterende mobilaktører på pris. Fjordkraft har en sterk merkevare som nå også skal bli kjent for mobiltelefoni. Selskapet når med dette ut til hele husstanden.

Av Jeanne K. Tjomsland



– I alle år har vi kjøpt inn strøm for å videreselge. Med lanseringen av mobiltelefoni tar vi dette et steg videre og kjøper inn mobiltelefoni og videreselge til kunder våre, sier Ingeborg C. Morken, divisjonsdirektør Kunde i Fjordkraft. Med mobil når vi ut med et relevant tilbud til flere i husstanden.

## Jobber med det vi kan

– Vi har tatt utgangspunkt i vårt kundeløfte: Mer for pengene og at vi skal dra nytte av det vi allerede er gode på. Gjennom å etablere et nytt forretningsområde vil vi utnytte ressursene våre både innen merkevare, distribusjon, kundeservice og produktledelse enda bedre. Kundesenteret har vi allerede.

For kunder som kun vil ha billig strøm kan Morken berolige med at strømmen blir ikke dyrere av at selskapet tilbyr mobil.

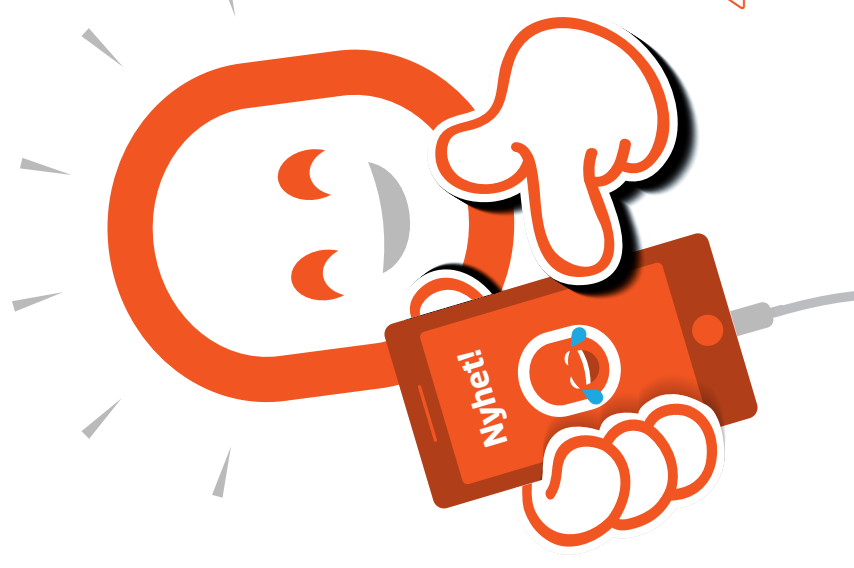
## Utnytter verdien av merkevaren

– Vi har bygget oss opp til å bli en svært kjent merkevare, forteller Morken. Fjordkraft trenger ikke bygge opp en helt ny organisasjon. Selskapet skal hente ut stordriftsfordeler mellom strøm og mobil og leve med lavere marginer enn konkurrentene – og dermed utfordre dagens mobilmarked.

Ved å gi våre kunder gode fordeler oppnår vi mer lojale kunder og kundevækst.

– Fjordkraft er rigget for å kunne tilby våre strømkunder billig mobiltelefoni. Vi har også flere blant våre medarbeidere, og administrerende direktør Rolf Barmen, med erfaring fra mobilbransjen, forteller Morken.

Fjordkraft har valgt å gi sine kunder Telenordekning. Kundeundersøkelser viser at dette er kundenes foretrukne valg og oppleves som den beste dekingen.



# KREVER KLIMANØYTRALE LEVERANDØRER

Fjordkraft vil skape et marked der klimanøytralitet er den nye standarden.

Av Jon Vaag Eikeland

Klimatoppmøtet i Paris resulterte i en historisk avtale: Innen utgangen av dette århundret skal verden være klimanøytral. Målet er å begrense den globale temperaturstigningen til maksimalt to grader. Hvis temperaturen stiger ytterligere blir klimaendringene umulige å kontrollere.

## Dominoeffekt

Fjordkraft har vært klimanøytrale siden 2007. Nå har selskapet i tillegg valgt å stille krav om klimanøytralitet til alle selskaps leverandører, i et initiativ døpt «Klimanjaro».

På sikt kan vi kreve at også leverandørenes leverandører skal være klimanøytrale. Det er ambisiøst, men vil gi en dominoeffekt som overgår alle andre klimatiltak. Vi i Fjordkraft ønsker at dette skal være et eksempel til etterfølgelse, forteller strategidirektør Arnstein Flaskerud.

«Klimanjaro» er et ordspill på Afrikas høyeste fjell, Klimanjaro. Fjellet er krevende å bestige, men det store flertallet klarer det med riktige forberedelser. På samme måte er «Klimanjaro» ambisiøst, men fullt gjennomførbart. Smeltingen av Klimanjaros isbreer akselererer dessuten som følge av menneskeskapte klimaendringer, og er et godt bilde på utfordringene verden står overfor.

## - Handler ikke om nullutslipp

Fjordkraft benytter FNs definisjon av klimanøytrale virksomheter, og de anerkjente standardene til «World Resources Institute» og «Greenhouse Gas Protocol» for å beregne leverandørens direkte og indirekte utslipp.

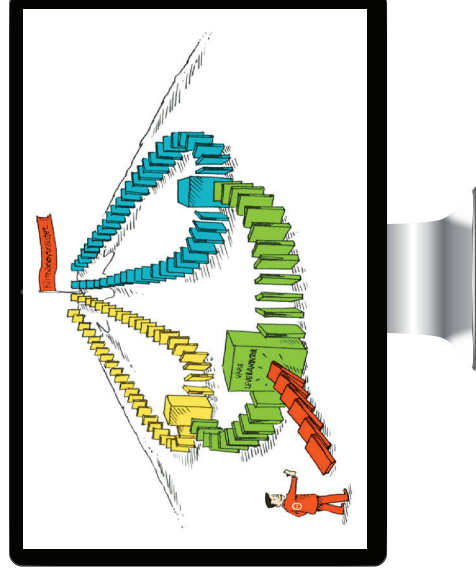
Klimanøytralitet handler ikke om nullutslipp, men om å redusere eget klimaavtrykk, kombinert med kjøp av godkjente klimakvoter. Vårt krav er at alle våre leverandører vi har et avtaleforhold til skal være klimanøytrale innen 1. januar 2019, men allerede nå må de undertegne en intensjonserklæring, sier Flaskerud.

Ønsker ikke leverandørene å undertegne vil Fjordkraft bruke sin markedsrett, og finne alternative leverandører.

## Grønn bunnlinje

Vi mener bedrifter har et ansvar utover det å maksimere avkastning, men et grønt skifte kan også gi en grønn bunnlinje. Klimanøytralitet vil være et konkurransefortrinn, for Fjordkraft og for alle som har mot til å ta sats og stille de samme kravene, sier Flaskerud, og minner om at klimaendringene allerede er tydelige i store deler av verden. Likevel fortsetter verdens samlede CO<sub>2</sub>-utslipp å stige.

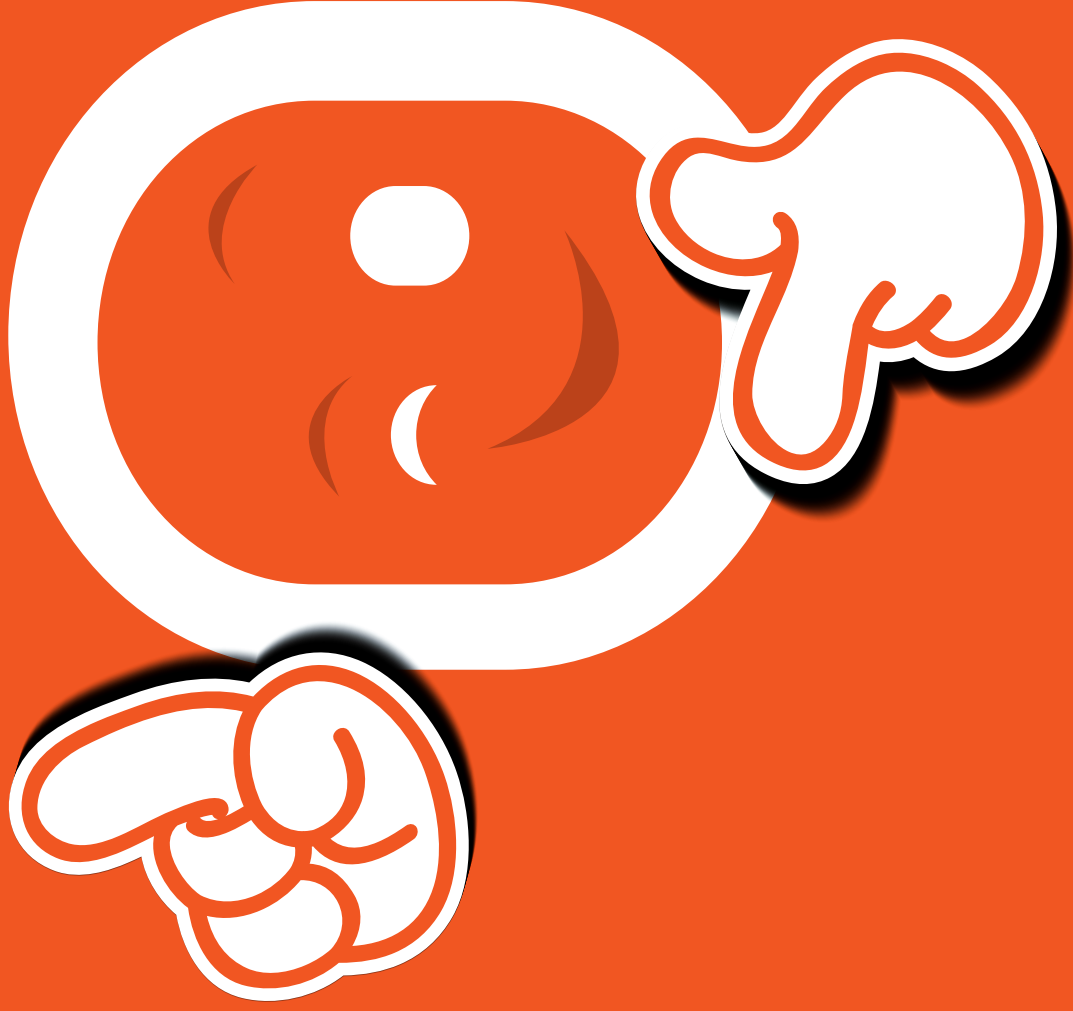
Det forplikter oss til å finne løsninger med en effekt som gjenspeiler utfordringen vi står overfor. Vårt mål er å skape et marked der klimanøytralitet ikke bare er idealet, men den nye standarden, avslutter Flaskerud.





# Årsrapport 2016 Fjordkraft

# STYRETS BERETNING



## INNHold

Fjordkraftkonsernet	s 2
Organisasjon	s 3
<b>FJORDKRAFT</b>	
► <b>Styrets beretning</b>	<b>s 7-12</b>
Regnskap 2016	s 13-18
Noter til regnskapet	s 19-35
<b>TRONDHEIM KRAFT</b>	
Styrets beretning	s 37-39
Regnskap 2016	s 40-44
Noter til regnskapet	s 45-51
Adresser	s 51

# FJORDKRAFTKONSERNET OG MORSELSKAPET FJORDKRAFT AS

2016 har i likhet med foregående år gitt svært gode resultater på mange områder. Konsernet fikk i 2016 et resultat før skatt på 306 millioner kroner (morselskap 303 millioner kroner). Selskapet har gjennom året hatt god kundevekst. Kundetilfredsheten er høy, den positive utviklingen har fortsatt og attraktiviteten er på sitt høyeste nivå siden målingene startet. Det samme er tilfellet for medarbeidertilfredsheten. Selskapet har gjennom året satt nye toppnoteringer med tanke på synlighet og å være «Top of Mind» hos forbrukerne.

(tall i parentes for morselskapet)

## Selskapets virksomhet

Fjordkrafts virksomhet er innkjøp, salg og porteføljeforvaltning av strøm til husholdninger, kommuner, offentlige og private bedrifter. Selskapet selger også energitjenester til egne kunder og andre energiverk.

Fjordkrafts kunder skal oppleve at de, i tillegg til gode strømvakter og kundeservice i Norgestoppen, får mer for pengene. Med sin synlighet og store kundemasse er Fjordkraft en attraktiv samarbeidspartner for andre kjente merkevarer. Det er et mål at kundene skal anse Fjordkraft som så attraktiv at de anbefaler selskapet til sine venner.

Alliansekonseptet er Fjordkrafts samarbeidsmodell for små kraftprodusenter og strømløseleverandører i distriktene. Fjordkraft står for innkjøp og forvaltning av kraftporteføljen for medlemmene. Det betyr utarbeidelse av produkter, prissikringer, analyser, markedsmateriell og tilbud om rådgiverkompetanse på en rekke områder. I løpet av 2016 har Fjordkraft fått nye deltakere til konseptet, slik at totalt antall utgjør 33. Det har i 2016 vært gjort et omfattende arbeid med å utvikle nye tjenestetilbud for dette segmentet innen meldingsutveksling, avregning, gjennomfaktureringsinnsending og regnskap. Den første kunden på det nye tjenestetilbudet ble startet opp mot slutten av 2016 og selskapet vil gjennomføre piloter med nye alliansepartnere gjennom hele 2017.

Fjordkraft AS har hovedkontor i Bergen. Selskapet har regionskontor i Sandefjord, kontorer i Oslo og Stavanger, samt

i Trondheim gjennom datterselskapet Trondheim Kraft AS.

Fjordkrafts eiere inngår blant selskapets samarbeidspartnere. BKK Kundetjenester AS og Skagerak Nett AS var til og med våren 2016 tjenesteleverandører innen kundeservice. Frem til oktober 2016 var Skagerak Nett AS leverandør innen avregning, fakturering og innføring. BKK Kundetjenester AS har levert denne typen tjenester i hele 2016. NVEs innføring av regelverk for gjennomfaktureringsinnsending til disse oppgavene har blitt overtatt av Fjordkraft. Statkraft Energi AS' handelsmiljø i Trondheim leverer tjenester innen fysisk og finansiell krafthandel.

Fjordkraft økte solgt volum og kundemasse vesentlig i 2016. Over 1.100.000 innbyggere i Norge har Fjordkraft i stikkontakten. Målinger i 2016 viser at selskapet vurderes som den mest attraktive leverandøren å bytte til. Det eksisterende samarbeidet med Expert og SAS Eurobonus, Shell og sportsklubben XXL har gitt selskapet tilgang til nye distribusjonskanaler og inngår i et fordelsprogram for eksisterende kunder. Fordelsprogrammet er ytterligere utvidet i 2016, og det vil bli jobbet med å fortsatt øke programnets attraktivitet for kundene.

Også i 2016 fortsatte Fjordkraft sin fremgang på Norsk Kundebarometers måling, og oppnådde 77,1 poeng, sammenliknet med 76,3 poeng foregående år. Poengsum høyere enn 70 tilsier at kundene er tilfredse. Fjordkraft er den aktøren som har hatt den bratteste og mest positive utviklingen i NKBs historie. Kompetent og vennlig kundeservice er viktig for selskapet og det har også i 2016 blitt viet

stor oppmerksomhet til dette. Det er derfor gledelig og inspirerende at Fjordkraft ble kåret til «beste kundeserviceledelse» i januar 2016 basert på en evaluering av selskapet som ble gjennomført i desember 2015.

## Organisasjon

### Organisasjon og likestilling

Konsernet hadde ved inngangen av 2016 totalt 150 fast ansatte fordelt på 147 årsverk. Ved utgangen av året var antallet 172 ansatte, fordelt på 169,2 årsverk. Alle deltidsstillinger er etter ønske fra medarbeiderne. Økningen i antallet ansatte skyldes kundevekst, økt aktivitetsnivå, innleide årsverk som er gjort om til faste stillinger samt insourcing av tidligere outsourcede kundeserviceoppgaver.

I Fjordkraft har menn og kvinner like rettigheter, muligheter og lønnsvilkår for samme type stilling. Ved utgangen av 2016 var kvinneandelen blant medarbeiderne 42 prosent og i styret 29 prosent. Samlet for lederstillinger med personalansvar er fordelingen slik at 33 prosent av disse stillingene innehas av kvinner. Selskapets toppledergruppe har 50/50 fordeling mellom kvinner og menn.

Diskrimineringslovens formål er å fremme likestilling, sikre like muligheter og rettigheter og å hindre diskriminering. Selskapet arbeider aktivt og målrettet for å fremme lovens formål. Aktivitetene omfatter blant annet rekruttering, lønns- og arbeidsvilkår, forfremmelse, utviklingsmuligheter og beskyttelse mot trakassering.

Det totale sykefraværet var 4,4 prosent i 2016, mot 6 prosent i 2015. Målet er fravær lavere enn 4,5 prosent. Fjordkraft AS er tilsluttet ordningen "Inkluderende arbeidsliv". Årlig gjennomføres undersøkelse av medarbeidernes tilfredshet. Tilfredsheten blant medarbeiderne er svært høy, og de ansatte har et sterkt engasjement for sin arbeidsplass. Dette er den høyeste målte tilfredsheten i selskapets historie. Målingen er sammenliknbar med andre selskaper.

Løftebasert ledelse har siden 2004 vært en viktig del av

Fjordkrafts kultur og arbeidsmåte for å sikre at strategien omsettes til handling i den enkeltes arbeidshverdag. Selskapets ledelsesfilosofi uttrykker forventningene til hvordan ledere skal tilrettelegge for motivasjon og skape resultater gjennom medarbeiderne. Fjordkraft innførte LEAN som arbeidsmetode i 2014 og har fortsatt å fokusere på prosessforbedringer gjennom LEAN-metodikken gjennom 2016. Arbeidet inngår som en vesentlig del av selskapets satsning på kontinuerlig forbedring.

### Klimanøytral virksomhet

Fjordkraft har tro på at selskapet kan bidra til å utgjøre en positiv forskjell i arbeidet for å redusere klimautslipp. Selskapet har siden 2007 vært klimanøytralt. Fjordkraft har igangsatt prosjekt «Klimanjaro». Dette innebærer at det stilles krav til alle selskapets avtalepartnere på innkjøp av varer og tjenester om at de også skal følge FNs program for klimanøytrale bedrifter. Avtalepartnere må avgi en intensjonserklæring om å bli klimanøytrale innen 1. januar 2019. Selskapet jobber også målrettet for å skape tilsvarende ambisjoner hos andre i næringslivet, blant annet gjennom innkjøpsorganisasjoner og Energi Norge.

Fjordkraft-konsernets samlede CO<sub>2</sub>-utslipp knyttet til energiforbruk til kontorarealer og medarbeidernes reisevirksomhet i tjeneste er beregnet til 430 tonn CO<sub>2</sub>e i 2016, sammenliknet med 294 tonn CO<sub>2</sub>e i 2015. Årsaken til økningen fra 2015 er skifte av beregningsmetode og utregningsfaktor. Isolert sett er utslippet på samme nivå som i 2015. Kontorarealet er i løpet av året økt i Bergen, Oslo og Stavanger, men strømforbruket viser likevel en nedgang i forhold til foregående år. Antall reiser med fly holder seg stabilt på samme nivå som tidligere og utslipp fra bil er litt lavere i 2016 enn i 2015. Av utslippet kommer 257 tonn CO<sub>2</sub>e fra energiforbruk ved selskapets kontorer. Dette er dekket inn gjennom kjøp av opprinnelsesgarantier. Tjenestekjøring med bil og flyreiser tilsvarer et utslipp på 173 tonn CO<sub>2</sub>e, og det er kjøpt klimakvoter tilsvarende dette utslippet.

### Utviklingsaktiviteter og investeringer

Fjordkraftkonsernet er et arbeidsintensivt konsern, og har få

varige driftsmidler. Konsernet har i perioden investert betydelig i digitale løsninger for effektiviseringsformål. Formålet er å videreutvikle kostnadseffektive og kundevennlige prosesser. Samlet investeringsbudsjett i «Fjordkraft-fabrikken» for perioden 2013-2015 utgjorde 52 millioner kroner.

Konsernet har investert totalt 17 millioner kroner i investeringsprosjekter i 2016, mot 26 millioner kroner i 2015. Investeringene i 2016 omfatter software-løsninger. Dette omfatter blant annet automatisering av avregning-, fakturerings- og innfordringsprosesser, salgsprosesser og energirapporteringsverktøy tilpasset bedriftskunder. Årsaken til reduksjonen fra foregående år er at etter flere år med høyt investeringsnivå, har selskapet i 2016 kunnet hente ut gevinster og redusere investeringsnivået, samt at det er lagt mer vekt på gjennomføring av driftsutviklingsoppgaver.

Selskapet ønsker som minimum å reinvestere i samme takt som selskapets avskrivninger.

## Økonomi

Fjordkraft AS har fra 1. januar 2007 vært konsolidert inn i regnskapet til Statkraft AS.

Regnskapet 2016 for Fjordkraftkonsernet omfatter virksomheten til Fjordkraft AS og datterselskapet Trondheim Kraft AS. Datterselskapet er i morselskapet bokført etter kostmetoden.

Forutsetningen om fortsatt drift er lagt til grunn for regnskapet, og det bekreftes at denne forutsetningen er til stede. Styret mener at årsregnskapet gir et rettviseende bilde av Fjordkraftkonsernets eiendeler og gjeld, finansielle stilling og resultat.

Systemprisen på den nordiske kraftbørsen var i 2016 i gjennomsnitt for året 24,7 øre/kWh ekskl. mva., sammenliknet med 18,7 øre/kWh i 2015. Dette påvirker selskapets omsetningstall. Totale driftsinntekter i 2016 utgjorde 4,753 (4,487) millioner kroner mot 3,794 (3,565) millioner kroner i 2015. Totale driftskostnader utgjorde 4,449 (4,193) millioner kroner sammenliknet med 3,490 (3,288) millioner kroner foregående år.

Resultat før skatt ble 306 (303) millioner kroner. Skattekostnaden er beregnet til 78 (75) millioner kroner. Resultat etter skatt for 2016 ble dermed 229 (228) millioner kroner.

### Disponering av årets resultat

Det er avsatt 120 millioner kroner i utbytte for 2016 mot 156 millioner kroner i 2015. Avsetningen er fratrasket egenkapitalen og inngår i kortsiktig gjeld.

### Balansen

Fjordkraftkonsernet har få varige driftsmidler. Eiendelene består i all hovedsak av omløpsmidler i form av kundefordringer og bankinnskudd. Størrelsen på disse postene varierer normalt betydelig gjennom året som følge av at pris og forbruk varierer gjennom året.

Provisjoner aktiveres ikke, men kostnadsføres i det aktuelle året.

Anleggsmidler har i 2016 økt med 1 million kroner sammenliknet med 2015. Anleggsmidler omfatter immaterielle eiendeler som FoU-prosjekter og elsertifikater, samt varige driftsmidler. Totalt utgjør dette ca. 7 prosent av konsernets balanseverdi.

Omløpsmidlene utgjør 93 prosent av balanseverdien og har økt med 398 millioner kroner sammenliknet med 2015. Hovedårsaken er at kundefordringer og andre kortsiktige fordringer har økt med 535 millioner kroner grunnet gjennomfakturering av nettleie, flere kunder og høyere markedspriser. Bankinnskudd er redusert med 140 millioner kroner sammenliknet med utløpet av foregående år.

Egenkapitalen er økt med 111 millioner kroner fra 289 millioner kroner i 2015 til 400 millioner kroner i 2016 som følge av tilbakeholdt overskudd. Soliditet, egenkapitalandel, påvirkes av endringer i markedspriser og varierer normalt gjennom året. Ved utgangen av 2016 utgjorde konsernets egenkapitalandel 26 prosent, og er dermed noe økt fra 2015.

Konsernet hadde ikke langsiktig gjeld per 31.12.2016.

Sum kortsiktig gjeld er økt med 295 millioner kroner blant annet som følge av økt leverandørgjeld, skyldige offentlige avgifter og kortsiktig gjeld til Statkraft. Betalbar skatt er redusert. Kundefordringer finansieres via egenkapital og gjeld til selskaps leverandører.

### Pensjon

Avsetning for forpliktelser består utelukkende av netto pensjonsforpliktelser. Denne er 7 millioner kroner lavere i 2016 enn året før. Det skyldes endringer i økonomiske forutsetninger for beregning av pensjonsforpliktsen.

### Kontantstrømanalyse

Fjordkraftkonsernet kan oppleve store variasjoner i pris og forbruk både mellom år og innenfor et år. Dette medfører at en kontantstrømanalyse kan variere betydelig fra en tradisjonell resultatoppstilling. Dette er synlig ved sammenlikning av kontantstrømmene fra operasjonelle aktiviteter. Store kundefordringer per 31.12.16 gjør at netto kontantstrøm fra operasjonelle aktiviteter er lav. Dette henger sammen med etterskuddsvis fakturering, og at prisene mot slutten av 2016 er høyere enn i 2015. I tillegg inneholder kundefordringene også nettleie for en stor andel av kundene. Kundefordringene må også sees i sammenheng med gjeldspostene som i stor grad gjelder kortsiktig gjeld til Statkraft for kraftkjøp.

Netto kontantstrøm fra investerings- og finansieringsaktiviteter viser mindre forskjeller mellom de to årene. Det har vært økte utbetalinger til utbytte i 2016, mens utbetalingene til investeringsaktivitet er noe lavere. Sistnevnte henger sammen med en vridning fra investerings- til driftsprosjekter i 2016

## Risiko og risikostyring

### Generelt om risikostyring

Hele organisasjonen er involvert i risikostyring og internkontroll, som en integrert del av virksomhetsstyringen. Gjennom fast-

lagte aktiviteter og fremgangsmåter skal organisasjonen på en strukturert måte identifisere, vurdere, håndtere og følge opp risiko. Årlige uavhengige interrevisjoner av utvalgte risikoområder er innført som et sentralt virkemiddel i konsernets risikostyring.

### Markedsrisiko

Konsernets hovedvirksomhet er salg av strøm til sluttbrukere. Både sterkt svingende innkjøpspriser og tøff konkurranse i sluttkundenmarkedet, medfører en betydelig forretningsmessig risiko. Produktspektret omfatter spotrelaterte produkter og produkter med ulik grad av finansielle sikringer.

Markedsrisiko styres i henhold til styrevedtatte eksponeringsrammer. Disse overholdes gjennom bruk av NASDAQ OMX' derivatmarked.

### Motpartsrisiko

Motpartsrisiko knyttet til handel i eksterne finansielle markeder begrenses gjennom valg av solide kraftselskap som motparter. Øvrig motpartsrisiko styres gjennom kredittvurdering, kredittovervåking og avtalefestede muligheter for garantier og deponium. Retningslinjer er vedtatt gjennom eget kredittpolicydokument.

### Operasjonell risiko

Operasjonell risiko styres overordnet sett gjennom god virksomhetsstyring. Sentrale elementer i dette er krav til god ledelse, tydelige og involverende målprosesser, relevant rapportering, effektive prosesser og etiske retningslinjer. Fullmaktsmatrise er etablert, og legges fram for godkjenning av styret minimum én gang pr. år. Policydokumenter for vesentlige områder er utarbeidet.

### Likviditetsrisiko

Likviditetsrisiko styres ved at det inngås løpende eller langsiktige avtaler som sikrer grunnfinansieringen av kapitalbehovet. Tilleggskapital dekkes ved behov gjennom løpende dialog med konsernets bankforbindelse samt eiere. Kapitalbehovet styres ved kortsiktige og langsiktige likviditetsprognoser.

## Fremtidsutsikter

Samfunnet generelt og bransjen står foran flere større tekniske og markedsmessige omstillinger som vil påvirke kundenes adferd og vil skape muligheter for nye produkter, prosesser, aktører og forretningsmodeller. Videre forventer styret at bransjen står for en strukturutvikling og konsolidering.

Selskapets strategiplan ble i løpet av året gjennomarbeidet og oppdatert for strategiperioden 2017-2019. Dette danner grunnlaget for beslutninger og aktiviteter for eiere, styret, ledere og medarbeidere i selskapet. Fokusområdet for strategiarbeidet i 2016 var evaluering av selskapets nåværende og fremtidige konkurransefortrinn. Fjordkraft-konsernet er godt forberedt til å møte den kommende utviklingen.

NVEs forskrift som omhandler gjennomfakturering trådte i kraft fra 1. september 2016. En av hovedgrunnene til endringene er at en stor del av strømkundene foretrekker å betale strøm og nettleie samtidig. Frem til dette har kun den lokale leverandøren kunnet tilby dette i forbrukermarkedet. Forskriftsendringen innebærer at alle aktører og strømkunder vil få like muligheter til å tilby samlet faktureringsløsning. Fjordkraft anser dette som en konkurransefremmende og kundenvennlig løsning. Selskapet har jobbet for å få gjennomslag for en slik løsning siden 2009.

Gjennomfaktureringsløsningen er et steg på veien til innføring av én-faktura-modellen. Rolledelingen mellom strømlieferandører og nettselskaper tydeliggjøres. Endringene medfører omstillingsbehov og Fjordkraft anser seg å være godt forberedt til å møte utviklingen.

### Elhub og AMS

Elhub tas i bruk fra oktober 2017 og selskapet har i 2016 forberedt seg på omleggingen.

Opprettelsen av Elhub vil medføre standardisert og sentralisert

utveksling av måleverdier og kundeinformasjon mellom bransjeaktørene.

Smarte målere vil automatisere innhenting av målerdata og endre arbeidsprosessene i, og mellom, nettselskaper og strømlieferandører. Innen 2019 skal digitale strømmålere installeres i alle norske husholdninger. I 2016 har flere nettselskaper kommet godt i gang med utplassering av slike målere, og utplasseringstakten øker i 2017.

ENOVA og NVE ønsker at de nye målerne får følge av smarte løsninger som kan motivere forbrukerne til å spare strøm. Fjordkraft har som ett av syv selskaper fått støtte fra ENOVA til å utvikle et pilotprosjekt. Selskapet vil motta 6,3 millioner kroner fordelt over fem år for å utvikle smarte energibesparende løsninger for private hjem. Pilotprosjektet er i starten av 2017 i ferd med å implementeres hos en gruppe testbrukere. Formålet er å gi selskapet læring om hvordan utvikle tjenester knyttet til redusert energiforbruk på kundens premisser.

### Digitalisering

Ny teknologi, digitalisering og «grønt skifte» er globale trender, som sammen med økte insentiver for elektrifisering fra fornybare energikilder, vil påvirke kundeopplevelsen, forbruksmønstre, vare- og tjenesteproduksjon og hvilke aktører som blir tilbydere i fremtiden.

Investeringene som er gjort i perioden 2012-2015 i Fjordkrafts egen driftsmessige automatisering og digitalisering, er i 2016 utviklet til et tjenestetilbud til små energiverk innen: meldingsutveksling, avregning, gjennomfaktureringsinnføring og regnskap. Selskapet har forventninger til dette som et fremtidig forretningsområde og at løsningen skal implementeres hos flere kunder i 2017 og årene som kommer.

Arbeidet med digitalisering og automatisering av selskapets prosesser vil fortsette. Selskapet er bevisst på kompetanse- og omstillingsbehovet den generelle digitaliseringstrenden

krever. I 2017 vil selskapets strategigjennomgang fokusere på hvordan kundeopplevelsen og tjenestetilbudet påvirkes av digitalisering.

Fjordkraft følger med interesse utviklingen innenfor husholdninger og bedrifter som «prosumers» blant annet av solenergi, elektrifisering av transportbransjen og andre bransjer. Selskapet har i løpet av 2016 tatt steg for å posisjonere seg overfor elbilister og kommer til å videreutvikle dette arbeidet i årene som kommer.

### Omdømme

Konkurransestilsynets prisportal ble sommeren 2015 erstattet av en prisportal i regi av Forbrukerrådet. Evaluering utført av Forbrukerrådet i februar 2016 viste at mye arbeid gjenstår før portalen fungerer korrekt og er brukervennlig. Arbeidet med utbedringen forventes å fortsette i 2017.

Bransjens generelle omdømme har også i 2016 styrket seg. EPSIs målinger i desember 2016 viser at strømbansjen har bedre omdømme enn bank-, mobil- og telebransjen. Utfordringen for bransjen blir å ivareta den positive utviklingen i omdømmet gjennom de endringene som kundene og bransjen står foran.

Fjordkraft er med sin merkevare, kundebase, distribusjonsnettverk, organisasjon og prosessfabrikk godt rustet til å møte utviklingen. Styret benytter anledningen til å rette en stor takk til medarbeidere, og alle som jobber for Fjordkraft, for innsatsen i 2016.



## I styret for Fjordkraft, Bergen, 24. mars 2017.



*Wenche Teigland*  
Wenche Teigland  
Styreleder



*Robert Olsen*  
Robert Olsen  
Nestleder



*Birthe Iren Grotle*  
Birthe Iren Grotle



*Thor-Erik Vartdal*  
Thor-Erik Vartdal



*Peder Brustad*  
Peder Brustad



*Øistein Prestø*  
Øistein Prestø



*F. Økland*  
Frank Økland

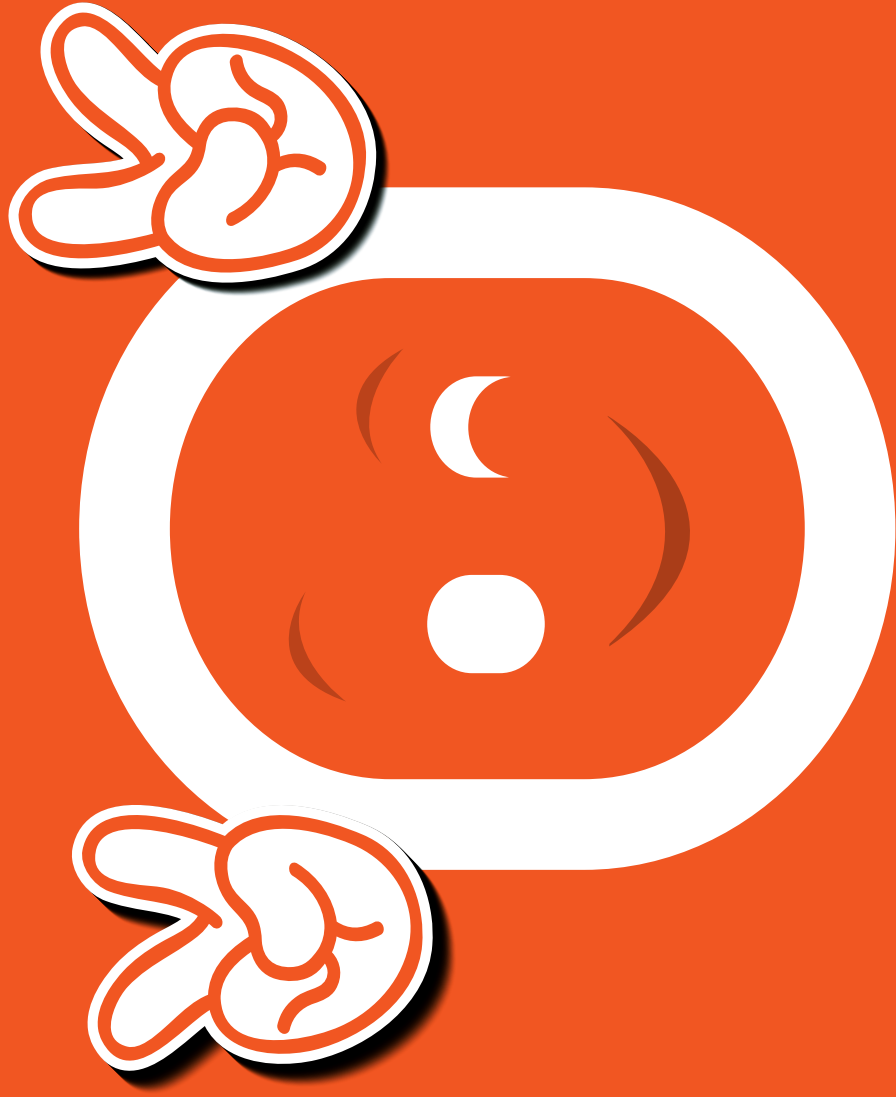


*Rolf Barmen*  
Rolf Barmen  
Adm. direktør

# REGNSKAP 2016

## INNHOLD

Fjordkraftkonsernet	s 2
Organisasjon	s 3
<b>FJORDKRAFT</b>	
Styrets beretning	s 7-12
► <b>Regnskap 2016</b>	<b>s 13-18</b>
Noter til regnskapet	s 19-35
<b>TRONDHEIM KRAFT</b>	
Styrets beretning	s 37-39
Regnskap 2016	s 40-44
Noter til regnskapet	s 45-51
Adresser	s 51





# RESULTAT- REGNSKAP

Fjordkraft AS				Resultatregnskap				Konsern			
2016	2015	note		2016	2015	note		2016	2015		
4 388 472 564	3 483 969 820	2,4,5	Strømsalg	4 663 807 944	3 728 493 973	2,4,5		4 663 807 944	3 728 493 973		
98 507 821	81 337 322	5	Andre driftsinntekter	88 998 957	65 327 158	5		88 998 957	65 327 158		
<b>4 486 980 386</b>	<b>3 565 307 142</b>		<b>Sum driftsinntekter</b>	<b>4 752 806 901</b>	<b>3 793 821 130</b>			<b>4 752 806 901</b>	<b>3 793 821 130</b>		
-3 728 555 064	-2 879 566 445	4,5	Strømkjøp	-3 948 111 498	-3 053 939 282	4,5		-3 948 111 498	-3 053 939 282		
4 840 520	5 280 470	6	Aktiverte egne investeringsarbeider	5 045 752	6 499 500	6		5 045 752	6 499 500		
-17 646 001	-15 051 978		Tjenester for videresalg	-18 989 892	-15 936 826			-18 989 892	-15 936 826		
-140 681 777	-131 068 037	7	Lønn og andre personalkostnader	-140 681 777	-131 068 037	7		-140 681 777	-131 068 037		
-15 127 253	-13 815 005	6,8,9,10	Avskrivninger på driftsmidler og immaterielle eiendeler	-18 378 293	-16 816 496	6,8,9,10		-18 378 293	-16 816 496		
-296 102 112	-253 436 859	5,7,11	Andre driftskostnader	-328 328 542	-279 109 778	5,7,11		-328 328 542	-279 109 778		
<b>-4 193 271 687</b>	<b>-3 287 657 853</b>		<b>Sum driftskostnader</b>	<b>-4 449 444 250</b>	<b>-3 490 370 917</b>			<b>-4 449 444 250</b>	<b>-3 490 370 917</b>		
<b>293 708 699</b>	<b>277 649 289</b>		<b>Driftsresultat</b>	<b>303 362 651</b>	<b>303 450 213</b>			<b>303 362 651</b>	<b>303 450 213</b>		
8 192 452	20 026 461	12	Inntekt på investering i datterselskap	-	-			-	-		
-	20 000 000	12	Nedskrivning og reversering av nedskrivning på investering i datterselskap	-	-			-	-		
<b>35 032 203</b>	<b>31 611 613</b>	5	<b>Finansinntekter</b>	<b>36 803 374</b>	<b>32 291 080</b>	5		<b>36 803 374</b>	<b>32 291 080</b>		
-33 819 651	-27 444 692	5	Finanskostnader	-33 914 558	-26 235 833	5		-33 914 558	-26 235 833		
<b>9 405 004</b>	<b>44 193 381</b>		<b>Resultat av finansposter</b>	<b>2 888 817</b>	<b>6 055 247</b>			<b>2 888 817</b>	<b>6 055 247</b>		
<b>303 113 703</b>	<b>321 842 670</b>		<b>Ordinært resultat før skattekostnad</b>	<b>306 251 467</b>	<b>309 505 460</b>			<b>306 251 467</b>	<b>309 505 460</b>		
-74 883 983	-77 907 773	13	Skattekostnad på ordinært resultat	-77 646 007	-85 194 823	13		-77 646 007	-85 194 823		
<b>-74 883 983</b>	<b>-77 907 773</b>		<b>Sum skattekostnad på ordinært resultat</b>	<b>-77 646 007</b>	<b>-85 194 823</b>			<b>-77 646 007</b>	<b>-85 194 823</b>		
<b>228 229 720</b>	<b>243 934 897</b>		<b>Årsresultat</b>	<b>228 605 460</b>	<b>224 310 637</b>			<b>228 605 460</b>	<b>224 310 637</b>		
<b>Overføringer:</b>											
108 145 459	87 481 868		Avsatt til annen egenkapital	108 521 199	67 857 608			108 521 199	67 857 608		
120 084 261	156 453 029		Foreslått utbytte	120 084 261	156 453 029			120 084 261	156 453 029		
<b>228 229 720</b>	<b>243 934 897</b>	<b>14</b>	<b>Sum overføringer</b>	<b>228 605 460</b>	<b>224 310 637</b>	<b>14</b>		<b>228 605 460</b>	<b>224 310 637</b>		

# BALANSE


Fjordkraft AS		Balanse		Konsern	
2016	2015	note	note	2016	2015
<b>ANLEGGSMIDLER</b>					
<b>Immaterielle eiendeler</b>					
13 904 948	15 729 095	13	13	14 337 439	16 050 043
45 331 479	41 742 181	5,6	5,6	52 620 633	51 759 456
1 29 570	386 700	8	8	1 29 570	386 700
13 971 333	20 928 650	9	9	11 494 946	18 913 768
<b>73 337 331</b>	<b>78 786 621</b>			<b>78 582 587</b>	<b>87 109 967</b>
<b>Varige driftsmidler</b>					
13 121 920	2 879 124	10	10	14 100 914	3 263 168
<b>13 121 920</b>	<b>2 879 124</b>			<b>14 100 914</b>	<b>3 263 168</b>
<b>Finansielle anleggsmidler</b>					
109 822 686	109 822 686	12		-	-
13 859 020	15 488 795	15	15	13 859 020	15 488 795
<b>123 681 706</b>	<b>125 311 481</b>			<b>13 859 020</b>	<b>15 488 795</b>
<b>210 140 957</b>	<b>206 977 227</b>			<b>105 542 521</b>	<b>105 861 930</b>
<b>OMLØPSMIDLER</b>					
<b>Fordringer</b>					
1 113 953 717	600 176 044			1 197 505 348	633 477 590
58 585 346	89 755 781	5		-	-
34 296 030	61 110 408	5	5	35 433 035	64 918 952
<b>1 206 835 093</b>	<b>751 042 234</b>			<b>1 232 938 384</b>	<b>698 396 541</b>
<b>Investeringer</b>					
3 312 179	-			3 312 179	-
<b>3 312 179</b>	<b>-</b>			<b>3 312 179</b>	<b>-</b>
193 223 703	204 162 229	16	16	193 226 023	333 448 356
<b>1 403 370 976</b>	<b>955 204 463</b>			<b>1 429 476 586</b>	<b>1 031 844 898</b>
<b>1 613 511 932</b>	<b>1 162 181 689</b>			<b>1 536 019 109</b>	<b>1 137 706 828</b>

Bergen, 24. mars 2017, i styret for Fjordkraft AS

  
Wenche Teigland  
Styreleder

  
Birthe Iren Grotle  
Styremedlem

  
Peder Einar Brustad  
Styremedlem

  
Thor-Erik Vartdal  
Styremedlem

  
Frank Økland  
Styremedlem

  
Øistein Prestø  
Styremedlem

  
Rolf Barmen  
Adm. direktør

## Fjordkraft AS

## Balanse

## Konsern

2016	2015	note	note	2016	2015
EGENKAPITAL					
Innskutt egenkapital					
31 352 000	31 352 000	17		31 352 000	31 352 000
125 031 544	125 031 544			125 031 544	125 031 544
<b>156 383 544</b>	<b>156 383 544</b>			<b>156 383 544</b>	<b>156 383 544</b>

## Opptjent egenkapital

269 748 675	159 303 901	3		243 616 456	132 795 938
<b>269 748 675</b>	<b>159 303 901</b>			<b>243 616 456</b>	<b>132 795 938</b>

<b>426 132 218</b>	<b>315 687 445</b>	<b>14</b>		<b>400 000 000</b>	<b>289 179 482</b>
--------------------	--------------------	-----------	--	--------------------	--------------------

## GJELD

## Avsetninger for forpliktelses

47 420 360	54 694 916	18		47 420 360	54 694 916
<b>47 420 360</b>	<b>54 694 916</b>			<b>47 420 360</b>	<b>54 694 916</b>

## Kortsiktig gjeld

47 031 194	34 095 992			67 608 250	35 997 119
67 514 231	77 858 187	3,13		70 403 080	84 980 376
33 628 323	15 598 613			47 543 935	22 830 146
120 084 261	156 453 029	14		120 084 261	156 453 029
517 811 559	175 730 227	5		411 571 048	147 444 958
353 889 787	332 063 282	3,5		371 388 178	346 126 803
<b>1 139 959 355</b>	<b>791 799 330</b>			<b>1 088 598 750</b>	<b>793 832 430</b>

<b>1 187 379 714</b>	<b>846 494 245</b>			<b>1 136 019 109</b>	<b>848 527 346</b>
<b>1 613 511 932</b>	<b>1 162 181 689</b>			<b>1 536 019 109</b>	<b>1 137 706 828</b>

## Øvrige noter:

Note 19: Kassekreditt

Note 20: Garantier og pantstillelser

Note 21: Risiko

Note 22: Estimater i regnskapet

Note 23: Selskap som inngår i konsolideringen

## Fjordkraft AS

## Kontantstrømanalyse

## Konsern

2016	2015	Kontantstrømmer fra operasjonelle aktiviteter:	2016	2015
303 113 703	321 842 670	Ordinært resultat før skattekostnad	306 251 467	309 505 460
-82 874 274	-52 337 198	Periodens betalte skatt *)	-89 981 182	-53 025 692
824 708	926 570	Avskrivninger på driftsmidler	884 025	964 142
14 302 545	12 888 436	Avskrivninger på immaterielle eiendeler	17 494 268	15 852 351
12 746 005	14 878 048	Pensjonskostnad uten konantertekt	12 746 005	14 878 048
-16 954 809	-7 534 193	Utbetalinger til pensjonsordninger inklusiv betalt arbeidsgiveravgift	-16 954 809	-7 534 193
-	-20 000 000	Nedskrivning (+)/Reversering av nedskrivning investering i datterselskap (-)	-	-
-513 777 672	129 675 790	Endring i kundefordringer	-564 027 758	158 083 732
34 646 173	-758 553	Endring i andre omløpsmidler	26 173 737	-3 052 357
12 935 202	22 079 139	Endring i leverandørgjeld	31 611 131	23 813 283
380 641 590	-78 284 267	Endring i andre gjeldsposter	312 805 299	23 535 147
<b>145 603 173</b>	<b>343 376 442</b>	<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>	<b>37 002 181</b>	<b>483 019 920</b>

## Kontantstrømmer fra investeringsaktiviteter:

-11 067 504	-910 860	Utbetalinger ved kjøp av driftsmidler	-11 721 771	-1 140 580
-15 554 732	-29 994 136	Utbetaling ved kjøp av immaterielle eiendeler	-16 394 076	-34 416 101
4 877 333	-3 418 482	Endring andre immaterielle eiendeler	5 714 585	-4 226 200
20 026 461	4 900 614	Innbetaling utbytte fra datterselskap	-	-
1 629 775	-723 521	Netto endring lån ansatte	1 629 775	-723 521
<b>-88 667</b>	<b>-30 146 385</b>	<b>Netto kontantstrøm fra investeringsaktiviteter</b>	<b>-20 771 486</b>	<b>-40 506 403</b>

## Kontantstrømmer fra finansieringsaktiviteter:

-156 453 029	-120 494 875	Utbetalt utbytte	-156 453 029	-120 494 875
<b>-156 453 029</b>	<b>-120 494 875</b>	<b>Netto kontantstrøm fra finansieringsaktiviteter</b>	<b>-156 453 029</b>	<b>-120 494 875</b>
-10 938 526	192 735 182	Netto endring i bankinnskudd, konanter og lignende	-140 222 333	322 018 642
204 162 229	11 427 049	Beholdning av bankinnskudd, konanter og lignende pr. 1.1.	333 448 356	11 429 714
<b>193 223 703</b>	<b>204 162 229</b>	<b>Beholdning av bankinnskudd, konanter og lignende pr. 31.12.</b>	<b>193 226 023</b>	<b>333 448 356</b>

\*) Betalt skatt i konsernet er betalt skatt justert for tilskudd skatteFUNN i 2016 og 2015

**Deloitte.**

Til generalforsamlingen i Fjordkraft AS

Uttalelse om revisjonen av årsregnskapet

Vi har revidert Fjordkraft AS' årsregnskap som viser et overskudd i selskapsregnskapet på kr 228.229.720 og et overskudd i konsernregnskapet på kr 228.605.460. Årsregnskapet består av:

- selskapsregnskabet, som består af balance per 31. december 2016, resultatregnskab og kontantstrømopstilling for regnskabsåret afsluttet per denne dato og noter, herunder et sammendrag af vigtige regnskabsprincipper, og
- konsernregnskabet, som består af balance per 31. december 2016, resultatregnskab og kontantstrømopstilling for regnskabsåret afsluttet per denne dato og noter, herunder et sammendrag af vigtige regnskabsprincipper.

Etter vår mening:

- årregnskapet avgitt i samsvar med lov og forskrifter
- gir selskapsregskapet et retvisende bilde av den finansielle stillingen til Fjordkraft AS per 31. desember 2016 og av selskapets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.
- per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.
- gir konsernregnskapet et retvisende bilde av den finansielle stillingen til konsernet Fjordkraft AS per 31. desember 2016 og av konsernets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusionen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet og konsernet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår opplatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

#### Övrig information

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon består av årsrapporten for 2016, men inkluderer ikke årsregnskapet og revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. For more information about the legal form of Deloitte member firms and their relationship with DTTL and its member firms, please visit [www.deloitte.com/about](http://www.deloitte.com/about).

© Deloitte AG

**Deloitte.**

side 2  
Uavhengig revisors beretning til  
generalforsamlingen i Fjordkraft AS

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettsviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misbruk eller feil.

Ved utarbeidelsen av årsregnskapet er ledelsen ansvarlig for å ta standpunkt til selskapets og konsernets evne til fortsatt drift, og på tilgjengelig måte å opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

## Revisors oppgaver og plikter ved revisionen av årsregnskapet

Vårt mål med revidisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som behøves i dag, vil innfri vesentlig feilinformasjon, verken som følge av misligheter eller ulikslidte feil, og at årsregnskapet vil være til nytte for de som berøres av det. Revisjonsberetningen som inneholder vår konklusjon, betryggende sikkerhet er en god trykksak, og vi har ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonspraksis i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller ulikslidte feil. Feilinformasjon blir verdsatt som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- [illegible]

$$\frac{00}{1}$$

side 3

Uafhængig revisors beretning til  
generalforsamlingen i Fiordkraft AS

Vi kommuniserer med dem som har overordnet ansvar for styring og kontroll blant annet om det planlagte omfanget av revisionen og til hvilken tid revisionsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisionen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

**Uttalelse om øvrige lovbestemte krav**

### Konklusion om årsberetningene

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

## Konklusion om registrering og dokumentation

Basert på vår revisjon av Årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonssoppgaver (ISAE) 3000 "Attestasjonssoppgaver som ikke er revisjon eller foretatt revisjonskontroll av historisk finansiell informasjon", mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets renskapsopplysninger i samsvar med lov og god bokføringspraksis i Norge.

Bergen, 24. mars 2017

Deloitte AS

20mLyeCbb

**Bjørn Lyse Opdal**  
statsautorisert revisor

# NOTER TIL REGNSKAPET



## INNHOLD

Fjordkraftkonsernet	s 2
Organisasjon	s 3
<b>FJORDKRAFT</b>	
Styrets beretning	s 7-12
Regnskap 2016	s 13-18
► <b>Noter til regnskapet</b>	<b>s 19-35</b>
<b>TRONDHEIM KRAFT</b>	
Styrets beretning	s 37-39
Regnskap 2016	s 40-44
Noter til regnskapet	s 45-51
Adresser	s 51

# NOTER, FJORDKRAFT AS

## NOTE 1, REGNSKAPSPRINSIPPER

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk. Fjordkraftkonsernet består av Fjordkraft AS og datterselskapet Trondheim Kraft AS. Fjordkraftkonsernet er et underkonsern av Statkraft-konsernet.

### 1-1 Konsolidering

Konsernregnskapet inkluderer Fjordkraft AS og selskaper som Fjordkraft AS har bestemmende innflytelse over. Bestemmende innflytelse oppnås normalt når konsernet eier mer enn 50 % av aksjene i selskapet, og konsernet er i stand til å utøve faktisk kontroll over selskapet.

Transaksjoner og mellomværende mellom selskapene i konsernet er eliminert. Konsernregnskapet er utarbeidet etter ensartede prinsipper, ved at datterselskapet følger de samme regnskapsprinsipper som morselskapet.

Oppkjøpsmetoden benyttes ved regnskapsføring av virksomhetssammenslutninger. Selskaper som er kjøpt eller solgt i løpet av året inkluderes i konsernregnskapet fra det tidspunktet kontroll oppnås og inntil kontroll opphører.

### 1-2 Bruk av estimater

Ledelsen har brukt estimater og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen under utarbeidelsen av årsregnskapet i henhold til god regnskapsskikk.

### 1-3 Valuta

Pengeposter i utenlandsk valuta omregnes til balansedagens kurs. Øvrige kursendringer er inkludert i finansresultatet. Transaksjoner i utenlandsk valuta omregnes etter kurs på transaksjonstidspunkte

### Valutaterminkontrakter

Valutaterminkontrakter benyttes i noen tilfeller for å sikre fremtidig forventet valutastrom i norske kroner. Regnskapsføring av urealisert gevinst eller tap knyttet til slike terminkontrakter blir utsatt til transaksjonstidspunktet for den sikrede transaksjonen og medregnet som en del av den endelige transaksjonsverdien.

### 1-4 Strømsalg og strømkjøp

#### Inntektsføringsprinsipp

Inntektstøring av strømleveranse til sluttbrukere skjer løpende i henhold til estimert levert volum hos kundene. Avhengig av forbruksvolum foretas måleravlesning henholdsvis månedlig, annenhver måned, kvartalsvis eller årlig. Informasjon fra måleravlesning er tatt hensyn til i inntektsføringen når den foreligger. Regnskapet avlegges i kraftbalanse. Det vil si at eventuelle avvik mellom antatt leveranse og innkjøpt volum er tatt hensyn til ved avsetning.

#### Strøm kontrakter kjøp/salg

Konsernets virksomhet er i hovedsak knyttet til å levere strøm til sluttbrukere. Den økonomiske risiko ved levering av strøm er omfattende. En beskrivelse av virksomhetens risiko og hvordan disse styres er beskrevet i note 21. Resultatet av finansielle kontrakter som sikrer kjøp til sluttbrukere blir i resultatregnskapet klassifisert som kjøp eller kjøpsreduksjon.

#### Typer av finansielle kraftkontrakter

Opsjoner gir kjøper rett til å kjøpe/selge og selger plikt til å selge/kjøpe på et bestemt tidspunkt eller etter leveringsperioden er over til en på forhåndsbestemt pris. For at kjøperen skal få denne retten, betales det en opsjonspremie.

Futures er en avtale mellom to parter om å kjøpe/selge underliggende kraft til en bestemt pris for en bestemt periode i fremtiden. Futures handles først og fremst på dager, uker og blokker. Det foretas daglig oppgjør mellom kontraktspriser og markedspriser. Daglige oppgjør i handelsperioden resultatføres først i leveringsperioden. Forwards er en avtale mellom to parter om å kjøpe/selge underliggende kraft til en bestemt pris for en bestemt periode i fremtiden. Forwards handles først og fremst på sesonger og år. Oppgjør blir foretatt i leveringsperioden.

#### Regnskapsmessig behandling av finansielle kontrakter

Formålet med finansiell handel er å styre prisen på kjøpet til kraftkjøpsprisen. Fjordkraft handler sikringer på vegne av sluttkunder i henhold til kontraktsfestede avtaler. Det benyttes ikke sikringsbokføring. Finansielle kontrakter vurderes til laveste verdis prinsipp. Ved verdiforring benytter Fjordkraftkonsernet porteføljeprinsippet (gruppeprinsippet). Dette innebærer at urealisert gevinst/tap knyttet til de enkelte finansielle kraftterminkontrakter, med et back-to-back forhold mot kunde, blir utsatt til leveringsperioden for underliggende kraftforbruk.

Fjordkraft handler opsjoner for egen nytte knyttet til enkelte privatprodukter. Ved kontraktsinngåelse blir opsjonspremien balanseført som en eiendel.

Eiendelen vurderes etter laveste verdis prinsipp og eventuell nedskrivning av verdien på eiendelen resultatføres. Opsjonspremier er i 2016 kostnadsført over kontraktsperioden.

Produktspekteret omfatter spotrelaterte produkter, produkter med ulik grad av finansielle sikringer samt produkter som innebærer forvaltning på kunders regning og risiko.

#### Regnskapsmessig behandling av elsertifikatforpliktelse

For å dempe risiko og eksponering for prissvingninger knyttet til innkjøp av elsertifikater, inngår Fjordkraftkonsernet terminkontrakter på kjøp av elsertifikater, både for årets pådratte elsertifikatforpliktelse, og for kommende års forventede forpliktelser. Fjordkraft benytter nettosynsmetoden ved måling av elsertifikatforpliktelsen i regnskapet, noe som innebærer at den del av volumet i elsertifikatforpliktelsen hvor konsernet har kjøpt elsertifikater på termin eller har elsertifikater i beholdning, måles henholdsvis terminpris på inngåtte terminkontrakter og kostpris for beholdning av elsertifikater. Elsertifikatkostnaden er presentert under strømkjøp i resultatregnskapet, mens elsertifikatforpliktelsen er presentert som annen kortsiktig gjeld.

### 1-5 Skatt

Skattekostnad består av betalbar skatt og ending i utsatt skatt. Utsatt skatt/skattefordel er beregnet på alle forskjeller mellom regnskapsmessig og skattmessig verdi på eiendeler og gjeld. Utsatt skatt er i 2016 beregnet med 24% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattmessige verdier, samt skattmessig underskudd til fremføring ved utgangen av regnskapsåret. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli utnyttet.

Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den grad skattepostene relaterer seg til poster ført direkte mot egenkapitalen.

### 1-6 Klassifisering og vurdering av balanseposter

Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter anskaffelsestidspunktet, samt poster som knytter seg til varekretslopet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.



Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på opptakstidspunktet.

Anleggsmidler vurderes til anskaffelseskost, fratrasket av- og nedskrivninger. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

### 1-7 Immaterielle eiendeler

Ved overtagelse av virksomhet hvor vederlaget overstiger verdien av de enkelte eiendeler, blir differansen opptatt som ervervet goodwill. Goodwill avskrives etter en særskilt vurdering over 5 til 15 år.

Utgifter til egen tilvirkning av immaterielle eiendeler, herunder utgifter til egen forskning og utvikling, balanseføres når det er sannsynlig at de fremtidige økonomiske fordelene knyttet til eiendelene vil tilflytte selskapet og anskaffelseskost kan måles pålitelig.

Immaterielle eiendeler som kjøpes enkeltvis, balanseføres til anskaffelseskost. Immaterielle eiendeler som overtas ved kjøp av virksomhet, balanseføres til anskaffelseskost når kriteriene for balanseføring er oppfylt.

Immaterielle eiendeler med begrenset økonomisk levetid avskrives planmessig. Immaterielle eiendeler nedskrives til gjenvinnbart beløp dersom de forventede økonomiske fordelene ikke dekker balanseført verdi og eventuelle gjestående tilvirkningsutgifter.

### 1-8 SkatteFUNN

Offentlige tilskudd knyttet til SkatteFUNN bokføres som en reduksjon av regnskapspostene SkatteFUNN vedrører. SkatteFUNN knyttet til balanseførte utgifter til egen forskning og utvikling, bokføres som en reduksjon av anskaffelseskost og avskrives i takt med tilvirkningsutgifter.

### 1-9 Varige driftsmidler

Varige driftsmidler balanseføres og avskrives lineært over driftsmidlets forventede levetid. Vesentlige driftsmidler som består av betydelige komponenter med ulik levetid er dekomponert med ulik avskrivningstid for de ulike komponentene. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Dersom gjenvinnbart beløp av driftsmidlet er lavere enn balanseført verdi foretas nedskrivning til gjenvinnbart beløp. Gjenvinnbart beløp er det høyeste av netto salgsværdi og verdi i bruk. Verdi i bruk er nåverdien av de fremtidige kontantstrømmene som eiendelen forventes å generere.

### 1-10 Datterselskap

Datterselskap er selskaper hvor konsernet har bestemmende innflytelse over finansielle og driftsmessige prinsipper. Investeringer i datterselskap evaluert etter kostprismetoden i morselskapets regnskap.

Investering i datterselskaper blir nedskrevet til virkelig verdi dersom verdifallet ikke er forbigående. Nedskrivningen reverseres dersom verdifallet ikke lenger er tilstedende.

### 1-11 Fordringer

Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for avsetning til forventet tap. Det foretas en individuell vurdering, samt en avsetning basert på aldersfordelte saldolister, typer av kunder samt erfaringstall for tap.

### 1-12 Kortsiktige plasseringer

Kortsiktige plasseringer (aksjer og andeler vurdert som omløpsmidler) vurderes til laveste av anskaffelseskost og virkelig verdi på balansedagen. Mortatt utbytte og andre utdelinger fra selskapene inntekstføres som annen finansinntekt.

## NOTE 2, STRØMSALG

	Fjordkraft AS		Konsern	
	2016	2015	2016	2015
<b>Pr. virksomhetsområde</b>				
Salg av strøm til sluttbrukere	3 552 752 677	2 808 273 105	3 828 088 057	3 052 797 258
Salg til alliansepartnere og salg av nettap	835 719 887	675 696 716	835 719 887	675 696 716
<b>Inntektsført i resultatregnskapet</b>	<b>4 388 472 564</b>	<b>3 483 969 820</b>	<b>4 663 807 944</b>	<b>3 728 493 973</b>

Allt salg er til kunder i Norge

### 1-13 Pensjoner

#### Ytelsesplaner

Pensjonsforpliktelser er beregnet i henhold til retningslinjene i Norsk Regnskapsstandard for Pensjonskostnader NRS 6, punkt 67. Dette innebærer at målereglene og reglene om resultatspesifikasjon i IAS 19 er anvendt i selskapets regnskap. Periodens netto pensjonskostnader er inkludert i lønn og sosiale kostnader, og består av summen av periodens pensjonsopptjening og nettorente på netto pensjonseiendel eller pensjonsforpliktelse.

Pensjonsforpliktelsene er beregnet på grunnlag av anbefalinger fra Norsk Regnskaps Stiftelse når det gjelder diskonteringsrente, forventet lønnsvekst og G-regulering. Overfinansierte ordninger er i sin helhet vurdert å representere en overfinansiering som i ettertid kan nyttiggjøres.

Spesifikasjon av pensjonskostnad og forpliktelser er vist i note 18. Alle estimatavvik (aktuelle gevinster og tap) føres løpende mot egenkapitalen.

### 1-14 Nærstående parter

Som nærstående parter regnes datterselskap og tilknyttede selskapet, samt selskaps styre, ledelse og eiere. Alle transaksjoner mellom nærstående parter er basert på forretningsmessige vilkår og prinsippet om armlengdes avstand (antatt markedsverdi).

### 1-15 Kontantstrømpoppstilling

Kontantstrømpoppstillingen er utarbeidet etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.



### NOTE 3, KORRIGERING AV FEIL

Regnskap 2016 er korrigert for to feil fra 2015. Dette knytter seg til feilprising av enkelte privatkunder høsten 2015 og feil regnskapsmessig behandling av opsjonspremie i privatmarkedet i 2015.

Korrigerig av feil er ført mot egenkapitalen i 2016. Sammenlignings-tall for 2015 er omarbeidet. Resultat, balanse og kontantstrøm for 2015 er derfor endret fra årsrapport 2015.

Konsern	
IB 2015	
Strømsalg	-14 427 358
Skattekostnad	3 606 839
<b>Resultateffekt</b>	<b>-10 820 519</b>
Ført mot egenkapitalen	-10 820 519

### NOTE 4, ELSERTIFIKATER

#### Konsern og Fjordkraft AS

Etter hvert som Fjordkraftkonsernet selger strøm, pådras en forpliktelse til å innløse elsertifikater 1. april året etter salget har funnet sted.

Det foretas løpende regnskapsmessig avsetning for kostnaden ved denne elsertifikatforpliktelsen. Det er inngått terminkontrakter på kjøp av elsertifikater for årets forventede forpliktelse. I konsernregnskapet er det avsatt en forpliktelse på 224 MNOK i 2016 og 161 MNOK i 2015. I Fjordkraft AS er forpliktelsen på 209 MNOK i 2016 og 149 MNOK i 2015.

Viser til prinsipppnote 1-4 for nærmere omtale av benyttet prinsipp for måling av elsertifikatforpliktelsen.

Også for kommende års forventede elsertifikatforpliktelser har Fjordkraftkonsernet inngått terminkontrakter på kjøp av elsertifikater. Terminkontrakter på kjøp av elsertifikater med slik fremtidig levering balanseføres ikke. Det er ikke foretatt tapsavsetninger på disse kontraktene i 2016. Virkelig verdi i konsernet av kontraktene var -25,4 MNOK i 2016 og 19,6 MNOK i 2015.

### NOTE 5, TRANSAKSJONER OG MELLOMVÆRENDE MED NÆRSTÅENDE PARTER

Per 31.12.2016 er BKK AS eier av 48,85 % av aksjene i selskapet, Skagerak Energi AS eier 48 % og Statkraft Industrial Holding AS eier 3,15 %. Transaksjoner mellom selskapet og eierne fremkommer i tabellen under.

Trondheim Kraft AS er datterselskap av Fjordkraft AS (note 12). Transaksjoner mellom Fjordkraft AS og Trondheim Kraft AS er rent forretningsmessige og omfatter salg/kjøp av personaltjenester, finans og forskning og utvikling. Selskapene har i tillegg forretningsmessige transaksjoner knyttet til konsernkontoordning. Transaksjonene vises i tabellen under.

Transaksjoner og mellomværende mellom Fjordkraft AS og Trondheim Kraft AS elimineres i konsolideringen og vises ikke under konsern i denne note.

Styret og ledelsen i selskapet er også nærstående parter av Fjordkraft AS. Fjordkraft AS har ikke andre transaksjoner med nærstående parter enn hva som fremgår av denne note, note 6, note 10 og note 18.

Nærstående til eier utgjør selskapene som inngår i Statkraft Konsernet, BKK Konsernet og Skagerak Konsernet.

Konsern				Fjordkraft AS			
Eier	Nærstående til eier	Transaksjon/transaksjonsgruppe	Tilhører regnskapslinje	Eier	Nærstående til eier	Datter	
-96 977	-121 975 457	Strømsalg	Strømsalg	-96 977	-121 975 457	-	-
-	-245 347	Salg av diverse varer og tjenester	Andre driftsinntekter	-	-245 347	-17 389 540	-
<b>-96 977</b>	<b>-122 220 804</b>	<b>Sum driftsinntekter</b>		<b>-96 977</b>	<b>-122 220 804</b>	<b>-17 389 540</b>	
915 757	3 611 794 255	Strømkjøp	Strømkjøp	915 757	3 395 460 748	-	-
20 553 092	25 041 840	Kjøp av diverse varer og tjenester *	Andre driftskostnader	20 553 092	24 303 973	-	-
<b>21 468 849</b>	<b>3 636 836 095</b>	<b>Sum driftskostnader</b>		<b>21 468 849</b>	<b>3 419 764 721</b>	<b>-</b>	
-	-272 192	Renteinntekter	Finansinntekter	-	-272 192	-151 141	-
-	4 552 443	Rentekostnader	Finanskostnader	-	4 552 443	88 590	-
<b>-</b>	<b>4 280 251</b>	<b>Resultat av finansposter</b>		<b>-</b>	<b>4 280 251</b>	<b>-62 551</b>	
1 298 837	-	Forskning og utvikling	Forskning og utvikling	1 298 837	-	-	-
1 298 837	-	Immatrielle eiendeler		1 298 837	-	-	-
593 470	-	Varige driftsmidler	Varige driftsmidler	593 470	-	-	-
593 470	-	Varige driftsmidler		593 470	-	-	-
<b>23 264 179</b>	<b>3 518 895 542</b>	<b>Sum</b>		<b>23 264 179</b>	<b>3 301 824 168</b>	<b>-17 452 091</b>	

\*) Andre driftskostnader utgjør tjenester som lønnskostnader, IT, kontor og kundesenter.

## NOTE 5, TRANSAKSJONER OG MELLOMVÆRENDE MED NÆRSTÅENDE PARTER (Forts.)

Mellomværende med nærstående parter:

Konsern				Fjordkraft AS			
		Kortsiktig fordring		Forhold til motparten		Kortsiktig fordring	
2016	2015	Motpart				2016	2015
-	-	Trondheim Kraft AS *		Datter		58 585 346	89 755 781
-	-	Til gode konsernselskaper				58 585 346	89 755 781
-	-	Sum				58 585 346	89 755 781

\* Inkl. tilgode utbytte for 2016 på kr 8 192 452,- og til gode utbytte for 2015 på kr 20 026 461,-

Kortsiktig gjeld				Kortsiktig fordring			
		Motpart		Forhold til motparten			
2016	2015					2016	2015
-	-	Trondheim Kraft AS **		Datter		106 240 511	28 285 270
411 571 048	147 444 957	Statkraft Energi AS		Nærstående til eier		411 571 048	147 444 957
411 571 048	147 444 957	Gjeld til konsernselskaper				517 811 559	175 730 227
-	1 066 550	BKK AS		Eier		-	1 066 550
1 096 554	-	BKK Kundetjenester AS		Nærstående til eier		1 096 554	-
1 096 554	1 066 550	Gjeld til eier				1 096 554	1 066 550
412 667 602	148 511 507	Sum				518 908 113	176 796 777

\*\* Inkl. skyldig konsernkontoordning for 2016 på kr 106 240 511,- og skyldig konsernkontoordning for 2015 på kr 28 243 169,-

Mellomværende under 1 MNOK mot nærstående parter utenfor konsern er ikke tatt med i denne note.

## NOTE 6, FORSKNING OG UTVIKLING

### Fjordkraft AS

### Konsern

Anskaffelseskost 01.01.2016	Forskning og utvikling	Anlegg under utførelse	Totalt
Tilgang ved kjøp av driftsmidler fra andre	1 777 912	9 843 470	11 621 382
Tilgang ved egentilvirkning av driftsmidler	275 274	4 565 246	4 840 520
Overført fra anlegg under utførelse	12 043 595	-12 043 595	-
SkatteFUNN *)	-	-907 170	-907 170
<b>Anskaffelseskost 31.12.2016</b>	<b>65 945 569</b>	<b>23 837 335</b>	<b>89 782 904</b>

Akkumulerte avskrivninger 31.12.2016	-44 451 426	-	-44 451 426
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-44 451 426</b>	<b>-</b>	<b>-44 451 426</b>

<b>Bokført verdi 31.12.2016</b>	<b>21 494 143</b>	<b>23 837 335</b>	<b>45 331 479</b>
---------------------------------	-------------------	-------------------	-------------------

Årets ordinære avskrivninger -11 965 435 - -11 965 435

Prosentstøt for ordinære avskrivninger 33,33 %  
 Økonomisk levetid 3 år  
 Avskrivningsplan Lineær

\*) I 2016 er det mottatt SkatteFUNN tilskudd vedrørende 2015 som utgjør kr 59 049,-.

FoU arbeidet fokuserer på å klargjøre selskapet for fremtidige endringer i rammebetingelsene, effektivisering av prosesser og fremtidig vekst. Arbeidet gjelder i hovedsak kunderelaterte systemprosjekter. Av totale FoU kostnader på kr 20 568 558,- er kr 4 106 656,- kostnadsført som annen driftskostnad og kr 16 461 902,- balanseført som forskning og utvikling.

Anskaffelseskost 01.01.2016	Forskning og utvikling	Anlegg under utførelse	Totalt
Tilgang ved kjøp av driftsmidler fra andre	1 808 335	10 447 159	12 255 494
Tilgang ved egentilvirkning av driftsmidler	301 628	4 744 124	5 045 752
Overført fra anlegg under utførelse	14 546 918	-14 546 918	-
SkatteFUNN *)	-	-907 170	-907 170
<b>Anskaffelseskost 31.12.2016</b>	<b>87 169 455</b>	<b>25 537 194</b>	<b>112 706 649</b>

Akkumulerte avskrivninger 31.12.2016	-60 086 016	-	-60 086 016
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-60 086 016</b>	<b>-</b>	<b>-60 086 016</b>

<b>Bokført verdi 31.12.2016</b>	<b>27 083 440</b>	<b>25 537 194</b>	<b>52 620 633</b>
---------------------------------	-------------------	-------------------	-------------------

Årets ordinære avskrivninger -15 532 898 - -15 532 898

Prosentstøt for ordinære avskrivninger 33,33 %  
 Økonomisk levetid 3 år  
 Avskrivningsplan Lineær

\*) I 2016 er det mottatt SkatteFUNN tilskudd vedrørende 2015 som utgjør kr 50 049,-.

FoU arbeidet fokuserer på å klargjøre selskapet for fremtidige endringer i rammebetingelsene, effektivisering av prosesser og fremtidig vekst. Arbeidet gjelder i hovedsak kunderelaterte systemprosjekter. Av totale FoU kostnader på kr 21 503 570,- er kr 4 202 324,- kostnadsført som annen driftskostnad og kr 17 301 246,- balanseført som forskning og utvikling.

**Fiordkraft AS**  
**Konsern**

Lønn	104 530 864	95 516 537	104 530 864	95 516 537
Arbeidsiveravgift	15 060 002	13 441 659	15 060 002	13 441 659
Pensjon	12 746 005	14 878 048	12 746 005	14 878 048
Andre personalkostnader	8 344 906	7 231 794	8 344 906	7 231 794
<b>Sum</b>	<b>140 681 777</b>	<b>131 068 037</b>	<b>140 681 777</b>	<b>131 068 037</b>

Antall årsverk 31.12	172	147	172	147
----------------------	-----	-----	-----	-----

## Styret

Lønn	2 330 788	194 310
Pensjonskostnader	261 691	-
Annen godtgjørelse	132 764	-

Denne undersøgelse af administrerende direktørers løn og betingelser i 2010, er baseret på data fra 2009. I 2010 blev der kun registreret 10 udvalgte virksomheder, der havde administrerende direktører, der var blevet ansat i 2009. Disse virksomheder er derfor repræsentative for de virksomheder, der har administrerende direktører, der er blevet ansat i 2009. De resterende 10 virksomheder, der har administrerende direktører, der er blevet ansat i 2009, er derfor repræsentative for de virksomheder, der har administrerende direktører, der er blevet ansat i 2009.

Renten for personallån er tilnærmet lik den til enhver tid gjeldende qrense for fordelsbeskatning for slike lån pt 2,7 %.

Administrerende direktør inngår i den kollektive pensionsordningen. Administrerende direktør inngår ikke i ordningen med kollektiv prestasjonslønn.

Selskapet har ikke forpliktelser mot styreleder, knyttet til særskilt vederlag ved opphør eller endring av verv. Styreleder mottar ikke lønn, bonus og lignende for sitt verv, og har ikke rett til særskilte betingelser.

Honorar til revisor (kostnadsført)	Fjordkraft AS 2016	Konsern 2016
Lovpålagt revisjon	505 800	683 600
Skatterådgivning	18 900	18 900
Andre attestasjonstjenester	50 675	56 075
Andre tjenester utenfor revisjonen *	256 335	256 335
Sum	831 710	1 014 910

\*) Delvis utført av Deloitte Advokatfirma AS som er et samarbeidende selskap med Deloitte AS.

## NOTE 8, GOODWILL

Goodwill omfatter kjøp av kundeportefølje i ulike nettområder.

### Fjordkraft AS

	Vaksdal	Totalt
<b>Anskaffelseskost 01.01.2016</b>	<b>3 856 945</b>	<b>3 856 945</b>
Akkumulerte avskrivninger 31.12.2016	-3 727 374	-3 727 375
Akkumulerte nedskrivninger 31.12.2016	-	-
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-3 727 374</b>	<b>-3 727 375</b>
<b>Bokført verdi 31.12.2016</b>	<b>129 570</b>	<b>129 570</b>
Årets ordinære avskrivninger	-257 130	-257 130
Prosentats for ordinære avskrivninger	6,6 %	
Økonomisk levetid	15 år	
Avskrivningsplan	Lineær	

### Konsern

<b>Anskaffelseskost 01.01.2016</b>	<b>Vaksdal</b>	<b>Totalt</b>
<b>3 856 945</b>	<b>3 856 945</b>	<b>3 856 945</b>
Akkumulerte avskrivninger 31.12.2016	-3 727 374	-3 727 375
Akkumulerte nedskrivninger 31.12.2016	-	-
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-3 727 374</b>	<b>-3 727 375</b>
<b>Bokført verdi 31.12.2016</b>	<b>129 570</b>	<b>129 570</b>
Årets ordinære avskrivninger	-257 130	-257 130
Prosentats for ordinære avskrivninger	6,6 %	
Økonomisk levetid	15 år	
Avskrivningsplan	Lineær	

## NOTE 9, IMMATERIELLE EIENDELER

### Fjordkraft AS

	Elsertifikater	* Andre immaterielle eiendeler	Totalt
<b>Anskaffelseskost 01.01.2016</b>	<b>10 301 813</b>	<b>12 876 288</b>	<b>23 178 101</b>
Endring beholdning Elsertifikater	-4 877 333	-	-4 877 333
<b>Anskaffelseskost 31.12.2016</b>	<b>5 424 480</b>	<b>12 876 288</b>	<b>18 300 768</b>
Akkumulerte avskrivninger 31.12.2016	-	-4 329 434	-4 329 434
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-</b>	<b>-4 329 434</b>	<b>-4 329 434</b>
<b>Bokført verdi 31.12.2016</b>	<b>5 424 480</b>	<b>8 546 854</b>	<b>13 971 333</b>
Årets ordinære avskrivninger	-	-2 079 981	-2 079 981
Prosentats for ordinære avskrivninger		10%-8,3%	
Økonomisk levetid		10-12 år	
Avskrivningsplan		Lineær	

### Konsern

	Elsertifikater	* Andre immaterielle eiendeler	Totalt
<b>Anskaffelseskost 01.01.2016</b>	<b>11 139 061</b>	<b>8 521 188</b>	<b>19 660 249</b>
Endring beholdning Elsertifikater	-5 714 585	-	-5 714 585
<b>Anskaffelseskost 31.12.2016</b>	<b>5 424 476</b>	<b>8 521 188</b>	<b>13 945 664</b>
Akkumulerte avskrivninger 31.12.2016	-	-2 450 718	-2 450 718
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-</b>	<b>-2 450 718</b>	<b>-2 450 718</b>
<b>Bokført verdi 31.12.2016</b>	<b>5 424 476</b>	<b>6 070 470</b>	<b>11 494 946</b>
Årets ordinære avskrivninger	-	-1 704 238	-1 704 238
Prosentats for ordinære avskrivninger		10%-8,3%	
Økonomisk levetid		10-12 år	
Avskrivningsplan		Lineær	

\* Måles til kostpris.

**NOTE 10, VARIGE DRIFTSMIDLER****Fjordkraft AS**

	Inventar, utstyr etc.	EDB-anlegg	Anlegg under utførelse	Totalt
<b>Anskaffelseskost 01.01.2016</b>	<b>6 378 160</b>	<b>19 808 236</b>	<b>910 860</b>	<b>27 097 256</b>
Tilgang ved kjøp av driftsmidler fra andre	854 175	-	10 213 328	11 067 503
Overført fra anlegg under utførelse	171 111	-	-171 111	-
<b>Anskaffelseskost 31.12.2016</b>	<b>7 403 446</b>	<b>19 808 236</b>	<b>10 953 077</b>	<b>38 164 759</b>
Akkumulerte avskrivninger 31.12.2016	-5 288 533	-19 754 307	-	-25 042 840
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-5 288 533</b>	<b>-19 754 307</b>	<b>-</b>	<b>-25 042 840</b>
<b>Bokført verdi 31.12.2016</b>	<b>2 114 913</b>	<b>53 929</b>	<b>10 953 077</b>	<b>13 121 920</b>

Årets ordinære avskrivninger	-677 375	-147 333	-	-824 708
------------------------------	----------	----------	---	----------

Prosentats for ordinære avskrivninger	12,5%	33,33%		
Økonomisk levetid	8 år	3 år		
Avskrivningsplan	Lineær	Lineær		

**Konsern**

	Inventar, utstyr etc.	EDB-anlegg	Anlegg under utførelse	Totalt
<b>Anskaffelseskost 01.01.2016</b>	<b>6 731 164</b>	<b>24 167 292</b>	<b>1 140 580</b>	<b>32 039 034</b>
Tilgang ved kjøp av driftsmidler fra andre	1 386 667	-	10 335 104	11 721 771
Overført fra anlegg under utførelse	171 111	-	-171 111	-
<b>Anskaffelseskost 31.12.2016</b>	<b>8 288 942</b>	<b>24 167 292</b>	<b>11 304 572</b>	<b>43 760 804</b>
Akkumulerte avskrivninger 31.12.2016	-5 524 784	-24 135 107	-	-29 659 889
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-5 524 784</b>	<b>-24 135 107</b>	<b>-</b>	<b>-29 659 889</b>
<b>Bokført verdi 31.12.2016</b>	<b>2 764 158</b>	<b>32 184</b>	<b>11 304 572</b>	<b>14 100 914</b>

Årets ordinære avskrivninger	-714 946	-169 078	-	-884 024
------------------------------	----------	----------	---	----------

Prosentats for ordinære avskrivninger	12,5%	33,33%		
Økonomisk levetid	8 år	3 år		
Avskrivningsplan	Lineær	Lineær		

## NOTE 11, ANDRE DRIFTSKOSTNADER

### Fjordkraft AS Konsern

	2016	2015	2016	2015
Salgsprovisjoner	84 723 449	69 259 942	90 101 281	72 686 173
Kjøp av diverse tjenester *	61 358 343	49 711 178	73 566 707	58 383 678
Markedsføring, tele, porto og informasjon	60 848 538	53 277 803	67 447 082	59 573 926
Konsulenttjenester	30 692 387	18 072 737	32 500 965	21 677 292
Kundetjenester	25 836 521	36 426 407	26 902 623	36 742 739
Andre driftskostnader	9 252 103	6 867 068	10 976 750	7 322 143
Husleie og andre kostnader eiendom	8 948 545	6 583 545	10 321 130	7 200 824
EDB-programvare, årlig vedlikehold	7 914 062	6 876 622	9 008 632	8 007 656
Reise og diett	6 528 164	6 361 557	7 503 372	7 515 348
<b>Sum</b>	<b>296 102 112</b>	<b>253 436 859</b>	<b>328 328 542</b>	<b>279 109 778</b>

\*) Alle ansatte i datterselskapet Trondheim Kraft AS ble overført til Fjordkraft AS 01.01.2011. Arbeid som ansatte gjør for Trondheim Kraft AS reguleres gjennom en management avtale

## NOTE 12, DATTERSELSKAP

### Fjordkraft AS Datterselskap

	Anskaff. tidspunkt	Kontorsted	Eierandel % 01.01.2016	Endret eierandel % 2016	Eierandel % 31.12.2016
Trondheim Kraft AS	2010	Trondheim	100,00	0,00	100,00

Stemmeandel er lik eierandel

## NOTE 13, SKATT

### Fjordkraft AS

Skattekostnad i resultatregnskapet	Endring	2016	2015
Betalbar overskuddsskatt		70 115 044	78 746 097
Endring utsatt skatt alminnelig inntekt		4 664 551	-838 315
Korreksjon tidligere år		104 388	-
<b>Sum skattekostnad i resultatregnskapet</b>		<b>74 883 983</b>	<b>77 907 773</b>

### Konsern

Endring	2016	2015
	72 989 743	85 909 385
	4 553 009	-714 552
	103 256	-
<b>Sum skattekostnad i resultatregnskapet</b>	<b>77 646 007</b>	<b>85 194 823</b>

### Avstemning av nominell skattesats mot effektiv skattesats

Resultat før skatt		303 113 703	321 842 670
Skattesats		25 %	27 %
Forventet skattekostnad		75 778 426	87 186 068

### Skatteeffekt av

Permanente forskjeller		-1 623 977	-10 277 629
Justert utsatt skatt (SkatteFUNN)		45 773	-258 997
Korreksjon tidligere år		104 388	-
Netto effekt endrede skattesatser		579 373	1 258 328
<b>Sum skattekostnad</b>		<b>74 883 983</b>	<b>77 907 773</b>

Effektiv skattesats		24,7 %	24,2 %
---------------------	--	--------	--------

### Betalbar skatt i balansen

Betalbar overskuddsskatt		70 115 044	78 746 097
Avsatt SkatteFUNN tilskudd i balansen		-1 295 956	-59 049
Korreksjon tidligere år		-1 304 860	-828 857
<b>Sum betalbar skatt i balansen</b>		<b>67 514 231</b>	<b>77 858 187</b>

	72 989 743	85 909 385
	-1 295 956	-59 049
	-1 290 711	-869 956
<b>Sum betalbar skatt i balansen</b>	<b>70 403 080</b>	<b>84 980 376</b>

### Spesifikasjon av midlertidige forskjeller og utsatt skatt

<b>Alminnelig inntekt</b>			
Anleggsmidler *)	450 977	-3 312 174	-3 763 151
Onnøpmsmidler/kortsiktig gjeld	-2 746 426	-7 204 755	-4 458 329
Pensjonsforpliktelser	7 274 556	-47 420 360	-54 694 916
Sum midlertidige forskjeller alminnelig inntekt	4 979 107	-57 937 289	-62 916 396
Skattesats		24 %	25 %
Netto utsatt skattefordel (-)/utsatt skatteforpliktelse (+) alminnelig inntekt	1 824 150	-13 904 948	-15 729 100
Justering av balanseført utsatt skatt knyttet til balanseført SkatteFUNN tilskudd			
<b>Netto regnskapsført utsatt skattefordel (-)/utsatt skatteforpliktelse (+)</b>	<b>1 824 150</b>	<b>-13 904 948</b>	<b>-15 729 095</b>

	630 142	-3 354 155	-3 984 297
	-3 443 843	-8 964 822	-5 520 979
	7 274 556	-47 420 360	-54 694 916
	4 460 854	-59 739 337	-64 200 192
		25 %	25 %
	1 712 609	-14 337 439	-16 050 048
<b>Netto regnskapsført utsatt skattefordel (-)/utsatt skatteforpliktelse (+)</b>	<b>1 712 609</b>	<b>-14 337 439</b>	<b>-16 050 043</b>



## NOTE 13, SKATT (Forts.)

### Fjordkraft AS

Spesifikasjon av endring i netto regnskapsført utsatt skattefordel (-)/utsatt skatteforpliktelse (+)

	2016		2015	
Endring utsatt skatteforpliktelse (+)/utsatt skattefordel (-) innregnet i egenkapitalen	-2 840 401	7 886 172		
Endring utsatt skatteforpliktelse (+)/utsatt skattefordel (-) innregnet i årsresultat	4 664 551	-838 315		
<b>Endring utsatt skatt i perioden</b>	<b>1 824 150</b>	<b>7 047 861</b>		

### Konsern

	2016		2015	
	-2 840 401	7 886 172		
	4 553 009	-714 552		
<b></b>	<b>1 712 609</b>	<b>7 171 625</b>		

\*) Anleggsmidler består av varige driftsmidler, forskning og utvikling, goodwill og andre immaterielle eiendeler

## NOTE 14, EGENKAPITAL

### Fjordkraft AS

	Aksje- kapital	Overkurs	Annen egenkapital	Sum egenkapital
Egenkapital 01.01.2016	31 352 000	125 031 544	159 303 901	315 687 445
<b>Årets endring i egenkapital:</b>				
Årsresultat	-	-	228 229 720	228 229 720
Årlig løpende estimatavvik knyttet til pensjonsordning (etter skatt)	-	-	2 299 314	2 299 314
Avsatt utbytte	-	-	-120 084 261	-120 084 261
<b>Egenkapital 31.12.2016</b>	<b>31 352 000</b>	<b>125 031 544</b>	<b>269 748 675</b>	<b>426 132 218</b>

### Konsern

	Aksje- kapital	Overkurs	Annen egenkapital	Sum egenkapital
Egenkapital 01.01.2016	31 352 000	125 031 544	132 795 938	289 179 482
<b>Årets endring i egenkapital:</b>				
Årsresultat	-	-	228 605 460	228 605 460
Årlig løpende estimatavvik knyttet til pensjonsordning (etter skatt)	-	-	2 299 314	2 299 314
Avsatt utbytte	-	-	-120 084 261	-120 084 261
<b>Egenkapital 31.12.2016</b>	<b>31 352 000</b>	<b>125 031 544</b>	<b>243 616 456</b>	<b>400 000 000</b>

## NOTE 15, FORDRINGER MED FORFALL SENERE ENN ETT ÅR

	Fjordkraft AS		Konsern	
	2016	2015	2016	2015
Lån til ansatte*	13 859 020	15 488 795	13 859 020	15 488 795
<b>Sum</b>	<b>13 859 020</b>	<b>15 488 795</b>	<b>13 859 020</b>	<b>15 488 795</b>

\* Lån til ansatte inkluderer neste års avdrag. Avdrag i 2017 utgjør kr. 2 096 584,-.

## NOTE 16, LIKVIDE MIDLER

	Fjordkraft AS		Konsern	
	2016	2015	2016	2015
Kontantdepot DnB	-	-	-	129 000 000
Ikke bundne midler	193 223 703	204 162 229	193 226 023	204 448 356
<b>Sum likvide midler</b>	<b>193 223 703</b>	<b>204 162 229</b>	<b>193 226 023</b>	<b>333 448 356</b>

Fjordkraft AS har felles konsernkontosystem med datterselskapet Trondheim Kraft AS.

## NOTE 17, AKSJEKAPITAL OG AKSJONÆRINFORMASJON

### Fjordkraft AS

Eierstruktur	Antall aksjer	Pålydende	Stemmeandel	Eierandel
BKK AS	15 315	1 000	48,85 %	48,85 %
Statkraft Industrial Holding AS	989	1 000	3,15 %	3,15 %
Skagerak Energi AS	15 048	1 000	48,00 %	48,00 %
<b>Sum</b>	<b>31 352</b>		<b>100,00 %</b>	<b>100,00 %</b>

Fjordkraft AS inngår i Statkrafts konsernregnskap som følge av indirekte eierskap. Det offisielle regnskapet utleveres ved henvendelse til Fjordkraft AS, Folke Bernadottesvei 38, 5147 Fyllingsdalen.

## NOTE 18, PENSJON

### Ytelsesplan i sikret ordning

Fjordkraft AS har kollektiv pensjonsordning i BKK Pensjonskasse. Pensjonsordning er en bruttoordning tilsvarende offentlige ordninger. Den gir de ansatte en bestemt fremtidig pensjonsytelse basert på antall opptjeningsår og lønnsnivået ved pensjonsalder.

Ytelsesplanen omfatter alders-, uføre-, etterlatte- og barnepensjon. Alderspensjonen utgjør ved full opptjening 66 % av pensjonsgrunnlaget for lønn opp til 12G. Alle født i 1943 eller senere vil få pensjonen sin levealderjustert, noe som kan føre til en pensjonsutbetaling som er mindre enn 66 % av pensjonsgrunnlaget. Pensjonen reguleres i henhold til regelverket for offentlig pensjon. Ordningen finansieres ved at medlemmene innbetaler 2 % av pensjonsgrunnlaget. Øvrig pensjonspremie dekkes av Fjordkraft.

### Ytelsesplan i usikrede ordninger

Den usikrede ordningen består av AFP som er en førtidspensjonsordning som kan tas ut mellom 62 og 67 år. I den tallmessige delen av pensjonsnoten finnes en oversikt over antall aktive medlemmer og pensjonister for hhv sikret og usikrede ordninger

### Aktuarielle beregninger

Pensjonskostnaden for 2016 er beregnet i henhold til revidert IAS 19. Det vil si at estimatavvik umiddelbart amortiseres og føres mot egenkapitalen. Aktuærberegningene er utført av aktuarer i Gabler AS som administrerer BKK Pensjonskasse.

### Økonomiske forutsetninger

Fjordkraft har vurdert at markedet for obligasjoner med fortrinnsrett (OMF) tilfredsstiller kravene i IAS 1983, til foretaksobligasjoner med høy kvalitet og dypt marked.

Per 31.12.2016 har Fjordkraft benyttet en diskonteringsrente på 2,3 %, fremtidig lønnsvekst 2,25 % og endring i grunnbeløpet i Folketrygden (G) 2 %. Norsk Regnskapsstiftelse har primo januar 2017 fastsatt veiledende forutsetninger per 31. desember 2016. Disse ligger 0,3 prosentpoeng høyere på diskonteringsrente og 0,25 prosentpoeng høyere på lønnsvekst og i G. I henhold til nye sensitivitetstall gir avvikene liten endring i forpliktelse per 31.12.2016.

Det er utarbeidet sensitivitetsanalyser som viser konsekvensene for pensjonskostnader og -forpliktelser av å endre de viktigste parametrene. Resultatet er presentert i en tabell. Endringen i kostnad gjelder pensjonskostnad i 2017 mens endring i forpliktelse gjelder per 31.12.2016.

### Demografiske forutsetninger - GAP07

Fjordkraft har i pensjonsberegningene i en rekke år brukt Gablers dynamiske dødelighetsgrunnlag, GAP07. I forbindelse med at Finanstilsynet innførte K2013 som dødelighetsgrunnlag for forsikringsordninger vurderte Gabler GAP07 mot

faktisk observert dødelighet i medlemsbestanden. Beregningene underbygger at GAP07 er et forventningsrett dynamisk dødelighetsgrunnlag i forhold til krav i Norsk Regnskapsstiftelses veiledning for pensjonsforutsetninger.

### Kurvet reallønnsvækst

Forventet lønnsvekst lagt til grunn i Fjordkraft sine pensjonsberegninger bygger på Gablers regresjonsmodell. Modellen bruker alder som en forklaringsvariabel for reallønnsvækst i arbeidstakere. Sammenhengen mellom alder og reallønnsvækst kan forklares blant annet med at de unge gjør flere lønnshepp enn de eldre arbeidstakerne.

Basert på historiske bestandsdata i pensjonskassen er det utledet en tilpasset lønnskurve som viser at den gjennomsnittlige reallønnsvæksten for ansatte er fallende med alder. Denne kurven legges til grunn for actuarielle beregninger.

Beregninger viser at kurvet lønnsvekst gir lavere pensjonsforpliktelse enn lineær lønnskurve.

### Pensjonsmidler i BKK Pensjonskasse

BKK Pensjonskasse fikk en avkastning i 2016 på 7,6 % (276 MNOK) mot en indeksavkastning på 3,2 %. Meravkastningen ble 155 MNOK i forhold til indeks. Aksjeeksponeringen er 36,4 %, mens bufferkapitalen er 668 MNOK som er ca 250 MNOK mindre enn ved forrige årsskifte.

Samlet tapspotensial med korrelasjon er beregnet til 57 % av bufferkapitalen og vurderes å være en akseptabel risikosituasjon.

Forvaltningskapitalen var 3 895 MNOK. I 2016 betalte BKK hel premie til pensjonskassen.

### De aktuærtekniske beregninger er utført i henhold til standard fra Den Norske Aktuarforening og bygger på følgende forutsetninger:

	2016	2015
1. Diskonteringsrente	2,30 %	2,50 %
2. Forventet avkastning pensjonsmidler	2,30 %	2,50 %
3. Årlig forventet lønnsvekst	2,25 %	2,50 %
4. Årlig forventet G-regulering	2,00 %	2,25 %
5. Årlig regulering av pensjoner under utbetaling	1,25 %	1,50 %
6. AFP-uttak	25% ved 62 år Gap07 / K63 før 45 år - 4,5% 45 - 60 år - 2,0% etter 60 år - 0%	30% ved 62 år Gap07 / K63 før 45 år - 4,5% 45 - 60 år - 2,0% etter 60 år - 0%
7. Demografiske forutsetninger		
8. Frivillig avgang		

Betegnelsen Gap07 er Gablers dynamiske dødelighetstabeller. K 63 er utføretabeller fra 1963.

Tall i 1000 kr

	Endring diskonteringsrente		Endring lønnsøkning	
Sensitivitetsanalyse	1 %	-1 %	1 %	-1 %
Endring i pensjonskostnad	-3 096	4 554	2 687	-1 855
Endring i brutto pensjonsforpliktelse	-35 210	49 178	19 764	-14 730
	Endring forventet G-regulering		Endring frivillig avgang	
Sensitivitetsanalyse	1 %	-1 %	1 %	-1 %
Endring i pensjonskostnad	1 651	-1 229	27	-18
Endring i brutto pensjonsforpliktelse	26 170	-21 132	-22 114	-817

## NOTE 18, PENSJON (Forts.)

### Fjordkraft AS

#### A. PERIODENS PENSJONSKOSTNAD

	Sikret ordning	Usikret ordning	Sum 2016	Sum 2015
Årets pensjonsopptjening	10 331 030	1 079 972	11 411 002	12 761 058
Arbeidsgeberavgift av årets opptjening	1 456 675	152 276	1 608 951	1 799 310
Rentekostnad på pensjonsforpliktelsen	3 703 242	288 812	3 992 054	4 174 027
Forventet avkastning på pensjonsmidlene	-2 728 502	-	-2 728 502	-2 354 630
Medlemsinnskudd	-1 537 500	-	-1 537 500	-1 501 717
<b>Resultatført pensjonskostnad</b>	<b>11 224 945</b>	<b>1 521 060</b>	<b>12 746 005</b>	<b>14 878 048</b>

#### B. BALANSEFØRT PENSJONSFORPLIKTELSE

Brutto pensjonsforpliktelse ved periodens slutt	158 920 830	13 215 197	172 136 027	160 579 132
Midler ved periodens slutt	124 715 665	-	124 715 665	105 884 214
<b>Balanseført pensjonsforpliktelse inkl. arb.g.avgift</b>	<b>34 205 164</b>	<b>13 215 197</b>	<b>47 420 360</b>	<b>54 694 916</b>

#### C. AVSTEMMING PENSJONSFORPLIKTELSE

Pensjonsforpliktelse i inngående balanse	43 142 438	11 552 480	54 694 916	76 559 104
Resultatført pensjonskostnad	11 224 945	1 521 060	12 746 005	14 878 048
Estimatavvik ført direkte mot egenkapitalen før skatt	-3 207 409	141 657	-3 065 752	-29 208 043
Innbetalinger inkl. arb.g. avgift	-16 954 809	-	-16 954 809	-7 534 193
<b>Balanseført pensjonsforpliktelse ved periodens slutt</b>	<b>34 205 164</b>	<b>13 215 197</b>	<b>47 420 360</b>	<b>54 694 916</b>

Pensjonsopptjening ytelser til ledende ansatte:

Pensjonsopptjening administrerende direktør	234 430	27 261	261 691	262 644
---	---------	--------	---------	---------

#### D. MEDLEMSSTATISTIK

Antall aktive medlemmer	151	-	147	147
Antall oppsatte	137	-	137	134
Antall pensjonister	23	-	23	24

**NOTE 19, KASSEKREDITT**

	<b>Fjordkraft AS</b>		<b>Konsern</b>	
	2016	2015	2016	2015
Limit for kassekreditt	1 000 000 000	1 200 000 000	1 000 000 000	1 200 000 000
<b>Sum</b>	<b>1 000 000 000</b>	<b>1 200 000 000</b>	<b>1 000 000 000</b>	<b>1 200 000 000</b>

Kundefordringer er stillet som sikkerhet for kassekreditt. Se note 20 om garantier og pantstillelser. Fjordkraft AS og Trondheim Kraft AS inngår i egen konsernkontoordning med felles kassekreditt. Selskapene hefter solidarisk.

**NOTE 20, GARANTIER OG PANTSTILLELSE**

	<b>Fjordkraft AS</b>		<b>Konsern</b>	
	2016	2015	2016	2015
<b>Garantier stilt av bank på vegne av selskapet</b>				
Bankgarantier knyttet til gjennomfakturering*	535 120 000	-	593 120 000	129 000 000
Sikkerhetsstillelse for skattebygg	7 000 000	7 000 000	7 000 000	7 000 000
Husleiegaranti	3 367 000	3 367 000	4 198 056	4 198 056
<b>Sum</b>	<b>545 487 000</b>	<b>10 367 000</b>	<b>604 318 056</b>	<b>140 198 056</b>

\*I 2015 var det stilt et kontantdepot som sikkerhet for gjennomfakturering

Kundefordringer er stillet som sikkerhet for kassekreditt (se note 19)	600 000 000	600 000 000	600 000 000	600 000 000
Bokført verdi av kundefordringer	1 113 953 717	600 176 044	1 197 505 348	633 477 590

Det er ikke trekk på kassekreditten pr 31.12.2016.



## NOTE 21, RISIKO

Fjordkrafts hovedvirksomhet er salg av strøm til sluttbrukere. Både svingende innkjøpspriser og tøff konkurranse i sluttkundemarkedet medfører en betydelig forretningsmessig risiko. Produktspektret omfatter spotrelaterte produkter, produkter med ulik grad av finansielle sikringer samt produkter som innebærer forvaltning på kunders regning og risiko.

Selskapet har kategorisert hendelser som kan medføre en svekkelse av Fjordkraft AS. Fjordkraft AS inndeler risiko i verdisiko og likviditetsrisiko. Verdirisiko deles videre inn i markedsrisiko, motpartsrisiko og operasjonell risiko. Følgende definisjoner legges til grunn.

### VERDIRISIKO:

#### Markedsrisiko

Mulighet for tap som følge av bevegelser i finansielle markeder (systempris, områdepris, valuta, volum).

#### Motpartsrisiko

Mulighet for tap som følge av at motparter ikke kan innfri sine forpliktelser.

#### Operasjonell risiko

Mulighet for tap som følge av feil knyttet til interne prosesser, mennesker og systemer samt tap grunnet eksterne faktorer (annet enn finansielle markeder og motparter).

### LIKVIDITETSRIKSIKO:

#### Likviditetsrisiko

Likviditetsrisiko defineres som risiko for manglende tilgang til kapital for innfrielse av forpliktelser.

### Risikostyring

#### Generelt

Hele organisasjonen er involvert i risikostyring og internkontroll, som en integrert del av virksomhetsstyringen. Gjennom fastlagte aktiviteter og frengangsmåter skal organisasjonen på en strukturert måte identifisere, vurdere, håndtere og følge opp risiko. Årlige uavhengige interne revisjoner av utvalgte risikoområder er innført som et sentralt virkemiddel i selskapets risikostyring.

#### Markedsrisiko

Markedsrisiko styres i henhold til styrevedtatte eksponeringsrammer. Disse overholdes gjennom bruk av NASDAQ OMXs derivatmarked.

#### Motpartsrisiko

Motpartsrisiko knyttet til handel i eksterne finansielle markeder begrenses gjennom valg av solide kraftselskap som motparter. Øvrig motpartsrisiko styres gjennom kredittvurdering, kredittovervåkning og avtalefestede muligheter for garantier og depositum.

#### Operasjonell risiko

Operasjonell risiko styres overordnet sett gjennom god virksomhetsstyring. Sentrale elementer i dette er krav til god ledelse, tydelige og involverende målprosesser, relevant rapportering, effektive prosesser og etiske retningslinjer. Fullmaktsmatrise er etablert, og legges fram for godkjenning av styret minimum én gang pr. år. Delstrategier for vesentlige områder er utarbeidet.

#### Likviditetsrisiko

Likviditetsrisiko styres ved at det inngås løpende eller langsiktig avtaler som sikrer grunnfinansieringen av kapitalbehovet. Tilleggskapital dekkes ved behov gjennom løpende dialog med primær kapitalkilde samt eiere. Kapitalbehovet styres ved kortsiktige og langsiktige likviditetsprognoser.

## NOTE 22, ESTIMATER I REGNSKAPET

### Fjordkraft AS

RRegnskapet inneholder estimater om flere ukjente størrelser når årsregnskapet avlegges. Eventuelle endringer fra disse estimatene regnskapsføres i det kommende regnskapsår.

Resultatet for 2016 inneholder positive effekter fra strømsalg tidligere år på ca. 10,5 MNOK før skatt.

Balansen for 2016 inneholder et positivt estimatavvik knyttet til pensjonsforpliktelser på ca. 2,3 MNOK etter skatt som er ført direkte mot egenkapitalen.

Vesentlige regnskapsposter som er påvirket av estimater er pensjoner (note 14 og 18), goodwill (note 8), avsetning tap på fordringer og levert ikke avregnet strøm. Et vesentlig volum av levert strøm er ikke avregnet når regnskapsavslutningen foretas. Relativt små avvik i estimering av pris, vil, med stort volum, kunne gi betydelig avvik i kroner.

### Konsern

Regnskapet inneholder estimater om flere ukjente størrelser når årsregnskapet avlegges. Eventuelle endringer fra disse estimatene regnskapsføres i det kommende regnskapsår.

Konsernets resultat for 2016 inneholder positive effekter fra strømsalg tidligere år på ca. 13 MNOK før skatt.

Konsernets balanse for 2016 inneholder et positivt estimatavvik knyttet til pensjonsforpliktelser på ca. 2,3 MNOK etter skatt som er ført direkte mot egenkapitalen.

Vesentlige regnskapsposter som er påvirket av estimater er pensjoner (note 14 og 18), goodwill (note 8), avsetning tap på fordringer og levert ikke avregnet strøm. Et vesentlig volum av levert strøm er ikke avregnet når regnskapsavslutningen foretas. Relativt små avvik i estimering av pris, vil, med stort volum, kunne gi betydelig avvik i kroner.

## NOTE 23, SELSKAPER SOM INNGÅR I KONSOLIDERINGEN

Selskap	Forretningskontor	Land	Eierandel	Stemmeandel
Fjordkraft AS	Bergen	Norge	100,00 %	100,00 %
Trondheim Kraft AS	Trondheim	Norge	100,00 %	100,00 %

# Årsrapport 2016 Trondheim Kraft

# STYRETS BERETNING



## INNHOOLD

Fjordkraftkonsernet	s 2
Organisasjon	s 3
<b>FJORDKRAFT</b>	
Styrets beretning	s 7-12
Regnskap 2016	s 13-18
Noter til regnskapet	s 19-35
<b>TRONDHEIM KRAFT</b>	
► <b>Styrets beretning</b>	<b>s 37-39</b>
Regnskap 2016	s 40-44
Noter til regnskapet	s 45-51
Adresser	s 51



# STYRETS BERETNING

Resultatet for 2016 vurderes som godt og viser et overskudd på 8 millioner kroner. Årsresultatet i 2015 var 20 millioner kroner.

Trondheim Kraft AS' virksomhet er innkjøp, salg og porteføljeforvaltning av strøm til husholdninger, kommuner, offentlige og private bedrifter. Trondheim Kraft AS inngår i Fjordkraft-konsernet.

## Organisasjon

Ved utgangen av 2016 var det totalt 26 medarbeidere ved kontoret i Trondheim fordelt på 19 menn og 7 kvinner. Disse er ansatte i Fjordkraft AS, og arbeidskraften kjøpes inn herfra.

Diskrimineringslovens formål er å fremme likestilling, sikre like muligheter og rettigheter og å hindre diskriminering. Selskapet arbeider aktivt, målrettet og planmessig for å fremme lovens formål. Aktivitetene omfatter blant annet rekruttering, lønns- og arbeidsvilkår, forfremmelse, utviklingsmuligheter og beskyttelse mot trakassering.

Det totale sykefraværet var 4,4 prosent i 2016, mot 6 prosent i 2015. Målet er fravær lavere enn 4,5 prosent. Fjordkraft AS er tilsattet ordningen "Inkluderende arbeidsliv". Årlig gjennomføres undersøkelse av medarbeidernes tilfredshet. Tilfredsheten blant medarbeiderne er svært høy, og de ansatte har et sterkt engasjement for sin arbeidsplass. Måltallet for emosjonelt engasjerte medarbeidere er 24. Skalaen går til 30. Resultatet for selskapet ble 26. Dette er den høyeste målte tilfredsheten i selskapets historie. Målingen er sammenliknbar med andre selskaper.

## Klimanøytral virksomhet

Fjordkraft-konsernets, inkludert Trondheim Kraft, samlede CO<sub>2</sub>-utslipp knyttet til energiforbruk til kontorarealer og medarbeidernes reisevirksomhet i tjeneste er beregnet til 430 tonn CO<sub>2</sub>e i 2016, sammenliknet med 294 tonn CO<sub>2</sub>e i 2015. CO<sub>2</sub>-utslippet er betydelig høyere enn i 2015, det skyldes at det er benyttet en høyere faktor i beregningen.

Årsaken til økningen fra 2015 er skifte av beregningsmetode og utregningsfaktor. Isolert sett er utslippet på samme nivå som i 2015. Kontorareal i løpet av året er økt i Bergen, Oslo og Stavanger, mens strømforbruket viser likevel en nedgang i forhold til foregående år. Antall reiser med fly holder seg stabilt på samme nivå som tidligere og utslipp fra bil er litt lavere i 2016 enn i 2015. Av utslippet kommer 257 tonn CO<sub>2</sub>e fra energiforbruk ved selskapets kontorer. Dette er dekket inn gjennom kjøp av opprinnelsesgarantier. Tjenestekjøring med bil og flyreiser tilsvarer et utslipp på 173 tonn CO<sub>2</sub>e, og det er kjøpt klimakvoter tilsvarende dette utslippet.

## Økonomi

Trondheim Kraft AS er fra 1. januar 2010 konsolidert inn i regnskapet til Fjordkraft AS. Forutsetningen om fortsatt drift er lagt til grunn for regnskapet, og det bekreftes at denne forutsetningen er til stede. Styret mener at årsregnskapet gir et rettviseende bilde av Trondheim Kraft AS' eiendeler og gjeld, finansielle stilling og resultat. Systemprisen på den nordiske kraftbørsen var i 2016 i gjennomsnitt for året 24,7 øre/kWh ekskl. mva., sammenliknet med 18,7 øre/kWh i 2015. Dette påvirker selskapets omsetningstall. Driftsinntektene i 2016 utgjorde 283 millioner kroner mot 250 millioner kroner i 2015. Totale driftskostnader utgjorde i 2016 totalt 274 millioner kroner sammenliknet med 225 millioner kroner foregående år. Resultat etter skatt for 2016 ble 8 millioner kroner, mot 20 millioner kroner i 2015.

## Disponering av årets resultat

Årets resultat foreslås i sin helhet avsatt til utbytte.

## Balansen

Anleggsmidler utgjør en liten del av balansen. Det er en reduksjon fra til 1,6 millioner kroner i 2015 til 8,7 millioner kroner i 2016. Trondheim Kraft AS hadde ikke langsiktig rentebærende gjeld eller avsetning til forpliktelser per 31.12.2015.

Kortsiktig gjeld er redusert med 7 millioner kroner sammenliknet med foregående år. Egenkapitalen utgjorde 86 millioner kroner ved utgangen av året.

## Kontantstrøm

Netto kontantstrøm fra operasjonelle aktiviteter avviker en del fra driftsresultatet. Den viktigste forklaringen er bevegelser i omlopsmidler og kortsiktig gjeld som følge av prisendringer på strøm. Netto kontantstrøm fra investeringsaktiviteter er negativ. Det skyldes investering i forskning og utvikling.

## Investeringer

Trondheim Kraft AS er et arbeidsintensivt selskap, og har få varige driftsmidler.

## Risiko og risikostyring

### Generelt om risikostyring

Hele organisasjonen er involvert i risikostyring og internkontroll, som en integrert del av virksomhetsstyringen. Gjennom fastlagte aktiviteter og fremgangsmåter skal organisasjonen på en strukturert måte identifisere, vurdere, håndtere og følge opp risiko. Årlige uavhengige interrevusjoner av utvalgte risikoområder er innført som et sentralt virkemiddel i selskapets risikostyring.

## Markedsrisiko

Selskapets hovedvirksomhet er salg av strøm til sluttbrukere. Både sterkt svingende innkjøpspriser og tøff konkurranse i sluttbrukermarkedet medfører en betydelig forretningsmessig risiko. Produktpekteret omfatter spotrelaterte produkter, produkter med ulik grad av finansielle sikringer samt produkter som innebærer forvaltning på kundens regning og risiko.

Markedsrisiko styres i henhold til styrevedtatte eksponeringsrammer. Disse overholdes gjennom bruk av NASDAQ OMX' derivatmarked.

## Motpartsrisiko

Motpartsrisiko knyttet til handel i eksterne finansielle markeder begrenses gjennom valg av solide kraftselskap som motparter. Øvrig motpartsrisiko styres gjennom kredittvurdering, kredittovervåking og avtalefestede muligheter for garantier og depositum. Retningslinjer er vedtatt gjennom eget kredittpolicydokument.

## Operasjonell risiko

Operasjonell risiko styres overordnet sett gjennom god virksomhetsstyring. Sentrale elementer i dette er krav til god ledelse, tydelige og involverende målprosesser, relevant rapportering, effektive prosesser og etiske retningslinjer. Fullmaktmatrise er etablert, og legges fram for godkjenning av styret minimum én gang pr. år. Policydokumenter for vesentlige områder er utarbeidet.

## Likviditetsrisiko

Likviditetsrisiko styres ved at det inngås løpende eller langsiktig avtaler som sikrer grunnfinansieringen av kapitalbehovet. Tilleggs kapital dekkes ved behov gjennom løpende dialog med selskapets bankforbindelse samt eiere. Kapitalbehovet styres ved kortsiktige og langsiktige likviditetsprognoser.

## Fremtidsutsikter

Samfunnet generelt og bransjen står foran flere større tekniske og markedsmessige omstillinger som vil påvirke kundenes adferd og vil skape muligheter for nye produkter, prosesser, aktører og forretningsmodeller.

NVEs forskrift som omhandler gjennomfakturering trådte i kraft fra 1. september 2016. En av hovedgrunnene til endringene er at en stor

del av strømkundene foretrekker å betale strøm og nettleie samtidig. Frem til dette har kun den lokale leverandøren kunnet tilby dette i forbrukermarkedet. Forskriftsendringen innebærer at alle aktører og strømkunder vil få like muligheter til å tilby samlet fakturering. Fjordkraft anser dette som en konkurransefremmende og kundesvennlig løsning. Selskapet har jobbet for å få gjennomslag for en slik løsning siden 2009.

Gjennomfaktureringsløsningen er et steg på veien til innføring av én-faktura modellen. Rolledelingen mellom strømløseleverandører og nettselskaper tydeliggjøres. Endringene medfører omstillingsbehov og Trondheim Kraft anser seg å være godt forberedt til å møte utviklingen.

## Elhub og AMS

Elhub tas i bruk fra oktober 2017 og selskapet har i 2016 forberedt seg på omleggingen.

Opprettelsen av Elhub vil medføre standardisert og sentralisert utveksling av måleverdier og kundeinformasjon mellom bransjeaktørene.

Smarte målere vil automatisere innhenting av målerdata og endre arbeidsprosessene i, og mellom, nettselskaper og strømløseleverandører. Innen 2019 skal digitale strømmålere installeres i alle norske husholdninger. I 2016 har flere nettselskaper kommet godt i gang med utplassering av slike målere, og utplasseringstakten øker i 2017.

ENOVA og NVE ønsker at de nye målerne får følge av smarte løsninger som kan motivere forbrukerne til å spare strøm.

## Digitalisering

Ny teknologi, digitalisering og «grønt skift» er globale trender, som sammen med økte insentiver for elektrifisering fra fornybare energikilder, vil påvirke kundeopplevelsen, forbruksmønstre, vare- og tjenesteproduksjon og hvilke aktører som blir tilbydere i fremtiden.

Arbeidet med digitalisering og automatisering av selskapets prosesser vil fortsette. Selskapet er bevisst på kompetanse- og omstillingsbehovet den generelle digitaliseringstrenden krever. I 2017 vil Trondheim Kraft og Fjordkraft-konsernets strategigjennomgang fokusere på hvordan kundeopplevelsen og tjenestetilbudet påvirkes av digitalisering.

## Omdømme

Konkurranseutvalgets prisportal ble sommeren 2015 erstattet av en prisportal i regi av Forbrukerrådet. Evaluering utført av Forbrukerrådet i februar 2016 viste at mye arbeid gjenstår før portalen fungerer korrekt og er brukervennlig. Arbeidet med forbedringen forventes å fortsette i 2017.

Bransjens generelle omdømme har også i 2016 styrket seg. EPSIs målinger i desember 2016 viser at strømbørsen har bedre omdømme enn bank-, mobil- og telebransjen. Utfordringen for bransjen blir å ivareta den positive utviklingen i omdømmet gjennom de endringene som kundene og bransjen står foran.

Trondheim Kraft og Fjordkraft-konsernet er med sin merkevare, kundebase, distribusjonsnettverk, organisasjon og prosessfabrikk godt rustet til å møte utviklingen. Styret benytter anledningen til å rette en stor takk til medarbeidere for innsatsen i 2016.

## I styret for Trondheim Kraft, Bergen, 23. mars 2017.



**Rolf Barmen**  
Styreleder



**Bjørge Pedersen**



**Birte Strander**



**Torkel Rolfseng**  
Adm. direktør

*Rolf Barmen* *Bjørge Pedersen* *Birte Strander* *Torkel Rolfseng*

# REGNSKAP 2016



## INNHOLD

Fjordkraftkonsernet	s 2
Organisasjon	s 3
<b>FJORDKRAFT</b>	
Styrets beretning	s 7-12
Regnskap 2016	s 13-18
Noter til regnskapet	s 19-35
<b>TRONDHEIM KRAFT</b>	
Styrets beretning	s 37-39
► <b>Regnskap 2016</b>	<b>s 40-44</b>
Noter til regnskapet	s 45-51
Adresser	s 51

# RESULTAT REGNSKAP

## RESULTATREGNSKAP

	Noter	2016	2015
<b>RESULTATREGNSKAP</b>			
Strømsalg		275 335 380	244 524 153
Andre driftsinntekter		7 880 676	5 752 538
<b>Sum driftsinntekter</b>		<b>283 216 055</b>	<b>250 276 691</b>
Strømkjøp	2,3	-219 556 434	-174 372 837
Tjenester for videresalg		-1 343 891	-884 848
Avskrivninger på driftsmidler og immaterielle eiendeler	4,5	-3 626 780	-3 377 231
Andre driftskostnader	3,6,7	-49 410 738	-46 216 590
<b>Sum driftskostnader</b>		<b>-273 937 843</b>	<b>-224 851 506</b>
<b>Driftsresultat</b>		<b>9 278 212</b>	<b>25 425 185</b>
Finansinntekter	3	2 010 903	1 973 306
Finanskostnader	3	-334 638	-84 980
<b>Resultat av finansposter</b>		<b>1 676 264</b>	<b>1 888 326</b>
<b>Ordinært resultat før skattekostnad</b>		<b>10 954 476</b>	<b>27 313 511</b>
Skattekostnad på ordinært resultat	8	-2 762 024	-7 287 050
<b>Årsresultat</b>		<b>8 192 452</b>	<b>20 026 461</b>
<b>Overføringer:</b>			
Avsatt til / fra annen egenkapital		-	-
Foreslått utbytte		-8 192 452	-20 026 461
<b>Sum overføringer</b>	<b>9</b>	<b>-8 192 452</b>	<b>-20 026 461</b>

**BALANSE PR. 31.12.****Anleggsmidler****Immaterielle eiendeler**

	noter	2016	2015
Utsatt skattefordel	8	432 491	320 949
Forskning og utvikling	3,4	7 289 155	10 017 275
Andre immaterielle eiendeler	10	-	837 252
<b>Sum immaterielle eiendeler</b>		<b>7 721 646</b>	<b>11 175 476</b>

**Varige driftsmidler**

Varige driftsmidler	5	978 994	384 044
<b>Sum varige driftsmidler</b>		<b>978 994</b>	<b>384 044</b>

**Sum anleggsmidler**

		<b>8 700 641</b>	<b>11 559 520</b>
--	--	------------------	-------------------

**Omløpsmidler****Fordringer**

Kundefordringer		83 551 631	33 301 545
Til gode konsernselskaper	3	106 240 511	28 285 270
Andre kortsiktige fordringer		1 137 005	3 808 544
<b>Sum fordringer</b>		<b>190 929 147</b>	<b>65 395 358</b>

Bankinnskudd, kontanter og lignende

	11	2 320	129 286 127
<b>Sum omløpsmidler</b>		<b>190 931 467</b>	<b>194 681 486</b>

**Sum eiendeler**

		<b>199 632 108</b>	<b>206 241 006</b>
--	--	--------------------	--------------------

**Egenkapital****Innskutt egenkapital**

Aksjekapital (6 aksjer à kr 1.000.000,-)	9,12	6 000 000	6 000 000
Overkurs	9	10 618 000	10 618 000
Annen innskutt egenkapital	9	49 027 476	49 027 476
<b>Sum innskutt egenkapital</b>		<b>65 645 476</b>	<b>65 645 476</b>

**Opptjent egenkapital**

Annen egenkapital	9	20 521 378	20 521 378
<b>Sum opptjent egenkapital</b>		<b>20 521 378</b>	<b>20 521 378</b>

<b>Sum egenkapital</b>		<b>86 166 854</b>	<b>86 166 854</b>
------------------------	--	-------------------	-------------------

**Kortsiktig gjeld**

Leverandørgjeld		20 577 056	1 901 127
Betalbar skatt	8	2 888 848	7 122 189
Skyldig offentlige avgifter med mer		13 915 612	7 231 532
Gjeld til konsernselskaper	3	58 585 345	89 755 781
Annen kortsiktig gjeld	2	17 498 391	14 063 521
<b>Sum kortsiktig gjeld</b>		<b>113 465 253</b>	<b>120 074 151</b>

<b>Sum gjeld</b>		<b>113 465 253</b>	<b>120 074 151</b>
<b>Sum egenkapital og gjeld</b>		<b>199 632 108</b>	<b>206 241 006</b>

**Øvrige noter :**

Garantier og pantstillelser

13

Risiko

14

Estimer i regnskapet

15

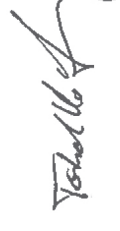
Bergen, 23. april 2017, i styret for Trondheim Kraft AS

**Rolf Barmen**  
Styreleder

Bjørge Pedersen

**Bjørge Pedersen**  
Nestleder

Birte Strander

**Birte Strander**  
Styremedlem**Torkel Rølsfeng**  
Adm. direktør

## KONTANTSTRØMANALYSE

	2016	2015
<b>Kontantstrømmer fra operasjonelle aktiviteter:</b>		
Ordinært resultat før skatt	10 954 476	27 313 511
Periodens betalte skatt *)	-7 106 908	-688 493
Avskrivninger på driftsmidler	59 317	37 572
Avskrivninger på immaterielle eiendeler	3 567 463	3 339 659
Endring i kundefordringer	-50 250 085	28 407 947
Endring i andre omløpsmidler	-75 283 705	103 706 822
Endring i leverandørgjeld	18 675 935	1 734 144
Endring i andre gjeldsposter	-9 217 480	-24 207 684
<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>	<b>-108 600 987</b>	<b>139 643 478</b>
<b>Kontantstrømmer fra investeringsaktiviteter:</b>		
Utbetalinger ved kjøp av driftsmidler	-654 267	-229 720
Utbetalinger ved kjøp av immaterielle eiendeler	-839 344	-4 421 965
Endring andre immaterielle eiendeler	837 252	-807 719
<b>Netto kontantstrøm fra investeringsaktiviteter</b>	<b>-656 359</b>	<b>-5 459 404</b>
<b>Kontantstrømmer fra finansieringsaktiviteter:</b>		
Innbetalt konsernbidrag fra morselskap	-	-
Utbetalt utbytte til morselskap	-20 026 461	-4 900 614
<b>Netto kontantstrøm fra finansieringsaktiviteter</b>	<b>-20 026 461</b>	<b>-4 900 614</b>
Netto endring i bankinnskudd, kontanter og lignende	-129 283 807	129 283 461
Beholdning av bankinnskudd, kontanter og lignende pr. 1.1.	129 286 127	2 666
<b>Beholdning av bankinnskudd, kontanter og lignende pr. 31.12.</b>	<b>2 320</b>	<b>129 286 127</b>

# REVISJONSBERETNING



Deloitte AS  
Postboks 100, 125  
Norge  
Trondheim  
Tlf: +47 92 21 81 00  
Faks: +47 92 21 81 33  
www.deloitte.no

Til generalforsamlingen i Trondheim Kraft AS  
UAVHENGIG REVISORS BERETNING

## Uttalelse om revisjonen av årsregnskapet

### Konklusjon

Vi har revidert Trondheim Kraft AS' årsregnskap som viser et overskudd på kr 8.192.452. Årsregnskapet består av balanse per 31. desember 2016, resultatregnskap og kontantstrømpåstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avlagt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2016, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapspraksis i Norge.

### Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god regnskapspraksis i Norge, herunder de internasjonale standardene for revisjon utarbeidet av International Standards on Auditing (ISA-ene). Vår revisjon er i samsvar med pliktene i henhold til disse standardene er beskrevet i Revisors oppgaver og plikt ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige disse forpliktelser i samsvar med disse kravene. Etter vår oppfølging er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

### Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon består av årsberetningen, men inkluderer ikke årsregnskapet og revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet. Kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i til henholdsvis.

### Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapspraksis i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avvirket.

Deloitte AS er medlem av Deloitte Network, et globalt nettverk av medlemmer av Deloitte Touche Tohmatsu Limited (DTTL), et britisk selskap som er registrert i England og Wales. DTTL er et medlem av International Federation of Accountants (IFAC). Deloitte AS er medlem av Det Norske Regnskapsforbundet (DNRF). Deloitte AS er medlem av Det Norske Revisorforbundet (DRF). Deloitte AS er medlem av Det Norske Revisorforbundet (DRF). Deloitte AS er medlem av Det Norske Revisorforbundet (DRF).

Deloitte AS er medlem av Deloitte Network, et globalt nettverk av medlemmer av Deloitte Touche Tohmatsu Limited (DTTL), et britisk selskap som er registrert i England og Wales. DTTL er et medlem av International Federation of Accountants (IFAC). Deloitte AS er medlem av Det Norske Regnskapsforbundet (DNRF). Deloitte AS er medlem av Det Norske Revisorforbundet (DRF). Deloitte AS er medlem av Det Norske Revisorforbundet (DRF).

side 2

Uavhengig revisors beretning til  
generalforsamlingen i Trondheim Kraft AS



## Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å gi en innholdt og tilfredsstillende revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Revisjonen er utført i samsvar med lov, forskrift og god regnskapspraksis i Norge, herunder ISA-ene, alltid vi avdekket vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne forster basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god regnskapspraksis i Norge, herunder ISA-ene, utfører vi profesjonelt skjønn og utøver profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoen, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for vesentlig feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil, herunder ISA-ene, alltid vi avdekket vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne forster basert på årsregnskapet.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonsstandarder som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en uttalelse om effektiviteten i den interne kontrollen. Vi utfører og dokumenterer vår forståelse av den interne kontrollen, og vi evaluerer vi om de anvendte regnskapsprinsipperne er hensiktsmessige og om regnskapsestimaterne og tilhørende notepopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi innhenter tilstrekkelig og hensiktsmessig revisjonsbevis som grunnlag for vår konklusjon. Dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Vår konklusjon er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og om de presenterer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med dem som har overordnet ansvar for styring og kontroll blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisionsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

## Uttalelse om øvrige lovmessige krav

### Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet, som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.



side 3  
Uavhengig revisors beretning til  
generalforsamlingen i Trondheim Kraft AS

## Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet i forbindelse med registrering og dokumentasjon, mener vi at årsregnskapet er i samsvar med lov og forskrifter, og at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringspraksis i Norge.

Bergen, 23. mars 2017  
Deleitt AS

*Bjørn Lyse Opdal*  
saksbehandler revisor

# NOTER TIL REGNSKAPET



## INNHOOLD

Fjordkraftkonsernet	s 2
Organisasjon	s 3
<b>FJORDKRAFT</b>	
Styrets beretning	s 7-12
Regnskap 2016	s 13-18
Noter til regnskapet	s 19-35
<b>TRONDHEIM KRAFT</b>	
Styrets beretning	s 37-39
Regnskap 2016	s 40-44
► <b>Noter til regnskapet</b>	<b>s 45-51</b>
Adresser	s 51



# NOTER, TRONDHEIM KRAFT AS

## NOTE 1, REGNSKAPSPRINSIPPER

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk i Norge (NGAAP).

### 1-1 Bruk av estimater

Ledelsen har brukt estimater og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen under utarbeidelsen av årsregnskapet i henhold til god regnskapsskikk.

### 1-2 Valuta

Pengeposter i utenlandsk valuta omregnes til balansedagens kurs. Øvrige kursendringer er inkludert i finansresultatet. Transaksjoner i utenlandsk valuta omregnes etter kurs på transaksjonstidspunktet.

### Valutaterminkontrakter

Valutaterminkontrakter benyttes for å sikre fremtidig forventet valutastørøm i norske kroner. Regnskapsføring av realisert gevinst eller tap knyttet til slike terminkontrakter blir utsatt til transaksjonstidspunktet for den sikrede transaksjonen og medregnet som en del av den endelige transaksjonsverdien.

### 1-3 Strømsalg og strømkjøp

#### Inntektsføringsprinsipp

Inntektsføring av strømløpene til sluttbrukere skjer løpende i henhold til estimert levert volum hos kundene. Avhengig av forbruksvolum foretas måleravlesning henholdsvis månedlig, kvartalsvis eller årlig. Informasjon fra måleravlesning er tatt hensyn til i inntektsføringen når den foreligger. Regnskapet avlegges i kraftbalanse. Det vil si at eventuelle avvik mellom antatt leveranse og innkjøpt volum er tatt hensyn til ved avsetning.

### Strøm kontrakter kjøp/salg

Selskapets virksomhet er i hovedsak knyttet til å levere strøm til sluttbrukere. Den økonomiske risiko ved levering av strøm er omfattende. En beskrivelse av virksomhetens risiko og hvordan disse styres er beskrevet i note 14. Resultatet av finansielle kontrakter som sikrer kjøp til sluttbrukere blir i resultatregnskapet klassifisert som kjøp eller kjøpsreduksjon.

### Typer av finansielle kraftkontrakter

Opsjoner gir kjøper rett til å kjøpe/selge og selger plikt til å selge/kjøpe på et bestemt tidspunkt eller etter leveringsperioden er over til en, på forhånd, bestemt pris. For at kjøperen skal få denne retten, betales det en opsjonspremie. Opsjonspremier er i 2016 kostnadsført over kontraktperioden.

Futures er en avtale mellom to parter om å kjøpe/selge underliggende kraft til en bestemt pris for en bestemt periode i fremtiden.

Futures handles først og fremst på dager, uker og blokker. Det foretas daglig oppgjør mellom kontraktspriser og markedspriser.

Daglige oppgjør i handelsperioden resultatføres først i leveringsperioden. Forwards er en avtale mellom to parter om å kjøpe/selge underliggende kraft til en bestemt pris for en bestemt periode i fremtiden. Forwards handles først og fremst på sesonger og år. Oppgjør blir foretatt i leveringsperioden.

### Regnskapsmessig behandling av finansielle kontrakter

Trondheim Kraft AS har ingen handel med trading som formål. Finansielle kraftkontrakter vurderes til laveste verdis prinsipp. Ved verdilvurdering benytter Trondheim Kraft AS portetøleprinsippet (gruppeprinsippet). Dette innebærer at realisert gevinst/tap knyttet til de enkelte finansielle kraftterminkontrakter, blir utsatt til leveranseperioden for underliggende kraftforbruk.

Produktspekteret omfatter spotrelaterte produkter og fastpris produkter.

Formålet med finansiell handel er å styre den prisrisiko som følger av forpliktelsene i avtalene med sluttkundene.

### Regnskapsmessig behandling av elsertifikatforpliktelse

For å redusere risiko og eksponering for prissvingninger knyttet til innkjøp av elsertifikater, inngår Trondheim Kraft AS terminkontrakter på kjøp av elsertifikater, både for årets pådratte elsertifikatforpliktelse, og for kommende års forventede forpliktelser. Trondheim Kraft AS benytter nettosynsmetoden ved måling av elsertifikatforpliktelsen i regnskapet, noe som innebærer at den del av volumet i elsertifikatforpliktelsen hvor selskapet har kjøpt elsertifikater på termin eller har elsertifikater i beholdning, måles til henholdsvis terminpris på inngåtte terminkontrakter og kostpris for beholdning av elsertifikater. Dersom volumet i elsertifikatforpliktelsen går ut over dette sikrede volumet, måles denne delen av forpliktelsen til markedsverdi på elsertifikater. Elsertifikatkostnaden er presentert under strømkjøp i resultatregnskapet, mens elsertifikatforpliktelsen er presentert som annen kortsiktig gjeld.

Terminkontrakter på kjøp av elsertifikater balanseføres ikke. Dette gjelder også for terminkontrakter som gjelder kommende års forventede elsertifikatforpliktelse. Dersom det er aktuelt gjøres avsetning for tapsbringende kontrakter i tråd med NRS 13.

### 1-4 Skatt

Skattekostnad består av betalbar skatt og ending utsatt skatt. Utsatt skatt/skattefordel er beregnet på alle forskjeller mellom regnskapsmessig og skattemessig verdi på eiendeler og gjeld. Utsatt skatt er i 2016 beregnet med 24 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli utnyttet.

Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den grad skattepostene relaterer seg til poster ført direkte mot egenkapitalen.

### 1-5 Klassifisering og vurdering av balanseposter

Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter anskaffelsestidspunktet, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på opptakstidspunktet.

Anleggsmidler vurderes til anskaffelseskost, fratrukket av- og nedskrivninger. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

### 1-6 Immaterielle eiendeler

Utgifter til egen tilvirkning av immaterielle eiendeler, herunder utgifter til egen forskning og utvikling, balanseføres når det er sannsynlig at de fremtidige økonomiske fordelene knyttet til eiendelene vil tilflyte selskapet og anskaffelseskost kan måles pålitelig. Immaterielle eiendeler som kjøpes enkeltvis, balanseføres til anskaffelseskost.

Immaterielle eiendeler som overtas ved kjøp av virksomhet, balanseføres til anskaffelseskost når kriteriene for balanseføring er oppfylt. Immaterielle eiendeler med begrenset økonomisk levetid avskrives planmessig.

Immaterielle eiendeler nedskrives til gjennvinnbart beløp dersom de forventede økonomiske fordelene ikke dekker balanseført verdi og eventuelle gjestående tilvirkningsutgifter.

### 1-7 SkatteFUNN

Offentlige tilskudd knyttet til SkatteFUNN bokføres som en reduksjon av regnskapspostene SkatteFUNN vedrører. SkatteFUNN knyttet til balanseført utgifter til egen forskning og utvikling bokføres som en reduksjon av anskaffelseskost og avskrives i takt med eiendelen.

### 1-8 Varige driftsmidler

Varige driftsmidler balanseføres og avskrives lineært over driftsmidlets forventede levetid. Vessentlige driftsmidler som består av betydelige komponenter med ulik levetid er dekomponert med ulik avskrivningstid for de ulike komponentene. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Dersom gjennvinnbart beløp av driftsmidlet er lavere enn balanseført verdi, foretas nedskrivning til gjennvinnbart beløp. Gjennvinnbart beløp er det høyeste av netto salgsverdi og verdi i bruk. Verdi i bruk er nåverdien av de fremtidige kontantstrømmene som eiendelen forventes å generere.

## NOTE 1, REGNSKAPSPRINSIPPER (Forts.)

### 1-9 Fordringer

Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for avsetning til forventet tap. For sluttbrukerkundefordringer foretas en individuell vurdering, samt en avsetning basert på aldersfordelte sal-dolister, typer av kunder samt erfaringstall for tap.

### 1-10 Nærstående parter

Som nærstående parter regnes morselskap og selskaper som er nærstående til mor, samt selskapets styre, ledelse og eiere. Alle transaksjoner mellom nærstående parter er basert på forretningsmessige vilkår og prinsippet om armlegdges avstand (antatt markedsverdi).

### 1-11 Kontantstrømoppstilling

Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

### 1-12 Segmentinformasjon

Selskapet har ett virksomhetsområde som er salg av strøm til sluttbruker. Alt salg er til kunder i Norge.

## NOTE 2, ELSERTIFIKATER

Etter hvert som Trondheim Kraft AS selger strøm, pådras en forpliktelse til å innløse elsertifikater 1. april året etter salget har funnet sted. Det foretas løpende regnskapsmessig avsetning for kostnaden ved denne elsertifikatforpliktelsen.

Det er inngått terminkontrakter på kjøp av elsertifikater for årets forventede forpliktelse. I årsregnskapet er det avsatt en forpliktelse på 15 MNOK i 2016 (12 MNOK i 2015). Viser til prinsippnote 1-3 for nærmere om-tale av benyttet prinsipp for måling av elsertifikatforpliktelsen.

## NOTE 3, TRANSAKSJONER OG MELLOMVÆRENDE MED NÆRSTÅENDE PARTER

Trondheim Kraft AS er 100% eid av Fjordkraft AS. Transaksjoner mellom selskapet og Fjordkraft AS er rent forretningsmessige og omfatter kostnadsdeling av felles kjøp av driftstjenester, personaltjenester, finans og forskning- og utvikling.

Selskapene har i tillegg forretningsmessige transaksjoner knyttet til konsernkontoordning. Disse vises i tabellen under. Trondheim Kraft AS har ikke andre transaksjoner med nærstående parter enn hva som fremgår av denne note.

Transaksjoner med nærstående parter	Tilhører regnskapslinje	Mor	Nærstående til mor*
Strømkjøp	Strømkjøp	-	216 333 507
Sum strømkjøp		-	216 333 507
Kjøp av diverse varer og tjenester	Andre driftskostnader	17 184 308	737 867
Sum andre driftskostnader		17 184 308	737 867
Renteinntekter	Finansinntekter	-88 590	-
Rentekostnader	Finanskostnader	151 141	-
Resultat av finansposter		62 551	-
Forskning og utvikling	Forskning og utvikling	205 232	-
Sum forskning og utvikling		205 232	-
<b>Sum</b>		<b>17 452 091</b>	<b>217 071 374</b>

\*) Nærstående til mor er transaksjoner med BKK AS, Statkraft AS og Statkraft Energi AS.

Kortsiktig fordring			
Motpart	Forhold til motpart	2016	2015
Fjordkraft AS	Eier	106 240 511	28 285 270
<b>Sum</b>		<b>106 240 511</b>	<b>28 285 270</b>
Kortsiktig gjeld			
Motpart	Forhold til motpart	2016	2015
Fjordkraft AS *	Eier	58 585 345	89 755 781
<b>Sum</b>		<b>58 585 345</b>	<b>89 755 781</b>

\* Inkl. skyldig utbytte for 2016 og 2015 på hhv. kr 8 192 452,- og kr 20 026 461,-

NOTE 4, FORSKNING OG UTVIKLING

	Forskning og utvikling			Anlegg under utførelse		Totalt
Anskaffelseskost 01.01.2016	18 663 786			3 420 614		22 084 401
Tilgang ved kjøp av driftsmidler fra andre	56 777			782 567		839 344
Overført fra anlegg under utførelse	2 503 322			-2 503 322		-
<b>Anskaffelseskost 31.12.2016</b>	<b>21 223 885</b>			<b>1 699 859</b>		<b>22 923 745</b>
Akkumulerte avskrivninger 31.12.2016	-15 634 590			-		-15 634 590
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-15 634 590</b>			<b>-</b>		<b>-15 634 590</b>
<b>Bokført verdi 31.12.2016</b>	<b>5 589 295</b>			<b>1 699 859</b>		<b>7 289 155</b>

Årets ordinære avskrivninger	-3 567 463			-		-3 567 463
Prosentats for ordinære avskrivninger	33,33 %					
Økonomisk levetid	3 år					
Avskrivningsplan	Lineær					

FOU arbeidet fokuserer på å klargjøre selskapet for fremtidige endringer i rammebetingelsene, effektivisering av prosesser og fremtidig vekst. Arbeidet gjelder i hovedsak kunderelaterte systemprosjekter. Av totale FoU kostnader på kr 935 012,-, er kr 95 668,- kostnadsført som annen driftskostnad og kr 839 344,- balanseført som forskning og utvikling.

NOTE 5, VARIGE DRIFTSMIDLER

Anskaffelseskost 01.01.2016	353 004	4 080 953	229 720	4 433 956
Tilgang ved kjøp av driftsmidler fra andre	532 492	-	121 775	654 267
<b>Anskaffelseskost 31.12.2016</b>	<b>885 496</b>	<b>4 080 953</b>	<b>351 495</b>	<b>5 317 944</b>
Akkumulerte avskrivninger 31.12.2016	-236 251	-4 102 697	-	-4 338 948
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2016</b>	<b>-236 251</b>	<b>-4 102 697</b>	<b>-</b>	<b>-4 338 948</b>

<b>Bokført verdi 31.12.2016</b>	<b>649 245</b>	<b>-21 744</b>	<b>351 495</b>	<b>978 994</b>
---------------------------------	----------------	----------------	----------------	----------------

Årets ordinære avskrivninger	-37 572		-21 745		-59 317
Prosentats for ordinære avskrivninger	12,5 %		33,33 %		
Økonomisk levetid	8 år		3 år		
Avskrivningsplan	Lineær		Lineær		

NOTE 6, ANDRE DRIFTSKOSTNADER

	2016	2015
Kjøp av diverse tjenester	29 392 672	29 000 963
Markedsføring, honorarer, informasjonsteknologi og porto	6 598 544	6 296 123
Salgsprovisjoner	5 377 832	3 426 231
Konsulenttjenester	1 808 578	3 819 762
Andre driftskostnader	1 724 647	455 075
Husleie og andre kostnader eiendom	1 372 585	617 279
Kundetjenester	1 066 102	316 332
EDB programvare, årlig vedlikehold	1 094 570	1 131 033
Reise og diett	975 208	1 153 791
<b>Sum</b>	<b>49 410 738</b>	<b>46 216 590</b>

NOTE 7: LØNNSKOSTNADER, ANTALL ANSATTE, GODTGJØRELSE OG LÅN TIL ANSATTE MED MER

Lønnskostnader og ansatte

Selskapet har ingen ansatte. Adm. Direktør er innleid fra Fjordkraft AS. Selskapet har ikke gitt lån til eller sikkerhetsstillelse til fordel for styremedlemmer eller aksjeiere. Det er ikke avsatt styrehonorar for 2016.

Honorar til revisor (kostnadsført ekskl mva)

	2016
Lovpålagt revisjon	177 800
Andre attestasjonstjenester	5 400
<b>Sum</b>	<b>183 200</b>

## NOTE 8, SKATT

## Skattekostnad i resultatregnskapet

	Ending	2016	2015
Betalbar overskuddskatt		2 874 699	7 163 288
Ending utsatt skatt alminnelig inntekt		-111 543	123 763
Korreksjon tidligere år		-1 132	-
<b>Sum skattekostnad i resultatregnskapet</b>		<b>2 762 024</b>	<b>7 287 050</b>

## Avstemming av nominell skattesats mot effektiv skattesats

Resultat før skatt		10 954 476	27 313 511
Skattesats		25 %	27 %
Forventet skattekostnad		2 738 619	7 374 648

## Skatteeffekt av

Permanente forskjeller		90 309	61 606
Justert utsatt skatt (SkatteFUNN)		-83 793	-174 879
Korreksjon tidligere år		-1 132	-
Netto effekt endrede skattesatser		18 020	25 676
<b>Sum skattekostnad</b>		<b>2 762 024</b>	<b>7 287 050</b>

## Effektiv skattesats

		25,2 %	26,7 %
--	--	--------	--------

## Betalbar skatt i balansen

Betalbar overskuddskatt		2 874 699	7 163 288
Korreksjon tidligere år		14 149	-41 099
<b>Sum betalbar skatt i balansen</b>		<b>2 888 848</b>	<b>7 122 189</b>

## Spesifikasjon av midlertidige forskjeller og utsatt skatt

## Alminnelig inntekt

Anleggsmidler *)	179 164	-41 981	-221 145
Omløpsmidler/kortsiktig gjeld	-697 417	-1 760 067	-1 062 650
<b>Sum midlertidige forskjeller alminnelig inntekt</b>	<b>-518 253</b>	<b>-1 802 047</b>	<b>-1 283 795</b>
Skattesats		24 %	25 %
Netto utsatt skattefordel (-)/utsatt skatteforpliktelse (+) alminnelig inntekt	-111 543	-432 491	-320 949
<b>Netto regnskapsført utsatt skattefordel (-)/utsatt skatteforpliktelse (+) alminnelig inntekt</b>	<b>-111 543</b>	<b>-432 491</b>	<b>-320 949</b>

## Spesifikasjon av ending i netto regnskapsført utsatt skattefordel (-)/utsatt skatteforpliktelse (+)

Ending utsatt skatteforpliktelse (+)/utsatt skattefordel (-) estimativisk pensjoner innregnet i egenkapitalen		-	-
Ending utsatt skatteforpliktelse (+)/utsatt skattefordel (-) innregnet i årsresultat		-111 543	123 763
<b>Ending utsatt skatt i perioden</b>		<b>-111 543</b>	<b>123 763</b>

\*) Anleggsmidler består av varige driftsmidler, forskning og utvikling, goodwill og andre immaterielle eiendeler.

**NOTE 9, EGENKAPITAL**

Egenkapital	Aksjekapital	Overkursfond	Annen innskutt EK	Annen egenkapital	Sum egenkapital
<b>Egenkapital 31.12.2015</b>	<b>6 000 000</b>	<b>10 618 000</b>	<b>49 027 476</b>	<b>20 521 378</b>	<b>86 166 854</b>
<b>Årets endring i egenkapital</b>					
Årsresultat	-	-	-	8 192 452	8 192 452
Avsatt utbytte	-	-	-	-8 192 452	-8 192 452
<b>Egenkapital 31.12.2016</b>	<b>6 000 000</b>	<b>10 618 000</b>	<b>49 027 476</b>	<b>20 521 378</b>	<b>86 166 854</b>

**NOTE 10: IMMATERIELLE EIENDELER**

	Eisertifikater *	Totalt
<b>Anskaffelseskost 01.01.2016</b>	<b>837 252</b>	<b>837 252</b>
Tilgang Beholdning Eisertifikater	-837 252	-837 252
<b>Bokført verdi 31.12.2016</b>	<b>-</b>	<b>-</b>

\* Måles til kostpris.

**NOTE 11, LIKVIDE MIDLER**

	2016	2015
Kontantdepot DnB	-	1 29 000 000
<b>Sum bundne midler i NOK</b>	<b>-</b>	<b>129 000 000</b>
Ikke bundne midler	2 320	286 127
<b>Sum likvide midler i NOK</b>	<b>2 320</b>	<b>286 127</b>

Trondheim Kraft AS har felles konsernkontosystem med morselskapet Fjordkraft AS.

**NOTE 12, AKSJEKAPITAL OG AKSJONÆRINFORMASJON**

Eierstruktur	Antall aksjer	Pålydende	Stemmeandel	Eierandel
Fjordkraft AS	6	1 000 000	100,00 %	100,00 %
<b>Sum</b>	<b>6</b>		<b>100,00 %</b>	<b>100,00 %</b>

Trondheim Kraft AS inngår i Fjordkrafts konsernregnskap. Regnskapet utleveres ved henvendelse til Fjordkraft AS, Folke Bernadottestvei 38, 51 47 Fyllingsdalen.

Trondheim Kraft AS inngår i Statkrafts konsernregnskap som følge av indirekte eierskap gjennom Fjordkraft AS. Det of fysiske regnskapet for konsernet kan utleveres ved henvendelse til hovedkontoret, Statkraft AS, Lilleakerveien 6, 0216 Oslo.

## NOTE 13, GARANTIER OG PANTSTILLELSE

Elsertifikater *		Totalt
Garantier stilt av bank på vegne av selskapet	2016	2015
Bankgarantier knyttet til gjennomfakturering*	58 000 000	129 000 000
Husleiegaranti	831 056	831 056
<b>Sum</b>	<b>58 831 056</b>	<b>129 831 056</b>

\*I 2015 var det stilt et kontantdepot som sikkerhet for gjennomfakturering

Trondheim Kraft AS hefter gjennom konsernkontoordning solidarisk med Fjordkraft AS vedrørende Fjordkraft AS pantstillelser av kundefordringer i forbindelse med kassekreditt. Rammen for kassekreditt utgjør 1.000 MNOK. Kundefordringer er stilt som sikkerhet med pålydende 600 MNOK.

## NOTE 14, RISIKO

TrondheimKraft AS har kategorisert hendelser som kan medføre en svekkelse av Trondheim Kraft AS.

## VERDIRISIKO:

## Markedsrisiko

Mulighet for tap som følge av bevegelser i finansielle markeder (systempris, områdepris, valuta, volum). Selskapets hovedvirksomhet er salg av strøm til sluttbrukere. Både sterkt svingende innkjøpspriser og tøff konkurranse i sluttkundemarkedet medfører en betydelig forretningsmessig risiko. Produktspekteret omfatter spotrelaterte produkter og fastpris produkter.

## Motpartsrisiko

Mulighet for tap som følge av at motparter ikke kan innfri sine forpliktelser.

## Operasjonell risiko

Mulighet for tap som følge av feil knyttet til interne prosesser, mennesker og systemer samt tap grunnet eksterne faktorer (annet enn finansielle markeder og motparter)

## LIKVIDITETSRISIKO:

## Likviditetsrisiko

Likviditetsrisiko defineres som risiko for manglende tilgang til kapital for innfrielse av forpliktelser.

## RISIKOSTYRING

## Generelt

Hele organisasjonen er involvert i risikostyring og internkontroll som en integrert del av virksomhetsstyringen. Gjennom fastlagte aktiviteter og fremgangsmåter skal organisasjonen

på en strukturert måte identifisere, vurdere, håndtere og følge opp risiko. Årlige uavhengige interrevusjoner av utvalgte risikomåter er innført som et sentralt virkemiddel i selskapets risikostyring.

## Markedsrisiko

Markedsrisiko styres i henhold til styrevedtatte eksponeringsrammer. Disse overholdes gjennom bruk av NASDAQ OMXs derivatmarked.

## Motpartsrisiko

Motpartsrisiko knyttet til handel i eksterne finansielle markeder begrenses gjennom valg av solide kraftselskap som motparter. Øvrig motpartsrisiko styres gjennom kredittvurdering, kredittovervåking og avtalefestede muligheter for garantier og depositum.

## Operasjonell risiko

Operasjonell risiko styres overordnet sett gjennom god virksomhetsstyring. Sentrale elementer i dette er krav til god ledelse, tydelige og involverende målprosesser, relevant rapportering, effektive prosesser og etiske retningslinjer. Fullmaktsmatrise er etablert, og legges fram for godkjenning av styret minimum én gang pr. år. Policydokumenter for vesentlige områder er utarbeidet.

## Likviditetsrisiko

Likviditetsrisiko styres ved at det inngås løpende eller langsiktige avtaler som sikrer grunnfinansieringen av kapitalbehovet. Tilleggskapital dekkes ved behov gjennom løpende dialog med primær kapitalkilde samt eiere. Kapitalbehovet styres ved korte- og langsiktige likviditetsprognoser.

## NOTE 15, ESTIMATER I REGNSKAPET

Regnskapet inneholder estimater om flere ukjente størrelser når årsregnskapet avlegges. Eventuelle endringer fra disse estimatene regnskapsføres i det kommende regnskapsår.

Resultatet for 2016 inneholder positive effekter fra strømsalg tidligere år på 2,5 MNOK før skatt.

Vesentlige regnskapsposter som er påvirket av estimater er avsetning tap på fordringer og levert ikke avregnet strøm. Et vesentlig volum av levert strøm er ikke avregnet når regnskapsavslutningen foretas. Relativt små avvik i estimering av pris, vil, med stort volum, kunne gi betydelig avvik i kroner.

## ADRESSER

## BERGEN:

**Postadresse:** Postboks 3507 Fyllingsdalen, 5845 Bergen

**Besøksadresse:** Folke Bernadottesvei 38

**Kontakt:** Kundesenter/Sentralbord: Telefon 06100

## SANDEFJORD:

**Postadresse:** Postboks 1013, 3204 Sandefjord

**Besøksadresse:** Østre Kullerød 3

**Kontakt:** Kundesenter/Sentralbord: Telefon 06100

## OSLO:

**Postadresse:** Pb. 3507 Fyllingsdalen, 5845 Bergen

**Besøksadresse:** Karenlyst allé 8B, 0278 Oslo

**Kontakt:** Kundesenter/Sentralbord: Telefon 06100

## STAVANGER:

**Postadresse:** Pb. 3507 Fyllingsdalen, 5845 Bergen

**Besøksadresse:** Stavanger Forus Business park  
Kanalarmen 10, 3 etg, 4033 Stavanger

**Kontakt:** Kundesenter/Sentralbord: Telefon 06100

## TRONDHEIM:

**Postadresse:** Sluppenvegen 17B, 7037 Trondheim

**Kontakt:** Kundesenter/Sentralbord: Telefon 06161

# ÅRSRAPPORT 2015

## Fjordkraftkonsernet

### INNHold

Fjordkraftkonsernet	s 2
Organisasjon	s 3
<b>FJORDKRAFT</b>	
Styrets beretning	s 5-9
Regnskap 2015	s 10-15
Noter til regnskapet	s 16-32
<b>Trondheim Kraft</b>	
Styrets beretning	s 34-36
Regnskap 2015	s 37-41
Noter til regnskapet	s 42-47
Adresser	s 48



# FJORDKRAFTKONSERNET

Fjordkraftkonsernet består av Fjordkraft AS og Trondheim Kraft AS. Vi selger strøm til kunder over hele Norge. Vår virksomhet er innkjøp, salg og porteføljeforvaltning av strøm til husholdninger og kommuner, samt private- og offentlige bedrifter.

## Vår virksomhet

Over 1.000.000 har Fjordkraft i stikkontakten. Det er en målsetning for oss å tilby kundene strømvavtaler og fordeler som gir kundene mer for pengene.

## Eierforhold

Trondheim Kraft AS eies 100 prosent av Fjordkraft AS. Fjordkraft eies av BKK AS med 48,85%, Skagerak Energi AS eier 48 % og Statkraft Industrial Holding AS eier 3,15 %.

Fjordkraft ble opprettet 1. april 2001 som et resultat av fusjon mellom BKK Kraftsalg AS og omsetningsvirksomheten i Skagerak Energi AS.

## Misjon

Sammen skal vi skape den mest attraktive strømløseverandøren i Norge.

## Visjon

2 millioner har Fjordkraft i stikkontakten, hjemme og på jobb.

## Våre verdier

Gjør det enklere - Vær vennlig - Skap verdi

## INNHold

► Fjordkraftkonsernet	s 2
Organisasjon	s 3
FJORDKRAFT	
Styrets beretning	s 5-9
Regnskap 2015	s 10-15
Noter til regnskapet	s 16-32
TRONDHEIM KRAFT	
Styrets beretning	s 34-36
Regnskap 2015	s 37-41
Noter til regnskapet	s 42-47
Adresser	s 48

## HOVEDTALL KONSERNET (Fjordkraft og Trondheim Kraft)

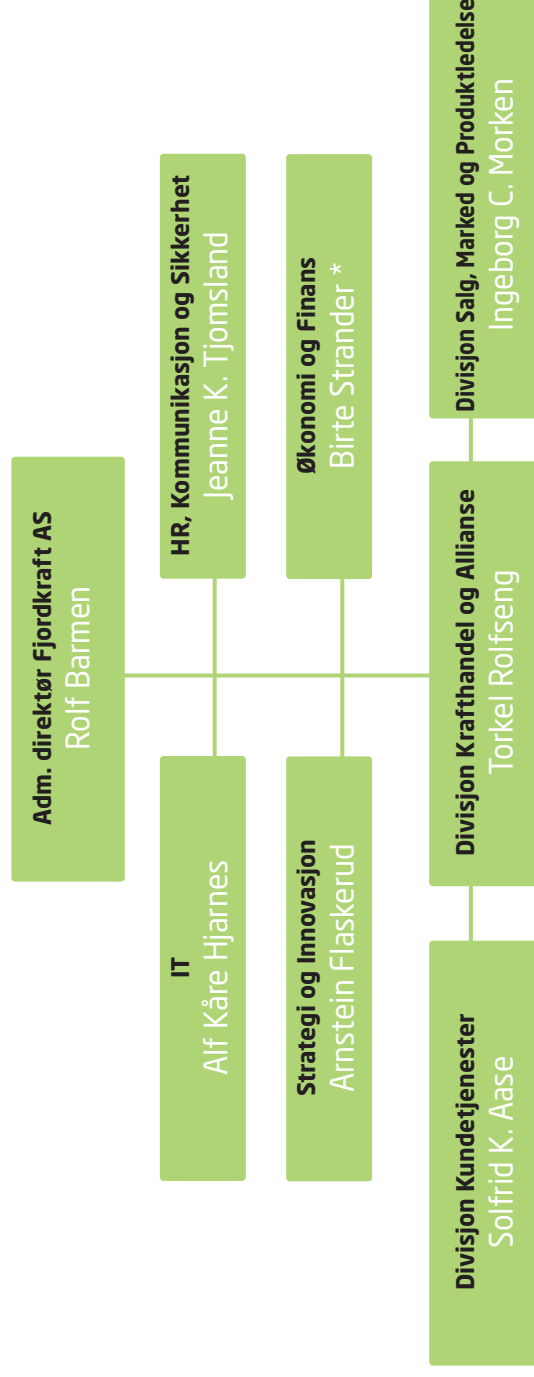
(mill kr)	2014	2015
Driftsinntekter	4.016	3.808
Driftsresultat	226	318
Resultat f. skatt	228	324
EK 31.12	200	300
Egenkapital prosent (soliditet)	21 %	26 %
Antall ansatte	139	150





# ORGANISASJON

Fjordkrafts hovedkontor er i Bergen. Regionskontorene er i Sandefjord og Trondheim. I 2015 etablerte selskapet kontorer i Stavanger og Oslo.



\*Finanssjef Bjørge Pedersen har vikariert i perioden mai 2015 til mai 2016, mens Birte Strander har hatt fødselspermisjon.

## INNHold

Fjordkraftkonsernet	s 2
► <b>Organisasjon</b>	<b>s 3</b>
FJORDKRAFT	
Styrets beretning	s 5-9
Regnskap 2015	s 10-15
Noter til regnskapet	s 16-32
TRONDHEIM KRAFT	
Styrets beretning	s 34-36
Regnskap 2015	s 37-41
Noter til regnskapet	s 42-47
Adresser	s 48

## Verdt å vite:

- Også 2015 hadde lave strømpriser. Systemprisen på den nordiske kraftbørsen var i 2015 i gjennomsnitt for året 18,7 øre/kWh ekskl. mva., sammenliknet med 24,7 øre/kWh i 2014.
- Resultater fra Norsk Kundebarometer i mai 2015 viste 76,3 i kundetilfredshet. Sammenliknet med 73,6 i 2014. Fremgangen fortsatte til 77,1 i 2016. Fjordkrafts kunder er meget tilfredse.
- Fjordkraft vant «Beste Kundeserviceledelse 2015» uavhengig av bransje. Kåret av Tekna og Eurobusiness School.
- Selskapet ble kåret til «National Champion» i kategorien «Customer Focus» i European Business Awards og gikk videre til finalen. Selskaper fra 32 land er deltakere.



# Årsrapport 2015 Fjordkraft

# STYRETS BERETNING



## INNHold

Fjordkraftkonsernet  
Organisasjon

s 2  
s 3

## FJORDKRAFT

### ► Styrets beretning

Regnskap 2015  
Noter til regnskapet

s 5-9  
s 10-15  
s 16-32

## TRONDHEIM KRAFT

Styrets beretning  
Regnskap 2015  
Noter til regnskapet

s 34-36  
s 37-41  
s 42-47

Adresser

s 48

# FJORDKRAFTKONSERNET OG MORSELSKAPET FJORDKRAFT AS

2015 har gitt svært gode resultater på mange områder. Konsernet fikk i 2015 et årsresultat på 235 millioner kroner (morselskap 255 millioner kroner), mot 165 millioner kroner i 2014. Selskapet har gjennom året hatt god kundevekst. Kundetilfredsheten har økt også i 2015 og er på sitt høyeste nivå siden målingene startet. Medarbeidertilfredsheten er svært høy og er den beste som er målt.

(tall i parentes for morselskapet)

## Selskapets virksomhet

Fjordkrafts virksomhet er innkjøp, salg og porteføljeforvaltning av strøm til husholdninger, kommuner, offentlige og private bedrifter. Selskapet selger også energitjenester til egne kunder og andre energiverk. Enkelhet er bærebjelken i all dialog med kunden, spesielt innenfor nøkkelområdene: fakturering, kundeservice og på websiden fjordkraft.no. Målet er at kundene skal oppleve Fjordkraft som så attraktiv at de anbefaler selskapet til sine venner.

Fjordkraft AS har hovedkontor i Bergen. Selskapet har regionskontor i Sandefjord, samt i Trondheim gjennom datterselskapet Trondheim Kraft AS. I starten av 2015 ble det etablert kontorer i Oslo og Stavanger.

Fjordkrafts eiere inngår blant selskapets samarbeidspartnere. BKK Kunder tjenester AS og Skagerak Nett AS er tjenesteleverandører innen kundeservice, avregning, fakturering og innføring. Statkraft Energi AS' handelsmiljø i Trondheim leverer tjenester innen fysisk og finansiell krafthandel.

Fjordkraft økte solgt volum og kundemasse vesentlig i 2015. Over 1.000.000 innbyggere i Norge har Fjordkraft i stikkontakten. Målinger i 2015 viser at selskapet vurderes som den mest attraktive leverandøren å bytte til. Samarbeidet med Expert og SAS Eurobonus, Shell og sportsklubben XXL har gitt selskapet tilgang til nye distribusjonskanaler og muliggjort et fordelsprogram for eksisterende kunder. Arbeidet med utviklingen av fordelsprogrammet vil fortsette.

Også i 2015 fortsatte Fjordkraft sin fremgang på Norsk Kundebarometers måling, og oppnådde 76,3 poeng. Frem-

gangen var på 2,7 poeng fra foregående år. Poengsum høyere enn 70 tilsier at kundene er tilfredse. Fjordkraft er den aktøren som har hatt den bratteste og mest positive utviklingen i NKBs historie. Selskapet jobber systematisk for å nå ambisjonene om fortsatt forbedring. Kompetent og vennlig kundeservice er viktig for selskapet og det har også i 2015 blitt viet stor oppmerksomhet til dette. Det er derfor gledelig og inspirerende at Fjordkraft ble kåret til «beste kundeserviceledelse» i januar 2016 basert på en evaluering av selskapet som ble gjennomført i desember 2015. Kåringen skjedde i tilknytning til Kundeservedagene.

## Organisasjon

### Organisasjon og likestilling

Konsernet hadde ved inngangen av 2015 totalt 139 fast ansatte. Ved utgangen av året var antallet 150 ansatte, fordelt på 147 årsverk. Økningen i antallet ansatte skyldes blant annet at stillinger for innleide årsverk er gjort om til faste stillinger.

I Fjordkraft har menn og kvinner like rettigheter, muligheter og lønnsvilkår for samme type stilling. Ved utgangen av 2015 var kvinneandelen blant medarbeiderne 42 prosent og i styret 29 prosent. I lederstillinger med personalansvar er fordelingen slik at 33 prosent av disse stillingene innehas av kvinner. Selskapets toppledergruppe har 50/50 fordeling mellom kvinner og menn. Selskapet er stolt av og svært tilfreds med at «Årets unge leder» i Norge for 2015, Ingeborg C. Morken, utøver sitt lederskap i Fjordkraft.

Diskrimineringslovens formål er å fremme likestilling, sikre like muligheter og rettigheter og å hindre diskriminering.

Selskapet arbeider aktivt, målrettet og planmessig for å fremme lovens formål. Aktivitetene omfatter blant annet rekruttering, lønns- og arbeidsvilkår, forfremmelse, utviklingsmuligheter og beskyttelse mot trakassering.

Det totale sykefraværet var 6 prosent i 2015, mot 4 prosent i 2014. Fjordkraft AS er tilsatt ordningen "Inkluderende arbeidsliv". Årlig gjennomføres undersøkelse av medarbeidernes tilfredshet. Tilfredsheten blant medarbeiderne er svært høy, og de ansatte har et sterkt engasjement for sin arbeidsplass. Måltallet for emosjonelt engasjerte medarbeidere er 24. Skalaen går til 30. Resultatet for selskapet ble 25,7 og tangerte dermed rekordmålingen fra høsten 2014. Dette er den høyeste målte tilfredsheten i selskapets historie. Målingen er sammenliknbar med andre selskaper.

Selskapets strategiplan ble i løpet av året drøftet og oppdatert. Dette danner grunnlaget for eiere, styret, ledere og medarbeidere i selskapet. Løftbasert-ledelse har siden 2004 vært en viktig del av Fjordkrafts kultur og arbeidsmåte for å sikre at strategien omsettes til handling i den enkeltes arbeidshverdag. Selskapets ledelsesfilosofi uttrykker forventningene til hvordan ledere skal legge til rette for å skape motivasjon og resultater.

I henhold til internerisjonsplanen for 2015 er det foretatt revisjon av etterlevelse og forankring av selskapets verdier, og om Fjordkraft kompetanse- og ledelsemessig er rustet for å føre selskapet videre i henhold til strategiplanen. Rapporten utarbeidet av KPMG ga meget gode tilbakemeldinger. Anbefalingen var å videreføre selskapets gode arbeidsmåter for strategiinvolvering og tydeliggjøring av verdier.

## Klimanøytral virksomhet

Fjordkraft-konsernets samlede CO<sub>2</sub>-utslipp knyttet til energiforbruk til kontorarealer og medarbeidernes reisevirksomhet i tjeneste er beregnet til 294 tonn CO<sub>2</sub>e i 2015, sammenliknet med 268 tonn CO<sub>2</sub>e i 2014. Bakgrunnen for økningen er flere selgere og økt aktivitet i bedriftssegmentet samt en økning i vårt kontorareal i Trondheim, Oslo og Stavanger. Antall reiser med fly holder seg stabilt på samme nivå som tidligere. Et lavere forbruk per m<sup>2</sup> kontorareal gjør at den totale økningen i utslipp kun er på ca. 10 prosent.

Av utslippet kommer 105 tonn CO<sub>2</sub>e fra energiforbruk ved selskapets kontorer. Dette er dekket inn gjennom kjøp av opprinnelsesgarantier. Tjenestekjøring med bil og flyreiser tilsvarer et utslipp på 189 tonn CO<sub>2</sub>e, og det er kjøpt klimakvoter tilsvarende dette utslippet.

## Utviklingsaktiviteter og investeringer

Fjordkraftkonsernet er et arbeidsintensivt konsern, og har få varige driftsmidler. Konsernet investerer derimot betydelig i digitale løsninger for effektiviseringsformål. Formålet er å videreutvikle kostnadseffektive og kundevennlige prosesser. Samlet investeringsbudsjett i «Fjordkraft-fabrikken» for perioden 2013-2015 utgjorde 52 millioner kroner.

Konsernet har investert totalt 26 millioner kroner i investeringsprosjekter i 2015. Fjordkraft har i tillegg kjøpt kundeporteføljer fra for Better Days og Shell.

Reinvesteringer søkes i samme takt som selskapets avskrivninger.

## Økonomi

Fjordkraft AS har fra 1. januar 2007 vært konsolidert inn i regnskapet til Statkraft AS.

Tall i parentes gjelder morselskapet.

Regnskapet 2015 for Fjordkraftkonsernet omfatter virksomheten til Fjordkraft AS og datterselskapet Trondheim Kraft AS. Datterselskapet er i morselskapet bokført etter kostmetoden.

Forutsetningen om fortsatt drift er lagt til grunn for regnskapet, og det bekreftes at denne forutsetningen er til stede. Styret mener at årsregnskapet gir et rettvise bilde av Fjordkraftkonsernets eiendeler og gjeld, finansielle stilling og resultat.

Systemprisen på den nordiske kraftbørsen var i 2015 i gjennomsnitt for året 18,7 øre/kWh ekskl. mva, sammenliknet med 24,7 øre/kWh i 2014. Dette påvirker selskapets omsetningstall. Totale driftsinntekter i 2015 utgjorde 3.808 (3.580) millioner kroner mot 4.016 (3.742) millioner kroner i 2014. Totale driftskostnader utgjorde 3.490 (3.288) millioner kroner sammenliknet med 3.790 (3.519) millioner kroner foregående år.

Resultat før skatt ble 324 (336) millioner kroner. Skattekostnaden er beregnet til 89 (82) millioner kroner. Resultat etter skatt for 2015 ble dermed 235 (255) millioner kroner.

## Disponering av årets resultat

Det er avsatt 156 millioner kroner i utbytte for 2015 mot 120 millioner kroner i 2014. Avsetningen er fratrasket egenkapitalen og inngår i kortsiktig gjeld.

## Balansen

Fjordkraftkonsernet har få varige driftsmidler. Eiendelene består i all hovedsak av omløpsmidler i form av kundeporteføljer og bankinnskudd. Størrelsen på disse postene varierer normalt betydelig gjennom året som følge av at pris og forbruk varierer gjennom året. Kundeportefølgene finansieres via kassekreditt og gjeld til selskapets leverandører.

Provisjoner aktiveres ikke, men kostnadsføres i det aktuelle året.

Økningen i anleggsmidler skyldes i all hovedsak økt aktivisering av forskning og utvikling, økt beholdning av elsertifikater samt kjøp av kundeporteføljer fra for Better Days og Shell.

Omløpsmidlene er høyere enn fjoråret. Hovedårsaken til dette er økt kontantbeholdning, som følge av god likviditetssituasjon i hele 2015. Reduksjon i kundeportefølger går i motsatt retning.

Konsernet hadde ikke langsiktig gjeld per 31.12.2015.

Kortsiktig gjeld er økt fra 2014 til 2015 blant annet som følge av økt leverandørgjeld, økt betalbar skatt og økt utbytte.

Egenkapitalen er økt som følge av tilbakeholdt overskudd.

## Pensjon

Netto pensjonsforpliktelser er redusert som følge av endringer i økonomiske forutsetninger for beregning av forpliktelsen.

## Risiko og risikostyring

### Generelt om risikostyring

Hele organisasjonen er involvert i risikostyring og internkontroll, som en integrert del av virksomhetsstyringen. Gjennom fastlagte aktiviteter og fremgangsmåter skal organisasjonen på en strukturert måte identifisere, vurdere, håndtere og følge opp risiko. Årlige uavhengige internervisjoner av utvalgte risikoområder er innført som et sentralt virkemiddel i konsernets risikostyring.

### Markedsrisiko

Konsernets hovedvirksomhet er salg av strøm til sluttbrukere. Både sterkt svingende innkjøpspriser og tøff konkurranse i sluttkunde-markedet medfører en betydelig forretningsmessig risiko. Produktsektoreret omfatter spotrelaterte produkter og produkter med ulik grad av finansielle sikringer.

Markedsrisiko styres i henhold til styrevedtatte eksponeringsrammer. Disse overholdes gjennom bruk av NASDAQ OMX' derivatmarked.

### Motpartsrisiko

Motpartsrisiko knyttet til handel i eksterne finansielle markeder begrensnes gjennom valg av solide kraftselskap som motparter. Øvrig motpartsrisiko styres gjennom kredittvurdering, kredittovervåkning og avtalefestede muligheter for garantier og depositum. Retningslinjer er vedtatt gjennom eget kredittpolicydokument.

### Operasjonell risiko

Operasjonell risiko styres overordnet sett gjennom god virksomhetsstyring. Sentrale elementer i dette er krav til god ledelse, tydelige og involverende målprosesser, relevant rapportering, effektive prosesser og etiske retningslinjer. Fullmaktmatrise er etablert, og legges fram for godkjenning av styret minimum én gang pr. år. Policydokumenter for vesentlige områder er utarbeidet

## Likviditetsrisiko

Likviditetsrisiko styres ved at det inngås løpende eller langsiktig avtaler som sikrer grunnfinansieringen av kapitalbehovet. Tilleggskapital dekkes ved behov gjennom løpende dialog med konsernets bankforbindelse samt ei-ere. Kapitalbehovet styres ved kortsiktige og langsiktige likviditetsprognoser.

## Fremtidsutsikter

De store tidligere vedtatte endringene i strømbransjen nærmer seg i tid og påvirker selskapene på en rekke områder: Gjennomfakturerings forventes å bli generelt innført fra 3.kvartal 2016. Gjennomfakturerings via strømleverandør innebærer at nettselskapet sender nettleiefakturaen til strømleverandør, som så betaler fakturaen på vegne av sluttbrukeren. Sluttbrukeren betaler nettleiebeløpet sammen med fakturaen for strøm til strømleverandøren. Endringen er ønsket av kundene og legger til rette for like konkurransevilkår mellom leverandørene. Løsningen skaper omstillingsbehov hos strømleverandører og nettselskaper. Fjordkraft har vært pådriver i bransjen for endringen og ønsker seg å være godt forberedt.

Opprettelsen av Elhub vil medføre standardisert og sentralisert utveksling av måleverdier og kundeinformasjon mellom bransjeaktørene. Elhub tas i bruk fra februar 2017 og selskapet forbereder seg på omleggingen.

Smarte målere vil automatisere mange prosesser og endre oppgavefordelingen mellom nettselskaper og strømleverandører. Innen 2019 skal digitale strømmålere installeres i alle norske husholdninger av nettselskapene. ENOVA og NVE ønsker at målerne får følge av smarte løsninger som kan motivere forbrukerne til å spare strøm. Fjordkraft har ett av syv pilotprosjekter som nådde frem i konkurransen om å motta midler fra ENOVA. Selskapet vil motta 6,3 millioner kroner til pilotprosjektet over fem år for å utvikle smarte energibesparende løsninger for private hjem. Piloten skal gi selskapet læring om hvordan utvikle tjenester knyttet til redusert energiforbruk på kundens premisser.

Konkurransetilsynets prisportal ble sommeren 2015 erstattet av en prisportal i regi av Forbrukerrådet. Evaluering utført av Forbrukerrådet i februar 2016 viser at det gjenstår mye arbeid før portalen fungerer korrekt, og oppfyller forventningene om å være informativ for forbrukerne og objektiv for aktørene. Arbeidet videre med portalen forventes dermed å pågå i store deler av 2016.

Alliansekonseptet er Fjordkrafts samarbeidsmodell for små kraftprodusenter og strømleverandører i distriktene. Fjordkraft står for innkjøp og forvaltning av kraftporteføljen for medlemmene. Det betyr utarbeidelse av produkter, prissikringer, analyser, markedsmateriell og tilbud om rådgiverkompetanse på en rekke områder. I løpet av 2015 har Fjordkraft fått to nye alliansepartnere, slik at totalt antall utgjør 31. Tilbakemeldingene fra alliansepartnere er gode og det pågår arbeide med å utvikle nye tjenester for dette segmentet.

Globale rammebetingelser, miljøbevissthet, økonomiske insentiver og teknologiske fremskritt har skapt nye muligheter knyttet til et «grønt skift» innen vare- og tjenesteproduksjon. Selskapet har i løpet av 2015 tatt steg for å posisjonere seg her og kommer til å videreutvikle dette arbeidet i årene som kommer gjennom samarbeidspartnere.

Den gledelige tendensen med et generelt bedret omdømme for bransjen har fortsatt også i 2015. EPSIs målinger i desember 2015 viser at strømbransjen har bedre omdømme enn bank- og telebransjen. Det er viktig for bransjen å gjennomføre de kommende endringene på en slik måte at omdømmes ivaretas.

Fjordkraft er med sin merkevare, kundebase, distribusjonssnettverk, organisasjon og prosessfabrikk godt rustet til å møte utviklingen. Styret benytter anledningen til å rette en stor takk til medarbeidere og alle som jobber for Fjordkraft for innsatsen i 2015.



## I styret for Fjordkraft, Bergen, 11.mars 2016.



*Thorleif Leifsen*

Thorleif Leifsen  
Styreleder



*Birthe Iren Grotle*

Birthe Iren Grotle  
Nestleder



*Odd Olaf Askeland*

Odd Olaf Askeland



*Thor-Erik Vartdal*

Thor-Erik Vartdal



*Robert Olsen*

Robert Olsen



*Kristine Wormdal*

Kristine Wormdal



*F. Økland*

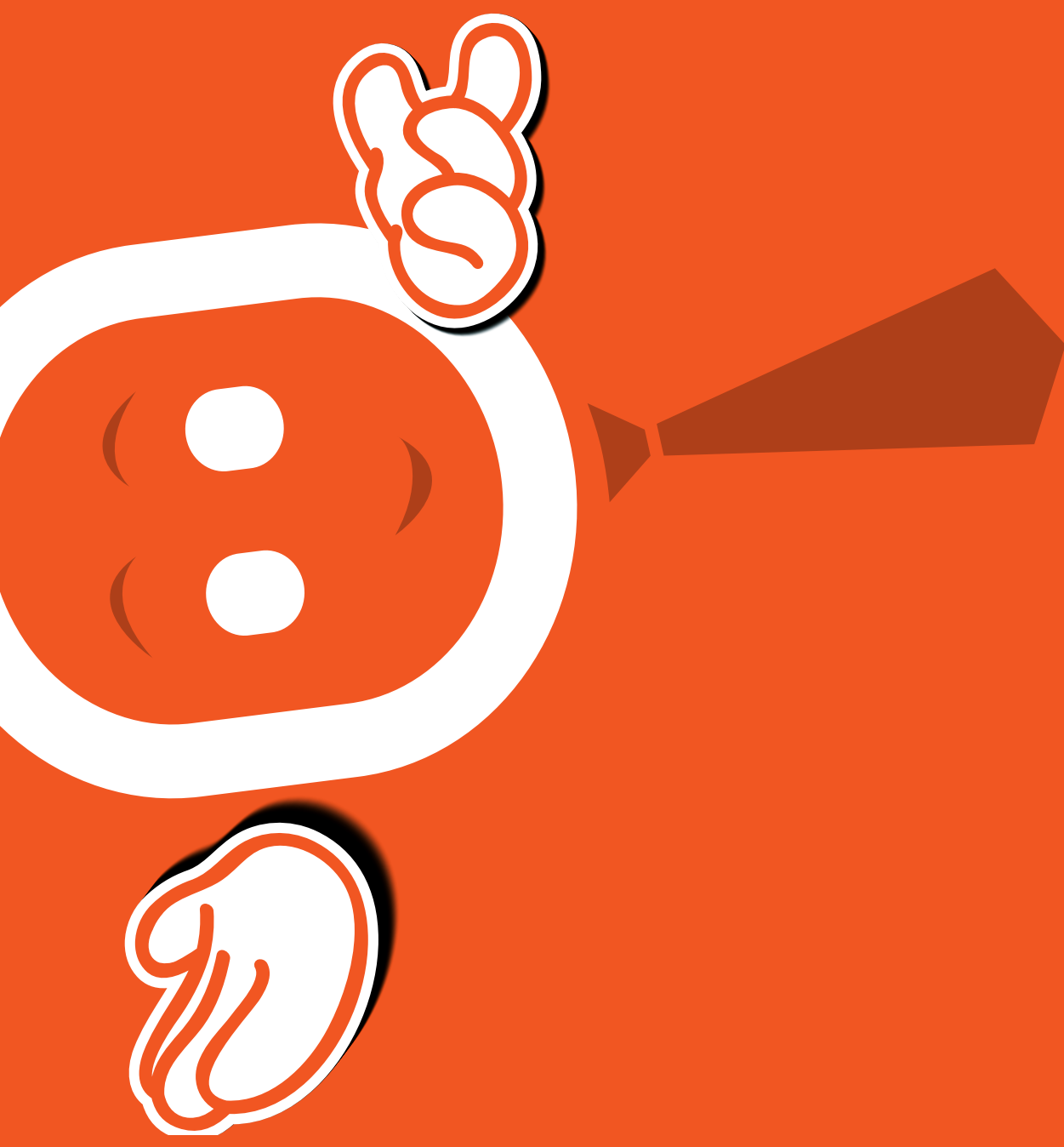
Frank Økland



*Rolf Barmen*

Rolf Barmen  
Adm. direktør

# REGNSKAP 2015



## INNHold

Fjordkraftkonsernet	s 2
Organisasjon	s 3
FJORDKRAFT	
Styrets beretning	s 5-9
► <b>Regnskap 2015</b>	<b>s 10-15</b>
Noter til regnskapet	s 16-32
TRONDHEIM KRAFT	
Styrets beretning	s 34-36
Regnskap 2015	s 37-41
Noter til regnskapet	s 42-47
Adresser	s 48



# RESULTAT- REGNSKAP

Fjordkraft AS				Resultatregnskap				Konsern			
		2015	2014	note			note	2015	2014		
		3 498 397 178	3 693 802 366	2,3,4	Strømsalg		2,3,4	3 742 921 331		3 986 472 038	
		81 337 322	48 612 654	4	Andre driftsinntekter		4	65 327 158		29 593 062	
		<b>3 579 734 500</b>	<b>3 742 415 020</b>		<b>Sum driftsinntekter</b>			<b>3 808 248 488</b>		<b>4 016 065 099</b>	
		-2 879 566 445	-3 185 683 827	3,4	Strømkjøp		3,4	-3 053 939 282		-3 422 843 201	
		5 280 470	2 670 557	5	Aktiverte egne investeringsarbeider		5	6 499 500		3 394 349	
		-15 051 978	-		Tjenester for videresalg			-15 936 826		-	
		-131 068 037	-96 293 421	6	Lønn og andre personalkostnader		6	-131 068 037		-96 293 421	
		-13815 005	-16 433 937	5,7,8,9	Avskrivninger på driftsmidler og immaterielle eiendeler		5,7,8,9	-16 816 496		-23 154 025	
		-253 436 859	-223 184 147	4,6,10	Andre driftskostnader		4,6,10	-279 109 778		-251 221 697	
		<b>-3 287 657 853</b>	<b>-3 518 924 776</b>		<b>Sum driftskostnader</b>			<b>-3 490 370 917</b>		<b>-3 790 117 995</b>	
		<b>292 076 647</b>	<b>223 490 244</b>		<b>Driftsresultat</b>			<b>317 877 571</b>		<b>225 947 104</b>	
		20 026 461	4 900 614	11	Inntekt på investering i datterselskap			-		-	
		20 000 000	-4 010 577	11	Nedskrivning og reversering av nedskrivning på investering i datterselskap			-		-	
		<b>31 611 613</b>	<b>156 553 501</b>	4	Finansinntekter		4	32 291 080		154 004 569	
		-27 444 692	-154 760 757	4	Finanskostnader		4	-26 235 833		-151 829 079	
		<b>44 193 381</b>	<b>2 682 780</b>		<b>Resultat av finansposter</b>			<b>6 055 247</b>		<b>2 175 490</b>	
		<b>336 270 028</b>	<b>226 173 025</b>		<b>Ordinært resultat før skattekostnad</b>			<b>323 932 818</b>		<b>228 122 594</b>	
		-81 514 612	-61 288 785	12	Skattekostnad på ordinært resultat		12	-88 801 662		-62 862 577	
		<b>-81 514 612</b>	<b>-61 288 785</b>		<b>Sum skattekostnad på ordinært resultat</b>			<b>-88 801 662</b>		<b>-62 862 577</b>	
		<b>254 755 416</b>	<b>164 884 240</b>		<b>Årsresultat</b>			<b>235 131 156</b>		<b>165 260 017</b>	
		<b>Overføringer:</b>									
		98 302 387	44 389 365		Avsatt til annen egenkapital			78 678 127		44 765 142	
		156 453 029	120 494 875		Foreslått utbytte			156 453 029		120 494 875	
		<b>254 755 416</b>	<b>164 884 240</b>	<b>13</b>	<b>Sum overføringer</b>		<b>13</b>	<b>235 131 156</b>		<b>165 260 017</b>	

# BALANSE

Fjordkraft AS		Balanse		Konsern	
2015	2014	note	note	2015	2014
<b>ANLEGGSMIDLER</b>					
<b>Immaterielle eiendeler</b>					
15 729 095	22 776 956	12	12	16 050 043	23 221 668
41 742 181	30 127 593	4,5	4,5	51 759 456	39 062 561
386 700	2 294 552	7	7	386 700	2 294 552
20 928 647	10 111 202	8	8	18 913 768	6 912 864
<b>78 786 621</b>	<b>65 310 302</b>			<b>87 109 967</b>	<b>71 491 642</b>
<b>Varige driftsmidler</b>					
2 879 124	2 894 833	9	9	3 263 168	3 086 729
<b>2 879 124</b>	<b>2 894 833</b>			<b>3 263 168</b>	<b>3 086 729</b>
<b>Finansielle anleggsmidler</b>					
109 822 686	89 822 686	11		-	-
15 488 795	14 765 274	14	14	15 488 795	14 765 274
<b>125 311 481</b>	<b>104 587 960</b>			<b>15 488 795</b>	<b>14 765 274</b>
<b>206 977 227</b>	<b>172 793 095</b>			<b>105 861 930</b>	<b>89 343 645</b>
<b>OMLØPSMIDLER</b>					
<b>Fordringer</b>					
614 603 402	729 851 824			647 904 948	791 561 318
89 755 781	94 874 992	4	4	-	-
61 110 408	60 133 259	4	4	64 918 952	61 866 594
<b>765 469 592</b>	<b>884 860 074</b>			<b>712 823 899</b>	<b>853 427 913</b>
204 162 229	11 427 049	15	15	333 448 356	11 429 714
<b>969 631 821</b>	<b>896 287 123</b>			<b>1 046 272 256</b>	<b>864 857 626</b>
<b>1 176 609 047</b>	<b>1 069 080 218</b>			<b>1 152 134 186</b>	<b>954 201 271</b>

Fortsetter neste side ►

Bergen, 11. mars 2016, i styret for Fjordkraft AS

Thorleif Leifsen  
Styreleder



Birthe Iren Grotle  
Nestleder

Odd Olaf Askeland

Thor-Erik Vartdal

Robert Olsen

Kristine Wormdal

Frank Økland

Rolf Barmen  
Adm. direktør

# Fjordkraft AS

## Balanse

## Konsern

2015	2014	note	note	2015	2014
EGENKAPITAL					
Innskutt egenkapital					
31 352 000	31 352 000	13,16	Aksjekapital (31.352 aksjer à kr 1000)	31 352 000	31 352 000
125 031 544	125 031 544		Overkurs	125 031 544	125 031 544
<b>156 383 544</b>	<b>156 383 544</b>		<b>Sum innskutt egenkapital</b>	<b>156 383 544</b>	<b>156 383 544</b>

## Optjent egenkapital

170 124 420	50 500 161	13	Annen egenkapital	143 616 457	43 616 456
<b>170 124 420</b>	<b>50 500 161</b>		<b>Sum opptjent egenkapital</b>	<b>143 616 457</b>	<b>43 616 456</b>

<b>326 507 964</b>	<b>206 883 705</b>	<b>13</b>	<b>Sum egenkapital</b>	<b>300 000 000</b>	<b>200 000 000</b>
--------------------	--------------------	-----------	------------------------	--------------------	--------------------

## GJELD

### Avsetninger for forpliktelser

54 694 916	76 559 104	17	Pensjonsforpliktelser	54 694 916	76 559 104
<b>54 694 916</b>	<b>76 559 104</b>		<b>Sum avsetninger for forpliktelser</b>	<b>54 694 916</b>	<b>76 559 104</b>

### Kortsiktig gjeld

34 095 992	12 016 853		Leverandørgjeld	35 997 119	12 183 836
81 465 026	51 508 352	12	Betalbar skatt	88 587 215	52 155 747
15 598 613	6 288 430		Skyldige offentlige avgifter	22 830 146	18 104 367
156 453 029	120 494 875	13	Foreslått utbytte	156 453 029	120 494 875
175 730 227	323 072 717	4	Gjeld til konsernselskap	147 444 957	189 005 418
332 063 282	272 256 184	4	Annen kortsiktig gjeld	346 126 803	285 697 925
<b>795 406 169</b>	<b>785 637 410</b>		<b>Sum kortsiktig gjeld</b>	<b>797 439 270</b>	<b>677 642 167</b>

<b>850 101 083</b>	<b>862 196 513</b>		<b>Sum gjeld</b>	<b>852 134 186</b>	<b>754 201 271</b>
<b>1 176 609 047</b>	<b>1 069 080 218</b>		<b>Sum egenkapital og gjeld</b>	<b>1 152 134 186</b>	<b>954 201 271</b>

Note 18: Kassekreditt

Note 19: Garantier og pantstillelser

Note 20: Risiko

Note 21: Estimater i regnskapet

Note 22: Selskap som inngår i konsolideringen

## Fjordkraft AS

## Kontantstrømanalyse

## Konsern

2015	2014	Kontantstrømmer fra operasjonelle aktiviteter:	2015	2014
336 270 028	226 173 025	Ordinært resultat før skattekostnad	323 932 818	228 122 594
-52 337 198	-23 590 799	Periodens betalte skatt *)	-53 025 692	-22 941 850
926 570	999 135	Avskrivninger på driftsmidler	964 142	1 089 588
12 888 436	15 434 801	Avskrivninger på immaterielle eiendeler	15 852 351	22 064 438
14 878 048	-7 971 687	Pensjonskostnad uten kontantertekt	14 878 048	-7 971 687
-7 534 193	-4 455 605	Utbetalinger til pensjonsordninger inklusiv betalt arbeidsgiveravgift	-7 534 193	-4 455 605
-20 000 000	4 010 577	Nedskrivning (+)/Reversering av nedskrivning investering i datterselskap (-)	-	-
115 248 432	32 775 448	Endring i kundefordringer	143 656 374	71 766 236
-758 553	-7 364 893	Endring i andre omløpsmidler	-3 052 357	21 025 875
22 079 139	5 772 061	Endring i leverandørgjeld	23 813 283	5 682 170
-78 284 267	-551 370 338	Endring i andre gjeldsposter	23 535 147	-626 007 398
<b>343 376 442</b>	<b>-309 588 275</b>	<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>	<b>483 019 920</b>	<b>-311 625 639</b>

## Kontantstrømmer fra investeringsaktiviteter:

-910 860	-1 142 740	Utbetalinger ved kjøp av driftsmidler	-1 140 580	-1 142 740
-29 994 136	-19 802 473	Utbetaling ved kjøp av immaterielle eiendeler	-34 416 101	-24 416 149
-3 418 482	-	Endring andre immaterielle eiendeler	-4 226 200	-
4 900 614	-	Innbetaling utbytte fra datterselskap	-	-
-	-6 650 361	Utbetaling konsernbidrag til datterselskap	-	-
-723 521	-495 453	Netto endring lån ansatte	-723 521	-495 453
<b>-30 146 385</b>	<b>-28 091 027</b>	<b>Netto kontantstrøm fra investeringsaktiviteter</b>	<b>-40 506 403</b>	<b>-26 054 343</b>

## Kontantstrømmer fra finansieringsaktiviteter:

-120 494 875	-42 669 395	Utbetalt utbytte	-120 494 875	-42 669 395
<b>-120 494 875</b>	<b>-42 669 395</b>	<b>Netto kontantstrøm fra finansieringsaktiviteter</b>	<b>-120 494 875</b>	<b>-42 669 395</b>
192 735 182	-380 348 697	Netto endring i bankinnskudd, kontanter og lignende	322 018 642	-380 349 377
11 427 049	391 775 750	Beholdning av bankinnskudd, kontanter og lignende pr. 1.1.	11 429 714	391 779 089
<b>204 162 229</b>	<b>11 427 049</b>	<b>Beholdning av bankinnskudd, kontanter og lignende pr. 31.12.</b>	<b>333 448 356</b>	<b>11 429 714</b>

\*) Betalt skatt i konsernet er betalt skatt justert for tilskudd skatteFUNN i 2015 og 2014

# REVISJONSBERETNING



Til generalforsamlingen i Fjordkraft AS

REVISORS BERETNING

## Uttalelse om årsregnskapet

Vi har revidert årsregnskapet for Fjordkraft AS som består av selskapsregnskap, som viser et overskudd på kr 254.755.416, og konsernregnskap, som viser et overskudd på kr 235.131.156. Selskapsregnskapet og konsernregnskapet består av balanse per 31. desember 2015, resultatregnskap og kontantstrømanalyse for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre notepopplysninger.

### Styret og administrerende direktør ansvar for årsregnskapet

Styret og administrerende direktør er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapskikk i Norge, og for slik intern kontroll som styret og administrerende direktør finner nødvendig for å muliggjøre utarbeidelsen av et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

### Revisors oppgaver og plikter

Vår oppgave er å gi uttrykk for en mening om dette årsregnskapet på bakgrunn av vår revisjon. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder International Standards on Auditing. Revisjonsstandardene krever at vi etterlever etiske krav og planlegger og gjennomfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon.

En revisjon innebærer utførelse av handlinger for å innhente revisjonsbevis for beløpene og opplysningene i årsregnskapet. De valgte handlingene avhenger av revisors skjønn, herunder vurderingen av risikoene for at årsregnskapet inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar revisor hensyn til den interne kontrollen som er relevant for selskaps utarbeidelse av et årsregnskap som gir et rettviseende bilde. Formålet er å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskaps interne kontroll. En revisjon omfatter også en vurdering av om de anvendte regnskapsprinsipperne er hensiktsmessige og om regnskapsestimaterne utarbeidet av ledelsen er rimelige, samt en vurdering av den samlede presentasjonen av årsregnskapet.

Efter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

### Konklusjon

Efter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapet og konsernet Fjordkraft AS' finansielle stilling per 31. desember 2015 og av deres resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapskikk i Norge.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, the United States member firm or any other member firm or legal entity, and any associated legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Medlemmer av Den Norske Revisorforsening  
org.nr: 980 211 282



side 2  
Revisors beretning til generalforsamlingen  
i Fjordkraft AS

## Uttalelse om øvrige forhold

### Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og er i samsvar med lov og forskrifter.

### Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll» av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskaps regnskapsopplysninger i samsvar med lov og god bokføringskikk i Norge.

Bergen, 11. mars 2016  
Deloitte AS

*Bjørn Lyse Opdal*

Bjørn Lyse Opdal  
statsautorisert revisor

## INNHold

Fjordkraftkonsernet  
Organisasjon

s 2  
s 3

FJORDKRAFT

Styrets beretning  
Regnskap 2015

s 5-9  
s 10-15  
**s 16-32**

### ► **Noter til regnskapet**

TRONDHEIM KRAFT

Styrets beretning  
Regnskap 2015  
Noter til regnskapet

s 34-36  
s 37-41  
s 42-47

Adresser

s 48

# NOTER TIL REGNSKAPET

# NOTER, FJORDKRAFT AS

## NOTE 1, REGNSKAPSPRINSIPPER

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapskikk.

Fjordkraft konsernet består av Fjordkraft AS og datterselskapet Trondheim Kraft AS. Fjordkraftkonsernet er et underkonsern av Statkraft konsernet.

### 1-1 Konsolidering

Konsernregnskapet inkluderer Fjordkraft AS og selskaper som Fjordkraft AS har bestemte innflytelse over. Bestemmende innflytelse oppnås normalt når konsernet eier mer enn 50 % av aksjene i selskapet, og konsernet er i stand til å utøve faktisk kontroll over selskapet. Transaksjoner og mellomværende mellom selskapene i konsernet er eliminert. Konsernregnskapet er utarbeidet etter ensartede prinsipper, ved at datterselskapet følger de samme regnskapsprinsipper som morselskapet.

Oppkjøpsmetoden benyttes ved regnskapsføring av virksomhetssammenslutninger. Selskaper som er kjøpt eller solgt i løpet av året inkluderes i konsernregnskapet fra det tidspunktet kontroll oppnås og inntil kontroll opphører.

### 1-2 Bruk av estimater

Ledelsen har brukt estimater og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen under utarbeidelsen av årsregnskapet i henhold til god regnskapskikk.

### 1-3 Valuta

Pengeposter i utenlandsk valuta omregnes til balansedagens kurs. Øvrige kursendringer er inkludert i finansresultatet. Transaksjoner i utenlandsk valuta omregnes etter kurs på transaksjonstidspunktet.

### Valutaterminkontrakter

Valutaterminkontrakter benyttes for å sikre fremtidig forventet valutastrøm i norske kroner. Regnskapsføring av urealisert gevinst eller tap knyttet til slike terminkontrakter blir utsatt til transaksjonstidspunktet for den sikrede transaksjonen og medregnet som en del av den endelige transaksjonsverdien.

### 1-4 Strømsalg og strøm kjøp

#### Inntektsføringsprinsipp

Inntektsføring av strømleveranse til sluttbrukere skjer løpende i henhold til estimert levert volum hos kundene. Avhengig av forbruksvolum foretas måleravlesning henholdsvis månedlig, annenhver måned, kvartalsvis eller årlig. Informasjon fra måleravlesning er tatt

hensyn til i inntektsføringen når den foreligger. Regnskapet avlegges i kraft-balanse. Det vil si at eventuelle avvik mellom antatt leveranse og innkjøpt volum er tatt hensyn til ved avsetning.

### Strøm kontrakter kjøp/salg

Konsernets virksomhet er i hovedsak knyttet til å levere strøm til sluttbrukere. Den økonomiske risiko ved levering av strøm er omfattende. En beskrivelse av virksomhetens risiko og hvordan disse styres er beskrevet i note 20. Resultatet av finansielle kontrakter som sikrer kjøp til sluttbrukere blir i resultatregnskapet klassifisert som kjøp eller kjøpsreduksjon.

### Typer av finansielle kraftkontrakter

Opsjoner gir kjøper rett til å kjøpe/selge og selger plikt til å selge/kjøpe på et bestemt tidspunkt eller etter leveringsperioden er over til en på forhåndsbestemt pris. For at kjøperen skal få denne retten, betales det en opsjonspremie. Opsjonspremier kostnadsføres over kontraktperioden.

Futures er en avtale mellom to parter om å kjøpe/selge underliggende kraft til en bestemt pris for en bestemt periode i fremtiden. Futures handles først og fremst på dager, uker og blokker. Det foretas daglig oppgjør mellom kontraktpriser og markedspriser. Daglige oppgjør i handelsperioden resultatføres først i leveringsperioden. Forwards er en avtale mellom to parter om å kjøpe/selge underliggende kraft til en bestemt pris for en bestemt periode i fremtiden. Forwards handles først og fremst på sesonger og år. Oppgjør blir foretatt i leveringsperioden.

### Regnskapsmessig behandling av finansielle kontrakter

Fjordkraft konsernet har ingen handel med trading som formål.

Finansielle kraftkontrakter vurderes til laveste verdis prinsipp. Ved verdifuldering benytter Fjordkraft konsernet porteføljeprinsippet (gruppeprinsippet). Dette innebærer at urealisert gevinst/tap knyttet til de enkelte finansielle kraftterminkontrakter, blir utsatt til leveranseperioden for underliggende kraftforbruk.

Produktspektret omfatter spotrelaterte produkter, produkter med ulik grad av finansielle sikringer samt produkter som innebærer forvaltning på kunders regning og risiko.

Formålet med finansiell handel er å styre den prisrisiko som følger av forpliktelser i avtalene med sluttkundene.

### Regnskapsmessig behandling av elsertifikatforpliktelse

For å dempe risiko og eksponering for prissvingninger knyttet til innkjøp av elsertifikater, inngår Fjordkraftkonsernet terminkontrakter på kjøp av elsertifikater, både for årets pådratte elsertifikatforpliktelse, og for kommende års forventede forpliktelser. Fjordkraft benytter nettosynsmetoden ved måling av elsertifikatforpliktelsen i regnskapet, noe som innebærer at den del av volumet i elsertifikatforpliktelsen hvor konsernet har kjøpt elsertifikater på termin eller har elsertifikater i beholdning, måles henholdsvis terminpris på inngåtte terminkontrakter og kostpris for beholdning av elsertifikater. Elsertifikatkostnaden er presentert under strømkjøp i resultatregnskapet, mens elsertifikatforpliktelsen er presentert som annen kortstiktig gjeld.

### 1-5 Skatt

Skatteskostnad består av betalbar skatt og ending i utsatt skatt. Utsatt skatt/skatterfordel er beregnet på alle forskjeller mellom regnskapsmessig og skattemessig verdi på eiendeler og gjeld. Utsatt skatt er i 2015 beregnet med 25% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Netto utsatt skatterfordel balanseføres i den grad det er sannsynlig at denne kan bli utnyttet.

Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den grad skattepostene relaterer seg til poster ført direkte mot egenkapitalen.

### 1-6 Klassifisering og vurdering av balanseposter

Omløpsmidler og kortiktig gjeld omfatter poster som forfaller til betaling innen ett år etter anskaffelsestidspunktet, samt poster som knytter seg til vækretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortiktig gjeld balanseføres til nominelt beløp på opptakstidspunktet.

Anleggsmidler vurderes til anskaffelseskost, fratrukket av- og nedskrivninger. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

## 1-7 Immatrielle eiendeler

Ved overtagelse av virksomhet hvor vederlaget overstiger verdien av de enkelte eiendeler, blir differansen oppført som ervervet goodwill. Goodwill avskrives etter en særskilt vurdering over 5 til 15 år.

Utgifter til egen tilvirkning av immaterielle eiendeler, herunder utgifter til egen forskning og utvikling, balanseføres når det er sannsynlig at de fremtidige økonomiske fordelene knyttet til eiendelene vil tilflyte selskapet og anskaffelseskost kan måles pålitelig.

Immaterielle eiendeler som kjøpes enkeltvis, balanseføres til anskaffelseskost. Immaterielle eiendeler som overtas ved kjøp av virksomhet, balanseføres til anskaffelseskost når kriteriene for balanseføring er oppfylt.

Immaterielle eiendeler med begrenset økonomisk levetid avskrives planmessig. Immaterielle eiendeler nedskrives til gjenvinnbart beløp dersom de forventede økonomiske fordelene ikke dekker balanseført verdi og eventuelle gjestående tilvirkningsutgifter.

## 1-8 SkatteFUNN

Offentlige tilskudd knyttet til SkatteFUNN bokføres som en reduksjon av regnskapspostene SkatteFUNNNet vedrører. SkatteFUNN knyttet til balanseførte utgifter til egen forskning og utvikling, bokføres som en reduksjon av anskaffelseskost og avskrives i takt med tilvirkningsutgifter.

## 1-9 Varige driftsmidler

Varige driftsmidler balanseføres og avskrives lineært over driftsmidlets forventede levetid. Vesentlige driftsmidler som består av betydelige komponenter med ulik levetid er dekomponert med ulik avskrivningstid for de ulike komponentene. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Der-

som

gjenvinnbart beløp av driftsmidlet er lavere enn balanseført verdi foretas nedskrivning til gjenvinnbart beløp. Gjenvinnbart beløp er det høyeste av netto salgsverdi og verdi i bruk. Verdi i bruk er nåverdien av de fremtidige kontantstrømmene som eiendelen forventes å generere.

## 1-10 Datterselskap

Datterselskap er selskaper hvor konsernet har bestemmende innflytelse over finansielle og driftsmessige prinsipper. Investeringer i datterselskap er vurdert etter kostprismetoden i morselskapets regnskap.

Investering i datterselskaper blir nedskrevet til virkelig verdi dersom verdifallet ikke er forbigående. Nedskrivningen reverseres dersom verdifallet ikke lenger er tilstede.

## 1-11 Fordringer

Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for avsetning til forventet tap. Det foretas en individuell vurdering, samt en avsetning basert på aldersfordelte saldolister, typer av kunder samt erfaringstall for tap.

## 1-12 Kortsiktige plasseringer

Kortsiktige plasseringer (aksjer og andeler vurdert som omløpsmidler) vurderes til laveste av anskaffelseskost og virkelig verdi på balansedagen. Mot-tatt utbytte og andre utdelinger fra selskapene inntektsføres som annen finansinntekt.

## 1-13 Pensjoner

### Ytelsesplaner

Pensjonsforpliktelser er beregnet i henhold til retningslinjene i Norsk Regnskapsstandard for Pensjonskostnader NRS 6, punkt 67. Dette innebærer at måreglene og reglene om resultatspesifikasjon i IAS 19 er anvendt i sel-

skapsregnskapet. Periodens netto pensjonskostnader er inkludert i lønn og sosiale kostnader, og består av summen av periodens pensjonsopptjening og nettorente på netto pensjonseiendel eller pensjonsforpliktelse.

Pensjonsforpliktelsene er beregnet på grunnlag av anbefalinger fra Norsk Regnskaps Stiftelse når det gjelder diskonteringsrente, forventet lønnsvekst og G-regulering. Overfinansierte ordninger er i sin helhet vurdert å representere en overfinansiering som i ettertid kan nyttiggjøres. Spesifikasjon av pensjonskostnad og forpliktelser er vist i note 17. Alle estimatavik (aktuarielle gevinster og tap) føres løpende mot egenkapitalen.

## 1-14 Nærstående parter

Som nærstående parter regnes datterselskap og tilknyttede selskapet, samt selskapets styre, ledelse og eiere. Alle transaksjoner mellom nærstående parter er basert på forretningsmessige vilkår og prinsippet om amlengdes avstand (antatt markedsverdi).

## 1-15 Kontantstrømoppstilling

Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

## NOTE 2, STRØMSALG

### Fjordkraft AS

Pr. virksomhetsområde	2015		2014		2013	
	2015	2014	2015	2014	2013	2012
Salg av strøm til sluttbrukere	2 822 700 463	2 891 921 020	3 067 224 616	3 184 590 691	3 184 590 691	3 184 590 691
Salg til alliansepartnere og salg av nettap	675 696 716	801 881 347	675 696 716	801 881 347	801 881 347	801 881 347
<b>Inntektsført i resultatregnskapet</b>	<b>3 498 397 178</b>	<b>3 693 802 366</b>	<b>3 742 921 331</b>	<b>3 986 472 038</b>	<b>3 986 472 038</b>	<b>3 986 472 038</b>

Alt salg er til kunder i Norge



## NOTE 3, ELSERTIFIKATER

### Konsern og Fjordkraft AS

Etter hvert som Fjordkraftkonsernet selger strøm, pådras en forpliktelse til å innløse elsertifikater 1. april året etter salget har funnet sted. Det foretas løpende regnskapsmessig avsetning for kostnaden ved denne elsertifikatforpliktelsen. Det er inngått terminkontrakter på kjøp av elsertifikater for årets forventede forpliktelse. I konsernregnskapet er det avsatt en forpliktelse på 161 MNOK i 2015 og 123 MNOK i 2014. I Fjordkraft AS er forpliktelsen på 149 MNOK i 2014 og 113 MNOK i 2014. Viser til prinsipppnote 1-3 for nærmere omtale av benyttet prinsippp for måling av elsertifikatforpliktelsen.

Også for kommende års forventede elsertifikatforpliktelser har Fjordkraftkonsernet inngått terminkontrakter på kjøp av elsertifikater med levering i 2017 - 2019. Terminkontrakter på kjøp av elsertifikater med slik fremtidig levering, balanseføres ikke. Det er ikke foretatt tapsavsetninger på disse kontraktene i 2015. Virkelig verdi i konsernet av kontraktene var 19,6 MNOK i 2015 og -6,5 MNOK i 2014. I Fjordkraft AS er virkelig verdi av kontraktene 19,6 MNOK i 2015 og -5,9 MNOK i 2014.

## NOTE 4, TRANSASJSJONER OG MELLOMVÆRENDE MED NÆRSTÅENDE PARTER

Per 31.12.2015 er BKK AS eier av 48,85 % av aksjene i selskapet, Skagerak Energi AS eier 48 % og Statkraft Industrial Holding AS eier 3,15 %. Transaksjoner mellom selskapet og eierne fremkommer i tabellen under.

Trondheim Kraft AS er datterselskap av Fjordkraft AS (note 11). Transaksjoner mellom Fjordkraft AS og Trondheim Kraft AS er rent forretningsmessige og omfatter salg/kjøp av personaltjenester, finans, forskning og utvikling. Selskapene har i tillegg forretningsmessige transaksjoner knyttet til konsernkontoordning. Transaksjonene vises i tabellen under.

Transaksjoner og mellomværende mellom Fjordkraft AS og Trondheim Kraft AS elimineres i konsolideringen og vises ikke under konsern i denne note.

Styret og ledelsen i selskapet er også nærstående parter av Fjordkraft AS. Fjordkraft AS har ikke andre transaksjoner med nærstående parter enn hva som fremgår av denne note, note 5 og note 17.

Nærstående til eier utgjør selskapene som inngår i Statkraft Konsernet, BKK Konsernet og Skagerak Konsernet.

### Konsern

### Fjordkraft AS

Eier	Nærstående til eier	Transaksjon/transaksjonsgruppe	Tilhører regnskapslinje	Eier	Nærstående til eier	Datter
-	-106 444 760	Strømsalg	Strømsalg	-117 460	-106 444 760	-
-	-883 978	Salg av diverse varer og tjenester	Andre driftsinntekter	-	-883 978	-21 762 702
-	-107 328 738	Sum driftsinntekter		-117 460	-107 328 738	-21 762 702
895 488	2 514 066 794	Strømkjøp	Strømkjøp	895 488	2 339 827 527	-
20 346 619	43 900 633	Kjøp av diverse varer og tjenester *	Andre driftskostnader	20 346 619	43 284 147	-
21 242 107	2 557 967 427	Sum driftskostnader		21 242 107	2 383 111 674	-
-	-318 167	Renteinntekter	Finansinntekter	-	-318 167	-
-	1 970 589	Rentekostnader	Finanskostnader	-	1 970 589	1 293 839
-	1 652 422	Resultat av finansposter		-	1 652 422	1 293 839
2 978 282	-	Forskning og utvikling	Forskning og utvikling	2 978 282	-	-
2 978 282	-	Immatrielle eiendeler		2 978 282	-	-
24 220 389	2 452 291 111	Sum		24 102 929	2 277 435 358	-20 468 863

\*) Andre driftskostnader utgjør tjenester som lønnskostnader, IT, kontor og kundesenter.

## NOTE 4, TRANSAKSJONER OG MELLOMVÆRENDE MED NÆRSTÅENDE PARTER (Forts.)

Mellomværende med nærstående parter:

Konsern				Fjordkraft AS			
		Kortsiktig fordring		Kortsiktig fordring			
2015	2014	Motpart	Forhold til motparten	2015	2014		
-	-	Trondheim Kraft AS *	Datter	89 755 781	94 874 992		
-	-	Til gode konsernselskaper		89 755 781	94 874 992		
-	13 120 992	BKK Nett AS	Nærstående til eier	-	13 120 992		
-	13 120 992	Til gode nærstående parter		-	13 120 992		
-	13 120 992	Sum		95 619 965	107 995 984		

\* Inkl. tilgode utbytte for 2015 på kr 20 026 461,- og til gode utbytte for 2014 kr 4 900 614,-

Kortsiktig gjeld				Kortsiktig fordring			
		Motpart		Forhold til motparten			
2015	2014	Motpart	Forhold til motparten	2015	2014		
-	-	Trondheim Kraft AS **	Datter	28 285 270	134 067 299		
147 444 957	189 005 418	Statkraft Energi AS	Nærstående til eier	147 444 957	189 005 418		
147 444 957	189 005 418	Gjeld til konsernselskaper		175 730 227	323 072 717		
1 066 550	1 364 572	BKK AS	Eier	1 066 550	1 364 572		
1 066 550	1 364 572	Gjeld til eier		1 066 550	1 364 572		
148 511 507	190 369 990	Sum		176 796 777	324 437 289		

\*\* Inkl. skyldig konsernkontoordning for 2015 på hhv kr 28 243 169,- og skyldig konsernkontoordning for 2014 på hhv kr 134 067 299,-

Mellomværende under 1 MNOK mot nærstående parter utenfor konsern er ikke tatt med i denne note.

## NOTE 5, FORSKNING OG UTVIKLING

### Fjordkraft AS

### Konsern

	Forskning og utvikling	Anlegg under utførelse	Totalt		Forskning og utvikling	Anlegg under utførelse	Totalt
<b>Anskaffelseskost 01.01.2015</b>	<b>33 050 569</b>	<b>19 704 655</b>	<b>52 755 224</b>	<b>Anskaffelseskost 01.01.2015</b>	<b>45 018 591</b>	<b>25 399 069</b>	<b>70 417 660</b>
Tilgang ved kjøp av driftsmidler fra andre	5 403 484	10 788 994	16 192 478	Tilgang ved kjøp av driftsmidler fra andre	7 422 532	11 972 881	19 395 413
Tilgang ved egentilvirkning av driftsmidler	1 867 192	3 413 278	5 280 470	Tilgang ved egentilvirkning av driftsmidler	2 570 146	3 929 354	6 499 500
Overført fra anlegg under utførelse	11 527 543	-11 527 543	-	Overført fra anlegg under utførelse	15 501 305	-15 501 305	-
<b>Anskaffelseskost 31.12.2015</b>	<b>51 848 789</b>	<b>22 379 384</b>	<b>74 228 172</b>	<b>Anskaffelseskost 31.12.2015</b>	<b>70 512 574</b>	<b>25 799 999</b>	<b>96 312 573</b>
Akkumulerte avskrivninger 31.12.2015	-32 485 991	-	-32 485 991	Akkumulerte avskrivninger 31.12.2015	-44 553 117	-	-44 553 117
<b>Av- og nedskrivninger samt reverserte nedskrivninger</b>	<b>-32 485 991</b>	<b>-</b>	<b>-32 485 991</b>	<b>Av- og nedskrivninger samt reverserte nedskrivninger</b>	<b>-44 553 117</b>	<b>-</b>	<b>-44 553 117</b>
<b>Bokført verdi 31.12.2015</b>	<b>19 362 798</b>	<b>22 379 384</b>	<b>41 742 181</b>	<b>Bokført verdi 31.12.2015</b>	<b>25 959 457</b>	<b>25 799 999</b>	<b>51 759 456</b>
Årets ordinære avskrivninger	-9 858 360	-	-9 858 360	Årets ordinære avskrivninger	-13 198 018	-	-13 198 018
Prosentats for ordinære avskrivninger	33,33 %			Prosentats for ordinære avskrivninger	33,33 %		
Økonomisk levetid	3 år			Økonomisk levetid	3 år		
Avskrivningsplan	Lineær			Avskrivningsplan	Lineær		

\*) I 2015 er det mottatt SkatteFUNN tilskudd vedrørende 2014 som utgjør kr 1 440 000,-.

FoU arbeidet fokuserer på å klargjøre selskapet for fremtidige endringer i rammebetingelsene, effektivisering av prosesser og fremtidig vekst. Arbeidet gjelder i hovedsak kunderelaterte systemprosjekter. Av totale FoU kostnader på kr 23 946 511,- er kr 2 473 563,- kostnadsført som annen driftskostnad og kr 21 472 948,- balanseført som forskning og utvikling.

\*) I 2015 er det mottatt SkatteFUNN tilskudd vedrørende 2014 som utgjør kr 2 126 659,-.

FoU arbeidet fokuserer på å klargjøre selskapet for fremtidige endringer i rammebetingelsene, effektivisering av prosesser og fremtidig vekst. Arbeidet gjelder i hovedsak kunderelaterte systemprosjekter. Av totale FoU kostnader på kr 28 808 154,- er kr 2 913 241,- kostnadsført som annen driftskostnad og kr 25 894 913,- balanseført som forskning og utvikling.

**NOTE 6, LØNNSKOSTNADER, ANTALL ANSATTE, GODTGJØRELSE OG LÅN TIL ANSATTE MED MER**

Fjordkraft AS		Konsern	
	2015	2014	2015
Lønn	95 516 537	87 109 022	95 516 537
Arbeidsgiveravgift	13 441 659	11 445 799	13 441 659
Pensjon	14 878 048	-7 971 687	14 878 048
Andre personalkostnader	7 231 794	5 710 287	7 231 794
<b>Sum</b>	<b>131 068 037</b>	<b>96 293 421</b>	<b>131 068 037</b>
<b>Antall årsverk 31.12</b>	<b>147</b>	<b>134</b>	<b>147</b>

**Ytelser til ledende ansatte i 2015**

	Rolf J. Barmen		Styret
Lønn		2 120 980	130 168
Pensjonskostnader		262 644	-
Annen godtgjørelse		132 209	-

Tallene inneholder ytelser til administrerende direktør Rolf J. Barmen i perioden 01.01. - 31.12.2015. Det er ikke inngått avtale om bonus, overskuddsdeling og lignende til fordel for administrerende direktør eller styreleder. Gjensidig oppsigelsesfrist for stillingen er seks måneder regnet fra den første i måneden etter at oppsigelse er meddelt. Dersom selskapet ønsker å avvikle arbeidsforholdet, oppbeærer Rolf J. Barmen lønn og øvrige betingelser i 12 måneder etter fratreden, dog således at ytelsene avkortes med andre inntekter han måtte få i perioden.

Administrerende direktør har lån i selskapet med 15 års avdragstid. Restlån pr. 31.12.2015 er kr 753 750,-. Renten for personallån er tilnærmet lik den til enhver tid gjeldende grense for fordelsbeskatning for slike lån på 2,7 %. Med tilnærmet lik menes rente for fordelsbeskatning med et tillegg på inntil 1 prosentpoeng.

Administrerende direktør inngår i den kollektive pensjonsordningen. Administrerende direktør inngår ikke i ordningen med kollektiv prestasjonslønn.

Styreleder mottar ikke lønn, bonus og lignende for sitt verv, og har ikke lån i selskapet. Selskapet har ikke forpliktelser mot styreleder, knyttet til særskilt vederlag ved opphør eller endring av verv.

Fjordkraft AS		Konsern	
	2015	2015	2015
Honorar til revisor (kostnadsført)			
Lovpålagt revisjon	421 600	597 300	597 300
Skatterådgivning	5 400	5 400	5 400
Andre attestasjons tjenester	39 350	74 450	74 450
Andre tjenester utenfor revisjonen *	264 223	264 223	264 223
<b>Sum</b>	<b>730 573</b>	<b>941 373</b>	<b>941 373</b>

Beløp eks. mva

\*) Delvis utført av Deloitte Advokatfirma AS som er et samarbeidende selskap med Deloitte AS.

## NOTE 7, GOODWILL

Goodwill omfatter kjøp av kundeportefølje i ulike nettområder.

### Fjordkraft AS

	Os	Nordhordland	Notodden Kragere Drangedal Vestfold Borre	Vaksdal	Totalt
<b>Anskaffelseskost 01.01.2015</b>	<b>7 800 000</b>	<b>22 000 000</b>	<b>41 433 107</b>	<b>3 856 945</b>	<b>75 090 052</b>
Akkumulerte avskrivninger 31.12.2015	-7 800 000	-22 000 000	-39 910 111	-3 470 245	-73 180 357
Akkumulerte nedskrivninger 31.12.2015	-	-	-1 522 996	-	-1 522 996
<b>Av- og nedskrivninger samt reverserte nedskrivninger</b>	<b>-7 800 000</b>	<b>-22 000 000</b>	<b>-41 433 107</b>	<b>-3 470 245</b>	<b>-74 703 353</b>
<b>Bokført verdi 31.12.2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>386 700</b>	<b>386 700</b>

Årets ordinære avskrivninger	-306 389	-809 600	-534 733	-257 130	-1 907 852
------------------------------	----------	----------	----------	----------	------------

Prosentstatts for ordinære avskrivninger	6,6 %	6,6 %	14,3 % - 6,6 %	6,6 %	
Økonomisk levetid	15 år	15 år	7-15 år	15 år	
Avskrivningsplan	Lineær	Lineær	Lineær	Lineær	

### Konsern

	Os	Nordhordland	Notodden Kragere Drangedal Vest- fold Borre	Vaksdal	Totalt
<b>Anskaffelseskost 01.01.2015</b>	<b>7 800 000</b>	<b>22 000 000</b>	<b>41 433 107</b>	<b>3 856 945</b>	<b>75 090 052</b>
Akkumulerte avskrivninger 31.12.2015	-7 800 000	-22 000 000	-39 910 111	-3 470 245	-73 180 356
Akkumulerte nedskrivninger 31.12.2015	-	-	-1 522 996	-	-1 522 996
<b>Av- og nedskrivninger samt reverserte nedskrivninger</b>	<b>-7 800 000</b>	<b>-22 000 000</b>	<b>-41 433 107</b>	<b>-3 470 245</b>	<b>-74 703 352</b>
<b>Bokført verdi 31.12.2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>386 700</b>	<b>386 700</b>

Årets ordinære avskrivninger	-306 389	-809 600	-534 733	-257 130	-1 907 852
------------------------------	----------	----------	----------	----------	------------

Prosentstatts for ordinære avskrivninger	6,6 %	6,6 %	14,3 % - 6,6 %	6,6 %	
Økonomisk levetid	15 år	15 år	7-15 år	15 år	
Avskrivningsplan	Lineær	Lineær	Lineær	Lineær	

## NOTE 8, IMMATERIELLE EIENDELER

### Fjordkraft AS

	Elsertifikater *	Andre immaterielle eiendeler	Totalt
<b>Anskaffelseskost 01.01.2015</b>	<b>6 883 331</b>	<b>4 355 100</b>	<b>11 238 431</b>
Tilgang ved kjøp av Elsertifikater	3 418 482	-	3 418 482
<b>Tilgang ved kjøp av kundeportefølje</b>	<b>-</b>	<b>8 521 188</b>	<b>8 521 188</b>
<b>Anskaffelseskost 31.12.2015</b>	<b>10 301 813</b>	<b>12 876 288</b>	<b>23 178 101</b>
Akkumulerte avskrivninger 31.12.2015	-	-2 249 453	-2 249 453
<b>Av- og nedskrivninger samt reverserte nedskrivninger</b>	<b>-</b>	<b>-2 249 453</b>	<b>-2 249 453</b>
<b>Bokført verdi 31.12.2015</b>	<b>10 301 813</b>	<b>10 626 835</b>	<b>20 928 647</b>

Årets ordinære avskrivninger	-	-1 122 224	-1 122 224
Prosentstatts for ordinære avskrivninger		10%-8,3%	
Økonomisk levetid		10-12 år	
Avskrivningsplan		Lineær	

### Konsern

	Elsertifikater *	Andre immaterielle eiendeler	Totalt
<b>Anskaffelseskost 01.01.2015</b>	<b>6 912 861</b>	<b>-</b>	<b>6 912 861</b>
Tilgang ved kjøp av Elsertifikater	4 226 200	-	4 226 200
<b>Tilgang ved kjøp av kundeportefølje</b>	<b>-</b>	<b>8 521 188</b>	<b>8 521 188</b>
<b>Anskaffelseskost 31.12.2015</b>	<b>11 139 061</b>	<b>8 521 188</b>	<b>19 660 249</b>
Akkumulerte avskrivninger 31.12.2015	-	-746 481	-746 481
<b>Av- og nedskrivninger samt reverserte nedskrivninger</b>	<b>-</b>	<b>-746 481</b>	<b>-746 481</b>
<b>Bokført verdi 31.12.2015</b>	<b>11 139 061</b>	<b>7 774 707</b>	<b>18 913 768</b>

Årets ordinære avskrivninger	-	-746 481	-746 481
Prosentstatts for ordinære avskrivninger		10%-8,3%	
Økonomisk levetid		10-12 år	
Avskrivningsplan		Lineær	

\* Måles til kostpris.

## NOTE 9 VARIGE DRIFTSMIDLER

### Fjordkraft AS

	Inventar, utstyr etc.	EDB-anlegg	Anlegg under utførelse	Totalt
<b>Anskaffelseskost 01.01.2015</b>	<b>6 378 160</b>	<b>19 808 236</b>	<b>-</b>	<b>26 186 396</b>
Tilgang ved kjøp av driftsmidler fra andre	-	-	910 860	910 860
<b>Anskaffelseskost 31.12.2015</b>	<b>6 378 160</b>	<b>19 808 236</b>	<b>910 860</b>	<b>27 097 256</b>
Akkumulerte avskrivninger 31.12.2015	-4 611 159	-19 606 973	-	-24 218 132
<b>Av- og nedskrivninger samt reverserte nedskrivninger</b>	<b>-4 611 159</b>	<b>-19 606 973</b>	<b>-</b>	<b>-24 218 132</b>
<b>Bokført verdi 31.12.2015</b>	<b>1 767 001</b>	<b>201 263</b>	<b>910 860</b>	<b>2 879 124</b>

Årets ordinære avskrivninger	-659 363	-267 207	-	-926 570
Prosentstatts for ordinære avskrivninger	12,5%	33,33%		
Økonomisk levetid	8 år	3 år		
Avskrivningsplan	Lineær	Lineær		

### Konsern

	Inventar, utstyr etc.	EDB-anlegg	Anlegg under utførelse	Totalt
<b>Anskaffelseskost 01.01.2015</b>	<b>6 731 164</b>	<b>24 167 292</b>	<b>-</b>	<b>30 898 454</b>
Tilgang ved kjøp av driftsmidler fra andre	-	-	1 140 580	1 140 580
<b>Anskaffelseskost 31.12.2015</b>	<b>6 731 164</b>	<b>24 167 292</b>	<b>1 140 580</b>	<b>32 039 033</b>
Akkumulerte avskrivninger 31.12.2015	-4 809 838	-23 966 030	-	-28 775 866
<b>Av- og nedskrivninger samt reverserte nedskrivninger</b>	<b>-4 809 838</b>	<b>-23 966 030</b>	<b>-</b>	<b>-28 775 866</b>
<b>Bokført verdi 31.12.2015</b>	<b>1 921 326</b>	<b>201 262</b>	<b>1 140 580</b>	<b>3 263 168</b>

Årets ordinære avskrivninger	-696 935	-267 207	-	-964 142
Prosentstatts for ordinære avskrivninger	12,5%	33,33%		
Økonomisk levetid	8 år	3 år		
Avskrivningsplan	Lineær	Lineær		

## NOTE 10, ANDRE DRIFTSKOSTNADER

	Fjordkraft AS		Konsern	
	2015	2014	2015	2014
Salgsprovisjoner	69 259 942	47 432 657	72 686 173	50 438 653
Markedsføring, tele, porto og informasjon	53 277 803	44 668 660	59 573 926	51 531 096
Kjøp av diverse tjenester *	49 711 178	44 027 273	58 383 678	52 452 472
Kundetjenester	36 426 407	38 124 862	36 742 739	39 690 765
Konsulenttjenester	18 072 737	20 688 812	21 677 292	24 506 453
EDB-programvare, årlig vedlikehold	6 876 622	7 319 461	8 007 656	8 609 442
Andre driftskostnader	6 867 068	9 869 789	7 322 143	10 778 097
Husleie og andre kostnader eiendom	6 583 545	4 583 670	7 200 824	5 721 697
Reise og diett	6 361 557	6 468 963	7 515 348	7 493 022
<b>Sum</b>	<b>253 436 859</b>	<b>223 184 147</b>	<b>279 109 778</b>	<b>251 221 697</b>

\*) Alle ansatte i datterselskapet Trondheim Kraft AS ble overført til Fjordkraft AS 01.01.2011. Arbeid som ansatte gjør for Trondheim Kraft AS reguleres gjennom en management avtale

## NOTE 11, DATTERSELSKAP

### Fjordkraft AS Datterselskap

Anskaff. tidspunkt	Kontorsted	Eierandel 01.01.2015	Endret eierandel 2015	Eierandel % 31.12.2015
2010	Trondheim	100,00	0,00	100,00

Stemmeandel er lik eierandel  
Tidligere års nedskrivninger er reversert i 2015 med kr 20 000 000,-

## NOTE 12, SKATT

## Skattekostnad i resultatregnskapet

	Fjordkraft AS		Konsern	
	Endring	2015	Endring	2015
	2014		2014	
Betalbar overskuddsskatt		82 352 936		89 516 224
Endring utsatt skatt alminnelig inntekt		-838 315		-714 552
Korreksjon tidligere år		-		-
<b>Sum skattekostnad i resultatregnskapet</b>		<b>81 514 612</b>		<b>88 801 662</b>
		<b>61 288 785</b>		<b>62 862 577</b>

## Avstemning av nominell skattesats mot effektiv skattesats

Resultat før skatt		336 270 028		323 932 818
Skattesats		27 %		27 %
Forventet skattekostnad		90 792 907		87 461 861
		61 066 717		61 593 100

## Skatteeffekt av

Permanente forskjeller		-10 277 629		489 671
Justert utsatt skatt (SkatteFUNN)		-258 997		-433 876
Korreksjon tidligere år		-		-
Netto effekt endrede skattesatser		1 258 328		1 284 004
<b>Sum skattekostnad</b>		<b>81 514 612</b>		<b>88 801 662</b>
		<b>61 288 785</b>		<b>62 862 577</b>

Effektiv skattesats		24,2 %		27,4 %
		27,1 %		27,6 %

## Betalbar skatt i balansen

Betalbar overskuddsskatt		82 352 936		89 516 224
Avsatt SkatteFUNN tilskudd i balansen		-59 049		-59 049
Korreksjon tidligere år		-828 857		-869 956
<b>Sum betalbar skatt i balansen</b>		<b>81 465 026</b>		<b>88 587 215</b>
		<b>51 508 352</b>		<b>52 155 747</b>

## Spesifikasjon av midlertidige forskjeller og utsatt skatt

<b>Alminnelig inntekt</b>				
Anleggsmidler *)		-1 206 805		-1 144 019
Onnøpmsmidler/kortsiktig gjeld		785 314		1 085 816
Pensjonsforpliktelser		21 864 188		21 864 188
<b>Sum midlertidige forskjeller alminnelig inntekt</b>		<b>21 442 697</b>		<b>21 805 985</b>
Skattesats		25 %		25 %
<b>Netto regnskapsført utsatt skattefordel (-)/utsatt skatteforpliktelse (+)</b>		<b>-15 729 095</b>		<b>-16 050 043</b>
		<b>-22 776 956</b>		<b>-23 221 668</b>



## NOTE 12, SKATT (Forts.)

### Fjordkraft AS

#### Spesifikasjon av endring i netto regnskapsført utsatt skattefordel (-)/utsatt skatteforpliktelse (+)

	2015		2014	
	Fjordkraft AS		Konsern	
	2015	2014	2015	2014
Endring utsatt skatteforpliktelse (+)/utsatt skattefordel (-) innregnet i egenkapitalen	7 886 172	-16 556 957	7 886 172	-16 556 957
Endring utsatt skatteforpliktelse (+)/utsatt skattefordel (-) innregnet i årsresultat	-838 315	6 627 956	-714 552	6 867 694
<b>Endring utsatt skatt i perioden</b>	<b>7 047 861</b>	<b>-9 929 002</b>	<b>7 171 625</b>	<b>-9 689 264</b>

\*) Anleggsmidler består av varige driftsmidler, forskning og utvikling, goodwill og andre immaterielle eiendeler

## NOTE 13, EGENKAPITAL

### Fjordkraft AS

	Aksje- kapital	Overkurs	Annen egenkapital	Sum egenkapital
Egenkapital 01.01.2015	31 352 000	125 031 544	50 500 161	206 883 705
<b>Årets endring i egenkapital:</b>				
Årsresultat	-	-	254 755 416	254 755 416
Årlig løpende estimatavvik knyttet til pensjonsordning (etter skatt)	-	-	21 321 871	21 321 871
Avsatt utbytte	-	-	-156 453 029	-156 453 029
<b>Egenkapital 31.12.2015</b>	<b>31 352 000</b>	<b>125 031 544</b>	<b>170 124 420</b>	<b>326 507 964</b>

### Konsern

	Aksje- kapital	Overkurs	Annen egenkapital	Sum egenkapital
Egenkapital 01.01.2015	31 352 000	125 031 544	43 616 456	200 000 000
<b>Årets endring i egenkapital:</b>				
Årsresultat	-	-	235 131 156	235 131 156
Årlig løpende estimatavvik knyttet til pensjonsordning (etter skatt)	-	-	21 321 871	21 321 871
Avsatt utbytte	-	-	-156 453 029	-156 453 029
<b>Egenkapital 31.12.2015</b>	<b>31 352 000</b>	<b>125 031 544</b>	<b>143 616 457</b>	<b>300 000 000</b>

## NOTE 14, FORDRINGER MED FORFALL SENERE ENN ETT ÅR

	Fjordkraft AS		Konsern	
	2015	2014	2015	2014
Lån til ansatte*	15 488 795	14 765 274	15 488 795	14 765 274
<b>Sum</b>	<b>15 488 795</b>	<b>14 765 274</b>	<b>15 488 795</b>	<b>14 765 274</b>

\* \* Lån til ansatte inkluderer neste års avdrag. Avdrag i 2016 utgjør kr. 2 098 943,-.

## NOTE 15, LIKVIDE MIDLER

	Fjordkraft AS		Konsern	
	2015	2014	2015	2014
Kontantdepot DnB	-	-	1 29 000 000	-
Ikke bundne midler	204 162 229	11 427 049	204 448 356	11 429 714
<b>Sum likvide midler</b>	<b>204 162 229</b>	<b>11 427 049</b>	<b>333 448 356</b>	<b>11 429 714</b>

Fjordkraft AS har felles konsernkontosystem med datterselskapet Trondheim Kraft AS.

## NOTE 16, AKSJEKAPITAL OG AKSJONÆRINFORMASJON

### Fjordkraft AS

Eierstruktur	Antall aksjer	Pålydende	Stemmeandel	Eierandel
BKK AS	15 315	1 000	48,85 %	48,85 %
Statkraft Industrial Holding AS	989	1 000	3,15 %	3,15 %
Skagerak Energi AS	15 048	1 000	48,00 %	48,00 %
<b>Sum</b>	<b>31 352</b>		<b>100,00 %</b>	<b>100,00 %</b>

Fjordkraft AS inngår i Statkrafts konsernregnskap som følge av indirekte eierskap. Det offisielle regnskapet utleveres ved henvendelse til Fjordkraft AS, Folke Bernadottesvei 38, 5147 Fyllingsdalen.

## NOTE 17. PENSJON

### Ytellesplan i sikret ordning

Fjordkraft AS har kollektiv pensjonsordning i BKK Pensjonskasse. Pensjonsordning er en bruttoordning tilsvarende offentlige ordninger. Den gir de ansatte en bestemt fremtidig pensjonsytelse basert på antall opptjeningsår og lønnsnivået ved pensjonsalder.

Ytellesplanen omfatter alders-, utløre- etterlatte- og barnepensjon. Alderspensionen utgjør ved full opptjening 66 % av pensjonsgrunnlaget for lønn opp til 12G. Alle født i 1943 eller senere vil få pensjonen sin levealdersjustert, noe som kan føre til en pensjonsutbetaling som er mindre enn 66 % av pensjonsgrunnlaget.

Pensjonen reguleres i henhold til regelverket for offentlig pensjon. Ordningen finansieres ved at medlemmene innbetaler 2 % av pensjonsgrunnlaget. Øvrig pensjonspremie dekkes av Fjordkraft.

### Ytellesplan i usikrede ordninger

Den usikrede ordningen består av AFP som er en førtidspensjonsordning som kan tas ut mellom 62 og 67 år. I den tallmessige delen av pensjonsnoten finnes en oversikt over antall aktive medlemmer og pensjonister for hhv sikret og usikrede ordninger

### Aktuarielle beregninger

Pensjonskostnaden for 2015 er beregnet i henhold til revidert IAS 19. Det vil si at estimatawisk umiddelbart amortiseres og føres mot egenkapitalen. Aktuariellberegningene er utført av aktuarer i Gabler AS som administrerer BKK Pensjonskasse.

### Planendringer 2014

I aktuariellberegningen for 2014 ble det tatt hensyn til levealdersjustering for årskullene født etter 1953, individuell garanti for de som er født i 1958 eller tidligere og ny beregning av uførepensjon.

Levealdersjustering innebærer en reduksjon i alderspensjonen fra folketrygden. En slik reduksjon må tas hensyn til også i tjenstepensjonen slik at denne ikke kompenserer for reduksjon i ytelsen fra folketrygden.

Individuell garanti er en garanti som deivis skjærer de som er født i 1958 eller tidligere fra effekten av levealdersjusteringen.

Ny metode for beregning av uførepensjon innføres fra 1.1.2015 men er tatt hensyn til i beregningene for 2014. Endringen vil generelt medføre en reduksjon i pensjonsforpliktelsen.

### Økonomiske forutsetninger

Fjordkraft har vurdert at markedet for obligasjoner med fortrinnsrett (OMF) tilfredsstiller kravene i IAS 1983. til foretaksobligasjoner med høy kvalitet og dypt marked.

Per 31.12.2015 har Fjordkraft benyttet en diskonteringsrente på 2,5 % som samsvarer med en anbefaling fra Norsk Regnskapsstiftelse per 1. september 2015. Økningen i diskonteringsrente fra 2,4 % til 2,5 % gir isolert en lavere forpliktelse. I samme retnin trekker at fremtidig lønnsvekst og regulering av grunnbeløpet i Folketrygden (G) er satt med med 0,75 prosentpoeng og er således i samsvar med siste anbefaling fra Norsk Regnskapsstiftelse. Dessuten er sannsynligheten for uttak av AFP redusert fra 30 % til 25 %. Også denne endringen reduserer forpliktelsen og kostnaden.

Det er utarbeidet sensitivitetsanalyser som viser konsekvensene for pensjonskostnader og -forpliktelser av å endre de viktigste parametrene. Resultatet er presentert i en tabell.

Endringen i kostnad gjelder pensjonskostnad i 2016 mens endring i forpliktelse gjelder per 31.12.2015.

### Demografiske forutsetninger - GAP07

Fjordkraft har i pensjonsberegningene i en rekke år brukt Gablers dynamiske dødelighetsgrunnlag, GAP07. I forbindelse med at Finansstilsynet innførte K2013 som dødelighetsgrunnlag for forsikringsordninger vurderte Gabler GAP07 mot faktisk observert dødelighet i medlemsbestanden. Beregningene underbygger at GAP07 er et forventningsrett dynamisk dødelighetsgrunnlag i forhold til krav i Norsk Regnskapsstiftelses veiledning for pensjonsforutsetninger.

### Kurvet reallønnsvekst

Forventet lønnsvekst lagt til grunn i Fjordkraft sine pensjonsberegninger bygger på Gablers regresjonsmodell. Modellen bruker alder som en forklaringsvariabel for reallønnsutvikling til arbeidstakere. Sammenhengen mellom alder og reallønnsutvikling kan forklares blant annet med at de unge gjør flere lønnshopp enn de eldre arbeidstakerne.

Basert på historiske bestandsdata i pensjonskassen er det utledet en tilpasset lønnskurve som viser at den gjennomsnittlige reallønnsveksten for ansatte er fallende med alder. Denne kurven legges til grunn for aktuelle beregninger.

Beregninger viser at kurvet lønnsvekst gir lavere pensjonsforpliktelse enn lineær lønnskurve.

### Pensjonsmidler i BKK Pensjonskasse

BKK Pensjonskasse fikk en avkastning i 2015 på 0,7 % (25 MNOK) mot en indeksavkastning på 3,0 %. Mindreavkastningen ble ca 78 MNOK i forhold til indeks. Aksjeeksponeringen er 32,5 %, mens bufferkapitalen er ca 420 MNOK som er ca 100 MNOK mindre enn ved forrige årsskifte. Samlet tapsposisjonal med korrelasjon er beregnet til 83 % av bufferkapitalen og vurderes å være en akseptabel risikosituasjon. Forvaltningskapitalen var ca 3 470 MNOK. I 2015 betalte BKK hel premie til pensjonskassen.

### De aktuarielle beregninger er utført i henhold til standard fra Den Norske Aktuarforening og bygger på følgende forutsetninger:

	2015	2014
1. Diskonteringsrente	2,50 %	2,40 %
2. Forventet avkastning pensjonsmidler	2,50 %	2,40 %
3. Årlig forventet lønnsvekst	2,50 %	3,25 %
4. Årlig forventet G-regulering	2,25 %	3,00 %
5. Årlig regulering av pensjoner under utbetaling	1,50 %	2,25 %
6. AFP-uttak	25% ved 62 år Gap07 / K63 før 45 år - 4,5% 45 - 60 år - 2,0% etter 60 år - 0%	30% ved 62 år Gap07 / K63 før 45 år - 4,5% 45 - 60 år - 2,0% etter 60 år - 0%
7. Demografiske forutsetninger		
8. Frivillig avgang		

Betegnelsen Gap07 er Gablers dynamiske dødelighetstabeller. K 63 er utføretabeller fra 1963.

Tall i 1000 kr

	Endring diskonteringsrente		Endring lønnsøkning	
Sensitivitetsanalyse	1 %	-1 %	1 %	-1 %
Endring i pensjonskostnad	-2 991	4 422	2 704	-1 915
Endring i brutto pensjonsforpliktelse	-32 631	45 532	18 212	-14 170
Endring forventet G-regulering				
Sensitivitetsanalyse	1 %	-1 %	1 %	-1 %
Endring i pensjonskostnad	1 581	-1 115	-18	-3
Endring i brutto pensjonsforpliktelse	25 000	-19 614	513	-692

## NOTE 17, PENSJON (Forts.)

### Fjordkraft AS

#### A. PERIODENS PENSJONSKOSTNAD

	Sikret ordning	Usikret ordning	Sum 2015	Sum 2014
Årets pensjonsopptjening	11 309 798	1 451 260	12 761 058	9 528 779
Arbeidsgeberavgift av årets opptjening	1 594 682	204 628	1 799 310	1 343 558
Rentekostnad på pensjonsforpliktelsen	3 852 610	321 417	4 174 027	5 495 551
Forventet avkastning på pensjonsmidlene	-2 354 630	-	-2 354 630	-3 671 241
Resultatført planendring	-	-	-	-19 210 356
Medlemsinnskudd	-1 501 717	-	-1 501 717	-1 457 978
<b>Resultatført pensjonskostnad</b>	<b>12 900 743</b>	<b>1 977 305</b>	<b>14 878 048</b>	<b>-7 971 687</b>

#### B. BALANSEFØRT PENSJONSFORPLIKTELSE

Brutto pensjonsforpliktelse ved periodens slutt	149 026 652	11 552 480	160 579 132	174 835 313
Midler ved periodens slutt	105 884 214	-	105 884 214	98 276 207
<b>Balanseført pensjonsforpliktelse inkl. arb.g.avgift</b>	<b>43 142 438</b>	<b>11 552 480</b>	<b>54 694 916</b>	<b>76 559 104</b>

#### C. AVSTEMMING PENSJONSFORPLIKTELSE

Pensjonsforpliktelse i inngående balanse	63 166 719	13 392 386	76 559 104	45 296 078
Resultatført pensjonskostnad	12 900 743	1 977 305	14 878 048	-7 971 687
Estimatavvik ført direkte mot egenkapitalen før skatt	-25 390 832	-3 817 211	-29 208 043	43 690 318
Innbetalinger inkl. arb.g. avgift	-7 534 193	-	-7 534 193	-4 455 605
<b>Balanseført pensjonsforpliktelse ved periodens slutt</b>	<b>43 142 438</b>	<b>11 552 480</b>	<b>54 694 916</b>	<b>76 559 104</b>
Pensjonsopptjening ytelser til ledende ansatte:				
Pensjonsopptjening administrerende direktør	236 704	25 940	262 644	334 253

#### D. MEDLEMSSTATISTIK

Antall aktive medlemmer	147	-	147	134
Antall pensjonister	24	-	24	23
Spesifikasjon av planendring:				
Levealdersjustering	-	-	-	-19 691 641
Uførepensjon	-	-	-	481 285

**NOTE 18, KASSEKREDITT**

	<b>Fjordkraft AS</b>		<b>Konsern</b>	
	2015	2014	2015	2014
Limit for kassekredit	1 200 000 000	1 200 000 000	1 200 000 000	1 200 000 000
<b>Sum</b>	<b>1 200 000 000</b>	<b>1 200 000 000</b>	<b>1 200 000 000</b>	<b>1 200 000 000</b>

Kundefordringer er stillet som sikkerhet for kassekredit. Se note 19 om garantier og pantstillelser. Fjordkraft AS og Trondheim Kraft AS inngår i egen konsernkontoordning med felles kassekredit. Selskapene hefter solidarisk.

**NOTE 19, GARANTIER OG PANTSTILLELSER**

	<b>Fjordkraft AS</b>		<b>Konsern</b>	
	2015	2014	2015	2014
Kontantdepot DnB	-	-	129 000 000	-
<b>SUM</b>	<b>-</b>	<b>-</b>	<b>129 000 000</b>	<b>-</b>
Kundefordringer er stillet som sikkerhet for kassekredit (se note 18)	600 000 000	600 000 000	600 000 000	600 000 000
Bokført verdi av kundefordringer	614 603 402	729 851 824	647 904 948	791 561 318

Det er ikke trekk på kassekreditte pr 31.12.2015



## NOTE 20, RISIKO

Fjordkrafts hovedvirksomhet er salg av strøm til sluttbrukere. Både svingende innkjøpspriser og tøff konkurranse i sluttkundemarkedet medfører en betydelig forettningsmessig risiko. Produktspekteret omfatter spotrelaterte produkter, produkter med ulik grad av finansielle svingninger samt produkter som innebærer forvaltning på kunders regning og risiko.

Selskapet har kategorisert hendelser som kan medføre en svekkelse av Fjordkraft AS. Fjordkraft AS innleder risiko i verdifrisiko og likviditetsrisiko. Verdifrisiko deles videre inn i markedsrisiko, motpartsrisiko og operasjonell risiko. Følgende definisjoner legges til grunn.

### VERDIRISIKO:

#### Markedsrisiko

Mulighet for tap som følge av bevegelser i finansielle markeder (systempris, områdepris, valutavolum).

#### Motpartsrisiko

Mulighet for tap som følge av at motparter ikke kan innfri sine forpliktelser.

#### Operasjonell risiko

Mulighet for tap som følge av feil knyttet til interne prosesser, mennesker og systemer samt tap grunnet eksterne faktorer (annet enn finansielle markeder og motparter).

### LIKVIDITETSRISIKO:

#### Likviditetsrisiko

Likviditetsrisiko defineres som risiko for manglende tilgang til kapital for innfrielse av forpliktelser.

### Risikostyring

#### Generelt

Hele organisasjonen er involvert i risikostyring og internkontroll, som en integrert del av virksomhetsstyringen. Gjennom fastlagte aktiviteter og fremgangsmåter skal organisasjonen på en strukturert måte identifisere, vurdere, håndtere og følge opp risiko. Årlige uavhengige interne revisjoner av utvalgte risikoområder er innført som et sentralt virkemiddel i selskapets risikostyring.

#### Markedsrisiko

Markedsrisiko styres i henhold til styrevedtatte eksponeringsrammer. Disse overholdes gjennom bruk av NASDAQ OMXs derivatmarked.

#### Motpartsrisiko

Motpartsrisiko knyttet til handel i eksterne finansielle markeder begrenses gjennom valg av solide kraftselskap som motparter. Øvrig motpartsrisiko styres gjennom kredittvurdering, kredittovervåking og avtalefestede muligheter for garantier og depositum.

#### Operasjonell risiko

Operasjonell risiko styres overordnet sett gjennom god virksomhetsstyring. Sentrale elementer i dette er krav til god ledelse, tydelige og involverende målprosesser, relevant rapportering, effektive prosesser og etiske retningslinjer. Fullmaktsmatrise er etablert, og legges fram for godkjenning av styret minimum én gang pr. år. Delstrategier for vesentlige områder er utarbeidet.

#### Likviditetsrisiko

Likviditetsrisiko styres ved at det inngås løpende eller langsiktig avtaler som sikrer grunnfinansieringen av kapitalbehovet. Tilleggskapital dekkes ved behov gjennom løpende dialog med primær kapitalkilde samt eiere. Kapitalbehovet styres ved kortsiktige og langsiktige likviditetsprognoser.

## NOTE 21, ESTIMATER I REGNSKAPET

### Fjordkraft AS

Regnskapet inneholder estimater om flere ukjente størrelser når årsregnskapet avlegges. Eventuelle endringer fra disse estimatene regnskapsføres i det kommende regnskapsår.

Resultatet for 2015 inneholder negative effekter fra strømsalg tidligere år på ca. 4,5 MNOK før skatt.

Balansen for 2015 inneholder et negativt estimatawik knyttet til pensjonsforpliktelser på ca. 21 MNOK etter skatt som er ført direkte mot egenkapitalen.

Vesentlige regnskapsposter som er påvirket av estimater er pensjoner (note 13 og 17), goodwill (note 7), avsetning tap på fordringer og levert ikke avregnet strøm. Et vesentlig volum av levert strøm er ikke avregnet når regnskapsavslutningen foretas.

Relativt små avvik i estimering av pris, vil, med stort volum, kunne gi betydelig avvik i kroner.

### Konsern

Regnskapet inneholder estimater om flere ukjente størrelser når årsregnskapet avlegges. Eventuelle endringer fra disse estimatene regnskapsføres i det kommende regnskapsår.

Konsernets resultat for 2015 inneholder negative effekter fra strømsalg tidligere år på ca. 0,5 MNOK før skatt.

Konsernets balanse for 2015 inneholder et negativt estimatawik knyttet til pensjonsforpliktelser på ca. 21 MNOK etter skatt som er ført direkte mot egenkapitalen.

Vesentlige regnskapsposter som er påvirket av estimater er pensjoner (note 13 og 17), goodwill (note 7), avsetning tap på fordringer og levert ikke avregnet strøm. Et vesentlig volum av levert strøm er ikke avregnet når regnskapsavslutningen foretas. Relativt små avvik i estimering av pris, vil, med stort volum, kunne gi betydelig avvik i kroner.

## NOTE 22, SELSKAPER SOM INNGÅR I KONSOLIDERINGEN

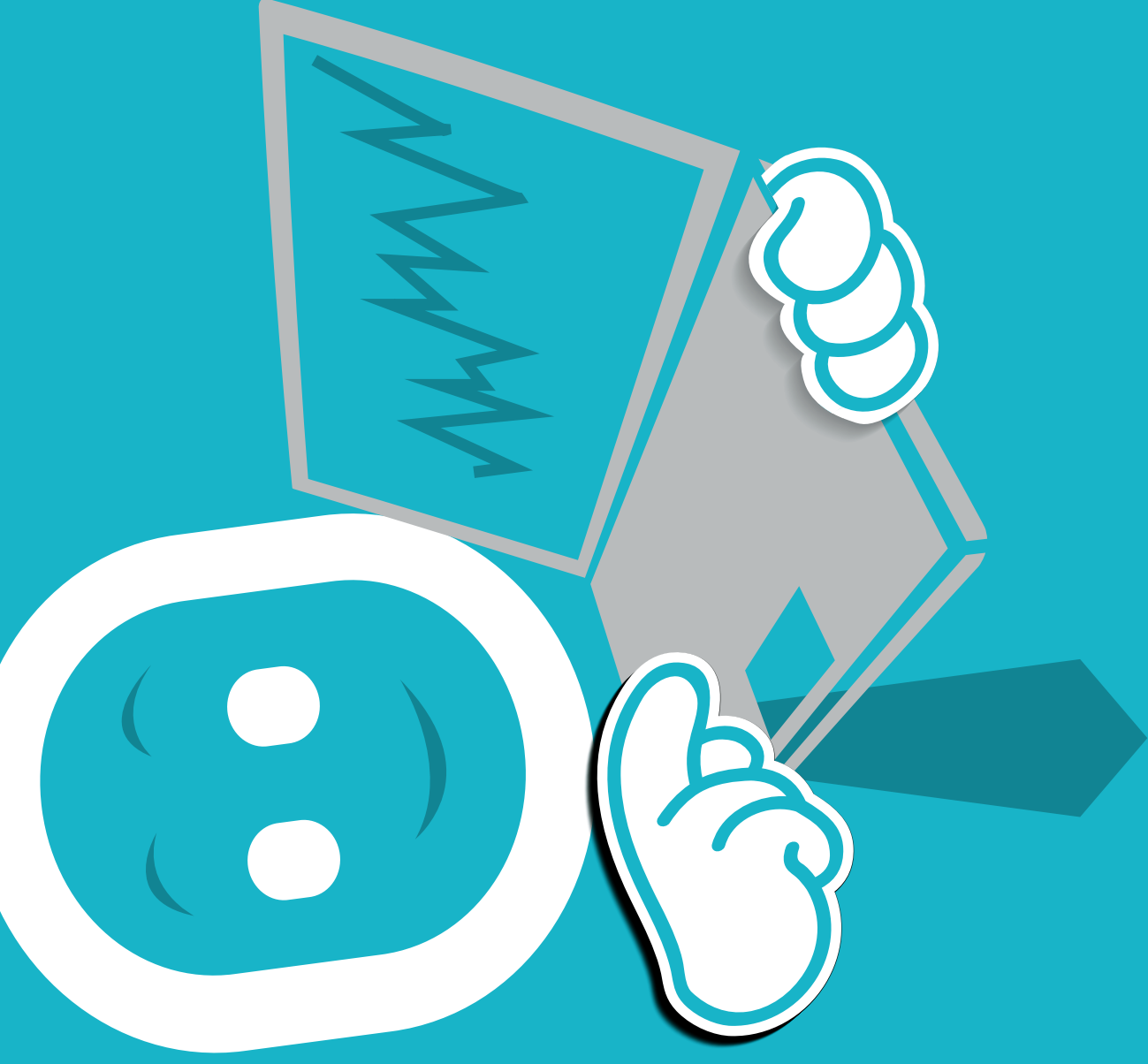
Selskap	Forretningskontor	Land	Eierandel	Stemmeandel
Fjordkraft AS	Bergen	Norge	100,00 %	100,00 %
Trondheim Kraft AS	Trondheim	Norge	100,00 %	100,00 %

# Årsrapport 2015 Trondheim Kraft

# STYRETS BERETNING

## INNHold

Fjordkraftkonsernet	s 2
Organisasjon	s 3
FJORDKRAFT	
Styrets beretning	s 5-9
Regnskap 2015	s 10-15
Noter til regnskapet	s 16-32
TRONDHEIM KRAFT	
► <b>Styrets beretning</b>	<b>s 34-36</b>
Regnskap 2015	s 37-41
Noter til regnskapet	s 42-47
Adresser	s 48





# STYRETS BERETNING

Resultatet for 2015 er meget tilfredsstillende og viser et overskudd på 20 millioner kroner. Årsresultatet i 2014 var 4,9 millioner kroner.

Trondheim Kraft AS' virksomhet er innkjøp, salg og porteføljeforvaltning av strøm til husholdninger, kommuner, offentlige og private bedrifter. Trondheim Kraft AS inngår i Fjordkraft-konsernet.

## Organisasjon

Ved utgangen av 2015 var det totalt 25 medarbeidere ved kontoret i Trondheim fordelt på 15 menn og 10 kvinner. Disse er ansatte i Fjordkraft AS, og arbeidskraften kjøpes inn herfra. Selskapet flyttet høsten 2015 inn i nybygde kontorer i Stålgården på Sluppen, i kort avstand fra de tidligere kontorene.

Diskrimineringslovens formål er å fremme likestilling, sikre like muligheter og rettigheter og å hindre diskriminering. Selskapet arbeider aktivt, målrettet og planmessig for å fremme lovens formål. Aktivitetene omfatter blant annet rekruttering, lønns- og arbeidsvilkår, forfremmelse, utviklingsmuligheter og beskyttelse mot trakassering.

Det totale sykefraværet i konsernet var i 2015 på 6 prosent, mot 4 prosent i 2014. Medarbeiderne er omfattet av ordningen "Inkluderende arbeidsliv". Årlig gjennomføres undersøkelse av medarbeiderens engasjement. Trivselen blant medarbeiderne er svært høy og de har et positivt forhold til arbeidsplassen.

## Klimanøytral virksomhet

Selskapet har som del av sitt samfunnsansvar valgt å fokusere på forbruksreduksjon av strøm, bruk av fornybare energikilder, samt balansering av klimautslipp, både internt og overfor sine kunder.

Fjordkraft-konsernets samlede CO<sub>2</sub>-utslipp knyttet til energiforbruk til kontorarealer og medarbeidernes reisevirksomhet i tjeneste er beregnet til 294 tonn CO<sub>2</sub>e i 2015, sammenliknet med 268 tonn CO<sub>2</sub>e i 2014. Bakgrunnen for økningen er flere selgere og økt aktivitet i bedriftssegmentet samt en økning i kontorareal i Trondheim, Oslo og Stavanger. Antall reiser med fly holder seg stabil på samme nivå som tidligere. Et lavere forbruk per m<sup>2</sup> kontorareal gjør at den totale økningen i utslipp kun er på ca. 10 prosent.

Av utslippet kommer 105 tonn CO<sub>2</sub>e fra energiforbruk ved selskapets kontorer. Dette er dekket inn gjennom kjøp av opprinnelsesgarantier. Tjenestekjøring med bil og flyreiser tilsvarer et utslipp på 189 tonn CO<sub>2</sub>e, og det er kjøpt klimakvoter tilsvarende dette utslippet.

## Økonomi

Trondheim Kraft AS er fra 1. januar 2010 konsolidert inn i regnskapet til Fjordkraft AS.

Forutsetningen om fortsatt drift er lagt til grunn for regnskapet, og det bekreftes at denne forutsetningen er til stede. Styret mener at årsregnskapet gir et rettviseende bilde av Trondheim Kraft AS' eiendeler og gjeld, finansielle stilling og resultat.

Systemprisen på den nordiske kraftbørsen var i 2015 i gjennomsnitt for året 18,7 øre/kWh ekskl. mva, sammenliknet med 24,7 øre/kWh i 2014. Dette påvirker selskapets omsetningstall.

Driftsinntektene i 2015 utgjorde 250 millioner kroner mot 296 millioner kroner i 2014. Totale driftskostnader utgjorde i 2015 totalt 225 millioner kroner sammenliknet med 290 millioner kroner foregående år.

Resultat etter skatt for 2015 ble 20 millioner kroner, mot 4,9 millioner kroner i 2014.

## Disponering av årets resultat

Årets resultat foreslås i sin helhet avsatt til utbytte.

## Balansen

Anleggsmidler utgjør en liten del av balansen. Det er en økning fra 9,6 millioner kroner 2014 til 11,6 millioner kroner i 2015.

Trondheim Kraft AS hadde ikke langsiktig rentebærende gjeld eller avsetning til forpliktelser per 31.12.2015.

Kortsiktig gjeld er på samme nivå som foregående år.

Egenkapitalen utgjorde 86 millioner kroner ved utgangen av året.

## Kontantstrøm

Netto kontantstrøm fra operasjonelle aktiviteter avviker en del fra driftsresultatet. Den viktigste forklaringen er bevegelser i omløpsmidler og kortsiktig gjeld som følge av prisendringer på strøm. Netto kontantstrøm fra investeringsaktiviteter er negative. Det skyldes investering i forskning og utvikling.

## Investeringer

Trondheim Kraft AS er et arbeidsintensivt selskap, og har få varige driftsmidler.

## Risiko og risikostyring

### Generelt om risikostyring

Hele organisasjonen er involvert i risikostyring og internkontroll, som en integrert del av virksomhetsstyringen. Gjennom fastlagte aktiviteter og fremgangsmåter skal organisasjonen på en strukturert måte identifisere, vurdere, håndtere og følge opp risiko. Årlige uavhengige interrevisjoner av utvalgte risikoområder er innført som et sentralt virkemiddel i selskaps risikostyring.

### Markedsrisiko

Selskapets hovedvirksomhet er salg av strøm til sluttbrukere. Både sterkt svingende innkjøpspriser og tøff konkurranse i sluttmarkedet medfører en betydelig forretningsmessig risiko. Produktspektret omfatter spotrelaterte produkter, produkter med ulik grad av finansielle sikringer samt produkter som innebærer forvaltning på kunders regning og risiko. Markedsrisiko styres i henhold til styrevedtatte eksponeringsrammer. Disse overholdes gjennom bruk av NASDAQ OMX-derivatmarked.

### Motpartsrisiko

Motpartsrisiko knyttet til handel i eksterne finansielle markeder begrenses gjennom valg av solide kraftselskap som motparter. Øvrig motpartsrisiko styres gjennom kredittvurdering, kredittovervåking og avtalefestede muligheter for garantier og depositum. Retningslinjer er vedtatt gjennom eget kredittpolicydokument.

### Operasjonell risiko

Operasjonell risiko styres overordnet sett gjennom god virksomhetsstyring. Sentrale elementer i dette er krav til god ledelse, tydelige og involverende målprosesser, relevant rapportering, effektive prosesser og etiske retningslinjer. Fullmaktsmatrise er etablert, og legges fram for godkjenning av styret minimum én gang pr. år. Policydokumenter for vesentlige områder er utarbeidet.

### Likviditetsrisiko

Likviditetsrisiko styres ved at det inngås løpende eller langsik-

tig avtaler som sikrer grunnfinansieringen av kapitalbehovet. Tilleggskapital dekkes ved behov gjennom løpende dialog med selskapets bankforbindelse samt eiere. Kapitalbehovet styres ved kortsiktige og langsiktige likviditetsprognoser.

## Fremtidsutsikter

De store tidligere vedtatte endringene i strømbørsen nærmer seg i tid og påvirker selskapene på en rekke områder: Gjennomfakturering ble vinteren 2015 tatt i bruk i Trondheim, og forventes å bli generelt innført fra 3.kvartal 2016. Gjennomfakturering via strømleverandør innebærer at nettselskapet sender nettleiefakturaen til strømleverandør, som så betaler fakturaen på vegne av sluttbrukeren. Sluttbrukeren betaler nettleiebeløpet sammen med fakturaen for strøm til strømleverandøren. Endringen er ønsket av kundene og legger til rette for like konkurransevilkår mellom leverandørene. Løsningskapet omstillingsbehov hos strømleverandører og nettselskaper. Morselskapet Fjordkraft har vært pådriver i bransjen for endringen og Trondheim Kraft anser seg å være godt forberedt.

Opprettelsen av Elhub vil medføre standardisert og sentralisert utveksling av måleverdier og kundeinformasjon mellom bransjeaktørene. Elhub tas i bruk fra februar 2017 og selskapet forbereder seg på omleggingen.

Smarte målere vil automatisere mange prosesser og endre oppgavefordelingen mellom nettselskaper og strømleverandører. Innen 2019 skal digitale strømmålere installeres i alle norske husholdninger av nettselskapene. ENOVA og NVE ønsker at målerne får følge av smarte løsninger som kan motivere forbrukerne til å spare strøm. Trondheim Kraft får gjennom Fjordkraft tilgang til kunnskap fra ett av syv pilotprosjekter som nådde frem i konkurransen om å motta midler fra ENOVA. Det ytes 6,3 millioner kroner til pilotprosjektet over fem år for å utvikle smarte energibesparende løsninger for private hjem. Piloten skal gi læring om hvordan utvikle tjenester knyttet til redusert energiforbruk på kundens premisser.

Konkurransetilsynets prisportal ble sommeren 2015 erstattet

av en prisportal i regi av Forbrukerrådet. Evaluering utført av Forbrukerrådet i februar 2016 viser at det gjenstår mye arbeid før portalen fungerer korrekt, og oppfyller forventningene om å være informativ for forbrukerne og objektiv for aktørene. Arbeidet videre med portalen forventes dermed å pågå i store deler av 2016.

Globale rammebetingelser, miljøbevissthet, økonomiske insentiver og teknologiske fremskritt har skapt nye muligheter knyttet til et «grønt skift» innen vare- og tjenesteproduksjon. Selskapet har sammen med morselskapet, i løpet av 2015 tatt steg for å posisjonere seg her og kommer til å videreutvikle dette arbeidet i årene som kommer gjennom samarbeidspartnere.

Den gledelige tendensen med et generelt bedret omdømme for bransjen har fortsatt også i 2015. EPSIs målinger i desember 2015 viser at strømbørsen har bedre omdømme enn bank- og telebransjen. Det er viktig for bransjen å gjennomføre de kommende endringene på en slik måte at omdømmes ivaretas.

Trondheim Kraft og Fjordkraft-konsernet er med sin merkevare, kundebase, distribusjonsnettverk, organisasjon og prosess-fabrikk godt rustet til å møte utviklingen.

## I styret for Trondheim Kraft, Bergen, 27. april 2016.



*Rolf Barmen*

**Rolf Barmen**  
Styreleder



*Bjørge Pedersen*

**Bjørge Pedersen**



*Ingeborg Morken*

**Ingeborg C.Morken**  
Vare



*Torkel Rolfseng*

**Torkel Rolfseng**  
Adm. direktør

# REGNSKAP 2015

## INNHOLD

Fjordkraftkonsernet	s 2
Organisasjon	s 3
FJORDKRAFT	
Styrets beretning	s 5-9
Regnskap 2015	s 10-15
Noter til regnskapet	s 16-32
TRONDHEIM KRAFT	
Styrets beretning	s 34-36
► <b>Regnskap 2015</b>	<b>s 37-41</b>
Noter til regnskapet	s 42-47
Adresser	s 48



# RESULTAT REGNSKAP

## RESULTATREGNSKAP

	Noter	2015	2014
Strømsalg		244 524 153	292 669 672
Andre driftsinntekter		5 752 538	3 028 544
<b>Sum driftsinntekter</b>		<b>250 276 691</b>	<b>295 698 216</b>
Strømkjøp	2,3	-174 372 837	-237 159 374
Tjenester for videresalg		-884 848	-
<b>Avskrivninger på driftsmidler og immaterielle eiendeler</b>	4,5	<b>-3 377 231</b>	<b>-3 085 288</b>
Andre driftskostnader	3,6,7	-46 216 590	-49 361 894
<b>Sum driftskostnader</b>		<b>-224 851 506</b>	<b>-289 606 556</b>
<b>Driftsresultat</b>		<b>25 425 185</b>	<b>6 091 659</b>
Finansinntekter	3	1 973 306	3 612 255
Finanskostnader	3	-84 980	-3 229 508
<b>Resultat av finansposter</b>		<b>1 888 326</b>	<b>382 747</b>
<b>Ordinært resultat før skattekostnad</b>		<b>27 313 511</b>	<b>6 474 406</b>
Skattekostnad på ordinært resultat	8	-7 287 050	-1 573 792
<b>Årsresultat</b>		<b>20 026 461</b>	<b>4 900 614</b>
<b>Overføringer:</b>			
Avsatt til / fra annen egenkapital		-	-
Foreslått utbytte		-20 026 461	-4 900 614
<b>Sum overføringer</b>	<b>9</b>	<b>-20 026 461</b>	<b>-4 900 614</b>

**BALANSE PR. 31.12.****Anleggsmidler****Immaterielle eiendeler**

	noter	2015	2014
Utsatt skattefordel	8	320 949	444 712
Forskning og utvikling	3,4	10 017 275	8 934 968
Andre immaterielle eiendeler	10	837 252	29 534
<b>Sum immaterielle eiendeler</b>		<b>11 175 476</b>	<b>9 409 214</b>

**Varige driftsmidler**

Varige driftsmidler	5	384 044	191 896
<b>Sum varige driftsmidler</b>		<b>384 044</b>	<b>191 896</b>

**Sum anleggsmidler**

		<b>11 559 520</b>	<b>9 601 110</b>
--	--	-------------------	------------------

**Omløpsmidler****Fordringer**

Kundefordringer		33 301 545	61 709 493
Til gode konsernselskaper	3	28 285 270	134 067 299
Andre kortsiktige fordringer		3 808 544	1 733 335
<b>Sum fordringer</b>		<b>65 395 358</b>	<b>197 510 127</b>

Bankinnskudd, kontanter og lignende

	11	129 286 127	2 666
<b>Sum omløpsmidler</b>		<b>194 681 486</b>	<b>197 512 793</b>

**Sum eiendeler**

		<b>206 241 006</b>	<b>207 113 903</b>
--	--	--------------------	--------------------

**Egenkapital****Innskutt egenkapital**

Aksjekapital (6 aksjer à kr 1.000.000,-)	9,12	6 000 000	6 000 000
Overkurs	9	10 618 000	10 618 000
Annen innskutt egenkapital	9	49 027 476	49 027 476
<b>Sum innskutt egenkapital</b>		<b>65 645 476</b>	<b>65 645 476</b>

**Opptjent egenkapital**

Annen egenkapital	9	20 521 378	20 521 378
<b>Sum opptjent egenkapital</b>		<b>20 521 378</b>	<b>20 521 378</b>

**Sum egenkapital**

		<b>86 166 854</b>	<b>86 166 854</b>
--	--	-------------------	-------------------

**Kortsiktig gjeld**

Leverandørgjeld		1 901 127	166 983
Betalbar skatt	8	7 122 189	647 395
Skyldig offentlige avgifter med mer		7 231 532	11 815 937
Gjeld til konsernselskaper	3	89 755 781	94 874 992
Annen kortsiktig gjeld	2	14 063 521	13 441 741
<b>Sum kortsiktig gjeld</b>		<b>120 074 151</b>	<b>120 947 048</b>

**Sum gjeld**

		<b>120 074 151</b>	<b>120 947 048</b>
<b>Sum egenkapital og gjeld</b>		<b>206 241 006</b>	<b>207 113 903</b>

**Øvrige noter :**

Garantier og pantstillelser

13

Risiko

14

Estimater i regnskapet

15

Bergen, 27. april 2016, i styret for Trondheim Kraft AS


**Rolf Barmen**  
Styreleder

**Bjørge Pedersen**
**Ingeborg C. Morken**  
Vara

**Torkel Rølfsgeng**  
Adm. direktør

**KONTANTSTRØMANALYSE****Kontantstrømmer fra operasjonelle aktiviteter:**

	2015	2014
Ordinært resultat før skatt	27 313 511	6 474 406
Periodens betalte skatt *)	-688 493	648 591
Avskrivninger på driftsmidler	37 572	90 453
Avskrivninger på immaterielle eiendeler	3 339 659	2 994 835
Endring i kundefordringer	28 407 947	38 990 789
Endring i andre omløpsmidler	103 706 822	-64 921 601
Endring i leverandørgjeld	1 734 144	-89 891
Endring i andre gjeldsposter	-24 207 684	27 090 928
<b>Netto kontantstrøm fra operasjonelle aktiviteter</b>	<b>139 643 478</b>	<b>11 278 510</b>

**Kontantstrømmer fra investeringsaktiviteter:**

Utbetalinger ved kjøp av driftsmidler	-229 720	-
Utbetalinger ved kjøp av immaterielle eiendeler	-4 421 965	-4 584 145
Endring andre immaterielle eiendeler	-807 719	-29 534
<b>Netto kontantstrøm fra investeringsaktiviteter</b>	<b>-5 459 404</b>	<b>-4 613 679</b>

**Kontantstrømmer fra finansieringsaktiviteter:**

Innbetalt konsernbidrag fra morselskap	-	-6 665 505
Utbetalt utbytte til morselskap	-4 900 614	-
<b>Netto kontantstrøm fra finansieringsaktiviteter</b>	<b>-4 900 614</b>	<b>-6 665 505</b>

Netto endring i bankinnskudd, kontanter og lignende	129 283 461	-673
Beholdning av bankinnskudd, kontanter og lignende pr. 1.1.	2 666	3 339
<b>Beholdning av bankinnskudd, kontanter og lignende pr. 31.12.</b>	<b>129 286 127</b>	<b>2 666</b>

\*) Periodens betalte skatt i 2014 består av tilskudd skatteFUNN

## REVISJONSBERETNING



Til generalforsamlingen i Trondheim Kraft AS

## REVISORS BERETNING

**Uttalelse om årsregnskapet**

Vi har revidert årsregnskapet for Trondheim Kraft AS som viser et overskudd på kr 20,026,461. Årsregnskapet består av balanse per 31. desember 2015, resultatregnskap og kontantstrømanalyse for regnskapsåret avsluttet per denne datoen, og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre notecopplysninger.

*Styret og administrerende direktors ansvar for årsregnskapet*

Styret og administrerende direktor er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge, og for slik intern kontroll som styret og administrerende direktor finner nødvendig for å muliggjøre utarbeidelsen av et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

*Revisors oppgaver og plikter*

Vår oppgave er å gi uttrykk for en mening om dette årsregnskapet på bakgrunn av vår revisjon. Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder International Standards on Auditing. Revisjonsstandardene krever at vi etterlever etiske krav og planlegger og gjennomfører revisjonen for å oppnå betryggende sikkerhet for at årsregnskapet ikke inneholder vesentlig feilinformasjon.

En revisjon innebærer utførelse av handlinger for å innhente revisjonsbevis for beløpene og opplysningene i årsregnskapet. De valgte handlingene avhenger av revisors skjønn, herunder vurderingen av risikoene for at årsregnskapet inneholder vesentlig feilinformasjon, enten det skyldes misligheter eller feil. Ved en slik risikovurdering tar revisor hensyn til den interne kontrollen som er relevant for selskaps utarbeidelse av et årsregnskap som gir et rettviseende bilde. Formålet er å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskaps interne kontroll. En revisjon omfatter også en vurdering av om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatenes utarbeidelse er rimelige, samt en vurdering av den samlede presentasjonen av årsregnskapet.

Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

*Konklusjon*

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av den finansielle stillingen til Trondheim Kraft AS per 31. desember 2015 og av resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, the United States member firm or any other member firm, and any of their member firms, all of which are separate legal entities. Please see [www.deloitte.com/norways](http://www.deloitte.com/norways) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Medlemmer av Den Norske Revisorförning  
org.nr. 980 217 282

side 2  
Revisors beretning til generalforsamlingen  
i Trondheim Kraft AS

**Uttalelse om øvrige forhold***Konklusjon om årsberetningen*

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og er i samsvar med lov og forskrifter.

*Konklusjon om registrering og dokumentasjon*

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 "Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon", mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskaps regnskapsopplysninger i samsvar med lov og god bokføringskikk i Norge.

Bergen, 27. april 2016

Deloitte AS

Bjørn Lyse Opdal  
statsautorisert revisor



## INNHOLD

Fjordkraftkonsernet	s 2
Organisasjon	s 3
FJORDKRAFT	
Styrets beretning	s 5-9
Regnskap 2015	s 10-15
Noter til regnskapet	s 16-32
TRONDHEIM KRAFT	
Styrets beretning	s 34-36
Regnskap 2015	s 37-41
► <b>Noter til regnskapet</b>	<b>s 42-47</b>
Adresser	s 48



# NOTER, TRONDHEIM KRAFT AS

## NOTE 1, REGNSKAPSPRINSIPPER

Årsregnskapet er satt opp i samsvar med regnskapslovens bestemmelser og god regnskapsskikk i Norge (NGAAP).

### 1-1 Bruk av estimater

Ledelsen har brukt estimater og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen under utarbeidelsen av årsregnskapet i henhold til god regnskapsskikk.

### 1-2 Valuta

Pengeposter i utenlandsk valuta omregnes til balansedagens kurs. Øvrige kursendringer er inkludert i finansresultatet. Transaksjoner i utenlandsk valuta omregnes etter kurs på transaksjonstidspunktet.

### Valutaterminkontrakter

Valutaterminkontrakter benyttes for å sikre fremtidig forventet valutastørøm i norske kroner. Regnskapsføring av realisert gevinst eller tap knyttet til slike terminkontrakter blir utsatt til transaksjonstidspunktet for den sikrede transaksjonen og medregnet som en del av den endelige transaksjonsverdien.

### 1-3 Strømsalg og strømkjøp

#### Inntektsføringsprinsipp

Inntektsføring av strømleveranse til sluttbrukere skjer løpende i henhold til estimert levert volum hos kundene. Avhengig av forbruksvolum foretas måleravlesning henholdsvis månedlig, kvartalsvis eller årlig. Informasjon fra måleravlesning er tatt hensyn til i inntektsføringen når den foreligger. Regnskapet avlegges i kraftbalanse. Det vil si at eventuelle avvik mellom antatt leveranse og innkjøpt volum er tatt hensyn til ved avsetning.

### Strøm kontrakter kjøp/salg

Selskapets virksomhet er i hovedsak knyttet til å levere strøm til sluttbrukere. Den økonomiske risiko ved levering av strøm er omfattende. En beskrivelse av virksomhetens risiko og hvordan disse styres er beskrevet i note 14. Resultatet av finansielle kontrakter som sikrer kjøp til sluttbrukere blir i resultatregnskapet klassifisert som kjøp eller kjøpsreduksjon.

### Typer av finansielle kraftkontrakter

Opsjoner gir kjøper rett til å kjøpe/selge og selger plikt til å selge/kjøpe på et bestemt tidspunkt eller etter leveringsperioden er over til en på forhånd bestemt pris. For at kjøperen skal få denne retten, betales det en opsjonspremie. Opsjonspremier kostnadsføres over kontraksperioden. Futures er en avtale mellom to parter om å kjøpe/selge underliggende kraft til en bestemt pris for en bestemt periode i fremtiden.

Futures handles først og fremst på dager, uker og blokker. Det foretas daglig opp-

gjør mellom kontraktspriser og markedspriser. Daglige oppgjør i handelsperioden resultatføres først i leveringsperioden. Forwards er en avtale mellom to parter om å kjøpe/selge underliggende kraft til en bestemt pris for en bestemt periode i fremtiden. Forwards handles først og fremst på sesonger og år. Oppgjør blir foretatt i leveringsperioden.

### Regnskapsmessig behandling av finansielle kontrakter

Trondheim Kraft AS har ingen handel med trading som formål. Finansielle kraftkontrakter vurderes til laveste verdis prinsipp. Ved verdilvurdering benytter Trondheim Kraft AS portefølleprinsippet (gruppeprinsippet). Dette innebærer at urealisert gevinst/tap knyttet til de enkelte finansielle kraftterminkontrakter, blir utsatt til leveransperioden for underliggende kraftforbruk.

Produktspekteret omfatter spotrelaterede produkter og fastpris produkter. Formålet med finansiell handel er å styre den prisrisiko som følger av forpliktelsene i avtalene med sluttkundene.

### Regnskapsmessig behandling av elsertifikatforpliktelse

For å redusere risiko og eksponering for prissvingninger knyttet til innkjøp av elsertifikater, inngår Trondheim Kraft AS terminkontrakter på kjøp av elsertifikater, både for årets pådratte elsertifikatforpliktelse, og for kommende års forventede forpliktelser. Trondheim Kraft AS benytter nettosynsmetoden ved måling av elsertifikatforpliktelsen i regnskapet, noe som innebærer at den del av volumet i elsertifikatforpliktelsen hvor selskapet har kjøpt elsertifikater på termin eller har elsertifikater i beholdning, måles til henholdsvis terminpris på inngåtte terminkontrakter og kostpris for beholdning av elsertifikater. Dersom volumet i elsertifikatforpliktelsen går ut over dette sikrede volumet, måles denne delen av forpliktelsen til markedsverdi på elsertifikater. Elsertifikatkostnaden er presentert under strømkjøp i resultatregnskapet, mens elsertifikatforpliktelsen er presentert som annen kortsiktig gjeld.

Terminkontrakter på kjøp av elsertifikater balanseføres ikke. Dette gjelder også for terminkontrakter som gjelder kommende års forventede elsertifikatforpliktelse. Dersom det er aktuelt gjøres avsetning for tapsbringende kontrakter i tråd med NRS 13.

### 1-4 Skatt

Skattekostnad består av betalbar skatt og endring utsatt skatt. Utsatt skatt/skattefordel er beregnet på alle forskjeller mellom regnskapsmessig og skattemessig verdi på eiendeler og gjeld. Utsatt skatt er i 2015 beregnet med 25 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessig underskudd til fremføring ved utgangen av regnskapsåret. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli utnyttet.

Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den

grad skattepostene relaterer seg til poster ført direkte mot egenkapitalen.

### 1-5 Klassifisering og vurdering av balanseposter

Omlopsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter anskaffelsestidspunktet, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmiddel/langsiktig gjeld.

Omlopsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på opptakstidspunktet.

Anleggsmidler vurderes til anskaffelseskost, fratrukket av- og nedskrivninger. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

### 1-6 Immaterielle eiendeler

Utgifter til egen tilvirkning av immaterielle eiendeler, herunder utgifter til egen forskning og utvikling, balanseføres når det er sannsynlig at de fremtidige økonomiske fordelene knyttet til eiendelene vil tilflytte selskapet og anskaffelseskost kan måles pålitelig. Immaterielle eiendeler som kjøpes enkeltvis, balanseføres til anskaffelseskost.

Immaterielle eiendeler som overtas ved kjøp av virksomhet, balanseføres til anskaffelseskost når kriteriene for balanseføring er oppfylt. Immaterielle eiendeler med begrenset økonomisk levetid avskrives planmessig.

Immaterielle eiendeler nedskrives til gjenvinnbart beløp dersom de forventede økonomiske fordelene ikke dekker balanseført verdi og eventuelle gjenstående tilvirkningsutgifter.

### 1-7 SkatteFUNN

Offentlige tilskudd knyttet til SkatteFUNN bokføres som en reduksjon av regnskapspostene SkatteFUNN vedrører. SkatteFUNN knyttet til balanseført utgifter til egen forskning og utvikling bokføres som en reduksjon av anskaffelseskost og avskrives i takt med eiendelen.

### 1-8 Varige driftsmidler

Varige driftsmidler balanseføres og avskrives lineært over driftsmidlets forventede levetid. Vesentlige driftsmidler som består av betydelige komponenter med ulik levetid er dekomponert med ulik avskrivningstid for de ulike komponentene. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Dersom gjenvinnbart beløp av driftsmidlet er lavere enn balanseført verdi foretas nedskrivning til gjenvinnbart beløp. Gjenvinnbart beløp er det høyeste av netto salgsverdi og verdi i bruk. Verdi i bruk er nåverdien av de fremtidige kontantstrømmene som eiendelen forventes å generere.

### 1-9 Fordringer

Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for av-

## NOTE 1, REGNSKAPSPRINSIPPER (Forts.)

setning til forventet tap. For sluttbrukerkundeordringer foretas en individuell vurdering, samt en avsetning basert på aldersfordelte saldolister, typer av kunder samt erfaringstall for tap.

### 1-10 Nærstående parter

Som nærstående parter regnes morselskap og selskaper som er nærstående til mor, samt selskapets styre, ledelse og eiere. Alle transaksjoner mellom nærstående parter er basert på forretningsmessige vilkår og prinsippet om armlengdes avstand (antatt markedsverdi).

### 1-11 Kontantstrømoppstilling

Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

### 1-12 Segmentinformasjon

Selskapet har ett virksomhetsområde som er salg av strøm til sluttbruker. Alt salg er til kunder i Norge.

## NOTE 2, ELSERTIFIKATER

Etter hvert som Trondheim Kraft AS selger strøm, pådras en forpliktelse til å innløse elsertifikater 1. april året etter salget har funnet sted. Det foretas løpende regnskapsmessig avsetning for kostnaden ved denne elsertifikatforpliktelsen.

Det er inngått terminkontrakter på kjøp av elsertifikater for årets forventede forpliktelse. I årsregnskapet er det avsatt en forpliktelse på 12 MNOK i 2015 (11 MNOK i 2014). Viser til prinsippnote 1-3 for nærmere omtale av benyttet prinsipp for måling av elsertifikatforpliktelsen.

Også for kommende års forventede forpliktelser har Trondheim Kraft AS inngått terminkontrakter på kjøp av elsertifikater med levering i 2017 - 2019. Terminkontrakter på kjøp av elsertifikater med slik fremtidig levering balansføres ikke.

Det er ikke foretatt tapsavsetninger på disse kontraktene i 2015. Virkelig verdi av kontraktene var 0 MNOK i 2015 og -0,6 MNOK i 2014.

## NOTE 3, TRANSAKSJONER OG MELLOMVÆRENDE MED NÆRSTÅENDE PARTER

Trondheim Kraft AS er 100% eid av Fjordkraft AS. Transaksjoner mellom selskapet og Fjordkraft AS er rent forretningsmessige og omfatter kostnadsdeling av felles kjøp av driftstjenester, personaltjenester, finans og forskning- og utvikling.

Selskapene har i tillegg forretningsmessige transaksjoner knyttet til konsernkontoordning. Disse vises i tabellen under. Trondheim Kraft AS har ikke andre transaksjoner med nærstående parter enn hva som fremgår av denne note.

Transaksjoner med nærstående parter		Tilhører regnskapslinje	Mor	Nærstående til mor*
Strømkjøp		Strømkjøp	-	173 792 847
Sum strømkjøp			-	173 792 847
Kjøp av diverse varer og tjenester		Andre driftskostnader	20 543 671	616 486
Sum andre driftskostnader			20 543 671	616 486
Renteinntekter		Finansinntekter	-1 293 839	-
Resultat av finansposter			-1 293 839	-
Forskning og utvikling		Forskning og utvikling	1 219 031	-
Sum forskning og utvikling			1 219 031	-
Sum			20 468 863	174 409 333

\*) Nærstående til mor er transaksjoner med BKK AS, Statkraft AS og Statkraft Energi AS.

Motpart	Kortsiktig fordring	
	2015	2014
Fjordkraft AS	28 285 270	134 067 299
Sum	28 285 270	134 067 299

\* Inkl. tilgode konsernbidrag for 2013 på kr 6 650 361,-

Motpart	Kortsiktig gjeld	
	2015	2014
Fjordkraft AS *	89 755 781	94 874 992
Sum	89 755 781	94 874 992

\* Inkl. skyldig utbytte for 2015 og 214 på hhv. kr 20 026 461,- og kr 4 900 614,-.

NOTE 4, FORSKNING OG UTVIKLING

	Forskning og utvikling			Anlegg under utførelse	Totalt
	11 968 023	5 694 413	17 662 436		
<b>Anskaffelseskost 01.01.2015</b>					
Tilgang ved kjøp av driftsmidler fra andre	2 722 002	1 699 963	4 421 965		
Overført fra anlegg under utførelse	3 973 762	-3 973 762	-		
<b>Anskaffelseskost 31.12.2015</b>	<b>18 663 787</b>	<b>3 420 614</b>	<b>22 084 401</b>		
Akkumulerte avskrivninger 31.12.2015	-12 067 126	-	-12 067 126		
<b>Av-, nedskrivninger og reverserte nedskrivninger 31.12.2015</b>	<b>-12 067 126</b>	<b>-</b>	<b>-12 067 126</b>		
<b>Bokført verdi 31.12.2015</b>	<b>6 596 661</b>	<b>3 420 614</b>	<b>10 017 275</b>		
Årets ordinære avskrivninger	-3 339 659	-	-3 339 659		
Prosentats for ordinære avskrivninger	33,33 %				
Økonomisk levetid	3 år				
Avskrivningsplan	Lineær				

FOU arbeidet fokuserer på å klargjøre selskapet for fremtidige endringer i rammebetingelsene, effektivisering av prosesser og fremtidig vekst. Arbeidet gjelder i hovedsak kunderelaterte systemprosjekter. Av totale FOU kostnader på kr 4 861 643,-, er kr 439 678,- kostnadsført som annen driftskostnad og kr 4 421 965,- balanseført som forskning og utvikling.

NOTE 5, VARIGE DRIFTSMIDLER

<b>Anskaffelseskost 01.01.2015</b>	<b>353 004</b>	<b>4 080 953</b>	<b>-</b>	<b>4 433 956</b>
Tilgang ved kjøp av driftsmidler fra andre	-	-	229 720	229 720
<b>Anskaffelseskost 31.12.2015</b>	<b>353 004</b>	<b>4 080 953</b>	<b>229 720</b>	<b>4 663 677</b>
Akkumulerte avskrivninger 31.12.2015	-198 679	-4 080 953	-	-4 279 632
<b>Av- og nedskrivninger samt reverserte nedskrivninger 31.12.2015</b>	<b>-198 679</b>	<b>-4 080 953</b>	<b>-</b>	<b>-4 279 632</b>
<b>Bokført verdi 31.12.2015</b>	<b>154 325</b>	<b>-</b>	<b>229 720</b>	<b>384 044</b>
Årets ordinære avskrivninger	-37 572	-	-	-37 572
Prosentats for ordinære avskrivninger	12,50 %	33,33 %		
Økonomisk levetid	8 år	3 år		
Avskrivningsplan	Lineær	Lineær		

NOTE 6, ANDRE DRIFTSKOSTNADER

	2015	2014
Kjøp av diverse tjenester	29 000 963	29 092 667
Markedsføring, honorarer, informasjonsteknologi og porto	6 296 123	6 862 434
Konsulenttjenester	3 819 762	4 474 517
Salgsprovisjoner	3 426 231	3 005 996
Reise og diett	1 153 791	1 024 059
EDB programvare, årlig vedlikehold	1 131 033	1 289 981
Husleie og andre kostnader eiendom	617 279	1 138 027
Andre driftskostnader	455 075	908 309
Kundetjenester	316 332	1 565 903
<b>Sum</b>	<b>46 216 590</b>	<b>49 361 894</b>

NOTE 7: LØNNSKOSTNADER, ANTALL ANSATTE, GODTGJØRELSE OG LÅN TIL ANSATTE MED MER

Lønnskostnader og ansatte

Selskapet har ingen ansatte. Adm. Direktør er innleid fra Fjordkraft AS. Selskapet har ikke gitt lån til eller sikkerhetsstillelse til fordel for styremedlemmer eller aksjeiere. Det er ikke avsatt styrehonorar for 2015.

Honorar til revisor (kostnadsført ekskl mva)

	2015
Lovpålagt revisjon	175 700
Andre attestasjonstjenester	35 100
<b>Sum</b>	<b>210 800</b>

## NOTE 8, SKATT

## Skattekostnad i resultatregnskapet

	Endring	2015	2014
Betalbar overskuddskatt		7 163 288	1 334 054
Endring utsatt skatt alminnelig inntekt		123 763	239 739
<b>Sum skattekostnad i resultatregnskapet</b>		<b>7 287 050</b>	<b>1 573 792</b>

## Avstemming av nominell skattesats mot effektiv skattesats

Resultat før skatt		27 313 511	6 474 406
Skattesats		27 %	27 %
Forventet skattekostnad		7 374 648	1 748 090

## Skatteeffekt av

Permanente forskjeller		61 606	-72 772
Justert utsatt skatt (SkatteFUNN)		-174 879	-101 526
Netto effekt endrede skattesatser		25 676	-
<b>Sum skattekostnad</b>		<b>7 287 050</b>	<b>1 573 792</b>

## Effektiv skattesats

		26,7 %	24,3 %
--	--	--------	--------

## Betalbar skatt i balansen

Betalbar overskuddskatt		7 163 288	1 334 054
Avsatt SkatteFUNN tilskudd i balansen		-	-686 659
Korreksjon tidligere år		-41 099	-
<b>Sum betalbar skatt i balansen</b>		<b>7 122 189</b>	<b>647 395</b>

## Spesifikasjon av midlertidige forskjeller og utsatt skatt

## Alminnelig inntekt

Anleggsmidler *)	62 786	-221 145	-283 931
Omløpsmidler/kortsiktig gjeld	300 502	-1 062 650	-1 363 152
<b>Sum midlertidige forskjeller alminnelig inntekt</b>	<b>363 288</b>	<b>-1 283 795</b>	<b>-1 647 083</b>
Skattesats		25 %	27 %
<b>Netto regnskapsført utsatt skattefordel (-)/utsatt skatteforpliktelse (+) alminnelig inntekt</b>	<b>123 763</b>	<b>-320 949</b>	<b>-444 712</b>

## Spesifikasjon av endring i netto regnskapsført utsatt skattefordel (-)/utsatt skatteforpliktelse (+)

Endring utsatt skatteforpliktelse (+)/utsatt skattefordel (-) estimert avvik pensjoner innregnet i egenkapitalen		-	-
Endring utsatt skatteforpliktelse (+)/utsatt skattefordel (-) innregnet i årsresultat		123 763	239 739
<b>Endring utsatt skatt i perioden</b>		<b>123 763</b>	<b>239 739</b>

\*) Anleggsmidler består av varige driftsmidler, forskrining og utvikling, goodwill og andre immaterielle eiendeler.

**NOTE 9, EGENKAPITAL**

Egenkapital	Aksjekapital	Overkursfond	Annen innskutt EK	Annen egenkapital	Sum egenkapital
<b>Egenkapital 31.12.2014</b>	<b>6 000 000</b>	<b>10 618 000</b>	<b>49 027 476</b>	<b>20 521 378</b>	<b>86 166 854</b>
<b>Årets endring i egenkapital</b>					
Årsresultat	-	-	-	20 026 461	20 026 461
Avsatt utbytte	-	-	-	-20 026 461	-20 026 461
<b>Egenkapital 31.12.2015</b>	<b>6 000 000</b>	<b>10 618 000</b>	<b>49 027 476</b>	<b>20 521 378</b>	<b>86 166 854</b>

**NOTE 10: IMMATERIELLE EIENDELER**

	Elsertifikater *	Totalt
<b>Anskaffelseskost 01.01.2015</b>	<b>29 534</b>	<b>29 534</b>
Tilgang Beholdning Elsertifikater	807 719	807 719
<b>Bokført verdi 31.12.2015</b>	<b>837 252</b>	<b>837 252</b>

\* Måles til kostpris.

**NOTE 11, LIKVIDE MIDLER**

	2015	2014
Kontantdepot DnB	129 000 000	-
<b>Sum bundne midler i NOK</b>	<b>129 000 000</b>	<b>-</b>
Ikke bundne midler	286 127	2 666
<b>Sum likvide midler i NOK</b>	<b>286 127</b>	<b>2 666</b>

Trondheim Kraft AS har felles konsernkontosystem med morselskapet Fjordkraft AS.

**NOTE 12, AKSJEKAPITAL OG AKSJONÆRINFORMASJON**

Eierstruktur	Antall aksjer	Pålydende	Stemmeandel	Eierandel
Fjordkraft AS	6	1 000 000	100,00 %	100,00 %
<b>Sum</b>	<b>6</b>		<b>100,00 %</b>	<b>100,00 %</b>

Trondheim Kraft AS inngår i Fjordkrafts konsernregnskap. Regnskapet utleveres ved henvendelse til Fjordkraft AS, Folke Bernadottestvei 38, 51 147 Fyllingsdalen.

Trondheim Kraft AS inngår i Statkrafts konsernregnskap som følge av indirekte eierskap gjennom Fjordkraft AS. Det of fysiske regnskapet for konsernet kan utleveres ved henvendelse til hovedkontoret, Statkraft AS, Lilleakerveien 6, 0216 Oslo.

## NOTE 13, GARANTIER OG PANTSTILLELSE

Trondheim Kraft AS hefter gjennom konserntoordning solidarisk med Fjordkraft AS vedrørende Fjordkraft AS pantstillelser av kundefordringer i forbindelse med kassekreditt. Rammen for kassekreditt utgjør 1.200 MNOK.

Kundefordringer er stilt som sikkerhet med pålydende 600 MNOK.

## NOTE 14, RISIKO

Trondheim Kraft AS har kategorisert hendelser som kan medføre en svekkelse av Trondheim Kraft AS.

### VERDIRISIKO:

#### Markedsrisiko

Mulighet for tap som følge av bevegelser i finansielle markeder (systempris, områdepris, valuta, volum). Selskapets hovedvirksomhet er salg av strøm til sluttbrukere. Både sterkt svingende innkjøpspriser og tøff konkurranse i sluttkundemarkedet medfører en betydelig forretningsmessig risiko. Produktspekteret omfatter spotrelaterte produkter og fastprisprodukter.

### Motpartsrisiko

Mulighet for tap som følge av at motparter ikke kan innfri sine forpliktelser.

### Operasjonell risiko

Mulighet for tap som følge av feil knyttet til interne prosesser, mennesker og systemer samt tap grunnet eksterne faktorer (annet enn finansielle markeder og motparter).

### LIKVIDITETSRISIKO:

#### Likviditetsrisiko

Likviditetsrisiko defineres som risiko for manglende tilgang til kapital for innfrielse av forpliktelser.

### RISIKOSTYRING

#### Generelt

Hele organisasjonen er involvert i risikostyring og internkontroll som en integrert del av virksomhetsstyringen. Gjennom fastlagte aktiviteter og frengangsmåter skal organisasjonen på en strukturert måte identifisere, vurdere, håndtere og følge opp risiko. Årlige uavhengige interrevisjoner av utvalgte risikoområder er innført som et sentralt virkemiddel i selskapets risikostyring.

### Markedsrisiko

Markedsrisiko styres i henhold til styrevedtatte eksponeringsrammer. Disse overholdes gjennom bruk av NASDAQ OMXs derivatmarked.

# ADRESSER

## BERGEN:

**Postadresse:** Postboks 3507 Fyllingsdalen, 5845 Bergen

**Besøksadresse:** Folke Bernadottesvei 38

**Kontakt:** Kundesenter/Sentralbord: Telefon 06100

## SANDEFJORD:

**Postadresse:** Postboks 1013, 3204 Sandefjord

**Besøksadresse:** Østre Kullerød 3

**Kontakt:** Kundesenter/Sentralbord: Telefon 06100

## OSLO:

**Postadresse:** Pb. 3507 Fyllingsdalen, 5845 Bergen

**Besøksadresse:** Karenlyst allé 8B, 0278 Oslo

**Kontakt:** Kundesenter/Sentralbord: Telefon 06100

## STAVANGER:

**Postadresse:** Pb. 3507 Fyllingsdalen, 5845 Bergen

**Besøksadresse:** Stavanger Forum Business park  
Kanalarmen 10, 3 etg, 4033 Stavanger

**Kontakt:** Kundesenter/Sentralbord: Telefon 06100

## TRONDHEIM:

**Postadresse:** Postboks 2403 Sluppen, 7005 Trondheim

**Besøksadresse:** Sluppenvegen 17B

**Kontakt:** Kundesenter/Sentralbord: Telefon 06161

### Motpartsrisiko

Motpartsrisiko knyttet til handel i eksterne finansielle markeder begrenses gjennom valg av solide kraftselskap som motparter. Øvrig motpartsrisiko styres gjennom kredittvurdering, kredittovervåking og avtalefestede muligheter for garantier og depositum.

### Operasjonell risiko

Operasjonell risiko styres overordnet sett gjennom god virksomhetsstyring. Sentrale elementer i dette er krav til god ledelse, tydelige og involverende målprosesser, relevant rapportering, effektive prosesser og etiske retningslinjer. Fullmaktsmatrise er etablert, og legges fram for godkjenning av styret minimum én gang pr. år. Policydokumenter for vesentlige områder er utarbeidet.

### Likviditetsrisiko

Likviditetsrisiko styres ved at det inngås løpende eller langsiktig avtaler som sikrer grunnfinansieringen av kapitalbehovet. Tilleggs kapital dekkes ved behov gjennom løpende dialog med primær kapitalkilde samt eiere. Kapitalbehovet styres ved korte- og langsiktige likviditetsprognoser.

## NOTE 15, ESTIMATER I REGNSKAPET

Regnskapet inneholder estimater om flere ukjente størrelser når årsregnskapet avlegges. Eventuelle endringer fra disse estimatene regnskapsføres i det kommende regnskapsår.

Resultatet for 2015 inneholder positive effekter fra strømsalg tidligere år på 4 MNOK før skatt.

Vesentlige regnskapsposter som er påvirket av estimater er avsetning tap på fordringer og levert ikke avregnet strøm. Et vesentlig volum av levert strøm er ikke avregnet når regnskapsavslutningen foretas. Relativt små avvik i estimering av pris, vil, med stort volum, kunne gi betydelig avvik i kroner.

**Fjordkraft Holding ASA**

Folke Bernadottes vei 38  
5147 Fyllingsdalen, Bergen  
Norway

**Global Coordinator**

ABG Sundal Collier ASA  
Munkedamsveien 45 E  
P.O. Box 1444 Vika  
N-0115 Oslo  
Norway

**Joint Bookrunners**

ABG Sundal Collier ASA  
Munkedamsveien 45 E  
P.O. Box 1444 Vika  
N-0115 Oslo  
Norway

SpareBank 1 Markets AS  
P.O. Box 1398 Vika  
N-0114 Oslo  
Norway

**Legal Adviser**

**to the Company**  
*(as to Norwegian law)*

Advokatfirmaet Schjødt AS  
Ruseløkkveien 14  
P.O. Box 2444 Solli  
NO-0201 Oslo  
Norway

**Legal Adviser**

**to the Joint Bookrunners**  
*(as to Norwegian law)*

Advokatfirmaet Wiersholm AS  
P.O. Box 1400 Vika  
Dokkveien 1  
N-0250 Oslo  
Norway