

BLUE

ENERGY

First half Report
Blue Energy Finance AS
Consolidated 2018

Org.nr. 917 229 902



CONSOLIDATED BLUE ENERGY FINANCE AS

CEO'S REPORT – 1H 2018

General information:

The unaudited interim report is prepared in accordance with simplified IFRS.

Nature and location of activities:

Blue Energy Finance AS operates and owns 38 automated gas stations in the Norwegian market. The stations are located from Hamar and Gjøvik in the north to Sarpsborg and Arendal in the south. The company that operates the stations, Blue Energy AS, was acquired as a wholly owned subsidiary of Blue Energy Finance AS & Blue Energy Holding AS in September of 2017. The company has its main office and administration in Oslo, Norway.

Review of first half 2018 accounts:

The group had operating income in the period of MNOK 546,2. There is no operating income in the parent company because it is a non-operating company. The groups operating expenses were MNOK 523,0. Operating profit for the period was MNOK 22,9. The group balance sheet has MNOK 412,1 of interests bearing debt. The total equity and liabilities in the group accumulate to MNOK 470,2 and for the parent company is MNOK 309,6.

The company did not invest in any capital goods in the period January to June. The company has a positive outlook on 2018 based on the efficient operational model of the company and the strategic location of stations. Through profitable operations the company will significantly strengthen its balance sheet in the years to come.

Cash flow in the period:

Net cash flow from operating activities was MNOK -1,6, mostly due to advanced payment of income tax. Net cash flow from investing activities was mNOK 0. Net cash flow from financing activities was MNOK -5. Net change in cash was MNOK -6,6.

Business Outlook:

Despite the rise in the number of electrically powered vehicles the company sees a good demand for traditional diesel and gas products. Population growth and a healthy economic outlook characterize the company primary markets. Competition remains strong in all markets were the company operates unmanned gas stations.

Through a cost-efficient operational structure, the company will continue to be profitable in the years to come. It is believed the group has one of the most efficient logistics and operational structures in the market and will therefore remain competitive.

Financial risk:

The company has considerable leverage, but 75% of the company debt has PIK interest rate for the first three years. This allows the company to accumulate a good cash position during these years. The cash will be used to repay the remaining 25% interest bearing debt and gives a valuable buffer for swings in the business climate. The company has no currency exposure, or off-balance sheet financial obligations.

Events after the balance sheet date:

There have been no significant events after the end of first half that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 30.06.2018.

Statement from the CEO:

I hereby declare that to the best of my knowledge the interim accounts for the first half of 2018 are prepared in accordance with simplified IFRS – Interim financial reporting, and that the information in the financial statements portrays a true picture of the company's assets, liabilities, financial position and result as a whole, as well as the more important risk and uncertainty factors to which the company might be exposed in the next financial period.

Oslo, 06 December 2018



Kjell Hugo Aasland
CEO

BLUE Energy Finance AS

Statement of comprehensive income

All amounts in NOK 1000

Parent Company YTD 2018	Note		Consolidated Group YTD 2018
		Operating income and operating expenses	
0		Revenues	545 240
0		Other operating income	926
0	2	Operating income	546 166
0		Cost of goods sold	497 920
0	3, 4	Payroll expenses	2 778
0		Depreciation and amortisation expense	2 701
365		Other operating expenses	19 868
365		Operating expenses	523 266
-365		Operating profit	22 900
		Financial income and expenses	
0		Income from subsidiaries	0
0		Other interest income	107
0		Other Interest expenses	6 578
3 881		Other financial expenses	309
-3 881		Net financial income and expenses	-6 780
-4 246		Earnings before income taxes	16 120
-977	8	Income taxes	3 708
-3 270		Net income	12 412
0		Other comprehensive income	0
-3 270		Total comprehensive income	12 412

BLUE Energy Finance AS

Statement of financial position

All amounts in NOK 1000

Parent Company YTD 2018	Note	Assets	Consolidated Group YTD 2018
		Fixed assets	
		Intangible fixed assets	
0	5, 6	Goodwill	305 281
<u>0</u>		Total intangible assets	<u>305 281</u>
		Tangible fixed assets	
0	7	Property and equipment	88 566
<u>0</u>		Total tangible fixed assets	<u>88 566</u>
		Financial fixed assets	
298 020		Investments in subsidiaries	0
0		Loans to group companies	317
2 822		Other non current receivables	5 261
<u>300 842</u>		Total financial fixed assets	<u>5 579</u>
0			
<u>300 842</u>		Total fixed assets	<u>399 426</u>
		Current assets	
0		Inventories	19 217
		Receivables	
0		Account receivables	32 876
0		Other receivables	272
8 655		Other group company receivables	0
<u>8 655</u>		Total receivables	<u>33 147</u>
62		Cash and bank deposits	18 492
0			
<u>8 717</u>		Total current assets	<u>70 857</u>
<u>309 559</u>		Total assets	<u>470 283</u>

BLUE Energy Finance AS

Statement of financial position

All amounts in NOK 1000

Parent Company YTD 2018		Consolidated Group YTD 2018
		Equity and liabilities
		Restricted equity
0		Share capital 30
<u>0</u>		<u>30</u>
		Retained earnings
-3 270		Other equity 12 412
2 198		Uncovered loss -3 828
<u>-1 072</u>		<u>8 584</u>
<u>-1 072</u>		<u>8 614</u>
		Liabilities
		Provisions
-328	8	Deferred tax 6 551
<u>-328</u>		<u>6 551</u>
		Other long-term liabilities
309 623		Interest-bearing liabilities 380 456
<u>309 623</u>		<u>380 456</u>
		Current liabilities
0		Current portion of non-current debt 31 667
106		Trade creditors 71 608
0		Tax payable -6 840
0		Public duties payable -1 170
5		Other short term liabilities -22 378
1 224		Other current group company payables 1 774
<u>1 335</u>		<u>74 661</u>
<u>310 630</u>		<u>461 669</u>
<u>309 559</u>		<u>470 283</u>
		Total equity and liabilities

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Statement of cash flows

All amounts in NOK 1000

Parent Company YTD 2018		Consolidated Group YTD 2018
	Cash flow from operations	
-4 246	Profit before income taxes	16 120
0	Advance income tax paid	-13 130
0	Depreciation	2 701
0	Change in inventory	2 484
271	Change in trade debtors	-8 957
-88	Change in trade creditors	-73
3 881	Changes in other current balance sheet items	-917
<u>-6</u>	Net cash flow from operating activities	<u>-1 627</u>
0	Net cash flow from investments	0
	Cash flow from financing activities	
0	Payment of principal	-5 000
0	Net cash flow from financing	-5 000
-6	Net change in cash and cash equivalents	-6 627
68	Cash and cash equiv. at the beginning of the period	25 120
<u>62</u>	Cash and cash equiv. at year end	<u>18 492</u>

Note 1: Accounting principles / general information

The quarterly report is unaudited and is prepared in compliance with IFRS using the same principles as in the last financial year.

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Notes

All amounts in NOK 1000 unless otherwise stated

Note 2 Operating income

	Parent company YTD 2018	Consolidated Group YTD 2018
Sales revenues	0	545 240
Other Operating revenues	0	926
Total	0	546 166

	Parent company YTD 2018	Consolidated Group YTD 2018
Sale of fuel	0	545 240
Other income	0	926
Total	0	546 166

Other income consists of rental income.

All activity and sales throughout the Group takes place in Norway.

The following amount of indirect taxes other than VAT is included in cost of goods sold:

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Notes

All amounts in NOK 1000 unless otherwise stated

Note 3 Payroll expenses, number of employees, loans to employees, etc.

	Parent company YTD 2018	Consolidated Group YTD 2018
Payroll expenses		
Salaries	0	2 480
Payroll tax	0	296
Pension costs	0	0
Other benefits	0	2
Total Payroll expenses	0	2 778
Number of full-time equivalents	0	3

The parent company has no employees.

The General Manager receives compensation from Blue Energy AS.

No loans or guarantees have been given to the General Manager, members of the board or their related parties.

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Notes

All amounts in NOK 1000 unless otherwise stated

Note 4 Pension

The company is required to provide an occupational pension scheme pursuant to the Act relating to Mandatory Occupational Pensions. The company is in the process of establishing a pension scheme that complies with the requirements under that law.

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Notes

All amounts in NOK 1000 unless otherwise stated

Note 5 Business Combinations

On 1 September 2017, the Group acquired 100% of the share capital and voting rights of St1 Norge Automat AS. The company name of the acquiree was immediately changed to Blue Energy AS. Blue Energy AS is a low-price self-serviced gas station chain with stations primarily located in South East Norway. The acquisition was consolidated into the Group's financial statements as from 1 September 2017. This acquisition was concluded in order to expand the Group's market share, penetrate new markets and to increase its economies of scale. The strategic locations of the stations, high existing profitability and the synergies that the Group will obtain all contributed to the amount paid for goodwill. Those assets do not meet the recognition criteria prescribed by IFRS 3 Business Combinations and therefore have not been recognised as separate intangible assets, but subsumed in goodwill. The Group expects that the goodwill related to this transaction not will be deductible for tax purposes.

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Notes

All amounts in NOK 1000 unless otherwise stated

Note 6 Intangible assets

	Parent company YTD 2018	Consolidated Group YTD 2018
Acquisition costs at 01.01	305 281	305 281
Companies acquired (*)	0	0
Acquisition costs at 30.06	305 281	305 281
Accumulated depreciation 30.06	0	0
Net carrying value	305 281	305 281
Depreciation for the year	0	0
Expected economic life	Infinite	
Depreciation plan	N/A	

(*) - see Note 5 for information about intangible assets in acquired companies.

Goodwill per business transfer	Carrying amount	Economic life	Depreciation
Blue Energy AS	305 281	Infinite	N/A
Total	305 281		

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Notes

All amounts in NOK 1000 unless otherwise stated

Note 7 Fixed assets

	Land	Buildings and building components	Equipment	Total fixed assets
Acquisition costs at 01.01	75 879	15 388	0	91 267
Companies acquired (*)	0	0	0	0
Disposal	0	0	0	0
Acquisition costs at 30.06	75 879	15 388	0	91 267
Accumulated depreciation 30.06	0	-2 701	0	-2 701
Accumulated impairment loss 30.06				
Reversed impairment loss 30.06				
Net carrying value	75 879	12 687	0	88 566
Depreciation for the year	0	2 701	0	2 701
Expected economic life	Infinite	5-15 years	3-10 years	
Depreciation plan	N/A	Linear	Linear	

The depreciation in the table above represents half year for 2018.

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Notes

All amounts in NOK 1000 unless otherwise stated

Note 8 Income taxes

We have estimated 23% tax rate on profit before taxes.

Income tax	Parent company YTD 2018	Consolidated Group YTD 2018
Earnings before income taxes	-4 246	3 708
Income tax 23%	-977	853