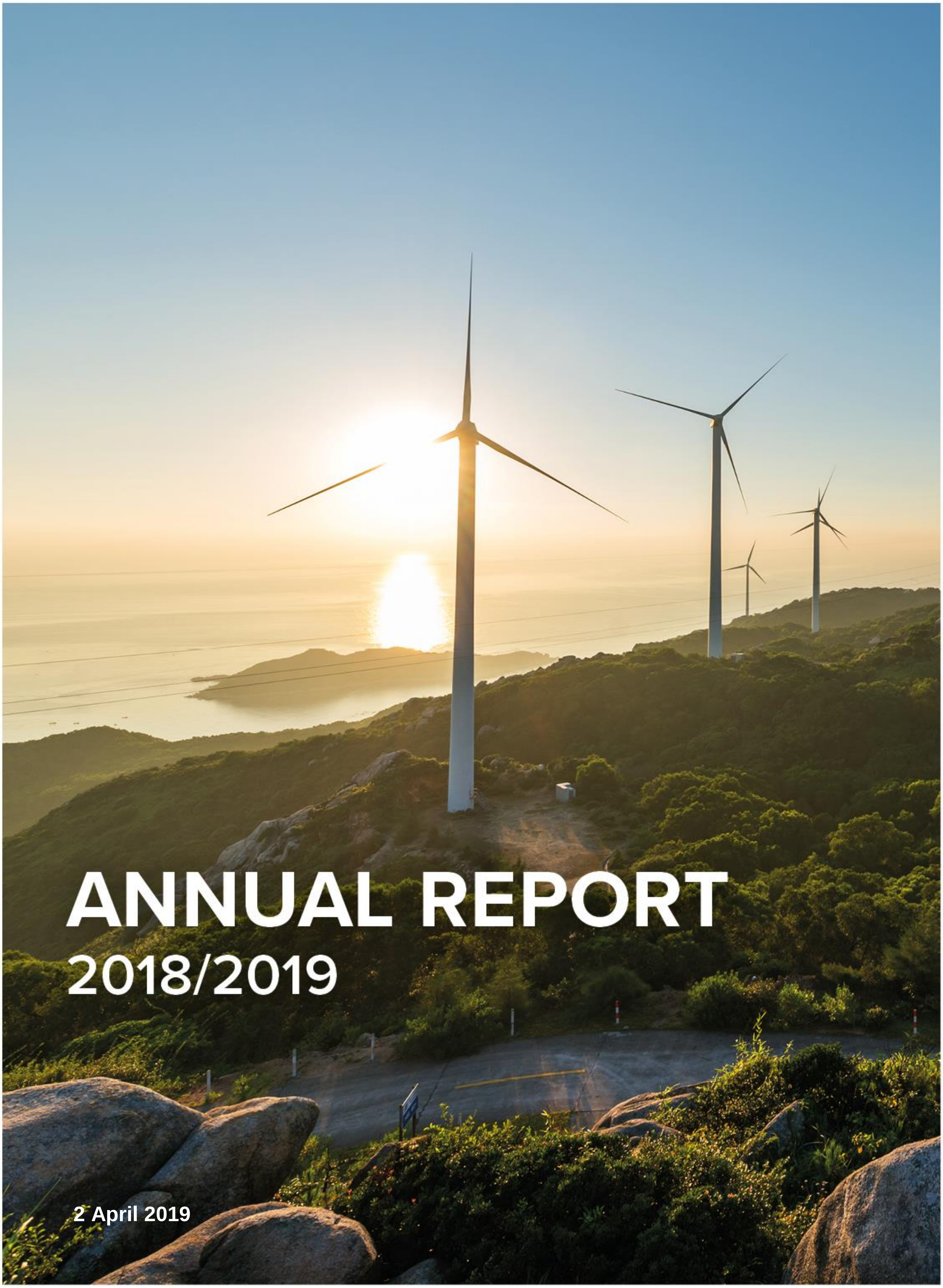


ANNUAL REPORT
2018/2019

2 April 2019

ECOHZ

ECOHZ

REPORT FROM THE BOARD OF DIRECTORS 2018/2019

1. The company's business

ECOHZ AS was founded on 8 October 2002. ECOHZ's business concept is to offer documented renewable energy to electricity suppliers, businesses and organisations. In 2018, independently and through international partners, ECOHZ continued to develop its global footprint, with the main aim of delivering an end-to-end portfolio to international businesses. In addition to supplying Guarantees of Origin (GOs) in Europe, the company delivers documented renewable electricity (RECs) in the USA, and International RECs (I-RECs) in a steadily growing number of international markets.

In 2018, ECOHZ sold and delivered a total volume of 53 TWh of documented renewable electricity. The majority of sales relate to European Guarantees of Origin, while a smaller percentage of sales derive from RECs in the USA and I-RECs. However, the I-RECs market is rapidly expanding. In 2018, the company captured around 20–25 per cent of this market worldwide.

The continued use of fossil fuels to generate electricity is contributing to an increase in both local and global greenhouse gas emissions, and thereby to global warming. Viewed in a climate change context, a business' energy consumption is often the largest individual contributor to its greenhouse gas emissions. Switching to electricity from renewable sources, such as hydropower, solar and wind power, geothermal and bioenergy, is increasingly an important measure.

ECOHZ documents that electricity is generated from renewable energy sources. ECOHZ also guarantees that payments for electricity with Guarantees of Origin go to the producers, thus giving them an incentive to continue to develop and increase their production of renewable energy.

ECOHZ focuses on ensuring increased traceability and improved documentation in connection with purchases and sales of renewable energy. The company has established a varied and extensive product portfolio, which includes Guarantees of Origin, I-RECs and RECs from more than 600 power plants, a high percentage of which are based on fixed supplier agreements with power producers. While many of the power producers are based in Norway, ECOHZ has steadily expanded its offering of renewable electricity from power plants in the rest of Europe and beyond. The portfolio comprises renewable electricity generated using hydropower, wind and solar power, geothermal and bioenergy. ECOHZ offers electricity from power plants that are increasingly varied in terms of their location, size, age and other particular characteristics. The company also offers renewable energy from power plants certified in accordance with internationally recognised environmental standards.

In 2018, ECOHZ worked on several new product concepts, aimed primarily at meeting larger companies' stated need for supply contracts lasting longer than one year. This means greater focus on various types of Power Purchase Agreements (PPAs), and also on similar solutions uncoupled from the physical power.

Although the company continued to focus intently on the tracking and documentation of renewable electricity, the company also delivered documented renewable biogas to a small selection of customers for the first time in 2018.

The power sector is changing radically in a number of areas. Issues such as digitalisation and automation have created both challenges and opportunities. ECOHZ has adopted a dynamic strategy, and its stated aim is to be a driving force in the creation of better, more transparent and cost-effective platforms for tracing and documentation. The company has therefore ramped up its own efforts to develop IT solutions of tomorrow, and is engaged in new, external technology initiatives. The goal is to help provide customers with an easier and improved customer experience.

The company's distribution strategy is primarily geared to reaching businesses through a reseller network. The company has over 100 active partners/resellers in well over 15 countries. In parallel with this, it has established a clearer profile and sharpened its focus on direct sales and deliveries to major international businesses.

The company is one of the market's leading suppliers of documented renewable electricity, not only in Europe but also globally. In this context, leader means: 1) being the largest player in selected markets, 2) offering a complete portfolio of products and 3) enjoying high levels of recognition and confidence among customers, NGOs and public authorities.

The company's strategy is underpinned by the establishment and use of professionally documented methods, and it strives to be acknowledged as "reliable, quality-conscious and thorough" by the market and relevant expert bodies.

The company's vision is "Changing energy behaviour", and it is working strenuously to bring this about. Its three core values of Openness, Trust and Boldness constitute an important premise for these efforts. These strongly influence the company's open and direct dialogue with customers and form a platform for the work done in influencing regulatory and energy policy – supporting the development of a larger and more robust international market for documented renewable electricity.

2. Framework conditions and market development

Renewable energy and the threat of climate change
While political leaders have failed to take robust action at the international level, much of the responsibility for ensuring sound environmental and climate solutions has been left to cities and regions, as well as ambitious companies and organisations. The need to find solutions that reduce global warming has not diminished. In October 2018, the Intergovernmental Panel on Climate Change published its most recent report – "*Special report on the impacts of global warming of 1.5 °C*". Though not surprising, the report's conclusions are nevertheless gloomy. A change of pace is needed. Global greenhouse gas emissions must be reduced by at least 45 per cent by 2030. This also means that the percentage of renewable electricity worldwide must increase from today's 25 per cent to at least 50 per cent.

Replacing fossil-based energy with clean, renewable sources is vital. In order to achieve this, a broad menu of solutions and instruments – both technical and financial – is needed. Although documented renewable energy is just one of many such solutions, it was in 2018 perceived as a well-established and accepted system by an increasingly broad group of organisations, consumers and companies. In a global perspective, the importance of the growth in documented renewable electricity is recognized by a growing number of stakeholders. This growth will increasingly contribute to finance the realisation of new renewable energy projects.

International businesses ramping up their climate commitment
The business community – nationally and internationally – has increasingly realised that it can contribute to solutions that will help to prevent global warming and increased greenhouse gas emissions. Renewable energy will be a key element in solutions of this type. In 2015, in conjunction with a handful of multinational companies, the RE100 initiative was established by CDP and the Climate Group. By the end of 2018, more than 165 ambitious companies had signed up to the initiative. The companies have announced a joint ambition to use 100 per cent renewable energy in all operations – globally. Furthermore, over 80 per cent of RE100 businesses aim to realise this ambition by 2020.

RE100 and several similar initiatives are currently challenging and changing the established energy industry. In a number of countries, the authorities too are being forced to revise/accelerate their planned rate of migration from fossil-based to renewable energy. This is, in turn, generating strong demand for tools and solutions to meet renewable targets.

Science-based targets (SBT) is an initiative that aims to help develop differentiated, relevant and industry-specific performance targets for member companies. Almost 500 international companies have decided to set such targets, which will also include a reduction in greenhouse gas emissions throughout their supply chains. This will “push” an even larger number of companies (in the underlying supply chain) to consider switching to renewable solutions.

International standards

The Greenhouse Gas Protocol (GHG-P) is the leading international standard governing the presentation of businesses’ greenhouse gas emissions figures. In 2015, GHG-P published an updated corporate standard for reporting energy consumption, which specifically highlighted the use of Guarantees of Origin, RECs and I-RECs as important for tracing and documentation. This has been of crucial importance for further demand for documented renewable electricity. CDP (formerly the Carbon Disclosure Project), and several ISO standards, are increasingly being harmonised with GHG-P, and refer to the same use of recognised standards.

EU sets the agenda

Renewable electricity documented with Guarantees of Origin is described as one of a number of instruments in the EU’s Renewable Energy Directive from 2009. The system is being adopted by a growing number of countries, and a range of initiatives exists to promote increased harmonisation and strengthen the system’s position.

The EU Commission published its “Winter Package” in December 2016. This outlines how a future EU/EEA energy policy could look in the coming years. The much-reported 2020 goals have now been revised upwards, with a time horizon extending to 2030. The three most important goals relate to a reduction in carbon emissions, energy saving and a higher percentage of renewable energy consumption. The renewable energy goal has been raised from 20 per cent to 40 per cent. For the power sector, this means that the share of renewables must increase from 40 per cent to 55 per cent from 2020 to 2030.

The Winter Package contains a revised draft of the EU’s Renewable Energy Directive, which includes the role and scope of Guarantees of Origin. The European Commission’s proposal has been the subject to open debate and energy policy assessment in 2017 and 2018. In 2018, a final draft was approved by both the European Parliament and the European Council. The final version of the new Renewable Energy Directive strengthens the role and use of Guarantees of Origin and establishes predictable framework conditions in the period to 2030.

Growth in the market for electricity with Guarantees of Origin

The market for renewable electricity with Guarantees of Origin continues to grow. This is reflected in both Norwegian statistics and European figures. In 2018, the market was more volatile than in previous periods, and prices have occasionally peaked at historically high levels. Demand for renewable electricity with Guarantees of Origin – in particular from businesses – increased markedly during the year. In overall terms, the market in Europe is around 700 TWh, with EECS Guarantees of Origin sold by AIB member countries accounting for more than 500 TWh. Following many years with a surplus of Guarantees of Origin, the market was more balanced in 2018.

A similar trend is also noticeable in countries and regions outside Europe, where comparable systems have been established. In these markets too, the largest businesses are responsible for the lion's share of demand.

A Norwegian perspective
In the spring of 2016, the Guarantees of Origin scheme was the subject of discussion in the Norwegian media, as well as among politicians and others in positions of authority when the Energy Report was presented to the Storting (Norwegian parliament). In June 2016, the Storting gave its unequivocal backing to the scheme, and its role in Norwegian and European energy policy. At the same time, the Storting instructed the Ministry of Petroleum and Energy to examine ways of improving the scheme's implementation in Norway. This resulted in an open consultation on the scheme, which closed in December 2018. The Ministry expects to present a proposal to the Storting before the end of 2019.

In parallel, the Ministry of Petroleum and Energy also held an open consultation about the implementation of the entire Renewable Energy Directive that the EU adopted in 2018. The Renewable Energy Directive is "EEA relevant" legislation. The consultation process closed in February 2019.

With the exception of offshore power generation, more than 98 per cent of Norwegian power generation is based on renewable energy sources. In 2018, Norwegian electricity production amounted to around 146 TWh, compared with around 149 TWh in 2017. Of this volume, 138 TWh was documented with Guarantees of Origin, and an approximately similar volume was sold in Norway or exported to European markets.

Norway is part of the common EU/EEA electricity market, which means that Norwegian electricity producers are able, through the sale of Guarantees of Origin, to sell renewable energy to power suppliers and consumers throughout the entire European market. Norwegian electricity suppliers who do not purchase Guarantees of Origin to document their power products are required to refer to the disclosure of the residual mix for Norwegian electricity, which is calculated annually by the Norwegian Water Resources and Energy Directorate (NVE). The disclosure declaration for Norwegian electricity without Guarantees of Origin in 2018 will be published by NVE in June 2019. Based on provisional figures, it is estimated that the percentage of renewable energy will remain low. The renewable share of power of unspecified origin supplied in Norway was 16 per cent in 2017 and 14 per cent in 2016.

El-certificates – a joint Norwegian/Swedish market
The joint Norwegian-Swedish electricity certificate market has now been operational for eight years. The market is characterised by periods of low liquidity, with long periods of extremely low prices. Norway has decided to discontinue participation in this market with effect from 2021.

3. Ownership and equity information

As at 31 January 2019, the company had the following shareholder structure:

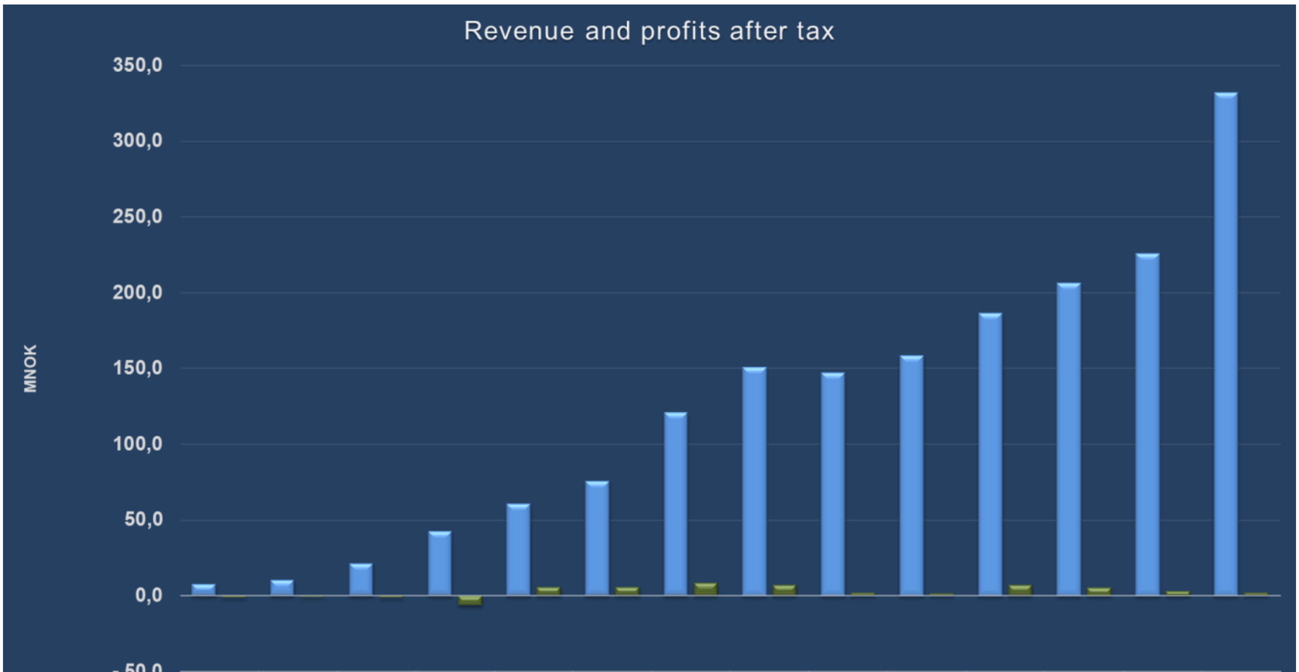
- Strawberry Equities AS 50.91%
- TrønderEnergi Kraft AS 12.44%
- Eidsiva Vannkraft AS 12.44%
- Nordisk Industriutvikling AS 11.77% (100% Ove Gusevik)
- Troms Kraft Strøm AS 9.95% (100% Troms Kraft AS)
- Troms Kraft AS 2.49%

ECOHZ

4. Income statement and balance sheet

ECOHZ' annual financial statements for 2018/2019 cover the period from 1 February 2018 to 31 January 2019. Total sales increased from NOK 226.0 million in 2017/2018 to NOK 332.2 million in 2018/2019. Net profit for the year came to NOK 2.1 million in 2018/2019, compared with NOK 3.1 million in 2017/2018.

At the end of the financial year, total assets amounted to NOK 128.9 million, compared with NOK 92.1 million at the close of the previous financial year. As at 31 January 2019, the equity ratio was 24.1 per cent, compared with 31.4 per cent as at 31 January 2018.



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue	7,7	10,4	21,2	42,6	60,7	75,7	120,9	150,7	147,1	158,7	186,7	206,4	226,0	332,2
Profits after tax	-1,4	-0,6	-1,3	-6,2	5,4	5,3	8,3	7,0	1,8	1,5	6,9	5,5	3,1	2,1

The company's liquidity position on the balance sheet date is deemed to be satisfactory. Total liquidity less restricted funds plus an unutilised overdraft facility of NOK 8.8 million amounts to NOK 8.9 million. Furthermore, current liabilities of NOK 97.3 million are essentially covered by outstanding trade receivables of NOK 84.4 million and other current receivables of NOK 7.1 million.

Net cash flow from operating activities totalled NOK 4.1 million, which is NOK 0.7 million higher than the operating profit for the period. The difference is attributable to net financial items of NOK -0.6 million, payment of NOK 1.8 million in tax, and changes in trade receivables, trade payables and other accruals and prepayments.

In 2013, ECOHZ changed its financial year-end from 31 December 2013 to 31 January 2014. The financial year was changed in order to improve the quality and accuracy of the annual financial statements by avoiding major estimate-based items. The company believes that this improves the quality of information for users of ECOHZ's annual financial statements.

The board is of the opinion that the company satisfies the going concern assumption.

5. Operational risk

As much as 81.1 per cent of ECOHZ's total sales are generated in foreign currencies. The company's results are subject only to limited foreign exchange risk due to the fact that most purchases and sales are made in the same currency, and the fact that our suppliers take changes in exchange rates into account when setting prices.

In order to reduce its credit risk and liquidity risk, the company endeavours to make part-deliveries on large contracts and customers. This permits the company to resell to a greater extent, should this be required.

The company's development is largely contingent on possessing outstanding expertise in trading and markets, and on framework conditions for renewable energy and climate issues.

6. Research and development

In 2018/2019, ECOHZ actively engaged in efforts to develop, automate and digitalise fundamental company processes, as well as develop new electronic solutions for market data integration.

7. Board and employees, etc.

The board comprises five people in total: one woman and four men. There are also two observers.

The company's Managing Director is Tom Lindberg. On 1 February 2019, the company employed 18 people: 6 women and 12 men. The company's recruitment and salary policies are gender-neutral, and the company continually strives to promote equality and equal opportunities among its employees. New staff are recruited on the basis of individual expertise.

The company employed 16.2 full-time equivalents in 2018/2019.

The company operates its business from leased premises in Oslo, Norway and also has a branch office in Nyon, Switzerland.

8. Corporate social responsibility and HSE

ECOHZ takes its social responsibility seriously and believes there is a clear correlation between the way a company is run and its relationship with society as a whole.

The company has an active environmental policy, which is also of importance for the company's external profile. The company does not pollute the external environment through direct emissions but does generate indirect greenhouse gas emissions through business travel, energy consumption and waste management.

ECOHZ has an established environment policy:

ECOHZ AS is committed to being a leading company with regard to initiating activities intended to minimise local and global environmental impacts.

ECOHZ takes particular responsibility for communicating, through its own actions, the need for – and benefits of – carrying out commercial activities in a sustainable manner.

Sustainability shall have a critical influence on all decision-making within the organisation.

Prioritising sustainability shall secure ECOHZ a long-term competitive advantage and be motivational for customers' choice of partner.

ECOHZ shall comply with, and where possible exceed, minimum requirements as set out in relevant environmental legislation and regulations.

The company has defined targets and action plans covering areas including energy consumption, purchasing and consumption, waste management/cleaning and employees' business travel.

In addition, the company purchases renewable power with Guarantees of Origin.

The company works actively on health, safety and environment (HSE) issues. The company has defined three target areas: 1) acute illness/first aid, 2) the psychosocial environment and 3) fire safety. Regular HSE meetings are held and agreed activities are followed up.

The overall sickness absence rate in 2018/2019 was 1.0 per cent, compared with 5.7 per cent in 2017/2018. The company had no long-term sickness absence in 2018/2019.

9. Outlook

Problems arising from climate change are increasing in scope, and there is growing recognition that more people need to take responsibility for resolving these issues. To an increasing extent, this is a question of ethical choice, but it is also an area which impacts the competitiveness of individual businesses.

ECOHZ is very favourably positioned and is experiencing growing demand for documented renewable electricity. At the same time, the company is attracting increased attention and more competition.

The company is growing rapidly and is well staffed with highly skilled employees. Consequently, the company is well positioned to continue its positive development.

10. Allocation of profit for the year

The board recommends that the Annual General Meeting allocate the profit for the year as follows:

Transferred to other equity:	NOK 2,127,225
Total allocated:	NOK 2,127,225

Date, 2 April 2019

Bente Rathe, Chair	Kenneth Andersen
Ove Gusevik	Stig Morten Løken
Bernhard Kvaal	Tom Lindberg

Income Statement 1 February 2018 – 31 January 2019

ECOHZ AS

	Note	1.2.2018–31.1.2019	1.2.2017–31.1.2018
Sales revenues		332 016 485	225 795 091
Other operating revenues		210 766	178 821
Total operating revenues	2, 15	**332 227 251**	**225 973 912**
Cost of goods sold	15	(298 887 810)	(194 489 934)
Salaries and payroll costs	3, 6, 8	(21 493 801)	(18 710 751)
Depreciation of property, plant and equipment	4	(656 583)	(426 032)
Other operating expenses	3, 7, 8, 13	(7 843 391)	(7 683 782)
Total operating expenses		**(328 881 585)**	**(221 310 499)**
Operating profit		**3 345 666**	**4 663 413**
Other financial income		130 801	37 745
Other financial expenses		(728 662)	(998 045)
Profit on ordinary activities before tax		**2 747 805**	**3 703 113**
Tax expense	10	(620 580)	(638 742)
Profit on ordinary activities		**2 127 225**	**3 064 371**
Net profit for the year		**2 127 225**	**3 064 371**
Transfers			
Other equity		2 127 225	3 064 371
Total		**2 127 225**	**3 064 371**

ECOHZ

Balance Sheet as at 31 January 2019
ECOHZ AS

	Note	31.01.2019	31.01.2018
ASSETS			
Non-current assets			
Intangible assets			
IT system and WEB portals	4	9 957 830	2 020 510
Deferred tax asset	10	155 865	203 603
Total intangible assets		**10 113 695**	**2 224 113**
Property, plant and equipment			
Tangible operating assets, furniture, etc.	4	232 545	181 635
Total property, plant and equipment		**232 545**	**181 635**
Non-current financial assets			
Investments in shares and securities		395 582	185 312
Total non-current financial assets		**395 582**	**185 312**
Total non-current assets		**10 741 822**	**2 591 060**
Current assets			
Inventory	5	**25 206 952**	**3 734 178**
Receivables			
Trade receivables	13	84 402 836	66 841 207
Other receivables		7 120 665	12 677 885
Total receivables		**91 523 501**	**79 519 092**
Bank deposits, cash and cash equivalents	9	**1 415 457**	**6 207 502**
Total current assets		**118 145 910**	**89 460 772**
Total assets		**128 887 731**	**92 051 832**

Balance Sheet as at 31 January 2019

ECOHZ AS

	Note	31.01.2019	31.01.2018
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital (256,549 shares at NOK 25.00 per sh	12	6 413 725	6 413 725
Share premium account		2 586 300	2 586 300
Total paid-in equity		**9 000 025**	**9 000 025**
Retained earnings			
Other equity		22 073 983	19 946 758
Total retained earnings		**22 073 983**	**19 946 758**
Total equity	11	**31 074 008**	**28 946 783**
Liabilities			
Provisions			
Pension liabilities	6	547 909	714 114
Total provisions		**547 909**	**714 114**
Current liabilities			
Debt to credit institutions		11 212 300	0
Trade payables		45 756 203	36 991 412
Public charges payable		946 790	706 787
Tax payable	10	1 300 128	2 553 711
Dividend provision	11	0	0
Other current liabilities	14	38 050 393	22 139 025
Total current liabilities		**97 265 814**	**62 390 935**
Total liabilities		**97 813 723**	**63 105 049**
Total equity and liabilities		**128 887 731**	**92 051 832**

OSLO, 2 April 2019
ECOHZ AS

Bente Rathe Chair	Ove Gusevik Board member	Bernhard Kvaal Board member
Kenneth Andersen Board member	Stig Morten Løken Board member	Tom Lindberg CEO

ECOHZ AS

STATEMENT OF CASH FLOWS	31.01.2019	31.01.2018
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2 747 805	3 703 113
Tax paid during the period	-1 826 425	-1 950 647
Depreciation and amortisation	656 583	426 032
Change in inventory	-21 472 774	6 185 875
Change in trade receivables	-17 561 629	-18 189 014
Change in pension liabilities	-166 205	-87 342
Change in trade payables	8 764 791	4 407 384
Change in other accruals and prepayments	32 913 714	3 197 064
Net cash flow from operating activities	4 055 860	-2 307 535
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for investments in property, plant and equipment	-8 644 813	-1 658 870
Payments for purchase of securities	-203 093	0
Net cash flow from investing activities	-8 847 906	-1 658 870
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of dividends	0	-5 500 000
Net cash flow from financing activities	0	-5 500 000
Total change in cash and cash equivalents	-4 792 045	-9 466 405
Cash and cash equivalents, 1 Feb	6 207 502	15 673 907
Cash and cash equivalents, 31 Jan	**1 415 457**	**6 207 502**

Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway.

Use of estimates
Preparation of financial statements in accordance with the Norwegian Accounting Act requires the use of estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas which make extensive use of discretionary judgements, involve a high degree of complexity, or areas where assumptions and estimates are material to the financial statements are described in the notes.

Sales revenues
Revenues from the sale of Guarantees of Origin and electricity certificates are measured at the fair value of the consideration received, net of VAT, returns, rebates and other discounts. Sales of Guarantees of Origin and electricity certificates are recognised when the company has delivered the products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the delivery. Deliveries are not considered to be complete before the products have been transferred to the customer, redeemed or put on the customer's account for later redemption and the risk is thereby transferred to the customer.

Classification of balance sheet items
Assets intended for permanent ownership or use are classified as non-current assets. Assets related to the production cycle are classified as current assets. Receivables are otherwise classified as current assets if they are to be repaid within one year. Similar criteria have been used for the classification of liabilities. First-year repayments on long-term receivables and liabilities are nevertheless not classified as current assets and current liabilities.

Acquisition cost
The acquisition cost of an asset comprises its purchase price, less bonuses, discounts, etc., and plus purchase costs (shipping, import duties, non-refundable public charges and other direct acquisition costs). For acquisitions executed in a foreign currency, the asset is recognised in the balance sheet at the exchange rate on the transaction date. For property, plant and equipment and intangible assets, acquisition cost also includes expenses directly attributable to preparing the asset for use, for example, the cost of testing an asset.

Intangible assets
Expenses associated with intangible assets are recognised in the balance sheet to the extent that a future financial benefit can be identified as deriving from the development of an identifiable intangible asset and the expenses can be reliably measured. Otherwise, costs are expensed on an ongoing basis. Development costs recognised in the balance sheet are amortised on a straight-line basis over their useful economic lifetime.

Property, plant and equipment
Property, plant and equipment is recognised in the balance sheet and depreciated on a straight-line basis to residual value over the operating assets' expected useful economic lifetimes. In the event of changes to the depreciation plan, the impact is distributed over the remaining period of depreciation ("break-even method"). Maintenance costs for operating assets are recognised as operating expenses when they are incurred. Upgrades and improvements are added to the cost of the operating asset and depreciated in line with the asset. The distinction between maintenance and additions/improvements is determined in relation to the condition of the asset at the original purchase date.

Impairment of non-current assets
Impairment tests are performed if there are indications that the carrying amount of a non-current asset exceeds fair value. The test is performed for the lowest level of non-current assets at which independent cash flows can be identified. If the carrying amount is higher than both the sales value and recoverable amount (net present value of future use/ownership), the asset is written down to the higher of the sales value and the recoverable amount.

Previous impairments, with the exception of the impairment of goodwill, are reversed if the conditions causing the impairment are no longer present.

Inventory
Inventory is measured at the lower of purchase price (following the FIFO principle) and fair value. Fair value is the estimated selling price less costs of sale.

Receivables
Trade receivables are recognised in the balance sheet at nominal value less a provision for bad debts. The provision for bad debts is estimated on the basis of an individual assessment of each receivable. In addition, a general provision is recognised for other expected losses. Material financial problems at the customer, the likelihood that the customer will file for bankruptcy or undergo financial restructuring, or delay or default on payments are deemed to represent indicators that customer receivables need to be written down.

Other receivables, both current assets and operating assets, are recognised at the lower of nominal value and fair value. Fair value is the present value of expected future payments. However, when the effect of discounting is immaterial for accounting purposes this is not recognised. Provisions for bad debts are estimated the same way as for trade receivables.

Foreign currency
Receivables and payables in foreign currencies are valued at the exchange rate in effect on the balance sheet date. Gains and losses on foreign exchange relating to sales and purchases of goods in foreign currencies are recognised as sales revenues and cost of goods sold.

Liabilities
Liabilities, with the exception of certain provisions, are recognised in the balance sheet at their nominal amount.

Pensions
The company has various pension schemes. The schemes are funded through payments to insurance companies. The company operates both defined-contribution and defined-benefit schemes.

Defined-contribution plans
For defined-contribution plans, the company pays contributions to an insurance company. The company has no further payment obligations once the contributions have been paid. Contributions are recognised as payroll expenses. Any prepaid contributions are recognised as an asset (pension assets) to the extent that a cash refund or a reduction in the future payments is possible.

Defined benefit plans
A defined-benefit plan is a pension plan that is not a defined-contribution plan. A defined-benefit plan is normally a pension plan that defines the benefit an employee will receive on retirement. Pension payments are normally dependent on several factors such as age, number of years' service with the company and salary. 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 pension assets (amount paid to an insurance company), adjusted for unrecognised estimate deviations and unrecognised costs relating to previous periods' pension accruals. The pension liability is calculated annually by an independent actuary using a linear accrual method.

Changes to the pension plan are expensed over the expected remaining vesting period. The same applies to estimate differences due to new information or changes in the actuarial assumptions, if they exceed 10 per cent of the larger of the pension liabilities and pension funds (corridor).

Tax
The tax expense in the income statement comprises both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at prevailing tax rates based on temporary differences that exist between accounting and taxable values, as well as any tax losses that are carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are offset. Deferred tax assets on net tax-reducing differences which have not been eliminated and tax losses carried forward are based on estimated future earnings. Deferred tax liabilities and deferred

tax assets that can be recognised in the balance sheet are presented net. Deferred tax is recognised at its nominal amount.

Statement of cash flow
The statement of cash flow has been prepared in accordance with the indirect method. Cash and cash equivalents comprise cash, bank deposits, and other short-term liquid investments which immediately and with minimal risk of loss can be converted into known cash amounts, and have a remaining maturity of less than three months from the purchase date.

Note 2 Operating revenues by country

Operating revenue	2018/2019	2017/2018
Norway	77,087,630	28,407,817
Germany	62,094,952	39,929,806
Sweden	58,352,307	61,774,664
Netherlands	42,002,289	21,663,470
UK	25,928,785	30,044,343
Finland	16,465,618	5,424,187
Belgium	12,364,144	11,593,602
Italy	7,871,081	3,024,741
Switzerland	7,050,795	9,905,071
Denmark	5,658,045	4,648,178
France	3,971,662	2,352,644
Luxembourg	2,410,479	3,859,153
Portugal	2,038,106	395,870
Austria	1,642,965	1,476,700
USA	1,395,891	257,914
Poland	1,097,519	0
Other European countries	2,430,606	339,532
Other non-European countries	2,364,376	876,221
TOTAL	332,227,251	225,973,912

Note 3 Salaries, number of employees, remuneration, employee loans, etc.

Salaries and payroll costs	2018/2019	2017/2018
Remuneration, holiday pay and directors' fees	17,122,928	15,335,264
Employer's National Insurance Contributions	2,064,041	1,850,071
Pension costs	978,313	1,119,171
Other benefits	1,328,519	406,245
Total	**21,493,801**	**18,710,751**
Number of full-time equivalents	16.2	15.1

Salary and remuneration paid to the Managing Director
The Managing Director received a salary of NOK 1,960,994 and other remuneration of NOK 12,254.

The Managing Director is covered by the company's pension plan and pension premiums paid on his behalf during the year amounted to NOK 113,411.

Remuneration to the board of directors
Members of the board received a total of NOK 653,688 in directors' fees.

Auditor

The auditor's fees comprised the following:	**2018/2019**	**2017/2018**
Statutory auditing services	93,200	105,300
Tax consultancy (incl. technical assistance with tax returns)	13,500	12,900
Auditor's fees recognised in the income statement	**106,700**	**118,200**

Employee loans
No loans have been extended to and no security has been pledged on behalf of employees, the Managing Director, the board's chair, directors or other related parties.

The Managing Director is entitled to severance pay equal to one year's basic salary, should the board deem it necessary to terminate his employment relationship.

All employees have a bonus agreement. Bonuses are calculated as a percentage of basic salary and are linked partly to the company's operating result and partly to target achievement in line with the company's strategies, action plans and objectives. Based on achieved results and other targets, a provision of NOK 923,265 has been recognised for bonuses for the 2018/2019 financial year (including social security costs).

Note 4 Operating assets

Operating assets	**IT system and WEB portals**	**Op. equipment, furniture etc.**	**Total non-current assets**
Cost 1 Feb 2018	2,681,251	829,485	3,510,736
Additions of operating assets	8,469,549	175,265	8,644,814
Disposals of operating assets	-240,000	-46,306	-286,306
Cost 31 Jan 2019	**10,910,800**	**958,444**	**11,869,244**
Accumulated depreciation 31 Jan 2019	952,970	725,899	1,678,869
Book value as at 31 Jan 2019	**9,957,830**	**232,545**	**10,190,375**
Depreciation for the year	534,488	122,095	656,583
Economic life	3–5 years	3–5 years	
Depreciation method	Straight-line	Straight-line	

Note 5 Inventory

The company purchases certificates for its own inventory. These are valued at the lower of cost and net realisable value as at 31 January.

	31.1.2019	**31.1.2018**
Guarantees of Origin	25,050,746	3,395,393
I-RECs	153,511	338,785

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Electricity certificates	2,695	0
Inventory	25,206,952	3,734,178

Guarantees of Origin and electricity certificates must be sold before they mature, which is 12 months after their production date for Guarantees of Origin and by the end of 2035 for electricity certificates. All the certificates are expected to be sold before they mature.

Note 6 Pension costs, assets and liabilities

The company has a duty to operate an occupational pension scheme in accordance with the Norwegian Act on Mandatory Occupational Pension Schemes. The company's pension schemes satisfy the requirements laid down in this legislation. A total of 14 employees are covered by the pension schemes, which grant the right to defined future benefits. These obligations are covered through an insurance company. With effect from 1 January 2011, the company changed its pension scheme from a defined-benefit scheme to a defined-contribution scheme.

Defined-contribution pension
The amount expensed for the defined-contribution pension scheme during the financial year was NOK 854,006.

Defined-benefit pension	**2018/2019**	**2017/2018**
Present value of accrued pension entitlements for the year	0	0
Interest expense on pension liabilities	288,427	295,499
Return on pension assets	-459,455	-378,997
Estimate changes recognised in income statement	0	0
Administration expenses	27,365	26,992
Employer's National Insurance Contributions on net pension expenses, including administration expense	-20,256	-7,967
Plan changes recognised in income statement	0	0
Net pension expense including Employer's National Insurance Contributions	**-163,919**	**-64,473**
Accrued pension liabilities as at 31 Jan	12,570,051	12,147,727
Pension assets as at 31 Jan	11,195,478	11,348,817
Net pension liabilities as at 31 Jan	1,374,573	798,910
Estimate deviations not recognised in the income statement	-1,020,479	-197,442
Employer's National Insurance Contributions	193,815	112,646
Net pension liabilities incl. Employer's National Insurance Contributions	**547,909**	**714,114**

Financial assumptions:	**2018/2019**	**2017/2018**
Discount rate	2.60%	2.40%
Expected salary increase	2.75%	2.50%
Expected adjustment to National Insurance Scheme's Basic Amount (G)/pension adjustment	2.50%	2.25%
Projected return on fund assets	4.30%	4.10%

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Note 7 Leases

The company leases offices. The leasing cost for the accounting period amounted to NOK 1,397,042. The lease runs until 31 December 2022.

Note 8 Branch office in Switzerland

The company has a branch office in Nyon in Switzerland, and has rented premises there since 1 September 2011. As at 31 January 2019 the company employed two people. A total of NOK 4,638,907 was recognised in operating expenses for the business in Switzerland in respect of the period 1 February 2018 to 31 January 2019.

Note 9 Restricted funds/Overdraft facility/Credit facility

Restricted funds comprise tax deductions in the amount of NOK 623,797 and rental deposits of NOK 683,224.

The company has a bank overdraft agreement with DNB with a limit of NOK 20,000,000. The above is a revolving credit facility, whose renewal is reviewed annually. The interest rate is one-month NIBOR + 2.0 per cent on the amount drawn. The annual fee is 0.6 per cent of the credit limit.

Note 10 Tax

Tax is recognised as an expense as it accrues, i.e. the tax expense is based on profit or loss before tax. The tax expense comprises tax payable (tax on the year's taxable income) and changes in net deferred tax. The tax expense derives pro rata from the profit/loss from ordinary activities and net extraordinary items in accordance with the tax basis.

Breakdown of and change in deferred tax assets

Temporary differences	**Change**	**31.1.2019**	**31.1.2018**
Operating assets	-19,454	-160,570	-141,115
Provisions	0	0	0
Receivables	-60,000	-100,000	-40,000
Inventory	0	0	0
Pension liabilities	256,205	-447,909	-714,114
Net temporary differences	176,751	-708,479	-885,229
Losses and remuneration carried forward	0	0	0
Basis for deferred tax assets in balance sheet	176,751	-708,479	-885,229
Deferred tax assets in the financial statements	**47,738**	**-155,865**	**-203,603**

Basis for tax expense, change in deferred tax assets and tax payable	**31.1.2019**	**31.1.2018**
Profit before tax	2,747,805	3,703,113
Permanent differences	32,775	22,439
Basis of tax expense for the year	2,780,580	3,725,552
Change in differences that form the basis for deferred tax assets	-176,751	-542,141
Change in tax loss carryforward	0	0
Taxable income (basis for tax payable in the balance sheet)	2,603,828	3,183,411

Breakdown of tax expense		
Tax payable (22 per cent of basis for tax payable in the income statement)	572,842	732,184
Surplus/shortfall in previous year's tax provision	0	-232,408
Total tax payable	572,842	499,776
Change in deferred tax assets	40,653	130,114
Change in deferred tax assets deriving from changed tax rates	7,085	8,852
Tax expense (22 per cent of the basis for tax expense for the year)	**620,580**	**638,742**

Tax payable in the balance sheet		
Tax payable in the tax expense	572,842	732,184
Tax payable, not offset	727,286	1,821,527
Tax payable in the balance sheet	**1,300,128**	**2,553,711**

Note 11 Equity

	Share capital	Share premium account	Other equity	Total
Equity 31 Jan 2018	6,413,725	2,586,300	19,946,758	28,946,783
Net profit for the year			2,127,225	2,127,225
Dividend provision				
Equity 31 Jan 2019	**6,413,725**	**2,586,300**	**22,073,983**	**31,074,008**

Note 12 Share capital and shareholder information

Ownership structure
As at 31 January 2019, ECOHZ AS had the following shareholders:

	Number of shares	Shareholding	Voting rights
Strawberry Equities AS	130,601	50.91%	50.91%
Eidsiva Vannkraft AS	31,916	12.44%	12.44%
TrønderEnergi Kraft AS	31,916	12.44%	12.44%
Nordisk Industriutvikling AS	30,200	11.77%	11.77%
Troms Kraft Strøm AS	25,516	9.95%	9.95%
Troms Kraft AS	6,400	2.49%	2.49%
Total number of shares	**256,549**	**100.00%**	**100.00%**

The company has one share category and all shares confer equal voting rights. The company's share capital comprises NOK 6,413,725 divided between 256,549 shares, each with a nominal value of NOK 25.

ECOHZ's financial statements are included in the consolidated financial statements of Strawberry Holding AS, Fredrik Stangs gate 22–24, NO-0264 Oslo, Norway.

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Note 13 Trade receivables

The company experiences major seasonal sales variations: over 40 per cent of operating revenues for the accounting period were invoiced after 1 January 2019. As at 31 January 2019, a bad debt provision of NOK 100,000 had been made. The company did not recognise any bad debts in the period 1 February 2018 to 31 January 2019.

Note 14 Other current liabilities

As at 31 January 2019, a provision of NOK 31,545,362 was recognised in other current liabilities for goods delivered but for which an invoice had not yet been received from the supplier.

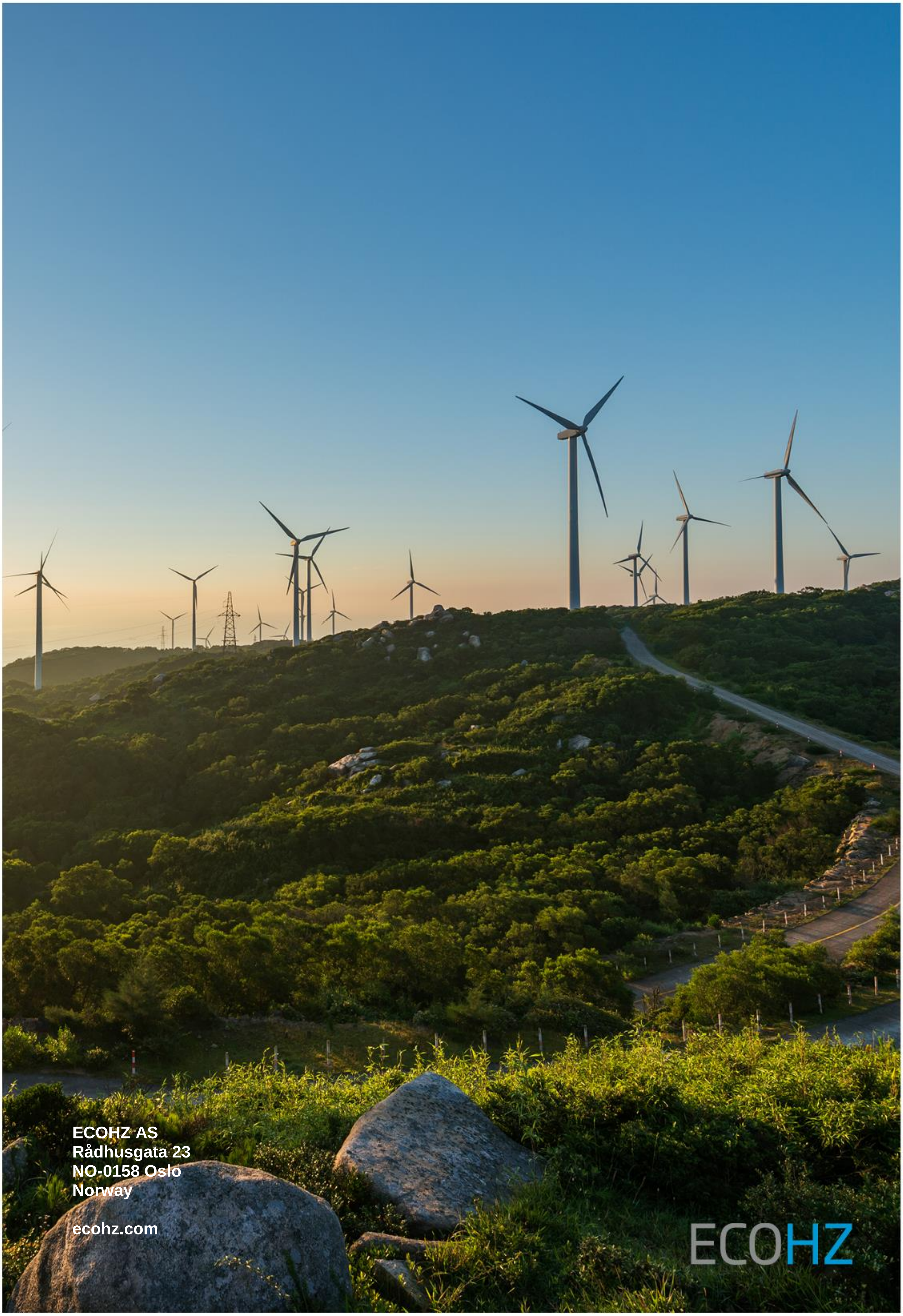
Note 15 Transactions with related parties

Remuneration paid to senior executives is described in Note 3. Several of the company's shareholders are energy companies that both buy and sell Guarantees of Origin and electricity certificates themselves or through associates. The company's transactions relating to Guarantees of Origin, electricity certificates and services provided to related parties during the period 1 February 2018 to 31 January 2019, as well as intercompany balances at the reporting date, were as follows:

Sale of goods and services	**2018/2019**	**2017/2018**
Sale of goods to associates	15,660,164	4,560,120
Sale of services to associates	450,368	1,206,126
Total	**16,110,532**	**5,766,246**

Purchase of goods and services	**2018/2019**	**2017/2018**
Purchase of goods from associates	14,739,800	14,625,750
Total	**14,739,800**	**14,625,750**

Net outstanding balances with related parties	**31.01.2019**	**31.01.2018**
Trade receivables	2,870,553	401,331
Trade payables	7,299,705	4,829,678



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