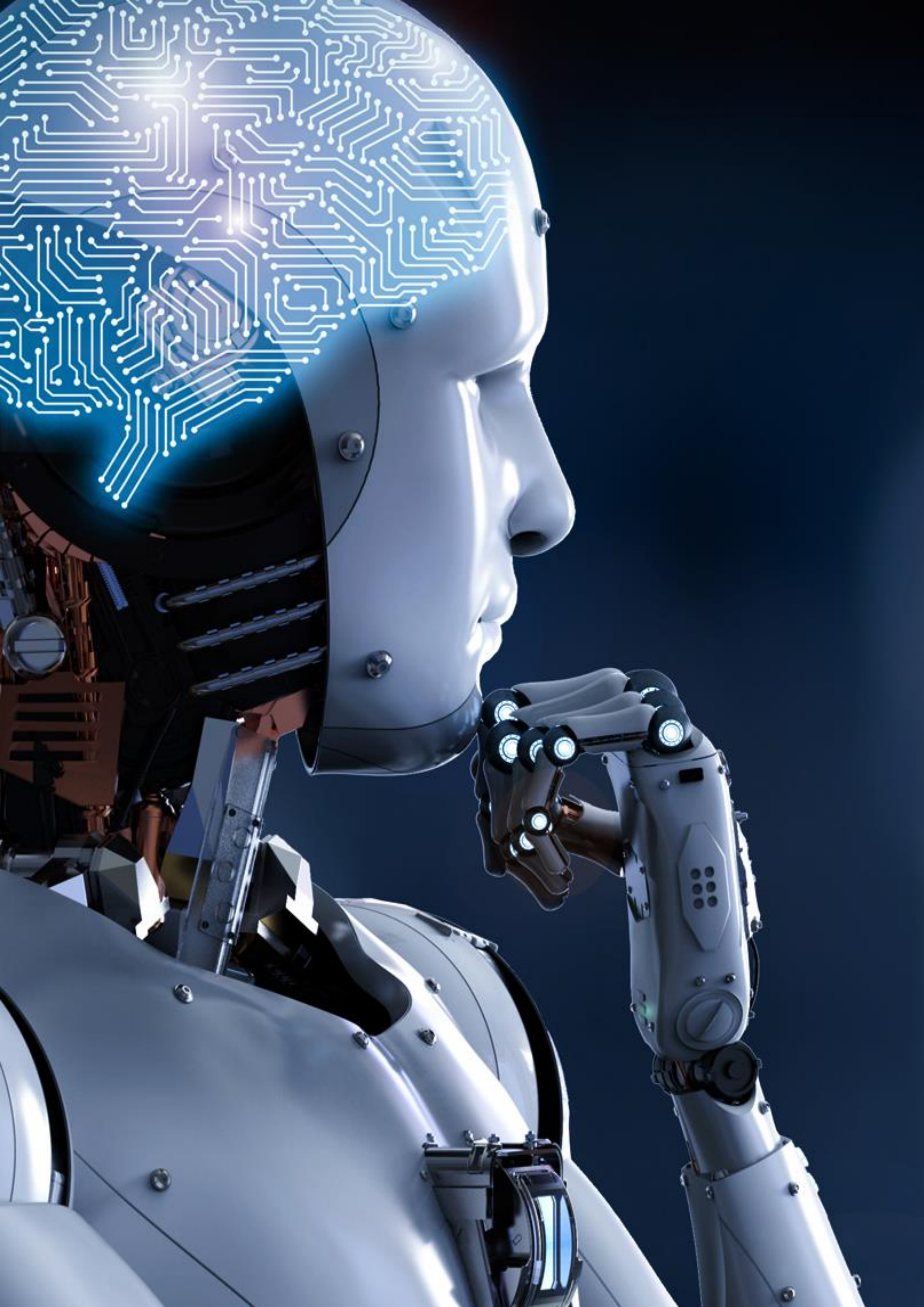
ANNUAL
REPORT
2018



CONTENTS

> Solid performance across all business areas combined with an industry wide digitalisation trend enabled another record year for Data Respons.

CEO LETTER

Looking back at 2018, I am pleased to report that we once again have delivered record revenues and results. This is built on our teamwork, the passion to develop smarter and better products and services for the future, and creating sustainable values for all parties. I would therefore take the opportunity to thank all our great employees, customers, partners, and shareholders for their valuable contributions during the year.

Strong results
In 2018, Data Respons delivered a strong set of results. Through the year, we welcomed more than 270 new employees – young and experienced, men and women, with diversified background and nationalities – all with a passion for technology and contributing to our high performance culture. We enjoyed further exciting technology projects and continued trust from customers who decided to leverage our specialist competence to support their digital transformation journey. We also added two more niche specialist companies to our portfolio, through the acquisition of Germany-based IT SONIX and XPURE. During the first three months of ownership, the cultural fit has been confirmed and have already seen several customer and technology synergies. All of this has resulted in a record year with revenues close to 1.5 billion kroner, adding on to our strong long-term growth record and consolidating the robust business platform we have built over time.

Data driven world
During the year, we experienced continued growth in all of our geographical markets driven by the industry wide digitalisation trend. Companies are becoming more data driven and are targeting their R&D budgets in this direction. This means investing in modern and future-oriented technology to make their products smarter and more connected, and to enable the provision of new value-adding services. Our skilled engineers are currently involved in several business-critical technology projects, for example, regarding smart home/smart grid concepts, connected cars, smart factory based on AI and innovative IoT (Internet-of-things) solutions. At Data Respons, we believe in the combination of specialist technology skills and in-depth industry knowhow. Therefore, we rely on the trustworthy and long-term relationships that I am proud to say we have built with our customers.

Focus and improvement
We are determined to improve our performance and to deliver on our strategy in 2019, and we are well on our way to reaching our growth target of 2 billion in revenues by 2020. The group is well positioned in an attractive and growing market with ambitious, forward leaning customers. We believe in focused portfolio companies with best-in-class engineers and technology skills. Our goal is to develop these companies with a clear strategy, strong management with decision power, competitive offerings and continuous operational improvements. By keeping this focus every day, I am confident that we will continue to create sustainable value, for all parties.

Sustainability through technology
As a responsible business, we address some of the challenges the world is facing related to climate change, inequality, health and poor access to quality education. I believe that technology is a key enabler for a more sustainable world. To address this, we have become a participating member of the UN Global Compact and follow the UN's 17 Sustainability Goals as our guide. To fulfil our responsibilities, we are targeting 50 sustainable technology projects in 2019.

Kenneth Ragnvaldsen,
CEO of Data Respons ASA

BOARD OF DIRECTORS REPORT

Statement on the annual financial statements

In accordance with the Norwegian Accounting Act § 3.3a the Board confirms that Data Respons ASA fulfils the requirements necessary to operate as a going concern, and the 2018 financial statements have been prepared on the basis of this assumption. Data Respons ASA is a publicly listed company and has prepared the consolidated financial statements for the Data Respons group ("Data Respons" or "the group") for the financial year 2018 in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

Consolidated income statement

The long-term revenue growth and profitability improvement in the group has continued in 2018, with a revenue growth of 20% and EBITDA growth of 44%. The group revenue is now nearly NOK 1.5 billion, and the revenue growth of 20% is in line with the average annual growth rate over the last 18 years. A combination of organic initiatives, bolt-on acquisitions and strong international expansion explains the continuing positive development. Germany strengthened its position as the fastest-growing geographical region in the group, accounting for 25% of total revenue in 2018, while Sweden continues to be the largest market with 46% of the revenue. Norway and Denmark amounted to 19% and 10% of the revenue in Data Respons, respectively.

Revenue for 2018 was NOK 1 488.0 million (1 241.8), a growth of 20%. EBITDA for 2018 was NOK 147.5 million (102.5), a growth of 44%, and resulted in an EBITDA margin of 9.9% (8.3%). The main driver for the growth in the group was the R&D Services segment, with a growth of 39%, which was driven by a solid organic performance, as well as the well-proven bolt-on acquisition strategy. Profitability in the Solutions segment continued to improve, reaching an EBITDA margin of 10.0%. The Solutions EBITDA before group costs increased to NOK 48.3 million (38.8), while the revenue was slightly lower than last year.

Consolidated statement of financial position, liquidity & cash flow

The group's book value of total assets at 31 December 2018 was NOK 1 637 million (1 139). The group's equity was NOK 543 million (347), resulting in an equity ratio of 33.2% (30.4%). Current assets amounted to NOK 549 million (389) and current liabilities were NOK 528 million (405). At 31 December 2018, the non-current assets amounted to NOK 1 088 million (750), of which deferred tax assets were NOK 12 million (14), other intangible assets including goodwill were NOK 1 065 million (727) and other non-current assets were NOK 11 million (9).

Net cash flow from operations (NOCF) in 2018 was NOK 63.4 million (78.3) and has contributed to a solid financial position at 31 December 2018. The cash balance at 31 December 2018 was NOK 82 million (of which NOK 4 million is restricted).

The group had interest-bearing loans of NOK 278 million, which is drawn under the group's credit facility of NOK 450 million. The estimated fair value of earn-out liabilities was NOK 378 million at 31 December 2018, whereof NOK 146 million is current.

KEY FIGURES

NOK million	2018	2017
Revenue	1 488.0	1 241.8
EBITDA	147.5	102.5
NOCF	63.4	78.3
Own employees	776	617
Subcontractors	344	226

REVENUE BY REPORTING SEGMENT

NOK million	2018	2017
R&D Services	1 009.8	728.1
Solutions	488.3	516.7
Eliminations	-10.1	-3.0
Group	1 488.0	1 241.8

EBITDA BY REPORTING SEGMENT

NOK million	2018	2017
R&D Services	129.2	85.3
Solutions	48.3	38.8
Corporate	-30.1	-21.7
Group	147.5	102.5

Throughout this report, we compare the consolidated income statement with figures from the same period in 2017 and with statement of financial position at year end 2017 (in brackets).

“ *Data Respons achieved RECORD HIGH REVENUES and EBITDA in 2018*

Net financial items are negative, with NOK 29.1 million in 2018, mainly because of unrealised net currency loss of NOK 9.6 million (11.4) on earn-out liabilities in foreign currencies, non-cash interest cost on earn-out liabilities of NOK 11.5 million (7.9) and interest cost of NOK 7.8 million (5.1) on interest-bearing loans.

Financial risk

The group's central finance department manage the financial risk, and the Board of Directors and group Management of Data Respons ASA approve the group's policies for the management of financial risk. The main objective of financial risk management is to identify, quantify and manage financial risk. The group is exposed to credit risks, liquidity risks, currency risks and interest rate risks.

The group is exposed to credit risk from its operating activities, primarily its trade receivables and accrued revenue, and from its cash and cash equivalents deposited with banks. Liquidity risk is the risk that the group will not be able to meet its current and future cash flow and collateral requirements without negatively and materially affecting the group's daily operations or overall financial condition and the potential for expansion. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (when revenue or expense is denominated in a foreign currency) and the group's net investments in foreign subsidiaries. The group is exposed to interest rate risk through the group's interest-bearing loans with floating interest rates and cash management activities. For details on financial risk management, see note 22 in the consolidated financial statements.

Operations

Data Respons is a full-service, independent technology company and a leading player in the industrial digitalisation, IoT and embedded solutions market. We provide R&D services and smart embedded solutions to OEM companies, system integrators and vertical product suppliers in a range of market segments such as Transport & Automotive, Industry & Automation, Telecom & Media, Space, Defence & Security, Medtech, Energy & Maritime, and Finance & Public Sector.

Data Respons ASA is listed on the Oslo Stock Exchange (Ticker: DAT), and is part of the information technology index. The group has offices in Norway, Sweden, Denmark, Germany and Taiwan.

Operating segments

R&D Services

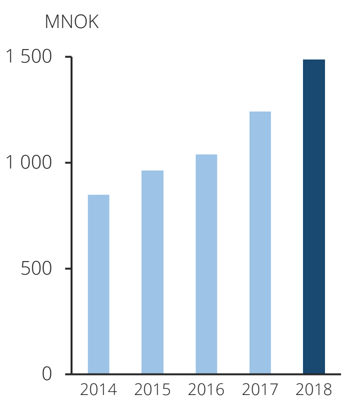
Revenue for 2018 was NOK 1 009.8 million (728.1), a growth of 39%. EBITDA before group costs was NOK 129.2 million (85.3), an increase of 52%, and resulted in an EBITDA margin of 12.8% (11.7%) for 2018.

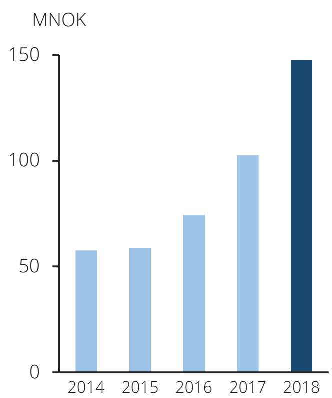
The R&D Services segment had a strong growth of 39% in 2018 and passed the one billion mark in revenues for 2018. The main drivers for this strong growth are high overall utilisation, price improvements, successful recruitment activities, and a good inflow of specialist assignments and large turnkey R&D projects. Profitability also reached a record high in R&D Services in 2018, with an EBITDA margin of 12.8%. The majority of the portfolio companies' engagements are involved in business-critical product development projects, where the need for in-depth knowledge and understanding – both at a system and domain level – is high. This consolidates strategic position, as well as long-term customer relationships.

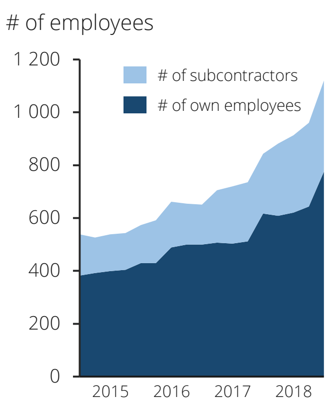
The competitive market for engineers and software specialists makes recruitment a key challenge for the entire industry. Our portfolio companies have successfully launched several initiatives, such as start-ups, use of sub-consultants, young engineer programmes and close collaboration with universities, to address the situation. That said, we never compromise on the quality and qualifications required to become a Data Respons employee. In addition, Data Respons' position as an R&D specialist, covering the whole value chain from the sensor to the cloud application, makes us highly attractive for talented engineers.

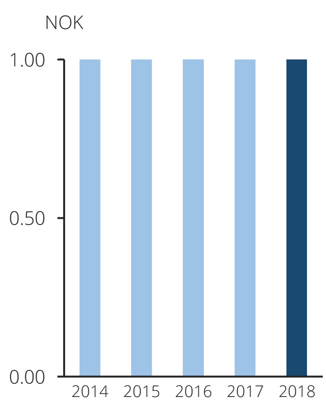
On 10 October 2018, Data Respons acquired 100% of the shares in IT Sonix and XPURE – two tech companies situated in Leipzig with 125 employees.

Revenue	EBITDA	# of employees	Dividend per share
1 488	147.5	1 120	1.00









The companies are leading niche providers of specialist services and software technology (Java, Embedded, Cloud, Data Science (AI) and agile UXUI), specifically aimed at 'Connected Car' solutions, Internet of Things, mobile services and embedded applications. With this acquisition, Data Respons strengthens their presence in Germany, which is by far the largest industrial market in Europe and a strategically important area for the group. More notably, the group boosts its software development capabilities, industry knowledge and customer footprint within some of the world's most dynamic and R&D intensive industries. Through long-term contracts the acquired companies are deeply involved in the ongoing digital transition for some of the leading automotive brands in Germany. IT Sonix and XPURE provide clear operational synergies, both on specialist competence and on customer footprint, and strengthen Data Respons' position as a complete technology partner. The companies were included in Data Respons' consolidated financial statements from October 2018. For further information about the acquisitions, see the published prospectus as of 20 November 2018, issued according to Section 3.5 of the Continuing Obligations for Stock Exchange Listed Companies.

Data Respons continues to leverage its leading market position by offering customers access to highly skilled specialists and project teams with a broad range of expertise in future-oriented technology areas such as automation, IoT, digitalisation and different embedded technologies. A strong R&D competence platform is strategically critical to develop new, long-term customer relationships and to stand out as a complete engineering technology and R&D Services specialist provider in a more data-driven society.

Solutions

Revenue for 2018 was NOK 488.3 million (516.7), a decline of 5%. EBITDA before group costs was NOK 48.3 million (38.8), an increase of 24%, and resulted in an EBITDA margin of 10.0% (7.5%) for 2018.

Profitability in the Solutions segment continued to improve, reaching a solid EBITDA margin of 10.0% in 2018, while revenue was slightly lower than last year. The development is in line with the long-term strategy of increased focus on software content and value-added services as part of the business model, in addition to a gradual shift in the portfolio towards more complex and high-end solutions. Together, this has provided a more favourable revenue mix with a higher average margin and EBITDA growth at the expense of revenue growth during the transition period.

The continued effort to streamline the organisation to a cost-effective and asset-light model with strategic partners in Asia has also contributed to an improvement in profitability.

In 2018, the group received major orders from key customers in Space, Defence & Security, Medtech, Transport & Automotive and Industry & Automation. In addition, the order intake from the Energy & Maritime sector has increased, reflecting improved market conditions for the industry. The pipeline of solution contracts in the industrial IoT and connectivity area has continued to increase throughout 2018.

Data Respons is positioned as a leading provider of smart devices, and embedded and industrial IoT solutions, and has a strong and increasing base of recurring Solutions customers. In order to meet the continued demand for increased software content, connectivity, higher performance and more functionality, many of our customers focus on strategic partnerships. By using Data Respons, our customers can get access to specialist competence and shorter time to market, and can achieve a lower cost of ownership. Long-term profitability is expected to improve based on a competence-oriented and focused business model. This includes strategic relationships with customers in main markets, higher software content, more value-added services and global partners.

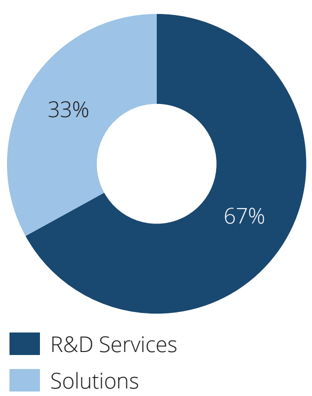
Corporate

Corporate activities mainly relate to corporate services, management and group finance. The segment reported an operating loss of NOK -30.1 million (-21.7) in 2018. Included in 2018 is NOK 10.0 million in transaction cost in relation to the acquisition of IT Sonix & XPURE. The revenues of NOK 7.9 million (8.2) are related to a charge of corporate management fees. The internal revenues generated in the Corporate segment are eliminated in the consolidated income statement with corresponding eliminations of operating expenses.

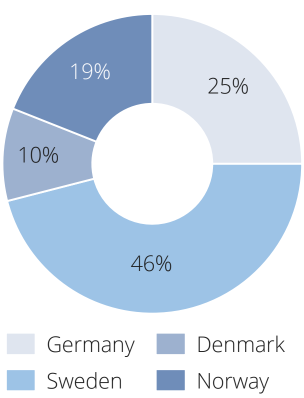
Market development

Data Respons has a solid and well-balanced customer base within several industries, based on our strong competence within IoT, digitalisation and embedded technologies. Our geographical footprint coupled with more than 30 years of experience has given the group relevant vertical competence within these areas.

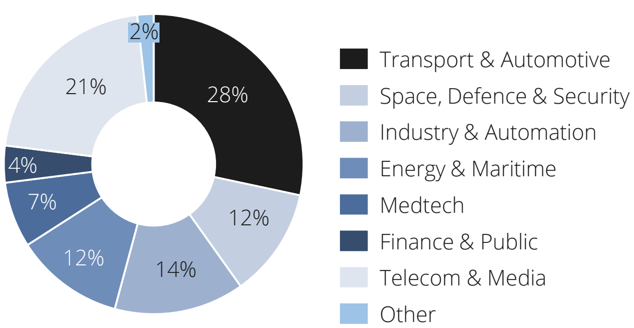
Revenues by operating segments



Revenues by countries



Revenues by industry segments



Largest shareholders

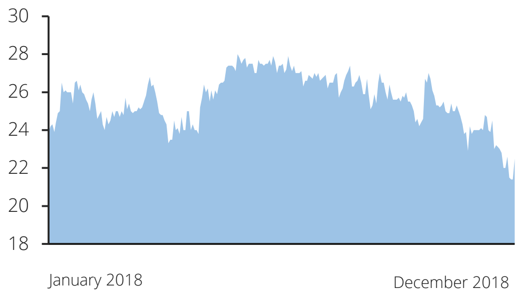
31 DECEMBER 2018

Shareholder	Holding	Share
HANDELSBANKEN FONDER AB	4 662 775	8.00 %
MP PENSJON PK	4 493 055	7.70 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 472 509	5.95 %
FONDITA NORDIC MICRO CAP INVESTMEN	3 070 000	5.26 %
AKTIA FUNDS	2 992 466	5.13 %
DR. LASSMANN INVEST GMBH	2 900 000	4.97 %
NORDEA NORDIC SMALL CAP FUND	2 669 746	4.58 %
DNB NOR MARKETS	2 662 553	4.57 %
HSBC TTEE MARLB EUROPEAN TRUST	1 871 434	3.21 %
HERALD INVESTMENT TRUST PLC	1 550 287	2.66 %
VARNER INVEST AS	1 500 000	2.57 %
DANSKE INVEST NORGE VEKST	1 337 820	2.29 %
CLEARSTREAM BANKING S.A. *	1 286 391	2.21 %
LANNEBO NANOCAP	1 165 626	2.00 %
STOREBRAND VEKST VERDIPAPIRFOND	974 201	1.67 %
BNP PARIBAS SECURITIES SERVICES *	882 412	1.51 %
MUSTAD INDUSTRIER AS	850 000	1.46 %
STOREBRAND NORGE I VERDIPAPIRFOND	840 423	1.44 %
SKANDINAVISKA ENSKILDA BANKEN S.A.	745 291	1.28 %
VISIO ALLOCATOR FUND (UCITS)	742 260	1.27 %
TOTAL 20 LARGEST	40 669 249	69.74 %
OTHERS	17 647 924	30.26 %
TOTAL NUMBER OF SHARES	58 317 173	100.00 %

* Nominee account

Share price

22.50



Share Information

The share price started at NOK 23.90 at the beginning of the year and ended at NOK 22.50 at 31 December 2018. The Data Respons share is listed at OB Match, and 16.3 million shares were traded and 7 585 transactions were registered at the Oslo Stock Exchange during the year. Data Respons had 1 116 shareholders at 31 December 2018. 64 % of the shares are owned by foreign shareholders. Data Respons ASA owned no treasury shares at 31 December 2018. The total number of outstanding shares at 31 December 2018 was 58 317 173.

The customer list includes leading global companies such as ABB, Analogic, Assa Abloy, Audi, Bombardier, Bosch, Cargotec, Cisco, Cobham, Daimler, Ericsson, EnBW, Finanz Informatik, Hexagon, Hydro, Klarna, Kongsberg group, KISTLER, Laerdal Medical, Maquet, National Oilwell Varco, Oticon, Porsche, Raytheon, Rolls Royce, Saab, Scania, Schlumberger, Siemens, Schneider Electric, Statoil, Tele2, TDC, Tomra, Thales, Thermo Fisher Scientific, Volkswagen and Volvo. The number of blue-chip customers is increasing, and the group expects this trend to continue going forward. There is significant business potential in industrial IoT and the digital transformation of our key markets. The trends of increased automation, digitalisation and everything connected (IoT) fit well with both the group's business units and its competence map. We can develop everything, from sensor level to the mobile app, making us an ideal partner for our customers in their digital transition.

Areas in which Data Respons is involved:

- Automotive projects like connected cars, digital transition of car infotainment systems and telematics solutions
- Smart grid/smart home solutions/smart devices/IoT gateways solutions
- Digital ship, transportation and maritime IoT applications
- R&D IT services and system integration, assisting all phases of the full software development cycle
- Digital transition of banking/insurance infrastructure and systems
- Advanced communication systems for security and defence applications
- Projects of transforming telecommunication, mobile structure and connectivity platform towards full IoT accessibility
- Sensor-based smart factory systems
- Data acquisition sensor systems to improve efficiency of oil & gas exploration
- Future medtech applications with IoT solution capabilities and a complete digital software platform
- Software-heavy cloud infrastructure systems
- Software components and solutions for IoT applications
- Software end-to-end systems and digital transition of existing industrial products and installations

Based on feedback from our customers and partners, Data Respons expects a growing market for IoT devices, automation and robotics, advanced communication solutions, connected and integrated systems, and the use of consumer-based technologies (mobility, digitalisation). In addition, there is a growing demand for cost-effective and robust solutions for demanding environmental conditions, areas in which Data Respons has strong competence and experience.

Geographic regions

Data Respons has offices in the Nordic region, Germany and Taiwan. Our business model is based on close cooperation with our customers and understanding their business needs. To facilitate close cooperation, Data Respons believes in having regional offices with skilled engineering staff (specialist level) in key industrial clusters. This builds strategic and long-term relationships, as well as in-depth industry know-how, with our key customers.

The Swedish market accounted for 46% of the total revenue and was the largest market area in 2018. Sweden continued strong revenue growth and profitability improvements. The Swedish part of the group has established a strong position in several market verticals such as Transportation & Automotive, Telecom & Media, Space, Defence & Security, and Industrial Automation, strengthening the ability to win new IoT, digitalisation and embedded solution contracts with large customers. Data Respons in Sweden has strategic framework agreements with more than 30 large industrial companies. Data Respons has offices in Stockholm, Gothenburg and Linkoping.

Germany continued its growth and represented 25% of the group's revenue in 2018. The group has an increasing number of larger blue-chip customers in market verticals like Transport & Automotive, Smart grid/Smart home, Banking/Finance, Renewable Energy and Smart Factory. Germany is the largest embedded and IoT industry market in Europe, estimated to account for 1/3 of the total European market and 10 times the size of the Swedish market. Data Respons has offices in Munich, Berlin, Stuttgart, Leipzig, Ingolstadt, Karlsruhe and Nurnberg.

Norway accounted for 19% of the group's revenue in 2018. The industrial market has improved during 2018 due to positive development in Maritime, Oil & Gas industry and associated sectors, which has led to growth in the revenue for the Norwegian operations. The group has focused on staying close to our key customers and ensuring a cost-effective operation during the challenging market conditions in Norway, which is paying off with growth and increased profitability as the market has started to pick up. Further, the group continues to expand the customer base in sectors such as Industrial Automation, Transport & Automotive, Telecom, Medtech, Public, and Space, Defence & Security. Data Respons has offices in Oslo, Kongsberg, Bergen, Stavanger and Høvik.

The Danish market represented 10% of the group's revenue in 2018. The group has strengthened its position with the acquisition of TechPeople in 2017 and has offices in Copenhagen and Aarhus. Data Respons also has a Quality and Technology Centre in Taiwan, where projects are carried out in cooperation with our Asian partners.

Organisation and work force

At 31 December 2018, the group had 776 employees working at 18 offices in Norway (132), Sweden (293), Denmark (36), Germany (304) and Taiwan (11). The average number of employees at the parent company was 6. The average number of employees in the group was 717 (606), and there were 134 (74) female employees in the group at the end of the year, of which 18 (12) are in top or middle management. In Data Respons, the practice is equal pay for work of equal value regardless of gender. Salary and terms of employment for comparable positions are the same for women and men. Recruitment, promotion and development of the employees are based on merit and equal opportunity regardless of ethnicity, religion, gender, age, national origin, sexual orientation, marital status and disability. Discrimination, bullying or harassment is not accepted at Data Respons. Employees are asked to report incidents of such behaviour to their immediate supervisor or the employee representative.

Corporate governance

Data Respons' organisation is structured and managed in accordance with the Norwegian Code of Practice for Corporate Governance. The Board of Directors states that Data Respons has complied with the code throughout 2018. The Board of Directors' report on corporate governance is available at the group's website: www.datarespons.com/investors.

Objectives

The objectives of the group are to provide products and services, own and manage stocks and shares within IT-related activities, and other activities naturally connected to this.

Nomination committee

Data Respons has incorporated in the articles of association that the group should have a Nomination Committee. The Annual General Meeting elects the Nomination Committee.

The Committee makes proposals to the General Meeting regarding the election of shareholder-elected members to the Board and proposes remuneration of the Board of Directors.

The Annual General Meeting decides the remuneration of the Nomination Committee. The members of the Nomination Committee should be selected to take into account the interests of shareholders in general and the majority of the Committee should be independent of the Board of Directors and senior management. The Committee comprises three members, none of which are Board members or employees at Data Respons. The Committee involves shareholders, Board members and the CEO in proposing candidates to the Board of Directors. Shareholders can propose candidates through the group website.

The Nomination Committee proposes the remuneration of the directors for the coming year to the General Meeting. Proposals from the Nomination Committee are justified and the proposals are made available on the group's website along with the invitation to the AGM. The current members of the Nomination Committee are Bård Brath Ingerø, Fredrik Thoresen and Christian Dahl. In addition, Data Respons has an Election Board for the election of employee representatives to the Board of Directors. The Election Board comprises three members, which are employed at Data Respons.

Board of Directors

The Board of Directors is composed in a way that enables it to maintain the interest of the majority of the group's shareholders. Each Board member is presented on our website (www.datarespons.com/investors), including information about age, skills and experience, and share ownership in Data Respons. The composition of the Board of Directors complies with the requirement that the Board be independent from the group management, and independent from major business associates of the group. Management is not represented on the Board of Directors. At least two of the members of the Board elected by shareholders are independent of Data Respons' main shareholders.

The Chairman of the Board of Directors and other Board members are elected by Data Respons' shareholders in the General Meeting. Board members are elected for a term of one year until the next Annual General Meeting. Board members are encouraged to own shares in Data Respons. Page 13 of the annual report provides a detailed description of the individual members' backgrounds, qualifications and shareholdings. The work of the Board is governed by detailed rules of procedure. The Board has an annual programme of work including specific topics and fixed items, such as the approval of the annual financial statements, interim financial statements and budgets. The Board is also responsible for overall strategy and for setting long-term goals, as well as important decisions about acquisitions, establishment of new operations and major investments. The Board of Directors evaluates its performance and competence annually. A Board member shall not participate in the discussions or decisions of any matters that are of particular personal or financial interest to them or to any related party.

Declaration on the financial statements

We confirm that the financial statements for the year 2018, to the best of our knowledge, have been prepared in accordance with International Financial Reporting Standards (IFRS), gives a true and fair view of the company's and group's consolidated assets, liabilities, financial position and results of operations, and that the annual report includes a fair review of the development, results and position of the company and group, together with a description of the most central risks and uncertainty factors facing the group.

The Board has appointed an Audit Committee that provides assistance to the Board in fulfilling their responsibility to the shareholders, potential shareholders and investment community relating to corporate accounting, reporting practices of the group, and the quality and integrity of the financial reports of the group. As part of this process, the external auditors participate in several meetings of the Audit Committee. In carrying out its responsibilities, the Audit Committee should ensure that the corporate accounting and reporting practices of the group are in accordance with all legal requirements and are of the highest quality. The Audit Committee comprises two Board members.

The Board also appoints a Compensation Committee comprising two Board members. The Board's Compensation Committee is a subcommittee of the Board of Directors of Data Respons ASA and is independent of management. Its role is to prepare for the Board's discussions of questions involving compensation. The Compensation Committee is responsible only to the full corporate Board and its authority is limited to making recommendations to the Board.

In 2018, there were seven directors on the Board, five of whom were elected by the General Meeting and two of whom were elected by the employees. In 2018, the Board held a total of ten meetings. In 2018, there were four men and three women on the Board.

Internal control

The Board of Directors oversees the quality of Data Respons' risk management and ensures that the internal control functions are aligned with our business objectives and sufficiently take into consideration the scope and nature of the group's operations. The Board of Directors evaluates, at least annually, the group's most significant risks and the related internal control measures in place. The Board of Directors oversees and evaluates the group's internal control and risk management functions related to financial reporting. The management is responsible for establishing and maintaining adequate internal control of financial reporting.

The objective of the internal control of financial reporting is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Data Respons' financial statements for external reporting purposes in accordance with International Financial Reporting Standards. The Board of Directors evaluates the effectiveness of internal control of financial reporting annually.

As part of the audit of the financial statements, the external auditor reports on the effectiveness of internal controls related to financial reporting to the Audit Committee and the Board of Directors at least once every year.

Corporate social responsibility

The group aspires to be a responsible corporation in terms of human rights, labour standards, environmental protection and anti-corruption, and has implemented, as a proud member, the Ten Principles of the UN Global Compact. Sustainability is an important focus for Data Respons, and several aspects of our policies are maintained both in internal operations and in our interactions with external stakeholders. These guidelines are embedded in our values and our corporate policies, which are publicly available on the group website: www.datarespons.com/sustainability/.

Taking overall responsibility is a core value at Data Respons. As a responsible business, we strive to address some of the challenges the world is facing in order to contribute to a more sustainable future. This includes addressing climate change, taking responsibility for the health and well-being of our employees, supporting gender equality, promoting female leaders and diversity, and enabling young valuable individuals to have the best opportunities to grow and prosper.

At Data Respons, we believe that technology is imperative to enable a more sustainable future. New technology may support a more efficient use of resources to protect the environment (e.g. improved asset utilisation enabled through sharing platforms or fleet management systems, and smart applications reducing and/or optimising energy consumption). It can also promote a safer and more efficient working environment (e.g. applying AR technology to visualise critical operations or using sensor technology to keep people safe), and enable efficient education and training (e.g. using advanced simulators to train healthcare personnel). Together with our customers, we develop smarter and better products and services for the future, supporting all the UN Global Compact's Sustainable Development Goals. As a group, we are targeting 50 sustainable technology projects per year.

Data Respons has operationalised procedures for product recycling design in order to minimise product life cycle environmental impact. We have taken a clear position to cooperate with customers and give sincere answers to surveys and requests regarding Green Compliance and Conflict Minerals. We have contractual requirements with our key suppliers to include Green Compliance standards such as RoHS 2 (restriction of hazardous substances in electronic equipment) and REACH (registration, evaluation, authorisation and restriction of chemicals).

We are continuously working to reduce emissions from transportation in line with international environmental goals. One goal is to optimise and use transportation by either train or boat for goods originating from Asia. Further environmental goals for the group include development of energy-efficient products, decreasing CO_2 emissions from personal travel, and green purchasing. Environmental goals include delivery of either R&D projects or solutions to a set number of customers within green technology.

Specific environmental goals for the group are measured and revised annually. We will continue to initiate environmental discussions with our customers to investigate how we can reduce the environmental footprint of our deliveries to the end customer. We will continue to place demands on our suppliers and monitor their progress, and we are certain that our actions and demands will ensure a continued responsible value chain in the future.

Keeping our employees healthy and ensuring their well-being is important to Data Respons. Better health fosters lower sick leave and a joyful work environment, which again results in improved performance at work – supporting our high performance culture. We have a strong track record of promoting, motivating and rewarding active employees through our InShape programme.

Diversity, with respect to both gender and ethnicity, can offer significant competitive advantages. Although achieving a gender balance is challenging in a world with few female computer engineers, the group works to promote the profession among young engineers and strives to increase the share of female engineers (18% in 2018) and encourage female leaders. In 2018, the group employed more than 35 nationalities representing all parts of the world.

Young people are our future and we want to be a part of giving coming generations the best starting point possible. This is why Data Respons supports a wide range of initiatives under the common theme “Enabling the Young”. Data Respons is enabling young chess players in Sweden, young technology sprouts in Norway, scholarship programmes in Germany, street children in Nepal to mention a few.

A whistle-blower regime that secures a potential whistle-blower’s complete anonymity is available for all employees. We also have questions on awareness of our policies and whistle-blower systems in our internal audit procedures. This includes an active management approach to any knowledge or rumours of bullying, unwelcome or inappropriate coercion of a sexual nature. Results for several years have shown a strong awareness across the company. Risk analysis is integrated into the agenda of the management review meetings, covering both segment and group top management levels.

We believe that measures undertaken throughout the year have significantly raised the awareness and knowledge of sustainability efforts and policies within the firm, and contributed to our major partners taking important steps in securing a responsible complete value chain. We are continuously striving for a closer integration of our sustainability and CSR policies into our strategy, day-to-day operations and contact with stakeholders. Going forward, we expect improvements and have several actions planned for the immediate future.

Allocation of the result for the year

Data Respons ASA achieved a profit before tax of NOK 73.2 million (10.4) in 2018. Profit for the year was NOK 76.0 million (12.7) and total comprehensive income was NOK 76.0 million (12.7). The Board of Directors propose to distribute a dividend of NOK 1.00 per share for 2018, in total NOK 58.3 million.

Following the resolution by the Annual General Meeting on Friday, 12 April 2019, the DAT share will be traded ex-dividend on Monday, 15 April 2019. Before distribution of dividends, the parent company had equity of NOK 464.8 million at 31 December 2018. The equity in the company accounts for 38% of total assets and is considered adequate based on the extent and risk of the company’s operations.

Outlook

The company believes that the trend towards a more data-driven society will remain strong. The need for smarter and more software-oriented products, platforms and services is becoming increasingly significant for all our customers and in all our market areas. Higher degrees of automation, digitalisation and internet of things are driving forces within all of our markets. There is also an increasing focus on sustainability-oriented technology projects across the customer base.

Data Respons is well-positioned as a complete technology partner for industrial digitalisation, smarter embedded and IoT solutions in the Nordic and German market. The company is diversified in a wide range of vertical industries and has a balanced portfolio of blue-chip customers.

The overall market outlook remains attractive and we see opportunities in all of our key markets. Data Respons seeks to continue its growth through a combination of organic development and selective bolt-on acquisitions in the Nordics and Germany.
Profitable growth and a strengthened position in key markets are Data Respons’ main goals. Based on the current demand from our customers, a focused organisation and a strong order backlog, the company expects growth, increased profitability and a positive cash flow from operations going forward.

THE BOARD OF DIRECTORS OF DATA RESPONS ASA

HØVIK, 19 MARCH 2019

Erik Langaker
CHAIRMAN OF THE BOARD

Janne T. Morstøl
MEMBER OF THE BOARD

Ulla-Britt Fräjdin Hellqvist
MEMBER OF THE BOARD

Martin Burkhalter
MEMBER OF THE BOARD

Morten Thorkildsen
MEMBER OF THE BOARD

Åsa Grübb-Weinberg
MEMBER OF THE BOARD

Marius Westgaard
MEMBER OF THE BOARD

The Board of Directors

Erik Langaker

CHAIRMAN OF THE BOARD
Number of shares: 195 637

Erik Langaker (born 1963) is a full-time technology Investor and entrepreneur. He served as a member of the board of Data Respons from November 2011 to April 2015 and was re-elected as Chairman in April 2016. He has extensive experience in building international technology companies through a combination of organic growth and targeted M&A. His experience includes well-known names like StormGeo Group, LINK Mobility and Talkmore Mobile. He currently serves as Chairman in CMR Surgical (UK) Ltd., CAMO Analytics, Brandmaster and Kezzler and non-exec. Director in HitecVision and Resoptima. In addition, Mr Langaker serves as an advisor to selected PE Groups and on the Board of Human Right Watch (Norway)

Janne T. Morstøl

MEMBER OF THE BOARD
Number of shares: 4 000

Janne T. Morstøl (born 1968) is the CEO at Maritech Systems AS, a company providing software solutions to the global seafood industry. Previously she has spent more than 20 years in the broadcast industry and has held several corporate management positions in Nevion, latest Chief Strategy Officer, and COO/CFO at T-VIPS, a company she co-founded. Before 2004, she held several management positions in Tandberg Television ASA. Ms Morstøl has board experience from listed and unlisted companies. She holds a MSc. in Electronics from NTNU and holds an MBA from the Norwegian School of Economics and Business Administration (NHH).

Morten Thorkildsen

MEMBER OF THE BOARD
Number of shares: 0

Morten Thorkildsen (born 1961) was elected to the Board of Data Respons in April 2018. Mr. Thorkildsen holds a MBA degree from BI Norwegian Business School and a bachelor's degree in Business Organisation from Heriott-Watt University. He has an extensive background from the IT industry having spent 27 years in various roles in IBM (from 2003 until 2013 as Country General Manager for IBM Norway) before becoming CEO of the engineering company Rejlers Norge AS in November 2013. Mr. Thorklidsen has since 2017 been fully employed by the South-Eastern Norway Regional Health Authority as technology advisor and chairman of the board in Sykehuspartner HF. He currently serves as chairman of the board in Itera ASA, chairman of the board in Winorg AS, and has previously been chairman of the board in the Norwegian Computer Association, and a board member of ICT Norway.

Ulla-Britt Fräjdin-Hellqvist

MEMBER OF THE BOARD
Number of shares: 10 000

Fräjdin-Hellqvist (born 1954) was elected to the Board in November 2011. She holds an MSc in Engineering Physics from Chalmers and has held leading positions at Volvo Cars and the Swedish Confederation of Enterprise. She has extensive board experience and is currently Chairman of the Board at Karlstad Innovation Park and board member at several public, private and state owned companies. Fräjdin-Hellqvist works as an independent contractor and partner.

Martin Burkhalter

MEMBER OF THE BOARD
Number of shares: 3 000

Martin Burkhalter (born 1952) was elected to the Board of Data Respons in April 2018. Mr. Burkhalter has extensive leadership experience from international companies such as CEO at Intersport International and President of Reebok EMEA. In April 2006, Mr. Burkhalter joined Vizrt ASA as Chief Commercial Officer, before he became Chief Operating Officer in June 2009 and CEO in May 2010, a position he held for 6 year. Mr. Burkhalter was Senior Vice President and Sports Director at Lillehammer Olympic Organization in 1994 and has board experience from listed company Amer Sports.

Åsa Grübb-Weinberg

EMPLOYEE REPRESENTATIVE
Number of shares: 10 000

Grübb-Weinberg (born 1955) was elected as an employee representative in April 2010. She holds a degree in social studies from Stockholm University and has broad experience from various technology-based companies. Grübb-Weinberg has worked in Data Respons since 2006 and is currently Account Manager at the Stockholm office.

Marius Westgaard

EMPLOYEE REPRESENTATIVE
Number of shares: 1 047

Marius Westgaard (born 1990) was elected as an employee representative in May 2018. He holds an MSc Eng in Engineering Cybernetics from the Norwegian University of Science and Technology (NTNU). Westgaard has worked at Data Respons since 2015 and is currently a Senior Development Engineer at the Høvik office.

Investor information

Data Respons ASA is listed on the Oslo Stock Exchange (Ticker: DAT), and is included in the information technology index.

TRADING AND TRANSACTIONS

	2018	2017
Highest price (NOK)	28.00	29.00
Lowest price (NOK)	21.40	18.60
Price at year end (NOK)	22.50	23.90
Market value (NOK million)	1 312.1	1 229.3
Dividend per share	1.00	1.00

TRADING AND TRANSACTIONS

	2018	2017
Number of transactions	7 585	14 666
Average number of transactions per day	30	54
Number of shares traded (million)	16.3	38.6

SHAREHOLDER STRUCTURE

	2018	2017
Number of shareholders	1 116	1 151
Foreign ownership	64.0%	58.0%
Number of shares outstanding (million)	58.3	51.4

ANALYST COVERAGE

ABG SUNDAL COLLIER
Aksel Øverland Engebakken
aksel.engebakken@abgsc.no

HANDELSBANKEN
Erik Elander
erel05@handelsbanken.se

SB1 MARKETS
Petter Kongslie
petter.kongslie@sb1markets.no

KEPLER CHEUVREUX / SWEDBANK
Andreas Bertheussen
abertheussen@keplercheuvreux.com

REGISTRAR

HANDELSBANKEN
PB 322 Sentrum
011 Oslo
NORWAY

Attn: Arne Roger Harms
araha01@handelsbanken.no

The principal aim of Data Respons' IR work is to create confidence by means of equal treatment of all investors in terms of access to financial information.

All shares have equal rights and are freely transferable. Data Respons has one class of shares and each share carries one vote.

FINANCIAL CALENDAR

12.04.2019 – Annual general meeting

12.04.2019 – Quarterly report Q1

12.07.2019 – Quarterly report Q2

17.10.2019 – Quarterly report Q3

30.01.2020 – Quarterly report Q4

KEY FIGURES

NOK 1000

CONSOLIDATED INCOME STATEMENT	2018	2017	2016	2015	2014
Revenue	1 488 033	1 241 798	1 039 630	963 611	849 226
Operating expenses	1 340 535	1 139 315	965 255	905 126	791 597
EBITDA	147 499	102 483	74 375	58 485	57 629
Depreciation	4 667	3 840	3 724	3 249	3 051
Amortisation and impairment	18 643	8 522	2 213	505	101
Operating profit/loss	124 188	90 121	68 438	54 731	54 477
Profit loss before tax and non-controlling interest	95 059	67 269	68 805	48 514	50 376
Net profit/loss after tax	59 717	45 627	53 010	46 489	40 801

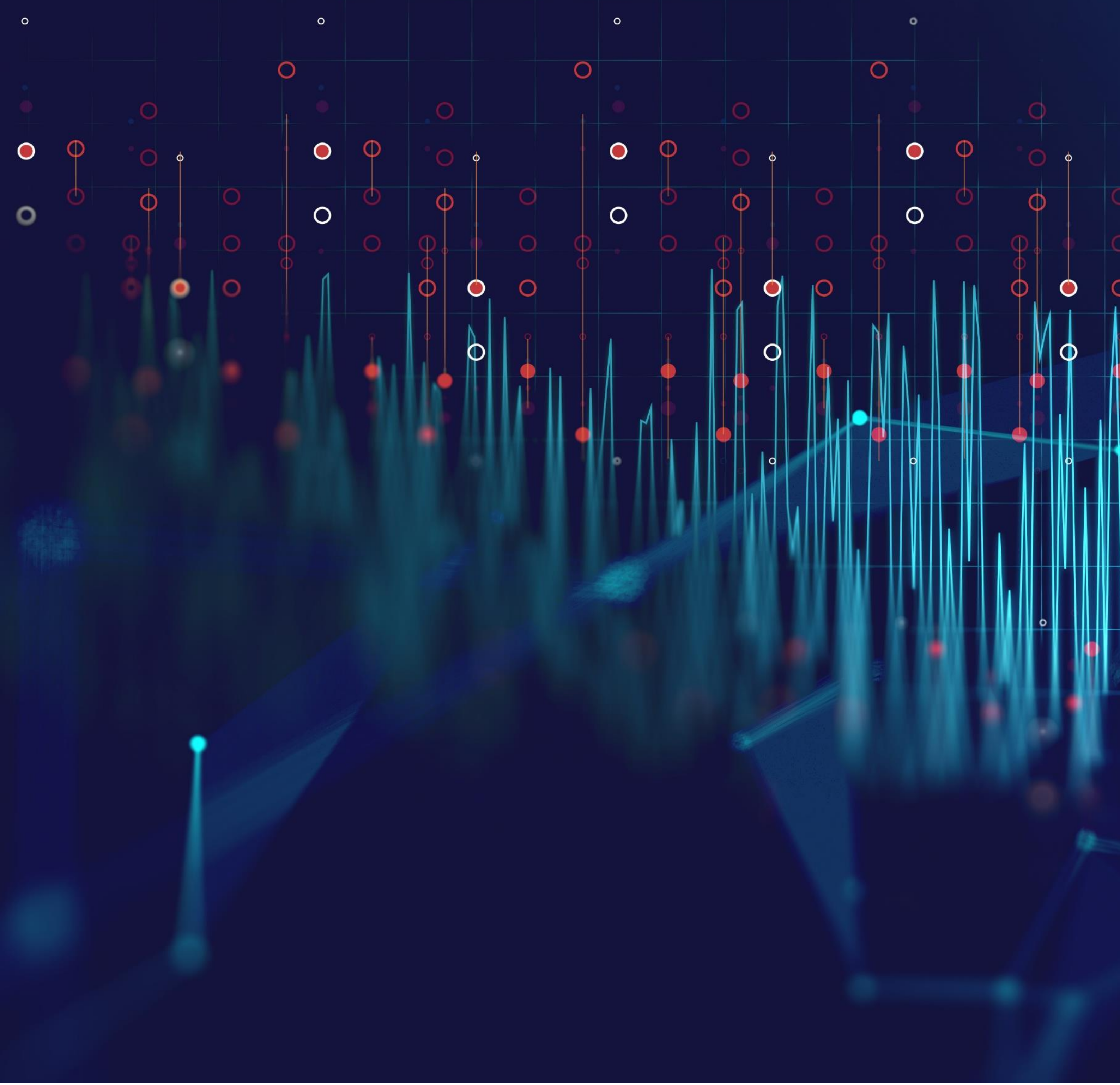
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2018	2017	2016	2015	2014
Total assets	1 637 167	1 138 565	786 082	514 051	460 300
Equity	543 113	346 616	282 789	305 858	288 136
Interest-bearing loans	278 140	170 143	95 332	-	-
Earn-out liabilities	377 721	278 533	146 494	4 651	-
Cash and cash equivalents	82 424	50 663	62 895	39 016	42 833

KEY FIGURES	2018	2017	2016	2015	2014
Revenue growth	19.8 %	19.4 %	7.9 %	13.5 %	6.0 %
Gross margin	53.0 %	50.7 %	50.3 %	45.3 %	46.9 %
EBITDA margin	9.9 %	8.3 %	7.2 %	6.1 %	6.8 %
EBIT margin	8.3 %	7.3 %	6.6 %	5.7 %	6.4 %
Net profit margin	4.0 %	3.7 %	5.1 %	4.8 %	4.8 %
Cash flow from operations	63 364	78 339	79 440	49 413	51 450
Return on equity	13.4 %	14.5 %	18.0 %	15.7 %	14.1 %
Return on total assets	8.9 %	9.4 %	10.5 %	11.2 %	11.6 %
Liquidity ratio	104.0 %	96.2 %	114.5 %	151.2 %	163.5 %
Equity ratio	33.2 %	30.4 %	36.0 %	59.5 %	62.6 %
Working capital	85 250	40 325	(20 039)	64 305	62 428

KEY FIGURES FOR SHARES	2018	2017	2016	2015	2014
Earnings per share (EPS), basic (NOK)	0.98	0.80	0.95	0.87	0.78
Cash flow from operations per share (NOK)	1.16	1.55	1.62	1.01	1.06
Dividend per share (NOK)	1.00	1.00	1.00	1.00	1.00
Book equity per share (NOK)	9.31	6.74	5.74	6.25	5.93
Price / book	2.42	3.55	3.19	2.14	2.19
Number of shares as of 31 December	58 317 173	51 436 157	49 228 794	48 940 794	48 553 794
Average number of shares	54 623 510	50 626 394	49 113 594	48 790 294	48 500 516
Average number of share transactions per day	30	54	19	7	5
Share price as of 31 December (NOK)	22.50	23.90	18.30	13.40	13.00
Market capitalisation (NOK million)	1 312.1	1 229.3	900.9	655.8	631.2

Consolidated financial statements

Data Respons places great importance on providing up-to-date information on its activities and financial development to shareholders and other participants in the securities market.



CONSOLIDATED INCOME STATEMENT

NOK 1000	*Note*	2018	2017
Revenue	2,4,5	1 488 033	1 241 391
Share of profit from associated companies		-	407
Total revenue and other income		1 488 033	1 241 798
Cost of goods sold		699 633	611 894
Employee expenses	6	544 351	447 455
Other operating expenses	3,4,7	96 550	79 966
Depreciation	14	4 667	3 840
Amortisation and impairment	2,14	18 643	8 522
Operating profit/loss		124 188	90 121
Financial income	9,20,21	20 555	36 828
Financial expenses	9,20,21	(49 685)	(59 680)
Profit/loss before tax		95 059	67 269
Income tax expense	10	(35 342)	(21 642)
Profit/loss for the year		59 717	45 627
PROFIT ATTRIBUTABLE TO			
- Equity holders of the company		53 372	40 389
- Non-controlling interest		6 345	5 238
Earnings per share, basic (NOK)	11	0.98	0.80
Earnings per share, diluted (NOK)	11	0.96	0.79

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK 1000	*Note*	2018	2017
Profit for the year		59 717	45 627
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be reclassified to profit or loss			
Currency translation differences in foreign operations		19 195	38 489
Currency translation differences on non-controlling interests		(379)	1 623
Net gain / (loss) on cash flow hedges		229	-
Other comprehensive income		19 045	40 112
Total comprehensive income		78 761	85 739
COMPREHENSIVE INCOME ATTRIBUTABLE TO			
- Equity holders of the company		72 796	78 878
- Non-controlling interest		5 966	6 861

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK 1000	*Note*	2018	2017
ASSETS			
Goodwill	3,14	882 450	614 599
Other intangible assets	3,14	182 204	112 629
Deferred tax assets	2,10	11 617	13 902
Machinery and equipment	14	8 382	8 002
Other non-current assets		3 364	519
Total non-current assets		1 088 017	749 651
Inventories	17	26 273	29 915
Trade receivables	15,19	411 017	284 812
Other current receivables	15	29 436	23 523
Cash and cash equivalents	16	82 424	50 663
Total current assets		549 150	388 914
Total assets		1 637 167	1 138 565

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK 1000	*Note*	2018	2017
EQUITY			
Issued capital	11	29 159	25 718
Share premium	11	396 510	228 317
Retained earnings		90 700	71 854
Equity attributable to equity holders of the company		516 369	325 888
Non-controlling interests	13	26 744	20 727
Total equity		543 113	346 616
LIABILITIES			
Deferred tax liabilities	3,10	55 642	36 714
Interest-bearing loans	19,21	277 241	149 534
Non-current earn-out liabilities	2,19,20	231 927	192 605
Other non-current liabilities		1 074	8 633
Total non-current liabilities		565 885	387 486
Current interest-bearing loans	19,21	899	20 609
Trade payables	19	185 552	144 918
Income tax payable	10	21 704	14 728
Public duties payable		56 825	43 962
Current earn-out liabilities	2,19,20	145 794	85 928
Other current liabilities	18	117 395	94 317
Total current liabilities		528 169	404 463
Total liabilities		1 094 054	791 949
Total equity and liabilities		1 637 167	1 138 565

THE BOARD OF DIRECTORS OF DATA RESPONS ASA

HØVIK, 19 MARCH 2019

Erik Langaker
CHAIRMAN OF THE BOARD

Janne T. Morstøl
MEMBER OF THE BOARD

Ulla-Britt Fräjdin Hellqvist
MEMBER OF THE BOARD

Martin Burkhalter
MEMBER OF THE BOARD

Morten Thorkildsen
MEMBER OF THE BOARD

Åsa Grübb-Weinberg
MEMBER OF THE BOARD

Marius Westergaard
MEMBER OF THE BOARD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK 1000	Note	Attributable to equity holders of the company Issued capital	Share premium	Translation differences	Other equity	Total	Non-controlling interests	Total equity
Equity on 1 January 2017		24 614	176 166	6 212	47 532	254 525	28 264	282 789
Profit for the year					40 389	40 389	5 238	45 627
Other comprehensive income for the year				38 489		38 489	1 623	40 112
Total comprehensive income for the year		-	-	38 489	40 389	78 878	6 861	85 739
Purchase of non-controlling interests					(12 291)	(12 291)	(10 099)	(22 390)
Dividends	11				(49 663)	(49 663)	(4 298)	(53 961)
Employee share option scheme	6				1 184	1 184		1 184
Issue of share capital	11	1 104	52 151			53 255		53 255
Equity on 31 December 2017		25 718	228 317	44 701	27 152	325 888	20 727	346 616
Profit for the year					53 372	53 372	6 345	59 717
Other comprehensive income for the year				19 195	229	19 424	(379)	19 045
Total comprehensive income for the year		-	-	19 195	53 601	72 796	5 966	78 761
Sale of non-controlling interests	13				(995)	(995)	3 671	2 676
Dividends	11				(53 663)	(53 663)	(3 620)	(57 283)
Employee share option scheme	6				711	711		711
Issue of share capital	10	3 441	168 192			171 633		171 633
Equity on 31 December 2018		29 159	396 510	63 896	26 804	516 369	26 744	543 113

CONSOLIDATED STATEMENT OF CASH FLOWS

NOK 1000	*Note*	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax		95 059	67 269
Income tax paid		(43 033)	(10 710)
Depreciation, amortisation and impairment	14	23 310	12 362
Net income from associated companies		-	(407)
Employee share option scheme	6	711	1 184
Net financial items	9	29 130	22 852
Changes in working capital:			
- Inventories		3 643	4 762
- Trade receivables		(114 874)	(23 567)
- Trade payables		31 041	22 655
- Other current assets / liabilities		33 315	(15 945)
Net currency (gains) losses relating to operating activities		4 501	(2 419)
Other adjustments		562	304
Net cash flow from operating activities		63 364	78 339
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired	2,3,14	(243 675)	(159 297)
Purchase of machinery and equipment	14	(3 206)	(3 629)
Interest received	9	439	504
Net cash flow from investing activities		(246 443)	(162 422)
CASH FLOW FROM FINANCING ACTIVITIES			
Net change in interest-bearing loans	21	107 357	69 842
Proceeds from issue of shares	11	171 632	53 255
Interest paid	9,21	(5 905)	(4 471)
Dividends paid to equity holders of the company	11	(53 663)	(49 663)
Dividends paid to non-controlling interests		(3 620)	(4 298)
Other financing activities		-	578
Net cash flow from financing activities		215 801	65 242
Net change in cash and cash equivalents		32 722	(18 840)
Cash and cash equivalents at the start of the period		50 663	62 895
Exchange gains/losses on cash and cash equivalents		(961)	6 609
Cash and cash equivalents at the end of the period	16	82 424	50 663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Accounting principles

General information
Data Respons is a full-service, independent technology company and a leading player in the IoT, Industrial digitalisation and the embedded solutions market. The company is a public limited company, which is listed on the Oslo Stock Exchange and is incorporated in Norway. The company's head office is located at Sandviksveien 26, 1363 Høvik, Norway. These consolidated financial statements of the group have been issued in accordance with approval by the Board of Directors on 19 March 2019 and is subject to approval by the annual general meeting on 12 April 2019.

Statement of compliance
Data Respons' consolidated financial statements for 2018 have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the interpretations set out by the International Accounting Standards Board, as approved by the European Union.

Basis of preparation
The financial statements are based on the historical cost principle except when IFRS requires recognition at fair value. This relates to the measurements of certain financial instruments. The consolidated financial statements are presented in NOK and all values are rounded to the nearest thousand (000), except when otherwise indicated. As a result of rounding differences, numbers or percentages may not add up to the total.

New and amended standards adopted by the group
The accounting policies applied in the consolidated financial statements are consistent with those applied in the previous financial year, except for the implementation of the new accountings standards described below.

IFRS 15 – Revenue from contracts with customers
IFRS 15 superseded IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The group applied the modified retrospective approach as transition method, which required the recognition of the cumulative effect of initially applying IFRS 15 to retained earnings as at 1 January 2018, and not restate prior years. However, since the adoption of the standard had no material impact on the timing of revenue recognition in prior periods, no cumulative adjustment to retained earnings as at 1 January 2018 was made. Refer to note 5 for further information.

IFRS 9 – Financial instruments
The standard introduced new requirements for classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 has not had any impact on the classification and measurement of the group's financial assets and equity instruments. The new requirements for hedge accounting under IFRS 9 has been applied to the hedge relationships entered into in 2018.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the group. The group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New standards and interpretations not yet adopted
At the date of authorisation of these consolidated financial statements, the following standards and interpretations that could materially affect the group's consolidated financial statements were issued but not effective:

IFRS 16 - Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17. Refer to note 23 for expensed lease in the group.

The group will adopt the modified retrospective approach and calculate a lease asset equal to the lease liability at the date of implementation 1 January 2019. The group will therefore not restate prior years. This approach will be applied consistently to all lease contracts. The group has identified the following lease agreements: office, stock, data centers, cars, licenses and office equipment. The group will elect to use the exemptions 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

During 2018, the group has performed a detailed impact assessment of IFRS 16. There will be no impact on the equity on 1 January 2019. In the tables to the right the group has summarised the impacts of IFRS 16 adoption and the estimated full year 2019 impact of IFRS 16 (subject to change with new leases and amendments of current leases):

NOK 1000	
Assets	
Right-of-use assets	64 711
Liabilities	
Lease liability	64 711

NOK 1000	
Other operating expenses	(29 051)
EBITDA	29 051
Depreciation	27 775
EBIT	1 276
Interest expense	1 976
Profit before tax	-700

Currency

Transactions in foreign currency

In preparing the consolidated financial statements, subsidiaries translate transactions in foreign currencies at the exchange rate for the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction.

Foreign operations

The group presentation currency is NOK. This is also the functional currency of the parent company. Each group entity with a different functional currency are translated into NOK using the foreign exchange rate at the balance sheet date for balance sheet items and monthly average rates for the income statement. Data Respons uses daily and monthly currency exchange rates as published by Norges Bank for translations into presentation currency. Foreign exchange differences arising from translation from functional currency to presentation currency are recognised in the statement of other comprehensive income. When a foreign subsidiary is partially or completely disposed of or sold, translation differences related to the subsidiary are recognised in the income statement.

Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Data Respons ASA and its subsidiaries. Control is achieved when the parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Data Respons ASA controls an investee if, and only if, the company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption, and when Data Respons has less than a majority of the voting or similar rights of an investee, the company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- Data Respons' voting rights and potential voting rights

Data Respons re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the company gains control until the date the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Data Respons' accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If Data Respons loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Acquired subsidiaries are recognised in the consolidated financial statements based on the historical cost to the parent company. Historical cost includes best estimate on future additional payments based on earn-out agreements. The historical cost is allocated to identifiable assets and liabilities in the subsidiary, which are recorded in the consolidated financial statements at fair value at the time of acquisition.

Transaction costs are expensed as incurred. Identifiable assets are defined as both tangible fixed assets and intangible assets, excluding goodwill. Any excess value or shortfall in value beyond that which can be attributed to identifiable assets and liabilities is recognised in the balance sheet as goodwill.

Excess values in the consolidated financial statements are depreciated on a straight-line basis over the anticipated economic life of the acquired assets, less any residual value. Goodwill and excess values attributed to intangible assets with an indeterminable useful life are not depreciated, but are tested for impairment in accordance with IFRS.

Associates and joint ventures

An associate is an entity over which Data Respons has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Data Respons' investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in Data Respons' share of net assets of the associate or joint venture since the acquisition date.

Data Respons presents net income according to the equity method from associated companies and joint ventures as part of the company's operating profit. Joint ventures are linked closely to the core operations of Data Respons.

By including share of net income in the operating profit a better view of the group's overall operational performance is provided. The share of revenue from associates and joint ventures is included as a separate line in the condensed consolidated income statement as share of profit from associated companies.

Revenue from contracts with customers

The group delivers R&D engineering services, software development and solutions to a wide range of market segments including Telecom, Transport & Automotive, Industry & Automation, Energy, Finance & Insurance, Medical, Oil Services and Maritime. Revenue from contracts with customers is recognised when control of the solutions or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those solutions or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 3.

Sale of solutions

Revenue from sale of solutions is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the solutions.

A contract modification is treated as a separate contract only if it results in the addition of a distinct performance obligation and the price is reflective of the standalone selling price of that additions performance obligation.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of solutions, the group considers the effects of variable consideration, existence of significant financing components and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration (based on the expected value method) to which it will be entitled in exchange for transferring the solutions to the customer. The variable consideration is estimated at contract inception method and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The group have few contracts for sale of solutions with variable considerations

Significant financing component
Generally, the group receives few short-term advances from its customers. Using the practical expedient in IFRS 15 the group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised solutions or service to the customer and when the customer pays for that solutions or service will be one year or less.

Warranty obligations
Data Respons generally provides for warranties for general repairs and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under IFRS 15, which will continue to be accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice. Provisions related to these assurance-type warranties are recognised when the solution is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually. However, in certain non-standard contracts, the group provides extended warranties, and these warranties will be accounted for as separate performance obligations to which the group allocates a portion of the transaction price.

Sale of R&D Services
Revenue from sale of services are satisfied over time because the customers simultaneously receives and consumes the benefits provided by the group. The contracts are normally based on service agreements with hourly fees. Fixed price contracts are recognised as revenue according to the stage of completion, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the group. The input method used to measure progress is based on number of hours worked, as this is considered to provide a faithful depiction of the transfer of services.

Estimated loss on contracts will be recognised in the income statement in its entirety in the period when it has been identified.

Contracts for bundled sales of solutions and services are comprised of two performance obligations because the promises to transfer solution and services are capable of being distinct and separately identifiable. Accordingly, the group allocates the transaction price based on the relative stand-alone selling prices of the solutions and services.

Contract modifications are accounted for as either a separate contract or as part of the existing contract (either prospectively or through a cumulative catch-up adjustment). This assessment is driven by whether the modification adds distinct solutions and services and the distinct solutions and services are priced at their standalone selling prices.

Contract balances
Contract assets
A contract asset is the right to consideration in exchange for solutions or services transferred to the customer. If the group performs by transferring solutions or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer solutions or services to a customer for which the group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the group transfers solutions or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group performs under the contract.

Cost to fulfil a contract
The group applies the practical expedient to immediately expense contract acquisition costs when the asset resulting from capitalising such costs would have been amortised within one year or less. The group does not incur any costs to obtain a contract and costs to fulfil a contract that are eligible for capitalization.

Current / non-current classification
An asset is classified as current when it is expected to be realised, or is intended for sale or consumption in the group’s normal operating cycle, is held primarily for the purpose of being traded or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the group’s normal operating cycle, is held primarily for the purpose of being traded, if the liability is due to be settled within twelve months after the reporting period or if the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non- current. Financial instruments are classified based on maturity.

Financial instruments

Classification and recognition

Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into classes and categories. A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The group has classified financial assets and liabilities into the following classes: derivative financial assets, other non-current assets, trade receivables, other current receivables, cash and cash equivalents, current – and non-current interest-bearing loans, current – and non-current earn-out liabilities and trade payables.

The categorisation of the financial instrument for measurement purposes is done based on the nature and purpose of the financial instrument and is determined at the initial recognition. The group has financial assets and liabilities classified in the following categories: derivatives designated as hedging instruments with fair value through OCI, fair value through profit or loss, receivables and financial liabilities measured at amortised cost.

The group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument,
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship,
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

Cash flow hedges meet all the qualifying criteria for hedge accounting. The effective portion of the gain or loss on the hedging instrument is recognised in OCI and accumulated as cash flow hedge reserve under other equity. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

The ineffective portion relating to foreign currency contracts is recognised as other expense.

Financial instruments at fair value through profit and loss consist of earn-out liabilities with contingent considerations. Receivables consist of unquoted non-derivative assets with fixed or determinable payments. Financial liabilities (interest-bearing loans and trade payables) measured at amortised cost consist of liabilities that are not a part of the category at fair value through profit or loss. The financial instruments are recognised in the group's statement of financial position as soon as the group becomes a party to the contractual provisions of the instrument, using trade date accounting.

Principles for estimating fair values

The estimated fair values of the group's financial instruments are based on available market prices and the valuation methodologies per class are described below.

Fair value hierarchy

The group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Interest-bearing loans

Interest-bearing loans consist of bank loans and overdrafts, and are classified in the category financial liabilities at amortised cost. These liabilities are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost using the effective interest- rate method.

Receivables

Trade receivables and other receivables are recognised in the balance sheet at nominal value, less provisions for estimated losses. Provisions for losses are made on the basis of individual assessment of the individual receivables, as well as past experience.

Machinery and equipment

Machinery and equipment is recognised in the balance sheet and depreciated on a straight-line basis over the estimated useful life less any residual value. Direct maintenance of machinery and equipment is expensed as other operating expenses, while enhancements or improvements that increase the capacity are added to the cost price and depreciated in line with the asset. Depreciation periods and profiles and residual values are assessed annually.

Intangible assets

Intangible assets consist of identifiable intangible assets. Intangible assets are recognised in the balance sheet if it is probable that the expected future financial benefits attributable to the asset will pass to the company and the asset's historical cost can be measured separately and in a reliable manner. Intangible assets with a limited useful life are recognised at historical cost, less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life. The amortisation period and method are reviewed annually. Intangible assets with an indeterminable useful life are not amortised, but are tested annually for impairment at the balance sheet date, or more frequently if there is an indication of impairment

Goodwill

The difference between the historical cost at the time of acquisition and the fair value of net identifiable assets at the time of acquisition are classified as goodwill. Goodwill is recognised in the balance sheet at historical cost, less any accumulated impairments. Goodwill is not depreciated, but is tested annually for impairment at the balance sheet date, or more frequently if there is an indication of impairment. In cases where negative goodwill is identified in connection with business combinations, the purchase price allocation is reassessed before any negative goodwill is recognised in income.

Leases

The determination of whether an arrangement is (or contains) a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date, fair value of the leased property or, if lower, at the present value of the minimum lease payments. A leased asset is depreciated over the useful life of the asset. An operating lease is a lease other than a finance lease. Operating lease payments are recognised as operating expenses in the income statement on a straight-line basis over the lease term.

Group as a lessor

Data Respons has not entered into arrangements in which the group is a lessor.

Research and development

Costs associated with maintaining software or products are recognised as an expense as incurred. Expenses relating to development activities are recognised in the balance sheet if the following criteria are met;

- Development relates to an identifiable, unique product or software controlled by Data Respons
- There is an ability to use or sell the product or software
- It is technically and commercially feasible to complete the development
- The company intends to and has adequate resources to complete the development
- It can be demonstrated how the product or software will generate probable future economic benefits
- The expenditure attributable to the development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenses are recognised in the balance sheet at historical cost, less any accumulated depreciation and write-downs. Capitalised development expenses are depreciated over the estimated useful life of the asset, which does not exceed three years.

Intangible assets under development, however, are not depreciated and are tested for impairment annually or more frequently if there is an indication of impairment.

.

Provisions

Provisions are made in the financial statements where the group has a liability (legal or self-imposed) as a result of a past incident, if it is probable that a financial settlement will be made as a result of this liability, and if the amount of such a settlement can be measured reliably. If the impact is significant, the provisions are calculated by discounting the estimated future cash flows by a discount rate before tax that reflects the market's pricing of the current value of money and, where relevant, risks specifically linked to the liability.

Provisions for restructuring are included if the group has approved a detailed and formal restructuring plan, and the restructuring has either started or been announced. Provisions for loss-making contracts are included when the group's estimated revenue from a contract is lower than the estimated expenses that will be incurred to fulfil the contractual obligations

Inventories

Purchased inventory is valued at the lower of historical cost (using the FIFO principle) or net realisable value. Write-downs are made for any inventory that is assumed to be obsolete.

Pension liabilities

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Data Respons has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. The group does not have any significant defined benefit pension arrangements.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as payroll expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee share option scheme

Employee share options are calculated at the fair value at the time they are granted and accrued on a linear basis over the vesting period until the earliest exercise date. The employer's social security contributions linked to vested options are accrued correspondingly over the life-span of the option.

Income tax

Income tax expense in the income statement comprises both income tax payable for the period and changes in deferred tax. Deferred tax is calculated at the current tax rate on the basis of temporary differences between the financial accounting and tax-related values, and tax loss carry forward at the end of the financial year. Negative and positive temporary differences that reverse or may reverse during the same period are offset and the tax effect of the net amount is calculated. The tax loss carry forward is recognised in the balance sheet as a deferred tax asset if it is considered adequately probable that the losses can be utilised in the future.

Cash and cash flow statement

The statement of cash flows has been prepared in accordance with the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments that can be converted immediately and without any significant exchange rate risk to a known cash amount, and with maturity date less than three months from the purchase date.

Contingent liabilities and assets

Contingent liabilities are not recognised unless these arise from, and are assessed as a result of business combinations. Material contingent liabilities are disclosed unless the probability of the liability materializing is remote. Contingent assets are not recognised in the annual financial statements.

Events after the balance sheet date

New information received after the balance sheet date relating to the company's financial position at the balance sheet date has been taken into consideration in preparing the annual financial statements. Events occurring after the balance sheet date that do not affect the company's financial position at the balance sheet date, but that will affect the company's financial position in the future are disclosed in if these are material.

Note 2: Significant estimates and judgements

In connection with the preparation of the these group consolidated financial statements, the management has made assumptions and estimates about future events and applied judgements that affects the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that the group management believes to be relevant at the time these group consolidated financial statements are prepared.

The group based its assumptions and estimates on parameters available when these group consolidated financial statements were prepared. Accounting estimates may change because of future events. Estimates and their underlying assumptions are assessed continuously. Changes to accounting estimates are included in the financial statements for the period in which the change occurs. If the changes apply to future periods, the impact is spread over the current and future periods.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Business combinations

All business combinations are accounted for using the acquisition method. Consideration for the acquisition of subsidiaries is measured at the fair value of the transferred assets and obligations assumed. The fair value of any assets or obligations that are contingent on the agreement is also included in the consideration. Identifiable assets and liabilities are recognised at fair value on the acquisition date. The acquisition date is the date on which the acquirer obtains control of the acquiree. To evaluate whether control has been obtained the group has used the guidance in IFRS 10. The group has used acquisition dates at the beginning or end of a month, the date on which it closes its books, rather than the actual acquisition date during the month. This compiles with the requirements in IFRS 3 if the events between the convenience date and the actual acquisition date does not result in material changes in the amounts recognised.

If the business combinations include arrangements for contingent payments to employees or selling shareholders, the group has assessed whether the arrangements are contingent considerations in the business combinations or separate transactions. Important factors when assessing the nature of the arrangement is understanding the reason why the acquisition agreement includes a provision for contingent payments, who initiated the agreement and when the parties entered into the arrangement. If it is not clear whether an arrangement for payments to employees or selling shareholders is part of the exchange for the acquiree or is a transaction separate from the business combination, the group has used the guidance is IFRS 3.

Intangible assets acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values at the date of acquisition. The valuation of intangible assets have been based on value-in-use calculations. Cash forecasts are based on projected discounted cash flows ("DCF") with the following key estimates and judgements; revenue growth, EBIT margin and discount rate. Future revenue growth and EBIT margin are based on management's best estimate and judgement. The assumptions used in the valuation of the intangible assets are the same assumptions used in the valuation of the acquired company.

Amortisation of intangible assets are based on management's estimates of residual value, amortisation method and the useful life of intangible assets. The useful life of an intangible asset is based on an estimated length of time the intangible asset can reasonably be used to generate income and be of benefit to the group. The useful lives of intangible assets are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. A change in estimated useful life is a change in accounting estimate, and amortisation plans are adjusted prospectively.

Earn-out liabilities

Earn-out liabilities are recognised as a contingent consideration, at fair value at the time of the acquisition, based on the facts and circumstances available at that time. Earn-out liabilities are usually contingent on the future financial performance of subsidiaries, which needs to be estimated when calculating the expected earn-out liabilities. The earn-out liabilities are initially recognised and measured at fair value at the date of acquisition, with any subsequent remeasurements recognised in profit or loss. Subsequent remeasurements following the changes in estimates of future financial performance of subsidiaries are recognised as part of the cost of the shares in Data Respons ASA. The determination of the fair value is based on discounted cash flows, and the key assumption is the estimate of the future financial performance of subsidiaries, normally calculated as a multiple of the company's financial performance measured by EBIT.

At each reporting period, the original estimated fair value of the earn-out obligation needs to be adjusted for two reasons. The net present value of cash payments increases as cash settlements move closer in time, requiring an interest cost to be recognised and updated estimates of the company's financial performance may give rise to changes in the expected cash payments needed to settle the earn-out liability. The interest component of the change in earn-out liability is a financial cost as it relates in its entirety to the financial structure of the acquisition. If the acquisition had been financed by external debt, an equivalent interest cost would be charged by the source of external funding. The second component of the change in the earn-out liability arises due to changes in estimates. The expected financial performance of the company either surpasses or falls short of the expected performance at the time of the acquisition. This leads to a new estimate of the fair value of the obligation. The effect of a change in estimates is in accordance with IAS 8 recognised as a financial item in the income statement.

Impairment assessment

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if there is an indication of impairment. Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value, less costs of disposal calculation, is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flow forecasts is based on budgets approved by the Board of Directors, with a five-year projection period and do not include restructuring activities that the group is not yet committed to, or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Intangible assets with an indeterminable useful life are not amortised, but are tested annually for impairment at the balance sheet date, or more frequently if there is an indication of impairment. At the end of the second quarter 2018 the group performed an impairment test of the goodwill allocated to R&D Services Sweden. The impairment test identified a need for impairment of SEK 3 076 thousand, which was recognised during the second quarter. Refer to note 14 for details. The group also performed its annual impairment test in December 2018 and 2017, and no other indications of impairment losses have been identified for any of the group`s CGUs. Refer to note 14 for details.

Revenue from contracts with customers

The group concluded that revenue for services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the group. The fact that another entity would not need to re-perform the services that the group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the group's performance as it performs. The group determined that the input method is the best method in measuring progress of the services because there is a direct relationship between the group's effort (i.e., labour hours incurred) and the transfer of service to the customer. The group recognise revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

A promised solution or service must be distinct to be accounted for as a separate performance obligation when there are multiple promises in a contract. A solution or service is distinct if the customer can benefit from the solution or service either on its own or together with other readily available sources (that is, it is capable of being distinct) and if the service is separately identifiable from the other promises in the contract (that is, distinct in the context of the contract). Determining whether a solution or service is distinct may require significant judgment.

Taxes

Deferred tax assets are recognised to the extent that it is probable that the tax assets will be realised. Significant judgement is required to determine the recognised amount and depends foremost on the expected timing, level of taxable profits as well as tax planning strategies and the existence of taxable temporary differences. The judgements relate primarily to tax losses carried forward in some of the group's foreign operations. When an entity has a history of recent losses, the deferred tax asset arising from unused tax losses is recognised only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Estimated future taxable profit is not considered as convincing evidence unless the entity has demonstrated the ability of generating significant taxable profit for the current year, or there are certain other events providing sufficient evidence of future taxable profit. Uncertainty related to new transactions and events and the interpretation of new tax rules may affect these judgements.

Note 3: Business combinations

On 10 October 2018 Data Respons ASA announced the acquisition of IT Sonix and XPURE, two R&D Services companies situated in Leipzig with 125 employees. The companies are leading niche providers of specialist services and software technology (Java, Embedded, Cloud, Data Science (AI) and agile UXUI) specifically aimed at "Connected Car" solutions, internet of things, mobile services and embedded applications. With the transaction, Data Respons continue to strengthen the presence in Germany and the group`s competence, industry know-how and customer footprint within some of the world's most dynamic and R&D intensive industries. The acquired companies are deeply involved in the ongoing digital transition for some of the leading automotive brands in Germany.

The consideration for the transaction is structured in three parts. The first part was an upfront cash consideration of EUR 9.8 million which was paid at the closing of the transaction. The second part was a private placement of 2.9 million shares in Data Respons ASA that was issued to the sellers one month after closing. The third part is an additional earn-out payment which will be paid based on a positive development in the EBIT of the acquired companies over the next 4 years (2018, 2019, 2020 and 2021). The earn-out payments will be due in Q2 the year following the respective earn-out year with the first payment on 31 May 2019, the second payment on 31 May 2020, third payment on 31 May 2021, and the last payment on 31 May 2022. The earn-out settlements will be a combination of cash and issuance of new shares (up to 50% of the settlement according to Data Respons' desire at the time of payment).

The initial cash consideration has been funded by a combination of existing loan facilities and cash reserves. IT Sonix and XPURE was debt free and had cash in hand at closing. The companies were consolidated into Data Respons' consolidated financial statements from October 2018. Total transaction costs recognised in 2018 amounts to NOK 9 969 thousand. IT Sonix & XPURE had in 2018 total revenues of NOK 138 034 thousand and EBIT of NOK 18 857 thousand, of which NOK 23 991 thousand in revenues and NOK 5 485 thousand in EBIT were recognised in the fourth quarter of 2018.

Based on the preliminary purchase price allocations, the gross purchase prices are estimated to be NOK 165 817 thousand for both IT Sonix and XPURE. Book values of the equity are NOK 12 219 thousand for IT Sonix and NOK 8 733 thousand for XPURE, which gives an excess value of NOK 153 599 thousand for IT Sonix and NOK 157 085 thousand for XPURE. The excess value have been allocated to customer relationship intangible asset of NOK 39 461 thousand for both IT Sonix and XPURE, deferred tax on excess value of NOK 11 838 thousand for both IT Sonix and XPURE, and goodwill of NOK 125 976 thousand for IT Sonix and NOK 129 462 thousand for XPURE. The goodwill in both companies comprise of the value of expected synergies arising from the acquisition, assembled workforce and deferred tax on excess values.

The fair values of the identifiable assets and liabilities of IT Sonix and XPURE as at the date of acquisition were

NOK 1000	IT Sonix	XPURE
Non-current assets	3 522	1 723
Trade receivables	5 084	6 248
Cash & cash equivalents	3 124	6 002
Other current assets	9 911	7 592
Total assets	21 640	21 565
Trade payables	4 071	3 730
Tax and public duties payable	-	6 040
Accrued wages and salaries	1 884	2 935
Other current liabilities	3 467	128
Total liabilities	9 421	12 832
Estimated purchase consideration	165 817	165 817
Net identifiable net assets	12 219	8 733
Total identified excess value	153 599	157 085
Excess value allocated to		
Intangible assets	39 461	39 461
Deferred tax on excess value	(11 838)	(11 838)
Goodwill	125 976	129 462

Note 4: Segments

Operating segments align with internal management reporting to the group's chief operating decision maker, defined as the group management team. The operating segments are determined based on the underlying operations and geographical location. The business segments reported are R&D Services, Solutions and Corporate. Segment result is defined as EBITDA.

R&D Services

The R&D Services segment delivers consultancy services, R&D development projects and experienced specialists with extensive technology and industry knowledge.

Solutions

The Solutions segment delivers customised software, embedded computer products, and lifecycle services.

Corporate

Corporate comprises the activities of corporate services, management and group finance.

2018

NOK 1000	R&D Services	Solutions	Corporate*	Eliminations**	Group
External revenue	1 002 228	485 806			1 488 033
Internal revenue	7 597	2 478	7 916	(17 991)	-
Total revenue	**1 009 825**	**488 284**	**7 916**	**(17 991)**	**1 488 033**
Operating expenses	880 585	439 958	37 983	(17 991)	1 340 535
EBITDA	**129 240**	**48 326**	**(30 067)**	**-**	**147 499**
Depreciation					4 667
Amortisation and impairment					18 643
Operating profit/loss					**124 188**

2017

NOK 1000	R&D Services	Solutions	Corporate*	Eliminations**	Group
External revenue	726 027	515 364			1 241 391
Internal revenue	2 105	894	8 191	(11 191)	-
Share of profit from associated companies		407			407
Total revenue	**728 133**	**516 665**	**8 191**	**(11 191)**	**1 241 798**
Operating expenses	642 842	477 821	29 843	(11 191)	1 139 315
EBITDA	**85 291**	**38 844**	**(21 651)**	**-**	**102 483**
Depreciation					3 840
Amortisation and impairment					8 522
Operating profit/loss					**90 121**

* *The item "corporate" includes all transactions recognised in the parent company Data Respons ASA.*
** *The item "eliminations" includes eliminations of intercompany revenue and expenses.*

Revenue is reported to management in four geographic regions: Norway, Sweden, Denmark and Germany

2018

NOK 1000	R&D Services	Solutions	Eliminations	Group
Norway	108 455	187 251	(8 066)	287 640
Sweden	568 706	114 476	(769)	682 413
Denmark	101 254	46 319	(630)	146 943
Germany	231 409	142 432	(526)	373 315
Eliminations	-	(2 194)	(83)	(2 277)
Total revenue	1 009 825	488 284	(10 075)	1 488 033

2017

NOK 1000	R&D Services	Solutions	Eliminations	Group
Norway	104 448	161 404	(960)	264 891
Sweden	421 447	175 950	(1 148)	596 249
Denmark	80 848	42 387	-	123 236
Germany	121 390	137 775	(527)	258 638
Eliminations	-	(1 259)	(364)	(1 623)
Total revenue	728 133	516 258	(3 000)	1 241 391

Major customers

In 2018, the top 10 largest customer of the group accounted for 43% (40%) of consolidated revenues. The group does not disclose a breakdown per customer, as sales revenues for any customer do not exceed 10% of the total revenue in the group.

Note 5: Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the group's revenue from contracts with customers:

NOK 1000	2018	2017
Type of goods or service		
Sale of Solutions	488 284	516 665
Sale of R&D Services	1 009 825	728 133
Eliminations	*(10 075)*	*(3 000)*
Total revenue from contracts with customers	1 488 033	1 241 798
Geographical markets		
Norway	287 640	264 891
Sweden	682 413	596 249
Denmark	146 943	123 643
Germany	373 315	258 638
Eliminations	*(2 277)*	*(1 623)*
Total revenue from contracts with customers	1 488 033	1 241 798
Timing of revenue recognition		
Goods transferred at a point in time	488 284	516 665
Services transferred over a time	1 009 825	728 133
Eliminations	*(10 075)*	*(3 000)*
Total revenue from contracts with customers	1 488 033	1 241 798
Industries		
Transport & Automotive	424 369	329 112
Space, Defense & Security	173 407	131 267
Industry & Automation	206 468	230 976
Energy & Maritime	172 734	142 481
Medtech	103 955	101 850
Finance & Public	58 408	60 304
Telecom & Media	322 856	218 677
Other	25 836	27 130
Total revenue from contracts with customers	1 488 033	1 241 798

Contract balances

Set out below is the contract balances of the group's revenue from contracts with customers:

NOK 1000	2018	2017
Trade receivables (Note 15)	411 017	284 812
Contract assets (Note 15)	3 511	962
Contract liabilties (Note 18)	2 007	11 888

Contract assets are initially recognised for revenue earned from services as receipt of consideration is conditional on successful completion of the work that was agreed in the service agreement. Upon completion and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. Contract liabilities include long-term advances received to deliver specific solutions and short-term advances received to render services.

Performance obligations

Information about the group`s performance obligations are summarised below:

Sale of Solutions

Solutions segment consist of development and delivery of custom solutions by combining engineering services; with standard embedded computer products from leading partners or deliveries of standard embedded computer service. There could be a number of promised solutions or services in the contracts in the Solutions segment; for example development of solutions, delivery of solutions, maintenance on delivered solutions and support on delivered solutions. All these promises are normally seen as separate performance obligations as the customer can benefit from the solution or service either on its own or together with other readily available sources and the service is separately identifiable from the other promises in the contract. The performance obligations are satisfied upon delivery of the solutions and services are satisfied over time. Payment for solutions is generally due within 30 to 90 days from delivery and payment for services is generally due upon milestones, completion and acceptance of the customer.

Sale of R&D Services

R&D Services segment offers consultancy services (specified in a contract or purchase order) for a range of technology related development projects. The performance obligation is satisfied over-time and payment is generally due upon milestones, completion and acceptance of the customer. Performance obligations in the services contracts are typically comprised of specified consultant work explicitly stated in the arrangement. Normally, there are one performance obligation in the services contracts. However, there could be examples of contracts with multiple performance obligations; development, upgrades, enhancements, installation and support. In practical, the assessment of contract performance obligations, have normally no significant effect on the accounting, since the pricing in the different types of service agreements are based on standalone selling prices and is mainly based on the principle "paid by the hour", which means that the service agreements are priced with hourly fees which are satisfied (and accounted) for as the work is performed. Discounts and variable consideration are typically allocated to all of the performance obligations in an arrangement based on their relative standalone selling price.

Note 6: Employee expenses, remuneration and loans

Employee expenses

NOK 1000	2018	2017
Wages and salaries	408 820	326 517
Social security tax	85 034	70 426
Pension expenses, defined contribution scheme	27 111	23 053
Other benefits	23 386	27 459
Total employee expenses	544 351	447 455

The average number of full time employees in the group was 652 (585) and there were 776 (606) employees at the end of the year. There were 134 (74) female employees in the group, 18 (12) of whom were top or middle managers. In addition to the own employees, the group has 344 (226) subcontractors where the cost is booked as cost of goods sold in the income statement.

The pension expenses are related to defined contribution schemes in the group`s subsidiaries. The group does not have any significant defined benefit pension schemes as of 31 December 2018.

The Norwegian subsidiaries are required to operate a company pension scheme pursuant to the Mandatory Occupational Pension Act, and operates pension schemes that meets these requirements.

Shares, options and remuneration to the CEO, key employees, Board of Directors and Nomination Committee

2018

NOK	Salaries and fees	Pensions	Other benefits in kind	Total remuneration	Number of shares	Number of options
Kenneth Ragnvaldsen, CEO	4 529 411	77 004	193 719	4 800 134	325 595	400 000
Jørn Toppe, COO	1 810 804	74 580	12 873	1 898 257	167 032	160 000
Rune Wahl, CFO	3 307 957	78 252	178 585	3 564 793	124 595	270 000
Erik Langaker, Chairman of the Board, member of M&A commitee and Compensation commitee	465 000			465 000	195 637	
Morten Thorkildsen, Board member and member of the Audit Committee	220 000			220 000		
Janne Morstøl, Board member and member of M&A Commitee	225 000			225 000	4 000	
Ulla-Britt Fräjdin Hellqvist, Board member and member of Compensation Commitee	210 000			210 000	10 000	
Martin Burkhalter, Board member and Chairman of the Audit Committee	230 000			230 000	3 000	
Åsa Grübb Weinberg, Board member, employee representative	50 000			50 000	10 000	
Marius Westergaard, Board member, employee representative (from August 2018)	50 000			50 000	1 047	
Henrik Kai Eriksen, Board member, employee representative (untill August 2018)	-			-	1 000	
Bård Brath Ingerø, Chairman of the Nomination committee	25 000			25 000		
Fredrik Thorsen, member of Nomination committee	20 000			20 000		
Christian Dahl, member of Nomination committee	20 000			20 000		

2017

NOK	Salaries and fees	Pensions	Other benefits in kind	Total remuneration	Number of shares	Number of options
Kenneth Ragnvaldsen, CEO	3 582 193	73 932	112 731	3 768 856	282 000	200 000
Jørn Toppe, COO	1 736 626	72 636	79 952	1 889 214	164 937	90 000
Rune Wahl, CFO	2 614 574	75 132	242 610	2 932 316	81 000	150 000
Erik Langaker, Chairman of the Board, member of M&A commitee and Compensation commitee	465 000			465 000	140 000	
Narve Reiten, Board member, Chairman of the Audit Commitee and member of M&A commitee	255 000			255 000	469 568	
Janne Morstøl, Board member and member of Audit Commitee	220 000			220 000		
Ulla-Britt Fräjdin Hellqvist, Board member and member of Compensation Commitee	210 000			210 000	10 000	
Åsa Grübb Weinberg, Board member, employee representative	50 000			50 000	6 000	
Henrik Kai Eriksen, Board member, employee representative (from August 2017)	50 000			50 000	1 000	
Knut Skumsvoll, Board member, employee representative (untill August 2017)	-			-		
Bård Brath Ingerø, Chairman of the Nomination committee	25 000			25 000		
Lars Martin Lunde, member of Nomination committee	20 000			20 000		
Andreas Berdal Lorentzen, member of Nomination committee	20 000			20 000		

Board's guidelines and main principles for the stipulation of salaries and other remuneration to key employees

Objective
The objective of the remuneration policy for the CEO and other senior management is to provide a competitive compensation that contains incentives to work for profitable growth and long term value creation for the shareholders within the scope of the group's adopted values and strategies. The Board of Directors is in general positive to compensation that ensures convergence of the financial interests of the executive personnel and shareholders.

Authority
The Board shall determine the salary and other remuneration to the CEO. The CEO shall determine the salaries and other remuneration for other senior management. The Board shall establish guidelines for remuneration to other senior management. Any remuneration to other senior management beyond the guidelines shall be approved by the Board of Directors. Any share-based incentive plans should always be approved by the Board.

Guidelines and principles for remuneration
The CEO and other senior management shall be paid a competitive fixed basic salary and other administrative benefits in line with similar positions in comparable companies. In addition to the fixed salary, the CEO and other senior management have annual variable salaries through bonus agreements in which payments are dependent on achieving goals for profitability improvement, growth and cash flow targets for the company. For the CEO and other senior management the variable salary shall be a maximum of 50% of the fixed base salary.

The group has established a share savings programme for employees in order to create dedication for value creation and ensure convergence of the financial interests of the employees and the shareholders. The CEO and other senior management were invited to participate in the programme on equal terms as other employees. Employees subscribed to shares at a maximum of 20% discount to market value at the time of share subscription. The Board of Directors decide the maximum amount of shares that can be subscribed by employees and the discount. In 2018, 300 885 new shares were issued under this programme. Refer to note 11 for further information.

In order to create a long term incentive for value creation and attract and retain key personnel, the company had a share option scheme for the CEO and other senior management in accordance with the approved framework at the annual general meeting held in 2016. The share option scheme with a duration of three years was established to give the company's management incentives to create value for the shareholders.

The CEO and other senior management are covered by the prevailing defined contribution pension schemes on the same terms as other employees. The group does not have any defined benefit pension or insurance schemes. The CEO is entitled to 12 months' salary after termination or amendment of his position/employment. Other senior management have a mutual notice period of up to six months and no special arrangements.

Remuneration to the Board of Directors

On 19 April 2018 the annual general meeting decided that the Board of Directors shall be remunerated with a fixed salary of NOK 420 000, NOK 200 000 and NOK 50 000 for respectively the Chairman of the board, shareholder elected board members, and employee representatives. Based on the current composition of the Board of Directors this amounts to a total of NOK 1 320 000 in remuneration.

In addition, an annual compensation of NOK 30 000 shall be paid to the Chairman of the Audit Committee and NOK 20 000 for the committee members. For the M&A Committee, a compensation of NOK 25 000 shall be paid to each of the two members. For the Compensation Committee, NOK 20 000 shall be paid to the Chairman of the committee and NOK 10 000 shall be paid to other members. For the Nomination committee, NOK 25 000 shall be paid to the leader and NOK 20 000 shall be paid to other members.

No loans or guarantees have been provided to the Board of Directors, key employees, other employees or their related parties. There are no shareholder agreements in Data Respons ASA

Movements in the number of outstanding share options and the associated weighted average exercise prices are as follows

	2018		2017	
NOK	Average exercise	Options	Average exercise	Options
As of 1 January	10.31	480 000	-	-
Granted	27.37	480 000	11.31	480 000
Exercised				
Expired				
Dividend adjustment	(1.00)		(1.00)	
As of 31 December	18.34	960 000	10.31	480 000

The fair value of the options granted to employees has been calculated using the Black & Scholes' valuation model for options. The most important input data included the share price of NOK 11.30 when granted, estimated exercise price of NOK 11.31, estimated volatility of 31.62% based on the share prices over a period of one year leading up to the issue date and a risk-free interest rate of 0.51%. The cost is calculated based on the total of 1 440 000 options to be issued and will be accrued over the vesting period with deductions for the estimated number of forfeited options.

In accordance with IFRS 2, the fair value of options granted to employees is accrued over the vesting period and in 2018 a total of NOK 711 (1 184) thousand was expensed related to options granted to the CEO and key employees.

Remuneration to the auditor (excl. VAT)

NOK 1000	2018	2017
Auditing services	1 622	1 261
Other certification services	280	79
Tax advice	50	26
Other non-auditing services	1 700	641
Total remuneration	3 653	2 007

Note 7: Other operating expenses

NOK 1000	2018	2017
Expenses related to premises and equipment	30 399	23 981
External services	18 834	12 802
IT expenses	11 512	10 559
Travel expenses	12 690	11 485
Office expenses	7 006	5 521
Marketing expenses	7 135	7 932
Other operating expenses	8 976	7 688
Total other operating expenses	96 550	79 966

Note 8: Research and development

The group does not have material costs related to research and devlopment activities. As at 31 December 2018, Data Respons has intangible assets of NOK 1 023 (2 045) thousand related to product development.

Note 9: Net financial items

NOK 1000	2018	2017
Financial income		
Interest income on cash reserves	439	504
Realised / unrealised currency exchange gain	6 217	6 905
Other financial income*	13 899	29 419
Other financial income	20 555	36 828
Financial expenses		
Interest expenses on interest-bearing loans	(7 794)	(5 101)
Interest expenses on earn-out liabilities	(11 481)	(7 881)
Realised / unrealised currency exchange loss	(15 589)	(31 480)
Other financial costs*	(14 821)	(15 219)
Other financial expenses	(49 685)	(59 680)
Net financial items	(29 130)	(22 852)

**Other financial income include positive changes on earn-out liabilities and other financial costs include negative changes on earn-out liabilities. Refer to note 20 for details. In 2017, other financial income also included a remeasurement of the previously held equity interest in TechPeople at the acquisition-date fair value. The remeasurement resulted in a gain of NOK 26 524 thousand.*

Note 10: Income tax

NOK 1000	2018	2017
Summary of temporary differences		
Receivables	(483)	(461)
Other current assets	(421)	(709)
Non-current assets	(9 693)	(9 454)
Receivables in foreign currency	-	(2 109)
Pensions	257	143
Other current liabilities	-	(65)
Total	(10 339)	(12 656)
Untaxed reserves Sweden	9 839	18 591
Tax loss carryforward	(70 390)	(82 594)
Total positive/(negative) temporary differences	(70 890)	(76 658)
Deferred tax asset at current tax rate	19 124	20 614
Of which, deferred tax assets not recognised	7 507	6 712
Deferred tax assets recognised	11 617	13 902
Deferred tax liabilities at current tax rate	55 642	36 714
Deferred tax liabilities recognised	55 642	36 714

The recognised deferred tax assets relate primarily to the tax loss carryforward in Data Respons A/S, which had increased profit in 2018, and it is expected that it will be possible to utilise the deferred tax assets within a seven year period. The tax loss can be carried forward indefinitely. The unrecognised tax loss carryforward relate primarily to Data Respons GmbH of NOK 15 792 thousand in 2018 (NOK 4 738 thousand at 30% tax rate) and Data Respons A/S of NOK 11 378 thousand (NOK 2 503 thousand at 22% tax rate) which, due to uncertainties regarding the amount, was not reported as basis for deferred tax asset.

The recognised deferred tax liabilities relate primarily to the intangible assets identified in previous business combinations. The deferred tax liabilities will be reversed over the amortisation period.

NOK 1000	2018	2017
Income tax for the year consist of		
Income tax payable in Norway	-	-
Income tax payable outside Norway	38 948	26 823
Total income tax payable	38 948	26 823
Change in deferred tax in Norway	2 363	(3 817)
Change in deferred tax outside Norway	(5 970)	(1 365)
Total change in deferred tax	(3 607)	(5 182)
Unrecognised change in deferred tax	-	-
Total income tax expense/(revenue)	35 342	21 642

NOK 1000	2018	2017
Calculation of tax base for the year		
Profit/loss before tax	95 059	67 269
23 % tax (2017: 24 %)	21 863	16 144
Tax effect of:		
Permanent differences	8 670	3 777
Change in not-recognised deferred tax assets	(511)	(247)
Adjustment from previous years	(32)	(145)
Differences in tax rates	5 274	1 880
Change in tax rates	76	232
Income tax expense/(revenue) for the year	35 342	21 642
Effective tax rate	37 %	32 %

The effective income tax rate was primarily influenced by non-taxable financial items related to earn-out liabilities and different tax rates in Sweden, Denmark and Germany.

Note 11: Share capital, shareholders and earnings per share

The registered share capital of Data Respons ASA consisted of 58 317 173 shares with a par value of NOK 0.50 as of 31 December 2018. All shares have equal rights and are freely transferable. Data Respons has one class of shares and each share carries one vote.

A total of 16.3 million shares were traded and 7 585 transactions were registered at the Oslo Stock Exchange during the year. At the end of the year Data Respons had 1 116 shareholders and 64% of the shares were owned by foreign shareholders.

During 2018, no treasury shares were bought or sold. The company did not own any treasury shares at the end of the year.

In March 2018, 2 226 637 new shares were issued at a price NOK 25.00 per share through a private placement. The net proceeds from the private placement were used to strengthen the group's balance sheet, increase the flexibility to finance the group's organic and non-organic growth strategy and for general corporate purposes.

On the annual general meeting on 19 April 2018, the dividend for 2017 of NOK 1.00 per share was approved. The dividend of NOK 53.7 million was paid in May 2018 and the DAT share traded ex dividend on 20 April 2018.

In June 2018, 131 668 new shares were issued at a price of NOK 19.09 per share to the group's employee share saving scheme, and 1 453 494 new shares were issued at a price of NOK 25.24 per share to the sellers of Microdoc.

In July 2018, 96 217 new shares were issued at a price of NOK 19.09 per share to the group's employee share saving scheme for the employees in Sweden. In October 2018, 2 900 000 new shares were issued at a price of NOK 25.77 per share to the sellers of IT Sonix and XPURE.

In November 2018, 73 000 new shares were issued at a price of NOK 21.14 per share to the group's employee share saving scheme for group management.

Top 20 shareholders

Shareholder	Ordinary shares	%
HANDELSBANKEN FONDER AB	4 662 775	8.00 %
MP PENSJON PK	4 493 055	7.70 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	3 472 509	5.95 %
FONDITA NORDIC MICRO CAP INVESTMEN	3 070 000	5.26 %
AKTIA FUNDS	2 992 466	5.13 %
DR. LASSMANN INVEST GMBH	2 900 000	4.97 %
NORDEA NORDIC SMALL CAP FUND	2 669 746	4.58 %
DNB NOR MARKETS	2 662 553	4.57 %
HSBC TTEE MARLB EUROPEAN TRUST	1 871 434	3.21 %
HERALD INVESTMENT TRUST PLC	1 550 287	2.66 %
VARNER INVEST AS	1 500 000	2.57 %
DANSKE INVEST NORGE VEKST	1 337 820	2.29 %
CLEARSTREAM BANKING S.A. (nominee account)	1 286 391	2.21 %
LANNEBO NANOCAP	1 165 626	2.00 %
STOREBRAND VEKST VERDIPAPIRFOND	974 201	1.67 %
BNP PARIBAS SECURITIES SERVICES (nominee account)	882 412	1.51 %
MUSTAD INDUSTRIER AS	850 000	1.46 %
STOREBRAND NORGE I VERDIPAPIRFOND	840 423	1.44 %
SKANDINAVISKA ENSKILDA BANKEN S.A. (nominee account)	745 291	1.28 %
VISIO ALLOCATOR FUND (UCITS)	742 260	1.27 %
Total 20 largest	40 669 249	69.74 %
	17 647 924	30.26 %
Total number of shares	58 317 173	100.00 %

Share issues in 2018

Date	Type	Subscription price	Number of shares	After new issue
27.03.2018	Capital increase	25.00	2 226 637	53 662 794
15.06.2018	Capital increase	25.24	1 453 494	55 116 288
15.06.2018	Capital increase	19.09	131 668	55 247 956
25.07.2018	Capital increase	19.09	96 217	55 344 173
19.10.2018	Capital increase	25.77	2 900 000	58 244 173
22.11.2018	Capital increase	21.14	73 000	58 317 173

Power of attorney to issue shares and purchase treasury shares

Passed	Type	Year issued	Maximum share limit	Shares issued / purchased	Remaining number of shares	Duration
19.04.2018	Capital increase	2018	4 800 000	4 654 379	145 621	12.04.2019
19.04.2018	Treasury shares	2018	300 000		300 000	12.04.2019

The Board of Directors has been granted power of attorney to increase the company's share capital by a maximum of NOK 2 400 000 through the issue of maximum 4 800 000 new shares, each with a par value of NOK 0.50. The authorisation is valid until the annual general assembly in 2019 and can be used by the board in connection with acquisitions of new companies within the group's core business and strategy, in connection with the group's employee share option scheme or to raise cash. The company's shareholders have waived their pre-emptive subscription rights in accordance with Section 10-4 of the Norwegian Public Limited Companies Act. The board may decide that the share deposit shall take the form of assets other than cash or rights to incur particular obligations for the company pursuant to Section 10-2 of the Norwegian Public Limited Liability Companies Act.

The Board of Directors has been granted power of attorney to purchase up to 300 000 treasury shares with an equivalent nominal value of NOK 150 000. The amount which may be paid per share is to be minimum NOK 5.00 and maximum NOK 50.00. The board is free to choose the method by which the purchase or sale is executed. The authorisation is valid until the annual general assembly in 2019. The purpose of the authorisation is to give the company the facility to implement buy-back of shares with subsequent cancellation, in order to optimise the company's capital structure. Furthermore, the company wishes to be able to use such authorisation to purchase and sell treasury shares in connection with complete or partial settlement for acquired companies or in connection with the company's employee share saving scheme

Earnings per share

The earnings per share ratio is calculated by dividing the profit/loss for the year attributable to the company's shareholders by a time-weighted average of outstanding ordinary shares throughout the year, less the company's treasury shares.

The diluted earnings per share ratio is based on the same calculation as above, however, it also takes into account potential shares that have been outstanding during the period and will have a diluting effect, i.e. reduce the earnings per share for the ordinary shares. The company has only one category of potential shares that can result in dilution: share options. Potential ordinary shares are treated as dilutive only if their conversion to ordinary shares would decrease profit per share or increase loss per share from continuing operations attributable to ordinary equity holders.

NOK 1000	2018	2017
Profit/loss for the year attributable to the company's shareholders	53 372	40 389
Weighted average number of outstanding shares (1000)	54 624	50 626
Effect of dilution:		
- Employee share option scheme	960	480
Weighted average number of outstanding shares, diluted (1000)	55 584	51 106
Earnings per share, basic	0.98	0.80
Earnings per share, diluted	0.96	0.79

Calculation of time-weighted shares

Date	No. of shares	No. of days	Weighted no. of shares
01.01.2018	51 436 157	86	12 287 526
27.03.2018	53 662 794	78	11 626 939
15.06.2018	55 247 956	40	6 138 662
25.07.2018	55 344 173	84	12 913 640
19.10.2018	58 244 173	33	5 339 049
22.11.2018	58 317 173	39	6 317 694
		360	54 623 510

Dividends

On the annual general meeting on 19 April 2018, the dividend for 2017 of NOK 1.00 per share was approved. The dividend of NOK 53 663 thousand was paid in May 2018 and the DAT share traded ex dividend on 20 April 2018.

The Board of Directors propose to distribute a dividend of NOK 1.00 per share for 2018. Following the resolution by the annual general meeting on 12 April 2019 the DAT share will be traded ex dividend on 15 April 2019.

Note 12: Subsidiaries

The following subsidiaries are included in the consolidated financial statements:

Company	Owned by	Date of acquisition	Registered office	Total ownership and voting interest
Data Respons Asia AS	Data Respons ASA	17.02.2000	Bærum (NO)	100 %
Data Respons Norge AS	Data Respons ASA	27.11.2001	Bærum (NO)	100 %
Data Respons AB	Data Respons ASA	27.11.2001	Stockholm (SE)	100 %
Data Respons A/S	Data Respons ASA	27.11.2001	København (DK)	100 %
Data Respons GmbH	Data Respons ASA	17.02.2005	Karlsruhe / Erlangen (DE)	100 %
Data Respons R&D Services AS	Data Respons ASA	01.04.2006	Bærum (NO)	100 %
Sylog Sverige AB	Data Respons ASA	06.07.2007	Stockholm (SE)	83 %
Professional Finder AB	Sylog Sverige AB	06.07.2007	Stockholm (SE)	83 %
YABS AB	Sylog Sverige AB	08.10.2013	Stockholm (SE)	66 %
iWise AB	Sylog Sverige AB	05.12.2013	Stockholm (SE)	62 %
Sylog Väst AB	Sylog Sverige AB	26.09.2014	Göteborg (SE)	83 %
Sylog Öst AB	Sylog Sverige AB	10.06.2015	Linköping (SE)	66 %
South Pole Consulting AB	Sylog Sverige AB	26.01.2016	Stockholm (SE)	83 %
Sylog Epic AB	Sylog Sverige AB	31.08.2016	Stockholm (SE)	66 %
MicroDoc Computersysteme GmbH	Data Respons ASA	26.09.2016	Munich (DE)	100 %
MicroDoc Software GmbH	Microdoc Computersysteme GmbH	26.09.2016	Munich (DE)	100 %
Atero AB	Sylog Sverige AB	27.10.2016	Linköping (SE)	83 %
TechPeople A/S	Data Respons ASA	01.03.2017	Herlev (DK)	100 %
EPOS CAT GmbH	Data Respons ASA	30.11.2017	Ingolstadt (DE)	100 %
IT Sonix custom development GmbH	Data Respons ASA	10.10.2018	Leipzig (DE)	100 %
XPURE GmbH	Data Respons ASA	10.10.2018	Leipzig (DE)	100 %

Note 13: Non-controlling interests

Data Respons controls 83% of shares and voting rights in the subsidiary Sylog Sverige AB, and non-controlling interests hold the remaining 17%. Sylog Sverige AB owns 100% of shares and voting rights in Professional Finder AB, Sylog Väst AB, South Pole Consulting AB and Atero AB. Sylog Sverige AB also owns 75% of the shares and voting rights in iWise and 80% of shares and voting rights in YABS AB, Sylog Öst AB and Sylog Epic AB.

Sylog Sverige AB' shareholding in iWise decreased from 100% to 75% during 2018, when Sylog Sverige AB on 16 April 2018 entered into an agreement with Matoha Holding AB to sell 25% of the shares in iWise AB. It was agreed a cash consideration of SEK 2 759 thousand. Changes in ownership interests in subsidiaries has been recorded as an equity transaction in accordance with IAS 27. The difference between the changes of the minority interests (SEK 3 784 thousand) and the consideration (SEK 2 759 thousand) has been booked directly to equity (SEK 1 025 thousand).

Profit allocated to non-controlling interests were NOK 6 345 thousand (5 238) in 2018. At the end of the year the equity attributable to the non-controlling interests, amounted to NOK 26 744 thousand (20 727).

The non-controlling interests in Sylog Sverige AB is considered material and the financial information are provided below:

NOK 1000	2018	2017
Current assets	215 512	138 593
Non-current assets	40 670	45 281
Current liabilities	194 312	126 336
Non-current liabilities	3 003	8 700
Revenue	569 351	376 183
Profit or loss after tax	19 060	21 087
Dividends paid to non-controlling interests	3 620	4 298

Other non-controlling interests are not considered material on a standalone basis and the summarised financial information are provided below:

NOK 1000	2018	2017
Current assets	76 345	61 154
Non-current assets	-	-
Current liabilities	61 382	48 073
Non-current liabilities	-	-
Revenue	35 491	43 876
Profit or loss after tax	11 387	2 198

The figures above include the fully owned subsidiaries of Sylog Sverige AB: Professional Finder AB, Sylog Väst AB , South Pole Consulting AB and Atero AB. Also includes YABS AB, Sylog Öst AB and Sylog Epic AB which are owned 80% by Sylog Sverige AB and iWise which are owned 85% by Sylog Sverige AB

Note 14: Goodwill, intangible assets, machinery and equipment

NOK 1000	Goodwill	Customer relationship	Other intangible assets	Total intangible assets	Machinery and equipment
Cost or valuation on 1 January 2017	516 879	50 865	7 570	575 313	75 558
Additions	215 761	62 945	254	278 960	3 629
Translation differences	26 959	4 204		31 163	1 708
Additions/disposals from acquired/sold companies				-	1 074
Cost or valuation on 31 December 2017	**759 599**	**118 014**	**7 824**	**885 436**	**81 969**
Accum. depr. and impairm. on 1 January 2017	145 000	1 286	3 900	150 186	67 660
Depreciation / amortisation for the year		6 935	1 587	8 522	3 840
Translation differences		(500)		(500)	2 467
Additions/disposals from acquired/sold companies				-	
Accum. depr. and impairm. on 31 December 2017	**145 000**	**7 721**	**5 487**	**158 208**	**73 967**
Net book value on 31 December 2017	**614 599**	**110 293**	**2 337**	**727 228**	**8 002**
Cost or valuation on 1 January 2018	759 599	118 014	7 824	885 436	81 969
Additions	255 438	78 922		334 360	3 206
Translation differences	14 329	3 179	(965)	16 543	(599)
Additions/disposals from acquired/sold companies	937		1 969	2 906	1 714
Cost or valuation on 31 December 2018	**1 030 303**	**200 115**	**8 828**	**1 239 246**	**86 291**
Accum. depr. and impairm. on 1 January 2018	145 000	7 721	5 487	158 208	73 967
Depreciation / amortisation for the year		14 767	1 023	15 790	4 667
Impairment	2 853			2 853	
Translation differences		(2 259)		(2 259)	(726)
Additions/disposals from acquired/sold companies				-	
Accum. depr. and impairm. on 31 December 2018	**147 853**	**20 229**	**6 510**	**174 592**	**77 909**
Net book value on 31 December 2018	**882 450**	**179 886**	**2 318**	**1 064 653**	**8 382**

Goodwill

Data Respons acquired IT Sonix & XPURE in 2018, and recognised a total goodwill of NOK 255 438 thousand related to the acquisitions. Refer to note 3 for further information.

Goodwill is recorded in functional currency and as a result, changes in currency exchange rates affect the value of goodwill. Compared to the currency rate at the acquisition date, goodwill was adjusted upwards by NOK 46 512 thousand at the end of 2018, compared to an upwards adjustment of NOK 32 183 thousand at the end of 2017.

Sylog Sverige AB' shareholding in iWise decreased from 100% to 75% during 2018, when Sylog Sverige AB on 16 April 2018 entered into an agreement with Matoha Holding AB to sell 25% of the shares in iWise AB. As the consideration of the shares was lower than the book value of the shares, the group assessed whether there was any indication of impairment of the goodwill allocated to R&D Services Sweden. The impairment test performed identified a need for impairment of NOK 2 853 thousand of the goodwill allocated to R&D Services Sweden. The impairment loss was recognised in the second quarter of 2018.

Allocation of goodwill

(NOK 1000)	2018	2017
R&D Services Norway	62 000	62 000
R&D Services Sweden	102 524	108 716
R&D Services Denmark	54 550	54 124
R&D Services Germany - Microdoc	167 222	165 407
R&D Services Germany - EPOS CAT	168 744	166 912
R&D Services Germany - IT Sonix	133 382	-
R&D Services Germany - XPURE	136 051	-
Solutions Germany - Microdoc	27 458	27 160
Solutions Germany - Data Respons	21 971	21 733
Solutions Norway	8 548	8 548
Total	882 450	614 599

Impairment test of goodwill

Goodwill recognised through the acquisition of companies and units is allocated to the individual cash generating unit, if the cash flows are still identifiable. The recoverable amount for the cash flow-generating units is calculated based on value in use calculations by using cash flow forecasts for the business operations. Cash flow forecasts are based on budgets approved by the Board of Directors for 2019, with a projection for a five-year period based on the assumptions below. Cash flows beyond the budgeted period are extrapolated using estimated growth rates for the individual units. Future EBIT margin and cash flow is based on the management's best estimate and judgment.

The most significant assumptions for calculation of the recoverable amount are as follows:

Discount rate

A calculated WACC of 7.4% (7.3%) after tax has been used as the discount rate for all units. CGUs in the group are based in the Nordic / Northern European region, and regional differences are estimated to not make a significant impact on the applied WACC rate at the balance sheet date. The corresponding WACC before tax is 9.6% (9.3%). The WACC before tax is calculated by determining the effective discount rate that, applied to the undiscounted pre-tax cash flows, results in the (post-tax) VIU amount.

Revenue growth

Historically the group has achieved a strong growth, and management believe that the long-term outlook for specialist consulting services, embedded solutions and IoT market is positive. However, as the group is focusing efforts in key markets and downsizing less profitable business units, growth rates are expected to vary among the cash generating units. Expected growth rates in 2019 vary between -2% and 16% (-2 to 11%). Beyond 2019, the group expects growth rates at 2.5% to 10% (2.5% to 10%) in the forecasted four-year period.

Extrapolated growth rate

The growth rate beyond five years has been set at 2% (2%) for all units.

EBIT margin

The group has used EBIT margins that reflect management's best estimate of earnings potential in the period. EBIT margins applied in the calculation of value-in-use range from 5 % to 30 % (5 to 30 %), dependent on past financial performance and expected profit margins for each unit.

Sensitivities

An impairment loss of NOK 2 853 thousand was recognised in 2018 in R&D Services Sweden. No other indications of impairment losses have been identified for the other cash generating units; R&D Services Norway, R&D Services Germany - Microdoc, R&D Services Germany - EPOS CAT, R&D Services Germany – IT Sonix, R&D Services Germany – XPURE, R&D Services Denmark, Solutions Germany - Microdoc, Solutions Germany - Data Respons and Solutions Norway in 2018. The recoverable amounts of these CGUs exceed their carrying amounts by significant margins. A sensitivity analysis has been performed for these CGUs, in order to determine if a reasonable change in key assumptions would cause the units' carrying amounts to exceed their recoverable amounts. A reduction in the estimated growth rate by 5 percentage points, a reduction in the estimated EBIT margin by 1 percentage point or an increase in WACC after tax by 1 percentage point would not lead to impairment losses in either of the units.

Other intangible assets

Intangible assets consist of intangible assets recognised at fair value upon the acquisition of companies and capitalised development expenses. Customer relationship is related to the acquisitions of Microdoc in 2016, EPOS CAT and TechPeople in 2017 and IT Sonix and XPURE in 2018. See note 3 for further information on the 2018 acquisition of IT Sonix and XPURE. Intangible assets are amortised over the life of the asset, which is estimated to be from 2.5 to 10 years.

Machinery and equipment

The group use straight-line depreciation for all machinery and equipment. The estimated economic life of machinery and equipment is 3 to 5 years.

Note 15: Trade and other receivables

NOK 1000	2018	2017
Trade receivables	411 683	285 314
Provisions for impairment of receivables	(666)	(502)
Trade receivables, net	411 017	284 812
Accrued revenue	3 511	962
Prepayments	12 282	11 903
Other current receivables	13 644	10 659
Total other receivables	29 436	23 523
Total receivables	440 453	308 335
Provisions as of 1 January	502	739
Realised losses	(36)	(91)
Changes in provisions for the period	199	(146)
Provisions as of 31 December	666	502

Losses on trade receivables are classified as other operating expenses in the income statement. The provision for loss is measured at an amount equal to lifetime expected credit losses

As of 31 December 2018, Data Respons Norge AS had an accounts receivable of NOK 8 million excl. VAT to READ AS. The receivable is secured with a parent company guarantee from READ Group AS, with a pledge in the company`s assets. On 12 February 2019, READ AS was declared bankrupt by the district court in Asker and Bærum, and Data Respons Norge AS has claimed READ Group AS for the outstanding amount. While the outcome of this matter is uncertain, group management is of the opinion that, on the basis of the information currently available, this matter will be resolved without causing any material impairment, and no provisions have therefore been made related to this matter as of 31 December 2018.

Ageing analysis of trade receivables

NOK 1000	Carrying amount	Not due	Number of days past due date		
			0-30	31-60	61+
Trade receivables as of 31 December 2018	412 574	367 088	23 089	7 331	15 066
Trade receivables as of 31 December 2017	285 314	230 550	36 527	6 528	11 709

Note 16: Cash and cash equivalents

NOK 1000	2018	2017
Cash and bank deposits	82 424	50 663
- of which restricted	(4 400)	(4 622)
Unrestricted cash and cash equivalents	78 024	46 041
Unutilised overdraft facilities	50 000	40 000
Unutilised other credit facilities	121 860	32 000
Cash reserve	249 884	118 041

Data Respons has established a corporate account system in which Data Respons ASA is the corporate account holder, while the other group companies are subaccount holders. The bank can set off any withdrawals or deposits against each other. The net position represents the balance between the bank and Data Respons ASA. As of 31 December 2018 there was a net positive balance in the corporate account system of NOK 25 334 (7 473) thousand. The overdraft limit for the corporate cash pool system is NOK 50 000 (40 000) thousand, and the group had unrestricted cash outside the cash pool of NOK 52 690 (38 568) thousand.

On 18 May 2018, the group signed a 5 year NOK 400 million multicurrency revolving credit facility with Swedbank AB and Handelsbanken Norwegian Branch of Svenske Handelsbanken AB. As of 31 December 2018, a total of NOK 278 140 thousand was drawn under the credit facilities.

The total unutilised cash reserve for the group at 31 December 2018 is NOK 249 884 (118 041) thousand. Restricted cash consists of employee's tax deductions of NOK 4 400 (4 622) thousand.

The revolving credit facility of NOK 400 million is available to the company for five years until 2023.

Data Respons is subject to certain covenants as part of its revolving credit facilities. The equity ratio should be minimum 25% for the group, and as of 31 December 2018, the ratio was 33.2% (30.4). The equity ratio covenant was reduced from 30% to 25% as part of the refinancing in the second quarter of 2018. Furthermore, there is a covenant requirement that the leverage ratio should not exceed 3.0. As of 31 December 2018, the ratio was 1.2 (1.2).

Note 17: Inventories

NOK 1000	2018	2017
Goods purchased for resale		
Historical cost	26 776	30 684
Write-down and provisions for obsolescence	(504)	(769)
Book value	26 273	29 915

Note 18: Other current liabilities

NOK 1000	2018	2017
Prepayments from customers	2 007	11 888
Accrued wages	53 689	40 246
Accrued expenses	61 699	42 183
Total other current liabilities	117 395	94 317

Note 19: Financial assets and liabilities

Financial instruments and their carrying amounts recognised in the consolidated statement of financial position at 31 December, as defined by IAS 39, are presented below. There are no significant differences between total carrying value and fair value.

2018

NOK 000	Derivatives designated as hedging instruments (FVTOCI*)	Fair value through profit or loss	Receivables	Financial liabilities at amortised cost	Total carrying amount
Financial assets					
Derivative financial assets	229				229
Other non-current assets			3 135		3 135
Trade receivables			411 017		411 017
Other current receivables			29 436		29 436
Cash and cash equivalents			82 424		82 424
Total financial assets	229	-	526 012	-	526 242
Financial liabilities					
Non-current Interest-bearing loans				277 241	277 241
Non-current earn-out liabilities		231 927			231 927
Current interest-bearing loans				899	899
Current earn-out liabilities		145 794			145 794
Trade payables				185 552	185 552
Total financial liabilities	-	377 721	-	463 692	841 413

2017

NOK 000	Derivatives designated as hedging instruments (FVTOCI*)	Fair value through profit or loss	Receivables	Financial liabilities at amortised cost	Total carrying amount
Financial assets					
Other non-current assets			519		519
Trade receivables			284 812		284 812
Other current receivables			23 523		23 523
Cash and cash equivalents			50 663		50 663
Total financial assets	-	-	359 518	-	359 518
Financial liabilities					
Non-current Interest-bearing loans				149 534	149 534
Non-current earn-out liabilities		192 605			192 605
Current interest-bearing loans				20 609	20 609
Current earn-out liabilities		85 928			85 928
Trade payables				144 918	144 918
Total financial liabilities	-	278 533	-	315 061	593 594

**FVTOCI: Fair value through other comprehensive income*

Derivative financial assets

Derivatives designated as hedging instruments reflect the positive changes in fair value of USD/DKK foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future purchases in USD. The foreign exchange forward contract balances vary with the level of expected foreign currency purchases and changes in foreign exchange forward rates.

The foreign exchange forward contracts are entered into to eliminate the credit risk in a transaction where the purchases from the supplier are in USD and the sales to the customer are in DKK.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts 100% match the terms of the expected highly probable forecast transactions (amounts and expected payment dates). The group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components. To test the hedge effectiveness, the group uses the hypothetical derivative method and compared the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks, and no hedge ineffectiveness was identified. Refer to note 22 for further information on currency risk.

The foregin exchange forward contracts are classified as other non-current assets (NOK 229 thousand) in the statement of financial position. Changes in the fair value are recognised through OCI.

The group is holding the following foreign exchange forward contracts:

NOK 1000	Maturity				
	1-3 months	3-6 months	6-9 months	9-12 months	Total
Foreign exchange forward contracts					
Notional amount (in USD 1000)	49	680	834	415	1 977
Average forward rate (USD/DKK)	6.515	6.476	6.422	6.379	-

Note 20: Fair value measurements

NOK 1000	Fair value level	Category	2018	2017
Current earn-out liabilities	3	FVTPL*	145 794	85 928
Non-current earn-out liabilities	3	FVTPL*	231 927	192 605
Total			377 721	278 533

**FVTPL: Fair value through profit and loss*

Data Respons has earn-out liabilities that are initially recognised and measured at fair value at the date of acquisition, with any subsequent remeasurements recognised in profit or loss. The fair value of the earn-out liabilities is calculated by estimating the future financial performance of subsidiaries, normally calculated as a multiple of the company's financial performance measured by EBIT.

The earn-out liabilities are classified in the statement of financial position as disclosed in the table above. There are no significant differences between total carrying value and fair value. Re-estimation effects following changes in estimates of future financial performance of subsidiaries are recognised as net financial items in the income statement.

Data Respons has earn-out liabilities in foreign currencies and is as such exposed to currency fluctuations when translating into the group currency NOK. As of 31 December 2018 the total earn-out liabilities consists of EUR 35 934 thousand (25 095), SEK 6 975 thousand (12 125) and DKK 10 193 thousand (14 730). In 2018, Data Respons recognised a net foreign currency loss of NOK 9 642 thousand (11 355) on the earn-out liabilities in foreign currencies.

As the financial performance of Microdoc for 2018 surpassed the expected performance at the time of the acquisition, Data Respons has re-estimated the earn-out liability at 31 December 2018, resulting in an increase of the earn-out liability of NOK 11 206 thousand. As the financial performance of EPOS for the earn-out period is expected to fell short of the expected performance at the time of the acquisition, Data Respons has re-estimated the earn-out liability at 31 December 2018, resulting in an decrease of the earn-out liability of NOK 12 081 thousand. There have not been any material changes in the earn-out estimates for Atero, TechPeople and IT Sonix & XPURE during 2018.

A interest cost related to the earn-out liabilities of NOK 11 481 (7 881) thousand has been expensed as a financial item in the income statement. The earn-out liabilities are interest-free, but since the liabilities are calculated as net present value of future payments, an interest cost needs to be recognised.

The earn-out liabilities are usually settled over specified time period, where the previous owners receive additional payments based on the performance of the acquired company at a specified time period after the acquisition. Earn-out liabilities as of 31 December 2018 relate to the acquisition of Atero, Microdoc, EPOS CAT, TechPeople, IT Sonix and XPURE. The additional payments for Atero will be made in cash by the acquiring company Sylog Sverige AB. Remaining earn-out liabilities from the acquisitions will be settled in remaining payments in 2019 and 2020. The additional payments for Microdoc, EPOS CAT, TechPeople, IT Sonix and XPURE will be made by a combination of cash and issuance of new shares (up to 50% of the settlement according to Data Respons' desire at the time of payment). by the acquiring company Data Respons ASA. Remaining earn-out liabilities from the acquisitions will be settled during 2019 - 2022. Refer note 20 for maturity table.

Changes in earn-out liabilities

NOK 1000	2018	2017
1 January	278 533	146 494
Recognised in the income statement during the year		
- Interest cost	11 481	7 881
- Re-estimation	(875)	10 586
Recognised in the statement of the financial position during the year		
- Paid during the year	(140 035)	(23 159)
- Issue of shares	(111 425)	(20 230)
- Additions from acquired companies	331 635	146 635
- Translation differences	8 407	10 326
31 December	377 721	278 533
Classified as current earn-out liabilities	145 794	85 928
Classified as non-current earn-out liabilities	231 927	192 605

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2017 and 2016 are as shown below:

Description of signficant unobservable inputs to valuation

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to the fair value
Earn-out liabilities	DCF method	Long-term growth rate for cash flows for subsequent years	2018: 2.5% - 15% 2017: 2.5% - 15%	1% (1%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by NOK 8 500 (5 600) thousand
		Long-term operating margin	2018: 5% - 30% 2017: 5% - 30%	1% (1%) increase (decrease) in the margin would result in an increase (decrease) in fair value by NOK 17 500 (14 800) thousand.
		Discount rate	2018: 4-5% 2017: 4-5%	1% (1%) increase (decrease) in the discount rate would result in a decrease (increase) in fair value by NOK 5 500 (4 100) thousand.

Note 21: Interest-bearing loans

NOK 1000	2018	2017
Credit facility	-	132 143
Revolving credit facility	278 140	38 000
Total interest-bearing loans	278 140	170 143
Of which:		
Classified as current	899	20 609
Classified as non-current	277 241	149 534

As of 31 December 2018, Data Respons has interest-bearing loans of NOK 278 140 thousand (170 143). The interest-bearing loans consist of a NOK revolving credit facility related to the funding of the acquisitions of Microdoc, EPOS CAT, IT Sonix and XPURE.

On 18 May 2018, the group signed a 5 year NOK 400 million multicurrency revolving credit facility with Swedbank AB and Handelsbanken Norwegian Branch of Svenske Handelsbanken AB. The undrawn amount on the new revolving credit facility can be used by Data Respons to support the group's growth strategy. In addition, Data Respons has increased the overdraft facility with NOK 10 million to NOK 50 million. Through these new facilities, Data Respons will reduce its financing costs, increase its credit lines and retain the full flexibility to finance Data Respons organic and non-organic growth strategy

The NOK revolving credit facility has a quarterly interest repayment profile over five years with a lump-sum down payment after five years. The NOK revolving credit facility has floating interest rate, NIBOR with a margin set based on a leverage ratio. As at 31 December 2018, the margin is set to 1.20 per cent per annum.

Data Respons is subject to certain covenants as part of its revolving credit facilities. The equity ratio should be minimum 25% for the group, and as of 31 December 2018, the ratio was 33.2% (30.4). The equity ratio covenant was reduced from 30% to 25% as part of the refinancing in the second quarter of 2018. Furthermore, there is a covenant requirement that the leverage ratio should not exceed 3.0. As of 31 December 2018, the ratio was 1.2 (1.2).

Changes in interest-bearing loans

NOK 1000	2018	2017
1 January	170 143	95 332
Cash changes		
- Net change in loans	107 357	69 842
- Interest and fee payments	(5 199)	(2 924)
Non cash changes		
- Translation differences	333	4 404
- Accrued interest and fee	5 506	3 489
31 December	278 140	170 143

Note 22: Financial risk management

The group's policies for the management of financial risk are approved by the Board of Directors and group management of Data Respons ASA. The main objective of financial risk management is to identify, quantify and manage financial risk, and hence reduce the probability for financial losses. The group is exposed to credit risks, liquidity risks, currency risks and interest rate risks. There have been no material changes in the group's objectives, policies or processes for managing capital during the reporting period.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities, primarily its trade receivables and accrued revenue, and from its cash and cash equivalents deposited with banks. Identified default risks for individual customers are reflected in bad debt allowances. Data Respons' customers largely consist of large and medium-sized companies with good solvency and the customer base is diversified into different vertical market segment. Neither of the group's operating segments had any significant concentration of credit risk. Credit checks are performed on new customers. Historically, bad debt losses have been low, and the group does not expect to see any major increase in losses.

Liquidity risk and capital management

Liquidity risk is the risk that the group will not be able to meet its current and future cash flow and collateral requirements without negatively and materially affecting the group's daily operations or overall financial condition and the potential for expansion. The primary objective of Data Respons' capital management is to maintain a healthy capital ratio and financial flexibility to support the group's continued operations and potential expansion, and dividend payments according to the established dividend policy. The group manages liquidity risk through continuous review of future commitments and sources of liquidity. Cash flow forecasts are prepared and adequate utilised financing facilities are monitored on a monthly basis.

The group emphasises financial flexibility. An important part of this emphasis is to minimise liquidity risk through ensuring access to a diversified set of funding sources. The group will finance potential expansions through cash generated by the operational activities, issue of shares and the use of credit facilities. To cover potential funding needs, the group has secured a revolving credit facility of NOK 400 million in addition to a overdraft limit in the corporate cash pool system of NOK 50 000 million. Refer to note 16 for details on unutilised credit facilities and note 21 for the used credit facilities per 31 December 2018.

The group has 45-90 days in credit terms from the main suppliers. Surplus cash holdings will be kept in interest-bearing bank accounts with reputable banks. As of 31 December 2018 the group has NOK 82 424 (50 663) thousand in cash. The group will primarily finance dividends through cash generated by the operational activities.

The Board has established a dividend policy which forms the basis for the proposals on dividend payments presented to the General Meeting. Data Respons' objective is to pay out a minimum of 50% of net income in the form of dividends and the payout should reflect Data Respons' aim to give its shareholders competitive returns benchmarked against alternative investments in comparable companies. Data Respons may consider buying back shares in addition to ordinary dividend payments. Such considerations will be made in the light of the financial situation of the company. The last six years the yearly dividend has been NOK 1.00 per share.

The following table shows the maturity profile of the group's financial liabilities based on contractual payments. The amounts disclosed in the table are undiscounted cash flows.

2018

NOK 1000	2019	2020	2021	2022	2023+	Total
Interest-bearing loans *	6 801	6 820	6 801	6 801	282 870	310 093
Earn-out liabilities	145 794	83 322	90 602	58 003		377 721
Trade payables	185 552					185 552
Total	338 147	90 142	97 403	64 804	282 870	873 366

2017

NOK 1000	2018	2019	2020	2021	2022+	Total
Interest-bearing loans *	25 108	24 489	23 891	60 998	54 424	188 910
Earn-out liabilities	85 928	98 285	52 060	42 259		278 533
Trade payables	144 918					144 918
Total	255 954	122 774	75 951	103 257	54 424	612 361

** Note that the tables include the forecast future nominal interest payment and, thus, does not correspond to the net book values in the statement of financial position.*

Credit risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (when revenue or expense is denominated in a foreign currency) and the group's net investments in foreign subsidiaries.

Data Respons has operations in five different countries with five different currencies and is as such exposed to currency fluctuations when translating into the group reporting currency NOK.

As of 31 December 2018, the group has no interest-bearing loans in foreign currency. The group has nevertheless earn-out liabilities in foreign currencies (refer to note 20 for details) and is as such exposed to currency fluctuations when translating into the group currency NOK. A change of +/-5% in the exchange rate between NOK compared to EUR, SEK and DKK will have an impact of approximately +/-NOK 22 000 thousand.

In addition to the earn-out liabilities above, the group had trade receivables, trade payables and some other current financial assets and liabilities denominated in foreign currencies at 31 December 31 2018 and under standard credit terms (where applicable). Due to the short term nature of these financial assets and liabilities, the foreign currency risk is considered low.

Exposure from individual subsidiaries vary according to the nature of their business. The R&D Services segment abroad generate a currency exposure for the group on the net profit only, as both revenue and expenses are in the same local currency. Hedging has been deemed unnecessary. For the Solutions segment the exposure is higher, as parts are purchased from different suppliers across the globe and predominately invoiced in USD or EUR. With most of our major customers, the group has entered into a agreements whereby material fluctuations in price of components due to currency, lead to a corresponding adjustment of the selling price. The group then achieves a natural hedge on a significant part of its embedded products and solutions sales. In instances where it is not possible to enter such an agreement with the customer, currency hedges on large deliveries of components will be considered. In 2018, the group entered into a foreign exchange forward contract. Refer to note 21 for details.

The group's activities are global and the foreign currency risk related to its operating activities may change from year-to-year depending on the different jurisdictions the group operates in. In general, the majority of operating revenues and costs are denominated in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rate. The group is exposed to interest rate risk through the group's interest bearing loans with floating interest rates and cash management activities. Changes in interest rates affect the fair value of assets and liabilities. Interest income and interest expense in the income statement are influenced by changes in interest rates in the market.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant:

NOK 1000	Increase/decrease in basic points	Effect on profit before tax
2018	+100	-1 949
	-100	1 949
2017	+100	-1 658
	-100	1 658

Note 23: Leases

The group has entered into operating leases on office and manufacturing buildings, IT equipment and certain vehicles. Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Expensed lease in the group

NOK 1000	2018	2017
Rental of premises in Norway	10 185	8 813
Rental of premises outside Norway	20 213	12 711
Operational leasing of IT equipment	1 738	1 769
Operational leasing of vehicles	4 424	4 571
Total expensed lease	36 560	27 864

The group has entered into operating leases on offices in Norway, Sweden, Denmark and Germany. These leases have terms of between three and five years. In Norway the lease for the head office at Høvik ends at 30 June 2020. In Sweden the lease for the head office in Stockholm ends on 30 April 2020. In Germany the lease of the head office in Munich ends on 14 June 2023, head office in Leipzig ends on 30 April 2022 and the head office in Ingolstadt is a running contract with 6 months termination period. In Denmark the lease for the head office in Copenhagen is a running contract with 3 months termination period. The remaining offices in Norway, Sweden, Germany and Denmark have lease terms between three and five years and ends in the period 2019 - 2023. The group does not have any purchase options on any of the properties.

The group has also entered into operating leases on certain vehicles and IT equipment, with lease terms between one and three years.

Refer to note 1 for details on the implementation of IFRS 16 from 1 January 2019.

Note 24: Guarantees and commitments

NOK 1000	2018	2017
Gurantees		
Gurantees	5 736	5 743
Book value of secured assets used a collateral		
Trade receivables	74 612	55 980
Inventories	16 488	17 239
Machinery and equipment	2 365	2 219
Shares in subsidiaries	821 941	-
Total	915 406	75 438

Guarantees of NOK 5 251 (5 243) thousand have been provided in connection with lease agreements and a guarantee of NOK 485 (500) thousand has been provided to Swedish customs.

Data Respons ASA` shares in the subsidiaries Data Respons Norge AS, Data Respons R&D Services AS, Data Respons AB, Sylog Sverige AB, TechPeople A/S, EPOS CAT GmbH and Microdoc Computersysteme GmbH are pledged as security for the revolving credit facility.

The accounts receivable, inventory and machinery & equipment in Data Respons Norge AS and Data Respons R&D Services AS are also pledged as security for the revolving credit facility. A total lien of NOK 80 000 thousand has been placed on inventories, a total lien of NOK 10 000 thousand as been placed on machinery and equipment and a total lien of NOK 80 000 thousand has been placed on trade receivables.

Note 25: Related parties

At 1 January 2018, the group company Data Respons Norge AS, demerged its R&D Services business segment into a new group company Data Respons R&D Services AS. Data Respons Norge AS will thus from 1 January 2018, only comprise the Solutions business segment. The demerger was implemented to create a greater visibility with focus on each individual business segment as well as establishing a formal structure that corresponds with how Data Respons actually operates.

There have been no other related party transactions in 2018, besides ordinary business transactions between group companies.

All transactions within the group are based on ordinary commercial terms using the arm's length principle.

Note 26: Events occurring after the reporting period

There have been no events subsequent to the reporting period that have a material effect on the group consolidated financial statements for 2018.

We live
OUR VALUES
Every day!

TO PERFORM
RESPONSIBILITY
BEING GENEROUS
HAVING FUN

FINANCIAL STATEMENTS
DATA RESPONS ASA

STATEMENT OF COMPREHENSIVE INCOME
DATA RESPONS ASA

NOK 1000	*Note*	2018	2017
Revenue	1	7 916	8 191
Total revenue and other income		7 916	8 191
Employee expenses	2	19 305	15 759
Depreciation	6	1 237	1 426
Other operating expenses	3	18 678	14 083
Operating profit/loss		(31 304)	(23 077)
Income from investments in subsidiaries	10	110 832	47 701
Financial income	4	5 645	3 389
Financial expenses	4	(11 969)	(17 599)
Profit/loss before tax		73 204	10 414
Income tax expense	5	2 746	2 289
Profit/loss for the year		75 950	12 703

OTHER COMPREHENSIVE INCOME

Other comprehensive income		-	-
Total comprehensive income		75 950	12 703

STATEMENT OF FINANCIAL POSITION
DATA RESPONS ASA

NOK 1000	*Note*	2018	2017
ASSETS			
Intangible assets	6	13	137
Deferred tax assets	5	10 584	7 838
Machinery and equipment	6	997	1 856
Shares in subsidiaries	9	1 216 159	864 654
Other non-current assets		-	165
Total non-current assets		1 227 752	874 650
Trade receivables	11	133	195
Other current receivables		1 337	1 141
Cash and cash equivalents		659	543
Total current assets		2 129	1 880
Total assets		1 229 881	876 529

STATEMENT OF FINANCIAL POSITION
DATA RESPONS ASA

NOK 1000	*Note*	2018	2017
EQUITY			
Issued capital		29 159	25 718
Share premium		396 510	228 317
Retained earnings		39 154	16 159
Total equity		464 823	270 194
LIABILITIES			
Interest-bearing loans	8	277 241	149 534
Non-current earn-out liabilities	7	229 014	186 059
Total non-current liabilities		506 255	335 593
Current interest-bearing loans	8	899	20 609
Current loans group companies	11	104 318	128 215
Trade payables	11	1 364	4 073
Public duties payable		1 972	1 856
Current earn-out liabilities	7	142 047	80 354
Other current liabilities		8 204	35 636
Total current liabilities		258 803	270 742
Total liabilities		765 058	606 335
Total equity and liabilities		1 229 881	876 529

THE BOARD OF DIRECTORS OF DATA RESPONS ASA
HØVIK, 19 MARCH 2019

Erik Langaker
CHAIRMAN OF THE BOARD

Janne T. Morstøl
MEMBER OF THE BOARD

Ulla-Britt Fräjdin Hellqvist
MEMBER OF THE BOARD

Martin Burkhalter
MEMBER OF THE BOARD

Morten Thorkildsen
MEMBER OF THE BOARD

Åsa Grübb-Weinberg
MEMBER OF THE BOARD

Marius Westgaard
MEMBER OF THE BOARD

STATEMENT OF CHANGES IN EQUITY
DATA RESPONS ASA

NOK 1000	*Note*	Issued capital	Share premium	Other equity	Total equity
Equity on 1 January 2017		24 614	176 166	51 933	252 715
Profit for the year				12 703	12 703
Total comprehensive income for the year		-	-	12 703	12 703
Dividends				(49 663)	(49 663)
Employee share option scheme				1 184	1 184
Issue of share capital		1 104	52 151		53 255
Equity on 31 December 2017		25 718	228 317	16 159	270 194
Profit for the year				75 950	75 950
Total comprehensive income for the year		-	-	75 950	75 950
Dividends				(53 663)	(53 663)
Employee share option scheme				711	711
Issue of share capital		3 441	168 192		171 633
Equity on 31 December 2018		29 159	396 510	39 154	464 823

STATEMENT OF CASH FLOWS
DATA RESPONS ASA

NOK 1000	*Note*	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax		73 204	10 414
Income tax paid		-	(736)
Depreciation, amortisation and impairment	6	1 237	1 426
Employee share option scheme		711	1 184
Net financial items		(104 508)	(33 491)
Changes in working capital:			
- Trade receivables		63	(195)
- Trade payables		(2 709)	3 591
- Other current assets / liabilities		(27 512)	1 757
Net currency (gains) losses relating to operating activities		(99)	(1 782)
Other adjustments		482	(394)
Net cash flow from operating activities		(59 131)	(18 226)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired		(247 490)	(166 820)
Dividends from subsidiaries	10	97 595	27 850
Group contributions received	10	13 237	19 852
Purchase of machinery and equipment	6	(254)	(946)
Other investing activities		222	(248)
Net cash flow from investing activities		(136 690)	(120 313)
CASH FLOW FROM FINANCING ACTIVITIES			
Net change in interest-bearing loans		107 357	69 842
Net change in group internal loans		(23 897)	68 466
Proceeds from issue of shares		171 632	53 255
Interest paid		(5 492)	(3 784)
Dividends paid to equity holders of the company		(53 663)	(49 663)
Other financing activities		-	578
Net cash flow from financing activities		195 937	138 693
Net change in cash and cash equivalents		116	155
Cash and cash equivalents at the start of the period		543	388
Exchange gains/losses on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the period		659	543

Note 1: General information and summary of significant accounting principles

Data Respons ASA is a holding company and contains the corporate services, management and group finance.

The financal statement for Data Respons ASA has been prepared in accordance with International Financial Reporting Standards (IFRSs) and the interpretations set out by the International Accounting Standards Board, as approved by the European Union.

Data Respons ASA's accounting principles are consistent with the accounting principles for the Group, as described in note 2 of the consolidated financial statements. Where the notes for the parent company are substantially different from the notes for the group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

Shares in subsidiaries are valued in accordance with the historical cost method. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement. Any contingent consideration, resulting from an investment in subsidiaries, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. Re-estimation effects in earn-out liabilities following changes in estimates of future financial performance of subsidiaries are recognised as part of the cost of the shares in Data Respons ASA.

Data Respons ASA uses the indirect method for the statement of cash flows. Cash and cash equivalents consist of liquid assets, short-term placements and drawings from cash pool. Net change in group internal drawing rights are loans to, and placements from group companies. These loans and placements have high turnover and are presented net.

Revenues are mainly sale of group services to other group companies.

Note 2: Employee expenses and remuneration to auditors

The group's Chief Executive Officer and the Board of Directors have the same positions in Data Respons ASA. See note 6 of the consolidated financial statements for further information about compensation to the Board of Directors and management.

NOK 1000	2018	2017
Wages and salaries	14 499	10 350
Social security tax	2 315	2 670
Pension expenses, defined contribution scheme	267	182
Other benefits	2 224	2 548
Total employee expenses	19 305	15 749

The average number of FTEs during the financial year was 7 (6). There was 2 (2) female employees in Data Respons ASA, 2 (2) of whom were top or middle managers. Data Respons ASA is required to operate a company pension scheme pursuant to the Mandatory Occupational Pension Act, and operates a pension scheme that meets this requirement. This scheme covered a total of 7 people in 2018.

Remuneration to the auditor (excl. VAT)

NOK 1000	2018	2017
Auditing services	320	265
Other certification services	265	63
Other non-auditing services	1 700	548
Total remuneration	2 285	876

Note 3: Other operating expenses

NOK 1000	2018	2017
Expenses related to premises and equipment	810	804
External services	12 007	7 696
IT expenses	2 755	2 725
Travel expenses	1 242	1 095
Office expenses	144	107
Marketing expenses	1 083	1 059
Other operating expenses	637	597
Total other operating expenses	18 678	14 083

Note 4: Net financial items

NOK 1000	2018	2017
Financial income		
Interest income on cash reserves	-	-
Realised / unrealised currency exchange gain	3 766	3 389
Other financial income	1 879	-
Other financial income	5 645	3 389
Financial expenses		
Interest expenses on interest-bearing loans	(7 414)	(4 309)
Realised / unrealised currency exchange loss	(1 231)	(11 864)
Other financial costs	(3 324)	(1 427)
Other financial expenses	(11 969)	(17 599)
Net financial items	(6 324)	(14 210)

Note 5: Income tax

NOK 1000	2018	2017
Summary of temporary differences		
Non-current assets	(1 537)	(1 326)
Receivables in foreign currency	-	(2 109)
Group contributions *	(36 400)	(13 237)
Total	(37 937)	(16 672)
Tax loss carryforward	(10 172)	(17 408)
Total positive/(negative) temporary differences	(48 109)	(34 080)
Deferred tax asset at current tax rate	10 584	7 838
Of which, deferred tax assets not recognised	-	-
Deferred tax assets recognised	10 584	7 838
Deferred tax liability at current tax rate	-	-
Deferred tax liability recognised	-	-

NOK 1000	2018	2017
Income tax for the year consist of		
Income tax payable	-	-
Total income tax payable	-	-
Change in deferred tax	(2 746)	(2 289)
Total change in deferred tax	(2 746)	(2 289)
Unrecognised change in deferred tax	-	-
Total income tax expense/(revenue)	(2 746)	(2 289)

NOK 1000	2018	2017
Calculation of tax base for the year		
Profit/loss before tax	73 204	10 414
23 % tax (2017: 24 %)	16 837	2 499
Tax effect of:		
Permanent differences	(20 064)	(5 129)
Change in tax rates	481	341
Income tax expense/(revenue) for the year	(2 746)	(2 289)
Effective tax rate	-4 %	-22 %

** In accordance with IFRS, group contributions are entered as income in the parent company the year after the allocation for tax purposes in the subsidiaries.*

Note 6: Intangible assets, machinery and equipment

NOK 1000	Other intangible assets	Machinery and equipment
Cost or valuation on 1 January 2017	233	14 567
Additions	248	946
Cost or valuation on 31 December 2017	481	15 513
Accum. depr. and impairm. on January 1, 2017	219	12 356
Depreciation / amortisation for the year	125	1 301
Accum. depr. and impairm. on 31 December 2017	344	13 657
Net book value on 31 December 2017	137	1 856
Cost or valuation on 1 January 2018	481	15 513
Additions	-	254
Cost or valuation on 31 December 2018	481	15 766
Accum. depr. and impairm. on 1 January 2018	344	13 657
Depreciation / amortisation for the year	124	1 113
Accum. depr. and impairm. on 31 December 2018	468	14 770
Net book value on 31 December 2018	13	997

Note 7: Fair value measurements

NOK 1000	Fair value level	Category	2018	2017
Current earn-out liabilities	3	FVTPL*	142 047	80 354
Non-current earn-out liabilities	3	FVTPL*	229 014	186 059
Total			371 061	266 413

**FVTPL: Fair value through profit and loss*

Refer to note 20 - Group for information about earn-out liabilities.

Note 8: Interest-bearing loans

NOK 1000	2018	2017
Credit facility	-	132 143
Revolving credit facility	278 140	38 000
Total interest-bearing loans	278 140	170 143
Of which:		
Classified as current	899	20 609
Classified as non-current	277 241	149 534

Refer to note 21 - Group for information about interest-bearing loans.

Note 9: Subsidiaries

Company	Currency	Issued capital	Ownership	Book value (NOK 000)
Data Respons Norge AS	NOK	555	100 %	8 519
Data Respons R&D Services AS	NOK	832	100 %	154 714
Data Respons Asia AS	NOK	100	100 %	-
Data Respons AB	SEK	100	100 %	24 377
Sylog Sverige AB	SEK	100	83 %	64 477
Data Respons A/S	DKK	2 277	100 %	22 050
MicroDoc Computersysteme GmbH	EUR	100	100 %	273 078
Data Respons GmbH	EUR	52	100 %	52 056
EPOS CAT GmbH	EUR	50	100 %	216 564
TechPeople A/S	DKK	500	100 %	58 162
IT Sonix custom development GmbH	EUR	25	100 %	171 081
XPURE GmbH	EUR	25	100 %	171 081
Total subsidiaries				1 216 159

At 1 January 2018, the group company Data Respons Norge AS, demerged its R&D Services business segment into a new group company Data Respons R&D Services AS. Data Respons Norge AS will thus from 1 January 2018, only comprise the Solutions business segment. The demerger was implemented to create a greater visibility with focus on each individual business segment as well as establishing a formal structure that corresponds with how Data Respons actually operates. The investment value related to R&D Services segment has therefore been allocated from Data Respons Norge AS to Data Respons R&D Services AS.

The impairment test performed as of 31 December 2018 did not result in any impairment of book value of the investments. The impairment tests for book value of subsidiaries were based on the same assumptions as used in the impairment test of goodwill in the group accounts. See note 14 – group for further information.

Note 10: Income from investments in subsidiaries

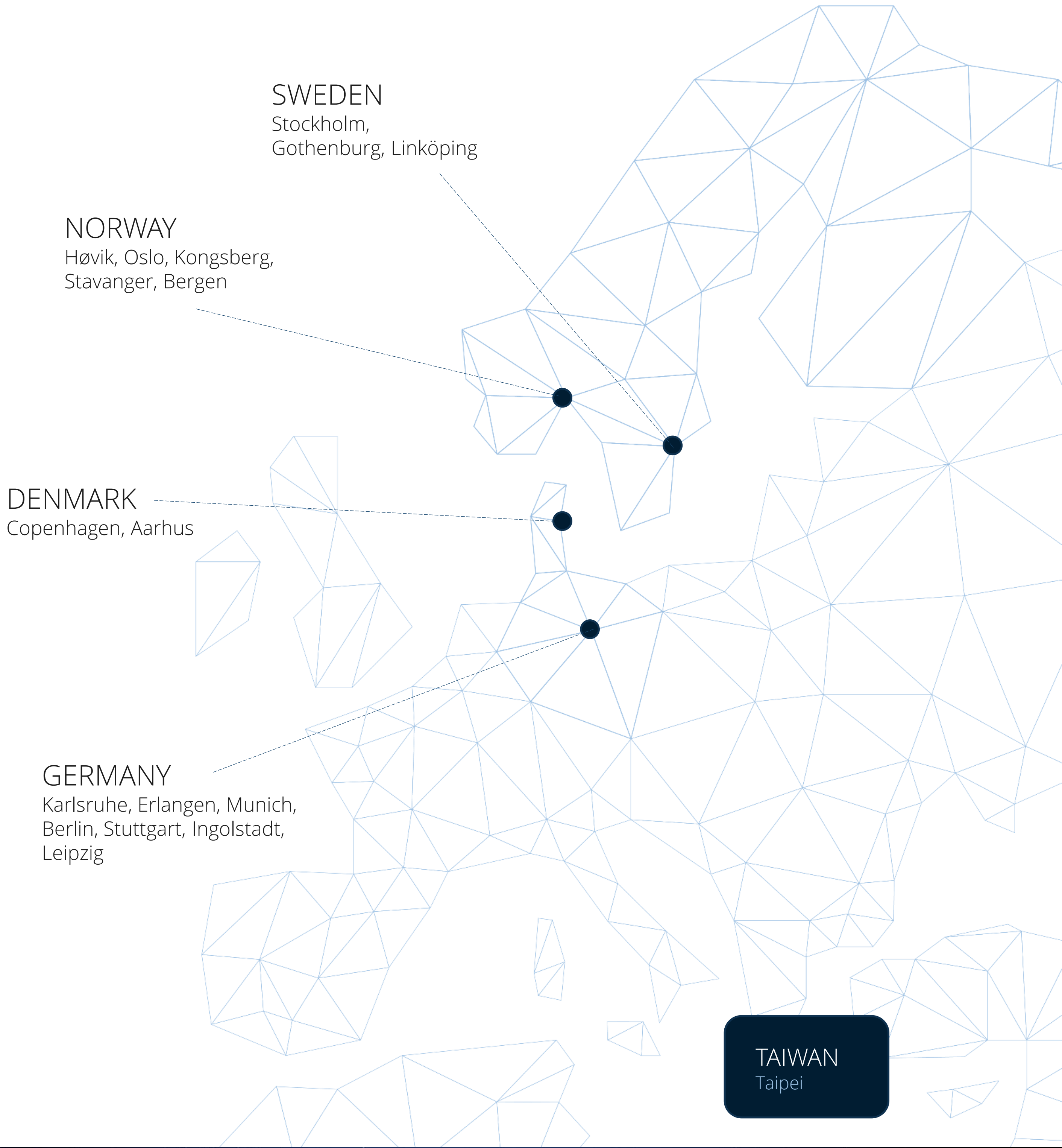
Income from investments in subsidiaries in both 2018 and 2017 relates to received group contributions and dividends from equity accumulated during the period of ownership by Data Respons ASA.

Note 11: Intercompany balances

NOK 1000	Current receivables		Current liabilities	
	2018	2017	2018	2017
Data Respons Norge AS	19	195	21	4
Data Respons R&D Services AS	64		15	
Data Respons A/S				30 352
Data Respons GmbH	49			
Total	132	195	36	30 356

Data Respons ASA had an overdraft in the corporate cash pool of NOK 104 318 (128 215) thousand at 31 December 2018, presented as short term loans from group companies in the statement of financial position.

The current liabilities against Data Respons A/S in 2017 is related to Data Respons ASA acquisition of 50 % of the shares in TechPeople A/S from Data Respons A/S.



OUR COMPANIES

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Data Respons ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Data Respons ASA, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the statement of financial position as at 31 December 2018, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2018 and their financial performance and 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, including 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 Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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 for 2018. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of earn-out liabilities

Data Respons has provided for earn-out liabilities of NOK 377,7 million or 23,1 % of total equity and liabilities of the Group as of 31 December 2018. As described in note 20 to the consolidated financial statements, the earn-out liabilities relate to the acquisition of IT Sonix GmbH and XPURE GmbH in 2018 and acquisitions performed in prior years. The share purchase agreements contain earn-out payments based on the future financial performance of the acquired companies, normally measured at earnings before interest and tax (EBIT) over a measurement period of three years from the acquisition date. Significant judgements and estimation are involved in the determination of the earn-out liabilities due to uncertainty regarding future EBIT and changes in the EBIT during the measurement periods. Valuation of the earn-out liabilities was therefore a key audit matter.

Our audit procedures included assessments of the share purchase agreements and evaluations of the methodology and assumptions used by management in estimating the future EBIT in the measurement periods and valuation of the earn-out liabilities at the acquisition dates. We compared projected EBIT to approved budgets and considered the growth rates applied. We also evaluated the projected EBIT by comparing it to the historical EBIT of the acquired companies and by analyzing sensitivities. Furthermore, we tested the calculations and mathematical accuracy of the earn-out models. We also assessed the calculated earn-out liabilities at year-end, including the accounting for subsequent changes in the earn-out liabilities from acquisition dates due to changes in the projected EBIT.

We also assessed the presentation of the Group's disclosures in notes 2 and 20 regarding the valuation of the earn-out liabilities.

Assessment of impairment of goodwill

Goodwill accounts for NOK 882,5 million or 53,9 % of total assets of the Group as of 31 December 2018. Estimating the recoverable amount of goodwill requires management judgement, including estimates of future revenues, gross margins, operating costs, terminal value growth rates, capital expenditures and discount rate. Management's annual impairment test of goodwill was a key audit matter because the assessment process is complex, requires significant judgement and implies significant estimation uncertainties.

Our audit procedures included an assessment of the design of management's internal controls related to impairment assessments. We also evaluated the impairment model applied and the assumptions used. We compared projected revenues, gross margin, operating costs and capital expenditures to budgets approved by the Board, historical performance and external market data when available. In addition, we compared the growth rates applied by the Group in the terminal value to available market data. Furthermore, we assessed the components of the applied discount rate and compared the key assumptions to market data. We also evaluated the level of consistency applied in the valuation methodology and assumptions from previous years. We also tested the mathematical accuracy of the impairment model and evaluated the sensitivity analyses disclosed by management.

Furthermore, we assessed the Group's disclosures included in notes 2 and 14 in the consolidated financial statements about those assumptions to which the outcome of the impairment test is most sensitive.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. 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 management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

Building a better
working world

going concern basis of accounting, unless management either intends to liquidate the Company 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 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 the 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 law, regulations and generally accepted auditing principles in Norway, including 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, 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 Company'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 Company'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 Company to cease to continue as a going concern;
- 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 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.

Building a better working world

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

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 in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 19 March 2019
ERNST & YOUNG AS

Leiv Aschehoug

Leiv Aschehoug
State Authorised Public Accountant (Norway)

DEFINITIONS

ALTERNATIVE PERFORMANCE MEASURES

Data Respons' financial information is prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the company presents alternative performance measures (APM). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the Groups' performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

EBIT: is defined as earnings before interest and tax. Equivalent to operating profit. EBIT margin is defined as EBIT divided by total revenues and other income.

EBITDA: is defined as operating profit adjusted for depreciation, amortization and impairments. EBITDA margin is defined as EBITDA divided by revenues.

EBITDA before corporate costs: is defined as operating profit adjusted for depreciation, amortization and impairments, before allocation of corporate costs. EBITDA margin before corporate costs is defined as EBITDA before corporate costs divided by revenues.

Equity ratio: is defined as total equity divided by total assets.

Return on equity: Profit/loss for the year / average equity

Return on total assets: EBIT / average total assets

Working capital: (Current receivables + inventories) - current liabilities

Liquidity ratio: Current assets / current liabilities

Net interest bearing debt: is defined as total interest-bearing debt, less cash and cash equivalents.

Leverage ratio: EBITDA 12 month rolling / Net interest bearing debt

EPS: is defined as earnings per share

FTE: is defined as full time employees

NOCF: Net operating cash flow

Data Respons ASA
Sandviksveien 26, 1363 Høvik
Tel: +47 67 11 20 00
info@datarespons.no

CEO, Data Respons ASA
Kenneth Ragnvaldsen
Tel: +47 913 90 918
Email: kr@datarespons.no

CFO, Data Respons ASA
Rune Wahl
Tel: +47 950 36 046
Email: rw@datarespons.no

SYLOG
RD DATA RESPONS
MicroDoc
epos
TechPeople
data respons
XPURE
IT SONIX