

Q2 2019



Q2: QUARTERLY REPORT

APRIL – JUNE 2019

HIGHLIGHTS

- ALL-TIME HIGH revenue and EBITA
- Strong GROWTH across business segments, geographical regions and vertical markets
- INDUSTRY-WIDE MEGATRENDS of digitalisation, connectivity and automation continue to fuel the market
- STRONG DEMAND for engineering R&D specialists
- Increasing portfolio of SUSTAINABILITY-oriented technology projects
- Successful capital increase of NOK 324 million through a private placement
- TWO NEW ACQUISITIONS of niche specialist companies inContext in Sweden and DONAT group in Germany

KEY FIGURES Data Respons ASA

NOK MILLION	Q2 19	Q2 18	1H 19	1H 18
Total revenue	432.6	356.6	884.9	709.5
EBITA	45.0	31.6	95.9	61.8
Profit before income tax	36.6	23.3	103.6	53.9
Profit for the period	26.9	14.1	82.8	40.4
Net cash flow from operations	43.2	55.8	66.1	6.1
Basic earnings per share (NOK)	0.35	0.24	1.30	0.71
Total growth	21 %	14 %	25 %	12 %
Organic growth	11 %	8 %	14 %	8 %
EBITA margin	10.4 %	8.9 %	10.8 %	8.7 %
Equity ratio	50.7 %	34.1 %		
Cash at the end of the period	157.1	44.0		
Number of own employees	751	620		
Number of subcontractors	365	293		

25%

Growth
1H 19

14%

Organic
growth
1H 19

10.8%

EBITA margin
1H 19

KEY FIGURES R&D Services

NOK million	Q2 19	Q2 18	%
Revenue	297.3	239.9	24 %
EBITA *	37.4	25.4	47 %
EBITA %	12.6%	10.6%	

* EBITA before corporate cost

KEY FIGURES Solutions

NOK million	Q2 19	Q2 18	%
Revenue	139.6	119.5	17 %
EBITA *	16.3	11.5	42 %
EBITA %	11.7%	9.6%	

* EBITA before corporate cost

In the report, we compare the income statement with figures from the same period in 2018 and with financial position at year end 2018 (in brackets).



Comments from the CEO

“ Our profitable growth continues driven by solid performance in both business segments and the industry-wide digitalisation trend

Strong performance

Halfway into 2019, Data Respons is continuing its strong momentum, delivering all-time high revenues and profits for Q2 and the first half of 2019, adding to our long-term track record of growth. We are capitalising on strong industry-wide megatrends of digitalisation, connectivity, autonomy and automation, and are involved in more advanced and exciting product-development projects than ever before. This, combined with excellent work from our specialist teams and the ongoing strategic transformation in Solutions, is contributing to another record start of the year.

New family members

Our mission is to add customer value by developing innovative technology solutions. Continuous improvement of our skills, the addition of new talent, industry knowhow and technological expertise are therefore vital measures of success for our organisation. To support this, we have a clear strategy of acquiring niche specialist companies with a unique market position. In the first week of July, we successfully added two new companies to our portfolio: Stockholm-based inContext AB and Donat Group GmbH in Germany. Both provide excellent synergies in terms of customer expansion and resource cooperation, but more importantly, they add more specialist engineers with the passion to develop smarter and better products and software solutions for our customers.

Technology drives industry changes

Although still at an early stage, new and more capable technologies (e.g. 5G, IoT and AI) continue to create new opportunities across all industries. To stay relevant, companies are allocating a larger share of their investments to modern and future-orientated technology platforms to make their products smarter and more connected, and to enable the provision of

new value-added services. Data Respons is deeply involved in several business-critical technology development projects such as smart factory solutions based on innovative IoT (Internet-of-Things) technology, connecting assets and enabling fleet management and optimisation, as well as the modernisation of banking software infrastructure. Customers benefit from our in-depth domain competence and industry knowhow. We are fortunate to have established a strong relationship with our customers and being a long-term technology partner throughout their development cycle.

Sustainability is increasingly important

At Data Respons, we firmly believe that the implementation of new technology is a key enabler for a more sustainable world. Consequently, we have set a target of contributing to a minimum of 50 sustainable technology projects during 2019, and I am proud to say that we have registered more than 50 such projects to date, meaning our target is now under revision going forward. Furthermore, we are promoting diversity with respect to age, gender and nationality among our employees. Data Respons currently has employees of more than 35 different nationalities and about 20% of its engineers are female (targeting minimum 25%).

...And the secret ingredients of our success? A clear plan, the hard work of our fantastic engineers and continuously search for improvements. This is all about teamwork, from employees, customers and partners.

Have a great summer ☺

Kenneth Ragnvaldsen, CEO of Data Respons ASA

Highlights of the quarter

Revenue in the second quarter was NOK 432.6 million (356.6), a growth of 21%. EBITA was NOK 45.0 million (31.6), a growth of 42%. EBIT was NOK 39.5 million (25.3), a growth of 56%. The profit for the period was NOK 26.9 million (14.1). EPS was 0.35 (0.24). Data Respons had a net operating cash flow of NOK 43.2 million (55.8) in the second quarter.

Data Respons achieved record-high revenues and profit in the second quarter and for the first half of 2019, driven by a solid performance in both business areas. The R&D Services segment had a growth of 24%. Healthy organic growth across all portfolio companies and a well-proven bolt-on acquisition strategy have contributed to the positive development of the segment. The Solutions segment achieved a double-digit revenue growth of 17%, with positive development in both Norway and international operations. The record start to the year confirms that the company is well positioned in the underlying megatrends of digitalisation, connectivity and automation.

The growth in profitability continued during the second quarter, resulting in an EBITA growth of 42% to NOK 45.0 million and an EBITA margin of 10.4%. For the R&D Services segment, the underlying market continues to be attractive, supporting high overall utilisation, attractive prices and a favourable mix of projects. The profitability of the Solutions segment has improved significantly, driven by the long-term strategy to increase the company's focus on software content and value-added services as part of our business model, in addition to a gradual shift in the revenue mix towards more complex and high-end solutions.

The company's momentum is based on our strong position within IoT, industrial digitalisation and embedded technologies. During the quarter, the company signed several major contracts with key customers in the Transport & Automotive, Telecom, Finance & Media and Industrial Automation markets, resulting in an all-time high order intake and order backlog. The company's growing portfolio of sustainability-orientated technology projects has contributed to solid demand across different markets.

On 13 May 2019, Data Respons successfully completed a capital increase of gross NOK 324 million through a private placement.

On 2 July 2019, Data Respons acquired inContext AB, a fast-growing Swedish R&D Services company located in Stockholm which has achieved the prestigious Gazelle status for four consecutive years.

The company is a leading niche provider of specialist services in the field of interconnect, autonomous systems and embedded software.

On 3 July 2019, Data Respons acquired the German SW tech company DONAT group GmbH, headquartered in Ingolstadt. With this transaction, the company continues to strengthen its presence in Germany, which is by far the largest industrial market in Europe and a strategically important area for Data Respons. Both companies will be consolidated into Data Respons' consolidated financial statements from July 2019.

First half year

Revenue for the first half-year was NOK 884.9 million (709.5), a growth of 25%. EBITA was NOK 95.9 million (61.8). Data Respons had a cash flow from operating activities of NOK 66.1 million (6.1). The total number of employees on 30 June 2019 was 751 (620), and including subcontractors, the company had 1 116 (913) employees.

The company's long-term growth in revenue and improved profitability have continued in 2019, with a revenue growth of 25% and EBITA growth of 55%. In addition, Data Respons signed several major contracts with key customers in different verticals, including a NOK 225 million five-year contract in Germany – the largest contract in Data Respons' history. A combination of organic initiatives, bolt-on acquisitions and strong international expansion explains this continuing positive development. Germany strengthened its position as the fastest-growing geographical region in the company with 25% of total revenue in the first half of 2019, while Sweden continues to be the largest market with 44% of the revenue. Norway accounted for 20% and Denmark for 11% of the revenue in Data Respons.

Operating segments

R&D services

Revenue in the second quarter was NOK 297.3 million (239.9), a growth of 24%. EBITA before corporate costs was NOK 37.4 million (25.4), resulting in an EBITA margin of 12.6% (10.6%). Operating revenue for the first half-year was NOK 609.5 million (473.9), a growth of 29%. EBITA before group costs was NOK 80.0 million (51.6).

Revenue

433

EBITA

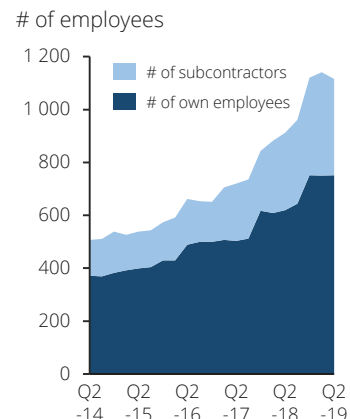
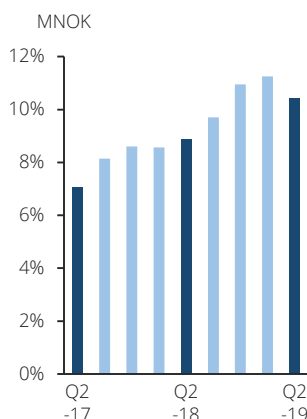
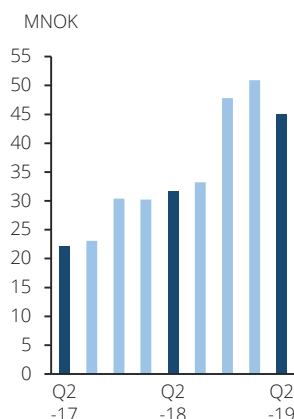
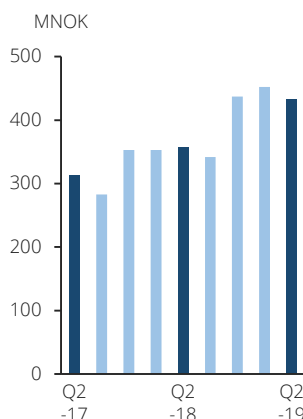
45.0

EBITA margin

10.4%

of employees

1 116



The R&D Services segment delivered a solid performance across all portfolio companies, resulting in strong total growth of 24% in the quarter. Organic growth reached 8%, despite the negative calendar effect compared with last year. The underlying market continues to be attractive, supporting high overall utilisation, attractive prices and a favourable project mix.

Profitability continues to be strong, achieving an EBITA margin of 12.6% in the second quarter, up from 10.6% the same quarter last year. The majority of the portfolio companies' engagements are business-critical product-development projects, where the need for in-depth knowledge and understanding, both at a system and domain level, is high. These projects are often long term and create a strategically important relationship with our customers.

On 2 July 2019, Data Respons ASA signed an agreement to acquire 100% of the shares in inContext AB, a Swedish R&D Services company located in Stockholm with 80 employees. The company is a fast-growing R&D Services company that specialises in interconnect, electrification, embedded software technology, mechanical design and project management; this makes them important in the development of future autonomous systems. InContext's specialist expertise will provide synergies and strengthen Data Respons' position as a complete technology partner for industrial digitalisation, IoT and smart embedded solutions.

On 3 July 2019, Data Respons signed an agreement to acquire 100% of the shares in Donat group GmbH, a German R&D Services company headquartered in Ingolstadt with 140 employees. The company is a leading niche provider of software solutions and specialist services within software development and architecture, system integration and test management, as well as business-critical R&D IT services (DevOps). Both companies will be consolidated into Data Respons' consolidated financial statements from July 2019.

Even though the competitive market for engineers makes recruitment a key challenge for the entire industry, we expect an increase in the number of employees during the third quarter of 2019, as this is normally a quarter with a strong onboarding of new talent. Data Respons' position as an R&D specialist, covering the whole value chain from sensors to cloud applications, makes us very attractive to talented engineers. To address the challenging recruitment situation, our portfolio companies have successfully launched several initiatives such as start-ups, the use of

subcontractors, young-engineer programmes and close collaboration with universities. Although we have implemented a number of initiatives, we never compromise on quality or the qualifications required to become a Data Respons employee.

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 important for developing new, long-term customer relationships and for standing out as a complete engineering technology partner and specialist R&D Services provider in a more data-driven society.

Solutions

Revenue in the second quarter was NOK 139.6 million (119.5), a growth of 17%. EBITA, before corporate cost, was NOK 16.3 million (11.5), resulting in an EBITA margin of 11.7% (9.6%). Operating revenue for the first half year was NOK 284.3 million (239.3), an increase of 19%. EBITDA before group costs was NOK 31.2 million (21.1).

The Solutions segment had a revenue growth of 17% in the second quarter, driven by positive development in both Norway and international operations. Profitability in the Solutions segment continued to improve, reaching a solid EBITA margin of 11.7%. This development is in line with our long-term strategy, which targets a gradual shift in our portfolio towards more complex and high-end solutions and increases focus on software content and value-added services as part of our business model. Together, this has provided a more favourable revenue mix with a higher average margin and EBITA growth. Our continued efforts to streamline the organisation into a cost-effective and asset-light model have also contributed to an improvement in profitability.

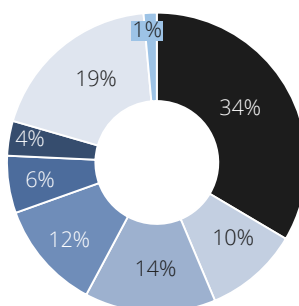
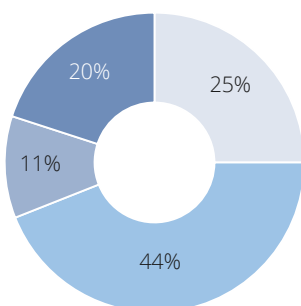
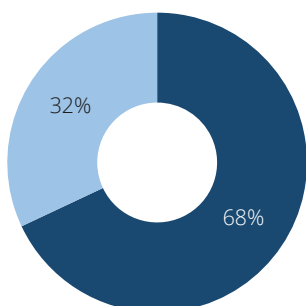
During the quarter, the Solutions segment received major orders from key customers in the MedTech, Transport & Automotive and Space, Defence & Security markets. Order intake from the Energy & Maritime sector continues to grow, reflecting improved market conditions for this industry. The pipeline of customised solutions contracts in the areas of industrial IoT and advanced connectivity remains strong.

Revenues by operating segments

Revenues by countries

Revenues by industry segments

All numbers are first half 2019 figures



- Transport & Automotive
- Space, Defence & Security
- Industry & Automation
- Energy & Maritime
- Medtech
- Finance & Public
- Telecom & Media
- Other

- R&D Services
- Solutions

- Germany
- Denmark
- Sweden
- Norway

Largest shareholders

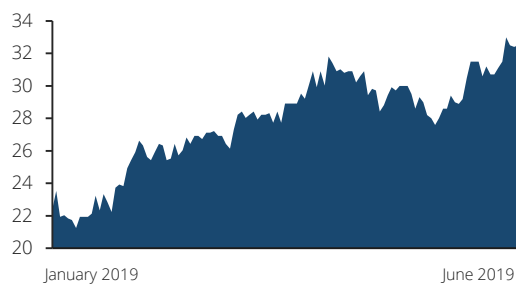
30 JUNE 2019

Shareholder	Holding	Share
MP PENJON PK	4 863 055	6.70 %
HANDELSBANKEN FONDER AB	4 435 447	6.11 %
VERDIPAPIRFONDET ALFRED BERG GAMBAK	4 372 509	6.02 %
AKTIA FUNDS	4 282 789	5.90 %
DR. LASSMANN INVEST GMBH	2 929 475	4.03 %
VERDIPAPIRFONDET DNB NORGE (IV)	2 895 875	3.99 %
FONDITA NORDIC MICRO CAP INVESTMENT	2 732 000	3.76 %
NORDEA NORDIC SM CAP FD	2 669 746	3.68 %
DNB NOR MARKETS	2 627 956	3.62 %
STATE STREET BANK AND TRUST COMP *	2 313 561	3.19 %
HSBC TTEE MARLB EUROPEAN TRUST	1 870 758	2.58 %
HERALD INVESTMENT TRUST PLC	1 800 287	2.48 %
CLEARSTREAM BANKING S.A.*	1 626 709	2.24 %
DANSKE INVEST NORGE VEKST	1 619 238	2.23 %
VARNER INVEST AS	1 500 000	2.07 %
LANNEBO NANOCAP	1 229 126	1.69 %
MUSTAD INDUSTRIER AS	1 000 000	1.38 %
STOREBRAND NORGE I VERDIPAPIRFOND	985 452	1.36 %
STOREBRAND VEKST VERDIPAPIRFOND	966 833	1.33 %
BNP PARIBAS SECURITIES SERVICES*	929 980	1.28 %
TOTAL 20 LARGEST	47 650 796	65.60 %
OTHERS	24 982 862	34.40 %
TOTAL NUMBER OF SHARES	72 633 658	100.00 %

* Nominee account

Share price

32.50



Share Information

The share price started at NOK 22.50 at the beginning of the year and ended at NOK 32.50 at 30 June 2019. The Data Respons share is listed at OB Match, and 6.9 million shares were traded and 3 923 transactions were registered at the Oslo Stock Exchange during the second quarter. Data Respons had 1 181 shareholders at 30 June 2019. 66 % of the shares are owned by foreign shareholders. Data Respons ASA owned no treasury shares at 30 June 2019. The total number of outstanding shares at 30 June 2019 was 72 633 658.

Data Respons is positioned as a leading provider of smart devices and embedded and industrial IoT solutions. It has a strong and growing base of recurring Solutions customers with long-term delivery cycles (5–7 years). 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 access specialist competences, shorter times to market and a lower total cost of ownership. Profitability has improved over time based on a more competence-oriented and focused business model. This includes strategic relationships with customers in the 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 EBITA of NOK -8.7 million (-5.4) in the second quarter of 2019, and an EBITA of NOK -15.3 (-10.9) for the first half of 2019. Internal revenue generated in the Corporate segment is eliminated in the consolidated income statement with corresponding elimination of operating expenses.

Financial position and liquidity

The company's book value of total assets at the end of the second quarter was NOK 1 756 million (1 637). Current assets totalled NOK 631 million (549) and current liabilities were NOK 489 million (528). On 30 June 2019, non-current assets totalled NOK 1 125 million (1 088), of which other intangible assets including goodwill totalled NOK 1 025 million (1 065). The group implemented IFRS 16 as of 1 January 2019 and recognised right-of-use assets and lease liabilities of NOK 84 million. The company's equity was NOK 891 million (543), resulting in an equity ratio of 50.7% (33.2%). During the second quarter, Data Respons successfully completed a capital increase of gross NOK 324 million through a private placement of 12 million shares at a share price of NOK 27 per share. In addition, earnout liabilities of NOK 126 million were paid in the second quarter, of which NOK 58 million were paid through a private placement of approximately 2.1 million shares at a share price of NOK 28 per share.

The cash balance on 30 June 2019 was NOK 157 million (of which NOK 4 million is restricted). The company had interest-bearing loans of NOK 139 million (278), which are drawn under the company's credit facilities of NOK 450 million. The estimated fair value of earn-out liabilities at the end of the quarter was NOK 226 million (378), of which NOK 88 million (146) are current.

Net financial items are positive in the first half-year, mainly because of a re-estimation of earn-out liabilities and currency translation gains on the earn-out liabilities in foreign currencies for a total of NOK 32 million.

The net operating cash flow (NOCF) in the second quarter was NOK 43.2 million (55.8). The implementation of IFRS 16 had a positive impact on the NOCF of NOK 7.8 million in the second quarter of 2019. The NOCF will fluctuate from quarter to quarter but Data Respons expects a healthy cash flow from operations on a 12-month basis.

During the quarter, Data Respons paid a dividend for 2018 of NOK 1.00 per share. The DAT share traded ex dividend on 15 April 2019.

Market development

Data Respons has a solid and well-balanced customer base across several industries, which is 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 company relevant vertical competence within these areas.

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 company 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 company's business units and competence map. We can develop everything, from the 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 such as connected cars, digital transition of car infotainment systems and telematics solutions
- Smart grid/smart home solutions/smart devices/IoT gateway solutions
- Digital shipping, transportation and maritime IoT applications
- R&D IT Services and system integration, assisting all phases of the whole software development cycle
- Digital transition of banking/insurance infrastructure and systems
- Advanced communication systems for security and defence applications
- Projects to transform telecommunications, mobile structures and connectivity platforms towards full IoT accessibility
- Sensor-based smart factory systems
- Data acquisition sensor systems to improve the 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 the feedback from our customers and partners, the company expects markets to grow for IoT devices, automation and robotics, advanced communications 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 to demanding environmental conditions, areas in which Data Respons has strong competence and experience.

Geographic regions

Data Respons has offices in the Nordic region, as well as in 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 44% of total revenue and was the largest market area in the second quarter. Sweden continued its strong revenue growth and improved profitability. The Swedish part of the company has established a strong position in several market verticals such as Transportation & Automotive, Telecom & Media, Space, Defence & Security and Industrial Automation, strengthening its ability to win new IoT, digitalisation and embedded solutions contracts with large customers. Data Respons in Sweden has strategic framework agreements with more than 30 large industrial companies. The company has offices in Stockholm, Gothenburg and Linköping.

Germany continued its growth and represented 25% of the company's revenue in the second quarter. The company 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. During the first quarter, the company was awarded a NOK 225 million five-year contract in Germany – the largest contract in Data Respons' history. The contract confirms that there are large potential synergies between the acquired companies in Germany and the rest of the Data Respons group. Germany is the largest embedded and IoT industry market in Europe, estimated to be worth one third of the total European market and 10 times the size of the Swedish market. The company has offices in Munich, Berlin, Stuttgart, Leipzig, Ingolstadt, Karlsruhe and Nuremberg.

Norway accounted for 20% of the group's revenue in the second quarter. Its industrial market has improved during recent quarters due to positive developments in the maritime and oil & gas industries and associated sectors, which have led to a growth in revenue for the Norwegian operation. The company has focused on staying close to our key customers and ensuring it remains a cost-effective operation during the challenging market conditions in Norway over recent years. This is paying off with growth and increased profitability as the market has started to pick up. Furthermore, the company continues to expand its customer base in market verticals such as Industrial Automation, Transport & Automotive, Telecom, MedTech, Public and Space, Defence and Security. The company has offices in Oslo, Kongsberg, Bergen, Stavanger and Høvik.

The Danish market represented 11% of the group's revenue in the second quarter. The company 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.

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. Higher degrees of automation, digitalisation and incorporation of the internet of things are driving forces in all our markets. There is also an increasing focus on sustainability-oriented technology projects across our customer base. Data Respons is well-positioned as a complete technology partner for industrial digitalisation and smarter embedded and IoT solutions in the Nordic and German markets. 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 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.

Data Respons' main goals are profitable growth and a strengthened position in key markets. Based on 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, 11 July 2019

Statement of financial compliance

Board and management confirmation

The Board of Directors and the Chief Executive Officer have on 11 July 2019 reviewed and approved the Data Respons ASA unaudited interim condensed consolidated financial statements as of 30 June 2019.

To the best of our knowledge, we confirm that:

- the Data Respons ASA interim condensed consolidated financial statements for the first half of 2019 have been prepared in accordance with IAS 34 Interim Financial Statements and additional disclosure requirements as stated in the Norwegian Securities Trading Act (Verdipapirhandel-loven) and that,
- The interim condensed consolidated financial statements for the first half year of 2019 give a true and fair view of the company's and the group's assets, liabilities, financial position and results for the period viewed in the entirety, and that
- The information presented in the interim condensed consolidated financial statements give a true and fair view of the development, performance, financial position, principle risks and uncertainties of the group.

Interim condensed consolidated financial statements

The contents of the interim condensed consolidated financial statements are in compliance with the standard (IFRS) for interim reporting (IAS 34).

Financial calendar

12.04.19	Presentation of Q1 19
12.04.19	Annual General Meeting
12.07.19	Presentation of Q2 19
17.10.19	Presentation of Q3 19
30.01.20	Presentation of Q4 19

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

INCOME STATEMENT

<i>NOK MILLION</i>	Note	Q2 19	Q2 18	1H 19	1H 18	2018
Revenues		432.6	356.6	884.9	709.5	1 488.0
Cost of goods sold		205.7	172.4	420.7	338.8	699.6
Employee expenses		155.8	131.8	315.0	267.0	544.4
Other operating expenses		17.3	19.8	35.8	39.7	96.6
Depreciation	13	8.8	1.0	17.4	2.1	4.7
EBITA		45.0	31.6	95.9	61.8	142.8
Amortisation and impairment of intangible assets	4	5.5	6.3	11.1	9.7	18.6
Operating profit (EBIT)		39.5	25.3	84.8	52.2	124.2
Net financial items	6,7,12	(2.9)	(2.1)	18.8	1.7	(29.1)
Profit before income tax		36.6	23.3	103.6	53.9	95.1
Income tax expense	10	9.6	9.2	20.9	13.5	35.3
Profit for the period		26.9	14.1	82.8	40.4	59.7
PROFIT ATTRIBUTABLE TO:						
- Equity holders of the company		25.6	12.9	79.0	37.3	53.4
- Non-controlling interests		1.4	1.2	3.8	3.1	6.3
Basic earnings per share (NOK)		0.35	0.24	1.30	0.71	0.98
Diluted earnings per share (NOK)		0.34	0.24	1.25	0.69	0.96

STATEMENT OF COMPREHENSIVE INCOME

<i>NOK MILLION</i>	Note	Q2 19	Q2 18	1H 19	1H 18	2018
Profit for the period		26.9	14.1	82.8	40.4	59.7
OTHER COMPREHENSIVE INCOME						
Items that may subsequently be reclassified to profit or loss						
Currency translation differences		1.9	(12.2)	(32.5)	(34.8)	19.2
Currency translation differences on non-controlling interests		(0.3)	(0.7)	(1.5)	(2.0)	(0.4)
Net gain / (loss) on cash flow hedges	7	(0.3)	-	0.0	-	0.2
Other comprehensive income		1.3	(12.9)	(34.0)	(36.8)	19.0
Total comprehensive income		28.3	1.2	48.8	3.6	78.8
ATTRIBUTABLE TO:						
- Owners of the parent		27.2	0.7	46.5	2.5	72.8
- Non-controlling interests		1.0	0.5	2.3	1.1	6.0

STATEMENT OF FINANCIAL POSITION

<i>NOK MILLION</i>	Note	30.06.2019	31.12.2018
Goodwill	4	858.8	882.4
Other intangible assets	4	166.6	182.2
Deferred tax assets	4	11.4	11.6
Machinery and equipment		8.3	8.4
Right-of-use assets	13	76.5	-
Other non-current assets		3.1	3.4
Total non-current assets		1 124.7	1 088.0
Inventories		35.0	26.3
Trade receivables		372.0	411.0
Other current receivables		67.1	29.4
Cash and cash equivalents	9	157.1	82.4
Total current assets		631.2	549.1
Total assets		1 755.9	1 637.2
Paid in capital	11	799.7	425.7
Other equity	11	62.0	90.7
Non-controlling interests		29.1	26.7
Total equity		890.7	543.1
Deferred tax liabilities		51.1	55.6
Non-current interest-bearing loans	6,8	138.4	277.2
Non-current earn-out liabilities	6,8	138.1	231.9
Non-current lease liabilities	13	47.3	-
Other non-current liabilities		1.0	1.1
Total non-current liabilities		376.0	565.9
Current interest-bearing loans	6,8	0.8	0.9
Current earn-out liabilities	6,8	87.8	145.8
Current lease liabilities	13	29.8	-
Trade payables		173.8	185.6
Public duties payable / taxes payable		64.4	78.5
Other current liabilities		132.5	117.4
Total current liabilities		489.2	528.2
Total liabilities and equity		1 755.9	1 637.2

STATEMENT OF CASH FLOWS

<i>NOK MILLION</i>	Note	Q2 19	Q2 18	1H 19	1H 18	2018
EBITA		45.0	31.6	95.9	61.8	142.8
Depreciation	13	8.8	1.0	17.4	2.1	4.7
Income tax paid		(14.1)	(8.0)	(28.2)	(14.5)	(43.0)
Change in inventories		(0.4)	1.7	(8.7)	1.5	3.6
Change in trade receivables		3.6	13.2	39.0	(15.9)	(114.9)
Change in trade payables		2.2	17.5	(11.7)	6.1	31.0
Change in other current assets / liabilities		(4.3)	1.4	(36.2)	(32.5)	33.3
Other operating activities		2.4	(2.5)	(1.4)	(2.5)	5.8
Net cash flow from operational activities		43.2	55.8	66.1	6.1	63.4
Acquisition of subsidiaries, net of cash acquired		(125.7)	(85.3)	(125.7)	(85.3)	(243.7)
Purchase of machinery & equipment		(1.8)	(0.7)	(2.6)	(1.3)	(3.2)
Interest received		0.5	0.2	0.8	0.3	0.4
Net cash flow from investing activities		(127.0)	(85.7)	(127.5)	(86.2)	(246.4)
Net change in interest-bearing loans	6,8	(130.0)	34.0	(139.0)	47.1	107.4
Proceeds from issue of shares	11	374.0	39.0	374.0	93.7	171.6
Sale/(purchase) of treasury shares		(17.7)	-	(17.7)	-	-
Dividends paid to equity holders of the company	11	(58.3)	(53.7)	(58.3)	(53.7)	(53.7)
Dividends paid to non-controlling interests		-	(2.5)	-	(2.5)	(3.6)
Interest paid		(3.6)	(1.6)	(6.1)	(3.3)	(5.9)
Payments on lease liabilities	13	(7.8)	-	(15.3)	-	-
Other financing activities		2.9	(1.3)	2.6	(1.3)	-
Net cash flow from financing activities		159.4	14.0	140.2	80.1	215.8
Net cash flow from the period		75.6	(16.0)	78.8	(0.0)	32.7
Cash at the beginning of the period	9	81.4	62.3	82.4	50.7	50.7
Exchange gain/losses on cash		0.1	(2.4)	(4.1)	(6.7)	(1.0)
Cash at the end of the period	9	157.1	44.0	157.1	44.0	82.4
Hereof presented as:						
Free cash		153.1	40.3	153.1	40.3	78.0
Restricted cash		4.0	3.7	4.0	3.7	4.4

STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the company

<i>NOK MILLION</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Translation differences</i>	<i>Other equity</i>	<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
Equity at 1 January 2019	29.2	396.5	63.9	26.8	516.4	26.7	543.1
Profit / loss for the period				79.0	79.0	3.8	82.8
Other comprehensive income for the period			(32.5)	0.0	(32.5)	(1.5)	(34.0)
Total comprehensive income	-	-	(32.5)	79.0	46.5	2.3	48.8
Dividends				(58.3)	(58.3)		(58.3)
Employee share option scheme				(16.9)	(16.9)		(16.9)
Issue of share capital	7.2	366.8			374.0		374.0
Equity at 30 June 2019	36.3	763.3	31.4	30.6	861.6	29.1	890.7

Attributable to equity holders of the company

<i>NOK MILLION</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Translation differences</i>	<i>Other equity</i>	<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
Equity at 1 January 2018	25.7	228.3	44.7	27.2	325.9	20.7	346.6
Profit / loss for the period				37.3	37.3	3.1	40.4
Other comprehensive income for the period			(34.8)		(34.8)	(2.0)	(36.8)
Total comprehensive income	-	-	(34.8)	37.3	2.5	1.1	3.6
Changes in non-controlling interests				(0.9)	(0.9)	3.4	2.5
Dividends				(53.7)	(53.7)	(2.5)	(56.1)
Employee share option scheme				0.4	0.4		0.4
Issue of share capital	1.9	91.8			93.7		93.7
Equity at 30 June 2018	27.6	320.1	9.9	10.3	367.9	22.8	390.7
Profit / loss for the period				16.1	16.1	3.2	19.2
Other comprehensive income for the period			54.0	0.2	54.2	1.6	55.9
Total comprehensive income	-	-	54.0	16.3	70.3	4.8	75.1
Changes in non-controlling interests					-	0.3	0.3
Dividends					-	(1.2)	(1.2)
Employee share option scheme				0.3	0.3		0.3
Issue of share capital	1.5	76.4			77.9		77.9
Equity at 31 December 2018	29.2	396.5	63.9	26.8	516.4	26.7	543.1

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Note 1: 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 address of the company is Sandviksveien 26, 1363 Høvik.

All amounts in the interim condensed consolidated financial statements are presented in NOK million unless otherwise stated. As a result of rounding differences, numbers or percentages may not add up to the total. These interim condensed consolidated financial statements have not been audited.

Note 2: Basis of preparation / accounting policies

These interim condensed consolidated financial statements for the second quarter and first half of 2019 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which 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.

The accounting policies applied are consistent with those applied in the previous financial year, except for the implementation of 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. Lessor accounting under IFRS 16 is substantially unchanged from previous accounting under IAS 17. Lessors will continue to classify all leases using the similar classification principle as in IAS 17.

The group has, with effect from 1 January 2019, adopted IFRS 16 using the modified retrospective approach. Accordingly, comparable information have not been restated, and the effect is entered in the statement of financial position in the implementation year 2019. Upon implementation, the right-of-use asset and lease liability were the same amount and did not impact on equity.

At the commencement date of a lease, a lessee will recognise a liability at the present value of lease payments with a corresponding asset representing the right to use the underlying asset during the lease term (right-of-use asset). The recognised asset is amortised over the lease period and the depreciation expense is recognised as an operating expense on an ongoing basis. The lease liabilities will be discounted at the incremental borrowing rate, and the interest expense on the lease commitment is recognised as a financial expense.

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.

The group has identified the following lease agreements: office buildings, cars, servers, licenses and office equipment. The group has used the relief option for leases with a duration of less than 12 months as at 1 January 2019 and leases with low value, and these leases will not be recognised in the statement of financial position, but recognised as an operating expense over the lease period. Fixed non-lease components embedded in the lease contract are neither separated and hence recognised as lease liabilities and capitalised as right-of-use assets. This approach will be applied consistently to all lease contracts.

The impacts of IFRS 16 adoption per 1 January 2019 and first half of 2019 impact of IFRS 16 are summarised in note 13.

Note 3: Operating segments

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

Operating segment performance is evaluated based on operating profit before amortisation of intangible assets (EBITA). The operating segment performance has in previous periods been measured by EBITDA, however from 1 January 2019 the group has changed to EBITA, as depreciations now are considered to be part of the normal operations and should be included in the measurement of the segment performance. In addition is EBITA more relevant as a measure of the operating profit after the implementation of IFRS 16. To enable comparison with prior periods performance, historical information has also been changed from EBITDA to EBITA.

R&D Services

Data Respons 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.

OPERATING REVENUE PER QUARTER

<i>NOK MILLION</i>	Q1 19	Q1 18	Q2 19	Q2 18	Q3 19	Q3 18	Q4 19	Q4 18	1H 19	1H 18	2018
R&D Services	312.2	234.0	297.3	239.9		222.4		313.5	609.5	473.9	1 009.8
Solutions	144.7	119.7	139.6	119.5		121.3		127.7	284.3	239.3	488.3
Eliminations	(4.6)	(0.8)	(4.3)	(2.9)		(2.0)		(4.5)	(8.9)	(3.6)	(10.1)
Operating revenue	452.3	352.9	432.6	356.6		341.8		436.7	884.9	709.5	1 488.0

EBITA PER QUARTER

<i>NOK MILLION</i>	Q1 19	Q1 18	Q2 19	Q2 18	Q3 19	Q3 18	Q4 19	Q4 18	1H 19	1H 18	2018
R&D Services	42.6	26.2	37.4	25.4		27.4		48.1	80.0	51.6	127.1
Solutions	14.9	9.6	16.3	11.5		10.3		15.7	31.2	21.1	47.1
Corporate	(6.6)	(5.5)	(8.7)	(5.4)		(4.4)		(16.0)	(15.3)	(10.9)	(31.3)
EBITA	50.9	30.2	45.0	31.6		33.2		47.8	95.9	61.8	142.8
EBIT	45.4	26.8	39.5	25.3		29.8		42.3	84.8	52.2	124.2
Profit/Loss before taxes	67.1	30.6	36.6	23.3		25.0		16.2	103.6	53.9	95.1

EBITA %

	Q1 19	Q1 18	Q2 19	Q2 18	Q3 19	Q3 18	Q4 19	Q4 18	1H 19	1H 18	2018
R&D Services	13.6 %	11.2 %	12.6 %	10.6 %		12.3 %		15.3 %	13.1 %	10.9 %	12.6 %
Solutions	10.3 %	8.0 %	11.7 %	9.6 %		8.5 %		12.3 %	11.0 %	8.8 %	9.6 %
Total	11.3 %	8.6 %	10.4 %	8.9 %		9.7 %		10.9 %	10.8 %	8.7 %	9.6 %

Note 4: Significant estimates and judgements

In connection with the preparation of the these interim condensed 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 interim condensed consolidated financial statements are prepared.

The group based its assumptions and estimates on parameters available when these interim condensed 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 complies 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 in 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. 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. The group performed its annual impairment test in December 2018, and no indications of impairment losses were identified for any of the group's CGUs. The recoverable amounts of the CGUs exceeded their carrying amounts by significant margins. A sensitivity analysis has been performed for the CGUs, in order to determine if a reasonable change in key assumptions would cause the units' carrying amounts to exceed their recoverable amounts. The intangible assets have not been tested for impairment during the first half of 2019, as there are no indications of impairment.

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.

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 when recognising revenue over time because there is a direct relationship between the group's effort (i.e., labour hours incurred) and the transfer of service to the customer.

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.

Leases

The application of IFRS 16 requires the group to make judgments that affect the valuation of the lease liabilities and the right-of-use assets (please see note 13). These include: determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

Identifying a lease will sometimes require a significant amount of judgement based on the elements of the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of a time in exchange for consideration.

The lease term determined by the group comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option. The same economic useful life is applied to determine the depreciation rate of right-of-use assets. In determining the lease term, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into accounts.

Identifying the appropriate rate of discount rate of the lease payments involve significant judgement. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate ("IBR"). A lessee's IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The approach used in determining the IBR is to take into account the reference rate adjusted for financing spread and lease specific characteristics. The weighted average lessee's IBR applied to the lease liabilities recognised in the statement of financial position at the date of initial application 1 January 2019 is 4 %.

Note 5: Significant events and transactions

On 13 May 2019, Data Respons ASA announced that it has raised NOK 324 million in gross proceeds through a private placement of 12 000 000 new shares at a price per share of NOK 27.00. The private placement, which was significantly oversubscribed, took place through an accelerated bookbuilding process. The net proceeds from the private placement will be used to fund future M&A activity.

The private placement was divided into two tranches. Tranche 1 consisted of 2 000 000 shares and was based on existing authorisation to issue shares. Tranche 2 consisted of 10 000 000 shares and was approved in an Extraordinary General Meeting on 5 June 2019.

Note 6: Interest-bearing loans

As of 30 June 2019, Data Respons has interest-bearing loans of NOK 139.2 million (278.1). The interest-bearing loans are drawn under a revolving credit facility of NOK 400 million with Handelsbanken and Swedbank.

Data Respons made repayments of NOK 139 million of the revolving credit facility during the first half of 2019.

The revolving credit facility has a quarterly interest repayment profile over five years with a lump-sum down payment in May 2023. The revolving credit facility has floating interest rate, NIBOR with a margin set based on a defined leverage ratio. In the first half of 2019 the margin was set to 1.20 per cent per annum.

Data Respons is subject to certain covenants as part of its revolving credit facility. The equity ratio should be minimum 25 % for the group, and as of 30 June 2019, the ratio was 50.7 % (33.2). Furthermore, there is a covenant requirement that the leverage ratio should not exceed 3.0. As of 30 June 2019, the ratio was -0.1 (1.2). The leverage ratio is defined as EBITDA 12 month rolling / net interest bearing debt.

<i>NOK MILLION</i>	30.06.2019	31.12.2018
Revolving credit facility	139.2	278.1
Total interest-bearing loans	139.2	278.1
Of which:		
Current interest-bearing loans	0.8	0.9
Non-current interest-bearing loans	138.4	277.2

Note 7: Fair value measurement

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 classified as other non-current assets in the statement of financial position. The change of NOK 0.02 million in the first half of 2019 is recognised through OCI.

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.

As the financial performance for IT Sonix & XPURE and Microdoc are expected to fall short of the expected performance at the time of acquisition, Data Respons has re-estimated the earn-out liabilities at 31 March and 30 June 2019, resulting in a decrease in earn-out liabilities of NOK 22.0 million for IT Sonix & XPURE and 0.8 million for MicroDoc in the first half of 2019. There have not been any material changes in the earn-out estimates for EPOS CAT, Atero and TechPeople during the first half of 2019. Re-estimation effects following changes in estimates of future financial performance of subsidiaries are recognised as a net financial item in the income statement.

Data Respons has earn-out liabilities in foreign currencies and is therefore exposed to currency fluctuations when translating into the group currency NOK. As of 30 June 2019, the total earn-out liabilities consist of EUR 22.3 million (35.9), SEK 3.1 million (6.9) and DKK 5.1 million (10.2). Data Respons recognised a net foreign currency gain of NOK 9.7 million (7.7) in the first half of 2019 on the earn-out liabilities in foreign currencies.

An interest cost on the earn-out liabilities of NOK 6.8 million (5.7) has been expensed as a financial item in the first half of 2019.

The carrying amounts of the derivative financial assets and earn-out liabilities are presented in the table below. There are no significant differences between total carrying value and fair value.

<i>NOK MILLION</i>	Fair value level	Category	30.06.2019	31.12.2018
Financial assets				
Derivative financial assets	1	FVTOCI*	0.2	0.2
Total derivative financial assets			0.2	0.2
Financial liabilities				
Current earn-out liabilities	3	FVTPL**	87.8	145.8
Non-current earn-out liabilities	3	FVTPL**	138.1	231.9
Total earn-out liabilities			225.9	377.7

* FVTOCI: Fair value through other comprehensive income

** FVTPL: Fair value through profit & loss

Note 8: Financial liabilities – maturity profile

The following tables show the maturity profile of the group's financial liabilities including interest-bearing loans and earn-out liabilities. The amounts disclosed in the table are undiscounted cash flows.

<i>NOK MILLION</i>	2019	2020	2021	2022	2023-2024	Total
Interest-bearing loans *	1.9	3.8	3.8	3.8	141.4	154.7
Earn-out liabilities	-	87.8	89.3	48.7	-	225.9
Total	1.9	91.6	93.1	52.5	141.4	380.6

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

Note 9: Cash and cash equivalents

As of 30 June 2019, Data Respons had cash reserves of NOK 157.1 million (82.4), whereof restricted cash consisting of employee's tax deductions was NOK 4.0 million (4.4). In addition, the company has an overdraft facility of NOK 50.0 million (50.0) and a long-term revolving credit facility of NOK 400.0 million (400.0) as of 30 June 2019; of which NOK 139.2 million (278.1) has been utilised. Unutilised long-term revolving credit facility as of 30 June 2019 is NOK 260.8 million (121.9). The total unutilised cash reserve and credit facilities for the group at 30 June 2019, is NOK 463.9 million (249.9). There are financial covenants, which may restrict the use of the NOK revolving credit facilities, see note 6.

Note 10: Income tax

Income tax expense amounted to NOK 20.9 million (13.5) for the first half of 2019, corresponding to an effective tax rate of 20.1% (25.0%). 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

On the annual general meeting on 12 April 2019 the dividend for 2018 of NOK 1.00 per share was approved. The dividend of NOK 58.3 million was paid in June 2019 and the DAT share traded ex. dividend on 15 April 2019.

In May 2019, 1 048 956 new shares were issued at an average price of NOK 28.44 per share to the sellers of MicroDoc. In May 2019, 659 658 new shares were issued at an average price of NOK 28.44 per share to the sellers of EPOS CAT. In May 2019, 354 972 new shares were issued at an average price of NOK 25.81 per share to the sellers of EPOS CAT.

In May and June 2019, a total of 12 000 000 new shares were issued at a price NOK 27.00 per share through a private placement. Refer to note 5 for details. In June 2019, 252 989 new shares were issued at a price of NOK 20.69 per share to the group's employee share saving scheme.

As of 30 June 2019, the registered share capital of Data Respons ASA consisted of 72 633 658 shares with a par value of NOK 0.50. All shares have equal rights and are freely transferable. Data Respons has one class of shares and each share carries one vote. Data Respons did not own any treasury shares at 30 June 2019.

Note 12: Net financial items

<i>NOK MILLION</i>	Q2 19	Q2 18	1H 19	1H 18
Interest income on cash reserves	0.5	0.2	0.8	0.3
Realised / unrealised currency exchange gain	0.1	4.4	11.4	13.2
Other financial income*	4.7	1.8	22.8	1.8
Financial income	5.3	6.4	35.0	15.4
Interest expenses on interest-bearing loans	(2.4)	(1.9)	(4.7)	(3.8)
Interest expenses on earn-out liabilities	(2.9)	(2.7)	(6.8)	(5.7)
Interest expenses on lease liabilities	(0.6)	-	(1.2)	-
Realised / unrealised currency exchange loss	(1.2)	(1.9)	(1.8)	(1.8)
Other financial costs	(1.1)	(2.0)	(1.7)	(2.3)
Financial expense	(8.2)	(8.5)	(16.2)	(13.6)
Net financial items	(2.9)	(2.1)	18.8	1.7

*Other financial income include gains related to re-estimation of earn-out liabilities . Refer to note 7 for details.

Note 13: Leases

Leases in the statement of financial position

<i>NOK MILLION</i>	30.06.2019	01.01.2019*
Assets		
Right-of-use assets - office buildings	71.1	57.7
Right-of-use assets - cars	3.7	4.6
Right-of-use assets - licenses & servers	1.3	1.8
Right-of-use assets - other	0.4	0.6
Total	76.5	64.7
Liabilities		
Current lease liabilities	29.8	28.9
Non-current lease liabilities	47.3	35.8
Total lease liabilities	77.1	64.7

*At implementation date 1 January 2019, the right-of-use assets and lease liabilities were at the same amount and equity was not impacted.

The increase in the right-of-use assets – office buildings and corresponding lease liabilities mainly relates to a new long-term lease contract for the group`s headquarter at Høvik.

Leases in the statement of cash flows

In the statement of cash flows the cash payments for the principal – and interest portion of the lease liability are classified within cash flows from financing activities.

Leases in the income statement

The total cost over the lease term will remain unchanged after the implementation of IFRS 16 compared. However, IFRS 16 will result in a front-loading of expenses and reclassification of costs from EBITA to net financial items.

In the income statement, operating lease costs (in other operating expenses) will be replaced by depreciation and interest expenses. As a result, the group expects the EBITDA to increase in the range of NOK 25 – 30 million in 2019.

The group expects no material impact on the operating profit (EBIT) for the year as a result of the implementation of IFRS 16.

<i>NOK MILLION</i>	Q2 19	1H 19
Other operating expenses	(7.8)	(15.3)
EBITDA	7.8	15.3
Depreciation of right-of-use assets	7.4	14.6
EBITA	0.4	0.7
Interest expenses on lease liabilities	0.6	1.2
EBIT	(0.2)	(0.5)

Note 14: Related party transactions

There have been no related party transactions in the first half of 2019, 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 15: Disputed claims

As of 30 June 2019, the subsidiary Data Respons Solutions AS has 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 Solutions AS has claimed READ Group AS for the outstanding amount. The claim is, as of the 30 June 2019, being disputed by the guarantor READ Group AS. 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 30 June 2019.

Note 16: Events occurring after the reporting period

On 2 July 2019, Data Respons announced an agreement to acquire 100% of the shares in inContext AB ("inContext"), a Swedish R&D Services company located in Stockholm with 80 employees. The company is a fast-growing R&D Services company that specialises in interconnect, electrification, embedded software technology, mechanical design and project management.

inContext had a turnover of SEK 50 million and an EBIT of SEK 14 million in the financial year ended 30 April 2018. inContext is debt free at closing. The company will be consolidated into Data Respons' consolidated financial statements from July 2019. Total transaction costs are estimated to NOK 1.5 million, which will be recognised in the third quarter 2019.

The consideration for the transaction has three parts. The first part is a cash consideration of SEK 36.4 million which was paid at signing of the agreement. The second part is a private placement of 1,076,810 shares in Data Respons ASA at a price of NOK 31.03 per share, which shall be issued to the sellers after closing. The third part is an additional amount (earn-out) which will be paid out based on a positive development in the company's EBIT over the next three financial years (May 2019 through April 2022). Earn-out payments will be due in the third quarter in the year of the respective financial year ending in April. The maximum total consideration will not exceed 7 times the average EBIT the next three financial years.

On 3 July 2019, Data Respons announced an agreement to acquire 100% of the shares in Donat Group GmbH ("DONAT"), a German R&D Services company headquartered in Ingolstadt with 140 employees. The company is a leading niche provider of software solutions and specialist services within software development and architecture, system integration and test management as well as business critical R&D IT services (DevOps).

DONAT had a turnover of EUR 9.2 million and a total EBIT of EUR 0.5 million in 2018. DONAT expects good growth in 2019 and significant improvements in profit due to non-recurring items in 2018. The company has no net interest-bearing debt at closing. The company will be consolidated into Data Respons' consolidated financial statements from July 2019. Total transaction costs are estimated to NOK 5.5 million, which will be recognised in the third quarter 2019.

The consideration for the transaction has two parts. The first part is a cash consideration of EUR 8.5 million which was paid at closing of the transaction. The second part is an additional amount (earn-out) which will be paid out based on a positive development in the company's EBIT in the current and over the next three financial years (2019, 2020, 2021 and 2022). Earn-out payments will be due in the second quarter of the year following the respective earn-out year. The maximum total consideration will not exceed 7 times the average EBIT of the current and the next three financial years.

There have been no other events subsequent to the reporting period that have a material effect on the interim condensed consolidated financial statements for the first half of 2019.

DEFINITIONS

ALTERNATIVE PERFORMANCE MEASURES

Data Respons' financial information is prepared in accordance with International Financial Reporting Standards (IFRS). In addition to the ordinary financial performance measures prepared in accordance with IFRS, it is management's intent to provide alternative performance measures ("APMs") to enhance the understanding of the group's underlying performance. The APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS. APMs should not be viewed as a substitute for financial information presented in accordance with IFRS but rather as a complement.

EBITA: is defined as operating profit adjusted for amortisation and impairments. EBITA margin is defined as EBITA divided by revenues. This performance measure is considered useful to the users of the financial statements when evaluating operational profitability on a more variable cost basis as they exclude amortisation and impairment related to capital expenditure, and also items not considered as a part of ordinary operations.

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

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. This performance measure is considered useful as it enables comparability of profitability regardless of capital structure or tax situation.

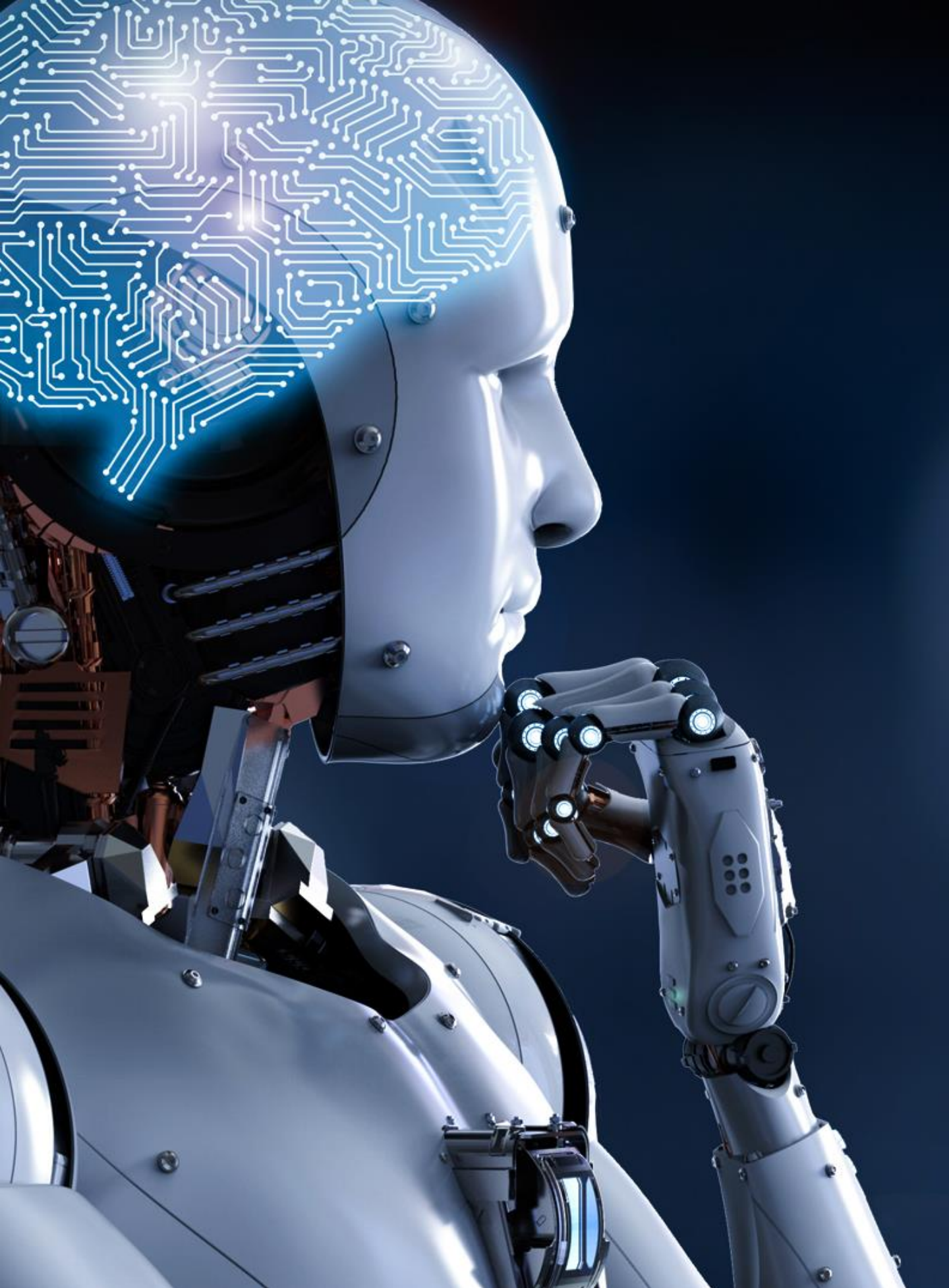
Equity ratio: is defined as total equity divided by total assets. The equity ratio is important as it is indicating the relative proportion of equity used to finance the company's assets. In addition to this, Data Respons has an equity ratio covenant related to its revolving credit facility.

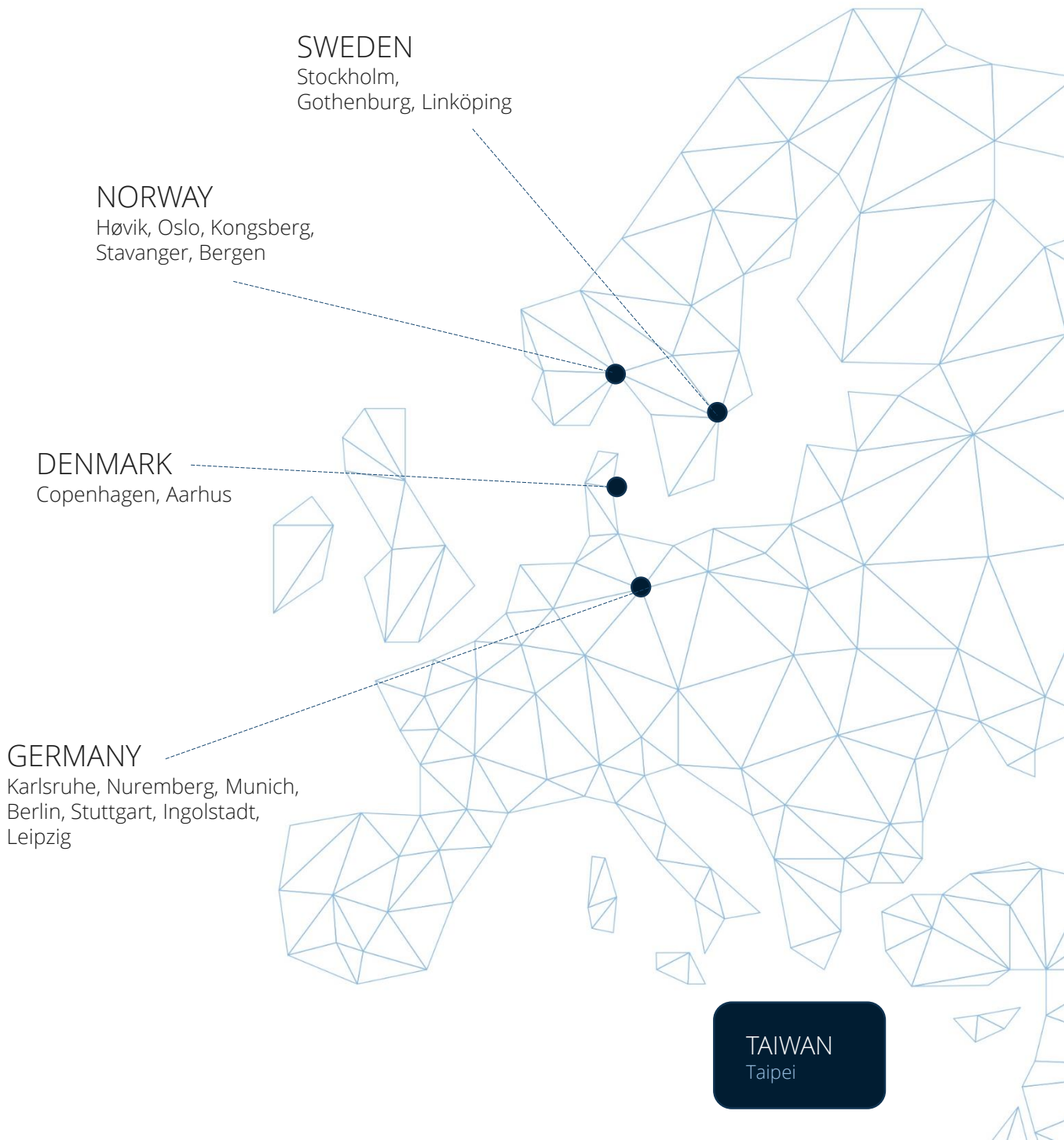
Organic growth: is a measure of the company's ability to grow organically by generating additional net sales to existing and new customers as opposed to through acquired growth. Organic growth is calculated by comparing the actual revenue with the proforma revenue for the same period last year. Organic growth is an important key figure for Data Respons and for the users of its financial statements as it illustrates underlying operational growth by adjusting for effects related to acquisitions.

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





SWEDEN
Stockholm,
Gothenburg, Linköping

NORWAY
Høvik, Oslo, Kongsberg,
Stavanger, Bergen

DENMARK
Copenhagen, Aarhus

GERMANY
Karlsruhe, Nuremberg, Munich,
Berlin, Stuttgart, Ingolstadt,
Leipzig

TAIWAN
Taipei

OUR COMPANIES





data:respons