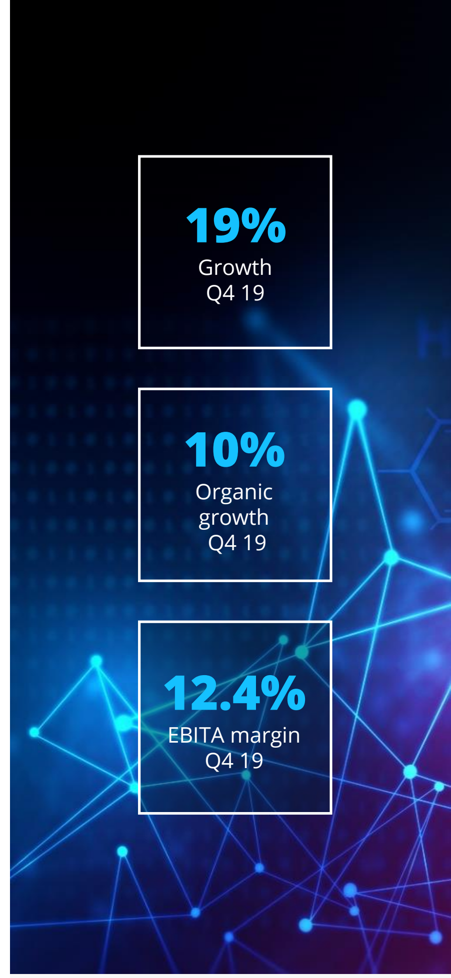
Q4 **2019**

Q4: QUARTERLY REPORT

OCTOBER – DECEMBER 2019



HIGHLIGHTS

- ALL-TIME HIGH revenue and profit for Q4 and 2019
- Strong DEVELOPMENT across all business segments, geographical regions and vertical markets
- GLOBAL MEGATREND of digitalisation, connectivity (IoT) and automation continue to fuel the market
- STRONG DEMAND for engineering R&D specialists
- NET INCREASE of 300 new specialists during 2019
- Increasing portfolio of SUSTAINABILITY-orientated technology projects
- SOLID FINANCIAL POSITION with 51% equity ratio enabling further growth
- AKKA Technologies SE launched a voluntary cash offer at NOK 48 per share for all of Data Respons' outstanding shares

KEY FIGURES Data Respons ASA

NOK MILLION	Q4 19	Q4 18	2019	2018
Revenues	521.6	436.7	1 866.5	1 488.0
EBITA	64.7	47.8	216.2	142.8
Profit before income tax	51.3	16.2	195.8	95.1
Profit for the period	33.5	0.4	146.1	59.7
Basic earnings per share (NOK)	0.39	(0.03)	2.02	0.98
Total growth	19 %	24 %	25 %	12 %
Organic growth	10 %	9 %	12 %	9 %
EBITA margin	12.4 %	10.9 %	11.6 %	9.6 %
Net cash flow from operations	73.7	54.1	203.2	63.4
Cash at the end of the period	128.1	82.4		
Interest-bearing loans	68.9	278.1		
Equity ratio	51 %	33 %		
Number of own employees	1 007	776		
Number of subcontractors	405	344		

KEY FIGURES R&D Services

NOK million	Q4 19	Q4 18	%
Revenues	387.5	313.5	24 %
EBITA *	59.6	48.1	24 %
EBITA %	15.4 %	15.3 %	

* EBITA before corporate cost

KEY FIGURES Solutions

NOK million	Q4 19	Q4 18	%
Revenues	137.5	127.7	8 %
EBITA *	19.1	15.7	21 %
EBITA %	13.9 %	12.3 %	

* EBITA before corporate cost

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

Comments from the CEO

> Ahead of schedule towards the 2 billion NOK revenue target, and adding another step on a strong growth story

As we look back on 2019, we are concluding another record year for Data Respons. And, as with previous years, we are beating the record by a wide margin.

I am tremendously proud of the company's long-term growth track-record. We have achieved an impressive 17% annual growth over the last 19 years and, at the same time, improved our margins to best in class.

Data Respons is truly a tech and customer driven company, based on a people-centric culture. We strongly believe in a decentralised and dynamic group structure with empowered local management and employees. Mix this with a clear strategy, focus on capital allocation as well as our ongoing strive to improve our offerings, quality, specialist competence and execution – then you have 'the secret sauce' of success.

A growing family of high performers

During 2019 we successfully added two more companies to the group, DONAT in Germany and inContext in Sweden. Both are leading players in their niche and represent an important contribution to our offerings. Identifying strong candidates with excellent performance, fantastic engineers and a people-based culture is an important part of our business model – we call it 'organic M&A'. As we have welcomed new members into our family over the years, this has always been based on mutual trust, respect and team spirit – a key take-away from the long-term success of our M&As.

In 2019, we added 300 new engineers and the group now represents more than 1 400 specialists that are gaining unique experience from demanding projects with a complex mix of specialist software, hardware platforms, new technologies (AI,5G, IoT, CLOUD, CYBER) and industry know-how. These exciting technology projects lead to the products of tomorrow, continue to drive our organisation forward and contribute to a more sustainable future.

Software-based mobility, the next mega-trend

According to Sony, the last decade was all about the mobile, and the next decade will be all about mobility.

The technological and mental shift that the evolution of mobility brings is an exciting thing to be a part of. As we create solutions for autonomous factories, cars and ships, or the next fleet management systems, infotainment systems and car sharing platforms, we get to be a part of moving the world forward. We get to be part of this constant evolution, making our customers more competitive in their offerings by adding new functionality, software and services in a data-driven world, as well as becoming more efficient and capable of doing more with less. 2019 has been a ride like no other in this regard. We had the opportunity to work with the biggest brands in this enormous industry, and that was only the beginning.

At Data Respons, the saying is – the world is changing and so are our customers – we are the change agents!

Sustainable through technology and dedication

Through our core business we help our clients become more efficient by means of automation, improved software and new technology. We also directly enable increased sustainability by building digital platforms for our customers that deliver renewable energy, health technology, new transportation concepts and smart homes, to mention a fraction of what we do.

However, we believe that it's not enough to only do good through others. We believe there is value in taking responsibility even when nobody is watching.

In 2025 our company will be CO2 neutral – because this is the only way forward. We are far from the being the worst polluter on the planet, but that doesn't really matter. Today our business creates 1 370 tons of CO2. In the next five years we will reduce that number to zero.

We also aspire to be an example to follow on how to thrive and experience significant growth, while at the same time reducing emissions from the business – something we will accomplish through a combination of dedicated people and valuable technology.

Let us enjoy the future in a sustainable way.

Kenneth Ragnvaldsen,
CEO of Data Respons ASA

Highlights of the quarter

Revenue in the fourth quarter was NOK 521.6 million (436.7), a growth of 19%. EBITA was NOK 64.7 million (47.8), a growth of 35%. The underlying EBITA in the fourth quarter was NOK 79.4 million, adjusted for expensed transaction costs of NOK 1.2 million, a provision for bad debt on a trade receivable from 2017 of NOK 8.0 million and social security tax accrual of NOK 5.5 million related to the Company's employee share option scheme. EBIT was NOK 56.4 million (42.3), a growth of 35%. The profit for the period was NOK 33.5 million (0.4). EPS was 0.39 (-0.03). Data Respons had a cash flow from operating activities of NOK 73.7 million (54.1) in the fourth quarter.

Data Respons achieved record-high revenues and profit in the fourth quarter and 2019, driven by a solid performance in both business areas. The R&D Services segment had a growth of 24% in the fourth quarter. 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 also achieved solid revenue growth of 8%, with positive development in both Norway and international operations. Data Respons is well positioned in the underlying megatrends of industrial digitalisation (SW acceleration), connectivity (IoT) and automation, which has contributed to the record performance across business segments and vertical markets this year.

The long-term improvement of the profitability continued during the fourth quarter. The growth in the EBITA was 35%, resulting in a record high EBITA margin of 12.4% for the Group. The R&D Services segment achieved an EBITA margin of 15.4%. The combination of an underlying attractive market and the Company's specialist capabilities continues to support high overall utilisation, increased prices and a favourable mix of large and business-critical R&D projects. The profitability of the Solutions segment has improved significantly throughout the year, reaching an EBITA margin of 13.9%. Measures to increase revenue from software and value-adding services are showing positive effects combined with the strategic ambition to increase focus on larger customers and more complex and competence intensive solutions.

The Company's momentum is based on our strong position within IoT, industrial digitalisation, SW and embedded technologies. In terms of key verticals, the Company has strengthened its footprint in the mobility sector and is delivering specialist services and solutions in business-critical and future-orientated product developments, taking part in the digital evolution of logistics, transportation and the auto industry. During the quarter, the Company also signed several major contracts with key customers in other verticals like Telecom & Media, Finance & Industrial Automation, Security, Space & Defence and Energy & Maritime. The Company is experiencing a growing demand across different verticals for sustainability-orientated technology projects and the portfolio of 'sustainability through technology' projects continues to increase.

At 19 December 2019, AKKA Technologies SE launched a voluntary cash offer at NOK 48 per share for all of Data Respons' outstanding shares with the following conditions:

- Offer price of NOK 48 per share settled in cash, which corresponds to an equity value of DAT of NOK 3.7 billion.
- The offer period is from 13 January 2020 until 10 February 2020 at 16:30 CET. The offeror may extend the offer period.
- The offer is subject to customary regulatory approval in Germany and 90% acceptance rate from DAT shareholders.
- DAT shareholders representing 43% of the shares have given pre-acceptance to the offer, subject to customary conditions.
- The Board of Directors of DAT has unanimously recommended the offer.
- The complete terms and conditions for the offer, including procedures for how to accept the offer and detailed information regarding settlement, are set out in the offer document published on 13 January 2020.

2019

Revenue for 2019 was NOK 1 866.5 million (1 488.0), a growth of 25%. EBITA was NOK 216.2 million (142.8), resulting in an EBITA margin of 11.6% (9.6%). Data Respons had a cash flow from operating activities of NOK 203.2 million (63.4). The total number of employees on 31 December 2019 was 1 412 (1 120) including subcontractors, adding close to 300 engineers to our top-performing specialist teams in Germany and the Nordics.

The Company's long-term growth in revenue and improvement in profitability have continued in 2019, with a revenue growth of 25% and a solid EBITA growth of 51%. A combination of organic initiatives, bolt-on acquisitions and strong international expansion explains the continuing positive development.

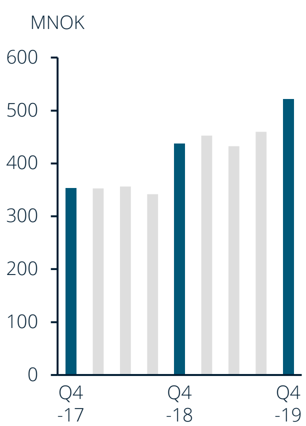
Germany strengthened its position as the fastest-growing geographical region in the Company with 28% of total revenue in 2019 driven by the acquisition of Donat Group and strong momentum in the Mobility segment.

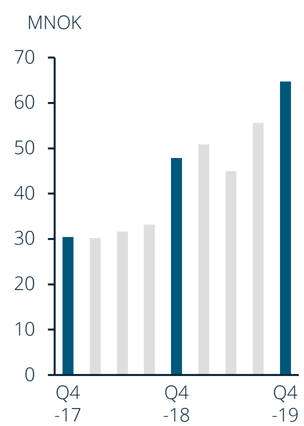
Revenues
522

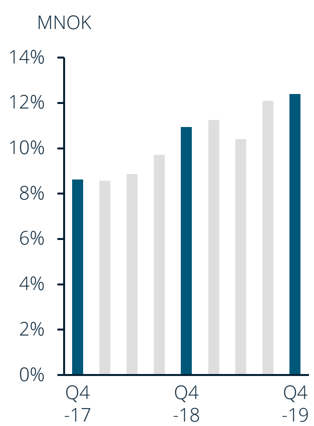
EBITA
64.7

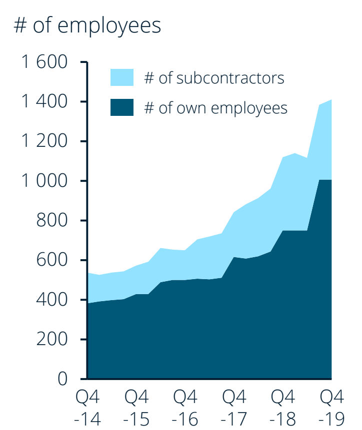
EBITA margin
12.4%

# of employees
1 412









Sweden continues to be the largest market with 42% of the revenue, while Norway accounted for 19% and Denmark for 11% of the revenue in Data Respons.

The Company continued to integrate new high performers in the Group during the year. 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. inContext 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 are included in Data Respons consolidated figures from 1 July 2019. Transaction costs of NOK 7.1 million have been expensed in 2019.

Operating segments

R&D Services

Revenue in the fourth quarter was NOK 387.5 million (313.5), a growth of 24%. EBITA before corporate costs was NOK 59.6 million (48.1), resulting in an EBITA margin of 15.4% (15.3%). Operating revenue for 2019 was NOK 1 316.5 million (1 009.8), a growth of 30%. EBITA before group costs was NOK 188.7 million (127.1), an EBITA margin of 14.3% (12.6%).

The R&D Services segment delivered a solid performance across all portfolio companies, resulting in strong growth of 24% in the quarter. Organic growth reached 10% for the quarter and 11% for 2019. The underlying tech trends continue to be attractive, supporting high overall utilisation, attractive prices and a favourable project mix. Revenue and project synergies between portfolio companies continue to be identified and realised. The bolt-on acquisitions are included in the Company's key supplier or strategic partner status and are given access to large and long-term product development projects, as well as cross selling opportunities of complementary solutions and specialist services.

Profitability continues to be record strong with an EBITA growth of 24% and reaching an EBITA margin of 15.4% in the fourth quarter. This includes a provision for bad debt of NOK 8 million on a trade receivable during the quarter, making the underlying year-end performance even stronger.

Most 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. Creating partnerships instead of pure customer relationships has also allowed for introducing new services and concepts to the existing customer portfolio.

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-orientated 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.

The competitive market for engineers makes recruitment a key challenge for the entire industry. During the year we increased the net number of employees by 300 through a combination of the acquisitions and strong onboarding of new talents. Data Respons' position as an R&D specialist, covering the whole value chain from sensors to cloud applications, makes us highly 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 several initiatives, we never compromise on quality or the qualifications required to become a Data Respons employee.

Given the steady increase in demand for R&D Services, recruitment is still a key task to be addressed. In the Group, we are looking to recruit a new specialist every day throughout 2020 to meet the anticipated demand. Continuing to develop an attractive business culture along with potential for personal development have been important and will continue to be important going forward.

Solutions

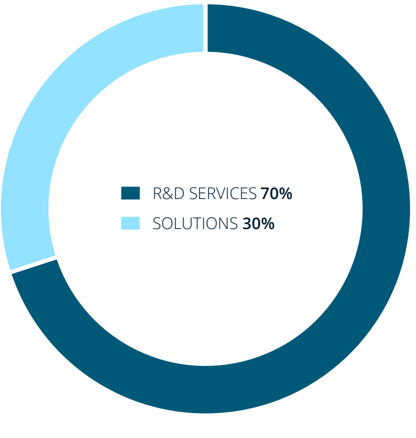
Revenue in the fourth quarter was NOK 137.5 million (127.7), a growth of 8%. EBITA, before corporate cost, was NOK 19.1 million (15.7), resulting in an EBITA margin of 13.9% (12.3%). Operating revenue for 2019 was NOK 564.3 million (488.3), an increase of 16%. EBITA before Group costs was NOK 68.9 million (47.1), an EBITA margin of 12.2% (9.6%).

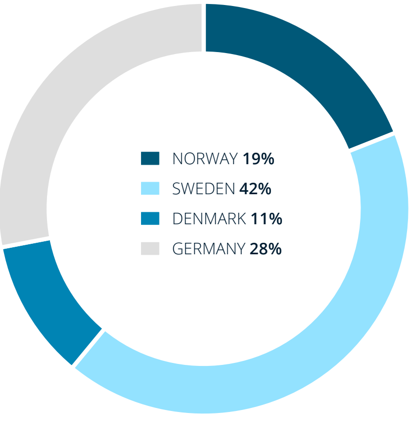
Revenues by
OPERATING SEGMENTS

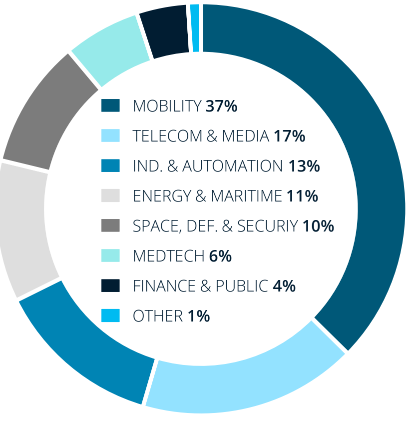
Revenues by
COUNTRIES

Revenues by
INDUSTRY SEGMENTS

All numbers are 2019 figures





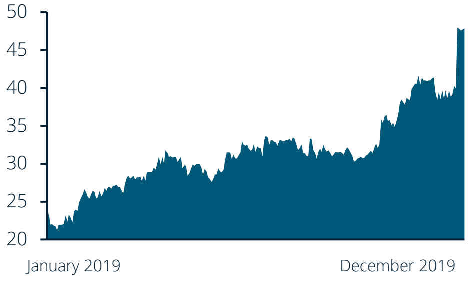


Largest shareholders
31 DECEMBER 2019

Shareholder	Holding	Share
MP PENSJON PK	4 781 554	6.33 %
HANDELSBANKEN FONDER AB	4 575 063	6.06 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	4 344 098	5.75 %
AKTIA FUNDS	3 932 789	5.21 %
FOLKETRYGDFONDET	3 920 227	5.19 %
THE BANK OF NEW YORK MELLON SA/NV*	3 371 560	4.47 %
DR. LASSMANN INVEST GMBH	3 067 805	4.06 %
MORGAN STANLEY & CO. INT. PLC.*	2 989 120	3.96 %
VERDIPAPIRFONDET DNB NORGE	2 895 875	3.84 %
STATE STREET BANK AND TRUST COMP*	2 787 316	3.69 %
NORDEA NORDIC SM CAP FD	2 485 818	3.29 %
HERALD INVESTMENT TRUST PLC	1 800 287	2.38 %
CITIBANK, N.A.*	1 764 925	2.34 %
CLEARSTREAM BANKING S.A.*	1 709 577	2.26 %
VARNER INVEST AS	1 650 000	2.19 %
DANSKE INVEST NORGE VEKST	1 619 238	2.14 %
GOLDMAN SACHS & CO. LLC*	1 466 602	1.94 %
SOCIÉTÉ GÉNÉRALE*	1 429 248	1.89 %
STOREBRAND NORGE I VERDIPAPIRFOND	968 096	1.28 %
J.P. MORGAN SECURITIES PLC*	935 154	1.24 %
TOTAL 20 LARGEST	52 494 352	69.52 %
OTHERS	23 016 116	30.48 %
TOTAL NUMBER OF SHARES	75 510 468	100.00 %

* Nominee account

Share price
47.90



Share Information

The share price started at NOK 22.50 at the beginning of the year and ended at NOK 47.90 at 31 December 2019. The Data Respons share is listed at Oslo Stock Exchange, and 19.3 million shares were traded and 10 133 transactions were registered at the Oslo Stock Exchange during the fourth quarter. Data Respons had 1 195 shareholders at 31 December 2019, 73% of the shares are owned by foreign shareholders. Data Respons ASA owned no treasury shares at 31 December 2019. The total number of outstanding shares at 31 December 2019 was 75 510 468.

The Solutions segment had a revenue growth of 8% in the fourth 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 13.9%. The strong development reflects our long-term strategic repositioning of the portfolio towards more complex and high-end solutions leveraging our multi-disciplinary competence, increased focus on software content and delivering value-added services throughout the lifecycle of a solution. Overall, this has provided a more favourable revenue mix with a higher average margin and EBITA growth.

During the quarter, the Solutions segment received several orders from major existing and new customers. We continue to see strong demand in all our segments which is strengthening our diversified position. Our asset-light business model has proven efficient and scalable to meet an increasing demand for customised, smart devices and embedded and industrial IoT solutions. The pipeline of customised solution opportunities continues to remain strong.

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 solution 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 time-to-market and a lower total cost of ownership. Profitability has improved over time based on a more competence-orientated 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 -13.9 million (-16.0) in the fourth quarter of 2019, and an EBITA of NOK -41.5 (-31.3) in 2019. During the fourth quarter, Data Respons expensed transaction costs of NOK 1.2 million related to the cash offer from AKKA Technologies and accrued social security tax of NOK 5.5 million related to the Company's employee share option scheme.

Financial position and liquidity

The Company's book value of total assets at the end of the fourth quarter was NOK 2 083 million (1 637). Current assets totalled NOK 620 million (549) and current liabilities were NOK 539 million (528). On 31 December 2019, non-current assets totalled NOK 1 463 million (1 088), of which other intangible assets including goodwill totalled NOK 1 346 million (1 065). The Company's equity was NOK 1 057 million (543), resulting in an equity ratio of 50.7% (33.2%).

The cash balance on 31 December 2019 was NOK 128 million (of which NOK 5 million is restricted). The Company had interest-bearing loans of NOK 69 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 395 million (378), of which NOK 106 million (146) are current.

The net operating cash flow (NOCF) in the fourth quarter was NOK 73.7 million (54.1) and NOK 203.1 million (63.4) for 2019. The implementation of IFRS 16 had a positive impact on the NOCF of NOK 9.2 million in the fourth quarter of 2019.

Market development

Data Respons has a solid and well-balanced customer base across several industries, which is based on our strong competence within industrial 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 range of services we are providing broadens as we continue to grow. We are steadily becoming an increasingly business-critical component to the digitalisation processes for many of the largest European companies.

Our customer list includes leading global companies such as ABB, Analogic, Assa Abloy, Audi, BMW, 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:

- Mobility projects such as connected cars, digital car infotainment, fleet management systems, car sharing, ADAS and autonomous systems, remote software update, cloud applications, electrification and sensor & 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

The market consensus is that industrial digitalisation, automation, IoT and software will continue to experience growth in the coming years. The introduction of 5G technology will most likely speed up these megatrends, and thus the need for the Data Respons solutions and services. 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 42% of total revenue and was the largest market area in the fourth 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 Mobility, 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 Linkoping.

Germany continued its growth and represented 32% of the Company's revenue in the fourth quarter. The Company has an increasing number of larger blue-chip customers in market verticals like Mobility, Smart Grid/Smart Home, Banking/Finance, Renewable Energy and Smart Factory. Earlier this year, 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. The Company has offices in Munich, Berlin, Stuttgart, Leipzig, Ingolstadt, Karlsruhe and Nuremberg.

Norway accounted for 18% of the Group's revenue in the fourth quarter. Its industrial market has improved this year due to positive developments in the maritime and oil & gas industries and associated sectors, which have contributed to the revenue growth of the Norwegian operation. The Company has focused on staying close to its key customers and ensuring it remains a cost-effective operation, which has resulted in an increase in profitability. Furthermore, the Company has increased its customer base by expanding in market verticals such as Industrial Automation, Mobility, Telecom & Media, MedTech, Public and Space, Defence and Security. The Company has offices in Oslo (Høvik), Kongsberg, Bergen and Stavanger.

The Danish market represented 8% of the Group's revenue in the fourth quarter, and both business segments are developing well with good revenue growth and increased profitability. The Danish operation 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-orientated 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 cashflow from operations going forward.

The Board of Directors of Data Respons ASA
Høvik, 29 January 2020

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

NOK MILLION	Note	Q4 19	Q4 18	2019	2018
Revenues	4	521.6	436.7	1 866.5	1 488.0
Cost of goods sold		214.9	190.0	835.5	699.6
Employee expenses		198.5	161.6	683.4	544.4
Other operating expenses		33.2	35.9	93.0	96.6
Depreciation	13	10.2	1.5	38.4	4.7
EBITA		64.7	47.8	216.2	142.8
Amortisation and impairment of intangible assets	4	8.3	5.5	27.3	18.6
Operating profit (EBIT)		56.4	42.3	188.9	124.2
Net financial items	6,7,12	(5.1)	(26.1)	6.9	(29.1)
Profit before income tax		51.3	16.2	195.8	95.1
Income tax expense	10	17.8	15.7	49.6	35.3
Profit for the period		33.5	0.4	146.1	59.7
ATTRIBUTABLE TO:					
Equity holders of the parent		29.4	(1.4)	136.8	53.4
Non-controlling interests		4.1	1.8	9.3	6.3
Basic earnings per share (NOK)		0.39	(0.03)	2.02	0.98
Diluted earnings per share (NOK)		0.38	(0.03)	1.95	0.96

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Note	Q4 19	Q4 18	2019	2018
Profit for the period		33.5	0.4	146.1	59.7
OTHER COMPREHENSIVE INCOME					
Items that may subsequently be reclassified to profit or loss					
Currency translation differences		1.0	54.6	(5.0)	19.2
Currency translation differences on non-controlling interests		0.6	1.4	(0.6)	(0.4)
Net gain / (loss) on cash flow hedges	7	(0.3)	0.2	(0.2)	0.2
Other comprehensive income		1.3	56.3	(5.8)	19.0
Total comprehensive income		34.8	56.7	140.3	78.8
ATTRIBUTABLE TO:					
Equity holders of the parent		30.1	53.5	131.6	72.8
Non-controlling interests		4.7	3.2	8.7	6.0

STATEMENT OF FINANCIAL POSITION

NOK MILLION	Note	31.12.2019	31.12.2018
Goodwill	4	1 099.3	882.4
Other intangible assets	4	246.7	182.2
Deferred tax assets	4	11.2	11.6
Machinery and equipment		12.8	8.4
Right-of-use assets	4,13	89.7	-
Other non-current assets		3.1	3.4
Total non-current assets		1 462.9	1 088.0
Inventories		33.1	26.3
Trade receivables		416.3	411.0
Other current receivables		42.5	29.4
Cash and cash equivalents	9	128.1	82.4
Total current assets		620.0	549.1
Total assets		2 082.8	1 637.2
Paid in capital	11	878.7	425.7
Other equity	11	148.6	90.7
Non-controlling interests		29.5	26.7
Total equity		1 056.9	543.1
Deferred tax liabilities		72.0	55.6
Non-current interest-bearing loans	6,8	68.6	277.2
Non-current earn-out liabilities	4,7,8	289.3	231.9
Non-current lease liabilities	4,13	55.9	-
Other non-current liabilities		1.4	1.1
Total non-current liabilities		487.3	565.9
Current interest-bearing loans	6,8	0.3	0.9
Current earn-out liabilities	4,7,8	105.6	145.8
Current lease liabilities	4,13	35.0	-
Trade payables		173.6	185.6
Public duties payable and taxes payable		78.4	78.5
Other current liabilities		145.8	117.4
Total current liabilities		538.6	528.2
Total liabilities and equity		2 082.8	1 637.2

STATEMENT OF CASH FLOWS

NOK MILLION	Note	Q4 19	Q4 18	2019	2018
EBITA		64.7	47.8	216.2	142.8
Depreciation	13	10.2	1.5	38.4	4.7
Income tax paid		(19.6)	(16.5)	(63.1)	(43.0)
Change in inventories		6.7	4.6	(6.8)	3.6
Change in trade receivables		(42.5)	(86.4)	25.8	(114.9)
Change in trade payables		11.1	25.5	(16.2)	31.0
Change in other current assets / liabilities		42.2	66.7	8.1	33.3
Other operating activities		0.7	11.0	0.9	5.8
Net cash flow from operational activities		73.7	54.1	203.2	63.4
Acquisition of subsidiaries, net of cash acquired		(0.2)	(158.4)	(268.3)	(243.7)
Purchase of machinery & equipment		(2.4)	(0.9)	(6.0)	(3.2)
Interest received		0.2	-	1.2	0.4
Proceeds from sale of other investments		-	-	1.8	-
Net cash flow from investing activities		(2.3)	(159.3)	(271.4)	(246.4)
Proceeds from and repayment of interest-bearing loans	6,8	-	80.0	(209.0)	107.4
Proceeds from issue of shares	11	-	76.1	453.1	171.6
Sale and purchase of treasury shares		-	-	(17.7)	-
Dividends paid to equity holders of the parent	11	-	-	(58.3)	(53.7)
Dividends paid to non-controlling interests		(0.1)	(0.2)	(6.0)	(3.6)
Interest paid		(2.5)	(1.8)	(11.8)	(5.9)
Repayments of lease liabilities	13	(9.2)	-	(34.1)	-
Other financing activities		(4.6)	0.7	(1.0)	-
Net cash flow from financing activities		(16.5)	154.8	115.1	215.8
Net cash flow from the period		54.9	49.6	46.9	32.7
Cash at the beginning of the period	9	73.3	27.6	82.4	50.7
Exchange gain/losses on cash		(0.1)	5.2	(1.3)	(1.0)
Cash at the end of the period	9	128.1	82.4	128.1	82.4
Hereof presented as:					
Free cash		123.3	78.0	123.3	78.0
Restricted cash		4.7	4.4	4.7	4.4

STATEMENT OF CHANGES IN EQUITY

NOK MILLION	Attributable to equity holders of the parent						
	Share capital	*Share premium*	*Translation differences*	*Other equity*	*Total*	*Non-controlling interests*	*Total equity*
Equity at 1 January 2019	29.2	396.5	63.9	26.8	516.4	26.7	543.1
Profit for the period				136.8	136.8	9.3	146.1
Other comprehensive income for the period			(5.0)	(0.2)	(5.2)	(0.6)	(5.8)
Total comprehensive income	-	-	(5.0)	136.6	131.6	8.7	140.3
Dividends				(58.3)	(58.3)	(6.0)	(64.3)
Employee share option scheme [1]				(15.3)	(15.3)		(15.3)
Issue of share capital	8.6	444.5			453.1		453.1
Equity at 31 December 2019	37.8	841.0	58.9	89.7	1 027.4	29.5	1 056.9

[1] In 2019, Data Respons had a trade loss of NOK 17.7 million from sale of treasury shares under the employee share option scheme.

NOK MILLION	Attributable to equity holders of the parent						
	Share capital	*Share premium*	*Translation differences*	*Other equity*	*Total*	*Non-controlling interests*	*Total equity*
Equity at 1 January 2018	25.7	228.3	44.7	27.2	325.9	20.7	346.6
Profit for the period				53.4	53.4	6.3	59.7
Other comprehensive income for the period			19.2	0.2	19.4	(0.4)	19.0
Total comprehensive income	-	-	19.2	53.6	72.8	6.0	78.8
Changes in non-controlling interests				(0.9)	(0.9)	3.7	2.7
Dividends				(53.7)	(53.7)	(3.6)	(57.3)
Employee share option scheme				0.7	0.7		0.7
Issue of share capital	3.4	168.2			171.6		171.6
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 fourth quarter and 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 replaced 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 figures will not be restated, and the effect is entered in the statement of financial position in the implementation year 2019. Upon implementation, the right-of-use assets and lease liabilities 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 on an ongoing basis. The lease liability 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 contracts 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 the 2019 impacts 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 and impairment 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.

REVENUES PER QUARTER

NOK MILLION	Q1 19	Q1 18	Q2 19	Q2 18	Q3 19	Q3 18	Q4 19	Q4 18	2019	2018
R&D Services	312.2	234.0	297.3	239.9	319.6	222.4	387.5	313.5	1 316.5	1 009.8
Solutions	144.7	119.7	139.6	119.5	142.6	121.3	137.5	127.7	564.3	488.3
Eliminations	(4.6)	(0.8)	(4.3)	(2.9)	(2.1)	(2.0)	(3.4)	(4.5)	(14.3)	(10.1)
Total revenues	452.3	352.9	432.6	356.6	460.0	341.8	521.6	436.7	1 866.5	1 488.0

EBITA PER QUARTER

NOK MILLION	Q1 19	Q1 18	Q2 19	Q2 18	Q3 19	Q3 18	Q4 19	Q4 18	2019	2018
R&D Services	42.6	26.2	37.4	25.4	49.2	27.4	59.6	48.1	188.7	127.1
Solutions	14.9	9.6	16.3	11.5	18.6	10.3	19.1	15.7	68.9	47.1
Corporate	(6.6)	(5.5)	(8.7)	(5.4)	(12.2)	(4.4)	(13.9)	(16.0)	(41.5)	(31.3)
EBITA	50.9	30.2	45.0	31.6	55.6	33.2	64.7	47.8	216.2	142.8
EBIT	45.4	26.8	39.5	25.3	47.7	29.8	56.4	42.3	188.9	124.2
Profit before income tax	67.1	30.6	36.6	23.3	40.8	25.0	51.3	16.2	195.8	95.1

EBITA %

	Q1 19	Q1 18	Q2 19	Q2 18	Q3 19	Q3 18	Q4 19	Q4 18	2019	2018
R&D Services	13.6 %	11.2 %	12.6 %	10.6 %	15.4 %	12.3 %	15.4 %	15.3 %	14.3 %	12.6 %
Solutions	10.3 %	8.0 %	11.7 %	9.6 %	13.1 %	8.5 %	13.9 %	12.3 %	12.2 %	9.6 %
Total	11.3 %	8.6 %	10.4 %	8.9 %	12.1 %	9.7 %	12.4 %	10.9 %	11.6 %	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.

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.

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 liability 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 estimate is presented as a financial item, as it is relates to a financial liability and changes are considered non-operational. EBITA is also the key KPI analysts and Group Management team use to measure the segment performance, and inclusion of changes in estimates in EBITA could lead to a misleading EBITA and hence make it more difficult to track the segment performance.

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 2019, and no indications of impairment losses have been identified for any of the group`s CGUs. The recoverable amounts of these CGUs exceeded 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.

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

Revenue for services are to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the group, and satisfies each of its performance obligations (that is, it fulfils its promises to the customer) over time by transferring control of the promised service underlying that performance obligation to the customer. 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 input method is considered to be 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.

Data Respons has a few bundled sales; with delivery of both products and services. The transaction price in such an arrangement must be allocated to each separate performance obligation based on the relative standalone selling prices of the services being provided and the products delivered to the customer. The allocation could be affected by variable consideration or discounts. Determining the standalone selling price for the services and products 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 (refer to 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 was 4 %.

Note 5: Significant events and transactions

On 19 December 2019, Data Respons and AKKA Technologies SE ("AKKA") announced that AKKA will offer to acquire all of the shares of Data Respons through a voluntary cash offer (the "Offer") of NOK 48.00 per share. The Board of Directors of Data Respons has unanimously decided to recommend the shareholders of Data Respons to accept the Offer. AKKA is listed on Euronext Paris and Euronext Brussels.

AKKA and Data Respons have entered into a transaction agreement regarding acquisition of Data Respons. Under the terms of the agreement, AKKA has put forward a recommended voluntary cash offer pursuant to the Norwegian Securities Trading Act for all of the shares of Data Respons at NOK 48.00 per share.

The Offer will be subject to customary closing conditions for Norwegian takeovers, including but not limited to the following conditions: a minimum, waivable, acceptance level of 90% of the issued and outstanding share capital of Data Respons; and regulatory clearance from the German Federal Cartel Office for completion of the Offer. The complete details of the Offer, including all terms and conditions, were contained in an offer document sent to Data Respons' shareholders on 13 January 2020 following the approval by the Oslo Stock Exchange on 10 January 2020 pursuant to Chapter 6 of the Norwegian Securities Trading Act. The shareholders of Data Respons can tender their shares at the conditions of the voluntary recommended offer between 13 January and 10 February 2020. Refer to stock exchange notices on 19 December 2019 and 13 January 2020 by Data Respons ASA for further details on the voluntary cash offer by AKKA.

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). With this transaction, Data Respons continues to strengthen the position in Germany, which is the largest industrial market in Europe and strategically important for Data Respons. DONAT had a turnover of EUR 9.2 million and a EBIT of EUR 0.5 million in 2018. The company had no net interest-bearing debt at closing

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. The initial cash consideration has been funded by a combination of existing loan facilities and cash reserves.

Based on the purchase price allocation, the gross purchase price is estimated to be NOK 172.9 million. Book value of the equity is NOK 19.4 million, which gives an excess value of NOK 153.6 million. The excess value have been allocated to customer relationship intangible asset of NOK 49.9 million, deferred tax on customer relationship intangible asset of NOK 15.0 million, and goodwill of NOK 118.6 million. The goodwill comprises of the value of expected synergies arising from the acquisition, assembled workforce and deferred tax on excess values.

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. The acquisition of inContext will provide synergies and strengthen Data Respons's position as a complete technology partner for industrial digitalisation, IoT and smart embedded solutions. inContext had a turnover of SEK 50 million and an EBIT of SEK 14 million in the financial year ended 30 April 2018. The company had no interest-bearing debt at closing.

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 was a private placement of 1 076 810 shares in Data Respons ASA at a price of NOK 31.03 per share, which were 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. The initial cash consideration has been funded by a combination of existing loan facilities and cash reserves.

Based on the purchase price allocation, the gross purchase price is estimated to be NOK 137.5 million. Book value of the equity is NOK 9.0 million, which gives an excess value of NOK 128.5 million. The excess value have been allocated to customer relationship intangible asset of NOK 40.7 million, deferred tax on customer relationship intangible asset of NOK 8.7 million, and goodwill of NOK 96.5 million. The goodwill comprises of the value of expected synergies arising from the acquisition, assembled workforce and deferred tax on excess values.

Both companies are included in Data Respons consolidated figures from 1 July 2019.

Data Respons has expensed NOK 7.1 million in transaction costs in 2019, of which NOK 1.2 million in the fourth quarter.

The fair values of the identifiable assets and liabilities of inContext and DONAT as at the date of the acquisitions were:

NOK MILLION	inContext	DONAT
Non-current assets	1.1	9.6
Trade receivables	16.6	14.5
Cash & cash equivalents	4.1	2.2
Other current assets	2.6	11.6
Total assets	24.4	37.9
Trade payables	0.7	3.5
Tax and public duties payable	6.3	1.5
Accrued wages and salaries	2.9	5.0
Other current liabilities	5.5	8.5
Total liabilities	15.4	18.6
Purchase consideration	137.5	172.9
Net identifiable net assets	9.0	19.4
Total identified excess value	128.5	153.6
Excess value allocated to		
Intangible assets	40.7	49.9
Deferred tax on excess value	(8.7)	(15.0)
Goodwill	96.5	118.6

Note 6: Interest-bearing loans

As of 31 December 2019, Data Respons has interest-bearing loans of NOK 68.9 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 209 million of the revolving credit facility during 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. On 2 August 2019 the margin decreased from 1.20% to 0.95% 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 31 December 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 31 December 2019, the ratio was -0.2 (1.2). The leverage ratio is defined as EBITDA 12 month rolling divided by net interest bearing debt.

NOK MILLION	31.12.2019	31.12.2018
Revolving credit facility	68.9	278.1
Total interest-bearing loans	68.9	278.1
Of which:		
Current interest-bearing loans	0.3	0.9
Non-current interest-bearing loans	68.6	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, however since the cash flow hedge ended in November 2019, there is no balance at 31 December 2019. The negative change of NOK 0.2 million in 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.

The financial performance for TechPeople, Microdoc and Atero in 2019 surpassed the expected performance at the time of the acquisitions, and Data Respons has re-estimated the earn-out liabilities in 2019, resulting in increase in the earn-out liabilities of NOK 1.9 million, NOK 0.6 million and NOK 0.4 million respectively. As the financial performance for EPOS is expected to surpass the expected performance for 2020, Data Respons increased the earn-out liability with NOK 16.5 million during 2019. Data Respons has also re-estimated the earn-out liabilities for IT Sonix & XPURE and DONAT during 2019, resulting in decrease in the earn-out liabilities of NOK 32.7 million and NOK 17.9 million respectively. There has not been any material change in the earn-out estimate for inContext during 2019.

Re-estimation effects following changes in estimates of future financial performance of subsidiaries are recognised as a net financial items 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 31 December 2019, the total earn-out liabilities consist of EUR 31.2 million (35.9), SEK 81.9 million (6.9) and DKK 6.7 million (10.2). Data Respons recognised a net foreign currency gain of NOK 2.1 million (-8.6) in 2019 on the earn-out liabilities in foreign currencies.

An interest cost on the earn-out liabilities of NOK 15.1 million (11.5) has been expensed as a financial item in 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.

NOK MILLION	Fair value level	Category	31.12.2019	31.12.2018
Financial assets				
Derivative financial assets	1	FVTOCI [1]	-	0.2
Total derivative financial assets			-	0.2
Financial liabilities				
Current earn-out liabilities	3	FVTPL [2]	105.6	145.8
Non-current earn-out liabilities	3	FVTPL [2]	289.3	231.9
Total earn-out liabilities			394.9	377.7

[1] *FVTOCI: Fair value through other comprehensive income*

[2] *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.

NOK MILLION	2020	2021	2022	2023	Total
Interest-bearing loans [1]	2.0	2.0	2.0	70.7	76.7
Earn-out liabilities	107.3	147.3	125.4	42.0	422.0
Total	109.3	149.3	127.4	112.7	498.7

[1] *Note that interest-bearing loans also includes the forecast future nominal interest payments.*

Note 9: Cash and cash equivalents

As of 31 December 2019, Data Respons had cash reserves of NOK 128.1 million (82.4), whereof restricted cash consisting of employee's tax deductions was NOK 4.7 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 31 December 2019; of which NOK 68.9 million (278.1) has been utilised. Unutilised long-term revolving credit facility as of 31 December 2019 is NOK 331.1 million (121.9). The total unutilised cash reserve and credit facilities for the group at 31 December 2019, is NOK 504.5 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 17.8 million (15.7) for the fourth quarter and NOK 49.6 million (35.3) for 2019, corresponding to an effective tax rate of 25.4% (37.2%) for 2019. 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 IT Sonix & XPURE.

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. 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.

In July 2019, 1 076 810 shares were issued at an average price of NOK 31.03 per share to the sellers of inContext. In August 2019, a total of 1 800 000 new shares were issued at a price NOK 27.00 per share through a subsequent repair offering.

As of 31 December 2019, the registered share capital of Data Respons ASA consisted of 75 510 468 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 31 December 2019.

Note 12: Net financial items

NOK MILLION	Q4 19	Q4 18	2019	2018
Interest income on cash reserves	0.2	0.2	1.2	0.4
Realised / unrealised currency exchange gain	1.0	0.2	9.4	6.2
Other financial income [1]	23.5	12.1	52.3	13.9
Financial income	24.7	12.6	62.9	20.6
Interest expenses on interest-bearing loans	(1.6)	(2.5)	(8.1)	(7.8)
Interest expenses on earn-out liabilities	(4.2)	(3.7)	(15.1)	(11.5)
Interest expenses on lease liabilities	(0.8)	-	(2.9)	-
Realised / unrealised currency exchange loss	(2.4)	(20.7)	(7.0)	(15.6)
Other financial costs [1]	(20.8)	(11.8)	(22.9)	(14.8)
Financial expense	(29.8)	(38.7)	(56.0)	(49.7)
Net financial items	(5.1)	(26.1)	6.9	(29.1)

[1] Other financial income and – costs include gains and losses related to re-estimations of earn-out liabilities . Refer to note 7 for details.

Note 13: Leases

Leases in the statement of financial position

NOK MILLION	31.12.2019	01.01.2019 [1]
Assets		
Right-of-use assets - office buildings	83.6	57.7
Right-of-use assets - cars	4.8	4.6
Right-of-use assets - licenses & servers	0.8	1.8
Right-of-use assets - other	0.4	0.6
Total right-of-use assets	89.7	64.7
Liabilities		
Current lease liabilities	35.0	28.9
Non-current lease liabilities	55.9	35.8
Total lease liabilities	90.9	64.7

[1] 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 relate to the two newly acquired companies DONAT and inContext, a new long-term lease contract for the group`s headquarter at Høvik and two new long-term contracts for offices in Stockholm and Stavanger.

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 EBITDA has increased with NOK 34.1 million in 2019.

The income statement impacts of IFRS 16 for the fourth quarter and 2019 are:

NOK MILLION	Q4 19	2019
Other operating expenses	(9.2)	(34.1)
EBITDA	9.2	34.1
Depreciation of right-of-use assets	8.7	32.5
EBITA	0.6	1.7
Interest expenses on lease liabilities	0.8	2.9
EBIT	(0.2)	(1.2)

Note 14: Related party transactions

There have been no related party transactions in the fourth quarter and 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: Events occurring after the reporting period

There have been no events subsequent to the reporting period that have a material effect on the interim condensed consolidated financial statements for the fourth quarter and 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.

EBITDA: is defined as operating profit adjusted for depreciation, amortisation and impairments. 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 depreciation, amortisation and impairment related to capital expenditure, and also items not considered as a part of ordinary operations.

EBITA: is defined as operating profit adjusted for amortisation and impairments of intangible assets. 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 of intangible assets, 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 on its revolving credit facility.

Net interest-bearing debt: is defined as total interest-bearing loans, less cash and cash equivalents. Net interest-bearing debt shows how much cash would remain if all debts were paid off and if the company has enough liquidity to meet its debt obligations.

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.

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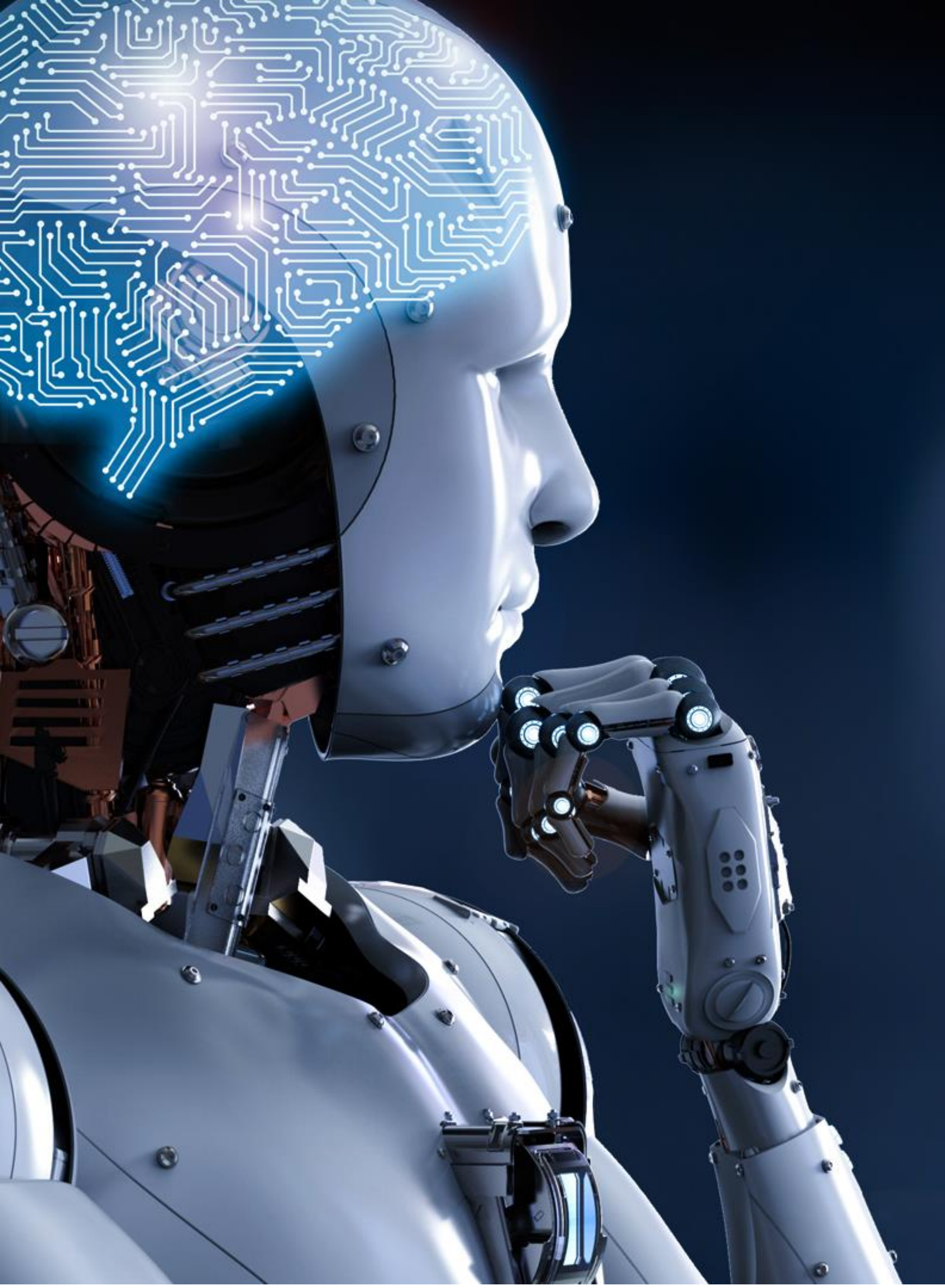

OUR COMPANIES

data respons