GLX Holding

Annual Report 2018

General information GLX Holding AS (parent company)
GLX Holding AS is a special purpose vehicle incorporated 14th August 2017 by Triton to acquire Glamox AS which is the parent company of the Glamox Group. GLX Holding holds 76.16% of the shares in Glamox AS. GLX Holding consolidates 100% of the Glamox Group in its financial accounts from 11th December 2017.

Highlights

[Financial figures for 2017 disclosed on this page are Glamox Group financial figures only]

- Order intake[1] reached NOK 2 935m, up 11% from NOK 2 653m in 2017.
- Total revenues reached NOK 2 773m, up 6% from NOK 2 615m in 2017.
- EBITDA[2]/margin of NOK 328m/11.8% compared to NOK 369m/14.1% in 2017.
- Adjusted EBITDA[3]/margin of NOK 420m/15.2% compared to NOK 393m/15.1% in 2017.
- EBITA[4]/margin of NOK 275m/9.9% compared to NOK 325m/12.4% in 2017.
- Adjusted EBITA[5]/margin of NOK 367m/13.3% compared to NOK 350m/13.5% in 2017.
- The EBITA result is charged with NOK 92m as net special items[6] in 2018. Last year included NOK 24m as net special items.
- Profit for the year of NOK 66m compared to NOK 258m in 2017.
- Compared to Glamox Group's 2017 result, increased net financial expenses and amortizations are impacting the profit for the year negatively. The increased net financial expense is related to the bond issued in Q4-2017, while increased amortization cost is an effect of GLX Holding AS' acquisition of Glamox AS.
- Operating cash flow was NOK 215m compared to NOK 197m in 2017.
- Acquired Küttel AG a leading lighting company in Switzerland on the 1st April 2018.

Key figures

	2018	2017[7]
Order intake[1]	2 935	2 653
Total revenues	2 773	2 615
EBITDA[2]	328	369
EBITDA margin	*11.8 %*	*14.1 %*
Adjusted EBITDA[2]	420	393
Adjusted EBITDA margin	*15.2 %*	*15.1 %*
Profit (loss) for the year	66	258
Net cash from operations	215	197
Net interest-bearing debt[8]	(1 288)	(29)

[1] Order intake: Orders received measured at gross value before deduction of commissions and other sales reductions
[2] EBITDA: Earnings before interest, tax, depreciation, amortization
[3] Adjusted EBITDA: Earnings before interest, tax, depreciation, amortization and special items
[4] EBITA: Earnings before interest, tax, amortization
[5] Adjusted EBITA: Earnings before interest, tax, amortization, and special items
[6] Special Items: Any items (positive or negative) of a one off, non-recurring, unusual, non-operational or exceptional nature including restructuring expenses
[7] Glamox Group financial figures only
[8] Excluding restricted cash

GLX HOLDING AS

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Board of Directors Annual Report 2018

1. The company's business

The company was formed August 14, 2017 and registered in the Register of Business Enterprises, September 7, 2017.

The company's business is to own shares in Glamox AS. The company’s operations are run from the Oslo municipality. At December 11, 2017, GLX Holding AS became parent company of Glamox AS with a 75.16% ownership. During 2018 GLX Holding AS has increased its ownership in Glamox AS to 76.16%. Glamox AS registered address is in Molde, Norway. Headquarter is located in Oslo. Glamox AS has subsidiaries in 15 countries in Europe, Asia, North- and South-America.

Glamox is a Norwegian industrial group that develops, manufactures and distributes professional lighting solutions for the global market. Glamox operates two business areas, Professional Building Solutions (PBS) and Global Marine and Offshore (GMO). The two business areas, PBS and GMO, have to a large extent different products and solutions they provide to their markets. Further they operate in strategically different markets and therefore have different sales channels, marketing strategies and risk. The PBS business area provides total lighting solutions to the professional building market. The most important markets served by this division are Central and Northern Europe, as well as the United States for arm-based table and illuminated magnifier lamps. The level of activity in the new construction, restoration and modernisation within the professional building sectors drives developments in the individual markets. The GMO business area delivers professional lighting solutions to the global marine and offshore markets. The activity level within new-build, rebuilding and refurbishment of all types of maritime vessels and offshore installations controls market growth for this business.

For further information about Glamox AS's operations, see Glamox AS's annual report.

The company does not own shares in any other companies.

2. Continued operation

In accordance with Section 3-3a of the Norwegian Accounting Act, cf. § 4-5, it is confirmed that the assumption of continuation of operations has been used in the preparation of the accounts.

3. Statement of the financial statements

The profit for the year for the company shows a loss of NOK 100.3 million. The company's equity capital per. December 31, 2018 was NOK 1 447 million (51.9%) compared with NOK 1 547 million (52.8%) per December 31, 2017.

The operating profit in 2018 for the consolidated accounts was NOK 193.0 million compared to NOK -50.1 million in 2017. Last year only included operating profit from Glamox in the owner period (11.12.2017-31.12.2017). The accounts for the year were charged with NOK 91.6 million in net special items including NOK 44 million related to restructuring costs in GMO where the Group discontinued the metal production and outsourced warehouse service in Bremen, a provision of NOK 41 million for claim costs related to one product sold to the energy segment over several years, an extraordinary bonus to all employees of NOK 8 million and an income from the reversal of a cost provision of NOK 3 million as well as some other smaller items. Adjusted for these special items and provisions, the adjusted operating profit for the year was NOK 284.6 million and adjusted EBITDA NOK 419,7 million. The profit for the year in the consolidated accounts was NOK 66.5 million. The consolidated equity capital per. December 31, 2018 was NOK 1 966 million (43.3%) compared to NOK 1 919 million (44.7%) in December 31, 2017.

The Group directly expensed NOK 35.6 million related to research and development activities and capitalised NOK 3.3m related to development cost in 2018.

The consolidated cash flow of GLX Holding in 2018 show a negative cash flow of NOK 0.4 million in 2018. Net cash flows from operating activities amounts to NOK 214.8 million in 2018 compared to kr. -0.1 in 2017. Last year only included profit from Glamox for the owner period (11.12.2017-

31.12.2017). Profit before tax adjusted for depreciation and amortisation was NOK 230.5 million, taxes paid was NOK -82.2 million while the effect of working capital and other operating changes was NOK 66.4 million. Net cash flow from investing activities was NOK -192.2m while net cash flow from financing activities amounts to NOK -22.9m

The Board believes the company's equity and liquidity as of 31.12.2018 to be satisfactory.

In the opinion of the Board, the presented income statement and balance sheet and accompanying notes for the company and the consolidated accounts provide a satisfactory statement of earnings in 2018 and the financial position at year-end.

4. Financial risk management
The Group is exposed to credit risk, interest risk and exchange risk in its day-to-day business operations and aims to keep risk at an acceptable level in these areas. The underlying loan contracts are instrumental for managing interest risk. Currency risk is managed through internal invoicing rules, matching income against expenses in the same currency and loans against equity in the same currency, as well as the use of financial instruments.

In June 2018 GLX Holding AS entered into a 3-year floating-to-fixed interest rate swap with DNB and Danske Bank for the nominal amount of NOK 1 350 in order to remove interest rate risk on its senior secured notes. For more detailed information, see note 5.5 in the Annual Accounts.

5. Development by business areas
Professional Building Solutions (PBS) is a leading supplier of lighting solutions to the European non-residential building market. PBS develop complete solutions for educational and healthcare institutions, commercial and industrial buildings. PBS achieved an order intake of NOK 2 125m (NOK 1 870m) in 2018, an increase of 13.6 % compared to 2017. In the same period, turnover was NOK 2 024m (NOK 1 859m), an increase of 8.9 % from 2017. The business area achieved an adjusted EBITDA result in 2018 of NOK 360m (17.8%) compared to NOK 321m (17.3%) in 2017. The increase in profitability is driven by the growth in volume and economies of scale in the whole value chain.

Global Marine & Offshore (GMO) provides lighting solutions for the maritime and offshore-related markets, plus onshore energy and petrochemical industry. GMO achieved an order intake of NOK 802m (NOK 778m), an increase of 3.1 %. In the same period, turnover was NOK 745m (NOK 738m), an increase of 1.0 %. The adjusted EBITDA result in 2018 was NOK 65m (8.7%) compared to NOK 72m (9.8%) in 2017. Increased investments in sales capacity and product development is the main reason for the reduced profitability level.

6. Proposal for allocation of profit
The Board of directors proposes that the year's profit of NOK 66 462 million is allocated to other equity capital.

7. Acquisition of Küttel
As a step in the acquisition strategy the Group acquired the company Küttel AG in 2018. Küttel AG is a leading company in the Swiss market for commercial lighting solutions with a widely-recognized and well-respected brand. With this acquisition the Group has increased the market presence in central Europe and established a leading position in Switzerland.

The acquisition was closed on 1st April 2018 and Küttel AG is consolidated in the Group’s accounts from the 2nd quarter 2018. Küttel AG operates as a separate business unit in the Professional Building Solutions (PBS) division.

8. Corporate governance
The Board of directors considers corporate governance to be a prerequisite for long-term value creation and growth. The Board of Directors has decided that the GLX Holding AS will comply with the Norwegian Code of Practice for Corporate governance (which is available at www.nues.no).

Further information on GLX Holding AS’ corporate governance can be found under “Investor Relations / GLX Holding AS” on the Glamox corporate website.

9. Code of conduct
On the 30th August 2018 the Board of Directors of Glamox AS approved a Code of Conduct that all employees and Board members are required to comply with.

The purpose of the Code of Conduct is to create a transparent, sound corporate culture and to preserve the integrity of Glamox by helping employees to promote standards of good business practice. The Code of Conduct incorporates the long existing Group's core values and its policy for Corporate Social Responsibility.

As a result of Tritons ownership, the Glamox Group has increased its focus on further developing and implementing a Compliance Management System. It includes a range of policies including a Responsible Business Partner policy, Whistleblowing policy, Crisis management policy and a Health Safety and Environmental (HSE) policy. These policies were approved by the Glamox' Group Management Team in November 2018.

10. Responsible business partner

The Group is committed to responsible business practices and conducting business with the highest ethical standards. Glamox wants to maintain stable and honest business relationships with all its business partners, including but not limited to, suppliers, advisers, agents and clients.

The Group want all our business partners to view us as their preferred business partner. As such, we strive to achieve a positive reputation in all aspects of our business. We respect the laws, cultures, dignity and rights of individuals in all countries where we operate. Compliance with national, regional and international rules, laws and conventions is compulsory and business ethics extend beyond simple compliance. We conduct our business with integrity which makes our employees and business partners proud to work for, and with, us.

11. External environment

The Group's goal is to produce energy-efficient products, manufactured through energy-efficient and environmental-friendly processes. The company supports a precautionary approach to environmental challenges, undertakes initiatives to promote greater environmental responsibility, and encourages the development of environmental-friendly technologies. The Group's business activities do not impact the external environment particularly.

The environmental aspects are an important part of our product development. Through energy-effective products and solutions, we aim to make the most of market opportunities, such as the EU energy directive for the construction industry. A broad range of products enables the Group to offer high-quality and energy-efficient lighting solutions within the majority of application areas.

The Group's production units at Molde, Kirkenær, Sweden and Estonia are certified in accordance with EN ISO 14001.

12. Human resources and working environment

The company has no employees. The board consists of three people, all men.

The number of full-time employees (FTEs) on Group level was 1,318 at the end of 2018, up from 1,282 at the end of 2017. The main reason for the increase in FTEs is the acquisition of Küttel AG which had 53 FTEs employed at the end of 2018. In Glamox AS the number of full-time employees decreased from 446 at year-end 2017 to 416 at the end of 2018.

The Group's policy is that the same skills and length of service are rewarded on an equal basis regardless of gender. Women and men in all job categories are given the same opportunities to qualify for all types of assignments and promotion prospects. Female employees made up 40.4% of the Group's workforce at the end of 2018.

Four accidents that led to days of absence were reported in the Group in 2018. Three of the four accidents were reported in Glamox AS, compared to two in 2017. This gave an accident ratio in Glamox AS (H-value) of 4.0 accidents per 1 million worked hours compared to 2.6 in 2017. The Group has the ambition that this ratio is zero and focus on a safe working environment is a continuous process.

13. Equal opportunities

The Group is committed to an inclusive work culture and shall provide equal opportunities and treat all employees fairly. Glamox does not accept any form of harassment or discrimination on the basis of race, colour, religion, gender, sexual orientation, national origin, age, disability, or veteran status.

At present, Glamox AS has employees originating from many nationalities. At the end of 2018, the company had employees originating from 38 countries. The company strongly believes in providing the opportunity to qualify for all types of work and opportunities for promotion regardless of ethnic background.

14. Other conditions
To the Boards knowledge there has been no events after the end of the financial year that has an impact on the company's position and result.

15. Outlook
Glamox is the main asset of the group.

The demand for lighting solutions in PBS' markets has slowed down somewhat in 2018, and Glamox expects the demand to remain on the same level in 2019. The LED share in PBS is now above 92%. However, the installed base of LED solutions in non-residential buildings is still very low. PBS is continuing its investments in new products and systems, as well as increasing the capacity and competence in the organisation in order to make the Glamox lighting solutions even more competitive.

For GMO Glamox expects orders for new build commercial vessels worldwide has dropped further in 2018 and is expected to stay at the same level in 2019. The global offshore energy segment is estimated to have reached bottom in 2018 and we expect this market to improve slightly in 2019. We also expect the positive development within Navy and Cruise & Ferry to continue in 2019.

The lighting industry continues to go through changes as a result of changes in LED technology and Light Management Systems. The Glamox Group has developed a healthy position in the lighting market over the years. We will continue to strengthen and improve this position and through our strong application knowledge we will develop and supply new solutions for our customers globally.

The Glamox Group's long-term strategy continues to focus on growth and financial strength.

16. Responsibility Statement
We, the Board of Directors reviewed and approved the Board of Directors' Report and the consolidated and annual financial statements for GLX Holding AS as of 31 December 2018 (annual report 2018).

To the best of our knowledge;
- the consolidated financial statements and financial statement are prepared in accordance with IFRS and IFRIC as adopted by the EU and additional Norwegian disclosure requirements in the Norwegian Accounting act that were effective as of 31 December 2018.
- the consolidated and annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of 31 December 2018 for the Group and the Parent Company.
- the Board of Directors' Report for the Group and the Parent Company includes a true and fair view of;
- the development and performance of the business and the position of the Group and the Parent Company.
- the principal risks and uncertainties the Group and the Parent Company face.

Oslo, April 29, 2019

Gustaf Erik David Backemar Styreleder	Joachim Solbakken Espen Styremedlem	Carl Johan Jörgen Ulf Renvall Styremedlem

GLX Holding Group

Annual financial statements

2018

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GLX Holding AS - Group

Consolidated statement of profit and loss

For the years ended 31 December

NOK 1000	Notes	2018	14.08 - 31.12.2017
Revenue	2.1, 2.2	2 731 296	87 320
Other operating income	2.2	41 422	1 812
Total revenues	1.4	**2 772 718**	**89 132**
Raw materials and consumables used		1 285 180	39 158
Payroll and related costs	2.4	879 380	36 741
Depreciation and amortisation	3.1, 3.3	135 086	5 833
Other operating expenses	2.5	280 025	57 545
Total operating expenses		2 579 670	139 276
Operating profit	1.4	**193 048**	**-50 144**
Financial income	5.11	31 478	1 094
Financial expenses	5.11	129 098	9 081
Net financial items		97 620	7 987
Profit before tax		**95 428**	**-58 131**
Taxes	6.1	28 967	-1 666
Profit for the year		**66 462**	**-56 465**
Profit/loss attributable to equity holders of the parent		25 558	-55 676
Profit/loss attributable to non controlling interests		40 903	-789
Other comprehensive income			
Profit for the year		**66 462**	**-56 465**
Items that subsequently will not be reclassified to profit or loss:			
Gain/loss from remeasurement on defined benefit plans	7.2	-781	-
Tax effect on remeasurements on defined benefit plans	7.2	-244	-
Total items that subsequently will not be reclassified to profit or loss		-1 025	-
Items that subsequently may be reclassified to profit or loss:			
Currency translation differences		19 556	-
Net gain/loss on hedge of foreign subsidiaries	5.5	-18 963	-
Tax effect from hedge of foreign subsidiaries	6.1	4 361	-
Total items that subsequently may be reclassified to profit or loss		4 954	-
Other comprehensive income for the period		**3 929**	**-**
Total comprehensive income for the period		**70 390**	**-56 465**
Total comprehensive income attributable to equity holders of the parent		28 550	-55 676
Total comprehensive income attributable to non controlling interests		41 840	-789
Earnings per share attributable to equity holders of the parent			
Weighted average number of ordinary shares outstanding (in thousands):			
Basic		1 000	1 000
Diluted		1 000	1 000
Per ordinary share in NOK:			
Basic		25,56	-55,68
Diluted		25,56	-55,68

GLX Holding AS - Group

Consolidated statement of financial position

NOK 1000	Notes	31.12.2018	31.12.2017
ASSETS			
Intangible non-current assets			
Goodwill	3.2	1 643 911	1 678 591
Intangible assets	3.3	1 287 296	1 175 691
Total intangible non-current assets		**2 931 207**	**2 854 282**
Tangible non-current assets			
Land, buildings and other property	3.1	174 595	161 992
Machinery and plant	3.1	97 972	96 558
Fixtures and fittings, tools, office equipment etc.	3.1	51 834	50 524
Total tangible non-current assets		**324 402**	**309 074**
Deferred tax assets	6.1	48 898	15 775
Other non-current assets		3 669	2 998
Total non-current assets		**3 308 176**	**3 182 129**
Current assets			
Inventories	2.3	462 384	389 128
Trade receivables	5.9	371 126	358 803
Other receivables	5.9	79 962	53 627
Cash and cash equivalents	5.8	318 346	307 064
Total current assets		**1 231 817**	**1 108 622**
TOTAL ASSETS		**4 539 993**	**4 290 751**
EQUITY AND LIABILITIES			
Equity			
Share capital	5.7	1 000	1 000
Share premium reserve		1 599 346	1 599 346
Paid in capital		**1 600 346**	**1 600 346**
Retained earnings		-27 125	-55 675
Non-controlling interests		392 585	374 323
Total equity		**1 965 804**	**1 918 994**
Non-current liabilities			
Pension liabilities	7.2	50 327	19 985
Bond	5.1, 5.2	1 331 871	1 328 215
Interest bearing liabilities to financial institutions	5.1, 5.2	230 274	111 625
Other long-term loans	5.1	6 085	5 972
Deferred tax liabilities	6.1	344 627	332 009
Provisions and other liabilities	4.1	36 098	39 017
Total non-current liabilities		**1 999 280**	**1 836 822**
Current liabilities			
Trade payables	5.10	203 949	176 775
Income tax payable	6.1	35 847	34 302
Other payables	5.10	95 653	82 889
Provisions and other liabilities	4.1, 5.1	239 460	240 968
Total current liabilities		**574 909**	**534 935**
Total liabilities		**2 574 188**	**2 371 757**
TOTAL EQUITY AND LIABILITIES		**4 539 993**	**4 290 751**

Oslo, 29 April 2019

Gustaf Erik David Backemar
Chairman of the Board

Joachim Solbakken Espen
Board member

Carl Johan Jörgen Ulf Renvall
Board member

GLX Holding AS - Group

Consolidated statement of cash flows

For the years ended 31 December (NOK 1000)

Cash flows from operating activities	Notes	2018	14.08 - 31.12.2017
Profit before tax		95 428	-58 131
Taxes paid		-82 163	-
Depreciation, amortisation and impairment	3.1, 3.3	135 086	5 833
Changes in working capital		-31 985	-
Other operating changes		98 384	52 178
Net cash flows from operating activities		**214 750**	**-121**
Cash flows from investing activities			
Interests received		4 357	-
Proceeds from sale of tangible fixed assets and intangible assets		1 105	-
Purchase of tangible fixed assets and intangible assets	3.1, 3.3	-67 098	-
Acquisition of subsidiary, net of cash acquired	8.2	-93 037	
Cash flow from (purchase)/sales of shares in subsidiaries		-36 878	-2 621 376
Payment (-) / proceeds (+) on other investments		-672	-
Net cash flow from investing activities		**-192 223**	**-2 621 376**
Cash flow from financing activities			
Proceeds from issuance of debt	5.2	112 680	1 464 054
Bank fee paid (bond issue and refinancing)		-	-25 938
Dividend paid		-30 700	-
Interests paid		-104 871	-
Repayment of long-term debt	5.2	-	-109 902
Proceeds from issuance of share capital	5.7	-	1 600 306
Net cash flow from financing activities		**-22 890**	**2 928 521**
Net change in cash and cash equivalents		-363	307 024
Cash and cash equivalents, beginning of period		307 064	40
Effect of change in exchange rate		11 646	-
Cash and cash equivalents, end of period		**318 346**	**307 064**

GLX Holding AS - Group

Consolidated statement of changes in equity

NOK 1000	Share capital	Share premium	Other equity	Total shareholders equity	Non-controlling interests	Total equity
Balance as of 14 August 2017	**30**	**10**		**40**	**-**	**40**
Profit (loss) for the year			-55 676	-55 676	-789	-56 465
Other comprehensive income						
Total comprehensive income		**-**	**-55 676**	**-55 676**	**-789**	**-56 465**
Capital increase	970	1 599 336		1 600 306		1 600 306
Acquisition of subsidiary with NCI				-	375 113	375 113
Dividends				-		-
Balance as of 31 December 2017	**1 000**	**1 599 346**	**-55 676**	**1 544 670**	**374 323**	**1 918 994**
Profit (loss) for the year			25 558	25 558	40 903	66 462
Other comprehensive income			2 992	2 992	937	3 929
Total comprehensive income		**-**	**28 550**	**28 550**	**41 840**	**70 390**
Capital increase				-		-
Acquisition of subsidiary with NCI				-	-16 033	-16 033
Movement in non-controlling interests					23 155	23 155
Dividends				-	-30 700	-30 700
Balance as of 31 December 2018	**1 000**	**1 599 346**	**-27 125**	**1 573 220**	**392 585**	**1 965 804**

1.1 Corporate information

GLX holding AS was established in 2017, with the purpose to own shares in Glamox AS.

At 11 of December 2017, GLX Holding AS became the parent company of Glamox AS, with a 75,16% ownership. End of 2018 the ownership is 76,16%. GLX Holding AS is a holding company and have no other activities or investments, than the ownership of Glamox AS. GLX Holding AS is a Norwegian company and the registred adress is c/o Triton Advisors (Norway) AS, Kronprinsesse Märthas plass 1, 0161 OSLO. The ultimate parent of GLX Holding AS is Triton Fund IV, which is located at Jersey.

Glamox AS is a leading lighting supplier to the world's marine and offshore markets, and a significant supplier to the professional building market in Europe. The registered office is located in Molde, Norway. Glamox operates with two different business areas, Professional Building Solution (PBS) and Global Marine & Offshore (GMO). These two business areas have to a lagre extent different products and solutions they provide to their markets. Further they operate in strategically different markets and therefore have different sales channels, marketing strategies and risk. To be able to monitor and follow up the profitability of the complete value chain of these two business areas, Glamox has an operating segment reporting where PBS and GMO each represents a complete value chain, please see note 2.1 for more information.

1.2 Basis of preparation

The consolidated financial statements of GLX Holding AS comprise of consolidated statements of profit and loss, other comprehensive income, financial position, cash flows, changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by The European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. Further, the financial statements are prepared based on the going concern assumption.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of the parent company. All figures are rounded to the nearest thousand (000), except when otherwise indicated. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, daily exchange rates are applied for significant transactions.

Basis of consolidation

The consolidated financial statements comprise the financial statements of GLX Holding AS its subsidiaries as at 31 December 2018. The subsidiaries are consolidated when control is achieved, that is, when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, GLX Holding' presumption is that a majority of voting rights results in control. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Uniform accounting policies are applied to all group companies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.3 Estimation uncertainty, judgments and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. The accounting policies applied by the Group in which judgments, estimates and assumptions may significantly differ from actual results are discussed below.

Sources of estimation uncertainty

Impairment of Goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value. Details of recognised goodwill are provided in note 3.2, including sensitivity disclosures.

Economic life of property, plant and equipment and intangible assets
The useful life of each item, which is assessed at least annually, is determined as the period over which the asset is expected to be available for use.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The depreciation or amortisation expense on assets with finite lives is recognised in the statement of comprehensive income.

1.4 Adjusted profit and special items

	2018	**2017***
Total revenues	2 772 718	2 614 535
Total revenues - Adjusted	*2 769 718*	*2 596 853*
EBITDA [1]	328 134	368 543
EBITDA margin	11,8 %	14,1 %
Adjusted EBITDA [2]	*419 706*	*392 838*
Adjusted EBITDA margin	*15,2 %*	*15,1 %*
Operating profit (EBIT)	193 048	292 736
Operating profit (EBIT) margin	*7,0 %*	11,2 %
Adjusted Operating profit (EBIT)	*284 620*	*336 992*
Adjusted Operating profit (EBIT) margin	*10,3 %*	*13,0 %*
EBITDA	**328 134**	**368 543**
Special items:		
Restructuring cost	43 821	13 714
Claim cost related to one product	41 005	
IPO-process		15 642
Bonus	8 000	14 800
Profit from sale of assets		-17 682
Reversal of provision	-3 000	-3 000
Other	1 746	821
Total Special items excluding impairment of non-current assets	**91 572**	**24 295**
Adjusted EBITDA	***419 706***	***392 838***
Impairment of non-current assets		19 961
Total Special items	**91 572**	**44 256**
Adjusted Operating profit (EBIT)	***284 620***	***336 992***

* Only Glamox Group figures

[1] Operating profit/loss before income taxes, net financial items, depreciation, amortisation and impairment charges.

[2] Operating profit/loss before income taxes, net financial items, depreciation, amortisation and impairment charges adjusted for special items.

2.1 Segment information

Operating segments within the Group
Glamox has two operating segments (business areas);

- Professional Building Solutions (PBS)
- Global Marine & Offshore (GMO)

Each of these two segments represents a complete value change, implying that all cost of goods sold (COGS) and administration cost of the SPL division is distributed between the two operating segments, based on the products sold. Group functions are also distributed between the two operation segments, based on allocation keys.

These two segments offer different products, operatein strategically different markets and therefore have different sales channels and marketing strategies, including risks. PBS offers products to office, industry, health, education, retail, hotels and resturants mainly in Europe. Their main sales channels are direct to installers and wholesalers. GMO offers its products in the global market within commercial marine, energy (offshore and onshore), navy, recreational, cruise and ferry. The customer base of GMO consist of vessel owners, yards, electrical installers, engineering companies and oil companies.

Segment performance is evaluated based on EBITDA (operating profit /loss before income taxes, net financial items, depreciation, amortisation and impairment charges)*. Management believes this information is the most relevant in evaluating the results of the respective segments. Reconciliation from EBITDA to operating profit according to the statement of total comprehensive income is shown below. The Group's financing activities (including finance costs and finance income) and income tax expense are managed on a Group basis and are not allocated to the operating segments.

The internal managment reporting of operating segments does not include any balance sheet items. Consequently, the overview of financial information per operating segment does not include assets and liabilites.

Year ended 31 December 2018	**Professional Building Solutions (PBS)**	**Global Marine & Offshore (GMO)**	**Other**	**Total**
Revenues	2 024 361	745 356	3 000	**2 772 718**
EBITDA	359 983	65 162	-97 012	**328 134**
in %	17,8 %	8,7 %		11,8 %

Year ended 31 December 2017	**Professional Building Solutions (PBS)**	**Global Marine & Offshore (GMO)**	**Other**	**Total**
Revenues	63 808	25 324		**89 132**
EBITDA	3 723	836	-48 872	**-44 312**
in %	5,8 %	3,3 %		-49,7 %

Other items in 2018 refers to operating expenses related to GLX Holding and special items related to Glamox Group. See note 2.2, 2.4 and 2.5 for further information about special items.

GLX Holding Group was established at 11.12.2017. Only profit provided from Glamox Group during the owner period is included in the GLX Holding Group accounts of 2017.
Other items in 2017 relates to expenses in GLX Holding AS regarding the acqusition of Glamox and issue of bond.

Reconciliation of profit	**2018**	**2017**
EBITDA	328 134	-44 312
Depreciation and amortisation	135 086	5 833
Operating profit	**193 048**	**-50 145**

Geographic information	**2018**	**2017**
Revenues from external customers		
Nordics	1 512 660	49 785
Europe, excl. Nordics	957 505	26 458
North America	117 441	4 755
Asia	152 159	7 019
Other	32 952	1 114
Total	**2 772 718**	**89 132**

The geographic split is based on the location of the customer.

* The Group's definition of EBITDA may differ from other definitions of EBITDA in certain other jurisdictions.

2.2 Revenues from contracts with customers

The group derives revenue from sale of goods at a point in time, see note 2.1 for disaggregation of revenues by segments and geographical regions.

The group is a global provider of lighting solutions for a wide variety of applications, on land and offshore. All significant revenue streams relates to production and sales of goods. The Group`s main performance obigation is related to sale of goods where the performance obligations are the delivery of an agreed volume of products within the agreed specification. The accounting policies for the group`s revenue from contracts with customers are explained in note 10.1.

Revenues from sales	**2018**	**2017**
Sale of goods	2 731 296	87 320
Total revenues from sales	**2 731 296**	**87 320**

Other operating income	**2018**	**2017**
Other operating income	41 422	1 812
Total other operating income	**41 422**	**1 812**

Other operating income mainly consist of freight invoiced to customers.

In 2018, Other operating revenue include reversal of provision of NOK 3,0 million.

2.3 Inventories

Inventories	31.12.2018	31.12.2017
Raw materials	209 768	189 930
Work in progress	38 666	37 089
Finished goods	213 950	162 108
Total inventories	**462 384**	**389 128**

Provision for obsolete inventories	2018
At January 1	**50 348**
Currency effect	565
Provision used	-10 312
Provision reversed	-3 183
Additonal provision	30 404
At December 31	**67 821**

GLX Holding Group was established at 11.12.2017 and provision for obsolete inventories was NOK 50.348 million at 31 December 2017.

The provision for obsolete inventories covers all inventory classifications (Raw material, Work in progress and Finished goods). The main increase of the provision is primarily a consequence of the objective calculation based on stock turn at component level. This effect relates to the factories at Molde, Suzhou and Bremen and are mainly caused by shift from conventional products to LED products. In addition the provision for obsolesce is increased due to increased risk in some export markets. Further, provision for obsolete inventory at Küttel is included as of 31.12.2018.

Note 5.2 shows that part of the Group's inventory is pledged as security for secured liabilities.

2.4 Employee benefit expenses

Payroll and related costs	2018	2017
Salaries	692 418	28 430
National insurance	115 295	5 234
Pension costs	35 205	1 475
Other remuneration	28 462	924
Bonus to all employees*	8 000	677
Total payroll and related costs	**879 380**	**36 741**
Average number of Full Time Employee (FTE)	1 344	1 300

In 2018, salaries and national insurance include items of NOK 36,1 million related to restructuring.

* The Board of Glamox AS has decided to pay out a one-off bonus to all employees in Glamox Group based on the achieved result of 2018. Glamox AS covers all cost relating to the bonus, including bonuses that are paid to employees outside Glamox AS.

See note 7.1 for management remuneration.

2.5 Other operating expenses

Other operating expenses	2018	2017
Sales and marketing expenses	32 205	970
Energi and housing	49 411	-
Repair and maintenance	22 181	-
Travel and transport	49 414	-
Claim	24 970	-
Consultancy fee	3 514	39 263
Legal fee	1 081	8 905
Bad debts	-919	-
Other	98 167	8 406
Total other operating expenses	**280 025**	**57 545**

Auditor	2018	2017
Fee for statutory audit	3 097	3 005
Audit-related fees	2 019	3 876
Tax compliance services	753	920
Other fees	232	364
Total	**6 100**	**8 165**

Special items
Other operating expenses for 2018 includes items of NOK 6,9 million related to restructuring. Claim expenses include NOK 14,0 million related to one claim.

Some of the transactions included in Other operating expenses are towards related parties, see note 9.2.

3.1 Property, plant and equipment

	Land/ Buildings	Machinery	Fixtures and Fittings	Total
Acquisition cost 14.08.2017	**-**	**-**	**-**	**-**
Additions				-
Disposals				-
Additions through acquisition of subsidiary	162 391	97 543	51 178	311 112
Currency translation effects				-
Acquisition cost 31.12.2017	**162 391**	**97 543**	**51 178**	**311 112**
Additions	833	25 164	15 017	41 014
Disposals	-	-480	-91	-571
Additions through acquisition of sub-subsidiary (1)	24 408	525	828	25 760
Reclassifications	2 526	-3 889	1 345	-17
Currency translation effects	2 564	-1 267	523	1 819
Acquisition cost 31.12.2018	**192 722**	**117 596**	**68 800**	**379 118**
Accumulated depreciation and impairment 14.08.2017	**-**	**-**	**-**	**-**
Depreciation for the year	399	985	654	2 038
Impairment for the year				-
Disposals				-
Currency translation effects				-
Accumulated depreciation and impairment 31.12.2017	**399**	**985**	**654**	**2 038**
Depreciation for the year	17 728	18 639	16 312	52 679
Impairment for the year	-	-	-	-
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Currency translation effects	-	-	-	-
Accumulated depreciation and impairment 31.12.2018	**18 127**	**19 624**	**16 966**	**54 717**
Carrying amount 31.12.2017	**161 992**	**96 558**	**50 524**	**309 074**
Carrying amount 31.12.2018	**174 595**	**97 972**	**51 834**	**324 402**
Economic life	Up to 20 yrs.	Up to 10 yrs.	Up to 10 yrs.	
Depreciation plan	Straight-line	Straight-line	Straight-line	

1) Relates to Glamox's acquisition of O. Küttel AG.

The Group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. No indicators for impairment of property, plant and equipment were identified in 2018 or 2017. Furthermore, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. No such indicators were identified in 2018 or 2017 for property, plant and equipment.

3.2 Goodwill

	Goodwill
Acquisition cost 14.08.2017	**-**
Acquisitions	
Additions through acquisition of subsidiary	1 678 591
Currency translation effects	
Acquisition cost 31.12.2017	**1 678 591**
Additions through acquisition of sub-subsidiary	33 547
Currency translation effects	2 976
Adjustment of purchase price allocation	-92 061
Effect of increased owner share in Glamox	20 858
Acquisition cost 31.12.2018	**1 643 911**
Accumulated Impairment 14.08.2017	**-**
Impairment for the year 2017	-
Accumulated Impairment 31.12.2017	**-**
Impairment for the year 2018	-
Accumulated Impairment 31.12.2018	**-**
Carrying amount 31.12.2017	**1 678 591**
Carrying amount 31.12.2018	**1 643 911**

Carrying amount of goodwill allocated to the cash-generating units	**Goodwill**
Professional Building Solution (PBS) segment	1 260 855
Global Marine & Offshore (GMO) segment	346 607
O. Küttel AG	36 450
Total goodwill - carrying amount 31.12.2018	**1 643 911**

Impairment of Goodwill

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill is impaired. Recognised goodwill in the Group as of 31st of December 2018 is NOK 1.643.911 thousand and is derived from acquiring of Glamox AS in 2017 and Glamox's acquisition of Küttel in 2018. The recoverable amounts of the CGUs have been determined based on value-in-use calculations.

For the 2018 impairment testing, the cash flows in the calculations are based on budgets for 2019 and assumption used in the strategy plan for the periode 2019 to 2022, both approved by the Group Management. Cash flows after year 2022 have been extrapolated using a long-term growth rate. The calculations of terminal value are based on Gordon’s formula.

Key assumptions used in value in use calculations
Based on an overall assessment, Glamox has identified the following assumtions as most sensitive to the value in use calculations:

Growth rate
The historical sales growth rate in Glamox differ between the two segments , PBS and GMO. And within these two segments the growth rate differ between the sectors. In the strategy plan the growth rates are based on published industry research with management adjustments. In prediction of cash flow, management has utilized a conservative approach. The growth rate applied in the impairment test is equal to the rate utilized in the strategy plan.

Operating profit
Future operating profit is dependent on a number of factors, but primarily volume growth, cost of production and operating expenses. In the impairment test, Glamox has estimated operating profit using an operating profit rate that is based on managment's experience.

Discount rates
The discounts rates are based on the Weighted Average Cost of Capital (WACC) formula derived from the CAPM model. The discount rate is set individually for each CGU and is post-tax between 9.0% and 9.5%.

Cash generating units and assessments made by management
Goodwill related to the acquisition of Glamox AS is allocated to the two operating segments;
- Proffesional building solutions ("PBS")
- Global Marine and Offshore ("GMO")

PBS

In the impairment test calculation, the terminal growth rate is assumed to be 2.0% and a WACC of 9.0% has been utilized. The sensitivity analysis show that an increase in WACC of 1 % would lead to an impairment loss. A decrease in revenues of 2 % the first five years and 0,5 % in the last five years would lead to an impairment loss.

GMO

In the impairment test calculation, the terminal growth rate is assumed to be 2.0% and a WACC of 9.5% has been utilized. The sensitivity analysis show that an increase in WACC of 1 % would lead to an impairment loss. A decrease in revenues of 2 % the first five years and 0,5 % in the last five years would lead to an impairment loss.

O. Küttel AG

Küttel AG was aquired by Glamox AS in 2018. See note 8.2 Business combination for further information.

Acquisition of Glamox Group and adjustments of the purchase price allocation

On December 11, 2017 GLX Holding AS acquired 75,16% of the shares of Glamox AS, witch is the parent company of the Glamox Group. The total purchase consideration was NOK 2.791,8 millions all paid by cash.

The process of identifying the fair value of assets acquired was performed in 2017 and completed during 2018. The provisionally estimated fair value of assets and liabilities as well as final amounts are included in the table below. Adjustments relates to completed valuation of intangible non-current assets, like Brand, Customer relationship and Product development. The value of deferred tax and goodwill have been updated following adjustments to valuation of other items. The change had minor effects on depreciation and amortisation.

Fair value at acqusition date:	**2017-estimates**	**Adjustments**	**Final**
Assets			
Goodwill	1 678 591	-92 061	1 586 530
Other intangible non-current assets	1 179 486	149 630	1 329 116
Tangible non-currenct assets	311 112		311 112
Other tangible non-current assets	18 773		18 773
Inventories	389 128		389 128
Trade and other receivables	411 440		411 440
Cash and cash equivalents	170 433		170 433
Total assets	4 158 963	57 569	**4 216 532**
Liabilities			
Deferred tax	333 675	34 415	368 090
Other non-current liabilities	179 585		179 585
Total current liabilities	478 781		478 781
Total liabilities	992 041	34 415	**1 026 456**
Total identifiable net assets at fair value	3 166 922		3 190 076
NCI measured at fair value of net identified assets	375 113	23 155	398 268
Total consideration for the shares	**2 791 809**	23 155	**2 791 809**

3.3 Product development and other intangible assets

	Product Development	Other intangible assets	Total
Acquisition cost 14.08.2017	**-**	**-**	**-**
Additions	-	-	-
Additions through acquisition of subsidiary	288 208	891 277	1 179 486
Disposals	-	-	-
Currency translation effects	-	-	-
Acquisition cost 31.12.2017	**288 208**	**891 277**	**1 179 486**
Additions	3 270	22 814	26 084
Additions through acquisition of sub-subsidiary	-	16 828	16 828
Disposals	-	-	-
Reclassifications	-	17	17
Currency translation effects	-4	1 457	1 453
Adjustment of purchase price allocation*	-162 500	312 130	149 630
Acquisition cost 31.12.2018	**128 974**	**1 244 522**	**1 223 867**
Accumulated amortisation and impairment 14.08.2017	**-**	**-**	**-**
Amortisation for the year	167	3 628	3 795
Impairment for the year	-	-	-
Accumulated amortisation and impairment 31.12.2017	**167**	**3 628**	**3 795**
Amortisation for the year	18 998	63 408	82 406
Impairment for the year	-	-	-
Reclassifications	2 026	-2 026	-
Accumulated amortisation and impairment 31.12.2018	**21 191**	**65 010**	**86 201**
Carrying amount 31.12.2017	**288 041**	**887 649**	**1 175 691**
Carrying amount 31.12.2018	**107 783**	**1 179 512**	**1 287 296**

Product development acquired through the acquisition of Glamox relates to the product portofolio of Glamox at the acqusition date. The economic life of this assets is estimated to 3-7 years, and the amortisation plan is straight-line. The Group directly expensed NOK 35.613 thousand related to research and development activities in 2018 (2017: NOK 1.485 thusand).

Carrying amount of other intangible assets per 31.12.2018 is NOK 1.179.512 thusand and consists of the brand name "Glamox" amounting to NOK 800 million, customer relations from the aquisition of Glamox AS in 2017 amounting to NOK 297 million, as well as other brand names and IT-systems and rights. The economic life of the brand name "Glamox" is assumed to be indefinite. The same applies for the brand name "Küttel". For the other intangible assets the economic life is estimated to 5-10 years, and the amortisation plan is straight-line.

* See note 3.2 regarding reallocation of the aquisition price related to the aquisition of Glamox AS in December 2017.

4.1 Provisions and other liabilities

Provisions and other liabilities	31.12.2018	31.12.2017
Non-current provisions and other liabilities		
Warranties	36 098	39 017
Total non-current provisions and other liabilities	**36 098**	**39 017**
Current provisions and other liabilities		
Derivatives	853	4 920
Prepayments from customers	18 218	21 739
Restructuring/Severence payment	19 544	15 113
Accruals for employee benefits	92 848	97 816
Product claim	46 416	
Accrued consultancy fee	2 852	39 263
Accrued legal fee	956	8 905
Accrued interest	5 452	4 296
Other liabilities	52 320	45 930
Total current provisions and other liabilities	**239 460**	**237 983**

Warranties relates to product warrenty obligations to customers. Standard warrenty time is between 2-5 years. The warrenty time differs among the different markets that Glamox operates in, and between the different products sold.

Accruals for restructuring and severance payment is related to discontinued metal production and outsourcing of warehouse service at the production site in Bremen, Germany.

Product claim relates to one product sold to the energy area (GMO segment) over several years. The provision is expected to cover cost involved in rectifying received and potential claims.

Other liabilities contains accrued fee, general accrued expenses and a potential liability related to discontinued businesses.

4.2 Leasing commitments

Operating lease commitments

2018 **Minimum lease payments** **(non-cancellable operating leases)**	**2018 lease cost**	**Matures within 1 year**	**Matures 2-5 years**	**Matures more than 5 years**	**Total**
Rent	22 576	26 877	73 965	30 707	131 548
Production equipment	848	731	2 209	404	3 343
Office equipment	970	1 134	2 256	4	3 395
Cars	8 268	9 351	9 187	0	18 538
Total	**32 662**	**38 092**	**87 617**	**31 115**	**156 824**

2017 **Minimum lease payments** **(non-cancellable operating leases)**	**Annual lease cost**	**Matures within 1 year**	**Matures 2-5 years**	**Matures more than 5 years**	**Total**
Rent	26 891	21 601	55 550	24 060	101 210
Production equipment	201	138	216	0	354
Office equipment	1 299	906	1 698	0	2 604
Cars	15 488	13 084	18 149	0	31 233
Other	1 036	1 013	1 080	0	2 093
Total	**44 914**	**36 742**	**76 693**	**24 060**	**137 495**

In 2017, annual lease cost refer to lease cost in the Glamox Group for the entire year. Approximately NOK 1,9 million of this is accounted for in the GLX Holding Group accounts for 2017 according to expenses in the owner period.

5.1 Financial instruments

The Group has the following financial instruments:

Financial assets/liabilities at amortised cost:
Financial assets: Trade receivables, other current receivables (notes: 5.9) and cash and cash equivalents (note 5.8)
Financial liabilities: Includes most of the Group's financial liabilities including debt to credit institutions, trade payables and other current and non-current financial liabilities (notes: 5.2 and 5.10).

Financial assets/liabilities at fair value through profit and loss (FVPL):
Derivative instruments – Forward contracts (see below)

Derivates and hedging
The Group applies hedge accounting related to its hedges of net investments in foreign subsidiaries. Loans and bank overdrafts in the same currency as the underlying investments are designated as hedging instruments. As of 31 December 2018 NOK 218.9 millions of the interest bearing liabilities have been designated as hedging instrument (2017: 100.1 MNOK). In the Group accounts, the underlying currency effects related to the hedging instruments are presented in the statement of OCI, to the extent that the hedging relationship is effective. At the end of the period, the hedging relationship is effective.

Furthermore, the Group holds forward contracts to secure its sales and purchases in foreign currency. Hedge accounting is not applied related to these arrangements, and the derivatives are measured at fair value through profit and loss.

For further information, see note 5.5 and 10.1.

The table below shows the various financial assets and liabilities, grouped in the different categories of financial instruments according to IFRS 9.

31.12.2018	**Amortised cost**	**Fair value through profit or loss (FVTPL)**	**Total**
Assets			
Trade receivables (note 5.9)	371 126		371 126
Other receivables (note 5.9)	79 962		79 962
Cash and cash equivalents (note 5.8)	318 346		318 346
Total financial assets	**769 434**		**769 434**
Liabilities			
Derivatives		853	853
Bond	1 350 000		1 350 000
Interest bearing liabilities to financial institutions (note 5.2)	234 363		234 363
Other long-term loans (including current part)	9 128		9 128
Trade and other payables (note 5.10)	203 949		203 949
Total financial liabilities	**1 797 440**	**853**	**1 798 293**

Changes in significant accounting policies - IFRS 9 Financial instruments
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group`s financial assets and financial liabilities as at 1 January 2018.

31.12.2017	**Note**	**Original classification under IAS 39**	**New classification under IFRS 9**	**Total**
Assets				
Trade receivables (note 5.9)	(a)	Loans and receivables	Amortised cost	358 803
Other receivables (note 5.9)	(a)	Loans and receivables	Amortised cost	53 627
Cash and cash equivalents (note 5.8)	(a)	Loans and receivables	Amortised cost	307 064

Total financial assets				**719 495**

31.12.2017	**Note**	**Original classification under IAS 39**	**New classification under IFRS 9**	**Total**
Liabilities				
Derivatives	(b)	Fair value through profit or loss	Fair value through profit or loss	4 920
Bond	(b)	Amortised cost	Amortised cost	1 350 000
Interest bearing liabilities to financial institutions (note 5.2)	(b)	Amortised cost	Amortised cost	115 625
Other long-term loans (including current part)	(b)	Amortised cost	Amortised cost	8 958
Trade and other payables (note 5.10)	(b)	Amortised cost	Amortised cost	176 775
Total financial liabilities				**1 656 278**

(a) Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. The effect of adopting IFRS 9 had no effect on the carrying amounts per 01.01.2018.

(b) Classification of financial liabilities are unchanged under IFRS 9. The effect of adopting IFRS 9 had no effect on the carrying amounts per 01.01.2018.

5.2 Interest bearing liabilities

Non-current Interest bearing loans and borrowings	Company	Interest rate	Maturity	31.12.2018	31.12.2017
Callable Open Bond	GLX Holding AS	NIBOR + margin	2023	1 350 000	1 350 000
Revolving facility - utilised amount (NOK)	Glamox AS	NIBOR + margin	2022	15 500	15 500
Revolving facility - utilised amount (EUR)	Glamox AS	EURIBOR + margin	2022	218 863	100 125
Total non-current interest bearing loans and borrowings				**1 584 363**	**1 465 625**

Bond
GLX Holding AS issued a Bond on the 8 December 2017. The initial issued amount is NOK 1.350 million and the maximum issued amount of the bond is NOK 2.000 million. The initial nominal amount on each bond is NOK 500.000. The bond has an interest margin of 5,25%. The interest period is 8 March, 8 June, 8 September and 8 December. The maturity date is 08.12.2023. The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent of the Nominal Amount. The Bond has a Call Option that may be exercised by the Issuer by written notice to the Bond Trustee and the Bondholders at least 10 Business Days prior to the proposed Call Option Repayment Date for the call.

An arrangement fee of NOK 18.1 millions related to the refinancing, is booked against the bond. The arrangement fee is expensed over the availability period of the facility.

The Bond was listed at Oslo Stock Exchange during second quarter 2018.

Callable Open Bond - Covenant requirement:
Financial covenants requirement for the bond is Net interest bearing debt (NIBD)/ EBITDA (Last Twelve Monts) less than 4.5.

Bond - assets pledged as security
The shares in both GLX Holding AS and Glamox AS is pledged as security for the Bond.

Revolving facility	2018	2017
Opening balance	115 625	-
Proceeds from issuing of debt	-	116 620
Increase of utilised amount	112 680	-
Repayment	-	-
Effect of changes in foreign exchange rates	6 057	-995
Closing balance	**234 363**	**115 625**

Revolving facility
Glamox holds a revolving facility. In June 2018, the utilized amount was increased by EUR 11.8 million. In July 2018, the credit limit of the revolving facility was increased by NOK 200 million, up to NOK 1.000 million.

An arrangement fee related to the financing, is booked against non-current interest bearing liablities and will be expensed over the availability period of the facility.

Revolving facility - Covenant requirements:
Glamox' loan agreements includes the following financial covenants requirements:
- Equity ratio minimum 20%
- Net interest bearing debt (NIBD)/EBITDA (Last Twelve Months) less than 4,0

There have been no breaches of covenants in 2018 or 2017.

Revolving facility - assets pledged as security and guarantee liabilities

	31.12.2018	31.12.2017
Secured balance sheet liabilities:		
Interest bearing liabilities to financial institutions	1 584 363	1 465 625
Secured pension liability	13 820	13 820
Balance sheet value of assets pledged as security for secured liabilities:		
Land, buildings and other property	41 157	46 621
Machinery and plant	45 459	43 976
Fixtures and fittings, tools, office equipment etc.	19 947	19 856
Inventories	142 595	137 543
Account receivable	208 262	224 340
Total	**457 421**	**472 336**

Glamox AS has issued a parent guarantee in relation to a credit facility of SGD 2.0 millions. The credit facility is towards a subsidiary. The same applies for 2017.

5.3 Ageing of financial liabilities

31.12.2018	Less than 12 months	1 to 3 years	Over 3 years	Total
Derivatives	853			853
Callable Open Bond*	93 420	186 840	1 536 840	1 817 100
Interest bearing liabilities to financial institutions*	3 714	7 428	238 076	249 218
Other long-term loans	3 043	6 085		9 128
Trade and other payables (note 5.10)	203 949			203 949
Totals	**304 979**	**200 353**	**1 774 916**	**2 280 248**

31.12.2017	Less than 12 months	1 to 3 years	Over 3 years	Total
Derivatives	4 920			4 920
Callable Open Bond*	81 405	162 810	1 594 215	1 838 430
Interest bearing liabilities to financial institutions*	2 160	4 320	119 945	126 424
Other long-term loans	2 986	5 972		8 958
Trade and other payables (note 5.10)	176 775			176 775
Totals	**268 246**	**173 102**	**1 714 160**	**2 155 508**

* figures inclued estimated interest payable.

5.4 Fair value measurement

The table below disclose information about all financial instruments that are either measured at fair value or where information about fair value is disclosed. There were no transfers between the levels during 2017. The Bond was listed at Oslo Stock Exchange during second quarter of 2018 and transferred to level 1 in the fair value hierarchy.

For related accounting policies, reference is made to note 10.1.

	Carrying amount at	Date of valuation	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities measured/disclosed at fair value							
Interest-bearing liability	31.12.2018	31.12.2018	230 274	234 363		x	
Interest-bearing liability	31.12.2017	31.12.2017	111 625	115 625		x	
Callable Open Bond	31.12.2018	31.12.2018	1 331 871	1 387 125	x		
Callable Open Bond	31.12.2017	31.12.2017	1 328 215	1 350 000		x	
Derivative financial liabilities	31.12.2018	31.12.2018	853	853		x	
Derivative financial liabilities	31.12.2017	31.12.2017	4 920	4 920		x	

Fair value of financial instruments
Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations (hierarchy level 2). The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Group's own non-performance risk. As at 31 December 2018, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on measurement of financial instruments recognised at fair value. The Group applies input from its respective bank relations in performing the fair value calculations.

The fair value of the Group's interest-bearing liability is assessed to be in all material aspects similar to carrying amount.

In 2018 the Callable Open Bond was listed at Oslo Stock Exchange. As of 31.12.2018 the fair value of the Callable Open Bond was calculated by using the OSE trading price at year-end.

5.5 Financial risk management

The Group is exposed to a range of risks affecting its financial performance, currency risk, interest rate risk, liquidity risk and credit risk. The Group seeks to minimise potential adverse effects of such risks through sound business practices, risk management and use of derivative financial instruments. Risk management is carried out by senior management under policies approved by the Board of Directors.

Interest rate risk
The Group aims to follow the general long-term development in the money market interest levels. The effects of short-term fluctuations in money market interest levels can be reduced by managing the loan portfolio's average interest and the timing of the interest payments. Underlying loan agreements is used to manage the interest risk.

GLX Holding AS has hedged the interest on the bond.

The Group is in a position of net interest bearing deposit. The main part of the deposit is organised in a Multi Currency Cash pool. The interest-bearing liability relates to a Revolving Credit Facility (RCF). As of 31.12.2018 it is utilised NOK 15.5 millions and EUR 22.0 millions of the RCF. The interest of the utilised amount of the RCF is payable at a rate of NIBOR/EURIBOR/LIBOR plus a margin, dependent on the Group's NIBD/EBITDA ratio.

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax:

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax
31.12.2018	+/- 100	+ 0,3 mnok/ - 2,5 mnok
31.12.2017	+/- 100	- 11,6 mnok /+ 9,2 mnok

Foreign currency risk
The Group is exposed to transaction risk by purchasing and selling in different currencies. Purchase and production expenses are mainly in NOK , SEK and EUR, with sales mainly in NOK, EUR, SEK, DKK, GBP, SGD, CAD, CHF and USD. Glamox aims to minimise the risk of changes in the value of net cash flows arising from the short-term fluctuations in exchange rates. Transaction risk is controlled by means of internal invoicing rules, matching of income and expenses in the same currency and by using financial instruments (forward contracts).

The Group uses forward contracts as an economic instrument to hedge cash flow. As of 31.12.2018, the Group had forward contracts for both sale and purchase of currencies. Currency sales amounted to NOK 105 million while the currency purchase amounted to NOK 119 million based on 31.12.2018 exchange rates. The Group's forward contracts had a market value of NOK -4.4 million as of 01.01.2018 and NOK -0.8 million as of 31.12.2018. Glamox has not applied hedge accounting in accordance with IFRS 9 for cash flow hedging.

The Group is exposed to currency changes related to carrying amounts of equity in foreign subsidiaries. Changes in the value of equity of foreign subsidiaries are offset/hedge by loans and overdrafts in the same currency. The following tables demonstrates the Group's total exposure to foreign currency risk related to its net debt and equity in foreign subsidiaries:

	Equity in foreign subsidiaries		Net debt and overdraft in foreign currency	
Currency (in currency million)	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
EUR/DKK	43.1	48.3	44.8	42.5
SEK	113.9	94.8	106.6	87.4
GBP	0.0	0.7	0.0	0.7
CHF	15.4	0.0	15.0	0.0
SGD	6.2	6.6	6.4	7.5
CAD	3.4	2.5	3.5	3.1
USD	3.3	5.6	3.7	5.8

Without the hedge of the net investment in foreign subsidiaries, a 10 percent weakening/strengthening in the value of NOK would have increased/ decreased equity by 76.5 mNOK as of 31.12.2018, where equity in EUR represents 43.0 mNOK of this increase/decrease. Such changes in value would have limited impact on P/L, as they are mainly booked as translation differences against equity. Because of the hedge, the impact on equity is also limited.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has a limited exposure to liquidity risk on the basis of a strong cash flow in addition to a solid balance sheet, as of 31.12.2018 the equity rate is 43,3 %. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

See note 5.3 for an overview of maturity profile on the Group' financial liabilities and an overview about available credit lines, and note 5.8 for an overview of the liquidity reserve.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Company obtains sufficient collateral
(where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the Company's exposure to bad debts is not significant.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. See note 5.9 for comments regarding trade receivables ageing. With respect to credit risk arising from the other financial assets of the Company, which comprise cash and derivative financial assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group limits its counterparty credit risk on these assets by dealing only with financial institutions with credit ratings of at least A or equivalent.

5.6 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of GLX Holding' capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants related to the interest-bearing financial liabilities in the Glamox Group. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings towards Glamox. There have been no breaches of the financial covenants of any interest bearing loans and borrowing in the current period. Reference is made to note 5.2 for disclosed information regarding interest bearing liabilities and financial covenants.

	31.12.2018	**31.12.2017**
Interest bearing liabilities	1 568 230	1 445 812
Less: cash and bank deposit excl. restricted cash	-305 179	-290 320
Net interest bearing debt	**1 263 051**	**1 155 493**
Total Assets	4 539 993	4 290 751
Total Equity	1 965 804	1 918 994
Equity ratio	**43 %**	**45 %**

5.7 Equity and shareholders

Share capital in GLX Holding AS at 31.12.2018		Number	Nominal Value	Balance Sheet
Shares	NOK	1 000	1 000	1 000 000
Total	**NOK**	**1 000**	**1 000**	**1 000 000**

All shares have the same voting rights.

Holders of these shares are entitled to dividend and to one vote per share at general meetings of the Company. There have been no changes in the number of shares in 2018 or 2017. GLX Holding AS is a 100% owned subsidiary of Glace Holdco AS.

There has been no distribution of dividend during 2018 or 2017.

Reconciliation of equity is shown in the statement of changes in equity.

5.8 Cash and cash equivalents

Cash and cash equivalents	31.12.2018	31.12.2017
Bank deposits, unrestricted	305 179	290 320
Bank deposit, restricted, employee taxes in Glamox AS	13 167	16 745
Total cash and cash equivalents	**318 346**	**307 064**
Liquidity reserve	**1 057 447**	**974 695**

The liquidity reserve is the total overdraft and revolving facilites of all Group companies, minus all utilised overdraft and revolving facilities, and added all cash on hand and deposits. The liquidity reserve for the Glamox Group is organised in a revolving facility and a Multi Currency Cash pool. In addition GLX Holding AS has bank deposit.

The bond may be extended by additional NOK 650 million. This is not included in the liquidity reserve.

Legally, the parent company of the Glamox Group, Glamox AS, is the counter party towards the Bank regarding the Multi Currency Cash pool within the Glamox Group. The net position of the cash pool is presented as cash and cash equivalents.

Restricted deposits in Glamox AS and the Group amounted to NOK 13,2 million in 2018.

5.9 Trade and other receivables

Trade and other receivables	31.12.2018	31.12.2017
Trade receivables		
Trade receivables	371 126	358 803
Trade receivables from related parties	-	-
Total trade receivables	**371 126**	**358 803**
Other receivables		
Prepaid rent	3 203	2 519
Prepaid other expenses	10 776	10 101
Prepaid VAT	4 395	3 427
Other - Retention fees due	5 858	7 996
Withholding tax	29 387	-
Other	26 344	29 584
Total other receivables	**79 962**	**53 627**

Provision for impairment of receivables	2018
At January 1	**17 351**
Currency effect	123
This years loss	-1 031
Payments received against previous losses	13
Provision this year	1 985
At December 31	**18 440**

GLX Holding Group was established at 11.12.2017 and provision for impairment of receivables was NOK 17.35 million at 31 December 2017.

As at 31 December the ageing analysis of trade receivables is, as follows:

		Neither past due	Past due but not impaired			
Ageing analysis of trade receivables	**Total**	**nor impaired**	**< 30 days**	**31-60 days**	**61-90 days**	**> 90 days**
2018	371 126	292 904	66 696	8 330	429	2 767
2017	358 803	283 506	62 255	12 433	610	-

For details regarding the Group's procedures on managing credit risk, reference is made to note 5.5.

5.10 Trade and other payables

Trade and other payables	31.12.2018	31.12.2017
Trade payables		
Trade payables	203 949	176 775
Trade payables to related parties	-	-
Total trade payables	**203 949**	**176 775**
Other payables		
Public duties payables	95 653	82 889
Total other payables	**95 653**	**82 889**

For trade and other payables ageing analysis, refererence is made to note 5.3.

5.11 Financial income and expenses

Financial income and expenses	2018	2017
Financial income		
Currency gain	14 742	941
Interest income	5 421	102
Unrealised gain financial derivates	4 067	-
Realised gain financial derivates	7 096	-
Other financial income	152	52
Total financial income	**31 478**	**1 094**
Financial expenses		
Currency loss	16 257	2 043
Interest expenses	106 026	5 095
Other financial expenses	6 815	1 943
Financial expenses	**129 098**	**9 081**

The Group applies hedge accounting on net investments in foreign subsidiaries. Loans and bank overdrafts are applied as hedging instruments (see note 5.1). Currency effects from hedging instruments are presented in the statement of OCI, to the extent that the hedging is effective.

6.1 Taxes

	2018	2017
Current income tax expense:		
Tax payable	73 071	-
Change deferred tax/deferred tax assets (ex. OCI effects)	-54 159	-1 666
Currency effects	-583	-
Tax effect on net gain/loss on hedge of foreign subsidiaries	4 361	-
Tax related to previous years	6 277	-
Withholding tax		-
Total income tax expense	**28 967**	**-1 666**
Effect of changed tax rate (in Norway)	-10 846	
Deferred tax related to items recognised in OCI during the year:		
Net gain/loss on hedge of foreign subsidiaries	-4 361	-
Tax effect on remeasurements on defined benefit plans	244	-
Deferred tax charged to OCI	**-4 117**	**-**
Total tax for the year on group level:		
Norwegian companies	3 008	-1 666
Foreign companies	25 958	-
Total tax for the year	28 966	**-1 666**

Current tax liabilities consist of:		
Current tax liability - effect from acqusition of Glamox Group	73 071	34 302
- of which paid in fiscal year	-38 546	
- withholding tax	1 322	
Current tax liabilities 31.12	**35 847**	**34 302**

Deferred tax liabilities (assets):	**31.12.2018**	**31.12.2017**
Property, plant and equipment	42 331	45 212
Intangible assets	1 260 662	1 168 648
Other current assets	-25 249	-13 035
Liabilities	-27 622	-20 289
Net pension reserves/commitments	-45 706	-16 102
Derivates	-853	-4 920
Losses carried forward (including tax credit)	-245 300	-38 832
Untaxed profit	260 248	236 018
Basis for deferred tax liabilities (assets):	**1 218 509**	**1 356 700**
Calculated deferred tax assets	**83 694**	**25 291**
- Deferred tax assets not recognised	-34 796	-9 516
Net deferred tax assets recognised in balance sheet	**48 898**	**15 775**
Deferred tax liabilities recognised in balance sheet	**344 627**	**332 009**

7.1 Management remuneration

GLX Holding AS
GLX Holding AS has no employees, and there has been no remuneration to board members during 2018.

Glamox
The CEO of Glamox is a part of a defined contribution pension scheme for salaries up to 12G (approx 1,1 mnok). In addition, the CEO is entitled to a salary compensation of 23,95% of fixed salary for amounts exceeding 12G. The CEO also has a performance based bonus agreement.

The CEO of Glamox has a performance related bonus agreement which can give up to seven months' additional salary. The financial statements of 2018 are charged with 1.269 TNOK related to the performance related bonus agreement.

2017 figurs for remuneration to the CEO refer to salary related cost for the entire year. Upon

termination from the company, the CEO is entitled to 12 months severence pay.

Remuneration to CEO		**Salary**	**Performance-related bonus**	**Extra compensation**	**Pension**	**Other remuneration**
Rune Marthinussen - CEO	2018	3 134	1 269	-	49	178
Rune Marthinussen - CEO	2017	2 849	1 413	2 849	48	178

7.2 Post-employment benefits

Defined contribution plan
The majority of the Group's employees are covered by defined contribution pension schemes. Contributions to these schemes are recognised as pension expense as they occur. Total costs related to the Groups contribution plans were NOK 31.1 million in 2018.

Defined benefit pension plan
The Group also has defined benefit pension plans in Glamox AS and in four subsidiaries of Glamox AS. The defined benefit plans in O. Küttel AG accounts for approximately 62% of the net liability in the Group and Glamox AS accounts for approximately 26% of the net liability in the Group. Glamox AS has defined benefit plans for 4 former employees and for some employees who have not been transferred from previous defined benefit plan when this was closed and replaced by a defined contribution plan.

On Group level, total net pension liabilities were NOK 50,3 million (net of the pension liability of NOK 118,4 million and reserve of NOK 68,1 million) as at 31 December 2018. Actuarial gains/losses recognised in the net pension liabilities amounted to NOK 1.8 million in 2018.

Risks related to defined benefit plans
The defined benefit plans expose the company to various demographic and economic risks, such as longevity, investment, currency and interest rate risks and in some cases, inflation risk.

	O. Küttel AG	Glamox AS	
Financial conditions:	**2018**	**2018**	**2017**
Mortality table	BVG 2015 GT	K2013	K2013
Discount rate	0,80 %	2,60 %	2,40 %
Expected return on plan assets	1,00 %	2,60 %	2,40 %
Salary increase	1,00 %	2,75 %	2,50 %
Pension increase	0,00 %	2,50 %	2,50 %

8.1 Interests in subsidiaries

GLX Holding AS owns 76,16% of the shares in Glamox AS, this also equals the voting share. The head office of Glamox is in Norway. Share capital of Glamox AS is NOK 66 million. Carrying amount of Glamox shares in the GLX Holding accounts is NOK 2.735,3 million.

Glamox AS has following subsidiaries:

Name of company	Office	CUR	Share Capital	Shareholding in Glamox AS	Carrying amount in Glamox AS	Glamox Group's voting ownership share	
Glamox A/S	Denmark	DKK	4 900	100,0%	8 045	100,0%	
Glamox AB	Sweden	SEK	600	100,0%	1 681	100,0%	
Glamox Oy	Finland	EUR	100	100,0%	6 082	100,0%	
Glamox Ltd.	England	GBP	4	100,0%	680	100,0%	
Glamox Ireland Ltd.	Ireland	EUR	169	100,0%	1 787	100,0%	
Glamox GmbH	Germany	EUR	683	25,0%	21 570	100,0%	
AS Glamox HE	Estonia	EUR	166	100,0%	6 345	100,0%	5)
Glamox Aqua Signal GmbH	Germany	EUR	3 860	5,1%	6 344	100,0%	
Glamox Production GmbH & Co. KG	Germany	EUR	5 845	0,0%	0	100,0%	
GPG Verwaltungsgesellschaft mbH	Germany	EUR	25	0,0%	0	100,0%	
Glamox B.V.	The Netherlands	EUR	18	100,0%	20 346	100,0%	
LINKSrechts GmbH	Germany	EUR	27	100,0%	58 259	100,0%	
Glamox Aqua Signal Corporation	USA	USD	100	100,0%	443	100,0%	
Glamox Inc.	Canada	CAD	2 208	100,0%	0	100,0%	
Glamox Pte Ltd.	Singapore	SGD	6 100	98,7%	23 666	98,7%	1)
Glamox (Suzhou) Lighting Co. Ltd	China	CNY	20 388	100,0%	4 050	100,0%	
Suzhou Glamox Trade Co. Ltd	China	CNY	500	0,0%	0	100,0%	
Glamox Co. Ltd.	South Korea	KRW	775 020	100,0%	4 483	100,0%	
Luxo AS	Norway	NOK	1 759	100,0%	19 039	100,0%	3)
Luxo Corporation	USA	USD	0	100,0%	0	100,0%	
Glamox Brasil Iluminacao LTDA	Brazil	BRL	50	100,0%	130	100,0%	2)
Birger Hatlebakks veg 15 AS	Norway	NOK	100	100,0%	1 373	100,0%	
O. Küttel AG	Switzerland	CHF	200	100,0%	122 142	100,0%	4)
Total carrying amount in Glamox AS of shares in subsidiaries					**306 465**		

1) Non-controlling interests in Glamox Pte Ltd is 1.27%. Dividends paid to non-controlling interest in 2018 amounts to NOK 0.00 million (2017: NOK 0.047 million).
2) Non-controlling interests in Glamox Brasil Iluminacao LTDA owns 1 share of totally 50 000 shares, corresponding to 0.002%.
3) Glamox AS has given a group contribution to Luxo AS of NOK 770 thousand (after tax deduction) in 2018 (2017: NOK 731 thousand).
4) In 2018 Glamox AS has bought 100% of the shares in O. Küttel AG.
5) In 2018 AS Glamox HE has become a 100% direct owned subsidiary of Glamox AS.

All subsidiaries are included in the consolidated statement of financial position.

8.2 Business combinations

O. Küttel AG

In 2018, Glamox AS acquired 100% of the shares of O. Küttel AG from Regent Bleuchtungsköper. The date of aquisition was 01.04.2018.

Küttel is a leading Swiss provider of lighting for the professional building market in Switzerland. From the date of acquisition, Küttel has contributed CHF 16.1million (NOK 132.4 million) of revenue and CHF 0.6 million (NOK 5.1 million) of profit before interest and tax to the group's result. In the financial year 2017 the company had a revenue of CHF 21.4 million (NOK 175.9 million) and a profit before interest and tax of CHF 0.8 million (NOK 6.6 million) with accounting principal according to local Swiss gaap.

The total purchase consideration was CHF 14.75 million (NOK 119.8 million) all paid by cash.

Total transaction costs related to the acquistion was CHF 0.3 million (NOK 2.5 million), and was expensed as Other operating expenses.

Before the acquisition, Küttel reported financial figures according to local Swiss gaap. Swiss GAAP FER 16 states that a company does not have to report any pension liability from Swiss pension plans in the balance sheet, as the statutory coverage ratio of the pension foundation is guaranteed to always be 100%. However, there is a theoretical risk that the employer will have to spend more on pension premiums as the term and conditions of the affiliation contract could change. This risk trigger the defined benefit categorization of all Swiss pension plans accoring to IAS 19. Consequently, the pension plans of Küttel also has to be valued and recognised according to IAS 19.

The acquisition cost is allocated to identifiable assets and liabilities at fair value on the acquisition date. The excess amount is recognised as Goodwill. The below table illustrates the fair values of the identifiable assets and liabilities at acquisition.

All figures in tNOK	**Book value**	**Gaap_Adj**	**Fair value_Adj**	**Fair value**
Assets				
Goodwill			33 547	33 547
Other intangible non-current assets			16 828	16 828
Deferred tax asset		3 680		3 680
Tangible non-current assets	16 823		8 938	25 761
Inventories	11 838			11 838
Trade and other receivables	39 764			39 764
Cash and cash equivalents	26 804			26 804
Total assets	**95 229**	**3 680**	**59 312**	**158 222**
Liabilities				
Deferred tax			3 607	3 607
Pension liabilities		26 287		26 287
Current liabilities	8 483			8 483
Total liabilities	**8 483**	**26 287**	**3 607**	**38 376**
Total identifiable net assets at fair value	86 747	-22 606	55 705	**119 846**
Purchase consideration				
Cash consideration paid				119 844
Analysis of cash flows on acquisition				
Cash consideration paid				-119 844
Net cash acquired with the subsidiary (included in the cash flows from investing activities)				26 804
Net cash flow on acquisition				**-93 037**

The acquired goodwill is assumed to mainly relate to positive market development, possibilities for efficiency improvements and opportunities related to strategic growth. The acquired Other intangible non-current assets relates to Trademark and Customer relationship.

If the acquisition of Küttel had occured 1 January 2018, revenues in 2018 for the Glamox Group would have been approximately CHF 5.3 million (NOK 43.6 million) higher and Profit before interest and tax would have been approximately CHF 0.5 million (NOK 4.1 million) higher.

9.1 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As GLX Holding AS does not have any share options or convertible preference shares as of 31 December 2018 there are no differences between basic and diluted EPS.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2018	2017
Attribution of profit for the year		
Total profit for the year attributable to equity holders of the parent	25 558	-55 676
Total profit for the year attributable to equity holders of the parent for basic earnings	**25 558**	**-55 676**
Earnings per ordinary share attributable to shareholders:		
Weighted average number of ordinary shares outstanding used for calculation:	1 000	1 000
Earnings per share in NOK (basic)	**25,56**	**-55,68**

9.2 Related party transactions

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. Note 8.1 provides information about the Group's structure, including details of the subsidiaries and the holding company. The agreements on remuneration for CEO appear in note 7.1

All transactions within the Group or with other related parties are based on the principle of arm's length.

The company has agreements with Triton Advisers Limited and Triton Investment Management Limited for counseling and success fee related to the acquisition of businesses respectively. Expenses during 2018 were NOK 3.8 million (2017: 41.5 million).

9.3 Events after the reporting period

Dividends
After the reporting date, the board of Glamox AS has proposed a dividend distribution amounting to NOK 141.1 million. GLX Holding AS will receive NOK 107.4 million of this distribution.

Other than this there have been no significant events subsequent to the reporting date.

10.1 Significant accounting policies

Revenue recognition
The IASB has issued a new standard for recognition of revenue. This has replaced IAS 18 which covers revenue from sale of goods and rendering of services and IAS 11 which covers revenue and costs from construction contracts. The new standard is based on the principle that revenue is recognized when control of a goods or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

The group is a global provider of lighting solutions for a wide variety of applications, on land and offshore. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

All significant revenue streams relates to production and sales of goods. The Group`s main performance obigation is related to sale of goods where the performance obligations are the delivery of an agreed volume of products within the agreed specification. Linksrechts is the only company in the group that produces and delivers installations that are tailored through engineering and design. For each project, management assess if the projects consist of several distinct performance obligations and when the performance obligation(s) are satisfied. The company did not have any ongoing projects at implementation date (01.01.2018) or at year-end with material effect on the timing of the revenue recognition.

Sale of goods
Revenue are recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer´s acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. Standard delivery terms for customers within the PBS segment is Delivered Duty Paid (DDP). DDP delivery terms inplies that delivery is completed when the goods are made available to the buyer at a specified location. Standard delivery terms to customers within the GMO segment is Ex Works (EXW). EXW delivery terms implies that delivery is completed when the goods are made available, suitably packaged at a specified loaction, often at the Group`s factory or depot.

In some cases, the Group offer to deliver freight as a service to the customer. In such cases, freight are considered to be a fullfilment of the delivery and not considered to be a distinct performance obilagtion. Freight and delivery of goods are therefore considered as a common performance obligation and recognised when control of the products has transferred to the customer.

No element of financing is deemed present as the sales are made with a credit term up to 60 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The goods are normally sold with standard warranties that the goods comply with the agreed-upon specifications. These standard warranties are accounted for using IAS 37 Provisions, see note 4.1 for more information. The Group does not have any other significant obligations for returns or refunds.

Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Raw material mainly consist of metal parts, LED components, plastic modules, cables, electronic parts and packaging. The basic calculation of inventory is based on standard cost. The standard cost is re-calculated by year end. The effect of the re-calculations is booked through profit and loss.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

A provision for obsolescence is included in the inventory when necessary. The criteria for assessing the needs and level of the provision are based on objective calculations and management judgements. Turnover of the goods is the base of the objective calculation. Depending on the turnover rate (3 months, 6 months or 12 months) the Group has set specific obsolesce rates to be used.

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.
An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Property, plant and equipment
Tangible fixed assets such as plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The group considers equipment used in operations to be a tangible fixed asset if it has an economic life of more than three years.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, reference is made to note 3.1 for further guidance related to useful lives.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the CGU's that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Reference is made to note 3.2 for an overview over goodwill, allocation of goodwill per CGU and impairment testing.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The group has no assets with indefinite useful lives.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense related to the intangible assets is recognised in the statement of profit or loss.

Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project, which represents new applications/ technology, are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Impairment of non-financial assets
Further disclosures relating to impairment of non-financial assets are also provided in the following notes:
Property, plant and equipment - Note 3.1
Goodwill - Note 3.2
Other Intangible assets - Note 3.3

At each reporting date, the Group assesseswhether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Provisions

General
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions
Provisions for warranty-related costs are recognised when the product is sold to the customer. Initial recognition of the warrenty provision is based on previous years turnover and management judgment. The length of the warrenty time may differ between the markets. The initial estimate of warranty-related costs is revised annually. Reference is also made to note 1.3 and 4.1 for further details.

Restructuring provisions
Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features. Reference is also made to note 4.1 for further details.

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

Group as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Dividend distribution to shareholders
The Group recognises a liability to make distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments
The Groups' financial instruments are grouped in the following categories:

- Fair value with changes in value through profit or loss (FVPL)
- Amortised cost (AC)

The classification is dependent on the type of instrument and the purpose for which the investments were acquired or originated.

Fair value through profit or loss is the classification of instruments that are held for trading or for which the entity`s business model is to manage the financial assets on a fair value basis i.e. to realise the asset through sales as opposed to holding the asset to collect contractual cash flows.

Amortised cost applied to instruments for which an entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest.

Financial assets and liabilities measured at amortised cost is the category most relevant to the Group. This category generally applies to trade and other receivables, interest-bearing loans, trade payables and other financial liabilities.

The Group has the following financial instruments:

FVTPL: Derivative instruments – Forward contracts (notes: 5.1)

Financial assets (AC): Trade receivables and other current receivables (notes: 5.1 and 5.9)

Financial liabilities (AC): Includes most of the Group's financial liabilities including debt to credit institutions, trade

payables and other current and non-current financial liabilities. (notes: 5.1, 5.2 and 5.10)

Initial recognition and subsequent measurement

FVTPL: Financial derivatives that are not designated as hedging instruments are categorized as held for trading and initially measured at their fair value. Subsequent changes in the fair value are recognised in the profit or loss (financial income or expense).

Financial assets (AC): These assets are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method (EIR) and is recognised in profit and loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Financial liabilities (AC): These liabilities are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount. Interest income is calculated using the effective interest method (EIR) and is recognised in profit and loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Impairment of financial assets
Under IFRS 9, financial assets valued at amortised cost are impaired based on the "Expected credit losses (ECL)" model. Expected credit losses are calculated by (a) identifying scenarios in which a loan or receivable defaults; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events.

The Group recognised loss allowances for ECLs on financial assets measured at amortised cost. Furthermore, the Group measures loss allowances at an amount equal to lifetime ECLs for all financial assets.

Credit- impaired fianancial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occured.

Evidence that a financial asses is credit-impaired includes the following observable data:

- significant financial difficulty of the customer; or
- it is probable that the customer will enter bankruptcy or other financial reorganisation
- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Derecognition of financial instruments
A financial asset is derecognized when the rights to receive cash flows from the asset have expired; or the Group has transferred its rights to receive cash flows from the asset and either (i) the Group has transferred substantially all the risks and rewards relating to the instrument, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards relating to the instrument, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of currency derivatives are recognised in the statement of comprehensive income as financial income or financial expense. The Group does not apply hedge accounting related to its forward currency contracts.

Hedge of net investment in foreign operations
The Group aims to hedge its net investments in foreign subsidiaries due to the risk of fluctuations in exchange rates. The net investments consist of equity and some group internal loans. The Group uses its overdraft facilities and long term debt in foreign currency as hedging instrument to hedge its exposure. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. Reference is made to note 5.1 and 5.5 for more details.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash and short-term deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Fair value measurement
The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of derivate financial instruments. Involvement of external valuers is decided upon annually. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in note 5.3 Fair value measurement.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Pensions and other post-employment benefits

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Consolidated statements of cash flow

The consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies have been translated into NOK using the exchange rate at the cash flow date.

10.2 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the group´s financial statements.

IFRS 9 Financial Instruments
The group has adopted IFRS 9 Financial Instruments from 1 January 2018. The new standard sets out requirements for classification and measurement, impairment and hedge accounting. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. Financial assets shall be classified and subsequently measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income, based on both the use of the assets within the entity's business model and the nature of the cash flows. A financial asset is derecognised when expired or when the entity no longer has control of the cash flows related to the assets. Financial liabilities are classified and subsequently measured at amortised cost, except for financial liabilities (including derivatives) which are classified at fair value.

The adoption of the new standard have not impacted the financial statement significantly.

IFRS 15 Revenue from Contracts with customers
The group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The group has adopted the new rules retrospectively with the cumulative effect of initially applying the standard recognized directly to equity at the implementation.

The adoption of the new standard did not result in any adjustments to the amounts recognized in the financial statement.

10.3 Standards issued but not yet effective

The future consolidated financial statements will be affected by new and amended IFRS standards and iterpretations which have been published but are not effective as of 31 December 2018. The effect of new and amended IFRS standards and interpertations which may have a significant impact on the Group have been summarized below:

IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019).

IFRS 16 replaces existing IFRS leases requirements, IAS 17. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). The new leases standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying assets has a low values.

The Group will adopt the standard on January 1, 2019 by using the modified retrospective method. Glamox has elected to use the two exemptions for leases with lease term of 12 months or less and the underlying asset has a low value (USD 5.000).

The Group has performed an assessment of the impact on its consolidated financial statements. The impact of IFRS 16 is a recognition of a lease liability of approximately NOK 128 million, and a corresponding right of use asset of approximately NOK 128 million. In addition the presentation of expenses related to those leases will now change as IFRS 16 replaces the ordinary operating lease expense with a depreciation charge, and interest expense on lease liabilities.

The implementation of IFRS 16 does not affect the covenants calculations, as the loan agreement only take into account existing IFRS standards at the time of entering the loan agreement.

The Group does not intend to apply the practical expedient in IFRS 16.15 which allows lessees to combine non-lease and lease components in lease arrangements and account for the total arrangement as a lease. As such, non-lease components will be identified and accounted for separately from the lease components in all arrangements.

Options should be taken into account if management is reasonable certain to exercise the option. All options in the future are assessed by management to not be reasonable certain for exercise as of 1 January 2019. For the vast majority of the options the exercise date of an option term is many years down the line. As such, management has limited insight and they are not reasonable certain to exercise and no options has been included in the lease term.

The Group applied its incremental borrowing rate at the time of initial application. The Group has assessed the general guidance on portfolio accounting and the practical expedient upon transition as discussed above. The Group has decided that we will not utilize the portfolio approach, and instead we will determine separate discount rate for each lease.

The group have used interest rates from the cash pool faciliity and intercompany loans for determining the incremental borrowing rate for each subsidiary. The length of the agreement is an additional element that has been taken into consideration when calculating the IBR for a specific lease.

GLX Holding AS

Annual financial statements

2018

GLX Holding AS

Statement of profit and loss

For the years ended 31 December

NOK 1000	Notes	31.12.2018	14.08 - 31.12.2017
Revenue			
Other operating income			
Total revenues		**-**	**-**
Raw materials and consumables used			
Payroll and related costs			
Depreciation and amortisation			
Other operating expenses	1	5 447	48 871
Total operating expenses		5 447	48 871
Operating profit		**-5 447**	**-48 871**
Net Financial income	8	-94 867	-4 417
Profit before tax		**-100 314**	**-53 288**
Taxes	9	-	-
Profit for the year		**-100 314**	**-53 288**

Other comprehensive income

Profit for the year		**-100 314**	**-53 288**
Other comprehensive income for the period		**-**	**-**
Total comprehensive income for the period		**-100 314**	**-53 288**

Statement of financial position

NOK 1000	Notes	31.12.2018	31.12.2017
ASSETS			
Shares in Subsidiary	11	2 735 329	2 791 809
Total non-current assets		**2 735 329**	**2 791 809**
Current assets			
Cash and cash equivalents	7	52 792	136 631
Total current assets		**52 792**	**136 631**
TOTAL ASSETS		**2 788 121**	**2 928 440**
EQUITY AND LIABILITIES			
Equity			
Share capital	6	1 000	1 000
Share premium	6	1 599 346	1 599 346
Retained earnings	6	-153 602	-53 288
Total equity		**1 446 744**	**1 547 058**
Non-current liabilities			
Interest bearing liabilities	3/4/5	1 331 871	1 328 215
Total non-current liabilities		**1 331 871**	**1 328 215**
Current liabilities			
Other short term liabilities	2	9 506	53 167
Total current liabilities		**9 506**	**53 167**
Total liabilities		**1 341 377**	**1 381 382**
TOTAL EQUITY AND LIABILITIES		**2 788 121**	**2 928 440**

Oslo, 29 April 2019

Carl Johan Jörgen Ulf Renvall
Board member

Gustaf Erik David Backemar
Chairman of the Board

Joachim Solbakken Espen
Board member

Statement of cash flows

For the years ended 31 December

Cash flows from operating activities	Notes	31.12.2018	14.08 - 31.12.2017
Profit before tax		-100 314	-53 288
Net financial items		90 061	-
Changes in other balance sheet items		-40 005	53 167
Net cash flows from operating activities		**-50 259**	**-120**
Cash flows from investing activities			
Purchase of shares in subsidiaries	11	-36 878	-2 791 809
Dividend received		93 358	-
Net cash flow from investing activities		**56 480**	**-2 791 809**
Cash flow from financing activities			
Proceeds from issuance of debt	3	-	1 328 215
Interests paid	8	-90 061	-
Proceeds from issuance of equity		-	1 600 306
Payment of dividends to shareholders		-	-
Net cash flow from financing activities		**-90 061**	**2 928 521**
Net change in cash and cash equivalents		-83 839	136 591
Cash and cash equivalents, beginning of period		136 631	40
Cash and cash equivalents, end of period		**52 792**	**136 631**

Statement of changes in equity

NOK 1000	Share capital	Share premium	Retained earnings	Total equity
Balance as of 14 August 2017	**30**	**10**		**40**
Profit (loss) for the year			-53 288	-53 288
Other comprehensive income				
Total comprehensive income			**-53 288**	**-53 288**
Issue of equity	970	1 599 336		1 600 306
Dividends				
Balance as of 31 December 2017	**1 000**	**1 599 346**	**-53 288**	**1 547 058**
Profit (loss) for the year			-100 314	-100 314
Other comprehensive income			0	
Total comprehensive income			**-100 314**	**-100 314**
Issue of equity				-
Dividends				
Balance as of 31 December 2018	**1 000**	**1 599 346**	**-153 602**	**1 446 744**

Note 1 - Other operating expenses

Other operating expenses	2018	2017
Consultancy	3 514	39 263
Legal	1 081	8 905
Audit	431	-
Travel	315	606
Other	106	97
Total other operating expenses	**5 447**	**48 871**

Auditor	2018	2017
Fee for statutory audit	275	-
Audit-related fees	610	-
Tax compliance services	-	-
Other fees	-	-
Total	**885**	**0**

Auditor
In 2017, the accounts of GLX Holding AS had not been charged with audit fee.

Note 2 - Other short term liabilities

	Balance 31.12.2018	Balance 31.12.2017
Accrued transaction cost related to the acquisition of Glamox		48 871
Accrued interest cost	5 452	4 296
Other accrued cost	4 054	-
Total other short term liabilities	**9 506**	**53 167**

Note 3 - Interest bearing liabilities

Non-current Interest bearing loans and borrowings	Interest rate	Maturity	31.12.2018	31.12.2017
Callable Open Bond	NIBOR + margin	2023	1 350 000	1 350 000
Bank fee related to the bond issue			-18 129	-21 785
Total non-current interest bearing loans and borrowings			**1 331 871**	**1 328 215**

Bond
GLX Holding AS issued a Bond on the 8 December 2017. The initial issued amount is NOK 1.350 million and the maximum issued amount of the bond is NOK 2.000 million. The initial nominal amount on each bond is NOK 500.000. The bond has an interest margin of 5,25%. The interest period is 8 March, 8 June, 8 September and 8 December. The maturity date is 08.12.2023. The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount. The Bond has a Call Option that may be exercised by the Issuer by written notice to the Bond Trustee and the Bondholders at least 10 Business Days prior to the proposed Call Option Repayment Date for the call.

An arrangement fee of NOK 18,1 millions related to the refinancing, is booked against the bond. Face value of the bond is NOK 1.350 million, while the book value is 1.331,9 million. The difference between face value of the bond and book value is due to the arrangement fee. The arrangement fee is expensed over the availability period of the facility.

Callable Open Bond - Covenant requirement:
Financial covenants requirement for the bond is Net interest bearing debt (NIBD)/ EBITDA (Last Twelve Monts) less than 4.5.

Bond - assets pledged as security
The shares in both GLX Holding AS and Glamox AS is pledged as security for the Bond.

Note 4 - Aging of financial liabilities

31.12.2018	Less than 12 months	1 to 3 years	Over 3 years	Total
Callable Open Bond*	93 420	186 840	1 536 840	1 817 100
Totals	**93 420**	**186 840**	**1 536 840**	**1 817 100**

31.12.2017	Less than 12 months	1 to 3 years	Over 3 years	Total
Callable Open Bond*	81 405	162 810	1 594 215	1 838 430
Totals	**81 405**	**162 810**	**1 594 215**	**1 838 430**

* figures include estimated interest payable.

Note 5 - Fair value measurement

The table below disclose information about all financial instruments that are either measured at fair value or where information about fair value is disclosed. There were no transfers between the levels during 2017. The Bond was listed at Oslo Stock Exchange during second quarter of 2018 and transferred to level 1 in the fair value hierarchy.

For related accounting policies, reference is made to note 10.1.

	Carrying amount at	Date of valuation	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities measured/disclosed at fair value							
Interest-bearing bond	31.12.2018	31.12.2018	1 331 871	1 387 125	X		
Interest-bearing bond	31.12.2017	31.12.2017	1 328 215	1 350 000		X	

Fair value of financial instruments

As of 31.12.2018 the fair value of the Bord was calculated by using the OSE trading price at year-end.

Note 6 - Equity and shareholders

Share capital in GLX Holding AS at 31.12.2018	Number	Nominal Value	Balance Sheet
Shares	1 000	1 000	1 000 000
Total	**1 000**	**1 000**	**1 000 000**

Holders of these shares are entitled to dividend and to one vote per share at general meetings of the Company. There have been no changes in the number of shares in 2018 or 2017. GLX Holding AS is a 100% owned subsidiaries of Glace Holdco AS.

There has been no distribution of dividend during 2018.

Note 7 - Cash and cash equivalents

Cash and cash equivalents amounts to tNOK 52.792 as of 31.12.2018. GLX Holding AS has no restriced bank deposit.
The liquidity reserve equals the cash and cash equivalent amount. The bond may be extended by additional NOK 650 million. This is not included in the liquidity reserve.

Note 8 - Financial income and expenses

Financial income and expenses	2018	2017
Interest income	1 064	32
Interest expenses	-91 216	-4 296
Other financial expenses	-4 715	-152
Net Financial income	**-94 867**	**-4 417**

Note 9 - Tax

	2018	2017
Tax payable		
Ordinary profit before tax	-100 314	-53 288
Permanent differences	189	48 871
Bases for tax payable	-100 125	-4 417
Tax base	23 %	24 %
Tax payable this years profit	**0**	**0**
Current tax liabilities 31.12	**0**	**0**
Deferred tax liabilities (assets):		
Losses carried forward (including tax credit)	-104 541	-4 417
Basis for deferred tax liabilities (assets):	**-104 541**	**-4 417**
Net deferred tax assets recognised in balance sheet	**0**	**0**

Note 10 - Management remuneration

GLX Holding AS has no employees.

There has been no remuneration to board members during 2018 or 2017.

Note 11 - Interest in subsidiaries

GLX Holding AS acquired 75,16% of the shares in Glamox AS from Arendal Fossekompani ASA on the 11 December 2017. In 2018, GLX Holding has increased their ownership in Glamox AS to 76,16 %.

Glamox AS is a leading lighting supplier to the world's marine and offshore markets, and a significant supplier to the professional building market in Europe. Glamox AS is the parent company of Glamox Group. Glamox AS registered adress is Birger Hatlebaks veg 15 in Molde, Norway. Glamox AS has 23 subsidiaries located in Europe, Asia and America. Total revenue of Glamox Group in 2018 is NOK 2.772,7 million (2017: NOK 2.614,5 million). Operating profit in 2018 is NOK 273,1 million (2017: NOK 292,7 million). For 2018 the Glamox Group has had average number of full time employee of 1.344 (2017: 1300).

As of 31.12.2018 GLX Holding AS owns 76,16% of the shares in Glamox AS, which also represents the voting share.

The book value of the Glamox shares is tNOK 2.735.329 as of 31.12.2018.
The total Share capital in Glamox AS is tNOK 65.989 as of 31.12.2018.

Note 12 - Events after the reporting period

Dividends
After the reporting date, the board of Glamox AS has proposed a dividend distribution amounting to NOK 141,1 million. GLX Holding AS will receive NOK 107,4 million of this distribution.

Other than this there have been no significant events subsequent to the reporting date.

13 Related party transactions

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. Note 11 provides information about the Group's subsidiary.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The company has agreements with Triton Advisers Limited and Triton Investment Management Limited for counseling and success fee related to the acquisition of businesses respectively. Expenses during 2018 were NOK 3,8 million (2017: 41,5 million).

Note 14 - Significant accounting policies

GLX Holding AS is a company incorporated and domiciled in Norway. GLX Holding AS was established in 2017, with the purpose to own shares in Glamox AS. Kronprinsesse Märthas plass 1, 0161 OSLO. The parent company is Glace HoldCo AS. The ultimate parent of GLX Holding AS is Triton Fund IV, which is located at Jersey.

The financial statements of the company comprise of statements of profit and loss, other comprehensive income, financial position, cash flows, changes in equity, and related notes. The financial statements have been prepared in accordance with International Financial Reporting Standards
(IFRS) as adopted by The European Union (EU). The financial statements have been prepared on a historical cost basis, and the financial statements are prepared based on the going concern assumption.

Subsidiaries in parent company
'Subsidiaries' refers to companies in which GLX Holding normally has a shareholding of more than 50%, and in which the company has a controlling interest. Investments in subsidiaries are accounted for using the cost method. The investments are valued at cost less impairment losses. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of investment"

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividend distribution to shareholders
GLX Holding AS recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification of financial instruments
The Company`s financial instruments are grouped in the following categories:

- Fair value with changes in value through profit or loss (FVPL)
- Amortised cost (AC)

The classification is dependent on the type of instrument and the purpose for which the investments were acquired or originated.

Fair value through profit or loss is the classification of instruments that are held for trading or for which the entity`s business model is to manage the financial assets on a fair value basis i.e. to realise the asset through sales as opposed to holding the asset to collect contractual cash flows.

Amortised cost applied to instruments for which an entity has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest.

Financial assets and liabilities measured at amortised cost is the category most relevant to the company. This category generally applies to interest-bearing loans and other financial liabilities.

The company has the following financial instruments:

Financial liabilities (AC): Includes the company`s other non-current interest bearing liabilities (notes: 3,4 and 5) and current non- financial liabilities (notes: 2).

Initial recognition and subsequent measurement

Financial liabilities (AC): These liabilities are measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount. Interest income is calculated using the effective interest method (EIR) and is recognised in profit and loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition of financial instruments
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Cash and short-term deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Fair value measurement
The Company measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of derivate financial instruments. Involvement of external valuers is decided upon annually. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in note 5 Fair value measurement.

Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Statements of cash flow
The consolidated statements of cash flows are prepared using the indirect method.

Note 15 - Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the company`s financial statements.

IFRS 9 Financial Instruments
The company has adopted IFRS 9 Financial Instruments from 1 January 2018. The new standard sets out requirements for classification and measurement, impairment and hedge accounting. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement. Financial assets shall be classified and subsequently measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income, based on both the use of the assets within the entity's business model and the nature of the cash flows. A financial asset is derecognised when expired or when the entity no longer has control of the cash flows related to the assets. Financial liabilities are classified and subsequently measured at amortised cost, except for financial liabilities (including derivatives) which are classified at fair value.

The adoption of the new standard has not any significant effects on the financial statement.

IFRS 15 Revenue from Contracts with customers
GLX Holding AS has no revenues arising from contracts with customers, so this new standard will not effect GLX Holding AS.

Note 16 - Standards issued but not yet effective

IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019).

This new standard will not effect GLX Holding AS per 01.01.2019, as the company has not entered into any leasing contracts.

KPMG AS
Sørkedalsveien 6
Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of GLX Holding AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GLX Holding AS. The financial statements comprise:

- The financial statements of the parent company GLX Holding AS (the Company), which comprise the statement of financial position as at 31 December 2018, and the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of GLX Holding AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2018, the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment assessment of Goodwill and intangible assets

Reference is made to section 10.1 Significant accounting policies, section 3.2 Goodwill, section 3.3 Product development and other intangible assets and section 8.2 Business combination.

The Key Audit Matter	*How the matter was addressed in our audit*
There is an inherent uncertainty related to assessment of whether future cash flows will be sufficient to support the carrying value of goodwill and the intangible assets. As of 31 December 2018, the Group carries NOK 1.644 million of goodwill and NOK 1.287 million of intangible assets on the balance sheet. The total amount mainly relates to the acquisition of Glamox AS in 2017 (please also refer to key audit matter number 2 – Re-allocated Purchase Price Allocation for the acquisition of Glamox AS). Due to the size and risk of non-recoverability related to goodwill and intangible assets, impairment assessment is considered a key audit matter. The recoverable amount is based on value in use calculations. The key judgments applied by management in the impairment testing were: • determination of cash generating units • future financial performance; • market development; • growth rate; • profitability; and • discount rate. No significant impairment charges are **recognized in respect of goodwill and other intangible assets in 2018.**	Our audit procedures in this area included, among others: • assessing management's process and results for identification and classification of cash generating units (CGUs) to evaluate if they were appropriate and in accordance with IAS 36; • evaluating the historical accuracy of management`s 2018 budgets and forecasts and challenging management on the current year cash flow forecasts as well as the timing of future cash flows; • challenging management on the growth assumptions and management`s future business plan assumptions with reference to current market conditions; • engaging KPMG valuation specialists to assess the mathematical and methodological integrity of management's impairment models and the discounts rates applied with reference to market data; • obtaining and evaluating management's sensitivity analysis to determine the impact of reasonably possible changes. Performing our own independent sensitivity calculations to quantify the downside changes to management's models required to result in impairment.; and • assessing whether the disclosures regarding key assumptions and sensitivities adequately reflected the underlying assets' impairment assessments. From the audit evidence obtained, we consider management's assessment of the carrying value of goodwill and intangible assets to be in accordance with the requirements under the relevant accounting standards.

2. Finalisation of the Purchase Price Allocation for the acquisition of Glamox AS

Reference is made to section 10.1 Significant accounting policies, section 3.2 Goodwill and section 3.3 Product development and other intangible assets.

The Key Audit Matter	*How the matter was addressed in our audit*
On 29.09.2017, GLX Holding entered into an agreement to acquire 75.16% of the shares in Glamox AS. Management determined the acquisition date to be 11.12.2017 in accordance with IFRS 3 'Business Combinations' and the Glamox Group was consolidated in the Group accounts from that date. As per year end 2017 the acquisition accounting was not finalized.	Our audit procedures in this area included, among others: • understanding and assessing the identification process of the acquired assets and liabilities; • with assistance from KPMG valuation specialists, evaluating and challenging

In accordance with the timeline set out in IFRS 3, management has re-allocated the initial allocation of the acquisition price during 2018. As a result of the re-allocation, the Group has recognized goodwill of NOK 1.587 million and recognized NOK 1.329 million in intangible assets at the date of re-allocation. The determination of the purchase price allocation is therefore a focus area this year, as there is a high degree of management judgement involved in the determination of the fair values of the acquired assets. The value of the assets will have an effect on the future depreciations and impairment tests.	management's valuation methods and assumptions; and • assessing the appropriateness of the disclosures in the consolidated financial statements with reference to the purchase price allocation. From the audit evidence obtained, we consider management's assessment of the re-allocation of the acquisition price to be in accordance with the requirements under the relevant accounting standards.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, the statements on Corporate Governance and Corporate Social Responsibility, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 29 April 2019
KPMG AS

Lone Brith Frogner

Lone Brith Frogner
State Authorised Public Accountant

GLX Holding AS

Kronprinsesse Märthas plass 1
N-0160 Oslo
Norway

ir_glx@glamox.com