goodtech

The preferred choice for industrial efficiency

ANNUAL REPORT 2018

This is Goodtech

Goodtech is a leading Nordic technology group. The group supplies projects, services and products to the manufacturing, energy, environmental and infrastructure industries to generate value for its customers through increased efficiency and enhanced health, environment and safety. Goodtech is listed on the Oslo Stock Exchange, has a turnover of around NOK 600 billion and employs 300 people in Norway, Sweden and Åland.

Our vision is that Goodtech should be the preferred choice for industrial efficiency

Our core activities

- ✓ Automation, electrification, digitisation and robotics
- ✓ Environmental solutions in water treatment and biogas

Our core values

The skills, motivation and involvement of our employees are our most important resource.
Our corporate culture and core values are summarised in four key elements that underpin Goodtech's vision and contribute to our progress and determination to make a difference:

Our strategy is to

- Offer efficient solutions that add value for customers
- Offer efficient solutions that ensure streamlined and stable operations for customers

Our locations

Oslo
Bergen
Trondheim
Fredrikstad
Porsgrunn
Moss
Karlstad
Arvika
Åland

Key figures

Orders and profits (NOK million)	2014	2015	2016	2017	2018
Sales income	638.8	698.3	704.2	688.7	569.7
EBITDA	6.0	-0.7	-12.9	3.0	-34.7
EBITDA%	1.0%	-0.1%	-1.8%	0.4%	-6.1
Earnings before tax (EBT)	-24.7	-79.1	-60.6	-15.2	58.5
EBT %	-3.9%	-11.3%	-8.6%	-2.2%	-10.3%
Profit after tax from continuing operations	-12.2	-74.0	-61.2	-14.8	-61.7
Profits for the year	-21.7	-169.5	-25.2	-15.1	-61.7
Order book 31.12	363.3	416.8	346.2	273.0	248.2
Cash flow					
Cash flow from operating activities	59.9	4.5	-2.6	-0.4	-4.2
Balance sheet					
Total assets	1,570.8	663.7	584.4	548.0	451.7
Equity	686.5	341.7	308.6	297.8	233.3
Equity ratio	43.7%	51.5%	52.8%	54.3%	51.7%
Return on equity	-1.7%	-14.4%	-18.8%	-4.9%	-23.2
Net interest-bearing receivables/debt	-178.1	-34.5	26.7	-20.4	-14.6
Net debt ratio	25.9%	10.1%	-8.7%	-6.8%	-6.2%
Current ratio	0.91	1.24	1.28	1.27	1.11
Shares					
Share price as at 31.12 (NOK)	12.00	10.75	7.00	6.53	3.84
Profits per share (NOK)	-0.68	-5.28	-1.13	-0.68	-2.76
Dividend per share (NOK)	-	-	-	-	-
Employees					
Number of employees as at 31.12	373.	371	341	325	302
Number of full-time employees	363	374	359	317	314
Health and safety					
Absence due to illness	2.9%	3.4%	2.9%	2.9%	2.8%
H1			3.2	1.8	2.0
H2			9.5	16.3	4.0

Definitions of key financial figures:

EBITDA: earnings before interest, taxes, depreciation and amortisation

EBITDA %: (earnings before interest, taxes, depreciation and amortisation)/sales earnings:

EBT %: pre-tax profits/sales earnings

Equity ratio: Equity ratio/total equity

Equity profit ratio: profits after tax/average equity

Average equity: (Equity 1.1 + Equity 31.12)/2

Profits per share: profits after tax/average outstanding shares

Net debt ratio: net interest-bearing debt/equity

Current ratio: Current assets/current liabilities

H1: Number of absence injuries per million completed man-hours calculated on a current 12-month basis.

H2: Number of absence injuries and medical treatment per million completed man-hours calculated on a current 12-month basis

Annual Report 2018

The restructuring of the company as a leading supplier of industrial efficiency in Norway and Sweden is producing results. This part of the company delivered positive EBITDA of NOK 18.7 million in 2018. The restructuring of the company in Åland is on-going. Impairment of projects resulted in negative EBITDA for the Group in 2018.

Goodtech is well positioned in the marketplace and is an attractive partner in the field of digitalisation and industrial efficiency going forward.

The Company

Goodtech is a technology group supplying projects, services and products that generate value for its customers through increased efficiency and enhanced health and safety.

Our core activities are:

- Digitalisation, automation, electrification and robotics.
- Environmentally based solutions in water purification and biogas.

Goodtech ASA is listed on the Oslo Stock Exchange and is headquartered in Oslo. The Group has companies in Sweden and in Åland as well as in Norway and turn over approx. NOK 570 million in 2018. The group has approx. 300 employees. Our vision is that Goodtech should be *the perferred choice for industrial efficiency.*

Our customer promises

- We generate increased profitability for our customers through digitalisation and efficient solutions
- We deliver as agreed – and do it with enthusiasm!
- We work on the basis of ensured health and safety as well as our ethical guidelines

Internal restructuring and improvement

Over the past two years, Goodtech has completed a range of improvement measures in order to enhance the group's operations and profitability. These measures have included reorganisation, new processes in sales and project implementation with an increased focus on HSE, compliance and quality as well as cost adaptations. Throughout 2018, we have continued to work on the improvements that have been introduced as well as internal training programmes and system enhancements. We are seeing that our restructuring of the business in Norway and Sweden is beginning to produce results.

Restructuring of the company in Åland is on-going. As a result of existing competitive and market conditions in water treatment and biogas, measures for increasing efficiency and profitability of this business are required – and in the autumn of 2018 a turnaround was launched which has resulted in a new strategy for Goodtech Environment AB in Åland.

Based on completed and on-going improvement measures, further efficiency gains and improvement of operating margins are anticipated in all Goodtech business areas going forward.

2018

Key figures (NOK 1,000)	**2018**	**2017**
Operating income	569,125	688,678
Operating profit (EBITDA)	-34,680	2,970
EBITDA margin %	6.1%	0.4%
Pre-tax profits	-58,537	-15,165
Order book	248,207	273,012
Number of employees	302	325

Environmental activities in Åland

Improvements in underlying operations in Goodtech's Norwegian and Swedish subsidiaries in 2018 were overshadowed by project impairments in the Goodtech Environment AB (GEAB) subsidiary in Åland which impacts EBITDA by NOK -53.4 million as a result of increased costs and disputes relating to historical projects. The reduction in revenue in 2018 was due to fewer projects with a large proportion of materials and thereby lower volume, mainly in GEAB.

The project impairments in GEAB are related to the project Odderøya Renseanlegg where there is uncertainty about a final settlement. At the end of June 2018, the Municipality of Kristiansand terminated the contract for the Odderøya and made claims of material breach of contractual obligations on the basis of delayed repair to welding work. At its commencement, the contract had a total value to GEAB of just over NOK 70 million. The project was in its final phase, and Goodtech's deliverables under the contract were essentially complete on the date of termination. Goodtech disagrees that material breach of contractual obligations exists. GEAB's final settlement claim is NOK 38.2 million excl. VAT, and the counterclaim by the Municipality of Kristiansand is almost NOK 47.9 million. GEAB disputes the counterclaim by the Municipality of Kristiansand and maintains its claim for a final settlement. On 1 March 2019, GEAB took out a summons against the Municipality of Kristiansand in this dispute.

In the autumn of 2018, a restructuring of GEAB was launched which resulted in a new strategy for the company and a focus on projects with a lower risk profile. The Swedish market will again become the company's main market. Going forward, the company will focus on profitability and not, as previously, growth. During the autumn of 2018, as a result of a new strategy and adaptation to a lower turnover, staffing in the company was reduced by more than 20%. Jörgen Carlsson was appointed as the new general manager of the company from the middle of February 2019 and will focus fully on restructuring and developing activities in Åland going forward.

After these impairments, GEAB needs to consolidate its balance sheet, and work on different solution alternatives for managing customers, employees and sub-contractors as well as completing current projects is on-going. Goodtech ASA has provided guarantees for operating facilities and project guarantees for GEAB of which project guarantees constitute a total of approx. NOK 38 million at the end of 2018. The project guarantee for the Odderøya is NOK 2.2 million.

Digitalisation, automation, electrification and robotics activities in Norway and Sweden

Underlying operations in digitisation, automation, electrification and robotics are positive, with high levels of activity in both Norway and Sweden. Efficient use of resources has characterised most of the group companies in 2018 with improved margins compared to 2017. This part of the business turns over approx. NOK 445 million and delivered a positive EBITDA of NOK 18.7 million (4.2% margin) in 2018.

Throughout 2018, Goodtech consolidated its position as a leading supplier of industrial efficiency through new contacts and deliveries in digitisation and Industri 4.0 for both existing and new customers.

In 2018, Goodtech completed several major projects, including the upgrade and commissioning of the control and security system for Teekay's Petrojarl 1 FPSO (Floating Production, Storage and Offloading) floating platform. The electro and automation project for the treatment facility that GE Power is supplying for Hydro's technology pilot project on Karmøy was also completed at the beginning of 2018. Hydro's pilot project on Karmøy offers the world's most climate- and energy-efficient production technology for aluminium. At the end of the year, the management and monitoring contract at the Haraldrud Incineration Plant for the City of Oslo Waste-to-Energy Agency was handed over. The facility was commissioned in the autumn of 2018.

The power supply project for Wacker Chemicals in Holla which was won in 2017 has been on-going throughout 2018. The project is set for completion in the summer of 2019.

Other major projects in 2018 are the two projects for the supply of two fully automated Portabulk® filling and handling systems for the Borealis fertiliser facility in France. These projects will be completed according to plan during 2019.

Goodtech is consolidating its position as a leading supplier of industrial efficiency solutions

One of our new customers in 2018 was Insula Produksjon AS whose offering includes the Lofoten brand. In 2018, Insula chose Goodtech's latest and most flexible packaging machines of the type GRW 20 – Goodtech Robowrapper – for their factory in Leknes.

Another example is Goodtech's MES (Manufacturing Execution System) solution which in 2018 was chosen by Skretting AS, a leading supplier of aquaculture feed. Skretting achieves enhanced planning and optimisation of their production through Goodtech's MES solution which links the business system with process management and gives Skretting an interface with all their business systems.

In Sweden, progress continues in the area of digitisation and Industri 4.0 with the supply of fully automated, cost-effective robotic assembly lines, packaging solutions and traceability systems for our customers. In 2018, Goodtech continued working with customers such as SEM AB and Haldex on new contracts and projects.

Goodtech also confirmed its position as a preferred technology supplier in the area of fully automated packaging and handling of bulk goods with Goodtech's Portabulk® technology. One of many important projects in 2018 was a project for MSP Engineering Pty, a leading Australian supplier of production facilities for the mineral extraction industry. Goodtech's Portabulk® FAB concept is based on robotics to achieve as flexible and efficient a production as possible.

Goodtech in Åland is consolidating its position in water treatment for the municipal sector in Sweden with its contract for AF Bygg Syd for the reconstruction and expansion of the treatment facilities for the waterworks in Älmhult and a turnkey contract for the Municipality of Östersund for the construction of Näs Waterworks which is scheduled for completion at the end of 2018. Both these contracts fit well into the new strategy that has been set for the company in Åland.

Cash flow, investments, financing and liquidity

The Group has a net liquidity of NOK 14.6 million as of 31.12.2018 compared to net liquidity of NOK 20.4 million at the same time the previous year. The Group's equity as at 31.12.2018 is NOK 233.3 million which gives an equity ratio of 51.7% compared to 54.3% last year.

Cash flow was NOK -4.2 million in 2018 compared to NOK -0.4 million in the same period of the previous year.

Cash flow from operations varies from period to period depending on the composition of projects and project invoicing dates. Goodtech prioritises good cash flow management and measures to improve project cash flow, including improved invoicing procedures and following up on outstanding receivables. This will continue to be a priority going forward. Cash flow in 2018 was significantly affected by the dispute with the Municipality of Kristiansand relating to the Odderøya project where Goodtech has an outstanding claim of NOK 38 million.

The net debt ratio (net interest-bearing debt/equity) constituted 6.2% (net liquidity) at the end of 2018 compared to 6.8% in 2017.

The group has tax losses to be carried forward of NOK 283 million, of which NOK 177 million is in Norway. The Board sees good future opportunities for utilising these losses and has recognised the related deferred tax assets by NOK 32.7 million.

Shares and shareholders

The Company's share capital consists of 22,876,146 shares with a nominal value of NOK 2 with a total of NOK 45,752,292 as of 31.12.2018. All shareholders in Goodtech have equal rights. The Company has one share class, and each share carries one vote at AGMs. All shares are freely transferable, and no transferability limits for the Company's shares have been set out in the Company's Articles of Association.

Holmen Industri Invest 1 AS was the Company's largest shareholder at year end, holding 34.3% of the shares in Goodtech. A large number of the Group's employees are shareholders in Goodtech ASA. At the end of the year, Goodtech ASA had 362,917 own shares, equivalent to 1.59% of the Company's share capital. Please see the section on Shareholders in the Annual Report.

Staff, working environment and safety

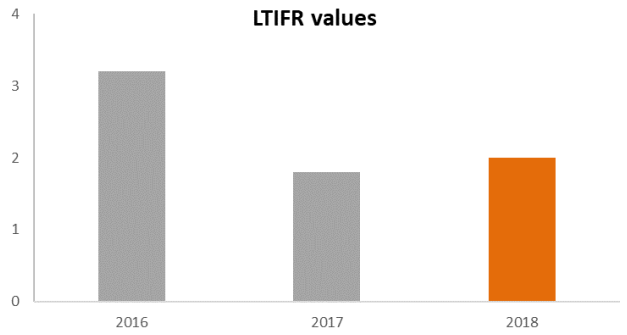
Health, safety and environment in the workplace	2018	2017
Reported adverse events	365	353
Reported incidents without absence	1	8
Reported lost time injuries	1	1
Fatal accidents	0	0
Absence due to illness	2.8%	2.9%

Goodtech aims to be a safe workplace where HSE is always a priority. We have a zero tolerance vision for injuries and accidents. We believe that all accidents can be avoided by setting up robust compliance procedures and ensuring continuous improvement according to set requirements and objectives.

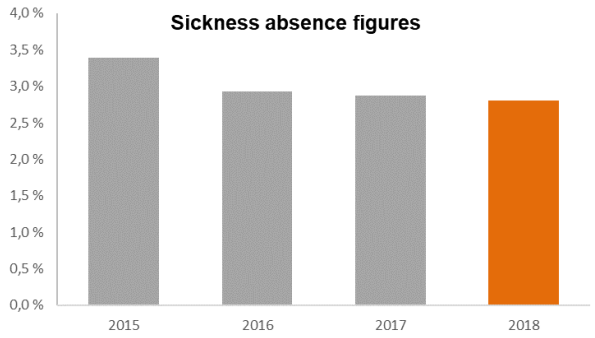
At Goodtech, we work in a targeted way to achieve our zero tolerance vision, and our most important goal is that no one should ever be injured at work. 2018 was a good year for health and safety at Goodtech. HSE is a continuous priority and many efforts contribute to establishing a strong HSE culture across the Group. This targeted effort to eliminate injury is beginning to produce documented results and has both managerial and organisational backing. In 2018, we achieved our group targets and KPIs, and we established efficient internal controls that we will now

build on.

The LTIFR value is an important measuring parameter in Goodtech's health and safety work. LTIFR is defined as the number of absence injuries per million completed man-hours calculated on a current 12-month basis. One injury with absence was recorded in 2018. This gives a LTIFR value of 2.0 for 2018.



Sickness absence records are an important parameter for measuring health, environment and job satisfaction in Goodtech. Goodtech has a historically stable and low level of sickness absence which we believe represents a healthy environment without work-related sickness absence. Sickness absence in 2018 was 2.8% against 2.9% in the previous year. The low absence figures in the Group indicate that the well-being and motivation among employees to go to work is good. Goodtech conducted an employee satisfaction survey in 2018 which gave us useful input on our strengths and improvement areas. We are using this to continue to build an even better workplace.



Ethical guidelines and compliance

Goodtech's ethical guidelines apply to all employees and anyone acting on Goodtech's behalf. Goodtech conducts its commercial activities to high ethical standards, based on open and honest competition. We have an open culture in place and regularly discuss ethical dilemmas with employees. Goodtech has a zero tolerance policy with respect to violations of internationally recognised human rights, labour rights and any kind of use of child or slave labour. This is a requirement also extends to Goodtech's subcontractors.

Goodtech's compliance procedures are designed to ensure that all employees understand the scope of the Group's ethical guidelines and development of practices and procedures to prevent violations of the Company's ethical guidelines. This is ensured by the Group having efficient compliance procedures, internal rules and monitoring routines in place and by management continuously focusing on ensuring that Goodtech's ethical guidelines are safeguarded and complied with.

The Group's general guidelines require that all employees are treated with respect and that Goodtech offers a workplace that is free of bullying and harassment. Goodtech aims to be a workplace with no discrimination on the basis of race, gender or sexual orientation. The Group strives not to exercise any form of discrimination in its recruitment or employment practices or in its provision of access to education, promotion or reward. Goodtech's general policies and maxims are aligned to the Norwegian Discrimination Act's aim of promoting equality, ensuring equal opportunities and rights and preventing discrimination based on ethnicity, national origin, ancestry, colour, language, religion and beliefs. On the basis of the EU's General Data Protection Regulation, in 2018, Goodtech introduced an updated group privacy policy and has completed employee training on this.

Employees	2018	2017
Number of employees	302	325
Number of female employees	11.6%	11.4%
Shareholder-elected women on the Goodtech board	2 of 5	2 of 5

The Group aims to be a workplace offering full equality between women and men and strives continuously to attract more female applicants for its job vacancies. At the end of the year, group management comprised two women and two men.

Remuneration paid to the CEO and the Board are stated in a note to the Annual Accounts. Salaries and other remuneration paid to senior executives are detailed in Note 29 to the Annual Accounts.

Environment and sustainability

Goodtech has to contribute to a more sustainable society by offering solutions and services that make it possible for our customers to reduce their impact on the environment. This is our most important and most lasting impact on the environment. We are also working actively to reduce the impact on the environment produced by our business and to ensure that we always comply with applicable legislation.

Our goal is to increase customers' value creation by developing products and systems that increase efficiency, reduce energy consumption and result in the least possible impact on the environment.

In this way, Goodtech contributes to safeguarding the environment and adding value to society through its core business activities. This applies to major energy consumers in manufacturing, in the building of energy production facilities for renewable energy and plants for the treatment of drinking water, process and sewage water. We refer to our detailed report on social responsibility contained in the section on People, Society and Environment in the Annual Report.

Risk factors and risk management

Goodtech ASA and the individual group companies are exposed to different types of market, operational and financial risk. Some companies are also exposed to regulatory risk factors and political risk. Political decisions related to infrastructure, the environment and the use of hired resources are examples of such risk factors.

Goodtech works systematically to strengthen HSE and compliance as a natural part of company culture. The aim is to ensure that the Group has efficient compliance procedures, internal rules and monitoring routines in place and that Goodtech's ethical guidelines are safeguarded and complied with.

The Board is committed to ensuring the systematic and planned management of risk in all parts of the business and considers this to be a prerequisite for long-term value creation for shareholders and employees. Goodtech works actively to manage risk in all areas of the business and assessments are regularly carried out to identify and evaluate the most significant risks.

A large part of Goodtech's operations relates to the implementation of individual projects. The complexity, size, duration and risks of these projects vary. To achieve good results, it is therefore vital that project risk is analysed at the tendering stage and managed in a systematic and professional manner throughout the implementation phase.

The consolidated balance sheet includes the assets and liabilities related to ongoing projects. Some items include estimate uncertainty where the Company's management and project managers have exercised discretion based on certain assumptions. The best estimate is the basis for the accounting treatment as at 31.12.2018.

During the project period, situations or changes in market conditions may arise that may result in changed estimates, thereby affecting assets, liabilities, equity and profits. The Group has project risk assessment policies and systems in place from tender stage through to finished project.

Review and evaluation of projects is conducted each month. The purpose of this is through corrective measures to limit undesirable financial and production-related consequences as well as having on-going realistic estimates of the projects in place. At the same time, Goodtech focuses on utilising positive opportunities in each project. Improvement is continuously made in the implementation of these procedures. To reduce risk associated with the choice of subcontractors, Goodtech last year introduced stricter risk assessment and checks before subcontractors are selected.

The Group's future operations will depend on the Group's employees having the qualities and the skills required to ensure that projects are completed in accordance with contracts that have been entered into. It will be vital in this

respect to meet clients' future demands for service, technology and efficiency. Risk is reduced by a large spread in the contracts in terms of number and size, and no contracts are large and dominant in relation to total turnover. We prioritise these risk factors and seek to offset them through systematic work on managing and developing processes, procedures, methods and expertise to ensure future growth and earnings in core areas.

Goodtech operates in several European countries. Contracts are mainly in NOK, SEK, EUR and USD. Currency fluctuations may result in adjusted income in NOK for foreign projects. However, Group policy is to keep most of the purchases and sales of individual projects in the same currency, thus reducing the risks associated with currency fluctuations. The Group has also established a multi-currency cash system that helps to reduce currency risks. Over the past year, the Company has carried out no significant currency hedging transactions with banks. Goodtech has customers in many different industries, something that makes the Group less vulnerable to market fluctuations.

The risk of our partners being financially unable to meet their obligations is regarded as moderate, and historically the Group has had only limited losses on receivables. Goodtech has set up clear guidelines and criteria for

evaluating credit risk. The Group also has a large spread of customers in terms of both numbers and size, and its customers are mainly well-established companies and public institutions. This reduces vulnerability to losses on individual customers.

The Board views the liquidity situation in the Group as challenging as a result of the dispute and outstanding claims in the final settlement with the Municipality of Kristiansand relating to the project for the Odderøya Sewage Treatment Plant. The Group continuously focuses on liquidity measures. The Group's strategy is to have sufficient cash, cash equivalents and/or credit options to be able to finance operations and investments in accordance with the Group's strategic plan. Excess liquidity is mainly kept in Norwegian kroner. Interest-bearing debt is mainly taken out in NOK or SEK. To reduce Goodtech's exposure to changes in interest rate levels, an agreement has been entered into concerning fixed interest rates on one of the Group's long-term loans. Otherwise the Group's loans and borrowing facilities have variable interest rates.

Research and development

Goodtech works continuously on development of technology and solution-oriented projects. As an example, Goodtech supplies its own technology solutions for production lines and robot cells as well as industrial IT solutions such as Risk Based Management Systems and Manufacturing Execution Systems (MES).

Corporate governance

The Board of Directors of Goodtech has set out principles for corporate governance to safeguard the interests of the Company's owners, employees and other stakeholders. These include a description of the division of responsibilities between shareholders, the Board and general management. The purpose of the Company's principles for corporate governance is to create greater predictability and transparency, and thereby to reduce uncertainty linked to business activities. These principles support the targets that the Company is aiming to achieve. The Board is seeking to maintain corporate governance guidelines which are compliant with the recommendation on corporate governance for companies listed in Norway issued by the Norwegian Corporate Governance Board.

Corporate governance principles adopted by the Board on 20 March 2019 are discussed in a separate section in the Annual Report.

Annual Accounts

The Group presents its Annual Accounts in accordance with International Financial Reporting Standards (IFRS). The Annual Accounts for the Goodtech ASA parent company are presented in compliance with the Norwegian Accounting Act and Norwegian accounting practice (NGAAP). The Board is of the opinion that the Annual Accounts provide a true picture of the parent company's and the Group's assets and liabilities, financial position and profits. In compliance with Sections 3-3a of the Norwegian Accounting Act and Good Accounting Practice (GRS), it is confirmed that the conditions are in place for the continued operation of the Company.

Group and parent company profits

The Goodtech Group showed profits of NOK -61.7 million. Profits per share are NOK -2.76 per share.

Events after year end

Goodtech signed several new contracts after year end, including a contract for the supply of robotic welding cells for Permascand AB and Nobel Biocare AB, the supply of packing machinery and robots for Wilhelmsen Chemicals AS and a contract for the construction of a sedimentation chamber for the Municipality of Falköping in Sweden.

Future development of the Group

Goodtech is well positioned in its main markets, and we are seeing a high level of activity in these markets.

On the basis of our activities in automation, industrial IT and robotics, Goodtech will be an attractive partner in digitisation and industrial efficiency going forward.

Increased focus on project implementation and risk control and a clearer and stronger sales and marketing effort is expected to produce positive results on the future bottom line.

The Board regards this as a sound basis for positive value creation for the Company's shareholders and the aim is to continue its active dividends policy for the future – adapted to the Company's profits and financial situation.

Oslo, 20 March 2019

Stig Grimsgaard Andersen
Chairman of the Board

Karl-Erik Staubo
Member of the Board

Vibeke Strømme
Member of the Board

Terje Thon
Member of the Board

Mimi K. Berdal
Member of the Board

Rolf Johansson
Member of the Board,
Employee Representative

Thomas Bordvik
Member of the Board,
Employee Representative

Eric Staurset
CEO

Consolidated profits Goodtech Group

NOK 1,000	Note	2018	2017
Operating income	4	569,125	688,678
Cost of goods	5	-282,710	-341,968
Salary and staff costs	6, 7, 29	-256,985	-270,759
Other operating costs	8	-63,100	-71,103
Restructuring costs etc.	8	-1,009	-1,877
Operating profits before depreciation		**-34,680**	**2,970**
Depreciation	12, 14	-10,307	-11,440
Amortisation	14	-9,013	–
Operating profits		**-54,000**	**-8,471**
Financial income	9	6,709	1,839
Financial costs	9	-11,247	-8,533
Net financial expenses		**-4,537**	**-6,695**
Pre-tax profits		**-58,537**	**-15,165**
Tax costs	10	3,202	-402
Profit from continuing operations		**-61,739**	**-14,763**
Results from discontinued operations	2	–	-329
Profits for the year		**-61,739**	**-15,093**
Attributable to:			
- Shareholders in parent company		**-62,128**	**-15,418**
- Minority interests		389	325
Profits for the year		-61,739	-15,093
Annual profits per share	11		
Earnings per share from continuing operations	**9**	-2.76	-0.68
Earnings per share for discontinued operations (NOK)	**9**	0.00	-0.01
Earnings per share (NOK)		-2.76	-0.70

Total consolidated profits

NOK 1,000	2018	2017
Profits for the year	**-61,739**	**-15,093**
Other comprehensive income, net after tax		
Items that can be reclassified through profit or loss in subsequent periods:		
Change in fair value cash flow hedging	67	142
Translation differences	-2,185	3,667
Total other comprehensive income, after tax	**-2,118**	**3,809**
Total earnings	**-63,857**	**-11,284**
Attributed to:		
- Shareholders in parent company	-64,245	-11,609
- Minority interests	389	325
Total earnings	**-63,857**	**-11,284**
Amounts attributable to shareholders of parent company stemming from:		
Continuing operations	-64,245	-11,279
Discontinued operations	–	-329
Total	**-64,245**	**-11,609**

Notes 1-30 follow the annual accounts and form an integral part of these.

Consolidated balance sheet as at 31 December Goodtech Group

(NOK 1,000)	Note	2018	2017
ASSETS			
Fixed assets			
Tangible fixed assets	12	36,379	44,458
Intangible assets	14	149,941	160,026
Deferred tax assets	10	43,881	46,856
Other financial assets	15	–	1,028
Total fixed assets		**230,201**	**252,367**
Current assets			
Inventory	16	7,152	7,595
Trade receivables	17	114,583	125,000
Contract assets	17	33,936	76,146
Other current receivables	18	5,658	19,151
Cash and cash equivalents	19	60,145	67,787
Total current assets		**221,474**	**295,679**
Total assets		**451,675**	**548,046**

(NOK 1,000)	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		45,752	45,752
Own shares		-726	-569
Other paid-in equity		389,808	389,808
Total paid-in equity	**24**	**434,834**	**434,991**
Retained equity			
Other equity		-202,779	-138,219
Total retained equity		**-202,779**	**-138,219**
Minority interests	25	1,238	1,049
Total equity		**233,293**	**297,821**
Liabilities			
Non-current liabilities			
Loans	20	15,303	17,062
Deferred tax	10	357	401
Other provisions and obligations	23	3,297	–
Total non-current liabilities		**18,957**	**17,463**
Current liabilities			
Loans and credit	20	30,272	30,371
Trade payables and other current liabilities	21	120,378	137,482
Contractual obligations	22	41,690	58,257
Payable tax	10	250	231
Other provisions and obligations	23	6,834	6,422
Total current liabilities		**199,424**	**232,763**
Total liabilities		**218,382**	**250,226**
Total equity and liabilities		**451,675**	**548,046**

Notes 1-30 follow the annual accounts and form an integral part of these.

Oslo, 20 March 2019

Stig Grimsgaard Andersen
Chairman of the Board

Karl-Erik Staubo
Member of the Board

Vibeke Strømme
Member of the Board

Terje Thon
Member of the Board

Mimi K. Berdal
Member of the Board

Rolf Johansson
Member of the Board,
Employee Representative

Thomas Bordvik
Member of the Board,
Employee Representative

Eric Staurset
CEO

Change in Group equity

(NOK 1,000)	Note	Share capital	Own shares	Other paid-in equity	Other equity	Hedging reserves	Translation differences	Total	Minority interests	Total equity
Equity as at 1.1.2017		**45,752**	**-788**	**389,808**	**-140,405**	**-702**	**13,989**	**307,654**	**974**	**308,628**
Profits for the year		–	–	–	-15,418	–	–	-15,418	325	-15,094
Extended profits		–	–	–	–	142	3,667	3,809	–	3,809
Dividends	24	–	–	–	–	–	–	0	-250	-250
Purchase/sale of own shares	24	–	19	–	508	–	–	727	–	727
Equity as at 31.12.2017		**45,752**	**-569**	**389,808**	**-155,315**	**-560**	**17,656**	**296,772**	**1,049**	**297,821**
Profits for the year		–	–	–	-62,127	–	–	-62,127	389	-61,739
Extended profits		–	–	–	–	67	-2,185	-2,118	–	-2,118
Dividends	24	–	–	–	–	–	–	–	-200	-200
Purchase/sale of own shares		–	-157	–	-314	–	–	-471	–	-471
Equity as at 31.12.2018		**45,752**	**-726**	**389,808**	**-217,756**	**-493**	**15,471**	**232,056**	**1,237**	**233,293**

Notes 1-30 follow the annual accounts and form an integral part of these.

Consolidated cash flow statement

(NOK 1,000)	Note	2018	2017
Annual profit		-61,739	-14,764
Adjusted for:			
- Tax costs	10	3,202	-298
- Depreciation and amortisation	12, 14	19,320	11,440
- Net change in provisions for liabilities	23	3,709	-1,479
- Interest income	9	-373	-153
- Interest costs	9	1,390	875
Changes in inventory	16	443	1,214
Changes in trade receivables and other receivables	17, 18	65,260	68,535
Changes in trade payables and other current liabilities	21, 22	-34,326	-65,023
Other change		1,574	1,442
Cash flows from operating activities before interest and tax		**-1,540**	**1,790**
Interest received	9	373	153
Interest paid	9	-1,390	-875
Tax paid	10	-1,675	-1,063
Cash flow from operating activities – continued operations		**-4,232**	**5**
Net cash flow from operating activities – discontinued operations		–	-434
Cash flow from operating activities		**-4,232**	**-429**
Net deposits/payments on the purchase of fixed assets	12	-1,036	-4,154
Net payments on the purchase of intangible assets	14	-346	-380
Net deposits/payments other investments		207	–
Cash flow from investment activities		**-1,176**	**-4,534**
Payment of dividends to minority shareholders	24	-200	-250
Net deposits/payments on the sale and purchase of own shares	24	-417	582
Change in business credit – reclassification*	19	–	28,447
Repayment of loans	20	-1,827	-1,952
Cash flow from financing activities		**-2,444**	**26,827**
Cash flow over the year		-7,851	21,865
Cash and cash equivalents as of 01.01	19	67,787	46,393
Effect of exchange rate changes on cash and cash equivalents		209	-471
Cash and cash equivalents as of 31.12		**60,144**	**67,787**

* Withdrawal on Goodtech Environment AB overdraft of NOK 29.4 million as of 31.12.2017 has been reclassified from Cash and cash equivalents to Current liabilities in the 2017 balance sheet. Cash flow from financing activities 2017 changes as a result of this.

Notes 1-30 follow the annual accounts and form an integral part of these.

Notes Goodtech Group 2018

Note 1 Accounting principles

Goodtech ASA is a public limited company registered in Norway. The company's headquarters are located at Innspurten 15, 0663 Oslo, Norway.

Goodtech is a technology group that contributes to the development of society through upgrading infrastructure and energy systems, improving efficiency and increasing competitiveness within the industry and through meeting society's environmental challenges.

The company is listed on the Oslo Stock Exchange, has a turnover of around NOK 700 million and has a total of approx. 300 employees located in Norway, Sweden and Finland. The accounts were approved for publication by the Board on 20/03/2019.

1.1 Basis for the preparation of the annual accounts

Goodtech presents its accounts in compliance with the Norwegian Accounting Act and International Financial Reporting Standards (IFRS) as determined by the EU with comparison figures provided for the previous year. New IFRS standards and interpretations that were adopted during the year are discussed below. New IFRS standards and interpretations that have been published, but were not mandatory as of 31.12.2018 are discussed in Point 1.25.

The consolidated accounts are based on a historic cost accounts principle. Excepted are financial derivatives recognised at fair value with changes in value over comprehensive income.

The consolidated accounts have been prepared with uniform accounting principles for similar transactions and events under otherwise similar conditions. The applied accounting principles are consistent with the principles used in the previous accounting period.

1.2 Changes in accounting principles and note information

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 Construction Contracts , IAS 18 Revenue and associated interpretations and this applies, with a limited number of exceptions, to all revenue that originates from contracts with customers. IFRS 15 establishes a five-step model for the accounting treatment of revenue that originates from contracts with customers and requires that revenue is included in the amount that reflects the fees that the company expects in exchange for transferring goods or services to a customer.

IFRS 15 requires that the company applies estimates and takes into account all relevant facts and circumstances when customer contracts are evaluated in the various steps of the model. The standard also specifies the accounting related to marginal costs associated with winning a contract and the costs that the company incurs in order to fulfil the contract. The standard further requires extensive note information.

The Group applied IFRS 15 retrospectively with cumulative effect at the time of implementation recognised as an adjustment to retained equity in the opening balance as at 1 January 2018. The Group has no conversion effects that have been recognised on 1.1.2018 as a result of the new standard.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and applies from 1 January 2018. IFRS 9 is about recognition, classification and measurement, loss provisions, derecognition and hedge accounting.

According to IFRS 9, financial assets are to be classified in three categories of measurement: fair value with value change through profit, fair value with changes in value through other income and expenses (OCI) and amortised cost. The classification is based on whether the instruments are held in a business model both to receive contractual cash flows and for sales, and whether contractual cash flows are only payments of interest and principal on given dates.

The Group's financial assets which were measured at fair value under IAS 39 are also measured at fair value under IFRS 9.

The Group applied IFRS 9 retrospectively with cumulative effect at the time of implementation recognised as an adjustment to retained equity in the opening balance as at 1 January 2018. The Group has no conversion effects

that have been recognised on 1.1.2018 as a result of the new standard. The application of the standard has not resulted in any changes to the classification of the group's financial assets.

1.3 Functional currency and reporting currency
The Group presents its accounts in NOK. This is also the parent company's functional currency. Subsidiaries using other functional currencies are converted to the day rate for balance sheet items and the profit and loss account at average rates for the

period. Translation differences are recognised in other comprehensive income. Upon loss of control, significant control or joint control, accumulated conversion differences relating to investment that are attributable to controlling interests are recognised.

Foreign exchange transactions
Foreign exchange transactions are calculated at the exchange rate applicable at the time of the transaction. Monetary items in foreign currency are converted to Norwegian kroner by using the rate of exchange on the balance date. Non-monetary items which are measured at historical exchange rates expressed in foreign currency are converted to Norwegian kroner by using the exchange rate at the time of transaction. Non-monetary items which are measured at fair value expressed in foreign currency are converted to the exchange rate determined at the time of the balance. Foreign currency fluctuations are recognised in the profit and loss account continuously over the accounting period.

The following exchange rates have been used:

	SEK	EUR
Exchange rate 1.1.2018	0.99	9.84
Exchange rate 31.12.2018	0.97	9.95

Activities abroad
Assets and liabilities in foreign companies including goodwill and fair value adjustments which appear on consolidation are converted to Norwegian kroner by using the exchange rate on the balance date. Income and expenses in foreign enterprises are converted to Norwegian kroner by using the average exchange rate. Average exchange rate is calculated quarterly. Exchange rate differentials are allocated to equity. Translation differences in equity are recognised in the profit and loss account on disposal of the foreign enterprise.

1.4 Consolidation principles
Subsidiaries
The Group includes Goodtech ASA and companies of which Goodtech ASA has control, cf. Note 25. Control can also be achieved where the Group is exposed to variability of returns from the entity and is in a position to affect returns by its control over the entity. Subsidiaries are consolidated from the date control is achieved and deconsolidated when control ceases. The Group carries out a reassessment of whether it controls companies when facts and circumstances indicate that changes have taken place in one or more control elements. Minority interests are included in the Group's equity.

The acquisition method is used for recognising company mergers in the profit and loss account. Companies which are bought or sold during the course of the year are included in the group accounts from the date on which control is achieved until the date on which it ceases.

Changes in ownership interests in subsidiaries that do not result in loss of control are accounted for as equity transactions. Consideration is recognised at fair value and the difference between any consideration paid and the carrying value of minority interests are recognised in the controlling owners' equity.

In the event of a change in ownership resulting in loss of control, consideration is measured at fair value. The carrying value of assets and liabilities of the subsidiary and minority interests are derecognised on the date of loss of control. The difference between the compensation transferred, the carrying value of net assets and any minority interests is recognised in the profit and loss account as profit or loss. Amounts previously recognised in other comprehensive income in respect of that entity are treated as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in affiliated companies
Affiliated companies are units in which the Group has significant influence, but not control (usually an ownership share of between 20% and 50%) of financial and operational management. The Group accounts include the Group's share of profits from associated companies entered by equity method from the time significant control was achieved and until such control ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's recognised amount is reduced to nil and further losses are not recognised unless the Group has an obligation to cover the loss.

Elimination of transactions during consolidation
Internal group transactions and intra group balances, including internal earnings and unrealised gains and losses are eliminated. Unrealised earnings in respect of transactions with affiliated companies are eliminated by the Group's share of the company. Unrealised losses are eliminated, but only to the extent that there is any indication of impairment of the asset sold internally.

1.5 Classification of assets and liabilities
The Groups distinguishes between current assets and fixed assets by presenting assets in the balance sheet. In the same way, a distinction is made between current and non-current liabilities.

The Group classifies an asset as a current asset when it:

- Expect to realize the asset or intend to sell or consume it in the company's ordinary operating cycle
- Primarily, the asset is for sale
- Expect to realize the asset within 12 months of the reporting period
- The asset is in the form of cash or a cash equivalent

All other assets are classified as fixed assets, incl. deferred tax assets.

The Group classifies debt as current when the liability:

- Is expected to be settled in the company's ordinary operating cycle
- The debt is mainly for turnover
- Becomes due for settlement within twelve months of the reporting period

All other liabilities are classified as non-current liabilities, incl. deferred tax.

1.6 Revenue from contracts with customers
Operating revenue from contracts with customers is recognised when the control of a product or service has been transferred to the customer according to the amount that reflects what the Group expects to receive for the product or service.

Earnings from the sale of products
Revenue from the sale of goods is recognised on the date that control of the asset is transferred to the customer. Control of an asset involves the ability to control the use of and obtain virtually all the remaining benefit from the asset. Control includes the ability to prevent others from controlling the use of and gaining benefit from the asset. Income is usually recognised on delivery of the goods.

The Group assesses whether there are other deliveries in the contract that are regarded as separate delivery obligations to which parts of the transaction price should be allocated. When determining the transaction price for the sale of the goods, the Group takes into account the effect of variable remuneration, whether a significant financing element exists and the remuneration to be paid to the customer.

Variable fees
If the fee agreed in a contract comprises a variable amount, the Group estimates the fee to which it is entitled in exchange for the transfer of the agreed goods to a customer. The variable fee is estimated at the time of entering into the contract and limited (withheld) until it is 'very likely' that one
'significant' reversal of estimated income will not occur in subsequent periods. In some contracts for the sale of goods, the customer achieves a volume discount.

Volume discounts – the Group offers retrospective volume discounts to selected customers if the volume of purchased goods exceeds a certain amount which is specified in the contract in advance. Discounts are offset against trade receivables. In order to estimate the variable remuneration for anticipated future discounts, the Group applies the method that is based on the most probable result for contracts with a single volume threshold and the expected value method for contracts with more than one volume threshold. The Group recognises a liability in the expected volume discounts.

Significant financing element
In some cases, the Group receives short-term advance payments from its customers. By using the practical solution in IFRS 15, the Group does not need to adjust the agreed remuneration for the effects of a significant financing element if, on the date the contract is concluded, the period between the date on which the Group transfers an agreed product or service to the customer and the date on which the customer pays for the product or service will be one year or less.

Warranty obligations
The Group generally offers a warranty for the repair of defects that existed on the date of sale pursuant to the sale of goods act in the country concerned. Such insurance-like warranty schemes are recognised as a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Earnings from the sale of services
The Group recognises revenue from the sale of services over time, as the customer receives and consumes benefits as they are offered by the Group. The Group recognises revenue over time according to the degree of project completion, mainly by applying an input method. The method used is the one that best reflects the transfer of control.

Earnings from the sale of products and services
The Group offers services that are either sold separately or as a package comprising goods and services.

Contracts for the sale of packages of goods and services that consist of two supply obligations, where each of these consists of either the sale of goods or services, are recognised in accordance with the principles set out above. The transaction price is divided between the two delivery obligations based on the relative standalone sales prices of the underlying goods and services.

Revenue from the sale of goods is usually recognised on the date of delivery of the goods and services are recognised over time based on the degree of completion.

The Group also manufactures and supplies customised products for customers. These products include both goods and major integrated service components. Such products will constitute a delivery obligation unless the promise to transfer the goods and services to the customer can be identified separately.

Earnings from the sale of products and services that constitute one delivery obligation are recognised over time if:

The Group's performance creates or improves an asset (for example, goods in work) that the customer controls as the asset is created or improved. The Group's performance creates an asset that does not have an alternative use, and the Group has an enforceable right to receive payment for services rendered to date.

Revenue from combined delivery obligations is recognised over time based on the degree of completion of the delivery. Progress is usually measured based on so-called input methods, such as accrued costs relative to the estimated total cost of completing the delivery.

Contract balances
Contract assets: A contract asset is defined as the right to remuneration in exchange for goods or services that the Group has transferred to a customer. If the Group transfers goods or services to a customer before the customer pays remuneration or before the payment deadline, a contract asset is recognised as earned remuneration that is conditional (e.g. executed, non-invoiced production).
Trade receivables: Receivables represent the Group's right to remuneration that is unconditional (e.g. trade receivables). Trade receivables are entered at acquisition price minus loss from depreciation.

Contractual obligations: A contractual obligation is an obligation to transfer goods or services to a customer from whom the Group has received remuneration (or is entitled to remuneration which is overdue). If a customer pays remuneration before the Group transfers goods or services to the customer, a contractual obligation will be recognised on the date of payment. Contractual obligations are recognised as income on the date the Group fulfils the delivery obligation as specified in the contract.

Assets and obligations related to rights of return
Repayment obligations - A repayment obligation is the requirement to repay all or part of the consideration (expected) received from a customer and is measured as the amount the Group ultimately does not expect to be entitled to. The Group updates its estimates of repayment obligations (and the related change in the transaction price) at the end of each reporting period by reassessing the estimates related to variable remuneration and related restriction mechanisms.

1.7 Segment information
The Group reports segment information in accordance with IFRS 8, Business Segments, which requires that segment information be based on internal management reports which are followed up regularly by the Group's most senior decision-maker (Chief Operating Decision Maker) to evaluate the profits of the segments and to allocate resources to them.

1.8 Income tax
Tax costs consist of payable tax and changes in deferred tax. Deferred tax/tax advantage is calculated on all differences between accounting and tax values of assets and liabilities with the exception of temporary differences in connection with goodwill.

Deferred tax advantage is recognised in the profit and loss account when it is probable that the company will have sufficient tax surplus in later periods to utilise the tax advantage. The Group recognises in the profit and loss account tax advantages which have previously not been recognised to the extent that it has become probable that the Group can utilise such deferred tax advantage. The Group will likewise reduce deferred tax advantages to the extent that the group no longer regards it as probable that it can utilise the deferred tax advantage.

Deferred tax and deferred tax advantages are measured based on anticipated future tax rates for the companies in the Group where previously temporary differentials have arisen. Deferred tax and deferred tax advantages are recognised at nominal value and are classified as financial capital expenditure (long-term debt) in the balance sheet.

Payable tax and deferred tax are allocated in the profit and loss account to equity to the extent that the tax entries relate to equity transactions.

1.9 Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits, other short-term, easily transferable investments with a maximum of three months' original term and withdrawals on bank overdrafts.

Bank overdrafts are included in the loans balance under current liabilities. In the cash flow statement, the credit facility is included in the balance of cash and cash equivalents. The amount of cash and cash equivalents is further detailed by cash and cash equivalents and use of the credit facility.

1.10 Inventory
Inventory is recognised in the profit and loss account at the lower of either acquisition price or net sales price. Net sales price is an estimated sales price for ordinary operations minus estimated costs for completion, marketing and distribution. Acquisition cost is allocated by use of the FIFO method and includes expenses accrued when acquiring the goods and the costs of bringing the goods to their current condition and location. Proprietary goods include variable and fixed costs which can be allocated based on either standard or current capacity utilisation – whichever is highest.

1.11 Tangible fixed assets
Fixed assets are measured at acquisition cost minus accumulated depreciation and amortisation. When assets are sold or disposed of, the carrying value in the balance sheet is derecognised and any profit or loss recognised in the profit and loss account.

Acquisition price for fixed assets is the purchase price including duties/taxes and costs directly associated with preparing the fixed assets for use. Costs after the fixed asset has been taken into use, such as continuous maintenance, are recognised in the profit and loss account, while other costs that are expected to provide future financial benefit are recognised in the balance sheet.

Depreciation is calculated on a straight-line basis over estimated useful life:
Buildings 20-30 years
Machinery, equipment etc. 3-10 years

Depreciation and amortisation period, method and retirement value are assessed annually.

1.12 Lease Agreements
Financial lease agreements
Lease agreements for which the Group assumes the main risk and profit involved in ownership of the asset are financial lease agreements. At the beginning of the lease period, financial lease agreements are recognised at an amount corresponding to the lower of either fair value or the present value of the minimum lease minus the accumulated depreciation and amortisation. For calculation of the lease agreement's present value the implicit interest cost in the lease agreement is used if it is possible to calculate this. Direct costs associated with establishing the lease agreement are included in the cost of the asset.

The same depreciation time is used as for the Group's other depreciable assets. If there is no reasonable certainty that the group will take over ownership at the end of the lease period, the asset depreciates over the shortest of the periods for the duration of the lease agreement or for the useful life of the assets.

Operational lease agreements
Lease agreements where the main risk and profit associated with ownership of the asset are not transferred to the lessee are classified as operational lease agreements. Lease payments are classified as operating expenses and are recognised on a straight-line basis over the contract period.

1.13 Intangible assets
Intangible assets acquired separately are recognised on the balance sheet at cost. The cost of intangible assets obtained through acquisitions are entered on the balance sheet at fair value in the consolidated opening balance. Intangible assets entered on the balance sheet are entered in the accounts at cost less any depreciation or write-down.

Internally generated intangible assets, with the exception of recognised development costs, are not entered on the balance sheet but are entered as costs on an ongoing basis.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment if there are indications of this. Depreciation method and period are reviewed at least annually. Changes to depreciation and/or period are treated as a change in estimate.

Intangible assets with indefinite useful life are assessed annually for depreciation. See point 1.14.

Patents and licences
Patents and licences are recognised in the balance sheet at acquisition cost minus accumulated depreciation and amortisation. Depreciation is calculated on a straight-line basis over estimated useful life, which is varying from 5-10 years. Depreciation period and method are reviewed annually.

Research and development
Expenses associated with research activities are recognised in the profit and loss account when they arise. Development expenses are recognised in the profit and loss account when it is probable that the project will produce future financial benefit. The prerequisite for being recognised in the profit and loss accounts is that the project is technically and commercially viable, that the Group has sufficient resources to complete the project and that expenses can be reliably measured. Other development expenses are recognised in the profit and loss account when they arise. Development expenses which have previously been

recognised are not recognised in the balance sheet in subsequent periods. Expenses which are recognised in the balance sheet include material costs, direct salary expenses and other directly attributable costs. Development expenses recognised in the balance sheet are entered as acquisition costs minus accumulated depreciation and amortisation.

Development costs depreciate on a straight-line basis over the estimated useful life of the asset. This may take place using either straight-line depreciation or project allocation of depreciation charge over the life of the asset.

Customer contracts
On acquisition of a company, customer contracts which fulfil the definition of intangible assets contained in IAS 38 are separated and recognised individually. Income-based models are used as a basis for determination of fair value. Customer agreements depreciate on a straight-line basis over the contract period.

1.14 Decrease in value of non-financial assets
Intangible assets and goodwill with indefinite useful lives are not amortised and are assessed annually for impairment. Tangible and intangible assets are tested for impairment when there are indicators that the future cash flows do not justify the carrying value. Depreciation is recognised with the difference between the carrying value and recoverable amount. The recoverable amount is the higher of fair value less sales costs and utility value.

When assessing decrease in value, fixed assets are grouped at the lowest level where it is possible to divide out independent cash flows (cash flow generating units). At each reporting date, the possibility of reversing previous write downs of non-financial assets (except goodwill) is assessed.

For assessment of the need for depreciation of goodwill, goodwill is allocated to the current cash-generating units. The allocation of goodwill is to the cash-generating units or groups of cash-generating units which are expected to gain from the purchase.

1.15 Company mergers and goodwill

Mergers are recognised according to the acquisition method. Transaction costs are recognised as they are incurred.

The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued. The cost includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Expenses related to the merger are recognised as they are incurred. Identifiable assets and liabilities are recognised at fair value on the acquisition date. Minority interests in the acquired entity are measured from time to time either at fair value or at their share of the acquiree's net assets.

When a company is acquired in stages, the stake from previous purchases is reassessed at fair value at the time of the recognition of the value change.

Contingent consideration is measured at fair value on the acquisition date. The contingent consideration is classified as a liability and is recognised at fair value in subsequent periods of change in value in the profit and loss account.

If the sum of the consideration, the fair value of previous ownership interests and any fair value of minority interests exceed the fair value of identifiable net assets acquired, the difference is recorded as goodwill. If the total is less than the company's net assets, the difference is recognised.

The part of the fair value of the equity that exceeds the consideration (negative goodwill) is recognised immediately upon acquisition.

1.16 Public grants

Public grants are recognised in the profit and loss account when there is reasonable certainty that the company will fulfil the conditions associated with the grant and that the grant will be received. Recognition of operational grants is calculated

systematically over the grant period. Grants are recognised as deductions from the cost that the grant is intended to cover. Investment grants are recognised in the balance sheet and calculated systematically over the useful life of the asset. Investment grants are calculated by deducting the grant from the value of the asset recognised in the profit and loss account.

1.17 Fixed assets held for sale and phased-out operations

Fixed assets and groups of fixed assets and debt are classified as for sale if their capitalised value will be recovered through a sales transaction instead of through continued use. This is deemed to be the case when a sale is very probable and the fixed asset (or group of fixed assets and debt) is available for immediate sale in its present form. Management must have committed itself to a sale and the sale must be expected to be completed within a year from the date of classification.

Fixed assets and groups of fixed assets and debt classified as for sale are measured at the lowest value of previously capitalised value and fair value minus sales costs.

1.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset for a company and a financial obligation or an equity instrument for another company.

Financial assets

The Group classifies financial assets in the following categories: at fair value included in profits, loans and debts and assets for sale. The classification depends on what is intended with the asset. Management classifies financial assets on acquisition and carries out a new assessment of this classification on each reporting date.

The Group's financial assets are mainly recognised at amortised cost and include trade receivables, other current contributions, other current receivables and other fixed assets in the balance sheet. Trade receivables that do not have a significant financing element are measured at transaction price according to IFRS 15 Revenue from contracts with customers. Separate derivatives are valued at fair value. The Group uses interest rate swaps as hedging instruments for hedging cash flows related to long-term financing and currency futures designated as hedging instruments for foreign exchange risk on highly probable future cash flows.

Cash flow hedging – the effective element of the change in the fair value of derivatives which are earmarked and qualify as hedging instruments in cash flow hedging are recognised in other comprehensive income. Hedging profits or losses which are recognised in other comprehensive income and accumulated in equity are reclassified for the profit and loss account in the period in which the hedged item affects the profit and loss account. Profits or

losses which are linked to the effective element of the interest rate swap contracts which secure loans with floating interest rates are recognised under 'Financial expenses'.

When a hedging instrument expires or is sold, or when a hedge no longer meets to criteria for hedge accounting, any cumulative gain or loss is recognised in other comprehensive income in equity and is reclassified as profit at the same time as the hedged transaction is recognised. If a hedged transaction is no longer expected to take place, the carrying amount in equity is immediately transferred to the profit and loss account under 'Net other (losses) gains'.

Amortisation of financial assets – financial assets valued at amortised cost are written down when it is probable based on objective evidence that the instrument's cash flow has been affected negatively by one or more events occurring after the initial recognition of the instrument in the profit and loss account up to the balance sheet date. The amount of the amortisation is recognised in the profit and loss account. If the reason for the depreciation later ceases and the cessation can be objectively associated with an taking place after the inclusion of the depreciation, the previous write-down is reversed. This reversal must not result in the balance value of the financial asset exceeding the amount of what the depreciated cost would have been, if the depreciation had not been included at the time when the write-down was reversed.

Financial obligations
Financial obligations are, when initially recognised, classified as loans and liabilities, or derivatives designated as hedging instruments in an effective hedge. Derivatives are initially recognised at fair value. Loans and liabilities are recognised at fair value adjusted for directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative and are treated in the same way as derivatives that are assets.

Loans – loans are recognised in the profit and loss account at fair value when payment of the loan occurs, with deduction for transaction costs. In subsequent periods, loans are entered at amortised cost calculated using effective interest rate. The difference between the loan amount paid out (less transaction costs) and the redemption value is recognised in the profit and loss account over the term of the loan. Loans are classified as current liabilities unless an unconditional right exists to defer payment of the debt for more than 12 months from the balance sheet date.

Loan costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised as part of the acquisition cost of the asset.

1.19 Provisions
A provision is recognised in the profit and loss account when the Group has an obligation (legal or self-imposed) as a result of an earlier event, there is a strong probability that a financial settlement will take place and the size of the obligation can be reliably measured. If the effect is significant, the provision is calculated by discounting anticipated future cash flows with a discount rate before tax which reflects current market conditions and risk applicable to the obligation.

A provision for warranties is included when the underlying products or services are sold. The Group offers warranties for general repairs of defects that existed on the date of purchase. The provision is based on historical information about guarantees and a weighting of possible outcomes according to the probability of their occurrence.

Restructuring provisions are included when the group has approved a detailed and formal restructuring plan and the restructuring has already started or has been made public.

Provision for loss-making contracts is entered when the Group's anticipated income from a contract is lower than the unavoidable costs involved in discharging obligations under the contract.

1.20 Contingent liabilities and assets
Contingent liabilities that are unlikely to be settled or which cannot be measured reliably are not recognised in the annual profit and loss account. Significant contingent liabilities are recognised with the exception of contingent liabilities where the probability of the liability is low.

A contingent asset is not recognised in the annual profit and loss account, but is recognised where it is probable that a benefit will accrue to the Group.

1.21 Equity

Expenses for equity transactions

Transaction costs directly associated with equity transactions are recognised in the profit and loss account allocated directly to the equity after deduction of tax.

Minority interests

Minority interests included in the consolidated accounts constitute the minority interest's carrying value of equity.

The subsidiary's income and the components of other income and costs are attributed to the owners of the parent company and minority interests. Results are attributed to the parent company owners and to the minority interests even if this results in the minority interest having a deficit.

Own shares

Upon repurchase of own shares, the purchase price, including directly attributable costs, is entered as a change in equity. Own shares are presented as a reduction of equity. Losses or gains on transactions with own shares are not recognised in the profit and loss account.

Transaction costs directly associated with equity transactions are recognised in the profit and loss account allocated directly to the equity after deduction of tax.

1.22 Employee benefits

Pension schemes

Goodtech has only defined contribution pension plans for its employees. The pension schemes are generally financed through disbursements to insurance companies. In accordance with the law on mandatory company pensions, all group employees in Norway participate in pension schemes that meet the requirements of the law.

For defined contribution plans, the company pays fixed contributions. The Company has no legal or self-imposed obligations to deposit additional funds if it proves that there are insufficient funds to pay all employees the benefits associated with their vesting in this or previous periods. The deposit is expensed as it occures.

Profit share and bonus schemes

The Group recognises a provision in the profit and loss account where it has contractual obligations or where a previous practice has created a self-imposed obligation.

1.23 Events after the balance date

New information about the Group's financial position on the balance date arising after the balance date is recognised in the profit and loss account. Events after the balance date which do not affect the group's financial position on the balance date, but which will influence the Group's financial position in the future are recognised if they are significant.

1.24 Uncertainty of estimates

In its presentation of the annual accounts in compliance with IFRS the group management has used estimates and assumptions deemed to be realistic. Situations or changes may arise which may mean that such estimates require adjustment and thereby affect the group's assets, debt, equity or profit and loss.

The Group's most important accounting estimates relate to the following:

- Construction contracts
- Estimates of goodwill

Construction contracts present a number of challenges from the tender phase to handover. The estimates on which the accounts are based rely on uniform principles and are subject to control procedures which are designed to ensure effective measurement of project results and progress. The complexity and scope mean that the project estimates have an inherent risk of error despite the Group's efforts to ensure correct measurement.

The Group's recognised goodwill is assessed annually or when there are indications of a fall in value. Factors that may trigger a review of the asset value include poor profits compared to historical profits or poor anticipated profits, significant negative industry or financial developments or significant changes to overall business strategy. Assessments of recoverable amounts of assets and companies are partially based on management estimates, including determining own cash flow generating units, estimates of future profits, an asset's income capacity and assumptions about future market conditions and use of synergy effects. Changes in circumstances and management assumptions may lead to write-downs.

1.25 Standards that have been adopted, but have not yet come into force
The following new standards, corrections and interpretations of standards had not come into effect by 31 December 2018 and have not been applied in these consolidated accounts. Commencement dates are those that apply to IFRS adopted by the EU. These may in some instances deviates from commencement dates according to IASB.

IFRS 16 Leases comes into force on 1 January 2019. IFRS 16 replaces IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. IFRS 16 sets out the principles for recognition, measurement and presentation of lease agreements and requires lessees to capitalise the vast majority of leases, corresponding to the accounting of financial leases under IAS 17.

The standard entails that the lessee recognises the value of significant leases over a period longer than twelve months as assets and liabilities and that the asset is depreciated over the lease term and that the lease amount is reclassified as payment of debt and interest according to the annuity method. Goodtech has leases of property and buildings as well as some leases for production equipment and vehicles which according to IAS 17 are classified as operational leases. These lease agreements will to a large extent be recognised on the balance sheet and associated lease costs will be reflected as depreciation and interest costs. Goodtech will use the modified retrospective method for the transition to IFRS 16, which means that the comparative figures for 2018 will not be restated and that the total profit effect of depreciation and interest costs will exceed the lease amounts in the first years of the remaining lease period.

Taking into account the lease obligations as of 1.1.2019, the following accounting effects are expected:

- Increase in non-current assets and total assets by approx. NOK 37 million.
- Increase in financial liabilities and total liabilities by approx. NOK 37 million.
- Reduction of other operating expenses in 2019 by approx. NOK 13 million.
- Increase in depreciation by approx. NOK 13 million.
- Increase in finance costs by approx. NOK 1 million.

In the balance sheet, the present value of future lease commitments will be recognised as interest-bearing loans and the value of the lease (the right of use) will be recognised as a fixed asset. As a result, the balance sheet total will increase with the transition to the new standard with a corresponding change in key figures such as equity ratio and net interest-bearing debt. The estimated lease liability as of 1.1.2019 is estimated at NOK 37 million.

In addition to IFRS 16, the following revised IFRS standards have been adopted, but have not yet come into force, and in some cases have not been adopted by the EU:

- IFRIC 23 (new interpretation) Uncertain tax positions
- IFRS 9 (changes) Pre-payment features with negative compensation
- IAS 28 (changes) Long-term interests in an associate or joint venture
- IAS 19 (changes) Plan amendment, curtailment and settlement
- Conceptual framework (new framework) Changed references in several IFRS standards
- IFRS 3 (changes) Business combinations
- IAS 1 and IAS 8 (changes) Definition of materiality
- Annual improvements to IFRS standards 2015-2017

Goodtech does not expect that the application of these changes will materially affect the group accounts in future periods.

Note 2 Changes in the group structure

(NOK 1,000)

No organisational changes have taken place in the Group in 2018.

In 2017, the activities associated with Promaps were transferred to Promaps Technology AS. The Promaps business is presented on the line for phased-out operations in the profit and loss accounts for 2017. Assets and liabilities related to the Promaps business were not recognised in 2017.

Earnings from phased-out operations 2017	**Promaps**
Operating income	-
Cost of goods sold	1
Payroll costs	173
Other operating expenses	260
EBITDA	-434
Amortisation	-
Operating profit EBIT	**-434**
Net financial items	-
Pre-tax profits	-434
Tax costs	-104
Profit after tax from discontinued operations	**-329**

Derecognised assets and liabilities	**Promaps**
Tangible fixed assets	20
Intangible assets	190
Total fixed assets	**210**
Total derecognised assets	**210**

Cash flow from disposals	**Promaps**
Net cash flow from operating activities	-434
Net cash flow from investment activities	-
Net cash flow from financial activities	-

Note 3 Segment information
(NOK 1,000)

Operating segments
Segment information has been prepared in compliance with IFRS 8 and is based on the reporting the management uses when assessing performance, profitability and resource allocation. The performance of this segment is assessed on the basis of operating profits and is measured consistent with the operating profits in the consolidated accounts.

In 2017, Goodtech completed organisational and reporting changes which meant that the segmented structure was removed effective from 1 January 2017. In line with the requirements for aggregation according to IFRS 8, Goodtech will thus not be reporting for separate segments.

Group items in the tables below are costs that cannot be related to the operating segment. This applies to the Group's administration costs and other shared costs that are not allocated to the operating segment.

2018	Operating segment	Group items	Total
Revenue from external customers	569,125	–	569,125
Total segment revenue	569,125	0	569,125
Cost of goods	-282,710	–	-282,710
Payroll costs	-255,066	-1,919	-256,985
Other operating costs	-60,761	-2,339	-63,100
Restructuring costs etc.	-1,009	–	-1,009
Operating income before depreciation and amortisation	-30,421	-4,258	-34,679
Amortisation	-8,533	-1,774	-10,307
Depreciation	-9,013	–	-9,013
Operating profits	-47,967	-6,032	-53,999
Net financial expenses	-5,101	564	-4,537
Pre-tax profits	-53,067	-5,468	-58,537
Total assets	365,997	85,678	451,675
Investment in tangible fixed assets	1,441	257	1,698

2017	Operating segment	Group items	Total
Revenue from external customers	688,677	1	688,678
Total segment revenue	688,677	1	688,678
Cost of goods	-341,964	-4	-341,968
Payroll costs	-266,668	-4,091	-270,759
Other operating costs	-66,368	-4,735	-71,103
Restructuring costs etc.	-1,877	–	-1,877
Operating income before depreciation and amortisation	11,800	-8,830	2,970
Amortisation	-9,093	-2,348	-11,440
Operating profits	2,707	-11,178	-8,471
Net financial expenses	-7,587	892	-6,695
Pre-tax profits	-4,880	-10,285	-15,165
Total assets	460,194	87,853	548,047
Investment in tangible fixed assets	2,936	1,591	4,527

Standard business conditions apply to transactions and transfers among the group's segments and the parent company similar to those employed with external parties.
Assets under Group Items consist of parent company assets.

Fixed assets	2018	2017
Home state/Norway	12.832	15,196
Sweden	7.191	12,029
Other	16.356	18,261
Total fixed assets	**36.379**	**45,486**

Note 4 Revenue from Contracts with Customers

(NOK 1,000)

Information on disaggregate revenue

The distribution of the Group's revenue can be seen below.

		Year ending 31 December 2018			
Per product group	**Product sales**	**Construction contracts**	**Services**	**Other revenue**	**Total**
Revenue	**27,905**	**317,450**	**223,770**	**-**	**569,125**
Geographical areas					
Norway	7,853	91,527	196,707	-	296,087
Sweden	19,457	171,806	13,077	-	204,333
Finalnd	595	2,304	-	-	2,899
Europe		18,247	5,648	-	23,895
Others		33,565	8,344	-	41,910
Total	**27,905**	**317,450**	**223,770**	**-**	**569,125**
Revenue recognition date:					
On a certain date	27,905				27,905
Over time		317,450	223,770		541,220
Total	**27,905**	**317,450**	**223,770**		

Information about geographical areas is based on where the customer is located.

		Year ending 31 December 2017			
Per product group	**Product sales**	**Construction contracts**	**Services**	**Other revenue**	**Total**
Revenue	**24,787**	**426,133**	**236,127**	**1,630**	**688,678**
Geographical areas					
Norway	7,288	123,565	203,146	1,630	335,630
Sweden	16,764	142,081	17,121	–	175,965
Finalnd	735	1,878	–	–	2,613
Europe	–	141,804	6,689	–	148,493
Others	–	16,804	9,171	–	25,975
Total	**24,787**	**426,133**	**236,127**	**1,630**	**688,678**
Revenue recognition date:					
On a certain date	24,787				24,787
Over time		426,133	236,127	1,630	663,890
Total	**24,787**	**426,133**	**236,127**	**1,630**	**688,678**

Delivery obligations

Information related to the Group's specific delivery obligations and accounting of associated revenue is recognised under:

Sale of products

The delivery obligation is generally considered to be fulfilled upon delivery of the goods, and income is recognised on the date of delivery.

Sale of services

Services may be sold separately or as a package combined with the sale of goods. The delivery obligation is fulfilled over time as the customer receives and uses the services offered by the Group.

Construction contracts

The Group considers that the delivery obligation is fulfilled over time as the Group has an enforceable right to payment for work performed to date, including a reasonable margin. The asset also has no alternative application for the Group as the Group may have to incur a considerable financial loss if it were to rebuild the product for delivery to another customer.

The Group recognises revenue over time according to the degree of project completion, mainly by applying an input method. Progress based on an input method is considered to be the most accurate and the one that best reflects the transfer of control of the Group's projects. The Group measures progress based on accrued costs relative to expected total costs of completion of the project or based on accrued hours relative to the expected total hours involved in completion of the project. The choice of method is based on what is considered to be the most important input factor in each project. These measurement methods are regarded as the most accurate indication of the Group's progress towards fulfilment of the delivery obligation.

The transaction price allocated to the remaining delivery obligations (not fulfilled or partially fulfilled) is shown below:

Remaining delivery obligations at year end	
Within a year	157,312
More than a year	10,495
Total	167,808

The remaining delivery obligations that are expected to be recognised in more than one year stem from agreements entered into with the subsidiary Goodtech Environment AB, where construction contracts on average have an implementation time of about two years. Production and delivery are expected to take place within two years. The remaining delivery obligations are expected to be recognised within a year.

Note 5 Cost of goods and subcontractors

(NOK 1,000)

	2018	2017
Cost of goods	170,037	161,585
Subcontractors	111,610	178,748
Forwarding and freight costs	1,063	1,635
Total goods costs and subcontractors	**282,710**	**341,968**

Note 6 Payroll costs

(NOK 1,000)

	2018	2017
Salaries	199,691	215,829
Share-based compensation (share-saving scheme)	–	145
Employer tax	31,853	35,915
Pension costs	18,701	12,476
Other social costs	6,736	6,394
Total salary costs	**256,985**	**270,759**

Geographical distribution of employees	**2018**	**2017**
Norway	212	225
Sweden	55	55
Finland	35	45
Total number of employees at year end	302	325
Average number of full-time equivalents in the period	**315**	**334**

Note 7 Pensjons

(NOK 1,000)

Goodtech's pension schemes have been set up according to local legislation and include contribution-based schemes. A contribution-based scheme is a pension scheme to which the company pays fixed contributions to an administrator and does not have any further obligations after the contribution has been made. The contributions are recognised on an on-going basis as salary costs. The pension will depend on the size of contributions and the accrued return over time.

Pension schemes in Norway

The Group's Norwegian companies are subject to the Norwegian Mandatory Pension Act and the pension schemes offered in Norway meet the requirements of this legislation.

Contribution-based pension schemes in Norwegian companies include all employees in Norway. The contribution rate is 5% for pensionable salaries up to 7.1 times the basic national insurance amount (G) and 8% for pensionable salaries between 7.1G and 12G.

AFP (Avtalefestet pensjon) – most employees in Norway are covered by the AFP scheme which is a collective pension scheme for the negotiated/contractual sector in Norway. The AFP scheme is based on a three-party partnership between employer organisations, employee organisations and the government. In accounting terms, the scheme is regarded as a defined benefit multi-employer scheme. The Group is unable to identify its share of the scheme's underlying financial position and performance with a sufficient degree of reliability, and on this basis the scheme is recognised as a defined contribution plan. This means that liabilities under the AFP scheme are not capitalised. Premiums related to the scheme are recognised as they are incurred.

Pension schemes in Sweden and Finland
The Group's companies outside Norway have pension schemes that comply with local practice and local legislation.

Employees of the Swedish subsidiaries have pension schemes (ITP - Industrins och Handelns tilläggspension) covered by insurances in Alecta AB. The ITP pension is managed by Alecta AB and Collectum. ITP includes all 'officials' in the Group's Swedish companies. Industrins och handelns tilläggspension is a plan for employees in the private sector in Sweden. The pension schemes in Sweden are based on mandatory collective agreement plan negotiated as part of collective agreements. The ITP pension scheme includes pension, medical insurance and survivors pensions.

Employees born after 1979 are included in ITP Plan Option 1, which is a defined contribution plan where the pension premium each term is fixed based on percentage ranges as set out in the associated collective agreement. Employees born in 1978 or earlier are covered by ITP Plan Option 2, but may choose ITP Plan Option 1. ITP 2 is a defined benefit plan where the pension premium varies from term to term based on different calculation variables. Employees who have ITP 2 also has a defined contribution pension scheme called ITPK. ITPK plan in Swedish companies make up 2% of employees' salaries. The defined benefit plan for Goodtech's employees acts as a defined contribution scheme for the Group where annual premiums are expensed as incurred. This is a multi-employer scheme where policyholders do not have access to the information needed to recognise the scheme as a defined benefit scheme. The pension plans therefore recognised similar to a defined contribution plan, in accordance with IAS 19.34.

Total pension costs for the Group's defined contribution pension schemes constitute NOK 18.8 million for 2018 (NOK 12.5 million for 2017) which are recognised as payroll costs in the profit and loss account (cf. Note 6).

Note 8 Other operating costs and restructuring costs
(NOK 1,000)

Other operating costs	**2018**	**2017**
Rent and commercial premises	20,120	21,023
Travel expenses	7,024	11,216
Car expenses	2,496	3,011
Sales and marketing costs	870	1,087
Consultants, advisors and other external services	11,428	9,473
IT costs	10,295	12,134
Fixtures	2,946	2,691
Hire of production machinery	802	293
Postage and freight etc.	268	2,355
Losses on receivables	293	291
Other operating costs	6,557	7,528
Total other operating expenses	**63,100**	**71,103**

Auditor's fees – including fees for consultants, advisors and other external services	**2018**	**2017**
Statutory audit	1,437	1,322
Other certification services	–	74
Tax consultancy	5	21
Other services excl. audit	23	0
Total	**1,464**	**1,417**

VAT is not included in the audit fee.

Restructuring costs	**2018**	**2017**
Restructuring costs etc.	1,009	1,877
Total	**1,009**	**1,877**

Restructuring costs apply to incurred costs associated with structural and strategic processes and other significant costs of a non-recurring nature.

Note 9 Financial income/financial expenses

(NOK 1,000)

	2018	2017
Interest income	373	153
Currency gains	5,521	1,681
Other financial income	816	5
Total financial income	**6,709**	**1,839**
Interest on loans and business credit	-1,390	-875
Guarantees	-845	-829
Currency losses	-8,371	-6,445
Other financial expenses	-641	-384
Total financial costs	**-11,247**	**-8,533**
Net financial expenses	**-4,537**	**-6,695**

Note 10 Tax

(NOK 1,000)

Tax costs	**2018**	**2017**
Payable tax	250	230
Adjustments for previous years	22	183
Change in deferred tax assets	2,975	-538
Change in deferred tax	-44	-276
Tax costs	3,202	-402
Effective tax rate in %	21 %	3 %
Tax payable in balance sheet	250	-631

Reconciliation of effective tax rate with tax rate in Norway

Tax costs differ from the amount that would have arisen if the nominal tax rate had been applied. The difference between the nominal rate and the effective tax rate is specified below. The main components are specified.

	2018	2017
Tax calculated at a tax rate of 22%/23% (tax rate in Norway)	-13,464	-3,640
Activities with tax rate other than 22%/23%	1,786	138
Tax law change – effect of change on tax rate	-1,874	1,901
Non-deductible costs	-1,639	893
Unrecognised assets	17,620	83
Translation differences	772	222
Tax costs	**3,202**	**-402**

The ordinary corporate tax rate for companies domiciled in Norway was 23% in 2018, but it was decided to decrease this to 22% from the financial year 2019. In 2018, the net tax benefit in Norway decreased by NOK 2.0 million due to lower corporate tax as of 2019. The Group has businesses in Sweden (22%) and Finland (20%) which have lower tax rates than 23%.

Deferred tax and deferred tax assets presented on the balance sheet

	Balance sheeet	
Deferred tax assets	**2018**	**2017**
Fixed assets	8,342	6,094
Current assets	1,214	398
Provisions	1,400	1,256
Profit and loss account	272	355
Losses carried forward	32,653	38,753
Carrying value deferred tax assets		

Deferred Tax	**2018**	**2017**
Fixed assets, Finland	357	401
Carrying value deferred tax liability	**357**	**401**

Deferred tax relates to temporary differences related to industrial property in Finland which cannot be offset against deferred tax assets. Group recognises net liability and deferred tax assets only if the Group has a legal right to offset these and only liability and deferred tax assets that are within the same tax regime.

Breakdown change to deferred tax asset	**2018**	**2017**
As of 1 January, net assets/liabilities	46,455	45,640
Recognised in the profit and loss account	-2,931	815
As of 31 December, net assets/liabilities	**43,524**	**46,455**

Change to deferred tax assets and deferred tax liability

Deferred tax assets	**Fixed assets, R&D/customer contracts**	**Current assets**	**Provision**	**Profit and loss account**	**Loss carry forward**	**Total**
Balance sheet 31.12.2016	**6,352**	**-204**	**1,464**	**-58**	**38,764**	**46,317**
Recognised in the profit and loss account	-258	603	-209	413	-11	538
Balance sheet 31.12.2017	**6,094**	**398**	**1,256**	**355**	**38,753**	**46,856**
Recognised in the profit and loss account	2,249	815	144	-83	-6,100	-2,975
Balance sheet 31.12.2018	**8,342**	**1,214**	**1,400**	**272**	**32,653**	**43,881**

Deferred tax liability	**Provisions Sweden**	**Fixed assets, Finland**	**Total**
Balance sheet 31.12.2016	287	390	677
Recognised in the profit and loss account	-287	10	-276
Balance sheet 31.12.2017	0	401	401
Recognised in the profit and loss account	-	-44	-44
Balance sheet 31.12.2018	0	357	357

Group tax loss to be carried forward with expiry date	**2018**	**2017**
10-year time limit	62,915	1,934
No due date	219,773	215,735
Total loss to be carried forward	**282,688**	**217,669**
Calculated deferred tax assts	60,933	48,150
of which:		
Capitalised assets	32,653	38,753
Non-capitalised assets	28,280	9,397

Tax losses to be carried forward by country:	**2018**	**2017**
Norway	-177,484	-186,357
Sweden	-42,289	-29,378
Finland	-62,915	-1,934
Total loss to be carried forward	**-282,688**	**-217,669**

Note 11 Earnings per share
(NOK 1,000)

Earnings per share are calculated by dividing the share of the annual profits allocated to the company's shareholders by a weighted average of the number of ordinary shares issued over the year. The company has no potential shares which may be diluted.

	2018	2017
Profit for the period allocated to the company's shareholders	-62,127	-15,418
Weighted average number of issued shares (thousands)	22,530	22,512
Profits per share (NOK)	**-2.76**	**-0.68**
Profit after tax from discontinued operations	–	-329
Earnings per share for discontinued operations (NOK)	**0.00**	**-0.01**

(number of shares thousands)	2018	2017
Ordinary shares issued as of 31 December	22,876	22,876
Own shares held	-363	-285
Total	**22,513**	**22,592**
Weighted average number of ordinary shares	**22,530**	**22,512**

Note 12 Plant and equipment
(NOK 1,000)

Financial year 2017	Buildings	Machinery/fixtures	Financial leasing	Total
Acquisition cost as of 1 January 2017	**28,092**	**61,150**	**–**	**89,242**
Accumulated depreciation	-2,873	–	–	-2,873
Accumulated depreciation	-6,058	-35,048	–	-41,106
Carrying value as of 1.1.2017	**19,160**	**26,102**	**–**	**45,262**
Translation differences	1,427	530	–	1,958
Acquisition	–	4,527	2,803	7,329
Disposal	–	-181	–	-181
Reclassified as intangible assets	–	-147	–	-147
Annual depreciation	-815	-8,948	–	-9,764
Carrying value as of 31.12.2017	**19,773**	**21,883**	**2,803**	**44,458**

Financial year 2018	Buildings	Machinery/fixtures	Financial leasing	Total
Acquisition cost as of 31.12.2017	**29,519**	**65,879**	**2,803**	**98,201**
Accumulated depreciation	-2,873	–	–	-2,873
Accumulated depreciation	-6,873	-43,997	–	-50,870
Carrying value as of 31.12.2017	**19,773**	**21,883**	**2,803**	**44,458**
Translation differences	41	-415	–	-375
Reclassified as intangible assets	–	-543	–	-543
Acquisition	–	1,265	433	1,698
Disposal	–	-229	–	-229
Annual depreciation	-779	-7,210	-641	-8,631
Carrying value as of 31.12.2018	**19,034**	**14,750**	**2,594**	**36,379**
Economic life	20-30 years	3-10 years	6 years	
Depreciation method	linear	linear	linear	

Asset categories presented in the above table are the aggregate sum of various asset components that belong to a specific category and depreciation rates represent the economic life allocated to components.

Note 13 Lease agreements

(NOK 1,000)

Financial lease agreements

The Group's assets under financial lease agreements include IT equipment and fixtures.

In connection with the move of the head office at the end of December 2017, Goodtech AS signed a lease agreement with a leasing partner for IT and office equipment. The leasing agreement is classified as financial leasing. Financial lease agreements are recognised as assets and liabilities in the balance sheet. As of 31.12.2018, the Group had financial lease agreements in place valued at NOK 2.6 million. Agreements entered into have a term of 60 months.

Assets under financial lease agreements	**2018**	**2017**
Equipment and fixtures	3,235	2,803
Total	3,235	2,803
Accumulated depreciation	-641	0
Net balance sheet value	**2,594**	**2,803**

Financial lease agreements are classified and recognised as fixed assets in the balance sheet. A table of future minimum lease of current contracts (present value) can be found below:

	IT equipment and fixtures
Up to 1 year	679
1-5 years	2,052
More than 5 years	–
Future minimum lease	**2,730**
Average interest	2.20 %
Discounting	(136)
Present value of future minimum lease	**2,594**

Lease agreements do not contain restrictions on the Company's dividend policy or financing options.

Operational lease agreements

The Group has operational leases associated with offices, cars, office equipment and fixtures. Costs associated with operational leases represent minimum lease payments during the notice period. Lease expenses comprised the following:

	Buildings/offices	**Machinery/cars/ fixtures**	**Total**
Annual lease of assets not recognised on balance sheet	13,085,983	2,414,318	15,500,301
Future minimum lease payments (undiscounted) under non-terminable lease agreements fall due as follows:			
Within a year	13,085,983	2,414,318	15,500,301
2 to 5 years	19,941,348	2,876,695	22,818,043
After 5 years	2,936,700	–	2,936,700
Future minimum lease	**35,964,031**	**5,291,013**	**41,255,044**

From 1.1.2019, the Group will implement IFRS 16, something that will result in several lease agreements which are classified and presented as operational lease agreements being treated as financial lease agreements. Reference is made to the accounting principles which explain these transitional effects.

Note 14 Intangible assets
(NOK 1,000)

Financial year 2017	Development project	Goodwill	Total
Carrying value as of 1.1.2017	16,471	145,491	161,962
Translation differences	–	402	402
Acquisition	-783	–	-783
Reclassified from tangible fixed assets	147	–	147
Allocated development costs	-25	–	-25
Annual depreciation	-1,677	–	-1,677
Carrying value as of 31.12.2017	**14,132**	**145,893**	**160,026**
Acquisition cost	52,233	293,154	345,387
Accumulated depreciation and amortisation	-38,100	-147,260	-185,361
Carrying value as of 31.12.2017	**14,132**	**145,893**	**160,026**

Financial year 2018	Development projects	Goodwill	Total
Carrying value as of 1.1.2018	14,132	145,893	160,026
Translation differences	-40	-245	-285
Reclassified from tangible fixed assets	543	–	543
Acquisition	346	–	346
Depreciation	-9,013	–	-9,013
Annual depreciation	-1,677	–	-1,677
Carrying value as of 31.12.2018	4,293	145,648	149,941
Acquisition cost	53,083	292,909	345,992
Accumulated depreciation and amortisation	-48,790	-147,260	-196,050
Carrying value as of 31.12.2018	**4,293**	**145,648**	**149,941**

Economic life	3-6 years
Depreciation method	linear and project allocation

Asset categories presented in the above table are the aggregate sum of various asset components that belong to a specific category and depreciation rates represent the economic life allocated to components.

Development projects
The Group continuously monitors development projects in relation to the market, substitutes and potential customers in order to assess the recoverable value of the development projects. Development costs are amortised over their useful life. Useful life varies from asset to asset, from 3 years to 10 years. If there are indications that the values of the assets are no longer recoverable, an impairment test will immediately be carried out to determine whether the asset can still justify its carrying value. If new estimates conclude that the value is no longer recoverable, impairment of assets to their recoverable value is performed, the higher of net realisable value and utility value (discounted cash flow).

Development costs related to the energy recovery project in Goodtech Recovery Technology AS have been written down to utility value, a depreciation of NOK 9 million in 2018. Further utilisation of the technology associated with the energy recovery project in Goodtech Recovery Technology AS takes place in close cooperation with partners through licensing agreements. Goodtech owns the patent rights to the product.

Assets in Goodtech AS are developed either at the direct request of a customer or by identifying market requirements and positioning them for future small and large projects. Development costs are amortised using a project allocation method and a linear depreciation method that reflects the use of the future economic benefits of the developed assets. In 2018, amortisation of NOK 1.7 million has been applied. No depreciation requirement have been identified as at 31.12.2018 after completed impairment tests. The Group had no research costs in 2018 and 2017.

Goodtwill
Goodwill is not amortised. This asset is tested at least annually for impairment. At Goodtech, this is done at year end. If there is any indication of impairment, impairment tests are carried out more frequently.

Goodwill which has arisen through the acquisition of activities is allocated to the individual unit where the cash flows are identifiable.

Allocation of goodwill by cash-generating units	2018
Goodtech AS	137,288
Goodtech Electro AS	302
Activities in Norway	137,590
Goodtech Solutions AB	8,058
Activities in Sweden	8,058
Carrying value as of 31.12	**145,648**

No depreciation requirements identified after completed testing of impairment of goodwill. Goodwill associated with activities in Sweden has been reduced by NOK 0.2 million as a result of exchange rate fluctuations.

Goodwill is in all entities related to employees with special skills and anticipated synergies with other Group companies.

Testing for value decrease of cash-generating units that include goodwill
Impairment testing for cash-generating units with significant recognised amounts of goodwill is based on the recoverable amounts. Recoverable amounts are determined on the basis of an assessment of the cash-generating unit's utility value. The utility value is calculated by discounting the expected future cash flows over a period of five years, including a terminal value based on Gordon's growth formula. Cash flow projections are used based on financial budgets approved by management. Cash flow over and above approved budgets is derived on the basis of the Group's long-term strategic plans.

Weighted average cost of capital (WACC) applied in the impairment test	Before tax	After tax
Goodtech AS	9.8 %	12.3 %
Goodtech Electro AS	9.8 %	12.3 %
Goodtech Solutions AB	8.5 %	10.8 %

Weighted pre-tax required rates of return were applied in the completed impairment tests.

The discount rate used is risk-adjusted for each cash-generating unit to reflect the asset's specific risks and tax adjusted before tax using the methods described in IAS 36.

Risk-free interest rate is determined based on ten-year Norwegian and Swedish government bonds and ten-year swap interest in Norway and Sweden. The Norwegian and Swedish risk-free rate has been used in the respective calculations of return to be

consistent with the units' currency in cash flows. Ten-year government bonds are calculated to estimate the required rate of return on equity and ten-year swap rates are used to estimate the required rate of return on foreign capital.

Calculation of future cash flows is based on numerous assumptions. These include economic and market developments. The companies within the Group are affected by market fluctuations and estimates made in weak markets may differ significantly from the estimates made in stronger markets. This means that in companies operating in volatile markets it may be difficult to make the right long-term decisions when the market is characterised by short-term volatility.

Management expects that the market for the company's products and services will increase in the coming years and that the company will be able to take a larger market share within the indicated companies. The Group sees opportunities in a market which is experiencing great change and needs cost-effective solutions. Stable growth in turnover and moderate improvement in EBITDA margins are assumed. Moderate growth expectations and increased earnings beyond the budget period have been assumed, and the conditions set are considered to be moderate. See also the sensitivity analysis below for further discussion of the units in which the discounted value is only marginally higher than the recognised value of capital employed.

Impairment of goodwill
An impairment test in accordance with IAS 36 at 31.12.2018 showed that no impairment scenarios exist in the Group.

Sensitivity analysis
If conditions develop differently from what has been assumed, this may result in impairment of goodwill and intangible assets. Key assumptions used in the calculation of recoverable amounts are discount rates and developments in EBITDA.

In connection with impairment testing of goodwill, the Group has carried out sensitivity analyses for each cash-generating unit. The calculated amount of each cash flow-generating unit exceeds its recognised amount by a good margin for Goodtech AS and Goodtech Electro AS at the end of 2018.

Goodtech AS and Goodtech Electro AS
The companies delivered satisfactory results in 2018, which confirms that the implemented processes and restructuring have had positive effects. Further work is being carried out to improve the profitability of the companies. A satisfactory order book as of 31.12.2018 provides the basis for good results going forward. The next five-year period assumes moderate sales growth of 2% and a stable EBITDA margin until 2023.

Sensitivity analyses are performed based on the assumptions that are believed to be the most relevant: discount rate and EBITDA margin. The following levels are 'break-even' levels in terms of possible impairment, given that all other factors are kept constant:

a) Increase in discount rate before tax to more than 19.5%.
b) EBITDA margin lower than 4.9% in coming years.

A discount rate before tax at more than 19.5% (a 7.2% increase compared to the discount rate used in impairment tests) or an EBITDA margin lower than 4.9% in 2019 and the coming years could trigger a write-down requirement. A 2.0% terminal value is assumed in the calculation of minimum levels.

Goodtech Solutions AB
Goodtech AB is the entity that is most vulnerable to changes in key assumptions that go beyond reasonable changes. The Company delivered weaker results than expected in 2018, but results achieved confirm that implemented improvement measures have gradually had a positive effect. Activities have been implemented to reduce costs and increase profitability which provides a basis for enhanced earnings in the period ahead. Improvement in market outlook, both in Sweden and internationally, will facilitate solid activity and enhanced profitability in 2019. The next five-year period assumes expected sales growth of 1% and moderate growth in EBITDA margin until 2023.

Sensitivity analyses are performed based on the assumptions that are believed to be the most relevant: discount rate and EBITDA margin. The following levels are 'break-even' levels in terms of possible impairment, given that all other factors are kept constant:
a) Increase in discount rate before tax to more than 23%
b) EBITDA margin lower than 3.3% in 2019.

A discount rate before tax at more than 23% (a 11% increase compared to the discount rate used in impairment tests) or an EBITDA margin lower than 3.3% in 2019 could trigger a write-down requirement. A 1% terminal value is assumed in the calculation of minimum levels.

A summary of potential changes in impairment of goodwill on certain assumptions can be found below.

Goodtech AS		**Discount rate**		
	EBITDA margin	11.6%	12.3%	12.6%
	4.3%	-17.9	-25.8	-28.8
	5.8%	0.0	0.0	0.0
	7.3%	0.0	0.0	0.0

Goodtech Solutions AB		**Discount rate**		
	EBITDA margin	10.3%	10.8%	11.3%
	2.2%	-12.7	-13.1	-13.4
	3.7%	0.0	0.0	0.0
	5.2%	0.0	0.0	0.0

Note 15 Other fixed assets
(NOK 1,000)

	2018	**2017**
Non-current interest-bearing receivables	–	739
Other financial investments	–	288
Total other financial fixed assets	**0**	**1,028**

Note 16 Inventory

(NOK 1,000)

	2018	2017
Materials	4,762	5,408
Goods being processed	842	1,135
Finished goods	2,168	1,498
Unsaleability	-619	-446
Total net inventory	**7,152**	**7,595**
Total cost for the period	170,037	161,585
Recognised value of stock pledged as security	7,152	7,595

Inventory mainly includes sales products and materials used for the supply of goods and services. Write-downs of inventory in the event of unsaleability are recognised as costs of goods sold.
The carrying amount of inventories is stated as part of the security with which Nordea has been provided.

Note 17 Trade receivables and contract assets

(NOK 1,000)

Client receivables	2018	2017
Client receivables	115,183	125,745
Provisions for loss	600	745
Trade receivables net	114,583	125,000
Change in provisions for loss	-145	136
Actual losses	435	–

Loss on trade receivables is classified in the same way as other operating expenses in the profit and loss account.

	Not due	< 30 days	31-60 days	61-90 days	More than 90 days	Total
2018	44,262	13,842	51,113	252	5,114	114,583
	39%	12%	45%	0%	4%	100%
2017	81,702	24,543	1,285	221	17,249	125,000
	65%	20%	1%	0%	14%	100%

Of outstanding receivables as at 31.12.2018, NOK 89.2 million was paid as at 8 March 2019.

	2018	2017
Contract assets as of 1 January	76,146	160,357
Additional	416,998	379,937
Reclassified as trade receivables	-418,237	-463,036
Impairment losses and provisions recognised in the period	-40,971	-1,112
Total contract assets	**33,936**	**76,146**

Contract assets are recognised on fulfilment of delivery obligations, mainly from construction contracts where progress is measured over time. When the consideration becomes unconditional, the contract assets are reclassified as trade receivables which constitute the bulk of the changes to contract assets during the periods.

Write-downs and provisions recognised in the period mainly relate to project write-downs in Goodtech Environment AB.

Fewer ongoing projects with a large material share and lower volume mean that contract assets have been reduced compared to 2017.

Note 18 Other current receivables
(NOK 1,000)

	2018	2017
Prepaid costs	4,017	3,509
Other current receivables	1,641	15,642
Total other current receivables	**5,658**	**19,151**

Below is a summary of the Group's short-term receivables, as presented in notes 17 and 18, specified by currency exchange rate index

	2018	2017
Trade receivables	114,583	125,000
Contract assets	33,936	76,146
Other current receivables	5,658	19,151
Total current receivables	**154,176**	**220,297**

Current receivables – value per currency			**2018**	**2017**
	2018	**2017**		
	Amounts in local currency		**NOK**	**NOK**
USD	58	71	507	582
EUR	958	1,772	9,533	17,440
SEK	78,272	68,200	75,931	68,173
NOK	68,205	134,102	68,205	134,102
Total current receivables			**154,177**	**220,297**

Note 19 Cash and cash equivalents
(NOK 1,000)

	2018	2017
Cash and bank deposits	60,145	67,787
Cash and cash equivalents in the balance sheet	**60,145**	**67,787**

The comparative figures for 2017 have been restated by withdrawals from the overdraft facility of NOK 29.4 million as of 31.12.2017 being reclassified from ‘Cash and cash equivalents’ to ‘Loans and credit’.

The group has a group account system in place in which Goodtech ASA is the consolidated account holder and the other group companies are sub-account holders or participants. The bank may offset against deposits, so that the net position represents the balance between the bank and the Group account holder.

Cash and cash equivalents as at 31 December 2018 constitute restricted deposits (tax withholdings) of NOK 7.4 million (2017: NOK 7.5 million).

The Group has unused credit facilities of NOK 25.2 million as at 31.12.2018. No restrictions have been imposed on the use of these funds. Please see further information in Note 20.

Note 20 Interest-bearing loans and credit facilities

(NOK 1,000)

Interest-bearing loans

	Nom. interest rate	Due	Currency	Value in local currency	Company	Balance sheet value 2018	2017
Non-current interest-bearing liabilities							
Nordea Bank Finland (Åland)	Euribor + 1.75%	31.10.2023	EUR	1,380	Goodtech Environment AB	13,729	14,561
Various bank loans – variable interest rate	1.31%-3.22%	28.02.2031	SEK	3,867	Goodtech Solutions Manufacturing AB	2,763	3,865
Interest rate swaps	1.91%	31.07.2023	EUR	675	Goodtech Environment AB	494	561
Total interest-bearing loans						**16,985**	**18,987**
The Group's used short-term business credits are not included in the table above							
Distributed:							
Current liability						1,682	1,924
Non-current liability						15,303	17,063
Total interest-bearing loans						**16,985**	**18,987**

A fixed rate (interest rate swap) has been agreed on the long-term loan (the original loan was EUR 0.9 million) with Nordea for the period 31.07.13 to 31.07.2023 at 1.91% including margin. The fair value of interest rate swaps is shown in the table above and in 'Loans' in the balance sheet.

Maturity distribution on interest-bearing liabilities	2018	2017
Due < 1 year	1,682	2,485
Due 1-3 years	2,606	3,264
Due 3-5 years	2,094	2,083
Due < 5 years	10,603	11,156
	16,985	18,987

The Group's corporate account system and accounts with short-term operational business credit facilities are not included in the maturity summary.

List of used and unused loan and guarantee facilities	Interest rate and commission	Total facility	Unused facility
Nordea group credit facility (NOK 20 mill.)	7 days Nibor + 1.25% Framework commission 0.125% per quarter	20,000	20,000
Westra Wermlands Sparbank (SEK 0.5 mill.)		485	485
Nordea Bank Finland (Åland) operating credit facility (EUR 3.0 million)	1 month Euribor +1.1%. Framework commission 0.15% per annum	29,845	1,255
Total business credit		**50,330**	**21,740**

Withdrawals on business credits in Norway and Sweden form part of the group account arrangement and are entered net against bank deposits. Åland's withdrawals from business credit facilities of NOK 28.6 million as of 31.12.2018 are presented as current liabilities in the balance sheet.

		Total facility	Unused facility
Guarantee framework	Guarantee commission 0.85% per annum	160,000	103,685

The Group's corporate account system and accounts with short-term operational overdraft facilities are not included in the maturity summary.

Goodtech signed an agreement with Nordea to act as the Group's main banking partner. The agreement covers the group guarantee framework, business credit framework and long-term loans. Of the total group guarantee framework of NOK 160 million, the guarantee framework with Nordea Bank Finland (Åland) constitutes NOK 49,7 million (EUR 5 million), of which NOK 38 million were withdrawn as of 31.12.2018. The credit and guarantee facilities are renegotiated on an annual basis.

The following covenants apply to the agreement with Nordea:

Quarterly 'cleandown' of group credit facility, i.e. the account must be in credit at least once a quarter. Net interest-bearing debt/12 months rolling EBITDA < 2.5. Measured quarterly.

Security and guarantees

As security for the bank facilities, Nordea has first priority in terms of property, accounts receivable, inventories etc. in Goodtech ASA and applicable subsidiaries, in addition to the MIS clause and Material Adverse Change clause. The parent company Goodtech ASA has also provided Nordea Finland (Åland) with a guarantee for Goodtech Environment AB's overall banking arrangements consisting of loans, business credit and guarantee framework.

The book value of accounts receivable, inventory and property as of 31.12.2018 is contained in Note 17, Note 16 and Note 12.

The parent company Goodtech ASA has provided Westra Wermlands Sparebank with security of up to SEK 2 million for various bank loans to Goodtech Solutions Manufacturing AB.

	Cash flow	
Reconciliation against cash flows from financing activities	**2018**	**2017**
Incoming balance	18,986	19,657
Currency effect incoming balance in SEK and EUR	-107	1,423
Repayments	-1,827	(1,952)
Change interest rate swap	-67	(142)
Total long-term and short-term loans balance sheet	16,985	18,986

Note 21 Trade receivables and other current liabilities
(NOK 1,000)

	2018	2017
Debts to suppliers	44,194	62,196
Unpaid public taxes	36,962	29,661
Holiday pay/salaries owed	31,576	32,964
Accrued costs	2,291	865
Other short-term liabilities	5,356	11,795
Total	**120,378**	**137,482**

Trade payables are not interest-bearing and the normal payment term is 30-60 days.

Note 22 Contractual obligations and repayment obligations
(NOK 1,000)

Contractual obligations relate to remuneration that has been received in advance for work under income contracts with customers.

Income is recognised when the Group fulfils the delivery obligations specified in the contract. The Group's delivery obligations are detailed in Note 4. Contractual obligations are shown in the table below.

Contractual obligations	**2018**	**2017**
Advances for long-term contracts	41,229	58,257
Repayment obligations	462	401
Total	**41,690**	**58,657**
Short-term contractual obligations	41,690	58,657
Long-term contractual obligations	–	–

Fees from clients which are expected to be repaid are shown below.

Repayment obligations	**2018**	**2017**
Anticipated repayment from retrospective quantity discounts	462	401
Total	**462**	**401**

Note 23 Other provisions and obligations

(NOK 1,000)

	Warranties	Liabilities	Onerous contracts	Total
Balance sheet 1 January 2017	4,827	2,905	170	7,901
Effects of exchange rate changes	149	–	10	158
Provisions over the year	2,457	–	–	2,457
Provisions reversed over the year	-240	–	–	-240
Provisions used during the year	-830	-2,905	-120	-3,855
Balance sheet 31.12.2017	**6,362**	**0**	**59**	**6,422**

	Warranties	Liabilities	Onerous contracts	Total
Balance sheet 01 January 2018	6,362	–	59	6,421
Provisions over the year	3,600	3,486	–	7,085
Provisions reversed over the year	-2,332	–	-59	-2,391
Provisions used during the year	-985	–	–	-985
Balance sheet 31.12.2018	**6,646**	**3,486**	**0**	**10,131**
Anticipated timing of payments				
In the next 12 months	6,155	679	–	6,834
After the next 12 months	490	2,807	–	3,297
Total	**6,646**	**3,486**	**0**	**10,131**

Warranties
Provision for warranty work relates to the possibility of future warranty work on products and services provided by the Group. The provision is based on estimates of warranty obligations under existing contracts and historical experience with the frequency and cost of work. The Group provides from 1- to 5-year warranties on products and services.

Warranty provisions are included in the project forecasts and worked through the life of the project in line with the stage of completion. When projects are completed and handed over to the customer, warranty provision is assessed and recognised in the balance sheet.

Liabilities
Provisions during the year pertain in their entirety to financial liabilities relating to capitalised financial leases. See Note 13 for further information.

Onerous contracts
Provision for loss-making contracts is entered when the anticipated income from a contract is lower than the unavoidable costs involved in discharging obligations under the contract. Contract assets are written down before provisions for losses on contracts are entered in the balance sheet.

Note 24 Share capital, premium and paid-in capital

(NOK 1,000)

	Share capital	Own shares	Share premium	Other paid-in equity	Total
As of 01 January 2017	45,752	-788	0	389,808	434,772
Purchase/sale of own shares	–	219	–	–	219
As of 31 December 2017	45,752	-569	0	389,808	434,991
Purchase/sale of own shares	–	-157	–	–	-157
Other changes	–	–	–	–	–
As of 31 December 2018	45,752	-726	0	389,808	434,834

Share capital
Nominal value per share is NOK 2.00. All shares have equal voting rights. All issued shares are fully paid up.

The general meeting of shareholders authorised the Board to increase the share capital by up to 50%. The authority expires on 30 June 2019. The purpose of the authority is to give the Board financial freedom to make acquisitions etc. As of today's date the authority has not been used.

Own shares
At the end of the year, Goodtech ASA had 362,917 shares, equivalent to 1.59% of the Company's share capital. The AGM has authorised the Board of Directors on behalf of the Company to acquire own shares amounting to up to 10 % of the share capital. The maximum amount which may be paid per share is NOK 80 and the minimum amount is the nominal value of NOK 2. The authority expires on 30 June 2019. Shares acquired under this authorisation may be used for the implementation of the share scheme for employees, for acquisitions where the consideration consists of shares, for the redemption of share holdings and for other purposes.

No dividends were paid in 2018 or 2017.

20 largest shareholders as at 31.12.2018	No of shares	% of total
Holmen Industri Invest 1 AS	7 850 288	34,32
Magnus Tvenge	1 000 000	4,37
DNB Bank	1 000 000	4,37
Westhawk AS	900 000	3,93
Nordnet Bank AB (nom.)	771 056	3,37
MP Pensjon PK	674 000	2,95
Storhaugen Invest AS	500 000	2,19
Remis AS	400 000	1,75
Ravi Investering AS	400 000	1,75
Goodtech ASA	362 917	1,59
Mikla Invest AS	360 000	1,57
Part Invest AS	342 500	1,50
Trollhaug Invest	320 000	1,40
Skandinaviska Enskilda Banken	300 000	1,31
Avanza Bank AB (nom.)	278 757	1,22
Svenska Handelsbanken AB (nom.)	257 419	1,13
Fram Realinvest AS	250 000	1,09
Tvenge Torstein Ingvald	250 000	1,09
Swedbank Clients account (nom.)	220 605	0,96
Raymond Harland	209 055	0,91
Total 20 largest	16 646 597	72,77
Other shareholders	6 229 549	27,23
Total	**22 876 146**	**100,00**

At the end of 2018, Goodtech ASA had 1,585 shareholders compared to 1,626 at the end of 2017.

Shares owned by the Board and management as at 31.12.2018	No of shares
Stig Grimsgaard Andersen (Chairman of the Board) *)	107 201
Karl Erik Staubo (Board Member) *)	35 000
Thomas Bordvik (Board Member, employee representative)	3 295
Rolf Johansson (Board Member, employee representative)	278
Eric Staurset (CEO)	34 342
Synnøve Granli (CFO)	15 651
Magne Reierson (Group Director, Projects & Procurement)	10 454
Anne Dahl Øiseth (Group Director, Sales & Market)	2 257

*) Also indirect ownership in Holmen Industri Invest 1 AS
In addition, executive management in individual subsidiaries in the Group own minor shareholdings.

Movement in share price
At year end, shares were quoted at NOK 3.84 per share, compared with NOK 6.53 at year end 2017.

Note 25 Group companies and minority interests

The largest subsidiaries that are included in the consolidation of the Goodtech Group appear in the following table. Companies owned directly by Goodtech ASA are highlighted.

Company	Group's share	Group's voting share	Registered office	Country
Goodtech AS	100.0 %	100.0 %	Oslo	Norway
Goodtech Recovery Technology AS	100.0 %	100.0 %	Oslo	Norway
Goodtech Electro AS *)	50.0 %	50.0 %	Oslo	Norway
Goodtech Solutions AB	100.0 %	100.0 %	Karlstad	Sweden
Goodtech Solutions Manufacturing AB	100.0 %	100.0 %	Arvika	Sweden
Goodtech Environment AB	100.0 %	100.0 %	Mariehamn	Åland (Finland)

No changes in the Group's ownership or voting rights from previous years in the Group's subsidiaries. All subsidiaries are consolidated. Voting rights correspond to ordinary shares.
Minority interest in Goodtech Electro AS on the balance date is NOK 1.2 million.
The minority interest is not regarded as significant for the Group. Consequently, summarised financial information has not been presented, cf. IFRS 12.

Note 26 Financial risk and financial instruments

(NOK 1,000)

Financial risk
The Goodtech Group has operations in several European countries and is exposed primarily to interest risk, currency risk, liquidity risk and credit risk.

The Board is intending to implement an annual review of procedures for risk management. The Group's management has continuously assesses these risks and establishes guidelines for how they should be handled. Management within each business unit is responsible for ongoing monitoring of risks within their area of responsibility.

Asset management
The Board's goal is to maintain a strong capital base to maintain investor, creditor and market confidence and to develop the business. By ensuring a good ratio between equity and debt, the Group will support its activities and thus maximise the value of its shares. The Group manages its capital structure and makes necessary changes to it based on a continuous assessment of the economic conditions under which the Group is operated as well as general prospects in the short and medium terms.

The Group monitors its capital by assessing its gearing ratio, which is defined as net interest-bearing debt divided by equity. Additionally, the Group's policy is governed by capital requirements (covenants) related to liabilities to banks. The Group should have net interest-bearing debt/EBITDA of a maximum of 2.5.

No companies in the Group are subject to external capital requirements beyond covenants related to debt to banks.

Credit risk
The risk that counterparts do not have the financial ability to meet their obligations is regarded as low. Goodtech has set up clear guidelines and criteria for evaluating credit risk. In addition, the Group has a large spread of customers in terms of both number and size, and customers are mainly financially solid, established companies. The Group has no significant credit risk associated with a single counterpart or counterparts which can be viewed as a group as they present a similar credit risk. The creditworthiness of customers who require credit is regularly assessed. This reduces vulnerability to losses on individual customers, and recent years have shown few losses in this area. There is therefore no requirement for further provisions for such losses. See also Note 18 for information on age distribution and losses.

The Group considers its maximum risk exposure to be the recognised value of trade receivables and other current assets.

Max. credit exposure	2018	2017
Cash and cash equivalents (Note 19)	60,145	67,787
Contract assets (Note 17)	33,936	76,146
Trade receivables (Note 17)	114,583	125,000
Other current receivables (Note 18)	5,658	19,151

Interest rate risk
The Group's exposure to interest rate risks is mainly related to financing at variable interest rates. Excess liquidity is primarily invested in bank deposits and low-risk money market funds. Interest income and interest expenses recognised in the accounts are affected by interest rate fluctuations.

The main objective of managing financial interest rate risk is to reduce the financial risk and to minimise interest expenses over time. The Group's interest-bearing debt is based on variable interest rates. The Group has entered into interest rate swaps, fixed-rate agreements, to hedge against one of the Group's long-term loans. See Note 20.

Sensitivity analysis of interest rate risk
Changes in interest rates on the Group's loan will affect the Group's interest costs. Sensitivity analyses reflect a change in the interest rate of 0.5 base points relative to interest rates as at 31.12.2018. If all interest rates for all currencies had been reduced or increased by 50 base points for Goodtech ASA and its subsidiaries, interest expenses for the Group would be NOK 0.1 million higher or lower as at 31.12.2018 (NOK 0.1 million as at 31.12.2017).

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity management is exercised to ensure that liquidity is sufficient to meet liabilities when they fall due. The Goodtech Group's strategy is to maintain sufficient cash, cash equivalents and credit facilities to be able to finance operations and investments in accordance with the Group's strategic plan. Unused credit facilities are described in Note 20. Excess liquidity is mainly kept in Norwegian kroner.

As of 31.12.2018, the Group has positive liquidity reserves.

The Group monitors its liquidity situation in the short and long terms through active monitoring and management through corporate accounts and in close dialogue with its subsidiaries. The Group carries out periodic monitoring of liquidity and overdue receivables with its subsidiaries and focuses on developments in its working capital.

The table below shows the maturity structure of the Group's financial liabilities based on nominal payments of principal and estimated interest payments. Estimated future interest payments are based on the maturity profile of the Group's financial liabilities.

Maturity profile for the Group's financial liabilities 31.12.2018	**< 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Total**
Interest-bearing liabilities					
Bank loans	1 681	2 606	2 094	10 109	16 490
Settlement interest rate agreement, SWAP	-	-	-	494	494
Withdrawals from business credit	28 591	-	-	-	28 591
Total interest-bearing liabilities	*30 272*	*2 606*	*2 094*	*10 603*	*45 575*
Non-interst-bearing liabilities					
Debt to suppliers	44 194	-	-	-	44 194
Leasing obligations	679	958	958	-	2 594
Other current liabilities	76 184	-	-	-	76 184
Total non-interst-bearing liabilities	*121 057*	*958*	*958*	*-*	*122 973*
Total	151 329	3 564	3 052	10 603	168 548
Future interst payment	289	519	425	720	1 953
Total including interest payments	**151 618**	**4 083**	**3 477**	**11 323**	**170 500**

Maturity profile for the Group's financial liabilities 31.12.2017	**< 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**	**Totalt**
Interest-bearing liabilities					
Bank loans	1 888	3 203	2 042	10 938	18 071
Settlement interest rate agreement, SWAP	-	-	-	702	702
Total interest-bearing liabilities	*1 888*	*3 203*	*2 042*	*11 640*	*18 773*
Non-interst-bearing liabilities					
Debt to suppliers	62 196	-	-	-	62 196
Other current liabilities	76 525	-	-	-	76 525
Total non-interst-bearing liabilities	*138 721*	*-*	*-*	*-*	*138 721*
Total	140 609	3 203	2 042	11 640	157 494
Future interst payment	289	519	425	720	1 953
Total including interest payments	**140 898**	**3 722**	**2 467**	**12 360**	**159 447**

Currency risk
Goodtech is exposed to currency risk, as the Group operates in several countries both within and outside Europe. Contracts are mainly in local currency (NOK, SEK, EUR and USD). Currency fluctuations may result in adjusted income in NOK for foreign projects. The main risks are related to fluctuations in SEK, USD and EUR. However, Group policy is to keep most of the purchases and sales of individual projects in the same currency, thus reducing the risks associated with currency fluctuations.

The recognised value of the Group's net investment in foreign companies fluctuates as the Norwegian krone changes compared with the applicable currencies. Profit after tax for the Group is also affected by changes in exchange rates, as the profits in foreign companies are converted into Norwegian kroner at a weighted average exchange rate for the period.

The Group also has a multi-currency cash system that helps to reduce currency risks. Over the past year, the Group has carried out no significant currency hedging transactions.

Sensitivity analysis of currency risk
The following table shows the Group's sensitivity to potential changes in the krone exchange rate – all other factors being equal. The calculation is based on the same change against all applicable currencies. The effect on earnings comes from changes in the value of monetary items, and the effect on equity is the value of net investments in foreign currency.

	Accounting effect 2018		**Accounting effect 2017**	
	Pre-tax profits	Equity	Pre-tax profits	Equity
10% increase/reduction NOK/SEK	(+/-) 242	(-/+) 143	(+/-) 378	(-/+) 99
10% increase/reduction NOK/EUR	(+/-) 5,904	(-/+) 1,758	(+/-) 212	(-/+) 4,341

Determination of fair value
A list of the recognised amounts and fair values of the Group's financial instruments and how these are recognised in the accounts is shown below. The table also shows at what level in the fair value hierarchy the different measurement methods for the financial instruments measured at fair value are deemed to be according to how objective the measurement method is.

There is no significant difference between the fair value and book value. The recognised value of cash and cash equivalents and business credit approximates fair value because these instruments have short maturities. Similarly, the recognised amount of accounts receivable and accounts payable approximates fair value as these are entered into on 'normal' terms. Liabilities to banks are based on floating interest rates and recognised value is regarded as approximating fair value.

Categories of financial instrument

2018	Note	Valuation level	Financial instruments measured at fair value through total profits	Financial instruments measured at fair value through profits	Financial instruments measured at amortised cost	Total
Financial assets						
Client receivables	14		-	-	114,583	**114,583**
Other current receivables	18		-	-	5,658	**5,658**
Cash and cash equivalents	19		-	-	60,145	**60,145**
Total						**180,386**
Financial liabilities						
Non-current interest-bearing liabilities	20	2	494	-	14,810	**15,303**
Current interest-bearing liabilities	20		-	-	30,272	**30,272**
Trade payables	21	2	-	-	44,194	**44,194**
Leasing obligations	13	3	-	2,594	-	2,594
Other current liabilities	21		-	-	76,184	76,184
Total						**168,548**
Total financial instruments			**494**	**2,594**	**345,845**	**348,934**

2017	Note	Valuation level	Loans and receivables	Assets available for sale	Assets and liabilities at fair value through profit	Assets and liabilities at fair value through comprehensive income	Debt carried at amortised cost	Total
Financial assets								
Current receivables								
Trade receivables	17		125,000	-	-	-	-	**125,000**
Other current receivables			18,150	-	-	-	-	**18,150**
Cash and cash equivalents	19		67,787	-	-	-	-	**67,787**
Other financial assets	15	3		288				**288**
Total								**211,225**
Financial liabilities								
Non-current liabilities								
Loans	20		-		-	-	16,502	**16,502**
Long-term interest rate swap	20	2	-	-	-	702	-	**702**
Total								
Current liabilities								
Loans and credit	20			-	-	-	1,924	**1,924**
Debts to suppliers	21			-	-	-	62,196	**62,196**
Other short-term liabilities	21			-	-	-	76,525	**76,525**
Total								**140,645**
Total financial instruments			**210,934**	**288**	**-**	**702**	**157,147**	**369,074**

Valuation hierarchy
The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the input used in the preparation of the measurements. No financial assets or liabilities have been reclassified in such a way that the valuation method has been changed from amortised cost to fair value or vice versa.

The different valuation levels have been defined as:
Level 1: fair value is measured using quoted prices in active markets for identical financial instruments.
Level 2: fair value is measured using observable inputs other than Level 1 inputs – either directly (prices) or indirectly (derived from prices).
Level 3: fair value is measured using inputs that are not based on observable market data (unobservable inputs).

Note 27 Contingent liabilities

Operational and project risk and uncertainty
From time to time, the Group receives claims resulting from its ordinary operations. This may be warranty claims and claims for damages resulting from injury to persons or property arising from the use of its products and solutions. Management is not aware of any on-going issues that will result in significant liabilities for the Group.

The Group's operations are based on long-term contracts and some of them are fixed-price turnkey contracts. Failure to meet delivery schedules or performance guarantees or increases in contract costs may result in costs that cannot be covered and that may be greater than the income from the project. Where a project is identified as loss-making, provisions to cover future losses are recognised in the accounts. The accounting treatment is based on available information and recommendations. Circumstances and information may change in subsequent periods, and the final outcome may be better or worse than the assessments made at the time of preparation of the accounts.

Legal disputes
At the end of June 2018, the Municipality of Kristiansand terminated the contract for the Odderøya Sewage Treatment Plant and made claims of material breach of contractual obligations on the basis of delayed repair to welding work. At its commencement, the contract had a total value to Goodtech Environment AB (GEAB) of just over NOK 70 million. The project was in its final phase, and Goodtech's deliverables under the contract were essentially complete on the date of termination. Goodtech disagrees that material breach of contractual obligations exists. GEAB's final settlement claim is NOK 38.2 million excl. VAT, and the counterclaim by the Municipality of Kristiansand is almost NOK 47.9 million. GEAB disputes the counterclaim by the Municipality of Kristiansand and maintains its claim for a final settlement. On 1 March 2019, Goodtech took out a summons against the Municipality of Kristiansand.

Bank and corporate guarantees
The Group has provided Nordea and other banks with guarantees in connection with the Group's business credit facilities and guarantees. See Note 20 for further discussion of these guarantees.

Note 28 Transactions with related parties
(NOK 1,000)

Goodtech ASA is the parent company and has direct and indirect ownership and control of six companies as of 31.12.2018. These are presented in Note 25. Transactions between group companies are eliminated in the consolidated accounts. Intercompany balances with the parent company are presented in Note 9 to the Goodtech ASA accounts.

In a few cases, Goodtech enters into purchase and sale transactions with related parties as part of normal business operations. Transactions with related parties constituted NOK 0.1 million in 2018 and apply to paid consultancy fees.

Inter-group transactions are carried out according to separate agreements on the arm's-length principle and joint expenses in Goodtech are distributed among the Group companies in accordance with distribution formulas, depending on the various costs.

The Group has not identified other transactions with related parties than the ones mentioned above. Information on executive management employees is presented in Note 29 to the consolidated accounts.

Note 29 Remuneration for the board, management etc.

(NOK 1,000)

Remuneration of the Board, Board committees and Group management

Board remuneration consists of a fixed annual fee depending on the role on the Board and remuneration for participation in other committees established by the Board. The amounts shown in the table below are remuneration adopted by the general meeting in 2018. Board fees were paid quarterly in arrears in 2018.

See Note 24 for a list of shares held by the board and group management. Shareholdings of directors and executive management includes their families.

Remuneration of the Board	2018	2017
Stig Grimsgaard Andersen (Chairman of the Board)	347	453
Karl Erik Staubo (Member of the Board)	217	283
Terje Thon (Member of the Board)	217	283
Vibeke Strømme (Member of the Board)	217	283
Mimi K. Berdal (Member of the Board from April 2018)	100	–
Anne M. Sødahl Wessel (Member of the Board until April 2018)	117	283
Rolf Johansson (Employee Representative)	108	142
Thomas Bordvik (Employee Representative from April 2018)	50	–
Håvard Kristiansen (Employee Representative until January 2018)	33	142
Total	**1,405**	**1,869**

In 2017, the AGM decided to change the practice of adopting board fees in arrears to approving board member fees for future periods with payment being made in arrears every quarter. Remuneration paid to the Board in 2017 is thus included in fees paid in arrears for the period May 2016 to April 2017 as well as quarterly payment of remuneration for the board period 2017 totalling NOK 0.6 million in 2017.

Remuneration for Audit Committee	2018	2017
Karl-Erik Staubo	14	18
Anne M. Sødahl Wessel (until April 2018)	14	18
Vibeke Strømme	14	14
Terje Thon (from May 2018)	–	–
Total	**42**	**49**

Remuneration for Election Committee	2018	2017
Nicolas Brun-Lie (Chairman of Election Committee)	50	50
Harald Skogholt (Member of Election Committee)	30	30
Mimi Berdal (Member of Election Committee until April 2018)	30	30
Eivind Devold (Member of Election Committee from April 2018)	–	–
Total	**110**	**110**

Remuneration for Remuneration Committee	2018	2017
Stig Grimsgaard Andersen	4	3.5
Anne M. Sødahl Wessel (until April 2018)	4	4
Mimi K. Berdal (from May 2018)	–	–
Total	**7**	**7**

The employee representatives on the Board also receive normal salary, earn pension rights and receive other benefits as employees that are not included in the table above.

Remuneration for Group management	Salary, fees etc.	Pension	Other benefits	Total 2018	Total 2017
Eric Staurset (CEO)	2,336	80	170	2,585	2,127
Synnøve Granli (CFO)	1,524	81	129	1,734	1,952
Magne Reierson (Group Director, Project & Procurement[1])	1,417	77	34	1,529	1,494
Anne Øiseth (Group Director, Sales and Market from June 2017 [1])	1,450	82	199	1,731	958
Jørn Jørgensen (CIO until August 2018)	866	58	65	989	1,277

[1]) Remuneration is paid by a subsidiary in the Group.

Salaries, fees, etc. in the table above include additional allowances and holiday pay beyond the monthly salary. Other benefits include insurance, company car and electronic communications. All figures are exclusive of employer contribution. No loans or guarantees have been granted to group management.

The Board's declaration regarding determination of salary and other remuneration for management

The Board of Goodtech ASA has set out guidelines for salary and other benefits for managerial employees in the company and group companies ('Goodtech' or 'the Group') for the coming financial year. This declaration has been prepared in accordance with Sections 6-16a of the Norwegian Companies Act. This will be considered at the Annual General Meeting in 2019, cf. Sections 5-6, third sentence, of the Norwegian Companies Act.

All companies in the Group must follow these guidelines as set out below. The objective is to coordinate salary policies and

schemes for variable benefits across the Group. These policies constitute a guide for the Board.

1. Main principles for the company's management salary policy
Management salaries must be competitive without Goodtech being a salary leader – the company must be able to attract and retain talented managers
Salaries (total remuneration received) should usually lie around the average level of managerial salaries for comparable managers in similar companies in the country in which the manager is resident.

Managerial salaries must be motivational – the salary must be put together in such a way that it motivates effort continually to improve the company's results.
The main element of the managerial salaries must be the fixed salary, but additional variable benefits may be awarded to motivate managers' efforts on behalf of the company. Variable benefits must be reasonable in relation to the company's profits for the year. In order for these variable benefits to work as an incentive, the criteria must be related to factors that the individual is able to influence. Goodtech wishes the salary system to be structured in such a way as to nurture a team spirit internally in

the group and stimulate efforts that produce results outside the individual's area of responsibility. Part of the overall remuneration may also be awarded in the form of shares in the company.

The salary system must be flexible – so that it can be adapted when required.
In order to be able to offer competitive salaries, Goodtech must have a flexible salary system that can be adapted to special circumstances. Goodtech should have salaries that are competitive in terms of being able to attract and retain executives in the

various geographical areas where Goodtech operates, and the payroll system must be flexible and allow adaptation when required. The salary system must be understandable and acceptable both internally in Goodtech and externally. The salary system should not be disproportionately difficult to explain to the public and should not be disproportionately complex to manage.

2. Principles for determining salary levels
The basis for determining salary levels must be the overall level of fixed salary and other benefits. This level must be competitive, but not lead the market. The fixed salary should usually form the main element of any manager's salary.

3. Principles for benefits that can be given in addition to fixed salary
Remuneration for executive management employees may be awarded in addition to the fixed salary:

- Benefits in kind
- Bonuses
- Share-based remuneration
- Pension schemes
- Early retirement schemes
- Other remuneration

Specific benefits are detailed below. Unless otherwise indicated below, no special conditions, frameworks or allocation criteria apply to the benefit concerned.

Benefits in kind
Benefits in kind will usually consist of car scheme, newspaper/magazine subscriptions and electronic communication. Allocation of benefits in kind must be related to function or in line with market practice. These benefits should not be significant in relation to salary.

Bonuses
Goodtech has elected to establish a uniform bonus scheme for managerial staff in the Group from 2018. Bonuses may constitute a sum of up to one month's salary on the basis of various terms and conditions.

The Group CEO has a bonus scheme of up to 25% of his fixed salary on terms set by the Board.

Share-based remuneration
The Group currently has no established bonus schemes or share-based incentive programmes in place for management. If the Group establishes a share-saving scheme for employees, management employees will be given the opportunity to participate on an equal footing. The Group has not had a share-saving scheme in place for employees in 2018.

The Board may also in the current and coming financial year establish share-saving schemes for employees, including the CEO and other senior executives. The Board proposes that the general meeting give the Board authority to purchase own shares for this purpose.

Pension schemes
Managerial employees are included in the Group's pension and insurance schemes for all employees. This ensures that they receive a pension commensurate with their salary levels.

Early retirement benefits
The CEO and Group Directors have an agreement on early retirement schemes of up to six months.

The mutual notice period for the CEO is six months. If Goodtech should terminate the employment, it is agreed that, in addition to salary, a package corresponding to up to six months' salary will be provided. The Group CEO should usually have an agreement in place that allows the Group CEO to step down immediately, should this be in the interest of the Company. Early retirement pay must therefore be sufficiently favourable for the CEO to accept an agreement on a reduced notice period.

Agreements on pay after termination can be entered into for other managers to ensure that the composition of managers is always in the Company's interests. Such agreements will in accordance with the Norwegian Working Environment Act not be binding on any managerial employees except the CEO.

Early retirement schemes must be designed so that they are acceptable internally and externally. In addition to salary and other compensation in the notice period such schemes must not entail rights to early retirement benefit for more than 6 months.

Other remuneration
Other variable elements in the remuneration may be used or other special benefits allocated than set out above if this is deemed to be practical in order to attract and/or retain managers. No special limitations exist to the benefits that may be agreed.

General information
The Board has established a Remuneration Committee which is a preparatory and advisory committee to the Board. The task of the Remuneration Committee is:

- To prepare cases for the Board's consideration and decision on the remuneration of, and other matters relating to, the Company's senior executives.
- To prepare the Board's assessments and decisions regarding the Board's declaration on salary and other remuneration to senior executives in accordance with Section 6, 16a of the Norwegian Public Companies Act.
- To propose guidelines for compensation and terms of employment for the Company's executive management.

Remuneration for the CEO is determined by the Chairman of the Board in consultation with the Board. Remuneration for other management is determined by the CEO in consultation with the Chairman of the Board. The company uses standard employment contracts and standard employment terms regarding notice periods and payment on termination of employment for the positions of CEO and Group Directors.

Note 30 Events after the balance sheet date

No important events after the balance sheet date have significantly affected the Group's financial position and no such event is therefore reflected in the accounts.

Alternative target figures/performance targets

Goodtech presents some alternative target figures/performance targets in its interim report as a supplement to the profit and loss account prepared according to IFRS. Such target figures are often used by analysts, investors and other stakeholders. Their purpose is to provide enhanced insight into the company's operations, financing and future prospects.

Performance targets:
EBITDA and EBIT are concepts that are normally used by analysts and investors.

EBITDA is an abbreviation of earnings before interest, taxes, depreciation and amortisation and equals operating profits before depreciation and write-downs in the annual report.

EBIT is an abbreviation of earnings before interest and taxes and equals operating profits in the annual report.

EBITDA margin is used to compare relative results between periods. EBITDA margin is calculated as EBITDA/operating income.

Order book:
The order book is presented as an alternative performance target, as it indicates the company's earnings and operations in the future.

Represents the estimated value of remaining work on signed contracts.

Financial target figures:
Alternative target figures for financing and equity are presented as they are indicators of the company's ability to fund and service its debt.

Net interest-bearing debt Cash and cash equivalents minus interest-bearing debt.

Equity ratio: Total equity/Total assets.

Profit and loss account Goodtech ASA parent company

1 January - 31 December

(NOK 1,000)	Note	2018	2017
Operating income			
Sales income	2	7,018	6,643
Total operating income		7,018	6,643
Operating costs			
Payroll costs	3	7,919	10,734
Depreciation and amortisation	7	1,774	2,348
Other operating costs	3, 4	13,461	4,736
Total operating costs		23,155	17,823
Operating profits		**-16,137**	**-11,178**
Financial income and expenses			
Income from investments in subsidiaries	5	16,686	681
Other financial income	5	1,273	1,742
Total financial income		**17,960**	**2,422**
Financial costs			
Depreciation of other financial assets	5	5	-
Depreciation financial fixed assets	5	12,123	-
Other financial costs	5	707	849
Total financial costs		**13,832**	**849**
Net financial items		**4,127**	**1,573**
Pre-tax profits		**-12,009**	**-9,604**
Tax costs	6	2,272	-382
Profits for the year		**-14281**	**-9,223**
Transfers and allocations			
Uncovered loss carried forward	13	-14,281	-9,223
Total allocations		**-14,281**	**-9,223**

Balance sheet as of 31 December

(NOK 1,000)	Note	2018	2017
ASSETS			
Fixed assets			
Intangible assets			
Deferred tax assets		43,126	45,397
Total intangible assets		43,126	45,397
Fixed assets			
Fixed assets		4,307	5,825
Total fixed assets		4,307	5,825
Financial assets			
Investments in subsidiaries	10	177,612	187,560
Loans to group companies	9	1,557	1,539
Total financial assets		179,168	189,099
Total fixed assets		226,601	240,321
Current assets			
Receivables			
Receivables from group companies		41,796	8,561
Other current receivables	9	985	806
Total receivables		42,744	9,367
Cash and cash equivalents	8	37,261	28,891
Total current assets		80,005	38,258
TOTAL ASSETS		**306,606**	**278,579**

(NOK 1,000)	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	12, 13	45,752	45,752
Own shares	13	-726	-569
Other paid-in equity	13	389,808	389,808
Total paid-in equity		**434,834**	**434,991**
Retained equity			
Uncovered loss	12	-182,196	-167,601
Total retained equity		**-182,196**	**-167,601**
Total equity		**252,638**	**267,390**
Liabilities			
Current liabilities			
Debts to suppliers		2,161	2,100
Unpaid public taxes		-104	314
Current liabilities to group companies		50,857	1,456
Other current liabilities	9	1,054	7,320
Total current liabilities		**53,969**	**11,189**
Total liabilities		**53,969**	**11,189**
TOTAL EQUITY AND LIABILITIES		**306,606**	**278,579**

Oslo, 20 March 2019

Stig Grimsgaard Andersen
Chairman of the Board

Karl-Erik Staubo
Member of the Board

Vibeke Strømme
Member of the Board

Terje Thon
Member of the Board

Mimi K. Berdal
Member of the Board

Rolf Johansson
Member of the Board,
Employee Representative

Thomas Bordvik
Member of the Board,
Employee Representative

Eric Staurset
CEO

Cash flow statement

(NOK 1,000)	Notes	2018	2017
Cash flow from operating activities			
Profits for the year		-14,281	-9,223
Adjusted for:			
- Tax costs	6	2,272	-382
- Amortisation	7	1,774	2,348
- Net interest income	5	-717	-667
- Group contributions and dividends recorded as financial income		-16,686	-931
- Net depreciation shares and financial assets		21,223	–
Changes to working capital:			
- Trade receivables and other receivables		485	3,326
- Trade payables and other current liabilities		-2,471	-4,970
Change provisions and other time limits		-913	1,379
Net cash flow from operating activities		**-9,314**	**-9,120**
Cash flow from investment activities			
Purchase of fixed assets	7	-257	-1,592
Shareholder contribution subsidiaries		-1,147	-428
Net cash flow from investment activities		**-1,404**	**-2,020**
Cash flow from financial activities			
Payment of group contributions and dividends		881	250
Purchase/sale of own shares		-471	218
Change in withdrawals group account		18,679	-2,566
Net cash flow from financial activities		**19,089**	**-2,098**
Net change in cash and cash equivalents		8,371	-13,239
Balance of cash and cash equivalents as of 01.01	8	28,891	42,130
Balance of cash and cash equivalents as of 31.12	**8**	**37,261**	**28,891**

Notes to the accounts for 2018 for the Goodtech ASA parent company

Note 1 - Accounting principles

Use of estimates
In the preparation of these accounts, the management has used estimates and prerequisites that have affected the profit and loss account and the valuation of assets and debt as well as unsecured assets and liabilities on the balance date in accordance with good accounting practice.

Currency
Foreign exchange transactions are calculated at the exchange rate applicable at the time of the transaction. Monetary items in foreign currency are converted to Norwegian kroner by using the rate of exchange on the transaction date. Non-monetary items which are measured at fair value expressed in foreign currency are converted to the exchange rate determined at the time of measuring. Foreign currency fluctuations are recognised in the profit and loss account continuously over the accounting period.

Criteria for recognition of income
Income is recognised when it is earned, i.e. when the claim for payment arises. This takes place when the service is provided, as the work is carried out. Income is recognised by the value of the payment on the transaction date.

Taxes
Tax costs are presented together with the ordinary pre-tax profits. Tax costs consist of payable tax and changes in deferred tax. Deferred tax/tax advantage is calculated on all differences between accounting and tax values of assets and liabilities. Deferred tax/tax advantages are calculated on all differences between accounting and tax value on assets and debt. Deferred tax is calculated as 22 % on the basis of the temporary differentials that exist between accounting and tax values and tax deficits to be carried forward at the end of the financial year. Net deferred tax assets are recognised to the extent that it is probable that they will be utilised. Payable tax and deferred tax are recognised in the profit and loss account to the extent that the tax items relate to items recognised directly in equity.

Classification and valuation of balance sheet items
Current assets and short-term debt include items which become due for payment within a year after the balance date and items associated with the goods cycle. Other items are classified as fixed asset/long-term debt.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is recognised in the balance sheet at the nominal amount at the time it is taken out.

Fixed assets are valued at acquisition price, but are written down to fair value if the decrease in value is not expected to be temporary. Long-term debt is recognised in the balance sheet at the nominal amount at the time it is taken out.

Cash and cash equivalents
Cash and cash equivalents for the company comprise cash, separate company bank deposits and net overdraft balance on the group account. The difference in net outstanding on the Company's account in the Group's cash pool arrangement and net deposits in the cash pool arrangement for the Group overall will be presented as intercompany balances.

Tangible fixed assets
Fixed assets are recognised in the balance sheet at acquisition cost minus the accumulated ordinary depreciation and amortisation. Fixed assets are recognised and depreciated on a straight-line basis over the anticipated life of the asset.

Direct maintenance of equipment is recognised continuously as an expense under operating expenses, while increased costs or improvements are added to the equipment's price and amortised concurrently. If the recoverable value of the equipment is lower than the recognised value, depreciation is carried out to the recoverable amount. Recoverable amount means the highest of net sales price and value in use. Value in use is the present value of future cash flows that the asset is expected to generate.

Subsidiaries/affiliated companies/companies under joint control
Subsidiaries, affiliated companies and companies under joint control are assessed using the cost method in the company accounts. Investments have been assessed at their share acquisition price unless write-down has been necessary. Write-down to fair value has taken place when a decrease in value is due to factors that are not deemed to be temporary and when this is deemed necessary in accordance with good accounting practice. Write-down is reversed when the basis for the write-down no longer exists.

Dividends, group and other distributions from subsidiaries are recognised in the same year as appropriated in the subsidiary's accounts. If the dividend/group contribution should exceed the percentage of earned income after acquisition, the excess represents repayment of invested capital, and the distribution is deducted from the investment value in the balance sheet.

Receivables
Trade receivables and other receivables are recognised in the balance sheet at their nominal value after deductions for provision for expected loss. Provision for losses is made on the basis of individual assessment of each liability.

Short-term positions
Short-term positions (shares and units as current assets) are valued at the lower of cost or fair value on the balance sheet date. Dividends and other distributions from the companies are recognised as other financial income.

Leasing
Rental agreements are assessed as financial or operational leasing based on an evaluation of the individual agreement. Equipment covered by rental agreements deemed to be financial leasing is recognised in the balance sheet and depreciated as ordinary business equipment. Payment of the rental liability is recognised as non-current liability. The liability is reduced by paid rent after deduction of calculated interest costs. Operational leasing agreements are recognised in the balance sheet only to the extent that advance payment has been made to the lessor. The rental payments are classified as operating expenses and is distributed on a straight-line basis over the rental period.

Transactions with related parties
Transactions between group companies take place subject to standard market terms.

Cash flow statement
The cash flow statement has been prepared according to the indirect method. This means that the analysis is based on the unit's annual results in order to present cash flow from ordinary operations, investment activity and financing activity.

Note 2 - Geographical distribution of income
(NOK 1,000)

Country	2018	2017
Norway	3,691	3,233
Sweden	1,598	1,614
Finland	1,729	1,796
Total	7,08	6,643

Note 3 - Payroll costs, number of employees, loans to employees and auditor remuneration
(NOK 1,000)

Salary costs	2018	2017
Payroll	6,444	8,548
Employer tax	992	1,611
Pension costs	161	317
Other benefits	323	258
Total	**7,919**	**10,734**

Salaries include board fees of NOK 1.4 million in 2018 (NOK 1.3 million in 2017).
The company has had four full-time employees in the financial year. Two full-time employees as at 31.12.2018.
For information on remuneration for the Board and executive management, see Note 29 to the consolidated accounts.

Compulsory occupational pension – OTP
The company has an agreement on a defined contribution pension, the Compulsory Occupational Pension (OTP). The scheme meets statutory requirements for compulsory occupational pensions. The scheme covers all employees. Pension premium paid is recognised continuously over the year.

Auditor remuneration	2018	2017
Audit fee, statutory audit	466	443
Other certification services	-	25
Total remuneration	**466**	**467**

VAT is not included in the audit fee.

Note 4 - Other operating costs

(NOK 1,000)

Other operating costs	2018	2017
Rent and commercial premises	313	513
Maintenance/service agreements	6	148
Travel expenses	67	112
Car expenses	196	181
Sales and marketing costs	19	56
Foreign services etc.	2,802	1,788
Postage and telephone costs	110	180
Provisions for bad debts	8,102	-58
Exchange, VPS costs etc.	711	744
Other operating costs	1,136	1,075
Total	**13,461**	**4,739**

A provision for bad debts is related to an uncertain claim against one of its subsidiaries. The claim is related to a development project which in the consolidated accounts has been written down after the update of the estimated utility value. See also Note 14 to the consolidated accounts.

Note 5 - Financial income/financial expenses

(NOK 1,000)

Financial income	2018	2017
Group contribution received	16,686	681
Interest income within the Group	946	1,275
Other interest income	128	–
Other financial income	–	217
Dividends	200	250
Total	**17,960**	**2,423**
Financial costs		
Interest costs within the Group	-288	-607
Depreciation financial fixed assets	-13,123	–
Depreciation financial current assets	-5	–
Other interest costs	-214	-240
Other financial expenses	-201	-2
Total	**-13,832**	**-849**
Net finance	**4,127**	**1,573**

The Group's Norwegian subsidiaries form part of the parent company's group account arrangement with Nordea. Interest costs in subsidiaries at net amounts payable to Goodtech ASA which, with Nordea, is the other legal party. Goodtech ASA is charged total interest costs on the cash pool arrangement.

Note 6 - Tax

(NOK 1,000)

Annual tax is distributed as follows:	2018	2017
Change in deferred tax	2,272	-382
Total tax costs	2,272	-382

Calculation of the year's tax basis:	2018	2017
Pre-tax profits	-12,009	-9,604
Permanent differences	430	33
Impairment of shares recognised during the year	13,128	–
3% of tax-free income according to exemption method	6	7
Reversal of recognised dividends	-200	-250
Recognised group contributions	-16,686	-681
Change in temporary differences	8,179	67
Ordinary income	-7,152	-10,428
Group contribution received	16,686	681
Annual tax basis	9,534	-9,748

Deferred tax/deferred tax assets	2018	2017
Fixed assets incl. goodwill	-789	-705
Outstanding receivables	-20,400	-12,300
Profit and loss account	-20	-25
Offset deferred tax liabilities	174,817	184,350
Basis deferred tax assets	**196,025**	**197,380**
Deferred tax assets	**43,126**	**45,397**

Note 7 – Plant and equipment

(NOK 1,000)

Machinery and fixtures	2018	2017
Acquisition costs as at 1.1	15,149	13,558
Acquired plant and equipment	257	1,591
Acquisition costs 31.12	15,406	15,149
Accumulated depreciation 31.12.	-11,099	-9,324
Recognised in balance sheet as of 31.12	**4,307**	**5,825**
Annual depreciation	**1,774**	**2,348**
Economic life		3-10 years
Depreciation plan		Linear

Significant leases

Goodtech ASA leases offices at Innspurten 15 in Helsfyr. These offices are sublet by the subsidiary Goodtech AS. Rental costs are approx. NOK 0.3 million per annum.

Note 8 - Cash and cash equivalents

(NOK 1,000)

	2018	2017
Deposits/withdrawals including group account	11,741	-6,936
Bank deposits excluding group account	25,519	35,826
Total cash and cash equivalents	37,261	28,891
Total cash and cash equivalents as presented in the balance sheet	37,261	28,891

Deposits/Withdrawals from the group account arrangement are classified as other current receivables and current interest-bearing liabilities in the balance sheet. NOK 0.3 million of company funds are bound up in owed tax. The corresponding amount as at 31.12 last year was NOK 0.4 million.

See Note 19 to the group accounts for a description of the group accounts arrangement.

Note 9 - Liabilities

(NOK 1,000)

Other short-term liabilities	**2018**	**2017**
Current liabilities Group	50,857	6,820
Un paid salary and holiday allowance	497	1,356
Accrued costs	557	599
Total other short-term liabilities	**51,911**	**8,775**

See also Note 20 to the consolidated accounts for information on the Group's business credit facility.

Note 10 - Balances between group companies

(NOK 1,000)

Receivables	**2018**	**2017**
Loans to group companies	1557	1,539
Other receivables group	41,760	8,561
Total	**43,317**	**10,101**

Other short-term liabilities	**2018**	**2017**
Trade payables within group	519	182
Other current liabilities group	50,857	6,820
Total	**51,376**	**7,002**

Loans to group companies consist of loans to Goodtech Solutions Manufacturing AB of NOK 1.55 million. The loan is due for payment 30 days after demand from the lender and are classified as non-current liabilities. Loans are provided on market terms.

Other balances between group companies mainly relate to deposits on the group account arrangement and some purchase and sale of services.

The Group's Norwegian and Swedish subsidiaries are part of the parent company's group account arrangement with Nordea. As of 31.12.2018, the subsidiaries had deposits on the group account totalling NOK 11.7 million (as of 31.12.2015: withdrawals of NOK 6.9 million). The balance related to the group account arrangement is presented gross in the table above.

Note 11 - Subsidiaries

(NOK 1,000)

Company	Office	Owner/voting share	Acquisition cost	Acc. increase/ write-downs	Recognised value as of 31.12
Goodtech AS	Norway	100%	161,065	-	161,065
Goodtech Environment AB	Åland (Finland)	100%	21,822	-21,822	-
Goodtech Solutions AB	Sweden	100%	66,806	-50,759	16,047
Goodtech Electro AS	Norway	50%	500	-	500
Goodtech Recovery Technology AS	Norway	100%	1,139	-1,139	-
Total			251,332	-73,720	177,612

Impairment of financial assets – investments in subsidiaries

Goodtech ASA conducts annual testing of impairment of investments in subsidiaries. If there are indications that the values of the assets are no longer recoverable, an impairment test will immediately be carried out to determine whether the asset can still justify its carrying value. If new estimates conclude that the value is no longer recoverable, impairment of assets to their recoverable amount is carried out, the higher of net realisable value and utility value (discounted cash flow). In 2018, this led to a write-down of NOK 13.1 million on the investment in Goodtech Environment AB to a value of NOK 0. The reason for the write-down is the company's negative results in 2018 as a result of cost increases and disputed claims in historically concluded projects. See detailed information in the consolidated accounts. See Note 14 to the consolidated accounts for further information to the assumptions used in calculating the estimated recoverable value.

Note 12 - Share capital

For information about share capital/shareholders in the company/equity, see Note 24 to the consolidated accounts.

Note 13 – Equity

(NOK 1,000)

	Share capital	Own shares	Other paid-in equity	Uncovered loss	Total
Equity 1.1.	45,752	-569	389,808	-167,601	267,390
Profits for the year	-	-	-	-14,281	-14,281
Other changes	-	157	-	-314	-471
Equity 31.12	**45,752**	**-726**	**389,808**	**-182,196**	**252,638**

Note 14 - Collateral and guarantees

The Group's subsidiaries form part of the parent company's group account arrangement with Nordea. The Group's deposits on the credit facility under the group account arrangement was NOK 37.3 million as of 31.12.2018. Subsidiaries' outstanding balances with the parent company under this arrangement are shown in Note 20. For further information about the group's loans and credit facilities, see Note 20 to the consolidated accounts.

Goodtech ASA has bank guarantees in place that are also used by its subsidiaries. Total credit facilities are NOK 160 million where NOK 103.7 million have been withdrawn as of 31 December 2018.

Goodtech ASA additionally makes available other guarantees on behalf of its subsidiaries to customers and suppliers as part of standard operations. As of 31.12.2018, parent company guarantees constituted NOK 6.9 million.

Goodtech ASA has provided Westra Wermlands Sparebank with security of up to SEK 2 million for various bank loans supplied to Goodtech Solutions Manufacturing AB. For collateral and guarantees, see Note 20 to the consolidated accounts.

Note 15 Financial market risk

The company does not use financial instruments for the management of financial risk.

Interest rate risk
Interest rate risk arises in the short and medium term as a result of the company's debt being at a variable rate.

Currency risk
The company is at low risk from developments in currency exchange rates. Loans to companies within the group are mainly in Norwegian kroner.

Note 16 Related parties

The purchase and sale of goods and services between group companies and related parties are all on market terms. Loans between group companies are based on market terms.

No remuneration was paid by the parent company to related parties with the exception of the group companies and employees in 2018. See Note 28 to the consolidated accounts for a detailed summary of transactions with related parties.

Note 17 Events after the balance sheet date

No important events after the balance sheet date have significantly affected the Group's financial position and no such event is therefore reflected in the accounts.

Declaration from the Board and CEO

The Board and CEO have today reviewed and approved the Annual Report and Annual Accounts for Goodtech ASA, the Group and the parent company as at 31 December 2018.

The Consolidated Annual Accounts have been produced in accordance with the EU-approved IFRSs and related interpretation statements and further Norwegian disclosure requirements contained in the Norwegian Accounting Act and which must be applied as at 31.12.2018. The Annual Accounts for the parent company have been produced in accordance with the Norwegian Accounting Act and Norwegian accounting practice as at 31.12.2018. The Annual Report for the Group and parent company complies with the provisions contained in the Norwegian Accounting Act and Norwegian accounting practice no. 16 as at 31.12.2018.

To the best of our knowledge:

- these Annual Accounts for 2018 for the parent company and the Group meet all current accounting standards
- the information contained in the accounts provides a true picture of the Group's assets, liabilities and financial position and profits as a whole as at 31 December 2018
- the annual report for the Group and parent company provides a true summary of
  - the developments, results and position of the Group and parent company
  - the most important risk and uncertainty factors facing the Group and Company

Oslo, 20 March 2019

Stig Grimsgaard Andersen
Chairman of the Board

Karl-Erik Staubo
Member of the Board

Vibeke Strømme
Member of the Board

Terje Thon
Member of the Board

Mimi K. Berdal
Member of the Board

Rolf Johansson
Member of the Board,
Employee Representative

Thomas Bordvik
Member of the Board,
Employee Representative

Eric Staurset
CEO

To the Annual Shareholders' Meeting of Goodtech ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Goodtech ASA, which comprise:

- The financial statements of the parent company (the Company), which comprise the balance sheet as at 31 December 2018, and the profit and loss account, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The group consolidated financial statement of Goodtech ASA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018, and consolidated profits, total consolidated profits, changes in group equity, and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

- The accompanying 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.

The Group's business activities has in general been unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new key audit matters for the audit of the 2018 financial statements. In this light, our focus have been the same in 2018 as in the previous year.

Key Audit Matter	How our audit addressed the Key Audit Matter
Carrying value of goodwill (See note 14)	
Goodwill was also in focus for our 2018 audit. Despite improved results compared to 2017, the conclusions of the impairment test for goodwill are dependent on complex calculations, evaluations and judgemental assumptions. Consequently, the impairment test has been a focus area also in 2018.	We reviewed the group's impairment analysis for goodwill. The documentation contains an assessment of cash generating units (CGUs) and important assumptions made by management. We observed that the analysis was based on discounted cash flows and ensured that the analysis was in accordance with the requirements in IFRS, as adopted by EU, and that the model calculated the numbers correctly.
Management's judgment is linked to estimates of future revenue, operating costs, future required investments and discount rate.	We challenged management's assumptions related to revenue, operating costs, and future required investments, by comparing these to historical performance and board approved budgets. We found that the assumptions was anchored in historical results and in line with budgets.
Goodwill totals NOK 145.6 million as of 31 December 2018. No write-down was recognised on goodwill in 2018.	The reasonableness of the discount rate was tested by comparing it to empirical data, expected future interest rates, appropriate risk premium and debt ratio. The discount rate used appears reasonable.
	We evaluated whether information in the key notes appropriately reflected the information we obtained about the impairment assessment and whether the disclosures satisfied IFRS requirements.
Accounting for fixed-price contracts	
The company's operations largely consists of projects and sales of fixed-price services, see more in note 4. Estimates and judgement are of central importance to the accrual of project income and expenses.	We obtained and read a sample of the larger contracts and found that the group's calculation of percentage of completion was consistently and appropriately accomplished.
The accounting of projects affects several items in the financial statements, including revenue, expenses, accounts receivable, contract assets, accounts payable, contractual obligations and deferred tax.	We mapped and evaluated the company's internal controls in place to ensure that the completeness of costs are recorded on the correct project. Our testing did not note any exceptions. We also mapped that the group has controls in place where management in meetings challenges the project managers' judgement. The controls are put in place to ensure that that projects progress as planned and estimated costs are up to date, including adequate provisions for costs related to the projects.
The company records a significant part of its revenues based on degree of completion. Degree of completion is either	

based on accrued costs as of the balance sheet date calculated as a proportion of estimated total costs, or hours incurred as a proportion of total estimated hours. We focused on this matter because choosing the methodology for calculating degree of completion is dependent on management's judgement.

Further we focused on the assessment of total estimated costs, including degree of completion, as the degree of completion can have a material impact on the statement of income. The assessments of total estimated costs and degree of completion involves use of management judgement.

Management prepared an assessment of estimated costs and degree of completion at the project level. We reviewed the reasonableness of management's assumptions by interviewing project managers and other key personnel about what the assumptions and estimates are based on; inquiring around accrued costs and hours compared to budgeted costs and hours; comparing ongoing projects to actual results on completed similar projects by reviewing project financials; making our own assessment of the degree of completion of the projects reviewed and by challenging management on the provisions and evaluating the degree of completion compared to amount invoiced. We found no deviations of significance in management's assessments.

To verify the accuracy of the project accounting we reconciled the general ledger and the timesheet system to the project accounts. We ensured that the degree of completion was correctly calculated by the system.

We evaluated whether the information in the key notes 17 and 22 are consistent with information gathered from the audit of the projects and we evaluated whether the disclosure requirements in IFRS 15 were satisfied.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except 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 parent 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 parent 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 and 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 proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to 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, 20 March 2019
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.