Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	999 647 308
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	HANSEN PROTECTION ASA
Forretningsadresse:	Tykkemyr 27
	1597 MOSS

Regnskapsår

Årsregnskapets periode:	01.01.2018 - 31.12.2018

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Carine Engen
Dato for fastsettelse av årsregnskapet:	14.06.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

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Brønnøysundregistrene, 17.08.2020

Resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Kostnader			
Remunerations	8	615 000	753 000
Other operating expenses	6,7	30 333 000	994 000
Sum kostnader		**30 948 000**	**1 747 000**
Driftsresultat		**-30 948 000**	**-1 747 000**
Finansinntekter og finanskostnader			
Finance income	11	8 000	1 796 000
Sum finansinntekter		**8 000**	**1 796 000**
Finance expenses	11	23 687 000	31 833 000
Sum finanskostnader		**23 687 000**	**31 833 000**
Netto finans		**-23 679 000**	**-30 037 000**
Ordinært resultat før skattekostnad		**-54 627 000**	**-31 784 000**
Income tax expense	4	-5 944 000	-1 710 000
Ordinært resultat etter skattekostnad		**-48 683 000**	**-30 074 000**
Årsresultat		**-48 683 000**	**-30 074 000**
Overføringer og disponeringer			
Transfer from other equity		-48 683 000	-30 074 000
Sum overføringer og disponeringer		**-48 683 000**	**-30 074 000**

Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	2,3	630 285 000	612 035 000
Sum finansielle anleggsmidler		**630 285 000**	**612 035 000**
Sum anleggsmidler		**630 285 000**	**612 035 000**
Omløpsmidler			
Varer			
Fordringer			
Other receivables	1,3	27 467 000	3 000 000
Sum fordringer		**27 467 000**	**3 000 000**
Bankinnskudd, kontanter og lignende			
Cash		987 000	6 716 000
Sum bankinnskudd, kontanter og lignende		**987 000**	**6 716 000**
Sum omløpsmidler		**28 454 000**	**9 716 000**
SUM EIENDELER		**658 739 000**	**621 751 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		75 050 000	66 725 000
Beholdning av egne aksjer		-251 000	79 000
Overkurs		363 232 000	371 557 000
Sum innskutt egenkapital		**438 031 000**	**438 361 000**
Opptjent egenkapital			

Balanse

Beløp i: NOK	Note	2018	2017
Udekket tap		86 528 000	37 845 000
Sum opptjent egenkapital		**-86 528 000**	**-37 845 000**
Sum egenkapital		**351 503 000**	**400 516 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	4	865 000	1 857 000
Sum avsetninger for forpliktelser		**865 000**	**1 857 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	10	277 673 000	218 255 000
Sum annen langsiktig gjeld		**277 673 000**	**218 255 000**
Sum langsiktig gjeld		**278 538 000**	**220 112 000**
Kortsiktig gjeld			
Leverandørgjeld		202 000	139 000
Current tax liability		797 000	0
Other current liabilities	9	27 698 000	985 000
Sum kortsiktig gjeld		**28 697 000**	**1 124 000**
Sum gjeld		**307 235 000**	**221 236 000**
SUM EGENKAPITAL OG GJELD		**658 738 000**	**621 752 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Revenue and other income	6,7	414 635 000	307 979 000
Sum inntekter		**414 635 000**	**307 979 000**
Kostnader			
Purchase of goods and materials	16	104 119 000	64 928 000
Payroll and other personell expenses	8,9	89 287 000	71 128 000
Depreciation	11,15	37 604 000	28 653 000
Amortisiation and impairment	14	45 292 000	31 551 000
Other operating expenses	10	103 154 000	53 081 000
Other gains and losses	12,5	-2 778 000	-162 000
Sum kostnader		**376 678 000**	**249 179 000**
Driftsresultat		**37 957 000**	**58 800 000**
Finansinntekter og finanskostnader			
Finance income		345 000	136 000
Sum finansinntekter		**345 000**	**136 000**
Finance expenses	13	75 814 000	81 535 000
Sum finanskostnader		**75 814 000**	**81 535 000**
Netto finans		**-75 469 000**	**-81 399 000**
Ordinært resultat før skattekostnad		**-37 512 000**	**-22 599 000**
Income tax expense		-2 110 000	1 567 000
Ordinært resultat etter skattekostnad		**-35 402 000**	**-24 166 000**
Årsresultat		**-35 402 000**	**-24 166 000**
Minoritetsinteresser			0
Årsresultat etter minoritetsinteresser			**-24 166 000**
Exchange differences on translation of foreign operations		2 764 000	6 493 000
Remeasurements o defined benefit plan		8 000	0

Konsernets resultatregnskap

Beløp i: NOK	Note	2018	2017
Sum resultatkomponenter for IFRS-foretak		2 772 000	6 493 000
Totalresultat		**-32 630 000**	**-17 673 000**

Konsernets balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	14	1 101 898 000	1 120 747 000
Sum immaterielle eiendeler		**1 101 898 000**	**1 120 747 000**
Varige driftsmidler			
Property, plant and equipment	11,15	156 194 000	129 388 000
Sum varige driftsmidler		**156 194 000**	**129 388 000**
Finansielle anleggsmidler			
Receivables		1 836 000	291 000
Sum finansielle anleggsmidler		**1 836 000**	**291 000**
Sum anleggsmidler		**1 259 928 000**	**1 250 426 000**
Omløpsmidler			
Varer			
Inventories	16	111 369 000	114 301 000
Sum varer		**111 369 000**	**114 301 000**
Fordringer			
Trade receivables and other receivables	4,5,17	64 060 000	45 949 000
Sum fordringer		**64 060 000**	**45 949 000**
Bankinnskudd, kontanter og lignende			
Cash	18,5	62 356 000	47 482 000
Sum bankinnskudd, kontanter og lignende		**62 356 000**	**47 482 000**
Sum omløpsmidler		**237 785 000**	**207 732 000**
SUM EIENDELER		**1 497 713 000**	**1 458 158 000**

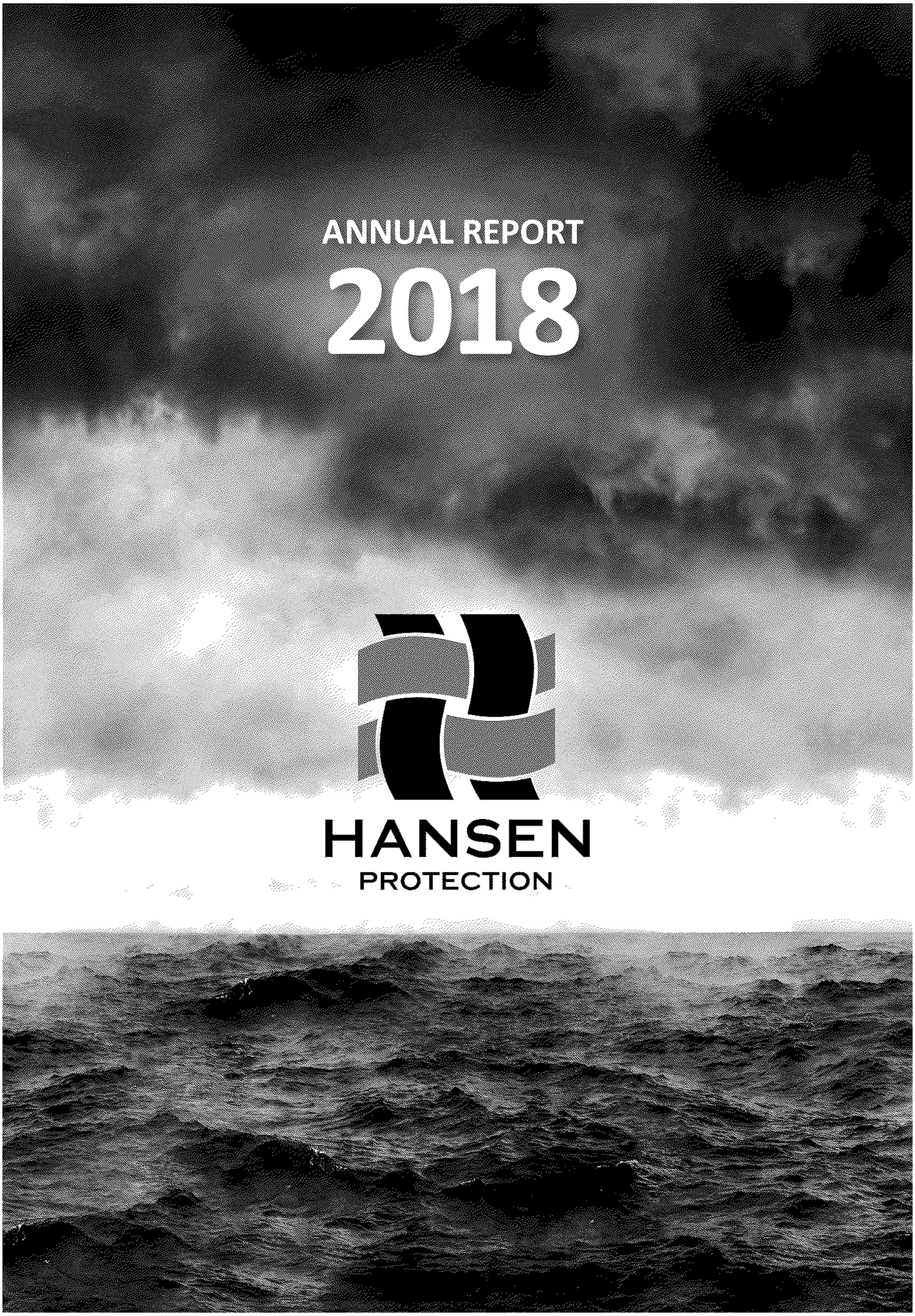
BALANSE - EGENKAPITAL OG GJELD

Konsernets balanse

Beløp i: NOK	Note	2018	2017
Egenkapital			
Innskutt egenkapital			
Share capital	23	75 255 000	66 658 000
Beholdning av egne aksjer	23	-251 000	78 000
Overkurs	23	363 232 000	371 557 000
Sum innskutt egenkapital		**438 236 000**	**438 293 000**
Opptjent egenkapital			
Udekket tap		89 337 000	54 657 000
Minoritetsinteresser		19 289 000	
Sum opptjent egenkapital		**-70 048 000**	**-54 657 000**
Sum egenkapital		**368 188 000**	**383 636 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	22	846 000	479 000
Utsatt skatt	19	29 758 000	36 153 000
Leasing liability	4,11,20	49 232 000	46 820 000
Sum avsetninger for forpliktelser		**79 836 000**	**83 452 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	4,5,20	898 868 000	868 710 000
Derivative financial intrument	4,5	0	4 045 000
Other non current liabilities	20,24	0	19 261 000
Sum annen langsiktig gjeld		**898 868 000**	**892 016 000**
Sum langsiktig gjeld		**978 704 000**	**975 468 000**
Kortsiktig gjeld			
Leverandørgjeld	4,5,21	73 939 000	38 148 000
Current tax liability		7 019 000	9 127 000
Lease liability	4,11,20	11 612 000	11 282 000
Other current liabilities	4,5,20,24	58 251 000	40 497 000
Sum kortsiktig gjeld		**150 821 000**	**99 054 000**

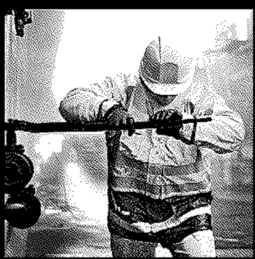
Konsernets balanse

Beløp i: NOK	Note	2018	2017
Sum gjeld		**1 129 525 000**	**1 074 522 000**
SUM EGENKAPITAL OG GJELD		**1 497 713 000**	**1 458 158 000**


ANNUAL REPORT
2018
HANSEN
PROTECTION

Safeguarding life, property and the environment

Hansen Protection, with headquarters in Moss, Norway has over 140 years of experience in design and production of textile products safeguarding people, property and environment. We are a leading European supplier of survival suits and protective rainwear used in harsh environments and cold-water areas, and a leading Scandinavian supplier of coated textile products for leisure marine- and various niche applications.



CONTENTS

HIGHLIGHTS AND KEY FIGURES

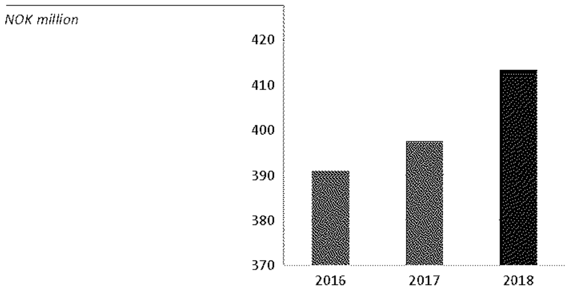
HIGHLIGHTS

- Strong performance in the company's integrated services offering with renewal and extension of contracts with key customers on the Norwegian continental shelf
- Strengthened position and increased market share in the Scandinavian protective rainwear market
- Acquisition of Helippe Holding ApS, creating a solid foothold in the fast-growing offshore wind market
- Pro forma adjusted revenues[1] of NOK 413 million, up from NOK 398 million in 2017
- Pro forma adjusted EBITA[2] of NOK 125 million, up from NOK 119 million in 2017

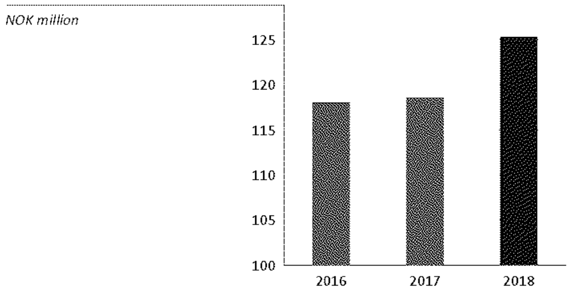
KEY FIGURES

NOK million	**2018**	2017	2016
Pro forma adjusted revenues	**413.3**	397.5	390.9
Pro forma adjusted EBITA excluding non-recurring expenses	**125.3**	118.6	118.1
Pro forma adjusted EBITA excluding non-recurring expenses margin (%)	**30.3%**	29.8%	30.2%
Net working capital	**94.5**	113.0	34.9
Number of employees at year-end	**149**	157	134
Number of employees, FTE	**135.5**	141.5	120.0

Pro forma adjusted revenues[1]



Pro forma adjusted EBITA excluding non-recurring cost[2]



1) *Adjusted for the acquisition of Lyngsøe Rainwear (2017) and Helippe (2018) as if these acquisitions were effective on 1 January 2016. In addition, the pro forma figures have been adjusted to exclude all activity in 2018 related to the discontinued retail stores in Sweden which were acquired in 2017.*

2) *Excluding non-recurring expenses which include professional fees related to due diligence, M&A, market research and preparation for potential listing of Hansen Protection's shares on the Oslo stock exchange. Adjusted for the acquisition of Lyngsøe Rainwear (2017) and Helippe (2018) as if these acquisitions were effective on 1 January 2016. In addition, the pro forma figures have been adjusted to exclude all activity in 2018 related to the discontinued retail stores in Sweden which were acquired in 2017.*


HANSEN

LETTER FROM THE CEO

2018 has been an eventful year for Hansen Protection, representing an important next step on our growth journey of becoming a diversified and leading European cold-water and harsh-environment personal protection equipment company.

Building on our 140 years of experience and deep technology expertise, Hansen Protection is established as one of the leading suppliers of personal protection equipment for the most demanding conditions, delivering to the highest customer standards. In 2018, we saw the positive effects of the ongoing rebound in the oil and gas industry, as oil and gas investments increased, spurring higher offshore activity and thus higher need for Hansen Protection's services and personal protection suits. Our integrated services offering is highly valued by our customers, which is displayed by the positive traction during the year in renewal and extension of agreements with customers on the Norwegian continental shelf, and our positive development in other key markets such as the Danish and Dutch continental shelf.

From this core, we continue to explore opportunities in adjacent market segments, including the fast-growing offshore wind market, the professional search and rescue market and other professional market segments such as commercial shipping and the military segment. In 2018, we closed the acquisition of Helippe Holding ApS, creating a high-potential position towards the offshore wind markets of Germany, the UK, the Netherlands, Poland and Denmark. Hansen Protection targets these markets both through the well-established integrated services offering, direct sales and project-based agreements during the course of offshore wind development projects. Hansen Protection is working closely with the key players in the global offshore wind industry to continue building our strong relationships and establishing a solid foothold in this fast-growing market.

During 2018, Hansen Protection also experienced positive development in other pockets of the personal protection equipment market, as displayed by new customer wins in the professional search and rescue segment and new important wins in the military segment. Going forward, a key objective is to explore new opportunities in adjacent personal protection market segments, pursuing growth both organically and through M&A.

Hansen Protection established a strong position in the international market following the acquisition of Lyngsøe Rainwear in 2017. In 2018, integration work has been at the top of the agenda, with alignment of ISO certification of the product portfolio as one example of important initiatives. In addition, strengthening of sales and marketing has been a key priority during the year, with new hires in both back- and front office in order to create a stronger push towards retailers on store level. Historically, Hansen Protection has been successful in working closely with retailers on chain level but sees a large potential in follow-up at store level as a key vehicle to drive additional sales.

During the year, Hansen Protection has increased its market share in protective rainwear and targets to continue to do so through continued product innovation to further tap into both new end-markets and existing customers, realisation of cross-sales potential with customers in other operating segments and a strengthened distribution platform.

In Marine and Special Products, Hansen Protection has focused on expansion of our product portfolio directed toward the motor caravan and leisure boat market, including seating solutions and boat canopies. Hansen Protection has one of the largest portfolios of canopy templates for most leisure boat brands in the market. Our tailormade approach, high product quality and service level is also well received by customers in the oil and gas, defense and agricultural industries.

Looking into 2019, Hansen Protection will continue to leverage our strong position in our existing business to drive growth, in particular fueled by the rebound in the oil and gas industry, the company's attractive offering in the large and fragmented protective rainwear market, and the exciting opportunities emerging in the offshore wind market. In addition, Hansen Protection will continue to evaluate opportunities for add-on acquisitions to fuel growth and strengthen the company's position in adjacent market segments.

We thank our shareholders, customers and employees for their support and contribution on our growth journey of becoming a diversified and leading European cold-water and harsh-environment personal protection equipment player.

Best regards,
Terje Gorm Hansen
CEO Hansen Protection ASA

BOARD OF DIRECTORS' REPORT

BUSINESS

Hansen Protection ASA ("Hansen Protection", "the group", "the company") specialises in the design, manufacturing and distribution of advanced, coated textiles, which are primarily used to provide protection for employees in high-risk working environments, meaning that the group addresses absolute and mission critical needs for its customers and their employees. Hansen Protection uses its technological expertise and market competence to develop, design, produce and service survival suits, protective clothing and other special high-technology textile products with emphasis on harsh environment applications. Its products are provided to customers through: (i) a pay-per-use/rental services (integrated services), (ii) direct sales to customers and (iii) sales through distributors. Hansen Protection's products are relevant for a wide range of industries, particularly within oil and gas, shipping, defence, wind and construction. Hansen Protection has three business segments: Personal Protection, Protective Rainwear and Marine and Special Products.

Hansen Protection ASA owns 100 per cent of the shares in Protection AS and is the ultimate parent company. Protection AS owns 100 per cent of the shares in Hansen Protection AS. Remaining subsidiaries in the group are owned by Hansen Protection AS (see table below). The headquarter is located at Tykkemyr, 27, Moss, Norway. The company changed its name from Protection Holding AS to Hansen Protection ASA in 2018.

Company name	Location	Ownership
Hansen Protection ASA	Norway	
Protection AS	Norway	100%
Hansen Protection AS	Norway	100%
Biardo Survival Suits BV	Netherlands	100%
Hansen Protection Canada Ltd	Canada	100%
Lyngsøe Rainwear Aps	Denmark	100%
Hansen Protection AB	Sweden	100%
Helippe Holding ApS[1]	Denmark	50%

STRATEGIC PLATFORM

Hansen Protection has over 140 years of experience in design and production of textile products safeguarding people, property and environment, and has been a supplier of survival suits since 1970. Hansen Protection has demonstrated significant growth over several decades, always with a continued focus on safeguarding human capital in harsh, cold-water environments. Hansen Protection's competence within advanced and coated textiles is applicable to a range of product areas and industries, many of which are not currently addressed. Through organic initiatives and acquisitions, Hansen Protection has taken significant steps towards becoming a diversified and leading European harsh-environment PPE player, an ambition it will continue to pursue going forward. In addition to this, Hansen Protection will also take advantage of its strong position in existing businesses to drive growth, such as a continued rebound in the oil and gas industry and an attractive offering in a large and fragmented market for protective rainwear. Going forward, the main strategic focus of Hansen Protection is to:

- Support existing market leadership positions through continued product and service innovation.
- Leverage the ongoing oil and gas rebound to drive revenues in both rental and sale of helicopter transportation and survival suits.
- Expand geographical footprint and reinforce international distribution power.
- Continue strong growth trajectory in protective rainwear.
- Continue expansion of integrated services concept for offshore wind.
- Seek selective bolt-on acquisitions to support overall strategy.

Support existing market leadership positions through continued product and service innovation

Hansen Protection has a strong position across its business areas and addressable geographic markets, enabled by the highly regarded product qualities and service offering of the group. Hansen Protection puts considerable emphasis on aiming to always exceed customer expectations while continuously developing its product portfolio with both new innovations and upgrades to its existing products. In doing so, Hansen Protection works closely with both customers and workers that utilise the suits and equipment of the group in order to ensure that user preferences are matched with necessary safety needs and regulatory requirements. Hansen Protection's continuous efforts within product development and innovation, driven by in-house personnel, are core operational specialities of the group, and are expected to remain a key success factor for maintaining and developing Hansen Protection's strong market positions while also advancing in markets where the group sees potential for further growth in coming years.

1 Helippe Holding ApS was acquired in June 2018. Through the shareholder agreement, Hansen Protection AS has been provided with a "golden share" which effectively gives the deciding vote at any board meetings, extraordinary general meetings or annual general meetings, thus ensuring full control of the entity.

Leverage the ongoing oil and gas rebound to drive revenues in both rental and sales of helicopter transportation and survival suits

Hansen Protection's integrated services offering, with rental of survival suits, was launched full scale as a business concept to customers on the Norwegian continental shelf in 1995. The group's contractual relationship with customers within integrated services are mainly based on long-term frame agreements. The demand for the group's integrated services fluctuates with the underlying activity level in the oil and gas market. As such, the oil price and the overall sentiment amongst oil and gas companies; including investment appetite, maintenance activities and new field developments, are all important drivers of Hansen Protection's activities and revenues.

In 2018, the oil and gas markets, including on the Norwegian continental shelf, saw a rebound in activity following higher oil prices and restored industry profitability with lower break-even rates for production and development projects signalled by operators. Hansen Protection is well positioned to leverage such a rebound based on its superior rental infrastructure on the Norwegian continental shelf, strong customer relationships and significant suit stock available for rental.

Expand geographical footprint and reinforce international distribution power

Hansen Protection markets and sells its products and services to a wide range of geographical markets and hence depends on an efficient and powerful distribution platform to reach and serve customers. The group utilises a combination of in-house sales personnel, sales agents and distributors to maximise coverage and distribution power, which together provides a flexible and cost-efficient route to market for products across business areas. Internal sales teams are divided and specialised by business units. Despite being primarily focused on segment-specific sales, Hansen Protection also places strong emphasis on driving cross-segment sales, thus enabling utilisation of customer relationships and customer insight to increase the group's share of wallet amongst existing customers.

Hansen Protection currently employs an extensive distribution network, which includes sales offices located in key markets to ensure customer proximity, such as in Norway, Sweden, Denmark, Germany, the UK, Ireland and the Netherlands. Going forward, Hansen Protection sees it as a strategic priority to further build on its distribution capacity in order to drive sales in both existing and new markets, and is determined to use a combination of added in-house sales personnel, new agents acting on behalf of the group and external distributors. Hansen Protection also aims to increase its focus on cross-segment sales where relevant, such as through offering protective rainwear products to existing customers in the Personal Protection segment.

Continue strong growth trajectory in protective rainwear

Hansen Protection added Protective Rainwear as a new operating segment from 30 November 2017 through the acquisition of Lyngsøe Rainwear, a Denmark-based provider of rainwear products with various protective properties. The protective rainwear market is a fragmented international market where the larger competitors primarily offer protective rainwear as part of wider product portfolios, including less differentiated workwear, Lyngsøe Rainwear specialises in providing high-quality rainwear with protective properties at attractive price points. This, in combination with Lyngsøe Rainwear's proven ability to deliver large volumes rapidly to accommodate customer demands, has led the company to gain a reputation as a preferred and reliable supplier. Hansen Protection believes this will provide the group with a good platform for capturing further market shares in coming years. Other sources of growth within protective rainwear include continued product innovation to further tap into both new end-markets and existing customers, cross-sales potential with customers in other operating segments and a strengthened distribution platform.

Continue expansion of integrated services concept for offshore wind

Hansen Protection has offered the highly appreciated integrated services concept to customers operating on the Norwegian continental shelf since introducing integrated services full scale in 1995. As a result of the group's significant experience and successful track record with this business model, Hansen Protection has also introduced integrated services to companies active in the offshore wind market, with the acquisition of 50 per cent of the shares in the Denmark-based rental provider Helippe Holding ApS in 2018 adding to the group's presence in the sector. Through the acquisition of Helippe, the group has positioned itself to capture growth in the international and addressable wind offshore market.

In addition to Hansen Protection's experience related to operating an integrated services model for handling, service and repair of suits and logistics, Hansen Protection may also leverage and design its well-recognised and proven suit models that are already offered to existing customers so that they fit the specific needs in the wind industry, thus adding scale effects in innovation and production of suits. The offshore wind market is smaller in size than the oil and gas market, to which Hansen Protection offers its rental services, however it is also characterised by a rapid growth trajectory with attractive long-term prospects. Hansen Protection aims to leverage this market opportunity by further expanding its offering to relevant offshore wind customers, and to take the lead in the European market for integrated services.

Seek selective bolt-on acquisitions to support overall strategy

Hansen Protection aims to support its overall ambitions and long-term strategy by acquiring companies with a relevant size, position and product offering, in addition to its organic initiatives. In doing so, the group seeks selective bolt-on targets with a strategic fit that may either facilitate an entrance to new, adjacent market opportunities, or contribute to expanding Hansen Protection's presence in the broader European personal protection equipment market. Since 2014, Hansen Protection has acquired Biardo (2014), Divelife (2017), Lyngsøe Rainwear (2017) and Helippe (2018). The group has identified a range of further potential targets, with a potential fit according to principles such as a complementary product offering, a complementary market presence or a cross-selling potential with existing business activities.

Hansen Protection believes that it has a solid basis to deliver on its ambitions and strategic priorities based on its robust platform, wide product offering and distribution capabilities in combination with its strong market positions.

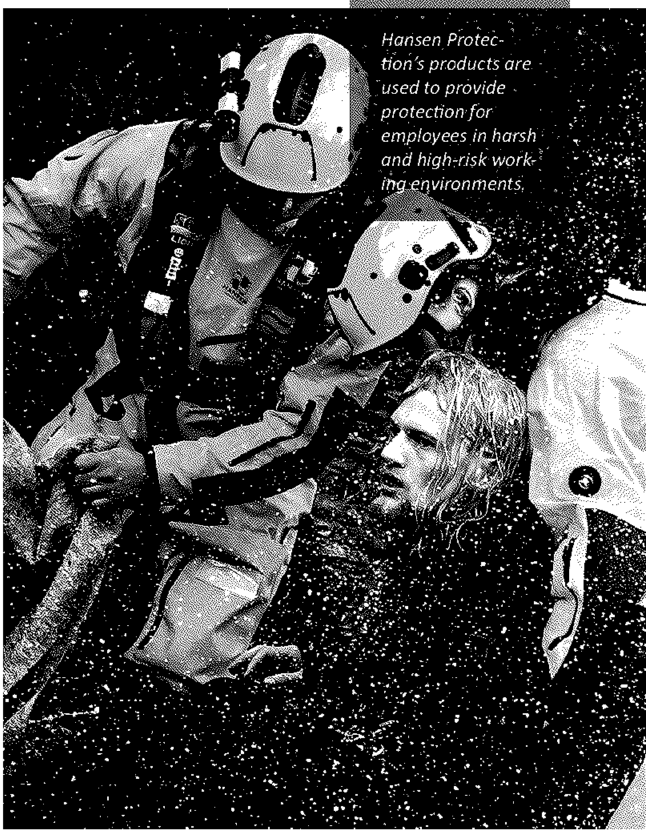
OPERATIONAL REVIEW

In 2018, Hansen Protection experienced positive operational development in all its business segments; Personal Protection, Protective Rainwear and Marine & Special Products.

Hansen Protection's personal protection business saw positive effects of the ongoing rebound in the oil and gas industry, as oil and gas investments increased, spurring higher offshore activity and thus higher need for Hansen Protection's services and personal protection suits, both through the company's integrated services offering and directs sales. Hansen Protection's integrated services offering is highly valued by the company's customers, which is displayed by the positive traction during the year in renewal and extension of agreements with customers on the Norwegian continental shelf, and the company's positive development in other key markets such as the Danish and Dutch continental shelf.

The company continued to explore opportunities in adjacent market segments, including the fast-growing offshore wind market, the professional search and rescue market and other professional segments such as commercial shipping and the military segment. In 2018, Hansen Protection closed the acquisition of Helippe Holding ApS, creating a high-potential position towards the offshore wind markets of Germany, the UK, the Netherlands, Poland and Denmark. The company targets these markets both through the well established integrated services offering, direct sales and project-based agreements during the course of offshore wind development projects. Hansen Protection is working closely with the key players in the global offshore wind industry to continue building strong relationships and establishing a solid foothold in this fast-growing market.

During 2018, the company also experienced positive development in other pockets of the personal protection equipment market, as displayed by new customer wins in the professional search and rescue segment and new important wins in the military segment.



Hansen Protection's products are used to provide protection for employees in harsh and high-risk working environments.

Hansen Protection's protective rainwear business strengthened its position in the Scandinavian market based on the acquisition of Lyngsøe Rainwear ApS in 2017. In 2018, integration work has been at the top of the agenda, with alignment of ISO certification of the product portfolio as one example of important initiatives. In addition, strengthening of sales and marketing has been a key priority during the year, with new hires in both back- and front office in order to create a stronger push towards retailers on store level. Historically, Hansen Protection has been successful in working closely with retailers on chain level but sees a large potential in follow-up at store level as a key vehicle to drive additional sales.

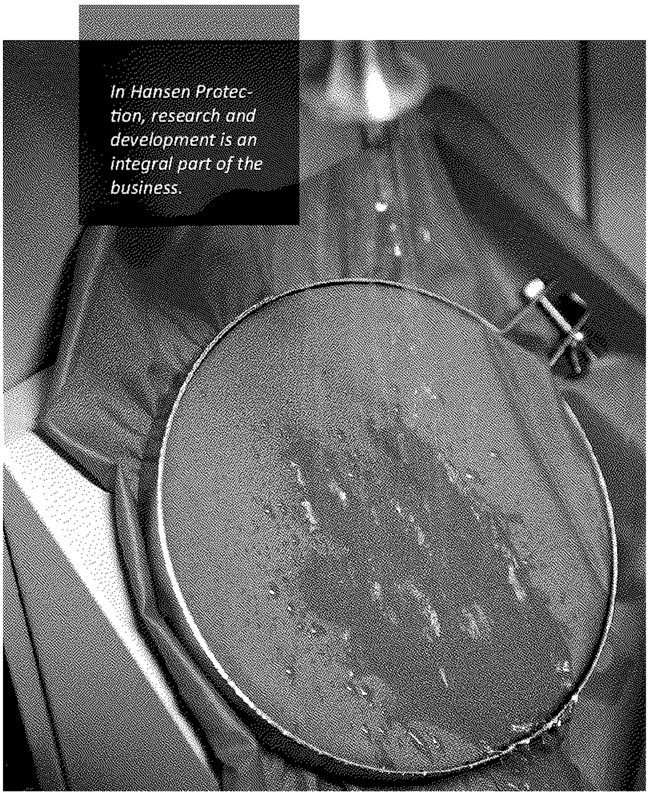
In 2018, the company has increased its market share in protective rainwear and target to continue to do so through continued product innovation to further tap into both new end-markets and existing customers, realisation of cross-sales potential with customers in other operating segments and a strengthened distribution platform.

In Hansen Protection's marine and special products business, focus has been on expansion of the product portfolio directed toward the motor caravan and leisure boat market, including seating solutions and boat canopies. The company has one of the largest portfolios of canopy templates for most leisure boat brands in the market. Hansen Protection's tailormade approach, high product quality and service level is also well received by customers in the oil and gas, defense and agricultural industries.

FINANCIAL REVIEW

The following financial review is based on the consolidated financial statements of Hansen Protection and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as in the Norwegian accounting legislation.

In the view of the board, the consolidated statement of profit or loss, the consolidated balance sheet, in the consolidated cash flow, the consolidated statement of changes in equity and the accompanying notes provide satisfactory information about the operations, financial results and position for the group at 31 December, 2018.



Consolidated statement of profit or loss

Consolidated revenues and other income for Hansen Protection was NOK 415 million in 2018, compared to NOK 308 million in 2017. Growth in 2018 was primarily driven by increased activity level on the NCS resulting in higher volumes for the company's integrated services business. The acquisition of Lyngsøe Rainwear, acquired 30 November 2017, as well as Helippe, acquired 6 June 2018, were also major contributors to the increase in 2018. On a pro forma adjusted basis, consolidated revenues and other income was NOK 413 million in 2018, up NOK 15 million compared to 2017. Personal Protection constituted around 65 per cent of the group's revenue, while Protective Rainwear constituted 21 per cent and Marine and Special Products 14 per cent in 2018. Hansen Protection's EBITA came in at NOK 81 million 2018, which included non-recurring costs of NOK 40 million, primarily related to professional fees for due diligence, M&A, market research and preparation for potential listing of Hansen Protection's shares on the Oslo stock exchange. On a pro forma adjusted basis, EBITA was NOK 125 million in 2018, up NOK 7 million compared to 2017. Amortisation and impairment increased from NOK 32 million to NOK 45 million due to full-year effect of acquisitions late in 2017 and in 2018 and the impairment of Hansen Protection AB following the close of its physical retail stores in Sweden. Other gains increased from NOK 0.2 million in 2017 to NOK 3 million in 2018, mainly driven by an adjustment of deferred compensation related to acquired businesses. Finance income increased from NOK 0.1 million in 2017 to NOK 0.4 million in 2018, while finance expenses decreased from NOK 82 million in 2017 to NOK 76 million in 2018, mainly driven by lower foreign exchange losses on bank borrowings compared to 2017.

Financial position and capital structure

Cash at the end of the period was NOK 62 million in 2018, up from NOK 48 million at the end of 2017. Total liabilities were NOK 1 130 million in 2018, up from NOK 1 075 million in 2017, of which bank borrowings were NOK 899 million in 2018 compared to NOK 869 million in 2017. The increase in bank borrowings is primarily related to financing of the acquisition of Helippe. Total non-current assets increased to NOK 1 260 million in 2018, up from NOK 1 250 million in 2017, mainly driven by the acquisition of Helippe and increased capital expenditures for survival suits for the integrated services business. Total current assets amounted to NOK 238 million in 2018, up from NOK 208 million in 2017. Equity attributable to owners was NOK 349 million in 2018, compared to NOK 384 million in 2017.

Cash flow

Net cash flow from operating activities was NOK 117 million in 2018, up from NOK 96 million in 2017 which was primarily driven by topline and earnings growth in the company's integrated services business and contribution from acquisitions completed in 2017 and 2018. Net cash flow from investing activities was negative NOK 72 million compared to negative NOK 110 million in 2017, mainly driven by capital expenditures for survival suits and payments for acquisition of subsidiaries (net of cash acquired). Net cash flow from financing activities was negative NOK 24 million in 2018, unchanged from 2017.

Consolidated cash flow

Cash at the end of the period was NOK 62 million in 2018, up from NOK 48 million at the end of 2017.

Net cash flow from operating activities was NOK 117 million in 2018, up from NOK 96 million in 2017, mainly driven by the loss in the period, and changes in working capital items. Depreciation of capital equipment in the operating companies and amortisation in the group comprise the essential difference between the cash flow from operating activities and the operating result.

Net cash flow from investing activities was negative NOK 72 million compared to negative NOK 110 million in 2017, mainly driven by change in payments for property, plant and equipment, and change in payments for acquisition of subsidiaries (net of cash acquired).

Net cash flow from financing activities was negative NOK 24 million in 2018, flat compared to 2017, mainly driven by change in proceeds from bank borrowings (net of debt issuance paid) and change in repayment of bank borrowings and liabilities.

Statement of profit or loss – parent company

The parent company Hansen Protection ASA recorded a loss of NOK 49 million in 2018, compared to a loss of NOK 30 million in 2017, mainly driven by an increase in other operating expenses from NOK 1 million in 2017 to NOK 30 million in 2018. The board of directors proposes that the loss in the period is covered by a reduction of equity.

Balance sheet – parent company

Total assets was NOK 658 million in 2018, up from NOK 622 million in 2017, mainly driven by group contributions from subsidiaries.

Total equity was NOK 352 million in 2018, down from NOK 401 million in 2017, mainly following the loss in the period.

Total liabilities was NOK 307 million in 2018, down from NOK 221 million in 2017, mainly driven by increased bank borrowings and other current liabilities.

Cash flow – parent company

Cash at the end of the period was NOK 1 million in 2018, down from NOK 7 million in 2017.

Net cash flow from operating activities was negative NOK 22 million in 2018, down from negative NOK 19 million in 2017, mainly driven by the loss in the period, change in trade payables and other payables, effects of exchange rate changes on bank borrowings in EUR and change in other accrual items.

Net cash flow from investing activities was negative NOK 38 million in 2018, up from negative NOK 85 million in 2017, mainly driven by changes in paid-in equity from subsidiaries.

Net cash flow from financing activities was NOK 54 million in 2018, down from NOK 71 million in 2017, mainly driven by changes in proceeds from bank borrowings (net of debt issuance costs) and changes in proceeds from equity transactions.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is at the core of Hansen Protection. The board of directors has adopted a Code of Conduct to create a sound corporate culture and to preserve the integrity of Hansen Protection by helping employees to promote standards of good business practice. Further, the Code of Conduct is intended to be a tool for self-evaluation and a vehicle for development of the company's identity.

Hansen Protection believes that our partners maintain the highest professional and ethical standards, as well as meeting standard legal requirements. The company believes in respecting human and labor rights, protecting the environment, and in applying sound business practices in the group's companies worldwide. In order to make Hansen Protection's position clear to the company's suppliers, Hansen Protection has developed a Supplier Code of Conduct which describes the main requirements. Hansen Protection conducts annual audits at partners to ensure they upheld the standards set forth in the Code. There has been no evidence of material breach of the Code. The audit plan is set annually by the management group.

Both the Code of Conduct and the Supplier Code of Conduct are available on Hansen Protection's website www.hansenprotection.no.

Hansen Protection is working systematically on human rights and worker's rights. The company, its employees and board members shall practice good corporate citizenship and operate in compliance with fundamental human rights. Hansen Protection expresses support and respect for fundamental human rights and recognises its responsibility to observe those rights when conducting its business. Hansen Protection opposes all forms of forced labour and child labour and works to prevent all types of discrimination and harassment.

Hansen Protection is against all forms of corruption including bribery, facilitation payments and trading in influence and has resolved a company-wide anti-corruption compliance manual which is available on Hansen Protection's website www.hansenprotection.no. The manual provides an overview of Hansen Protection's anti-corruption policies. The manual is used as basis for internal training for all relevant personnel, including management, and new employees in particular. It explains the basic legal and ethical requirements that Hansen Protection employees shall follow to avoid corrupt practices throughout their business activities for Hansen Protection. The policies in this manual are mandatory for all Hansen Protection employees. It is also a requirement that the various departments at Hansen Protection take all reasonable steps to ensure that Hansen Protection's independent business partners, including suppliers, do not engage in corruption, or illegal or unethical activities in relation to their business with Hansen Protection.

Hansen Protection shall be a professional, safe and positive workplace.

HEALTH, SAFETY AND THE ENVIRONMENT

Hansen Protection shall operate its business in a manner designed to protect the health and safety of its employees, its customers, the public, and the environment, and in accordance with all applicable safety, environmental and safety laws and regulations so as to ensure the protection of the environment and the company's personnel and property.

Hansen Protection shall be a professional and positive workplace with an inclusive working environment. All employees have a responsibility to help a work environment free from any discrimination, due to religion, skin colour, gender, sexual orientation, age, nationality, race and disability.

On average, Hansen Protection had 153 full time employees in 2018, compared to 146 in 2017. The number of full-time employees was 135.3 at the end of 2018, compared to 141.5 in 2017. The competence of our employees represents a major asset and competitive advantage for Hansen Protection.

There were no serious work-related accidents in 2018. Sick leave in Hansen Protection was 5.7 per cent in 2018, down from 6.4 per cent in 2017. The board considers that the working environment is good and special measures in this regard have not been deemed necessary. Hansen Protection's Industrial Safety Committee is trained in cardiopulmonary resuscitation and first aid as part of the preventive precautions.

Hansen Protection does not pollute the external environment to any material extent. The group has implemented initiatives to reduce waste. As an example, Hansen Protection recycles worn personal protection suits into bags and backpacks produced in cooperation with a local sheltered workshop, and has taken an initiative to recycle foam remnants from the boat interior production line through another manufacturer which reuses the foam remnants in its production. Sourced raw material are to the largest possible extent compliant with the REACH[2] authorisation list.

The group's manufacturing units are certified in accordance with the NS ISO 9001 Quality Management systems and NS ISO 14001 Enviromental Management systems requirements.

CORPORATE GOVERNANCE

Hansen Protection wants to maintain high standards of corporate governance. In the company's opinion, good corporate governance is an important condition for value creation, trustworthiness and access to capital.

Good corporate governance is a priority for the board of directors of Hansen Protection. To ensure strong and sustainable corporate governance, the company will facilitate sound business practices, reliable financial reporting and an environment for com-

2 Registration, evaluation, authorisation and restriction of chemicals pliance with laws and regulations. Hansen Protection has prepared a set of guidelines and procedures to ensure good corporate governance to safeguard the interests of the company's owners, employees and other stakeholders. These principles and associated rules and practices are intended to create increased predictability and transparency, and thus reduce uncertainties connected with the business. The company believes that good corporate governance implies openness and trust-based cooperation between shareholders, board and management, employees, public authorities, other related parties and society as a whole.

The board of directors will continuously assess the group´s adherence to the guidelines and procedures, and has adopted relevant sections of §3-3b of the Norwegian Accounting Act. Hence, the company will annually disclose relevant information concerning corporate governance in its annual statement on corporate governance included in the annual report.

The board of directors of Hansen Protection had nine board meetings in 2018.

The management of Hansen Protection is responsible for establishing and maintaining adequate internal control over financial reporting. The group's internal control over financial reporting is a process designed, under the supervision of the chief executive officer and chief financial officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the group's financial statements for external reporting purposes.

Hansen Protection has implemented a corporate social responsibility policy, a Code of Conduct, a Supplier Code of Conduct and an anti-corruption manual, all available on the company's website www.hansenprotection.no.

Composition and independence of the board of directors

Pursuant to the company's articles of association, its board of directors shall consist of three to six members. The board members are elected by the general meeting, including the chairman. The composition of the board of directors as a whole should represent sufficient diversity of background and expertise to help ensure that the board carries out its work in a satisfactory manner.

Authorisations to increase share capital

The general meeting has granted the board of directors authorisations to increase the share capital of the company by a maximum of NOK 17 500 000.

Authorisations to repurchase own shares

In addition, the general meeting has granted the board of directors an authorisation to repurchase the company's own shares at a total nominal value of NOK 17 500 000.

EQUAL OPPORTUNITIES

Hansen Protection's view is that people with different backgrounds, irrespective of ethnicity, gender, religion or age, should have the same opportunities for work and career development at Hansen Protection. 51.5 per cent of Hansen Protections work force in 2018 are women.

Indirect functions include management employees, staff and other support functions. The employees in the company management team are predominantly male. The corporate management team has five male and one female members. No gender-based differences exist with regard to working hour regulations or the design of workplaces. Hansen Protection is working actively to promote equality with respect to ethnicity, gender, gender identity, regligion, age, sexual orientation and handicaps, and has an established cooperation with a company providing on the job training for workers with specific needs.

RISK FACTORS AND RISK MANAGEMENT

The objective of Hansen Protection's risk management and internal control is to manage, rather than eliminate, exposure to risks related to the successful conduct of the business of the company and its subsidiaries, and to support the quality of its financial reporting. Effective risk management and good internal control contribute to securing shareholders' investment in the company and the company's assets.

Hansen Protection's business is exposing the company to financial risks. The company's procedures for risk management are designed to minimise possibly negative effects caused by Hansen Protection's financial arrangements.

Market risk

Currency risk

Currency risk arises from transactions related to operations, asset or liabilities which are conducted in a currency other than its functional currency. Hansen Protection's subsidiaries are using their local currencies as functional currency being NOK, SEK, DKK, and EUR. Revenue and cost transactions are carried out mainly in the same currency, which reduces the currency risk. However, since the group's overall financial reporting is NOK, currency fluctuations in SEK, DKK, and EUR in relation to NOK affect overall revenue and financial position. In addition, Hansen Protection ASA and Hansen Protection AS have bank borrowings in EUR while the functional currency for these entities is NOK. Based on the exposure mentioned, the group assesses that historical fluctuations in NOK/ EUR has the most significant impact on the financial reporting in regards to the financial instruments. The group is currently and for the periods presented, not engaged in any currency hedging activities.

Interest rate risk

The group's interest rate risk arises because of long-term bank borrowings. Debt issued based on variable interest rates means that the group is exposed to interest rate risk affecting cash flow.

Up to 30 September 2018, the company managed interest rate risk related to cash flow by using interest rate swaps that converted floating rates to fixed rates. The derivatives consisting of interest rate swaps do not qualify for hedge accounting. Please see Note 2.14 for further information.

Credit risk

Credit risk arises from, among other cash and deposits with banks and financial institutions. In addition, credit risk occurs through exposure to customers, including outstanding receivables and contracted transactions.

For banks and financial institutions, only well-established independent parties are accepted. The group has limited credit risk relating to one individual contracting party except for one customer which is a well reputable company for which the credit risk is assessed to be low. In order to reduce the credit risk, the group has guidelines to ensure that sales are made only to customers with high credit rating. Customers having low credit rating have to prepay for goods and services provided by the group.

Liquidity risk

Liquidity risk is the risk that the group is unable to meet its financial obligations when they mature. Management monitors rolling cash flow forecasts of the group's liquidity requirements to ensure that it has a satisfactory level of cash to meet operational needs, as well as at any time maintain a satisfactory margin of the unused loan facility to ensure that the group is not in breach of the requirements set in the loan agreement. Such estimation of future cash flows takes into account the group's debt financing plans, loan conditions and compliance with internal requirements ratios in the balance. Excess liquidity in each company, beyond the requirements for working capital, is deposited in interest-bearing accounts with financial institutions.

In addition to the risks described above, Hansen Protection is exposed to risk factors related to for example innovation, digitalisation, logistics, infrastructure, personnel, third-party distributors, third-party suppliers, legal claims and litigation, and intellectual property rights which are continuously assessed and managed by the company.

Debt covenants

Hansen Protection met all the loan covenants as at 31 December 2018.

GOING CONCERN

There have been no events to date in 2019 that significantly affect the result for 2018 or valuation of the company's assets and liabilities at the balance sheet date. The board confirms that the conditions for the going concern assumption have been satisfied and that the financial statements for 2018 have been prepared on the basis of this assumption.

RESEARCH AND DEVELOPMENT

In Hansen Protection, research and development is an integral part of the business through continuous innovation and development of products and services.

The company is engaged in several exciting development projects that are expected to give a positive market position and contribute to earnings growth in the future.

OUTLOOK

Hansen Protection will invest in the continued development of the company, by leveraging the group's attractive position for personal protection equipment in the oil and gas market, capturing the effects of a rapidly growing offshore wind market, and increasing Hansen Protection's presence and market share in the large and fragmented European protective rainwear market. The board emphasises that every assessment of future conditions necessarily involves an element of uncertainty.

Moss, 26 April 2019
The board of directors of Hansen Protection ASA

Amund Skarholt	Thomas Klitbo	Carine Engen	Terje Gorm Hansen
Chair	*Director*	*Director*	*Chief executive officer*

BOARD AND EXECUTIVE MANAGEMENT

BOARD OF DIRECTORS

Amund Skarholt

Chair of the board

Amund Skarholt has been the chairman of the board of Hansen Protection since 2013. He has previously held the positions as chief executive officer of Tomra (2005-2009) and Bravida (2003-2005), as well as deputy chief executive officer of Securitas (1997-2003). Skarholt is currently chair of the board in Avarn Security Helsinki, Avarn Security Stockholm, Garda Sikring, SOS International and Siggurd Hesselberg, and is a member of the board in GK Group, Intelecom and Sector Alarm.

Thomas Klitbo

Director

Thomas Klitbo has been a member of the board of Hansen Protection since 2013. He is partner at IK Investments Partners and joined the firm from the Boston Consulting Group (Copenhagen) in 2007. Klitbo holds a M.Sc. in Economics from the School of Economics and Management at the University of Aarhus. He is currently board member in IK Investment Partners Limited, Ellab, Visolit, Løgismose Meyers and Veritas Petroleum Services.

Carine Engen

Director

Carine Engen has been a member of the board of Hansen Protection since 2018, and has been chief financial officer of Hansen Protection since 2006. She joined the finance department of the Helly Hansen group in 1995, where Engen, amongst other, held the position as group controller from 2000 to 2006. She has extensive experience from finance and accounting and holds a Master of Business Administration from the Norwegian School of Economics and Business Administration (NHH).

MANAGEMENT

Terje Gorm Hansen (executive)

Chief executive officer and head of integrated services

Terje Gorm Hansen has been chief executive officer of Hansen Protection AS since 1995. He joined the Helly Hansen group in 1980, initially as a sales representative. Hansen has extensive experience within sales, customer relations and product management. In addition to his role as chief executive officer, Hansen holds the position as head of integrated services, a part of Hansen Protection's personal protection business segment.

Carine Engen (executive)

Chief financial officer

Carine Engen has been chief financial officer of Hansen Protection since 2006. She joined the finance department of the Helly-Hansen group in 1995, where Engen, amongst other, held the position as group controller from 2000 to 2006. She has extensive experience from finance and accounting and holds a Master of Business Administration from the Norwegian School of Economics and Business Administration (NHH).

Knut Åsle

Business support

Knut Åsle has been responsible for business support in Hansen Protection since February 2018. He joined the Helly Hansen group's sports division in 1991, where he worked with product development, management and marketing, before becoming a category manager for workwear in 2017. Åsle has held various management positions in Hansen Protection, amongst other as head of project, quality and product development, and general manager for the personal protection business segment. Åsle holds a Master of Business Administration from the Norwegian Business School (BI).

Thomas Lund

HR and quality

Thomas Lund has been head of HR and quality since 2014, overseeing Hansen Protection's certifications and approvals, both on organizational and product level within aviation, shipping and oil and gas. He joined Hansen Protection in 2011 with responsibility for the marine and special products business segment. Lund has held various management positions within TV and media and holds a Master of Business Economics from the Norwegian School of Economics and Business Administration (NHH).

Fredrik Joachim Eriksen

Head of personal protection

Fredrik Joachim Eriksen has been head of personal protection since January 2019. He joined Hansen Protection in February 2016 and have worked with sales and business development. Prior to joining Hansen Protection he held various senior sales and management positions in developing international sales and business. Eriksen holds a Master of Business Administration from the University of Newcastle Business School.

Bo Lyngsø

Head of protective rainwear

Bo Lyngsø is head of protective rainwear, a position he has held since Hansen Protection completed the acquisition of Lyngsøe Rainwear in 2017. Lyngsø founded Lyngsøe Rainwear in 1999, where he was chief executive officer until Hansen Protection acquired the company. He has previous experience from the rainwear supplier Kiba Wear.

Arvid Tryfoss

Head of marine and special products

Arvid Tryfoss has been head of marine and special products since 2014. He joined the Helly Hansen group in 2007 as location manager in Kristiansand. Previously, Tryfoss has held various management positions in Christiansands Bryggeri/Hansa Borg Bryggerier. He has education in business economics and administration from the University of Agder.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

NOK 1 000	Note	2018	2017	2016
Revenue and other income	6, 7	**414 635**	307 979	299 218
Purchase of goods and materials	16	**104 119**	64 928	48 593
Payroll and other personnel expenses	8, 9	**89 287**	71 128	72 250
Other operating expenses	10	**103 154**	53 081	51 586
Depreciation	11, 15	**37 604**	28 653	28 940
EBITA		**80 471**	90 189	97 849
Amortisation and impairment	14	**45 292**	31 551	34 350
Other gains/(losses) – net	12, 5	**2 778**	162	4 768
Finance income	13	**345**	136	881
Finance expenses	13	**75 814**	81 535	64 566
Profit (-loss) before tax		**(37 511)**	(22 599)	4 582
Income tax expense	19	**(2 110)**	1 567	12 740
Loss for the period		**(35 401)**	(24 166)	(8 158)
Loss is attributable to:				
Owners of the parent		**(36 632)**	(24 166)	(8 158)
Non-controlling interests		**1 231**	-	-
Loss per share (NOK/share)				
Basic and diluted loss per share	25	**(16.41)**	29.70	(21.07)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK 1 000	2018	2017	2016
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	**2 764**	6 493	(3 790)
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurements of defined benefit pension plan	**8**	-	(9)
Other comprehensive income (-loss) for the period	**2 772**	6 493	(3 799)
Total comprehensive loss for the period	**(32 629)**	(17 673)	(11 957)
Total comprehensive loss is attributable to:			
Owners of the parent	**(34 385)**	(17 673)	(11 957)
Non-controlling interests	**1 756**	-	-

CONSOLIDATED BALANCE SHEET

NOK 1 000	Note	31.12.2018	31.12.2017	31.12.2016
Assets				
Intangible assets	*14*	**1 101 898**	1 120 747	1 028 160
Property, plant and equipment	*11, 15*	**156 194**	129 388	112 749
Investments accounted for using the equity method		**-**	-	413
Receivables		**1 836**	291	-
Total non-current assets		**1 259 928**	1 250 426	1 141 322
Inventories	*16*	**111 369**	114 301	46 131
Trade receivables and other receivables	*4, 5, 17*	**64 060**	45 949	38 364
Cash	*18, 5*	**62 356**	47 482	84 092
Total current assets		**237 785**	207 732	168 587
Total assets		**1 497 713**	1 458 158	1 309 909
Equity and liabilities				
Share capital	*23*	**75 004**	66 736	61 900
Share premium	*23*	**363 232**	371 557	337 100
Other equity		**(89 337)**	(54 657)	(37 051)
Equity attributable to owners		**348 899**	383 636	361 949
Non-controlling interests	*23*	**19 289**	-	-
Total equity		**368 188**	383 636	361 949
Bank borrowings	*4, 5, 20*	**898 868**	868 710	795 920
Deferred tax liabilities	*19*	**29 758**	36 153	33 214
Employee benefit obligations	*22*	**846**	479	509
Lease liability	*4, 11, 20*	**49 232**	46 820	46 362
Derivative financial instruments	*4.5*	**-**	4 045	8 545
Other non-current liabilities	*20, 24*	**-**	19 261	-
Total non-current liabilities		**978 704**	975 469	884 551
Trade and other payables	*4, 5, 21*	**73 939**	38 148	40 127
Lease liability	*4, 11, 20*	**11 612**	11 282	9 088
Current tax liability		**7 019**	9 127	9 195
Other current liabilities	*4, 5, 20, 24*	**58 251**	40 497	5 000
Total current liabilities		**150 821**	99 054	63 410
Total liabilities		**1 129 525**	1 074 522	947 960
Total equity and liabilities		**1 497 713**	1 458 158	1 309 909

Moss, 26 April 2019
The board of directors of Hansen Protection ASA

Amund Skarholt	Thomas Klitbo	Carine Engen	Terje Gorm Hansen
Chair	*Director*	*Director*	*Chief executive officer*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NOK 1 000	Note	Share Capital	Share premium	Other equity: Accumulated translation differences	Other equity: Accumulated deficit	Total	Non-controlling interests	Total equity
31 December 2017		66 736	371 557	7 047	(61 703)	**383 636**	-	383 636
Loss for the period		-	-	-	(36 632)	**(36 632)**	1 231	(35 401)
Other comprehensive income		-	-	2 247	-	**2 247**	525	2 772
Total comprehensive loss for the period		-	-	2 247	(36 632)	**(34 385)**	1 756	(32 629)
Contributions of equity net of transaction costs	*23*	8 325	(8 325)	-	-	**-**	-	-
Acquired non-controlling interests	*24*	-	-	-	-	**-**	17 533	17 533
Treasury shares transactions	*23*	(57)	-	-	(295)	**(352)**	-	(352)
Total transactions with owners in their capacity as owners		8 268	(8 325)	2 247	(295)	**(352)**	17 533	17 181
31 December 2018		75 004	363 232	9 294	(98 630)	**348 899**	19 289	368 188

NOK 1 000	Note	Share Capital	Share premium	Other equity: Accumulated translation differences	Other equity: Accumulated deficit	Total	Non-controlling interests	Total equity
31 December 2016		61 900	337 100	554	(37 605)	**361 949**	-	361 949
Loss for the period		-	-	-	(24 166)	**(24 166)**	-	(24 166)
Other comprehensive loss				6 493		**6 493**	-	6 493
Total comprehensive loss for the period		-	-	6 493	(24 166)	**(17 673)**	-	(17 673)
Contributions of equity net of transaction costs	*23*	4 825	34 457	-	-	**39 282**	-	39 282
Treasury shares transactions	*23*	11	-	-	68	**79**	-	79
Total transactions with owners in their capacity as owners		4 836	34 457	-	-	**39 361**	-	39 361
31 December 2017		66 736	371 557	7 047	(61 703)	**383 636**	-	383 636

NOK 1 000	Note	Share Capital	Share premium	Other equity: Accumulated translation differences	Other equity: Accumulated deficit	Total	Non-controlling interests	Total equity
1 January 2016		61 900	337 100	4 343	(29 439)	**373 904**	-	373 904
Loss for the period		-	-	-	(8 158)	**(8 158)**	-	(8 158)
Other comprehensive loss		-	-	(3 790)	(9)	**(3 799)**	-	(3 799)
Total comprehensive loss for the period		-	-	(3 790)	(8 167)	**(11 957)**	-	(11 957)
31 December 2016		61 900	337 100	554	(37 605)	**361 949**	-	361 949

CONSOLIDATED STATEMENT OF CASH FLOWS

NOK 1 000	Note	2018	2017	2016
Profit (-loss) before tax		**(37 511)**	(22 599)	4 582
Income tax paid		**(9 262)**	(14 889)	(30 953)
Gain (-)/loss on sale of non-current assets		**(1 701)**	(3 269)	(1 601)
Depreciation, amortisation and impairment	*14, 15*	**82 896**	60 204	63 289
Amortisation of debt issuance cost	*13*	**8 914**	8 811	13 696
Interest expense		**57 562**	57 179	52 638
Unrealized foreign exchange losses		**5 136**	20 353	623
Fair value adjustment to derivatives		**(4 045)**	(4 500)	(8 813)
Gain on derecognition of contingent consideration payable	*24*	**(3 193)**	-	-
Share of profits of associates	*12*	**-**	413	693
Change in pension liability	*22*	**367**	(30)	(17)
Change in inventory	*16*	**2 932**	(10 789)	(327)
Change in trade receivables and other receivables	*17*	**(19 738)**	11 014	5 803
Change in trade and other payables	*21*	**34 076**	(6 143)	(7 122)
Net cash flow from operating activities		**116 463**	95 756	92 492
Proceeds from sale of property, plant and equipment	*7*	**2 642**	6 836	2 236
Payments for property, plant and equipment	*15*	**(41 164)**	(34 706)	(27 503)
Payments for acquisition of subsidiaries, net of cash acquired	*24*	**(34 261)**	(82 416)	(12 054)
Payments for shares in investment accounted for using the equity method	*26*	**-**	-	(1 105)
Interest received		**343**	136	263
Net cash flow from investing activities		**(72 440)**	(110 150)	(38 163)
Proceeds from bank borrowings, net of debt issuance cost	*20*	**51 414**	79 452	201 490
Repayment of bank borrowings and liabilities	*20, 24*	**(14 742)**	(37 313)	(180 342)
Interest paid		**(51 911)**	(53 397)	(50 386)
Lease payments	*11, 20*	**(15 584)**	(12 916)	(10 918)
Acquisition of treasury shares	*23*	**(330)**	(1 421)	-
Sale of treasury shares	*23*	**-**	1 501	-
Net cash flow from financing activities		**(31 153)**	(24 094)	(40 156)
Cash at the beginning of the period	*18*	**47 482**	84 092	69 243
Net increase in cash		**12 840**	(38 488)	14 173
Effects of exchange rate changes on cash		**2 033**	1 879	676
Cash at the end of the period	*18*	**62 356**	47 482	84 092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: General information

Hansen Protection ASA (a Norwegian public limited company) owns all the shares in Protection AS and is the ultimate parent company.

At the end of 2018, Hansen Protection ASA and its subsidiaries ("the Group") consists of the ultimate parent company Hansen Protection ASA (the Company), and its subsidiaries as described in the table below.

Hansen Protection ASA owns 100 per cent of the shares in Protection AS, while Protection AS owns 100 per cent of the shares in Hansen Protection AS. Remaining subsidiaries in the Group are fully owned by Hansen Protection AS. The headquarters is located at Tykkemyr 27, Moss.

The company changed its name from Protection Holding AS to Hansen Protection ASA in 2018.

Company name	Location	Ownership
Hansen Protection ASA	Norway	
Protection AS	Norway	100%
Hansen Protection AS	Norway	100%
Biardo Survival Suits BV	Netherlands	100%
Hansen Protection Canada Ltd	Canada	100%
Lyngsøe Rainwear Aps	Denmark	100%
Hansen Protection AB	Sweden	100%
Helippe Holding ApS	Denmark	50%

Hansen Protection AS primarily engages in the design, manufacturing and distribution (both rental and sales) of a range of personal protective equipment (PPE), which encompasses all protective gear, wearable equipment and clothing used in high risk work environments to ensure safety for employees. While the overall PPE market is significant and comprises a wide variety of product types such as hand protection, fall protection, protective footwear, hearing protection and various protective wear, Hansen Protection primarily specialises in advanced coated textile technology for the application in harsh environment survival and transportation suits. Hansen Protection ASA and Protection AS were incorporated in 2013. In 2013, Protection AS acquired the shares in Hansen Protection AS. Biardo Survival Suits BV (Biardo) was acquired by Hansen Protection AS in 2014. Biardo is a specialist in rental, maintenance and sales of survival suits and lifejackets in the Netherlands. In 2017 Hansen Protection AS acquired all of the shares in Lyngsøe Rainwear Aps (Lyngsøe), a company based in Denmark producing and selling rainwear that protects workers in harsh- and high-risk environments, and Hansen Protection AB (former Divelife AB), a supplier of ocean rescue systems based in Sweden. HeliPPE Holding ApS was acquired in June 2018. The company is located in Esbjerg, Denmark and its main business is renting out survival suits and protective equipment for the offshore wind industry. Through the shareholder agreement Hansen Protection AS has been provided with a "golden share" which effectively gives the deciding vote at any Board meetings, EGMs or AGMs, thus ensuring full control of the entity.

Hansen Protection Canada Ltd is currently a dormant company with no business activities.

All figures described in the notes are in NOK thousands unless otherwise stated.

NOTE 2: Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Hansen Protection ASA and its subsidiaries (the Group).

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis, as modified by financial assets and financial liabilities (including derivative instruments and contingent consideration) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The consolidated financial statements have been prepared on a going-concern basis.

2.1.1 New and amended standards adopted by the group

The new standards IFRS 15 Revenue from contracts with Customers and IFRS 16 Leases have been adopted in the Group's financial statements with effect from 1 January 2015. Please see Note 2.5 and 2.7 for further information about the accounting treatment.

The Group has applied IFRS 9 Financial Instruments for the first time for their annual reporting period commencing 1 January 2018.

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces a new impairment model for financial assets. The new guidance has no significant impact on the classification and measurement of its financial assets and financial liabilites. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. There are no impacts from the derecognition rules.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, contract assets under IFRS 15 Revenue from Contracts with Customers and lease receivables. The group does not have significant effects from the new impairment model. The new standard also introduces expanded disclosure requirements and changes in presentation. These does not change the nature and extent of the Group's disclosures significantly.

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Consolidation policies

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20 and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 14.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operation decision makers have been identified as the Chief Executive Officer and the Board of Directors which assesses the financial performance and position of the Group, and makes strategic decisions.

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Each subsidiary in the Group use their local currency as the functional currency. The consolidated financial statements are presented in Norwegian kroner (NOK), which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to bank borrowings are presented in the statement of profit or loss, within finance costs. Foreign exchange gains and losses related to operations are presented in the statement of profit or loss within 'Other (gains)/losses – net'.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average ex-

change rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, discounts and amounts collected on behalf of third parties.

The Group recognises revenue when the performance obligations in the contracts with customers are delivered. Specific criteria have been established for each of the Group's revenue generating activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The specific accounting policies for the Group's main revenue generating activities are as follows:

Personal Protection
This segment consists of sale and rental income for suits to the offshore-, windfarm- and shipping industry. The revenue from sale of suits is recognised when control of the goods has transferred, being when the goods are delivered to the customer (shipped from stock). A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rental of suits is recognised on a straight line basis over the lease period. If the services rendered by the company exceed the payment, a contract asset is recognised.

Protective Rainwear
This segment consists of sale of rainwear and other technical apparel to the professional industry. Revenue is recognised when control of the goods has transferred, being when the goods are delivered to the customer (shipped from stock). A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

It is the Group's policy to sell these products to the customer with a right of return within one year. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). The number of products returned has been steady for years, and the impact is considered immaterial for the financial statements. It is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Therefore, no liability nor a right to the returned goods are recognised for the products expected to be returned. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Marine and Special Products
This segment consists of sale of customized products, to both private consumers and professional industry. Revenue is recognised when control of the goods has transferred, being when the goods are delivered to the customer (shipped from stock). A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.6 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.7 Leases

Lease contracts where the Group is a lessee are capitalised as a right-to-use asset. Upon commencement of the lease the right-to-use asset and lease liability is recognised at cost, being the present value of the lease payments in the contract as defined by IFRS 16 in addition to initial direct costs. The Group applies the incremental borrowing rate in discounting the future lease payments.

The right-of-use asset acquired under leases is depreciated over the asset's useful life or the lease term, if shorter, if the lease does not transfer ownership at the end of the lease term, or there is no purchase option that is in the money. The right-of-use asset is tested for impairment for similar assets owned by the entity.

The lease liability is subsequently increased by the effective interest in the lease, and reduced by payments made. The lease liability is also reassessed subsequently if the payments or the interest rate changes. The change in liability is added to or deducted from the right-of-use asset.

The Group has chosen to apply the exemption under IAS 12.15, and does not recognise deferred tax or deferred tax assets on the right of use asset nor the leasing liability.

2.8 Business combinations

The acquisition method of accounting is used to account for all business combinations subsequent to the IFRS transtion date which is 1 January 2015, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group, and
- fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the;

- consideration transferred, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. The interest element in the discounted financial liability is expensed as a finance expense while other changes in fair value of the contingent consideration is recognised and included in Other gains/(losses) – net.

2.9 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Cash

For the purpose of presentation in the statement of cash flows, cash includes cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.11 Trade receivables and contract assets

Trade receivables and contract assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit loss. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 45 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 4 for a description of the Group's impairment policies.

2.12 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Self-manufactured finished goods are valued at the full production cost. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Abnormal amounts of idle facility expense, freight, handling costs, and wasted materials are recognised as expense in the current period. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Financial assets
The Group classifies its financial assets to be measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows,and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Assets measured at amortised cost includes 'receivables', 'trade receivables and other receivables' and 'cash' in the balance sheet (see Notes 2.18 and 2.10).

Impairments
The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 4 for further details.

2.14 Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Groups' derivative instruments which consist of interest rate swaps do not qualify for hedge accounting. Changes in the fair value are recognised immediately in profit or loss and are included in Other (gains)/losses – net.

The full fair value of the derivative is classified as a non-current asset or liability. See Note 4 for further information.

2.15 Property, plant and equipment
Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate costs over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.16 Intangible assets
Goodwill
Goodwill is measured as described in Note 14. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 6).

Customer relationships
Customer relationship acquired in business combinations are recognised in the balance sheet at fair value at the time of acquisition. The customer relationships have a limited useful life and are stated at acquisition cost less accumulated amortisation.

Trademarks
Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a indefinite useful life and are subsequently carried at cost less any impairment losses.

Patents
Separately acquired patents are shown at historical cost. Patents acquired in a business combination are recognised at fair value at the acquisition date. They have a definite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

2.17 Research and development
Research expenditure and development expenditure are recognised as an expense as incurred.

2.18 Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs)

and the redemption amount is recognised in profit or loss over the period of the borrowings on a straight-line basis since this approximates the use of the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.20 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the balance sheet.

Post employment obligations

The group operates two types of post-employment schemes, both defined benefit and defined contribution plan. Hansen Protection AS, which is a Norwegian company, is required to have a pension scheme pursuant to the Mandatory Occupational Pension Act, and the collective scheme in this company was converted from a defined benefit to a defined contribution plan in 2014. Those who were sick or partially disabled at the time of the conversion were not transferred to the new scheme, and the company has the original defined benefit plan for these individuals.

The groups' pension schemes meet the requirements of the law on compulsory occupational pension.

Defined benefit plan

The liability or asset recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of covered bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in accumulated deficit in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan

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

2.21 Contributed equity and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares are accounted for as a reduction of other equity at cost. Treasury shares held for all periods presented are immaterial and does not impact earnings per share.

2.22 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year and excluding treasury shares

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Government grants

The Group receives Government grant as part of the Skattefunn-arrangement in Norway. Government grants are recognised as a reduction of other operating expenses.

NOTE 3: Estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period when the changes occurred, if they only apply to that period. If the changes also apply to future periods, the effect will be distributed between the current period and future periods.

Detailed information about each of these estimates and judgements is included in Note 14 and Note 24 together with information about the basis of calculation for each affected line item in the financial statements.

Business combination and Purchase Price Allocation (PPA)
The Group has completed several business combinations during the last financial periods. See Note 24 for further details. In order to account for the business combinations and identify the fair value of the underlying assets and liabilities following IFRS 3, management has used significant judgement as the basis for the calculation of fair value. The excess over the fair value of the net identifiable assets acquired is recognised as goodwill.

In order to calculate the fair value of the intangible assets in the acquired companies, the expected future cash flows have been reconciled to the purchase price of the acquired companies. The reconciliation is performed via a Business Enterprise Valuation (BEV). Intangible assets related to customer relationships and trademark have been valued using the Multi-Period Excess Earnings Method (MEEM) and Relief From Royalty Method (RFR), respectively. The methods are assumed to be appropriate for the type of assets being valued (MEEM for customer relationships and RFR for Trademarks).

Important and sensitive assumptions used requiring significant judgement by management for the calculation of fair values using the above methods are:

- Remaining useful lifetime of customer relationships is 5 years.
- Revenue growth and EBITDA margins are based on the growth and margins from the BEV of the respective companies.
- In the MEEM approach for customer relationships, Contributory Asset Charges (CACs) are deducted from the estimated EBITDA attributable to customer relationships. The included CACs are related to net working capital, tangible fixed assets, trademarks technology and assembled workforce.

Impairment of goodwill and intangible assets
The Group tests annually whether goodwill and intangible assets has suffered any impairment, in accordance with the accounting policy stated in Note 2.16. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. In calculating value in use, budgeted cash flows and estimated terminal values for future cash flows are used. In calculating the present value of future cash flows, the most critical assumptions which requires significant judgements are discount rate, revenues growth and future expenses. See Note 14 for details related to the estimates and sensitivity calculations.

NOTE 4: Financial risk management

The Group is exposed through its business to a number of financial risks. The corporate routines for risk management focus on the unpredictability of the financial markets, and endeavor to minimise potential negative effects arising from the Group's financial positions.

Market risk
Currency risk
Currency risk arises from transactions related to operations, asset or liabilities which are conducted in a currency other than its functional currency. Hansen Protection ASA's subsidiaries are using their local currencies as functional currency being NOK, SEK, DKK, and EUR. Revenue and cost transactions are carried out mainly in the same currency, which reduces the currency risk.

However, since the Group's overall financial reporting is NOK, currency fluctuations in SEK, DKK, and EUR in relation to NOK affect overall revenue and financial position. In addition, Hansen Protection ASA and Hansen Protection AS have bank borrowings in EUR while the functional currency for these entities is NOK. Based on exposure mentioned the Group assesses that historical fluctuations in NOK/EUR has the most significant impact on the financial reporting in regards to the financial instruments. The Group is currently and for the periods presented, not engaged in any currency hedging activities. The table below summarizes the impact a change in NOK/EUR will have in the statement of profit or loss from the translation of the borrowing balance at 31 December. The analysis is based on the assumption that the foreign exchange rate increase or decrease 10 per cent, with all other variables held constant.

Impact on profit or loss

Bank borrowings in EUR	**2018**	2017	2016
NOK/EUR exchange rate – decrease 10%	**34 658**	30 423	24 404
NOK/EUR exchange rate – increase 10%	**(34 658)**	(30 423)	(24 404)

Interest rate risk
The Group's interest rate risk arises because of long-term bank borrowings. Debt issued based on variable interest rates mean that the Group is exposed to interest rate risk affecting cash flow. Up to September 30, 2018 the Company managed interest rate risk related to cash flow by using interest rate swaps that converted floating rates to fixed rates. The interest rate swaps were not renewed due to the expectation of a refinancing of the Group's debt in the event of an IPO.

The derivatives consisting of interest rate swaps do not qualify for hedge accounting. Please see Note 2.14 for further information.

If interest rates on bank borrowings and bank deposits on average had been 100 basis points higher / lower during the year, given that all other variables had been held constant, profit after tax would have been NOK 5 885 lower/higher (2017: 6 016, 2016: 5 585). Effect on profit is mainly due to higher / lower interest rates on loans entered into with variable interest rates without hedging.

Credit Risk
Credit risk arises from, among other cash and deposits with banks and financial institutions. In addition risk occurs through exposure to customers, including outstanding receivables and contracted transactions.

For banks and financial institutions, only well-established independent parties are accepted.

The Group has limited credit risk relating to one individual contracting party except for one customer which is a well reputable company for which the credit risk is assessed to be low.

In order to reduce the credit risk the Group has guidelines to ensure that sales are made only to customers with high credit rating. Customers having low credit rating have to prepay for goods and services provided by the Group.

Credit quality of financial assets
All new customers are being assessed for credit risk before payments and delivery terms are being offered. As at 31 December the ageing of the Group's accounts receivables is as follows:

Trade receivables

NOK 1 000	**2018**	2017	2016
Not overdue	**38 957**	34 685	25 636
Overdue less than 1 month	**9 994**	2 539	3 207
Overdue 1-2 months	**2 250**	8	167
Overdue more than 2 months	**1 319**	388	(233)
Total	**52 520**	37 621	28 777

There are no overdue and not impaired accounts receivables as of 31 December.

Impairment of financial assets
Trade receivables and contract assets are subject to the expected credit loss model.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Accounts receivable and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group. Provisions for losses are considered to cover the actual losses that are expected in relation to accounts receivables and contract assets.

The closing loss allowances for trade receivables and contract assets as at 31 December 2018 reconcile to the opening loss allowances as follows:

Loss allowances for trade receivables and contract assets

NOK 1 000	**2018**	2017	2016
1 January	**1 561**	700	700
Increase in loan loss allowance recognised in profit or loss during the year	**105**	861	-
Receivables written off during the period as uncollectable	**-**	-	-
Unused amounts reversed	**(65)**	-	-
31 December	**1 601**	1 561	700

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its financial obligations when they mature.

Management monitors rolling cash flow forecasts of the Group's liquidity requirements to ensure that it has a satisfactory level of cash to meet operational needs, as well as at any time maintain a satisfactory margin of the unused loan facility to ensure that the Group is not in breach of the requirements set in the loan agreement. Such estimation of future cash flows takes into account the Group's debt financing plans, loan conditions and compliance with internal requirements ratios in the balance. Excess liquidity in each company, beyond the requirements for working capital, is deposited in interest-bearing accounts with financial institutions.
The table below shows the Group's financial loans including interest into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts are agreed undiscounted cash flows.

NOK 1 000	Less than 1 year	Between 1 and 5 years	Later than 5 years
31 December 2018			
Bank borrowings	82 763	1 003 433	-
Other liabilities	18 894	-	-
Trade and other payables	73 939	-	-
Lease liabilities	18 351	56 684	11 118
31 December 2017			
Bank borrowings	60 868	1 013 832	-
Other liabilities	29 069	19 261	-
Trade and other payables	38 148	-	-
Lease liabilities	14 830	44 881	11 716
31 December 2016			
Bank borrowings	51 866	996 927	-
Other liabilities	-	-	-
Trade and other payables	40 127	-	-
Lease liabilities	12 875	52 652	18 775

Debt covenants

The Group's loan agreements include certain conditions related to interest cover rate, net interest-bearing liabilities / EBITDA, and capital expenditure. These ratios are measured quarterly on a 12 month rolling basis for Protection AS, Hansen Protection AS and its subsidiaries. In addition, there are covenants at the Protection International Sarl (majority shareholder) related to the Investec facility. The company met all the loan covenants as at 31 December 2018.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Net debt at 31 December were as follows:

NOK 1 000	**2018**	2017	2016
Bank borrowings (Note 20)	**958 377**	911 786	837 899
Cash (Note 18)	**(62 356)**	(47 482)	(84 092)
Net debt	**896 021**	864 304	753 807

NOTE 5: Financial assets and financial liabilities

Financial instruments by category

31 December 2018:

NOK 1 000	Fair value through profit or loss	Assets at amortised cost	**Total**
Financial assets			
Trade and other receivables excluding pre-payments	-	65 322	**65 322**
Cash	-	62 356	**62 356**
Total	-	127 678	**127 678**

NOK 1 000	Fair value through profit or loss	Liabilities at amortised cost	Total
Financial liabilities			
Bank borrowings	-	958 387	**958 387**
Derivative financial instruments	-	-	**-**
Other liabilities (note 20 and 24)	18 894	-	**18 894**
Trade and other payables excluding non-financial liabilities	-	73 939	**73 939**
Total	18 894	1 032 326	**1 051 220**

31 December 2017:

NOK 1 000	Fair value through profit or loss	Assets at amortised cost	Total
Financial assets			
Trade and other receivables excluding pre-payments	-	45 075	**45 075**
Cash	-	47 482	**47 482**
Total	-	92 557	**92 557**

NOK 1 000	Fair value through profit or loss	Liabilities at amortised cost	Total
Financial liabilities			
Bank borrowings	-	911 786	**911 786**
Derivative financial instruments	4 045	-	**4 045**
Other liabilities (note 20 and 24)	45 758	-	**45 758**
Trade and other payables excluding non-financial liabilities	-	32 927	**32 927**
Total	49 803	944 713	**994 516**

31 December 2016:

NOK 1 000	Fair value through profit or loss	Assets at amortised cost	Total
Financial assets			
Trade and other receivables excluding pre-payments	-	37 486	**37 486**
Cash	-	84 092	**84 092**
Total	-	121 578	**121 578**

NOK 1 000	Fair value through profit or loss	Liabilities at amortised cost	Total
Financial liabilities			
Bank borrowings	-	837 898	**837 898**
Derivative financial instruments	8 545	-	**8 545**
Other liabilities (note 20 and 24)	-	-	**-**
Trade and other payables excluding non-financial liabilities	-	37 882	**37 882**
Total	8 545	875 780	**884 325**

Derivative financial instruments

NOK 1 000	2018	2017	2016
Interest rate swaps carrying value liability			
Non-current items	-	-	3 398
Current items	-	4 045	5 147
Total	-	4 045	8 545

Derivatives are classified as held for trading and accounted for at fair value (MTM) through profit or loss.

The Group's accounting policy for its derivative financial instruments is set out in Note 2.14.

Interest rate swaps

For all periods presented the fair values in the tables below represent a liability (NOK 1 000):

2017

NOK 1 000	Principal amount	Currency	Start date	Mature date	Fixed rate	MTM
	219 285	NOK	29.12.2017	28.09.2018	2.09%	(2 021)
	219 285	NOK	17.07.2014	28.09.2018	2.09%	(2 024)
	438 570					(4 045)

2016

NOK 1 000	Principal amount	Currency	Start date	Mature date	Fixed rate	MTM
	198 330	NOK	30.09.2016	29.09.2017	2.315%	(1 693)
	190 245	NOK	09.10.2013	29.09.2017	2.315%	(1 705)
	45 210	NOK	30.09.2016	28.09.2018	2.09%	(2 567)
	45 375	NOK	17.07.2014	28.09.2018	2.09%	(2 580)
	479 160					(8 545)

Fair value measurement

The following table presents the Groups' financial assets and liabilities that are measured at fair value:

Financial assets/liabilities(-) at fair value through profit or loss, 31 December:

NOK 1 000	Level 1	Level 2	Level 3	**Total**
2017				
Interest rate swaps	-	(4 045)	-	**(4 045)**
2016				
Interest rate swaps	-	(8 545)	-	**(8 545)**

There were no transfers between the levels during the year. The Group assesses and selects methods and assumptions that are mainly based on market conditions at each reporting date. Fair value of financial instruments not traded in an active market are determined by using the credit institution's estimated value of the instrument (MTM value). The different levels have been defined as follows;

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3
If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:

Quoted market prices or dealer quotes for similar instruments.
The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

NOTE 6: Segment information

The Group's principal segment is Personal Protection, which encompasses rental and sales of advanced transportation-, SAR (Search and Rescue)- and other work- and niche survival suits for the use in harsh marine environments. The main industrial end-markets by this segment include oil & gas and related services, wind, shipping, SAR services and other.

The Protective Rainwear segment includes sale of products, which includes a broad range of insulated-, flame retardant-, hi-tech- and basic protective rainwear for harsh working environments. The main industrial end-markets by this segment include construction, oil & gas, agriculture and forestry, wind and other.

Marine and Special Products consists of design, manufacturing and distribution of coated and customised textile solutions, used in niche markets with overlapping material and design/construction needs. The primary application areas for these products are leisure boat canopies and seating solutions, textile tanks for agricultural applications and textile solutions for for the defense industry.

The Group's chief operating decision makers (CODM) are the Board of Directors and the Chief Executive Officer. The CODM is responsible for allocating resources and assessing the performance of the segments.

The Group's performance is reviewed by the CODM by product category. The "Group functions and other" column relates to other business activities such as unallocated items.

The CODM primarily uses revenues and a measure of earnings before interest, tax and amortisation (EBITA, see below) to assess the performance of the operating segments. However, the CODM also receives information about the segments' revenue and the consolidated balance sheet of the Group on a monthly basis. Balance sheet items, including depreciation and amortisation, per segment, are not information provided to the CODM on a regular basis.

Operating segment information

Financial year 2018

NOK 1 000	Personal Protection	Protective Rainwear	Marine and Special Products	Group functions and other	**Total**
Revenue and other income					
Revenue from services	188 571	-	-	-	**188 571**
Revenue from products	78 272	87 493	57 350	-	**223 115**
Income from other sources	1 101	-	-	1 849	**2 948**
Total	267 944	87 493	57 350	1 849	**414 635**

EBITA[1] and gross profit reconciles to profit before tax as follows:

NOK 1 000	Personal Protection	Protective Rainwear	Marine and Special Products	Group functions and other	**Total**
EBITA[1]	83 964	24 517	13 192	(41 202)	**80 471**
Amortisation and impairment	-	-	-	45 292	**45 292**
Other gains/(losses) – net	-	-	-	2 778	**2 778**
Finance income[2]	-	-	-	16 509	**16 509**
Finance expenses[2]	-	-	-	91 977	**91 977**
Loss before tax					**(37 511)**

Financial year 2017

NOK 1 000	Personal Protection	Protective Rainwear	Marine and Special Products	Group functions and other	Total
Revenue and other income					
Revenue from services	160 978	-	-	-	**160 978**
Revenue from products	84 046	5 445	52 241	-	**141 732**
Income from other sources	3 272	-	-	1 997	**5 269**
Total	248 296	5 445	52 241	1 997	**307 979**

EBITA[1] and gross profit reconciles to profit before tax as follows:

NOK 1 000	Personal Protection	Protective Rainwear	Marine and Special Products	Group functions and other	Total
EBITA[1]	82 762	(199)	11 792	(4 166)	**90 189**
Amortisation and impairment	-	-	-	31 551	**31 551**
Other gains/(losses) – net	-	-	-	162	**162**
Finance income[2]	-	-	-	6 758	**6 758**
Finance expenses[2]	-	-	-	88 156	**88 156**
Loss before tax					**(22 599)**

Financial year 2016

NOK 1 000	Personal Protection	Protective Rainwear	Marine and Special Products	Group functions and other	Total
Revenue and other income					
Revenue from services	179 835	-	-	-	**179 835**
Revenue from products	61 443	-	54 394	-	**115 837**
Income from other sources	1 479	-	-	2 067	**3 546**
Total	242 757	-	54 394	2 067	**299 218**

EBITA[1] and gross profit reconciles to profit before tax as follows:

NOK 1 000	Personal Protection	Protective Rainwear	Marine and Special Products	Group functions and other	Total
EBITA[1]	85 446	-	13 309	(906)	**97 849**
Amortisation and impairment	-	-	-	34 350	**34 350**
Other gains/(losses) – net	-	-	-	4 768	**4 768**
Finance income[2]	-	-	-	5 600	**5 600**
Finance expenses[2]	-	-	-	69 285	**69 285**
Profit before tax					**4 582**

Geographical information

Financial year 2018

NOK 1 000	Norway	Sweden	Denmark	Netherlands	Rest of Europe	Rest of the world	Total
Revenue and other income	243 188	21 780	32 223	35 320	62 285	19 839	**414 635**
Non-current tangible assets [3]	117 085	36	23 865	15 209	-	-	**156 194**

Financial year 2017

NOK 1 000	Norway	Sweden	Denmark	Netherlands	Rest of Eu-rope	Rest of the world	Total
Revenue and other income	233 338	13 623	12 592	18 962	14 653	14 761	**307 979**
Non-current tangible assets [3]	112 327	2 359	6 049	8 653	-	-	**129 388**

Financial year 2016

NOK 1 000	Norway	Sweden	Denmark	Netherlands	Rest of Eu-rope	Rest of the world	Total
Revenue and other income	222 593	8 368	6 717	21 762	16 420	23 358	**299 218**
Non-current tangible assets [3]	103 762	-	-	9 251	-	149	**113 162**

1) For further information about EBITA, please see Appendix.
2) Finance income and expenses are not allocated to segments, as this type of activity is derived by the central treasury function, which manages the cash position of the Group.
3) Non-current tangible assets other than financial instruments and deferred tax assets.

NOTE 7: Revenue and other income

The Group has recognised the following amounts relating to revenue in the statement of profit or loss:

NOK 1 000	2018	2017	2016
Revenue from contract with customers			
Revenue from services	**188 571**	160 978	179 835
Revenue from products	**223 115**	141 732	115 837
Other income			
Gain on sale of property, plant and equipment	**1 701**	3 272	1 479
Income from sub-lease of premises	**1 045**	1 058	947
Other	**203**	939	1 120
Total	**414 635**	307 979	299 218

Gain on sale of property, plant and equipment
Relates primarily to sale of second-hand offshore rental suits classified as property, plant and equipment.
See Note 15 for further information on the disposals during the year.

Income from sub-lease of premises
Relates among other to sub-lease of office premises at the headquarters in Moss and has been treated as operating lease.

The Group has the following revenue-related contract assets recognised in the balance sheet at period end:

NOK 1 000	2018	2017	2016
Current contract assets relating to rental of suits	**10 195**	8 409	7 423

There are no contract liabilities recognised in the balance sheet.

Accounting policies and significant judgements
Please see Note 2.5 for information about the accounting policies for the Group's main types of revenue.

Financing components
The Group has from time to time contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Such receivables are recognised in the balance sheet at fair value. The interest element in the discounted financial receivable is included as finance income.

NOTE 8: Payroll and other personnel expenses

NOK 1 000	**2018**	2017	2016
Wages and salaries	**74 222**	57 692	59 041
Social security tax	**9 190**	8 015	7 626
Pension cost	**3 377**	3 044	3 068
Other payroll costs	**2 498**	2 377	2 515
Total	**89 287**	71 128	72 250
Average number of full time employees during the year	**153**	146	150

NOTE 9: Remuneration of the board of directors and executive management

Remuneration to the board of directors

NOK 1 000		**2018**	2017	2016
Name	**Position**			
Amund Skarholt	Chair	**293**	360	360
Thomas Astrup Klitbo	Director	**98**	120	-
Carine Engen	Director [1]	**-**	-	-
Peter Svarrer	Director [2]	**98**	120	-
Steffen Melgaard	Director [3]	**-**	60	-
Stephan Madsen	Director [4]	**-**	-	60
Total		**489**	660	360

1) From 24 October 2018
2) From 16 March 2017 until 24 October 2018,
3) From 16 March 2017 until 16 October 2017,
4) Until 16 September 2016

Remuneration to executives

NOK 1 000	Wages and Salaries	Bonus	Pension expense	Other renumerations	**Total benefit to executives**
2018					
Terje Gorm Hansen (CEO)	3 130	421	160	10	**3 721**
Carine Engen (CFO)	1 293	-	144	9	**1 446**
2017					
Terje Gorm Hansen (CEO)	2 779	-	176	10	**2 964**
Carine Engen (CFO)	1 020	-	136	9	**1 136**
2016					
Terje Gorm Hansen (CEO)	2 730	1 220	151	10	**4 112**
Carine Engen (CFO)	1 000	150	137	9	**1 296**

No loans, advances or guarantees have been granted to Executives or Board members.

The Board of Directors Declaration on salaries and other remuneration for senior management

The board of directors of Hansen Protection ASA will base the determination of salary and other remuneration of the chief executive officer and other members of the senior management on the following guidelines during the coming financial year.

General guidelines
The overall objective of the management remuneration policy of Hansen Protection ASA is to attract, retain and motivate employees with the skills, qualifications and experience needed to maximize value creation for the company and its shareholders. Hansen Protection ASA shall offer competitive terms to senior management. Subject to this, the remuneration of the company's senior management shall as far as possible be in line with the market level for remuneration of senior management in comparable companies.

The remuneration of senior management shall not be of a size or nature, which is liable to harm the company's reputation.
The remuneration of the company's senior management may, in addition to a fixed salary, include customary benefits in kind such as car allowance or company car, coverage of telephony and broadband costs, newspaper subscriptions etc.

The remuneration may also include pension and insurance schemes as well as severance pay entitlements.

The board of directors may establish bonus schemes for senior management. The purpose of any bonus scheme shall be to give management an incentive to contribute to value creation in the company.

Guidelines for determination of salary and other remuneration for the fiscal year 2019
The key principle for determination of managements' salaries is the sum of base salary and other benefits. This sum shall be competitive. The base salary shall normally be the main component in the managements' salaries and this is determined based on tasks, responsibilities, competence and seniority.

Result-based remuneration
The Company has a result-based bonus scheme for management and certain other senior level employees. The arrangement shall contribute to the Company's achievement of key goals and strategies. Bonuses are tied to the Company's results and achievement of agreed personal goals.

The maximum bonus is between 10 and 30 per cent of the individual salary, while the CEO is entitled to a bonus of up to six months' salary.

Severance pay
The Company does not have agreements regarding severance pay to management, except for the CEO, who has waived his employment protection in the Working Environment Act against severance pay.

Pension schemes
The Company has a defined contribution pension scheme that applies to all employees. The CEO also has an individual agreement regarding early retirement. There are no other agreements regarding early retirement.

There are no pension arrangements for management in the Company's foreign subsidiaries as this is not mandatory under the laws of the relevant countries.

Benefits in kind
The Company's management may be granted benefits in kind, such as free phone, at home pc, free internet and newspapers. There are no particular restrictions as to the kind of benefits in kind that may be agreed.

Other benefits
It is possible to grant other variable elements of the remuneration or other particular benefits, including special bonuses, than those mentioned above if this is deemed beneficiary to attract and/or retain a manager or is otherwise deemed to benefit the Company.

Remuneration policy during the last fiscal year
The remuneration policy for senior management during 2018 has been in accordance with the principles described above. Information on remuneration to senior executive management during 2018 is included in the table above.

NOTE 10: Other operating expenses

Other operating expenses are split up into the following categories:

NOK 1 000	2018	2017	2016
Sales and distribution costs	**36 163**	25 293	27 152
Advertising and marketing costs	**4 363**	3 183	3 638
Other costs related to leased facilities	**2 880**	2 230	2 928
External service provider fees	**5 865**	4 086	2 604
Cost for travel and means of transport	**4 226**	3 266	3 290
Bad debts	**(57)**	831	96
Professional fees and other restructuring costs	**39 641**	5 592	4 213
Other operating costs	**10 073**	8 600	7 665
Total	**103 154**	53 081	51 586

Professional fees and other restructuring costs is materially impacted by fees related to due diligence, M&A, market research and preparation for potential listing of Hansen Protection's shares on the Oslo stock exchange.

No government grants have been recognised in other operating expenses in 2018 and 2017 (2016: NOK 562).

Remuneration of the auditor (excl. VAT)

NOK 1 000	2018	2017	2016
Statutory audit (including technical assistance with annual report)	**2 487**	721	464
Other assurance services	**60**	54	-
Tax services	**1 762**	92	108
Other assistance	**16 997**	-	-
Total	**21 305**	867	572

NOTE 11: Rent and lease agreements

Leases – amounts recognised in the balance sheet
The balance sheet shows the following amounts relating to leases:

Right of use assets*

NOK 1 000	2018	2017	2016
Properties	**54 061**	52 645	50 915
Cars and equipment	**-**	232	-
Total	**54 061**	52 877	50 915

** Included in the line item 'Property, plant and equipment' in the balance sheet*

Lease liabilities

NOK 1 000	2018	2017	2016
Non-current	**49 232**	46 820	46 362
Current	**11 612**	11 282	9 088
Total	**60 844**	58 102	55 450

Additions to the right-of-use assets during the 2018 financial year were NOK 14 831 (2017: NOK 11 779, 2016: NOK 0).

Leases – amounts recognised in the statement of profit or loss
The statement of profit or loss shows the following amounts relating to leases:

NOK 1 000	2018	2017	2016
Depreciation charge of right-of-use assets			
Properties	**12 341**	9 769	9 677
Cars and equipment	**78**	49	-
Total	**12 452**	9 818	9 677
Interest expense (included in finance cost)			
Interest expense (included in finance cost)	**2 359**	3 788	4 039
Expense relating to short-term leases (included in other expenses)	**104**	2	-
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)		103	131

The total cash outflow for leases in 2018 was NOK 15 585 (2017: NOK 12 916, 2016: NOK 10 918).

The Group's leasing activities and how these are accounted for
The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the lease term on a straight-line basis.

Leases
Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value lease payments fixed payments (including in-substance fixed payments).

The lease payments are discounted using the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options
Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by Group and not by the respective lessor, and the lease term period has been estimated based on the period that is assessed as most probable.

NOTE 12: Other gains/(losses) – net

NOK 1 000	2018	2017	2016
Net foreign exchange gains/(losses) on operations	**(893)**	2 072	967
Net gain/(loss) on interest rate swaps	**496**	(1 497)	2 881
Share of profit/(loss) on investments accounted for using the equity method	**-**	(413)	(693)
Contingent consideration earn-out adjustment from business combinations	**3 175**	-	1 614
Total	**2 778**	162	4 768

NOTE 13: Financial items

Finance income

NOK 1 000	2018	2017	2016
Interest income			
Financial institution	**89**	52	160
Other	**256**	84	104
Other financial income			
Foreign exchange gains on bank borrowings	**-**	-	617
Total	**345**	136	881

Finance expenses

NOK 1 000	2018	2017	2016
Interest expenses			
Bank borrowings	**53 033**	47 373	44 548
Other	**444**	364	331
Other financial expenses			
Foreign exchange losses on bank borrowings	**4 785**	20 199	-
Amortisation of debt issuance cost	**8 914**	8 811	13 696
Other financial expenses	**8 638**	4 788	5 991
Total	**75 814**	81 535	64 566
Net financial items	**(75 469)**	(81 398)	(63 685)

Other financial expenses relates to interest expenses on lease liability and bank charges.

NOTE 14: Intangible assets

NOK 1 000	Goodwill	Trademarks	Patents	Customer relationships	Total
At 1 January 2016					
Acquisition cost	900 221	34 084	22 800	224 574	**1 181 676**
Accumulated amortisation and impairment	-	-	(14 250)	(101 900)	**(116 150)**
Net book amount	900 221	34 084	8 550	122 674	**1 065 529**
31 December 2016					
Opening net book amount	900 218	34 084	8 550	122 674	**1 065 529**
Translation differences	(1 001)	(291)	-	(1 727)	**(3 019)**
Impairment	(424)	-	-	-	**(424)**
Amortisation	-	-	(4 275)	(29 651)	**(33 926)**
Closing net book amount	898 796	33 793	4 275	91 296	**1 028 160**
At 31 December 2016					
Acquisition cost	898 796	33 793	22 800	222 847	**1 178 233**
Accumulated amortisation and impairment	-	-	(18 525)	(131 551)	**(150 073)**
Net book amount	898 796	33 793	4 275	91 296	**1 028 160**

NOK 1 000	Goodwill	Trademarks	Patents	Customer relationships	Total
31 December 2017					
Opening net book amount	898 796	33 793	4 275	91 296	**1 028 160**
Translation differences	1 674	556	-	2 164	**4 982**
Aquisition of Lyngsøe Rainwear ApS	63 099	16 501	-	29 698	**108 709**
Aquisition of Hansen Protection AB	10 446	-	-	-	**10 447**
Amortisation	-	-	(2 850)	(28 701)	**(31 551)**
Closing net book amount	974 015	50 850	1 425	94 457	**1 120 747**
At 31 December 2017					
Acquisition cost	974 439	50 850	22 800	254 709	**1 302 798**
Accumulated amortisation and impairment	(424)	-	(21 375)	(160 252)	**(182 051)**
Net book amount	974 015	50 850	1 425	94 457	**1 120 747**
31 December 2018					
Opening net book amount	974 015	50 850	1 425	94 457	**1 120 747**
Translation differences	279	89	-	(107)	**361**
Aquisition of Helippe Holding ApS	26 082	-	-	-	**26 082**
Impairment Hansen Protection AB	(10 189)	-	-	-	**(10 189)**
Amortisation	-	-	(1 425)	(33 678)	**(35 103)**
Closing net book amount	990 187	51 039	-	60 672	**1 101 898**
At 31 December 2018					
Acquisition cost	1 000 376	51 039	22 800	254 602	**1 328 817**
Accumulated amortisation and impairment	(10 189)	-	(22 800)	(193 930)	**(226 919)**
Net book amount	990 187	51 039	-	60 672	**1 101 898**

Trademarks
Trademark derives from acquisitions including among other Hansen Protection AS, Biardo Survival Suits BV and Lyngsøe Rainwear ApS. Trademarks that have existed for a long period of time and have a sound development at the time of acquisition have an indefinite useful life and are not amortised. An indefinite useful life means that it is impossible on the statement of financial position date to estimate the period during which assets will be available for use.

Patents
Capitalized patents are related to the development of a breathing regulator installed on survival suits. The patent is amortised over its anticipated useful life of 7 years, based on a degressive method.

Customer relationships
Customer relationships derives solely from acquisition of companies in the period 2013-2017. The amortisation period is 5-10 years. This period is based on analysis of customer churn rate and the remaining useful lifetime of the customer relationships. The amortisation is based on a degressive method.

Goodwill
Goodwill is the residual value consisting of the difference between the purchase price and the capitalised value of an acquired company. Goodwill derives from acquisitions performed in the period 2013-2018. The Group's cash-generating units are identified as each acquired company.

The table below shows goodwill allocation per cash generating unit as of 31 December.

	2018		2017		2016	
NOK 1 000	**NOK**	**Local currency**	NOK	Local currency	NOK	Local currency
Hansen Protection AS	**879 585**	**879 585**	879 585	879 585	879 585	879 585
Biardo Survial Suits BV	**20 936**	**2 102**	20 574	2 102	19 211	2 102
Lyngsøe Rainwear Aps	**63 583**	**47 719**	62 975	47 719	-	-
Helippe Holding Aps	**26 083**	**19 633**	-	-	-	-
Hansen Protection AB	**-**	**-**	10 881	10 885	-	-
Hansen Protection Canada Ltd	**-**	**-**	-	-	-	-
Total	**990 187**		974 015		898 796	

Changes in recognised goodwill in the period 2015-2018 are mainly due to currency translation effects from purchase price allocations performed in foreign currencies.

Impairment testing of goodwill and trademarks

The Group has performed an impairment test on the carrying value of goodwill and trademarks as a result of these assets having indefinite useful life. Value in use was used as the measure of recoverable amount. The test includes the net present value analysis of expected future cash flows from cash-generating units. In the period the indicators for Hansen Protection AB was identified due to the decision to close down the Divelife consumer business. The carrying amount has been reduced to nil through recognition of an impairment loss of NOK 10 189. The loss is included in amortisation and impairment of goodwill in the consolidated interim statement of profit and loss.

Cash Flow Model

The model is based on a four-year forecast of discounted cash flows of the Group's business plan, and a terminal value calculated using Gordon's formula. Net discounted cash flow is calculated before tax.

The model is based on the following assumptions:

Cash Flow

A strategic business plan for the Group for the years 2019-2022 has been prepared based on market development in recent years and guidelines issued by the Board and the owners. The terminal value is calculated with an annual growth rate of 2.0 per cent.

WACC (Weighted average cost of capital)

To calculate the discount rate, the Group has applied CAPM as a method, and WACC is calculated to 13.1 per cent before tax for the Norwegian cash generating unit (CGU) and 11.7 per cent before tax for the EU CGUs. Cost of equity is calculated based on 10-year government bonds, adjusted for a market risk premium and non-liquidity premium linked to the Group. Debt cost is calculated based on the Group's long-term financing and its long-term target for gearing.

A reduction of 1 per cent in annual growth rate in the terminal value will not affect the conclusion of the impairment test. The same applies to a 1 per cent increase in WACC.

NOTE 15: Property, plant and equipment

NOK 1 000	Right of use assets	Rental Suits	Other machinery and equipment	**Total**
At 1 January 2016				
Acquisition cost	70 554	81 086	18 219	**169 859**
Accumulated depreciations	(9 852)	(36 148)	(8 374)	**(54 375)**
Net book amount	60 702	44 938	9 845	**115 484**
31 December 2016				
Opening balance	60 702	44 938	9 845	**115 484**
Translation differences	(110)	(463)	(89)	**(662)**
Additions	-	25 176	2 327	**27 503**
Disposals at acquisition cost	-	(793)	(652)	**(1 445)**
Accumulated depreciations disposals	-	318	490	**808**
Depreciation	(9 677)	(15 620)	(3 643)	**(28 939)**
Closing net book amount	50 915	53 557	8 277	**112 749**
At 31 December 2016				
Acquisition cost	70 444	105 325	20 294	**196 063**
Accumulated depreciations	(19 529)	(51 769)	(12 017)	**(83 314)**
Net book amount	50 915	53 557	8 277	**112 749**

NOK 1 000	Right of use assets	Rental Suits	Other machinery and equipment	Total
31 December 2017				
Opening net book amount	50 915	53 557	8 277	**112 749**
Translation differences	-	247	(24)	**224**
Additions from acquisitions during the year	7 148	-	1 552	**1 552**
Other Additions	4 631	30 590	2 564	**44 983**
Disposals at acquisition cost	-	(5 011)	(1 200)	**(6 211)**
Accumulated depreciations disposals	-	3 818	976	**4 794**
Depreciation	(9 818)	(15 352)	(3 483)	**(28 653)**
Closing net book amount	52 877	67 849	8 662	**129 388**
At 31 December 2017				
Acquisition cost	82 273	134 969	24 163	**241 405**
Accumulated depreciations	(29 396)	(67 120)	(15 500)	**(112 016)**
Net book amount	52 877	67 849	8 662	**129 388**
31 December 2018				
Opening net book amount	52 877	67 849	8 662	**129 388**
Translation differences	279	(80)	77	**276**
Additions from acquisitions during the year	2 268	10 266	293	**12 827**
Other Additions	12 563	37 502	3 662	**53 727**
Disposals at acquisition cost	(1 506)	(1 831)	-	**(3 337)**
Accumulated depreciations disposals	-	917	-	**917**
Depreciation	(12 419)	(21 205)	(3 980)	**(37 604)**
Closing net book amount	54 062	93 419	8 714	**156 194**
At 31 December 2018				
Acquisition cost	95 828	182 086	27 852	**305 765**
Accumulated depreciations	(41 766)	(88 326)	(19 480)	**(149 571)**
Net book amount	54 062	93 761	8 372	**156 194**

Depreciation method and useful life

Depreciation is calculated using the straight-line method to allocate the cost, net of their residual values, over the expected useful lifetime. Right of use assets are depreciated over the lease term. Rental suits are depreciated over a period of 4 to 7 years, while other machinery and equipment are depreciated over a period of 4 to 10 years.

NOTE 16: Inventories

NOK 1 000	2018	2017	2016
Raw materials	**24 301**	25 651	24 061
Work in progress	**4 508**	3 437	3 869
Finished products	**89 202**	91 779	24 689
Total inventories (gross)	**118 011**	120 867	52 619
Allowance for obsolete inventory			
Raw materials and finished goods	**(6 642)**	(6 566)	(6 488)
Carrying value	**111 369**	114 301	46 131

Inventories recognised as an expense during 2018 amounted to NOK 104 119 (2017: NOK 64 928, 2016: NOK 48 593). These were included in the Purchase of goods and materials. There were no write-downs to net realisable value included in Purchase of goods and materials in 2018 (2017: NOK 0, 2016: NOK 0).

NOTE 17: Trade receivables and other receivables

NOK 1 000	2018	2017	2016
Trade receivables (gross)	**52 520**	37 621	28 777
Provision for loss on trade receivables	**(1 601)**	(1 561)	(700)
Total trade receivables	**50 919**	36 060	28 077

NOK 1 000	2018	2017	2016
Prepaid expenses	**2 714**	874	878
Income accruals	**10 195**	8 409	7 423
Other current receivables	**1 348**	606	2 166
Total other current receivables	**14 257**	9 889	10 287

For receivables due within one year, fair value is considered not significantly different from carrying value.

NOTE 18: Cash

NOK 1 000	2018	2017	2016
Cash in bank	**62 356**	47 482	84 092
Taxes withheld	**2 494**	2 296	2 312

NOTE 19: Taxes

NOK 1 000	2018	2017	2016
Current tax			
Tax payable current year	**9 629**	9 085	17 784
Adjustments for current tax of prior years [1]	**(2 459)**	384	(4 143)
Total current tax expense	**7 170**	9 469	13 731
Deferred income tax			
Change in deferred tax assets	**1 644**	2 517	7 431
Change in deferred tax liability	**(10 297)**	(8 374)	(7 392)
Change in tax rate	**(627)**	(2 045)	(1 030)
Total deferred tax expense	**(9 280)**	(7 902)	(991)
Income tax expense	**(2 110)**	1 567	12 740

1) Adjustments for current tax prior years in 2016 is mainly related to carry back loss in the Canadian subsidiary. The claim was settled by the Canadian tax authorities in 2018. In 2018 the tax adjustment is a result of amended taxable income 2014 – 2016 related to the understanding of the non-deductible interest charges. Amendment was initiated by the company and approved by the tax authorities in the year.

NOK 1 000	2018	2017	2016
Reconciliation of income tax expense			
Profit before income tax expense	**(37 511)**	(22 599)	4 582
Tax calculated using the domestic rate (23%/24%/25%)	**(8 628)**	(5 424)	1 146
Change in deferred tax assets not recognised	**10 030**	6 853	12 134
Effect of local taxes	**300**	181	286
Effect on deferred tax and deferred tax asset of reduced tax rate	**(627)**	(2 045)	(1 030)
Tax expense related to previous years	**(2 459)**	384	-
Withholding tax dividend from Canada	**-**	-	190
Other permanent differences	**(126)**	1 618	14
Income tax expense	**(2 110)**	1 567	12 740

Tax losses carried forward

Unused tax losses for which no tax asset has been recognised refer to interest reduction and losses carried forward.

NOK 1 000	2018	2017	2016
Non-deductible interest charges expiring 2024 and later	**(88 067)**	(83 122)	(71 903)
Losses carried forward with no expiring dates	**(36 456)**	(25 864)	(12 089)

Tax rate related to non-deductible interest charges is 22 per cent. Losses carried forward are potentially subject to tax rates of 21.4 – 22 per cent.

Deferred tax balances

Deferred tax asset presented gross

NOK 1 000	2018	2017	2016
Deferred tax asset Denmark	**1 116**	-	-
Deferred tax asset	**1 116**	-	-

Change in carrying amount of deferred tax asset

NOK 1 000	2018	2017	2016
Opening balance deferred tax asset	**-**	-	3 915
Currency translation difference	**-**	-	39
Profit or loss account	**729**	-	-
Deferred tax asset from acquisitions	**388**	-	-
Reclassified to payable tax	**-**	-	(3 954)
	1 116	-	-

Deferred tax asset Canada relates to temporary difference in tangibles written off in the accounts.

Deferred tax asset and deferred tax liability (-) presented net

Deferred tax asset and deferred tax liabilities is presented net if the Group has a legal right to net the effect in the balance sheet and the tax-increasing and the tax-reducing temporary differences reverse or may reverse during the same period.

NOK 1 000	2018	2017	2016
Other deferred tax assets recognised in the balance sheet	**2 091**	3 780	6 409
Deferred tax liability recognised in the balance sheet	**(32 298)**	(39 813)	(39 337)
Adjustment for local tax rates	**(627)**	(119)	(286)
Deferred tax/ deferred tax liability (-) (net)	**(30 834)**	(36 153)	(33 214)

Change in carrying amount of deferred tax

NOK 1 000	2018	2017	2016
Opening balance deferred tax liability (net)	**36 153**	33 214	38 538
Currency translation difference	**155**	620	(541)
Profit or loss account	**(8 653)**	(5 857)	(3 915)
Change in tax rate	**(627)**	(2 045)	(1 030)
Deferred tax from acquisitions	**3 598**	-	-
Intangible assets new subsidiaries	**-**	10 171	-
Other	**208**	50	154
Changes in equity	**-**	-	9
Total	**30 834**	36 153	33 214

Temporary differences
Temporary differences attributable to deferred tax asset netted against deferred tax liability.

NOK 1 000	2018	2017	2016
Receivables	**(706)**	(691)	(622)
Inventory	**(4 878)**	(4 883)	(3 946)
Property, plant and equipment	**(2 429)**	(5 600)	(11 978)
Pension liability	**(847)**	(479)	(510)
Development of rental suit	**(496)**	(735)	(1 104)
Accruals	**(150)**	-	-
Derivative financial instruments	**-**	(4 045)	(8 545)
Total	**(9 506)**	(16 432)	(26 704)

Temporary differences attributable to deferred tax liability

NOK 1 000	2018	2017	2016
Capitalised debt issuance costs	**20 162**	29 706	39 979
Property, plant and equipment	**18 110**	-	137
Customer relationships	**60 075**	94 375	91 298
Patents	**-**	1 425	4 275
Trademarks	**48 462**	48 225	31 216
Gross amount deferred tax liability	**146 809**	173 101	163 905
Net temporary differences	**137 303**	156 669	137 201
Net deferred tax liability	**30 207**	36 034	32 928
Tax rate	**22%**	23%	24%
Adjusted for local taxes	**627**	119	286
Net deferred tax liability 31 December	**30 834**	36 153	33 214

NOTE 20: Borrowings and liabilities

Non-current liabilities

NOK 1 000	2018	2017	2016
Bank borrowings	**898 868**	868 710	795 920
Lease liabilities	**49 232**	46 820	46 362
Other non-current liabilities	**-**	19 261	-
Total	**948 100**	934 791	842 282

Current liabilities

NOK 1 000	2018	2017	2016
Bank borrowings	**39 357**	14 000	5 000
Lease liabilities	**11 612**	11 282	9 088
Other current liabilities	**18 894**	26 497	-
Total	**69 863**	51 779	14 088
Total borrowings and liabilities	**1 017 963**	986 570	856 370

The fair value of borrowings and liabilities has been calculated, there is no material difference from carrying value.

Bank borrowings
See below for details of bank borrowings from credit institutions.

2018

NOK 1 000 Creditor	Designation	Principal as at 31 December 2017	Maturity	Average interest rate 2018	Principal as at 31 December 2018	Currency	Principal as at 31 December 2018
Investec	Long-term	226 327	2020	5.50%	28 288	EUR	281 606
DnB/Nordea	Facility A/A1	95 000	2021	5.26%	81 000	NOK	80 259
DnB/Nordea	Facility B/B1	478 657	2022	5.76%	478 657	NOK	478 657
DnB/Nordea	Facility C	111 802	2022	5.22%	6 550 / 62 184	EUR/NOK	112 508
Middelfart Sparebank	Bank overdraft	-		3.30%	3.991	DKK	5 357
Total							958 387

2017

NOK 1 000 Creditor	Designation	Principal as at 31 December 2016	Maturity	Average interest rate 2017	Principal as at 31 December 2017	Currency	Principal as at 31 December 2017
Investec	Long-term	181 726	2019	5.50%	23 000	EUR	226 327
DnB/Nordea	Facility A/A1	100 000	2021	5.20%	95 000	NOK	95 000
DnB/Nordea	Facility B/B1	478 657	2022	5.70%	478 657	NOK	478 657
DnB/Nordea	Facility C	77 515	2022	1.20%	6 550 / 47 348	EUR/NOK	111 802
Total							911 786

2016

NOK 1 000 Creditor	Designation	Principal as at 31 December 2015	Maturity	Average interest rate 2016	Principal as at 31 December 2016	Currency	Principal as at 31 December 2016
Investec	Long-term	-	2019	5.50%	20 000	EUR	181 726
DnB/Nordea	Facility A/A1	230 000	2021	5.30%	100 000	NOK	100 000
DnB/Nordea	Facility B/B1	529 000	2022	5.80%	478 657	NOK	478 657
DnB/Nordea	Facility C	50 500	2022	4.50%	6 550 / 18 000	EUR/NOK	77 515
Total							837 898

The maturity date on the Investec facility has been extended with 1 month, until end of January 2020. The Group has an option to extend the maturity date with additional 6 months.

The line item borrowing consists of:

NOK 1 000	2018	2017	2016
Principal amount	**958 377**	911 786	837 898
Book value of debt issuance cost	**(20 162)**	(29 076)	(36 978)
Total	**938 215**	882 710	800 920

First years installment is classified under current liabilities.

Loan facility

NOK 1 000	2018	2017	2016
Undrawn loan facility at 31 December			
Investec	**17 044**	68 882	90 863
Facility A	**205 000**	191 000	186 000
Facility B	**50 342**	50 340	50 300
Facility C	**-**	199	2 500
Revolving facility	**40 000**	40 000	40 000
Bank overdraft facility Denmark	**1 619**	-	-

Lease liabilities
Liabilities deriving from the implementation of IFRS 16 Leases. Please see Note 11 for further details.

Other liabilities
Contingent considerations deriving from business combinations in the period 2014-2017. See Note 24 for further details on acquisitions made in the period 2016-2018.

Amounts with due date within 12 months are classified as non-current assets.

See table below for changes in bank borrowings, lease liabilities and other liabilities (other than changes in net working capital) arising from financing activities, both cash flows and no cash flow changes.

Non-current and current bank borrowings, lease liability and other liabilities

NOK 1 000	2018	2017	2016
1 January	**986 570**	856 370	854 241
Cash flows			
- Proceeds from bank borrowings	**51 414**	80 360	208 604
- Debt issuance costs	**-**	(908)	(7 114)
- Repayment of bank borrowings	**(14 742)**	(26 825)	(180 342)
- Lease payments	**(15 584)**	(12 875)	(10 918)
- Contingent consideration acquisitions of subsidiaries	**(23 362)**	-	(12 054)
Non-cash flows			
- Translation differences	**6 487**	20 351	(624)
- Debt assumed from business combinations	**5 140**	-	-
- Lease liability	**16 301**	15 528	3 927
- Debt issuance cost due for payment following year	**-**	-	(11 706)
- Amortisation of debt issuance cost	**8 914**	8 811	13 969
- Contingent consideration acquisitions of subsidiaries	**-**	45 758	-
- Downward adjustment contingent consideration acquisitions of subsidiaries	**(3 175)**	-	(1 614)
31 December	**1 017 963**	986 570	856 370

Mortgages
Assets in Hansen Protection AS have been pledged as security for non-current bank borrowings.

Carrying amount of assets provided as security:

NOK 1 000	2018	2017	2016
Trade receivables	**27 452**	20 731	25 965
Inventories	**47 446**	50 152	44 968
Property, plant and equipment	**77 745**	68 613	55 617
Total	**152 643**	139 496	126 550

NOTE 21: Trade and other payables

NOK 1 000	2018	2017	2016
Trade payables	**18 329**	14 662	23 501
Public duties	**6 181**	5 221	2 245
Accrued vacation pay	**7 967**	7 276	6 094
Accrued expenses	**41 462**	10 989	8 116
Total	**73 939**	38 148	40 127

Trade payables are non-interest bearing and are due within the next 12 months.

NOTE 22: Employee benefit obligations

The employees of Hansen Protection AS are members of collective occupational pension schemes, and there were 114 employees in these schemes as at 31 December 2018. In 2014 the main scheme was converted from a defined benefit plan to a defined contribution plan. After the conversion from defined benefit plan to a defined contribution plan, 4 employees remained in the original defined benefit plan due to statutory requirements. The obligations related to the collective schemes are covered through an insurance company.

The net pension obligations in the company include, in addition to the above, a one-off compensation to one person related to the discontinuation of an uninsured pension agreement. This obligation consists of an accumulated benefit obligation (ABO) at the time of the agreement, as well as the interest accrued on this, corresponding to a 10-year government bond yield. The expensed pension costs for the remaining portion of the defined benefit plan in Norway has been calculated by an independent actuary.

Hansen Protection AS also has an agreed early retirement scheme (AFP). This AFP-scheme is a defined benefit multi-enterprise plan, but is recognised in the accounts as a defined contribution plan until reliable and sufficient information is available for the Group to recognise its proportional share of pension cost, pension liability and pension funds in the scheme. The company's liabilities are therefore not recognised as an obligation in the balance sheet.

The other subsidiaries in which there are employees have defined contribution plans in accordance with the local rules and agreements.

Pension expenses recognised in the statement of profit or loss

NOK 1 000	2018	2017	2016
Premiums for defined contribution scheme	**2 637**	2 632	2 690
Premium for contractual early retirement scheme (AFP)	**727**	818	843
Costs from defined benefit scheme	**13**	(2)	(2)
Total	**3 377**	3 448	3 531

Specification of pension obligations recognised:

NOK 1 000	2018	2017	2016
Pension obligation	**847**	845	804
Pension fund assets	**-**	(366)	(295)
Total	**847**	479	509

NOTE 23: Equity and shareholder information

Par and nominal value per share in NOK 1

NOK 1 000	2018	2017	2016
Number of shares at 31 December	**15 010**	66 725	61 900
Ordinary shares	**15 010**	-	-
A-Shares	**-**	11 089	10 400
B-Shares	**-**	55 636	51 500
Nominal value per share (NOK)	**5.0**	1.0	1.0

NOK 1 000	2018	2017	2016
Share capital	**75 050**	66 725	61 900
Share premium	**363 232**	371 557	337 100

Share capital increase

On 24 October 2018, the Board of directors carried out a capital increase of NOK 8 325 by capitalization issue increasing the nominal value per A-shares from NOK 4.54 to NOK 5.0 and increasing the nominal value per B-shares from NOK 4,43 to NOK 5,0.

In December 2017 the Board of directors carried out a capital increase by issuing 689 new A-shares and 4 136 new B-shares, both classes with a par value of NOK 1, resulting in an increase in share capital of NOK 4 825.

Reverse split of shares

On 24 October 2018, the Board approved a reverse split of the company's shares. The company's A-shares was consolidated 4.542897609:1. The total of 11,089 outstanding A-shares was thus consolidated to 2,441. B-shares was consolidated 4.426412865:1. The total of 55,636 B-shares was thus consolidated to 12,569.

Conversion of classes of shares

On 24 October 2018 the shares in Hansen Protection ASA was converted from A-shares and B-shares to one singular class of ordinary shares. Following a consolidation of each of the two classes 2 441 ordinary A-shares at par value NOK 5 per share and 12 569 B shares at par value NOK 5 per share were converted to ordinary shares. Total number of ordinary shares following the conversion was 15 010 at nominal value NOK 5,0 per share.

Treasury shares

In January 2018 Hansen Protection ASA purchased 35 treasury shares class A at 9,43 per share. Total number of shares at 31 December 2018 following the conversion to ordinary shares as described above is 10.

The ordinary general meeting on 2 May 2017 authorised the board to acquire and sell own shares. During 2017 170 shares were acquired at NOK 8.36 per share. 159 shares at NOK 9.43 per share were sold in the same period.

Largest shareholders at 31 December 2018

	Total number of shares	Ownership
Protection International Sarl (Luxembourg)	13 517	90.05%
Lyngsøe Holding Aps (Denmark)	1 086	7.24%
Hansen Protection management	397	2.65%
Hansen Protection ASA (treasury shares)	10	0.07%
Total	15 010	100.0%

Largest shareholders at 31 December 2017

	A-shares	B-Shares	Total number of shares	Ownership
Protection International Sarl (Luxembourg)	8 550	51 500	60 050	90.00%
Lyngsøe Holding Aps (Denmark)	689	4 136	4 825	7.23%
Hansen Protection management	1 839	-	1 839	2.76%
Protection Holding AS (treasury shares)	11	-	11	0.02%
Total			66 725	100.0%

Largest shareholders at 31 December 2016

	A-shares	B-Shares	Total number of shares	Ownership
Protection International Sarl (Luxembourg)	8 550	51 500	60 050	97.01%
Hansen Protection management	1 850	-	1 850	2.99%
Total			61 900	100.0%

Shares directly or indirectly held by members of the Executive Management and Board of Directors:

Name	Title	Number of Shares 2018	Ownership 2018	Ownership 2017	Ownership 2016
Terje Gorm Hansen	Chief Executive Officer	180 502	1.20%	1.23%	1.32%
Amund Skarholt	Chairman of the Board	48 428	0.32%	0.33%	0.36%
Carine Engen	Board member/CFO	28 617	0.19%	0.19%	0.21%

NOTE 24: Business combinations

Acquisitions 2018

During 2018 the parent company has acquired 50 per cent of the shares in Helippe Holding Aps, located in Denmark. Helippe Holding Aps holds 100 per cent of the shares in Helippe Aps.

Helippe Holding Group

On 6 June 2018, Hansen Protection AS acquired 50 per cent of the shares in Helippe Holding ApS, the owner of all shares in Helippe ApS, through a combination of share purchase and participation in a capital increase. Total purchase consideration for the 50 per cent ownership was NOK 17 538. Hansen Protection has through the shareholder agreement entered into on 13 March 2018 been provided with a "golden share" which effectively gives Hansen Protection the deciding vote at any Board meetings, EGMs or AGMs, thus ensuring full control of the entity. Based on the shareholder agreement Helippe Holding ApS is fully incorporated in the consolidated accounts of Hansen Protection Group from the time of the acquisition. The initial recognition of the non-controlling interest in Helippe Holding Aps is presented in the accounts at fair value. Helippe ApS is located in Esbjerg, Denmark and its main business is renting out survival suits and protective equipment for the offshore wind industry.

The acquired businesses' contribution to the Group from the date of acquisition and consolidated pro-forma information:

NOK 1 000	Revenues	EBITA	Profit (-loss) for the period
Group standalone	403 107	77 814	(37 387)
Helippe Holding Group reported	11 528	2 654	1 986
Group reported	414 635	80 471	(35 401)
Helippe Holding Group full year effect	4 511	(898)	(1 444)
Group pro forma	419 146	79 573	(36 845)

Details of the purchase consideration for 50 per cent of the shares:

NOK 1 000	Helippe Holding Group
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	17 538
Less: Balances acquired	
Cash	8 830
Net outflow of cash – investing activities	8 708

The assets and liabilities recognised as a result of the acquisition are as follows:

NOK 1 000	Helippe Holding Group
Cash	8 830
Trade receivables	1 424
Property, plant and equipment	10 751
Other current assets	99
Long term receivables	66
Deferred tax	(2 945)
Bank borrowings	(5 140)
Trade payables	(2 173)
Taxes payable	86
Other current liabilities	(1 147)
Net identifiable assets acquired	9 851
Non-controlling interests	(17 538)
Goodwill	25 225
Net assets acquired	17 538

The goodwill is attributable to the workforce and the high profitability of the acquired businesses. It will not be deductible for tax purposes.

Acquisition-related costs

Acquisition-related costs of NOK 1 417 that were not directly attributable to the issue of shares are included in other operating expenses in profit or loss and in operating cash flows in the statement of cash flows.

Acquisitions 2017

During 2017 the parent company acquired two companies, Divelife AB (Hansen Protection AB) and Lyngsøe Rainwear ApS.

Lyngsøe Rainwear ApS

On 30 November 2017 Hansen Protection AS acquired 100 per cent of the shares of Lyngsøe Rainwear ApS, a Danish company. Lyngsøe Rainwear ApS produce and sell rainwear that protects workers in harsh- and high-risk environments. Through this acquisition the Group added Protective Rainwear as a new operating segment.

In accordance with the Share Purchase Agreement dated 30 November 2017, the preliminary purchase price in the acquisition of Lyngsøe Rainwear ApS shall after the closing be subject to an upwards or downwards earn-out adjustment based on actual achieved EBITDA in Lyngsøe Rainwear ApS for the financial year ending 31 December 2017 and 31 December 2018. The fair value of the contingent consideration of NOK 37 075 was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 11 per cent and assumed probability-adjusted EBITDA-figures for financial year 2017 and 2018. As of 31 December 2018 the fair value of the contingent consideration was NOK 18 894. Downwards earn- out adjustment in 2018 was NOK 575 and is included in the consolidated statement of profit or loss under Other gains/(losses) – net.

Hansen Protection AB

The company's operations in Sweden and Norway was acquired by Hansen Protection AS on 1 April 2017 and the accounts for 2017 includes 9 months of the operations. Final purchase price for the Swedish company including the operation in Norway was NOK 12 300. Full settlement of the initial purchase price of NOK 14 900 was conditional on certain earnings in the combined diving business, which resulted in a downward earn-out adjustment based on actual achieved EBITDA in the 12 month period starting April 2017 and ending March 2018. The company is located in Sweden. Hansen Protection AB is a supplier of ocean rescue systems and gives the Group a possibility to expand the product base and distribution within personal protection equipment.

The acquired businesses' contribution to the Group from the date of acquisition and consolidated pro-forma information:

NOK 1 000	Revenues	EBITA	Profit (-loss) for the period
Group standalone	275 216	87 405	(27 033)
Hansen Protection AB reported	27 322	2 719	1 961
Lyngsøe Rainwear ApS reported	5 441	65	906
Group reported	307 979	90 189	(24 166)
Hansen Protection AB full year effect	4 998	20	-
Lyngsøe Rainwear ApS full year effect	78 356	22 481	3 808
Group pro forma	391 333	112 690	(20 358)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

NOK 1 000	Hansen Protection AB	Lyngsøe Rainwear ApS
Cash paid	4 055	83 575
Ordinary shares issued	-	39 669
Contingent consideration	9 000	37 075
Total purchase consideration	13 055	160 318

Purchase consideration – cash outflow:

NOK 1 000	Hansen Protection AB	Lyngsøe Rainwear ApS
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	4 055	83 575
Less: Balances acquired		
Cash	48	5 210
Net outflow of cash – investing activities	4 007	78 365

The assets and liabilities recognised as a result of the acquisition are as follows:

NOK 1 000	Hansen Protection AB	Lyngsøe Rainwear ApS
Cash	48	5 210
Trade receivables	-	18 750
Inventories	2 300	55 555
Property, plant and equipment	261	881
Other current assets	-	9
Intangible assets: Brand name	-	16 656
Intangible assets: Customer relationships	-	29 977
Borrowings	-	(10 578)
Deferred tax	-	(10 289)
Trade payables	-	(614)
Taxes payable	-	(4 752)
Other current liabilities	-	(3 586)
Net identifiable assets acquired	2 609	97 218
Goodwill	10 446	63 099
Net assets acquired	13 055	160 318

The goodwill is attributable to the workforce and the high profitability of the acquired businesses. It will not be deductible for tax purposes.

Acquisition-related costs

Acquisition-related costs of NOK 3 333 that were not directly attributable to the issue of shares are included in other operating expenses in profit or loss and in operating cash flows in the statement of cash flows.

There were no acquisitions in the year ending 31 December 2016.

NOTE 25: Earnings per share

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of common shares and dilutive common share equivalents outstanding during each period. The calculation of basic and diluted earnings per share for all comparative periods presented has been adjusted retrospectively to reflect the new number of average outstanding A-share as a result of this reverse share split that was approved by the extraordinary general meeting held on October 24, 2018. In the same general meeting consolidation of existing share classes into one class of ordinary shares with equal rights was approved (see note 23). This consolidation of shares has been reflected in the average number of shares outstanding.

NOK 1 000	2018	2017	2016
Profit(-loss) attributable to owners of the parent company for the period	**(36 632)**	(24 166)	(8 158)
10 % annual accrued interest to shareholders of B-shares until converted into ordinary shares	**(42 120)**	(44 214)	(40 067)
Loss to the shareholders of A-shares	**(78 482)**	(68 380)	(48 225)
Average number of shares outstanding[1]	**4 783**	2 302	2 289
Average number of shares outstanding adjusted for dilutional effects	**4 783**	2 302	2 289
Basic loss per share (NOK/Share)	**(16.41)**	29.70	(21.07)
Diluted loss per share	**(16.41)**	29.70	(21.07)
Average number of shares outstanding	**4 783**	2 302	2 289
Dilution effects	**-**	-	-
Average number of shares outstanding adjusted for dilutional effects	**4 783**	2 302	2 289

1) A-shares until October 24, 2018, and ordinary shares from this date.

NOTE 26: Related party transactions

The Group's related parties include its Executive Manager, Board of directors and management shareholders. From 2018 the group no longer has associated companies.

Please see Note 9 for details on remuneration of Executive Manager and Board of Directors, and Note 23 for information about shares owned by management and Board of Directors.

In 2017 the group's related parties also included an associated company (Epiguard AS). During 2017 there were transactions with the associated company amounting to NOK 264 (2016: NOK 1 105).

NOTE 27: Subsequent events

The Company has evaluated events from 31 December 2018 through the date the financial statements were issued. There were no subsequent events that need disclosure

APPENDIX – ALTERNATIVE PERFORMANCE MEASURES (APM'S)

In the financial statements, the Group presents performance measures, which are not defined under IFRS. These performance measures are categorised as Alternative Performance Measures.

APM	Definition	Why APM gives useful information
EBITA	Short for profit before amortization and impairment, other gains/(losses) – net, financial income, financial expenses and tax. The number derives directly from the statement of profit or loss.	Relevant measure of profitability.
Net debt	= non-current bank borrowings + current bank borrowings - cash	Relevant measure of a group's debt financing.
Net working capital	= Inventory + trade and other receivables - trade and other payables - current tax liabilities	Relevant measure on tied up capital.

FINANCIAL STATEMENTS – HANSEN PROTECTION ASA

STATEMENT OF PROFIT OR LOSS

NOK 1 000	*Note*	**2018**	2017
Remunerations	*8*	**615**	753
Other operating expenses	*6, 7*	**30 333**	994
Total operating expenses		**30 948**	1 747
Operating loss		**(30 948)**	(1 747)
Finance income	*11*	**8**	1 796
Finance expenses	*11*	**23 688**	31 833
Loss before tax		**(54 627)**	(31 784)
Income tax expense	*4*	**(5 944)**	(1 710)
Loss for the period		**(48 683)**	(30 074)
Allocation of loss			
Transferred from other equity		**(48 683)**	(30 074)

BALANCE SHEET

NOK 1 000	Note	31.12.2018	31.12.2017
ASSETS			
Investments in subsidiaries	2, 3	**630 285**	612 035
Total non-current assets		**630 285**	612 035
Other receivables	1, 3	**27 467**	3 000
Cash		**987**	6 716
Total current assets		**28 454**	9 716
Total assets		**658 739**	621 751
EQUITY AND LIABILITIES			
Equity			
Share capital		**75 050**	66 725
Treasury shares		**(251)**	79
Share premium		**363 232**	371 557
Total paid-in capital	5	**438 031**	438 361
Other equity		**(86 528)**	(37 845)
Total retained earnings	5	**(86 528)**	(37 845)
Total equity		**351 502**	400 516
Liabilities			
Deferred tax liabilities	4	**865**	1 857
Bank borrowings	10	**277 673**	218 255
Total non-current liabilities		**278 538**	220 111
Trade and other payables		**202**	139
Current tax liability		**797**	-
Other current liabilities	9	**27 698**	985
Total current liabilities		**28 698**	1 124
Total liabilities		**307 237**	221 235
Total liabilities and equity		**658 739**	621 751

Moss, 31 December 2018 / 26 April 2019
The board of directors of Hansen Protection ASA

Amund Skarholt	Thomas Klitbo	Carine Engen	Terje Gorm Hansen
Chair	*Director*	*Director*	*Chief executive officer*

STATEMENT OF CASH FLOWS

NOK 1 000	**2018**	2017
Loss before tax	**(54 627)**	(31 784)
Amortisation of debt issuance costs	**4 139**	4 139
Change in trade payables and other payables	**63**	(6 616)
Effects of exchange rate changes on bank borrowings in EUR	**4 414**	15 414
Change in other receivables	**(2 467)**	26
Change in other accrual items	**26 714**	248
Net cash flow from operating activities	**(21 764)**	(18 573)
Paid in equity from Protection AS	**(37 500)**	(85 064)
Acquisition of treasury shares	**(330)**	(1 421)
Sale of treasury shares	**-**	1 500
Net cash flow from investing activities	**(37 830)**	(84 986)
Proceeds from bank borrowings, net of debt issuance costs	**50 865**	29 187
Payment of debt issuance costs	**-**	(348)
Proceeds from equity transactions	**-**	39 282
Received group contributions	**3 000**	3 000
Net cash flow from financing activities	**53 865**	71 121
Cash at the beginning of the period	**6 716**	39 154
Net increase in cash	**(5 729)**	(32 438)
Cash at the end of the period	**987**	6 716

NOTES TO THE FINANCIAL STATEMENTS

Summary of significant accounting policies

The company owns all the shares in Protection AS. Separate consolidated financial statements showing the combined operations of Hansen Protection ASA and its subsidiaries have been prepared and are available from the Register of Company Accounts in Brønnøysund. The company changed its name from Protection Holding AS to Hansen Protection ASA in 2018. The company has no employees.

Accounting Policies

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles.

Investments in subsidiaries

Investments in subsidiaries are valued in accordance with the cost price method in the company accounts. Dividends and group contributions received from subsidiaries are classified as income. Dividends and group contributions received from subsidiaries exceeding the portion of retained earnings since acquisition are reflected as a reduction of purchase cost. Dividend / group contributions from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount.

Taxes

The income tax expense in the income statement encompasses the tax payable for the period, tax effect of group contributions paid and the change in deferred tax. Deferred tax at December 31, 2018 is calculated at the rate of 22 per cent on the basis of temporary differences that exist between the financial accounting and tax-related values, in addition to the tax loss carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse during the same period are offset and the tax effect of the net amount is calculated. Deferred tax assets attributed to net tax-reducing differences are not offset and the tax loss carry forward are recognised in the balance sheet only if estimated future earnings make it reasonable to believe in full utilization of the tax advantage. Deferred tax and tax assets recognised on the balance sheet are presented on a net basis. Tax payable related to group contributions received that exceed the accumulated profit of the relevant subsidiary during the ownership period are netted against a reduction of the book value of the shares in this company.

Classification and assessment of balance sheet items

Current assets and current liabilities include items that relate to the company's business cycle or other items that fall due for payment within one year after the date of the balance sheet. Non-current assets include assets intended for permanent ownership or use. Non-current liabilities are liabilities that fall due for payment later than one year after the date of the balance sheet.

Current assets are valued at the lesser of historical cost or fair value. Non-current assets are valued at historical cost less depreciation for use and wear, unless the fair value is lower and the impairment in value is not expected to be of a temporary nature. Non-current assets are written down to fair value in such cases.

Receivables

Trade and other receivables are recognised on the balance sheet at the nominal value, less a provision for estimated losses. Provisions for losses are made on the basis of individual assessments of the individual items.

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised on the balance sheet at nominal value.

Long-term items in foreign currencies

Monetary items, receivables and liabilities in foreign currency are translated at the exchange rate in effect at the close of the financial year.

Assets impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is preformed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount. Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Cash flow statement

The cash flow statement has been prepare according to the indirect method. Cash include cash and bank deposits.

NOTE 1: Other current receivables

NOK 1 000	**2018**	2017
Group contribution	**25 000**	3 000
Other receivables for group company	**2 467**	-
Total other receivables	**27 467**	3 000

NOTE 2: Investments in subsidiaries

NOK 1 000	Business office at 31.12.2018	Company's share capital	Profit for the year	**Equity 31.12.2018**
Protection AS	Norway	NOK 76 479	(31 409)	**457 137**
Total				**457 137**

Book value of the shares in Protection AS at 1 January	**612 035**
New paid-in equity for Protection AS	**37 500**
Group contributions received from Hansen Protection AS	**(25 000)**
23% tax on group contributions recognised as a reduction in the shareholding	**5 750**
Book value of shares in Protection AS at 31 December	**630 285**

NOTE 3: Material transactions with related parties

The company has received a group contribution of NOK 25 million from Hansen Protection AS in 2018 (NOK 3 million in 2017). The group contributions are reflected as a reduction in the purchase cost of the shares.

NOTE 4: Income tax

Deferred tax is calculated on the basis of temporary differences that exist at the end of the financial year between the financial and tax-related values:

Temporary differences recognised in the balance sheet at period end

NOK 1 000	**31.12.2018**	31.12.2017	Change
Capitalised debt issuance costs	**3 933**	8 072	4 139
Basis for deferred tax liabilities /(-) deferred tax assets	**3 933**	8 072	4 139
Deferred tax liabilities / (-) deferred tax assets	**865**	1 857	(991)
Tax rate used for calculation of deferred tax:	**22%**	23%	

Temporary differences not recognised in the balance sheet at period end

NOK 1 000	**31.12.2018**	31.12.2017	Change
Loss carry forwards	**(25 515)**	(25 515)	-
Non-deductible interest charges	**(26 648)**	(12 067)	14 581
Basis for deferred tax liabilities /(-) deferred tax assets	**(52 164)**	(37 582)	14 581
Deferred tax liabilities / (-) deferred tax assets	**(11 476)**	(8 644)	(2 832)
Tax rate used for calculation of deferred tax:	**22%**	23%	

Change in deferred tax

NOK 1 000	**2018**
Recognised in the income statement	**(991)**
Deferred tax at 31 December	**865**

Components of the income tax expense

NOK 1 000	2018	2017
Loss before tax	**(54 627)**	(31 784)
+/- Group contribution received recognized as a reduction of shares in subsidiaries in the balance sheet	**25 000**	3 000
+/- Permanent differences	**14 375**	-
+/- Temporary differences	**18 720**	3 791
Tax basis for the year	**3 467**	-
Current tax liability	**797**	-
Tax rate used	**23%**	24%

In 2018 the company has received a group contribution with a tax effect of NOK 25 million from Hansen Protection AS.

Reconciliation of income tax expense

NOK 1 000	2018	2017
Current tax liability	**797**	-
Change in deferred tax	**(952)**	(872)
Change in deferred tax due to change in tax rate	**(39)**	(119)
Tax effect of group contribution	**(5 750)**	(720)
Income tax expense	**(5 944)**	(1 710)

NOTE 5: Equity

Par and nominal value per share in NOK 1

NOK 1 000	Share capital	Treasury shares	Share premium	Other equity	**Total equity**
31 December 2017	66 725	79	371 557	(37 845)	**400 516**
Purchase of treasury shares	-	(330)	-	-	**(330)**
Capitalisation issue	8 325	-	(8 325)	-	**-**
Loss for the year	-	-	-	(48 683)	**(48 683)**
31 December 2018	75 050	(251)	363 232	(86 528)	**351 502**

Reverse split of shares

24 October 2018, the Board approved a reverse split of the company's shares. The company's A-shares was consolidated 4.542897609:1. The total of 11 089 outstanding A-shares was thus consolidated to 2 441. B-shares was consolidated 4.426412865:1. The total of 55 636 B-shares was thus consolidated to 12 569

Conversion of classes of shares

24 October 2018 the shares in Hansen Protection ASA was converted from A-shares and B-shares to one singular class of ordinary shares. Following a consolidation of each of the two classes 2 441 ordinary A-shares at nominal value NOK 5 per share and 12 569 B shares at nominal value NOK 5 per share were converted to ordinary shares. Total number of ordinary shares following the conversion was 15 010 095 at nominal value NOK 5 per share.

Largest shareholders at December 31, 2018

Protection International Sarl (Luxembourg)	90.1%
Lyngsøe Holding Aps (Denmark)	7.2%
Hansen Protection management	2.6%

NOTE 6: Other operating expenses

Other operating expenses in 2018 include professional fees related to due diligence, M&A, market research and preparation for potential listing of Hansen Protection's shares on the Oslo stock exchange.

NOTE 7: Remuneration of the auditor

Exclusive of value-added tax

NOK 1 000	**2018**	2017
Statutory audit (including technical assistance with annual report)	**1 960**	79
Other confirmations	**40**	-
Tax services	**1 613**	-
Other consultancy fees related to due diligence and preparations for potential public listing	**12 012**	-
Total	**15 625**	79

NOTE 8: Remuneration of the Board of Directors

NOK 1 000	**2018**	2017
Directors' fees	**615**	753
Total	**615**	753

NOTE 9: Other current liabilities

NOK 1 000	**2018**	2017
Debt to group companies	**-**	342
Other current liabilities	**27 698**	642
Total other current liabilities	**27 698**	985

NOTE 10: Bank borrowings in EUR

Creditor	Designation	Principal (EUR 1 000) 31.12.2018	Maturity	Average interest rate 2018	Principal (NOK 1 000) 31.12.2018
Investec	Long-term loans	28 288	2020	5.50%	281 606
Total					281 606

Norges Bank's official rate for 31 December 2018 has been used for conversion to NOK on the date of the balance sheet.

The limit of the loan granted under the loan agreement with creditor is EUR 30 million. In 2018 the company drew up another EUR 5.3 million under the existing agreement and loan principal at year end 2018 is EUR 28.3 million. The loan will fall due in its entirety in 2020.

The line item Bank borrowings consists of:

NOK 1 000	
Principal amount	281 606
Book value of capitalised debt issuance costs	(3 933)
Total	277 673

The debt issuance costs have been capitalised on the company's balance sheet in connection with the establishment of long-term financing. The item is amortised over the term of the loan.

Conditions related to the financing
The company's loan agreement contains certain covenants at the IK fund level (majority shareholder) which are measured quarterly. The company met these conditions at 31 December 2018.

NOTE 11: Financial items

NOK 1 000	2018	2017
Finance income		
Interest income	**-**	4
Foreign exchange gains (other)	**-**	1 792
Other financial income	**8**	-
Total	**8**	1 796
Finance expenses		
Interest expenses	**14 696**	11 223
Foreign exchange losses on bank borrowings	**4 414**	15 414
Amortisation of debt issuance cost	**4 139**	4 139
Other financial expenses	**438**	1 057
Total	**23 688**	31 833

NOTE 12: Pledged assets and guarantee commitments

The company's shares have been pledged as security for its own debt and debt in the parent company.

NOK 1 000	2018
Book value at 31 December:	
Shares in subsidiaries	**630 285**
Total	**630 285**

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To the General Meeting of Hansen Protection ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

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

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

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Independent Auditor's Report - Hansen Protection ASA

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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 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 consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Independent Auditor's Report - Hansen Protection ASA

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 concerning the financial statements and 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, 26 April 2019
PricewaterhouseCoopers AS

Bjørn Lund
State Authorised Public Accountant

(3)

HANSEN PROTECTION

Hansen Protection ASA

Tykkemyr 27
NO-1597 Moss
Norway

Tel. +47 69 00 13 00
www.hansenprotection.com

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	31.01.2018	12.02.2018
Telefon	Deres referanse	Vår referanse
22078139	Tonje Braathen	2018/112324

HANSEN PROTECTION AS
Postboks 218
1501 MOSS

15 FEB. 2018

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 31. januar 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

Protection Holding AS	org.nr. 999 647 308
Protection AS	org.nr. 999 647 359

Skattedirektoratet gir på bakgrunn av en konkret vurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Protection Holding AS er eid med 90 % av selskapet Protection International Sarl som er hjemmehørende i Luxembourg. Dette selskapet er igjen kontrollert av IK Investment Fund med sete i London. Protection Holding AS sin eneste aktivitet er å eie Protection AS. Protection AS eier selskapet Hansen Protection AS. 88 % av omsetningen finner sted i Hansen Protection AS. Konsernet har også selskaper i Nederland, Canada, Danmark og Sverige. Konsernets virksomhet er utleie og salg av overlevelsesdrakter og arbeidstøy til internasjonal offshorevirksomhet. Arbeidsspråket er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 08 60

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at konsernspissen er et utenlandsk selskap. Eierkretsen er begrenset. Selskapets virksomhet er internasjonal med datterselskaper i flere land. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer