

# Quarterly report 30.6.2019

Nordic Capital Partners II AS

Org.no.: 979 747 411

# Profit and Loss account for the period

	Note	Q2 2019	1st half 2019	1st half 2018
Operating income and operating expenses				
Other operating expenses		926 502	1 843 471	1 138 785
Total operating expenses		<u>926 502</u>	<u>1 843 471</u>	<u>1 138 785</u>
Operating profit		<u>-926 502</u>	<u>-1 843 471</u>	<u>-1 138 785</u>
Financial income and expenses				
Income on investments from associated companies		0	0	2 104 200
Fair value adjustments financial fixed assets	2	18 305 000	17 671 000	19 946 000
Other interest income		153 114	284 735	24 011
Other interest expenses		-6 367 917	-12 456 000	0
Net financial items		<u>12 090 198</u>	<u>5 499 735</u>	<u>22 074 211</u>
Result for the period		<u>11 163 696</u>	<u>3 656 264</u>	<u>20 935 426</u>

Balance sheet as of 30.6.

	Note	2019	2018
Assets			
Non-current assets			
Financial fixed assets			
Investments in subsidiaries	2	569 002 000	30 000
Investments in shares		0	418 209 000
Total financial fixed assets		<u>569 002 000</u>	<u>418 239 000</u>
Total non-current assets		<u>569 002 000</u>	<u>418 239 000</u>
Current assets			
Receivables			
Other receivables		5 570	5 570
Total receivables		<u>5 570</u>	<u>5 570</u>
Bank deposit			
Bank deposits	3	63 812 514	7 681 990
Total bank deposits		<u>63 812 514</u>	<u>7 681 990</u>
Total current assets		<u>63 818 084</u>	<u>7 687 560</u>
Total assets		<u>632 820 084</u>	<u>425 926 560</u>

Balance sheet as of 30.6.

	Note	2019	2018
Equity and liabilities			
Equity			
Paid-in capital			
Share capital		<u>11 409 920</u>	<u>11 409 920</u>
Total paid-in capital		<u>11 409 920</u>	<u>11 409 920</u>
Retained earnings			
Reserve for valuation variances		<u>323 540 527</u>	<u>414 425 360</u>
Total retained earnings		<u>323 540 527</u>	<u>414 425 360</u>
Total equity		<u>334 950 447</u>	<u>425 835 280</u>
Liabilities			
Other long-term liabilities			
Bonds	4	<u>293 060 440</u>	<u>0</u>
Total of other long term liabilities		<u>293 060 440</u>	<u>0</u>
Current liabilities			
Other short term liabilities		<u>4 809 197</u>	<u>91 280</u>
Total current liabilities		<u>4 809 197</u>	<u>91 280</u>
Total liabilities		<u>297 869 637</u>	<u>91 280</u>
Total equity and liabilities		<u>632 820 084</u>	<u>425 926 560</u>

## Statement of Changes in Equity for the period 1.4. - 30.6.2019

	Share capital	Reserve for valuation variances	Other equity	Total equity
Total equity at 1.4.2019	11 409 920	312 376 831	0	323 786 751
Result for the year		11 163 696		11 163 696
Total equity at 30.6.2019	11 409 920	323 540 527	0	334 950 447

## Note 1 Accounting principles

The annual accounts have been prepared in accordance with regulations for simplified application of international accounting standards, cf. Section 3-9, second paragraph, of the Accounting Act (IFRS Light). The notes have been drawn up in accordance with Chapter 7 of the Accounting Act and regulations on the simplified application of international accounting standards (IFRS Light).

The annual accounts have been prepared in accordance with the Norwegian Accounting Act § 3-9 and the Regulations on IFRS Light adopted by the Ministry of Finance on 21 January 2008. This means that recognition and measurement comply with international accounting standards (IFRS) and presentation and note information are in accordance with the Norwegian Accounting Act and Good accounting practice.

The transition to IFRS Light was carried out in 2018. Comparative figures for 2017 are presented in accordance with both IFRS Light and NGAAP.

### IFRS Light

In the accounting periods in question, the company uses the following deviations from the presentation, recognition and assessment rules in IFRS:

IAS 10 Nos. 12 and 13 are deviated from so that any dividend is recognized in accordance with the provisions of the Accounting Act.

### Revenue recognition principles

Income is recognized when it is certainty that transactions will generate future economic benefits that can be estimated reliably. Financial income includes dividends from equity investments and gains from the sale of shares. Dividends from equity investments are recognized in the year in which the dividend is distributed. Gains on the sale of shares are recognized in the year in which the sale takes place. Interest and guarantee income is recognized as income when the company has an unconditional claim on these.

### Income tax

The tax expense in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated at 22 % of the basis of the temporary differences that exist between accounting and tax values, as well as the tax loss carried forward at the end of the financial year. Deferred tax is calculated at 22 % in 2019. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are offset and net booked. Deferred tax assets are not capitalized as the company cannot prove that it will have sufficient taxable profits for the foreseeable future to utilize this.

### Investments in assets and shares

#### I Classification

In accordance with IAS 39, Financial Investments: Revenue Recognition and Measurement, investments in financial investments are within the scope of IAS 39 and classified according to category: Fair value with changes in value over profit.

#### II Recognition

The company recognizes financial assets and liabilities when and only when the company becomes a contractual party to the instrument.

#### III First time measurement

Financial assets and liabilities classified in the fair value category with changes in value over profit or loss are recognized in the balance sheet at fair value on initial measurement. All transaction costs are expensed directly.

#### IV Subsequent measurement

After initial measurement, financial assets and liabilities are classified in the fair value category with changes in value through the profit or loss measured at fair value in the company's balance sheet. Subsequent changes in fair value are classified in Gains on investments in financial investments / Losses on investments in financial investments in the company's income statement. Accrued interest income and dividends for these instruments are recognized accordingly. Details of the subsequent changes are shown in note 3.

#### Receivables, liabilities and guarantee obligations

Receivables and liabilities with maturity more than one year from the balance sheet date are classified as fixed assets. Receivables and liabilities are measured on initial recognition at fair value plus directly attributable transaction costs. In later periods, loans and receivables are measured at cost using linear depreciation.

#### Foreign currency

Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date.

#### Cash flow statement

The cash flow statement has been prepared using the indirect method. This means that the statement is based on the company's profit before tax in order to be able to present cash flows from ordinary operations, investment activities and financing activities respectively. Cash and cash equivalents consist of bank deposits in Norwegian banks.

#### Financial risk

The company is an investment company with investments directly in Norwegian companies. The company owns a 33.37 % ownership interest in Grilstad Holding AS through its subsidiary NCP II Invest AS. This is the company's only investment. The board considers the company's market risk (interest rate risk, currency risk, commodity price risk and share price risk) to be moderate, the company has no clients that are invoiced in foreign currency and has significant financial assets in the balance sheet. The company and its shareholders exercise active ownership in their investments. Historically the company has experienced few losses on outstanding claims and the credit risk is considered low. A significant part of the short-term debt are to the company's shareholders and the liquidity risk is considered low.

## Note 2 Shares at fair value in Profit and Loss

## Gain / loss on financial fixed assets

	Q2 2019	Q2 2018
Fair value adjustments, not realised *	18 305 000	239 809 000
Total gain / loss on financial fixed assets	18 305 000	239 809 000

\*Fair value adjustments includes dividend from Grilstad Holding AS with NOK 10 020 000.

## Shares, committed capital and cost value

Company name	Percent of shares	Cost value Q2 2019	Total Equity 2018	Profit & Loss 2018
NCP II Invest AS, Oslo**	100 %	30 000	30 000	81
Conversion of seller credit*	100 %	532 000 000	532 000 000	0
Totalt		532 030 000	532 030 000	81

\*Conversion of seller credit was officially registered in the Brønnøysund Register Center in 2019.

\*\* Grilstad Invest AS changed the name to NCP II Invest AS 18th of June 2019.

## Fair Value

The company classifies fair value by using the following levels according to IFRS Light:

Level 1: Input is active market prices (non-adjusted) for similar assets or obligations.

Level 2: Input is other than active market prices included in Level 1 which is tradable or observable for similar assets or obligations, either directly (as prices) or indicative (derived from prices).

Level 3: Input for assets or obligations which is not based on tradable or observable market data (non-observable input).

When fair value of listed equity- and debt instruments is based on observable quoted market prices, without deduction of transaction costs, the instrument classifies at Level 1. The fair value on the instruments is established by using established fair value techniques from marked multiples. Therefore, the company considers the estimate uncertainty as low.

Investments	Fair value 30.6.2019	Level
NCP II Invest AS, Oslo	569 002 000	2
Total	569 002 000	

The shares in the subsidiary NCP II Invest AS are pledged for the benefit of the bondholders.

There was no changes in measurement of fair value during the reporting period that resulted in a transfer between the Levels.

## Changes in fair value

	2019	2018
Total per 1.4.2019	550 697 000	178 400 000
Changes in unrealised fair value	18 305 000	239 809 000
Total per 30.6.2019	569 002 000	418 209 000



#### Risk exposure

The company is solely investing in Norwegian companies. Through its subsidiary NCP II Invest AS, the company owns 33.37 % in Grilstad Holding AS. This is the main investment. The company follows the development of the underlying investment through monthly reports and other press releases. If a circumstance which would lead to further exposure were to arise, the company will make an inquiry to the company in order to get the necessary information and facts. If deemed favourable or necessary, the company will evaluate if it is appropriate to sell the company's shares in the underlying investment.

#### Future outlook

The company has in-dept knowledge of the industry and underlying investment and expect the investment to perform well. This should reduce the risk of large losses.

#### Note 3 Bank deposits

Restricted funds are NOK 59 967 505. The fund covers interest payment obligations over the bond duration.

#### Note 4 Bonds

In October 2018, the company issued a bond loan of mNOK 300. The loan is booked net of transaction costs of mNOK 6.94, The total value is mNOK 293,06. The duration of the loan is 3 years. In accordance with the loan agreement mNOK 72 was placed in restricted funds to cover interest payments over the bonds duration. Restricted fund at the end of 30.6.2019 is commented in note 3. The interest rate is 3 mnd NIBOR + 700bps.