

GLX Holding

Third quarter results 2019

General information GLX Holding AS (parent company)

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



Highlights 3rd quarter 2019

- **Order intake** ended at NOK 711m, up 6% from NOK 673m in the third quarter last year.
- **Total revenue** ended at NOK 722m, up 7% from NOK 673m in the third quarter last year.
- **Adjusted EBITDA** was NOK 122m, up 8% from NOK 113m in the third quarter 2018. The effect of IFRS16 reclassifications of financial lease agreements on EBITDA in Q3-2019 is NOK 9.5m. No IFRS16 adjustments have been made to historical figures.
- **Operating cash flow** was NOK 50m, down from NOK 61m in the third quarter last year.

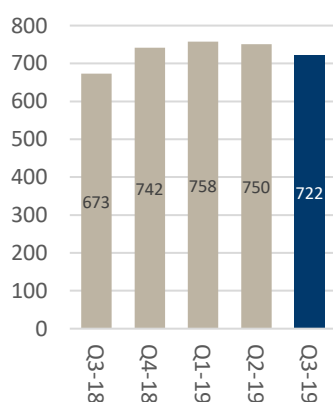
Subsequent events

- On 14th October Glamox launched a cash tender offer to acquire all the shares in the leading polish lighting solutions provider ES-SYSTEM S.A.
- On 1st October Glamox signed an agreement for the sale of real estate in Germany as part of the ongoing restructuring in the GMO value chain. The transaction is expected to give a net cash flow effect of EUR 5m (NOK 50m)

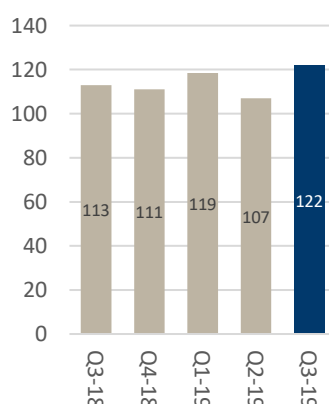
Key figures

	Q3 2019	Q3 2018 ²	YTD 2019	YTD 2018 ²	FY 2018 ²
Orders received	711	673	2,258	2,172	2,935
Total revenue	722	673	2,230	2,031	2,773
EBITDA	96	110	307	262	328
<i>EBITDA margin (%)</i>	<i>13.3 %</i>	<i>16.3 %</i>	<i>13.8 %</i>	<i>12.9 %</i>	<i>11.8 %</i>
Adjusted EBITDA	122	113	357	308	420
<i>Adjusted EBITDA margin (%)</i>	<i>17.0 %</i>	<i>16.8 %</i>	<i>16.0 %</i>	<i>15.2 %</i>	<i>15.1 %</i>
Adjusted EBIT	76	79	227	208	285
<i>Adjusted EBIT margin (%)</i>	<i>10.5 %</i>	<i>11.8 %</i>	<i>10.2 %</i>	<i>10.2 %</i>	<i>10.3 %</i>
Profit for the period, after tax	11	34	55	64	66
Net cash from operations	50	61	109	116	215
Net interest-bearing debt ¹	1,452	1,340	1,452	1,340	1,288

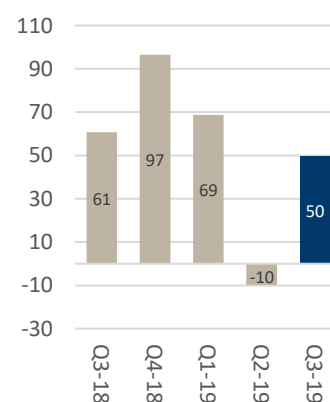
Revenue development²
NOK million



Adjusted EBITDA²
NOK million



CF from operations²
NOK million



¹ Excluding IFRS 16 effects and restricted cash

² No IFRS 16 adjustment made to 2018 figures

General information GLX Holding AS (parent company)

GLX Holding AS is a special purpose vehicle incorporated 14th August 2017 by Triton to acquire Glamox AS which is the parent company of the Glamox Group. GLX Holding holds 76.16% of the shares in Glamox AS. GLX Holding consolidates 100% of the Glamox Group in its financial accounts from 11th December 2017. Below are quarterly comments from Glamox CEO Rune Marthinussen concerning the Glamox Group performance.

Management comments

The Glamox Group reports a third quarter 2019 with strong growth in both order intake and revenue compared to the same period last year. The growth is driven by good results in the GMO business area and the acquisition of Luxonic Lighting in Q2-19. Due to weaker results in the PBS business area, the Group delivers negative year-on-year comparable growth figures in the quarter. The Group order intake ended at NOK 711m, an increase of 6% from NOK 673m in the third quarter last year or a decline of 2% on a comparable basis. Total revenue in the third quarter was NOK 722m, an increase of 7% from NOK 673m in the same period last year or 1% behind on a comparable basis.

The GMO business area reports a year-on-year increase in order intake of 13% in the quarter. Both the Offshore Energy and the Cruise and Ferry segment reports strong growth compared to the third quarter last year. The total revenue in the GMO business area is 18% above the same period last year. The revenue growth is driven by the Offshore Energy segment with higher MRO activity and deliveries to several large projects in Norway.

The PBS business area reports a year-on-year increase in order intake of 3% in the third quarter while the comparable order intake is 7% below the same period last year. Total revenue in the PBS business area in the third quarter is 3% above the third quarter last year, 8% behind on a comparable basis. The PBS business area is affected by weaker market conditions in several geographies compared to last year with the main explanation for the year-on-year decline in both comparable order intake and comparable revenue being weak results in the Nordic region.

The adjusted EBITDA in the Glamox Group amounted to NOK 114m (excluding IFRS16 reclassification effects and overhead cost in GLX Holding AS) in the quarter, compared to NOK 117m in the third quarter last year. The strong revenue growth contributes positively in the quarter, price pressure is offset by material cost savings and positive product / project mix leading to gross margin slightly above the same period last year. Higher operating costs, partly explained by the acquisition of Luxonic, leads to a fall in adjusted EBITDA margin from 17.3% in the third quarter 2018 to 15.9% in the third quarter 2019.

The Glamox Group announced a cash tender offer to acquire all the shares in the leading Polish lighting solutions provider ES-SYSTEM on 14th October 2019. The contemplated acquisition is in line with Glamox' strategy to acquire leading companies with similar target segments, channels and positioning in Western and Central European markets. An acquisition of ES-SYSTEM will further diversify the Glamox Group in terms of geography and provide exposure to an attractive market with high growth supported by an overall healthy macro economy and strong construction activity.

Although the results in the PBS business area are weaker than the corresponding period last year, this is partly offset by a strong performance in the GMO business area in the third quarter 2019. The Glamox Group continue to make important investments to improve its long-term competitive position and continue its strategy focusing on profitable growth and financial strength.

Rune Marthinussen

President & CEO Glamox AS

Financial review

Group results

Quarter

The order intake in Q3-2019 ended at NOK 711m, an increase of 6% from NOK 673m in Q3-2018. Both the GMO business area and the PBS business area reports higher order intake. The GMO business area reports an increase in order intake of 13%, while the PBS business area reports an increase in order intake of 3% year-on-year. The third quarter is positively impacted by the acquisition of Luxonic in Q2-2019, which contributed with 5% of Group order intake. Adjusted for the acquisition of Luxonic and currency effects, the Group had a comparable year-on-year decline in order intake of 2% in the third quarter.

The Group reports total revenue of NOK 722m in Q3-2019, up 7% from NOK 673m in Q3-2018. On a comparable basis, total revenue decreased by 1% vs. the same period last year.

The adjusted EBITDA for GLX Holding ended at NOK 122m in Q3-2019, an increase of 8% from NOK 113m in Q3-2018. The adjusted EBITDA margin in the quarter is 17.0% vs. 16.8% in Q3-2018. Excluding the effect of IFRS16 reclassification, the adjusted EBITDA in the quarter is NOK 112m, 1% below the third quarter last year. Non-recurring cost of NOK 25m was reported in the quarter.

In Q3-2019 the Group reports a net profit after tax of NOK 11m, down from NOK 34m in Q3-2018. The reported operating profit in Q3-2019 is NOK 26m lower than last year, partly offset by NOK 3m lower net financial cost.

Year to date

The Group reports total order intake of NOK 2,258m YTD 2019, up 4% from NOK 2,172 in the same period last year, down 2% on a comparable basis. Total revenue YTD 2019 amounted to NOK 2,230m, up 10% from NOK 2,031m last year or 2% higher on a comparable basis.

The adjusted EBITDA YTD 2019 is NOK 357m. Excluding IFRS16 reclassification effects, the adjusted EBITDA ended at NOK 332m YTD 2019, an increase of 8% from NOK 308m in the same period last year.

Cash flow

Quarter

Cash flow from operations equaled NOK 50m in Q3-2019 compared to cash flow from operations of NOK 61m in Q3-2018. Higher taxes paid and lower operating profit than in the same period last year has a negative effect. In addition, there is a negative working capital effect in the quarter, partly offset by other operating changes. Other operating changes include provisions for holiday pay, net financial items and other provisions.

Net cash flow from investing activities in the quarter was NOK -13m of which NOK -15m is related to investments in existing business and NOK 2m interest received.

Net cash flow from financing was NOK -48m in Q3-2019. Interest paid was NOK -28m, lease payments was NOK -10m, and other cash flow from financing related to Luxonic factoring of NOK -11m. Total cash flow for the period was NOK -11m decreasing the cash balance to NOK 221m.

Year to date

Cash flow from operations amounts to NOK 109m YTD 2019, down from NOK 116m YTD 2018. Higher operating profit than last year is offset by a lower positive effect from other operating changes.

Financial position

As of 30 September 2019, GLX Holding's equity amounts to NOK 1,985m. The equity ratio as of 30 September 2019 was 41%. Net interest-bearing debt as of 30 September 2019 is NOK 1,452m (adjusted for the IFRS 16 effect), which is up from NOK 1,288m as at 31 December 2018. Increased net interest-bearing debt is mainly explained by dividend payment and the acquisition of Luxonic in Q2-2019.

The Groups borrowings consist of long-term senior secured notes of NOK 1,350m and a revolving credit facility (RCF) of NOK 1,000m of which NOK 309m is utilized. In June 2018 GLX Holding entered into a 3-year floating-to-fixed interest rate swap for the nominal amount of NOK 1,350 in order to remove interest rate risk on the senior secured notes.

Segments

Professional Building Solutions (PBS)

NOKm	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Order intake	492	479	1 597	1 573
Adjusted Total revenue	510	496	1 615	1 478
Adjusted EBITDA ¹	86	92	280	261
Adjusted EBITDA margin ¹	16.9 %	18.5 %	17.3 %	17.6 %

¹Excluding IFRS 16 effects

Quarter

The Professional Building Solutions (PBS) business areas reports total order intake of NOK 492m in Q3-2019, an increase of 3% from NOK 479m in Q3-2018. Total revenue ended at NOK 510m in Q3-2019, 3% above NOK 496m in Q3-2018. The acquisition of Luxonic in Q2-2019 contributes positively to both order intake and revenue in the quarter compared to last year. Luxonic contributed with NOK 36m in order intake and NOK 44m in revenues in Q3-2019. The comparable year-on-year order intake is down 7%, while comparable revenue fell by 8%. Although several geographies experience weaker market conditions, the main explanation is negative order intake and revenue growth in the Nordic region.

The adjusted EBITDA in Q3-2019 was NOK 86m, 6% behind NOK 92m in Q3-2018. The adjusted EBITDA margin ended at 16.9%, down from 18.5% in Q3-2018 partly explained by a negative margin effect from the consolidation of the Luxonic acquisition.

Year to date

The PBS business area reported total order intake of NOK 1,597m YTD 2019, an increase of 1% from NOK 1,573m YTD 2018. Total revenue is NOK 1,615m YTD 2019, up 9% from NOK 1,478m YTD 2018. The comparable year-on-year order intake is down 6%, while comparable year-on-year revenue increased by 2%. Adjusted EBITDA is NOK 280m YTD 2019, 7% higher than NOK 261m YTD 2018 mainly due to higher revenue.

Global Marine & Offshore (GMO)

NOKm	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Order intake	219	194	661	599
Adjusted Total revenue	208	176	612	553
Adjusted EBITDA ¹	28	25	57	52
Adjusted EBITDA margin ¹	13.4 %	13.9 %	9.3 %	9.4 %

¹Excluding IFRS 16 effects

Quarter

The Global Marine & Offshore (GMO) business area reports total order intake of NOK 219m in Q3-2019, an increase of 13% from NOK 194m in Q3-2018. Total revenue ended at NOK 208m in Q3-2019, 18% above NOK 176m in Q3-2018. A strong quarter for the Offshore Energy segment is the main driver for the increase in both order intake and revenue year-on-year.

The adjusted EBITDA was NOK 28m, 12% above NOK 25m in Q3-2018. The adjusted EBITDA margin in Q3-2019 was 13.4% compared to 13.9% in Q3-2018. The gross margin in GMO is slightly below the same period last year mainly due to negative projects mix, i.e. some large projects to the Offshore Energy segment with below

average margins. This is offset by lower operating cost as a percentage of revenue leading to an EBITDA margin in line with the same period last year.

Year to date

The GMO business area had total order intake of NOK 661m YTD 2019, up 10% from NOK 599m YTD 2018. Total revenue ended at NOK 612m YTD 2019, an increase of 11% from 553m YTD 2018. The adjusted EBITDA is NOK 57m YTD 2019, 12% ahead of NOK 52m YTD 2018.

Outlook

The Glamox Group is continuing its investments in new products and systems, as well as increasing the capacity and competence in the organisation in order to improve its long-term competitive position and continue its strategy focusing on profitable growth and financial strength.

Condensed consolidated interim financial statements

GLX Holding Group consolidated statement of profit and loss (unaudited)

NOK 1000	Q3		YTD		FY
	2019	2018	2019	2018	2018
Revenue	708 426	665 363	2 192 156	2 003 428	2 731 296
Other operating income	13 870	7 446	38 213	27 671	41 422
Total revenues	722 296	672 809	2 230 369	2 031 098	2 772 718
Raw materials	(338 975)	(313 419)	(1 033 272)	(931 524)	(1 285 180)
Payroll and related cost	(220 483)	(188 810)	(684 477)	(644 345)	(879 380)
Other operating expenses	(66 474)	(60 809)	(205 263)	(193 007)	(280 025)
EBITDA	96 364	109 771	307 357	262 222	328 134
Depreciation	(23 613)	(13 158)	(65 219)	(38 960)	(52 680)
Amortization	(22 648)	(20 810)	(65 298)	(61 295)	(82 406)
Operating profit / EBIT	50 104	75 803	176 840	161 968	193 048
Net financial items	(27 162)	(30 141)	(83 322)	(75 661)	(97 620)
Profit before tax	22 942	45 662	93 518	86 307	95 428
Taxes	(11 508)	(11 439)	(38 194)	(22 082)	(28 967)
Profit for the period	11 434	34 224	55 325	64 225	66 461
Profit/loss attributable to owners	2 348	18 717	23 315	29 664	25 558
Profit/loss attributable to non-controlling interest	9 087	15 507	32 010	34 561	40 903

GLX Holding Group consolidated statement of other comprehensive income (unaudited)

NOK 1000	Q3		YTD		FY
	2019	2018	2019	2018	2018
Profit for the period	11 434	34 224	55 325	64 225	66 461
<i>Other comprehensive income that will not be reclassified to profit or loss:</i>					
Gain/loss from re-measurement on defined benefit plans	-	-	-	-	(781)
Tax effect on re-measurements on defined benefit plans	-	-	-	-	(244)
Total items that subsequently will not be reclassified to profit or loss	-	-	-	-	(1 025)
<i>Other comprehensive income that may be reclassified to profit or loss:</i>					
Currency translation differences	(21 831)	1 749	(4 983)	(15 783)	19 556
Net gain/loss on hedge of foreign subsidiaries	20 478	(1 112)	3 344	14 750	(18 963)
Tax effect from hedge of foreign subsidiaries	(4 505)	256	(736)	(3 392)	4 361
Total items that subsequently may be reclassified to profit or loss	(5 859)	893	(2 375)	(4 425)	4 954
Other comprehensive income for the period	(5 859)	893	(2 375)	(4 425)	3 929
Total comprehensive income for the period	5 576	35 117	52 950	59 800	70 390
Total comprehensive income attributable to owners	(2 114)	19 388	21 506	26 335	28 550
Total comprehensive income attributable to Non-Controlling interest	7 690	15 728	31 444	33 466	41 840

GLX Holding Group statement of financial position (unaudited)

NOK 1000	30.09.2019	30.09.2018	31.12.2018
ASSETS			
Intangible non-current assets	2 973 721	2 860 209	2 931 207
Tangible non-current assets	497 247	311 330	324 402
Other non-current assets	50 955	18 679	52 567
Total non-current assets	3 521 923	3 190 219	3 308 176
Inventory	508 487	433 845	462 384
Receivables	537 517	458 721	451 088
Cash and cash equivalents	220 765	261 196	318 346
Total current assets	1 266 769	1 153 762	1 231 817
TOTAL ASSETS	4 788 692	4 343 981	4 539 994
EQUITY AND LIABILITIES			
Equity	1 594 724	1 571 001	1 573 218
Non-controlling interests	390 401	361 990	392 586
Total equity	1 985 125	1 932 991	1 965 804
Deferred tax liabilities	318 244	278 311	344 627
Long-term interest-bearing liabilities	1 626 313	1 552 653	1 562 145
Long-term lease liabilities	98 551	-	-
Long-term provision and other liabilities	85 165	66 756	92 509
Total non-current liabilities	2 128 273	1 897 720	1 999 281
Short-term interest-bearing liabilities	7 035	-	-
Trade payables	207 319	169 443	203 949
Tax payable	48 905	44 479	35 847
Short-term lease liabilities	38 878	-	-
Other short-term liabilities	373 157	299 348	335 113
Total current liabilities	675 293	513 270	574 910
TOTAL EQUITY AND LIABILITIES	4 788 692	4 343 981	4 539 994

GLX Holding Group consolidated statement of changes in equity (unaudited)

NOK 1000	Share capital	Share premium reserve	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance as of 31 December 2018	1 000	1 599 346	(27 125)	1 573 218	392 586	1 965 804
Current period profit and loss			23 315	23 315	32 010	55 325
Other comprehensive income (loss)			(1 809)	(1 809)	(566)	(2 375)
Total comprehensive income (loss)			21 506	21 506	31 444	52 950
Dividends					(33 628)	(33 628)
Balance as of 30 June 2019	1 000	1 599 346	(5 619)	1 594 724	390 401	1 985 125

GLX Holding Group consolidated statement of cash flow (unaudited)

NOK 1000	Q3		YTD		FY
	2019	2018	2019	2018	2018
Profit before tax	22 942	45 662	93 518	86 308	95 428
Taxes paid	(11 444)	(6 316)	(66 795)	(67 238)	(82 163)
Depreciation and amortization	46 260	33 968	130 517	100 254	135 086
Changes in working capital	(24 369)	4 982	(66 045)	(75 894)	(31 985)
Other operating changes	16 491	(17 606)	17 640	72 517	98 384
Net cash flow from operating activities	49 879	60 691	108 835	115 945	214 750
Cash flow from (purchase)/sales of shares in subsidiaries	-	(33 499)	(62 480)	(129 915)	(129 915)
Purchase of tangible fixed assets and intangible assets	(15 072)	(10 498)	(47 592)	(39 813)	(67 098)
Other cash flow from investments	2 209	643	8 369	4 114	4 790
Net cash flow from investing activities	(12 862)	(43 354)	(101 703)	(165 614)	(192 223)
Down payment	-	-	(11 715)	-	-
Lease payment	(9 665)	-	(25 719)	-	-
Proceeds from borrowings	-	-	50 000	112 680	112 680
Dividend paid	-	-	(33 622)	(30 700)	(30 700)
Interest paid	(27 719)	(28 121)	(84 128)	(77 373)	(104 871)
Other cash flow from financing activities	(10 843)	-	(10 843)	-	-
Net cash flow from financing activities	(48 226)	(28 121)	(116 026)	4 607	(22 890)
Total cash flow for the period	(11 210)	(10 784)	(108 894)	(45 063)	(363)
Effect of change in exchange rate	2 820	(2 403)	11 313	(805)	11 645
Cash and cash equivalents, beginning of period	229 155	274 383	318 346	307 064	307 064
Cash and cash equivalents, end of period	220 765	261 196	220 765	261 196	318 346

Notes to the condensed consolidated interim financial statements

Note 1 - General information and accounting principles

GLX Holding AS is a company incorporated and domiciled in Norway. GLX Holding AS is a holding company and has no other activities or investments than the ownership of 76,16% of Glamox AS. The registered address is c/o Triton Advisors (Norway) AS, Kronprinsesse Märthas plass 1, 0161 OSLO. The ultimate parent of GLX Holding AS is Triton Fund IV, located at Jersey.

This interim report has been prepared in accordance with IAS34 for interim financial reporting. GLX Holding AS has applied the same accounting policies as in the IFRS consolidated financial statement for 2018, except for the implementation of IFRS 16 Leases (see note 7 below). The interim financial statements do not include all the information required for a full financial report and should therefore be read in conjunction with the IFRS consolidated financial statement for 2018. The quarterly report has not been audited.

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant estimates and judgements made by management in preparing these condensed consolidated interim financial statements, in applying the Group's accounting policies and key sources of estimation of uncertainty, were based on the same underlying principles as those applied to the IFRS consolidated financial statement for 2018.

Note 2 - Operating segments

The Group operates with two different business areas, Professional Building Solution (PBS) and Global Marine & Offshore (GMO). These two business areas have to a large extent different products and solutions they provide to their markets. Further they operate in strategically different markets and therefore have different sales channels, marketing strategies and risk. PBS offers products to office, industry, health, education, retail, hotels and restaurants mainly in Europe. Their main sales channels are direct to customer and wholesalers. GMO offers its products in the global market within commercial marine, oil and gas (offshore and onshore), navy, recreational, cruise and ferry. The customer base of GMO consists of vessel owners, yards, electrical installers, engineering companies and oil companies.

To be able to monitor and follow up the profitability of these two business areas, the Group has an operating segment reporting where PBS and GMO each represents a complete value chain. Glamox Group functions are distributed between the two operation segments based on allocation keys. GLX Holding AS functions and cost are not allocated to the operating segments.

	PBS Q3-2019	GMO Q3-2019	Other Q3-2019	Group Q3-2019
Revenues	510	212		722
EBITDA	77	12	8	96
in %	15.1 %	5.4 %		13.3 %

	PBS YTD-2019	GMO YTD-2019	Other YTD-2019	Group YTD-2019
Revenues	1,615	615		2,230
EBITDA	263	24	21	307
in %	16.3 %	3.9 %		13.8 %

Note 3 - Items affecting comparability

In Q3-2019 the Group recorded net non-recurring cost of NOK 25m. NOK 9m is related to the ongoing restructuring of the GMO value chain, NOK 10m is related to acquisition cost, integration cost, severance pay and focused activities within procurement and logistics, and the remaining NOK 6m is related to the cancellation of orders to Russia and Iran of which NOK 3.6m in non-recurring revenue. Due to the sanction regime against Russia and Iran requiring severe compliance procedures on deliveries and banks not forwarding payments from US sanctioned parties, the Group has decided to withdraw from these two markets.

YTD 2019 the Group has recorded non-recurring cost of 50m. Of this NOK 21m relates to restructuring of the GMO value chain, of which NOK 8m of cost booked in H1-2019 has been re-defined as NRIs after the publication of the Q2-2019 report. NOK 10m relates to acquisition cost, integration cost and severance pay. Further NOK 10m relates to procurement and logistics project and NOK 8m relates to cancellation of orders to Russia and Iran.

YTD 2018 the Group had recorded non-recurring cost of NOK 46m. NOK 40m was related to restructuring of the GMO value chain, NOK 3m related to extraordinary claim cost, and NOK 3m was related to acquisition cost of Küttel.

From 2019 the Group has changed the routines related to accruals for extraordinary bonuses to all employees. A discretionary bonus has normally been granted to all employees in years where operational results have been in line with or above targets. Historically, the cost has been accrued towards the end of the year, but from 2019 the cost is accrued on a monthly basis. YTD 2019 this amounts to NOK 12m.

Note 4 - Dividend

In June 2019, Glamox AS distributed dividend of total NOK 141.1m (NOK 2.138 per share). Of this, NOK 107.4m was distributed to the parent company GLX Holding AS, and NOK 33.7m to non-controlling interests.

Note 5 – Interest bearing liabilities to financial institutions

The Group holds a bond and a revolving facility. The revolving facility has a credit limit of NOK 1,000m and by year end 2018 the utilized amount was NOK 248m. As of 30.09.2019 the utilized amount was NOK 309m.

Net interest-bearing debt according to new accounting principles is NOK 1,581m. Adjusted for the IFRS 16 effect of NOK 129m, net interest-bearing debt according to old accounting principles is NOK 1,452m as of 30.09.2019.

Note 6 - Related party transactions

Related parties are Group companies, major shareholders, board and senior management in the parent company and the group subsidiaries. All transactions within the Group or with other related parties are based on the principle of arm's length.

GLX Holding AS has agreements with Triton Advisers Limited and West Park Management Services Limited for counselling. In the first three quarters 2019, the company has expensed NOK 3.6m.

Note 7 - Changes in accounting policies 2019 - IFRS 16 Leases

The Group implemented IFRS 16 Leases from 1 January 2019. The new accounting standard has replaced IAS 17 Leases and covers the recognition, measurement and presentation of leases and related disclosures in the financial statement. IFRS 16 requires that all leases, except from short term leases and leases of low value assets are reflected in the balance sheet of a lessee as a lease liability and a Right of use (RoU) asset. The GLX Holding Group has implemented the standard according to the modified retrospective method with no restatement of comparable figures for 2018, which are still presented in accordance with IAS 17.

Reference is made to note 10.3 in GLX Holding Group's annual financial statement 2018 for detailed description of accounting principles, implementation effects and method for implementation. There have been no changes to these elements compared to the description in the 2018 annual financial statements, and the 2018 note on implementation of IFRS 16 Leases therefore describes the accounting policy applied for balances and transactions in 2019.

The tables below show impact from IFRS 16 on lines in condensed profit and loss statement and condensed cash flow statement for YTD 2019, and on condensed balance sheet per 30 September 2019.

Condensed profit and loss

NOK 1000	Old principles 30.09.2019	Effects from IFRS 16	New principles 30.09.2019
Total revenues	2 230 369		2 230 369
Raw materials	1 033 272		1 033 272
Payroll and related cost	684 477		684 477
Other operating expenses	230 837	-25 574	205 263
EBITDA	281 782		307 357
Depreciation	41 684	23 535	65 219
Amortization	65 298		65 298
Operating profit / EBIT	174 800	2 039	176 840
Net financial items	80 645	2 677	83 322
Profit before tax	94 156	-637	93 518
Taxes	38 334	-140	38 194
Profit for the period	55 822	-497	55 325

Condensed balance sheet lines

NOK 1000	Old principles 30.09.2019	Effects from IFRS 16	New principles 30.09.2019
Tangible non-current assets	368 998	128 249	497 247
Other non-current assets	50 814	140	50 955
Total non-current assets	3 393 534	128 389	3 521 923
Receivables	537 662	-144	537 517
Total current assets	1 266 913	-144	1 266 769
TOTAL ASSETS	4 660 447	128 245	4 788 692
Equity	1 595 095	-370	1 594 724
Non-controlling interests	390 520	-119	390 401
Total equity	1 985 614	-489	1 985 125
Long-term lease liabilities	5 651	92 899	98 551
Total non-current liabilities	2 035 374	92 899	2 128 273
Short-term lease liabilities	3 043	35 835	38 878
Total current liabilities	639 459	35 835	675 293
TOTAL EQUITY AND LIABILITIES	4 690 736	128 245	4 788 692

Condensed cash flow statement

NOK 1000	Old principles 30.09.2019	Effects from IFRS 16	New principles 30.09.2019
Net cash flow from operating activities	83 116	25 719	108 835
Net cash flow from investing activities	(101 703)		(101 703)
Net cash flow from financing activities	(90 308)	(25 719)	(116 026)
Total cash flow for the period	(108 894)		(108 894)
Effect of change in exchange rate	11 313		11 313
Cash and cash equivalents, beginning of period	318 346		318 346
Cash and cash equivalents, end of period	220 765		220 765

Note 8 – Subsequent events

On 14 October 2019, Glamox announced a public cash tender offer to acquire all outstanding shares in the Polish lighting solution provider, ES-SYSTEM.

ES-SYSTEM was established in 1990 with headquarters in Cracow, Poland. Today, the company has nearly 900 employees and two manufacturing plants located in Wilkasy and Dobczyce. ES-SYSTEM is listed at the Warsaw Stock Exchange and had revenues of PLN 191.7m, approximately NOK 440m in 2018.

Augusta Investment sp. z o.o. Bowen Investments S.a.r.l., Marta Pilszczek, and Wysocki sp. jawna, jointly holding approximately 69% of the share capital in ES-SYSTEM have irrevocably undertaken to sell their shares in response to the tender offer.

In the tender offer, ES-SYSTEM shareholders will be offered a cash consideration of PLN 3.50 for each share in ES-SYSTEM representing an aggregate equity purchase price of approximately PLN 150m (approximately NOK 350m). The completion of the tender offer is subject to certain conditions including approvals by the relevant competition authorities, and Glamox gaining control of at least approx. 66 per cent of the total number of shares in ES-SYSTEM. The subscription period under the tender offer started the 4th of November 2019 and is expected to end on the 4th of December 2019 (until 12:00 pm CET). Glamox intends to acquire up to 100 per cent of the shares in ES-SYSTEM. In the event that Glamox obtains at least 95 per cent of the outstanding shares, Glamox intends to initiate a compulsory buy out procedure in relation to all remaining shareholders of ES-SYSTEM.

On 1st October Glamox signed an agreement for the sale of real estate in Germany as part of the ongoing restructuring in the GMO value chain. The transaction is expected to give a net cash flow effect of EUR 5m (NOK 50m). The settlement is expected to occur by end of the financial year 2019.

Note 9 - Significant risk and uncertainties

For information regarding the most significant risks and uncertainty factors, please read the description in the annual report for 2018. The company does not consider that there have been any material changes during the reporting period in the risks and uncertainty factors presented in the annual report.

Note 10 - Forward-looking statements / Legal disclaimer

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, fluctuations in exchange rates and interest rates and political risks.

Definitions

GLX Holding presents certain financial performance measures that are not defined in the interim report in accordance with IFRS or other generally accepted accounting principles and should not be considered as a substitute for measures of performance in accordance with IFRS. GLX Holding believe that these measures provide useful supplemental information to investors and the company's management when they allow evaluations of trends and the performance of the company. As companies calculate the performance measures differently, these are not always comparable to similar titled measures used by other companies.

This report has not been subject to audit.

Order intake	Orders received measured at gross value before deduction of commissions and other sales reductions
Total revenue	Revenue and other operating income net of commissions and other sales reductions
Comparable growth	Growth adjusted for acquisitions, Non-Recurring Items and currency effects
EBITDA	Earnings before net financial items, tax, depreciation, amortization
Adjusted EBITDA	Earnings before net financial items, tax, depreciation, amortization and exceptional items
EBITDA-margin	EBITDA as a percentage of total revenue
Adjusted EBITDA-margin	Adjusted EBITDA as a percentage of total adjusted revenue
Net financial items	Financial income minus financial expenses including exchange rate differences related to financial assets and liabilities
Net debt	Interest-bearing debt minus cash and cash equivalents
Non-Recurring Items	Any items (positive or negative) of a one off, non-recurring, unusual, non-operational or exceptional nature including restructuring expenses
LED	Light-emitting diode
LMS	Light Management Systems
MRO	Maintenance, Repair and Operations



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