

Bertel O. Steen AS

Consolidated financial statements 2018

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The consolidated financial statements, which have been prepared by the company's Board of Directors and management, should be read in conjunction with the Board of Directors' Report and audit report.

Board of Directors' Report 2018

Introduction

Bertel O. Steen AS's main business areas are automotive and property operations. In 2018 the Group had a turnover of NOK 15,890 million (NOK 16,779 million in 2017) and at year-end employed 2,537 full-time equivalents (2,452 FTEs in 2017). The Group's head office is located in the municipality of Lørenskog, Norway.

The automotive operations consist of car imports, car retail, workshop operations, and car financing. Property operations consist of the Group's properties connected with the motor industry and other commercial properties. The Group performs its activities in Norway.

We will create value for our employees, customers, shareholders, suppliers and society by developing a performance-driven organisational culture.

Bertel O. Steen AS is owned by Bertel O. Steen Holding AS. Bertel O. Steen Holding also owns the investment company Bertel O. Steen Kapital AS.

Car Import imports cars of the makes Mercedes-Benz, smart®, Peugeot, Citroën, DS, Kia, Fuso and Setra. The import division also includes commercial vehicles from the same makes.

Car Retail consists of a nationwide dealer network that distributes the Group's car makes and used cars and provides after-sales services and financial services. Sales are effected through Bertel O. Steen Detalj AS and subsidiaries.

The workshop chain Snap Drive AS is an independent chain consisting of 22 workshops located in the largest cities in Norway.

Car Finance consists of the company Bertel O. Steen Finans AS, which offers financing solutions through a nationwide network of dealers, and the car-club service Easy under Bertel O. Steen Bildrift AS.

Real Estate consists of Bertel O. Steen Eiendom AS and its subsidiaries, which own and manage a substantial property portfolio of approx. 200,000 m² connected with the motor industry and other business sectors. These properties have a combined market value of approx. NOK 4.4 billion, over half of which (by value) is car-related properties.

Together we shape the future

Vision and strategy

Bertel O. Steen is into a new strategy for the period 2018–2022. We are in an exciting and challenging period where it is important both to professionalise our current operations and to develop tomorrow's solutions. We know that the automotive industry will face major changes in the future, with new technology and changes in the patterns of use driving the development of new services and concepts.

A key element of the strategic plan is that we aim to strengthen Bertel O. Steen as a brand in its own right. We need to be clearer about who we are and what we stand for, to increase the chance of customers choosing us and no-one else when they want to buy a car or need other types of mobility services.

As part of this effort, a comprehensive brand enhancement process was carried out in the Group in 2018. A brand platform was produced for the Group which fits in with the strategic transition to 'Strategy 2022'. Some major pillars of this work are

definitions of key elements such as vision, purpose, values and customer promises. This unites everyone working in the Group, and gives us a shared way forward.

Our vision: Together we shape the future
Our industry is undergoing major changes. Together, we need to create good solutions to take us, our customers and society into a sustainable future.

Our purpose: We make everyday mobility straightforward

We aim to enable people to travel how they want, without any bother. Bertel O. Steen is a guarantee of quality and security. We are always looking for new solutions – in the interests of our customers and society.

Our core values:

- **We challenge:** We work hard to challenge established ideas, and to develop ourselves and our services for the benefit of customers.
- **We care:** We care about every single customer. We care about each other. And we care about the society around us. It's all about the best teamwork.
- **We perform:** We are proud of our work. We are truthful and reliable. We do not stop until the customer is satisfied and the result is of the best possible quality.

Our promise to customers:

“Security - Freedom - Opportunities”
At Bertel O. Steen you get quality, so you can be confident of getting where you want to go - how you want to travel. We are constantly looking for new and beneficial solutions to make your life easier, which are adapted to your individual situation.

With new needs from customers, increasingly stringent environmental requirements and new

technologies, the Group sees many opportunities in both the short and the long term, and thanks to our investment-willing owners and capable employees, the Group is well positioned to strengthen its strategic position and competitiveness in the coming years.

Highlights

Bertel O. Steen's automotive and property group generated turnover of NOK 15,890 million in 2018 and returned an operating profit of NOK 301 million, a decrease from 2017.

The number of new vehicle registrations in Norway in 2018 was down 4.3% from 2017. One reason for the drop is increased uncertainty among customers arising from the move to electric cars and the transition to a new emissions measurement procedure (WLTP). The marques that Bertel O. Steen represents achieved a total market share of 16.9% (17.9% incl. Kia Soul Electric cars imported via Germany).

The Group operates in a demanding market

Market conditions in 2018 were tough. Changes in technology, tax changes related to WLTP and general uncertainty around car preferences make future developments in the industry hard to predict. In this demanding market, Bertel O. Steen is investing in new alternatives to car ownership such as Easy, Biliblant and Fleks.

Strong brands

Bertel O. Steen represents some of the world's strongest car manufacturers and brands. The Group's portfolio includes the makes Mercedes-Benz, Kia, Peugeot, Citroën, Opel, DS, smart®, Fuso and Setra, as well as the Snap Drive workshop chain.

Bertel O. Steen took over Opel imports into Norway with effect from 1 December 2018. Opel will

complete Bertel O. Steen's portfolio of cars and vans and will help Bertel O. Steen to strengthen its position in the car and van segments.

Given the market conditions in 2018, Bertel O. Steen performed well with Peugeot and Kia in the private car segment. In the van segment, Bertel O. Steen saw a growth in volume for both Mercedes and Peugeot, and the acquisition of the Opel importer makes Bertel O. Steen Norway's largest importer of vans. In the HGV segment, Bertel O. Steen has had another good year, while buses have seen a fall in volume from 2017.

The transition to electric drive trains has gone faster than the market expected a year ago. At the same time, many of our producers have reduced their range of electric models pending the transition to WLTP. This made it harder for Bertel O. Steen to offer relevant models to the Norwegian market in 2018 than was expected at the beginning of the year.

Based on our suppliers' launch plans, we anticipate an improvement in our product range in the first half of 2019.

Continued growth in vans

The van market remained stable, but strong in 2018, and Bertel O. Steen increased its overall market share in this segment to 28.4% (from 26.1% in 2017).

Mercedes-Benz had a market share of 10.4%, putting it in third place in the van statistics. Vans from PSA Norge achieved a combined market share of 17.9%, putting these brands combined in second place in the van segment.

Strengthened dealer network

Bertel O. Steen has the largest dealer network in Norway, consisting of both wholly owned and independent dealers. Bertel O. Steen has strengthened its work on developing digital services and solutions for the dealers, the purpose of which is to allow them to focus more on the customers.

To ensure that the dealers have a solid financial basis and investment capacity for tomorrow's requirements and solutions, Bertel O. Steen in 2018, embarked on a systematic effort to build a more robust dealer network compared to the present structure. A vital principle is a consistent structure across all of our brands, products and services. In all probability, this will lead to a reduced number of dealers from the large number in the current network.

Operations in the Group-owned dealership business was affected by the withdrawal of electric drive trains in 2018. As the market for petrol and diesel cars fell faster than expected in 2018, we also experienced margin pressure in the new and used car markets.

Bertel O. Steen's car retail operations had turnover of NOK 10,979 million, up 5.0% from 2017, and an operating profit of NOK 41 million.

Corporate Social Responsibility

Bertel O. Steen has clear guidelines which help to ensure that we behave in a responsible manner - at all stages. This applies both internally and in dealings with the company's business partners.

In 2018 Bertel O. Steen launched an interactive game for all its employees that allows them to practise applying the Group's ethical guidelines and company regulations for employees in a simple, fun way. The game consists of a combination of role play and quizzes on potential dilemmas. The participation rate and level of target attainment in this exercise were very high. The game has improved the employees' understanding of our core values and integrity in all our interactions with customers, colleagues and suppliers.

Bertel O. Steen works actively to ensure that its suppliers, partners and other associates commit to – and are able to provide documentary evidence that they comply with – all the relevant legislation, regulations and rules concerning the employees' labour and social rights, And that they act in

compliance with and respect the Group's ethical guidelines. Bertel O. Steen has zero tolerance for corruption.

The Group has also clarified and communicated internal rules to prevent all forms of harassment, particularly in light of the attention received by the international #metoo campaign.

It is the Board's understanding that the extensive work being done throughout the Group on integrity and ethical and socially responsible behaviour has resulted in a much deeper understanding of these issues among managers and employees alike. The Group's Compliance Officer is responsible for facilitating, monitoring, supervising and reporting compliance with external and internal guidelines and laws in all the divisions and by all the Group's employees, and reports a high level of compliance.

Continued focus on property

Bertel O. Steen has a property portfolio worth around NOK 4.4 billion. To ensure further development and flexibility in the car facilities, the Group has invested heavily in existing and new properties in recent years. This includes the purchase of the facility in Drammen which houses our own dealership, the construction of a new logistics centre at Berger near Oslo, and the purchase of land for a new dealership facility at Bryn in Oslo.

The groundwork for construction of our flagship dealership at Lørenskog in Oslo also got under way in 2018.

Motor vehicle taxes

Motor vehicle taxes affect customer preferences, and the national budget for 2019 continues to provide strong financial incentives for people to buy electric cars, including plug-in hybrids, which combine electric features with a conventional combustion engine. Electric vehicles will continue to be exempt from VAT, and CO₂ emissions are being taxed more heavily.

The switch to WLTP for calculating emissions increased the tax on many petrol and diesel vehicles from 1 September 2018. The final outcome of the transition to WLTP for cars and vans is not yet clear, but it is likely that the result will favour electric cars even more from 2020.

The market and business development in 2018

The car market in Norway was slightly weaker in 2018 than in 2017. Most macro-conditions point to continued high demand for our products and services, but the general uncertainty around the choice of technology and limited access to electric cars have caused car sales in Norway to drop to 193,277 units in 2018, down 4.3% from 2017.

The market for passenger cars totalled 147,929 cars, which is 6.8% lower than in 2017. The van market grew by 3.8% in 2018 to 37,204 units. The market for buses declined by 13.8% to 1,026 units, while the market for trucks grew by 13.2% to 7,068 units in 2018.

Together, the Group's car makes achieved a market share of 16.9% in 2018, compared with 16.6% in 2017. Including Kia Soul Electric cars imported via Germany, our market share amounted to 17.9%, compared with 17.4% in 2017.

Company and Group results

Bertel O. Steen AS

The company's turnover decreased by 12.7% in 2018 to NOK 8,058 million (NOK 9,227 million in 2017). The profit for the 2018 financial year was NOK 92 million, compared with NOK 249 million in 2017. The change is partly due to the fact that dividends and group contributions from subsidiaries amounted to NOK 157 million in 2017, compared with NOK 22 million in 2018.

The company's cash flows from operations in 2018 were negative by NOK 23 million (NOK 493 million in 2017).

Group

The operating revenue for 2018 amounted to NOK 15,890 million, a decrease of 5.3% compared with 2017. The Group has seen a negative development in its import and dealership operations. The Group's business areas returned an operating profit of NOK 301 million in 2018, compared with NOK 555 million in 2017.

Net financial expenses fell by NOK 25 million from 2017 to NOK 32 million in 2018. Most of this change is attributable to net realised and unrealised foreign exchange losses.

The Group recorded a pre-tax profit of NOK 269 million in 2018, which is NOK 229 million lower than last year.

The Group's tax charge came to NOK 84 million in 2018, compared with NOK 146 million in 2017. The Group's tax payable amounted to NOK 66 million in 2018, compared with NOK 113 million in 2017.

The Group's profit for 2018 was NOK 185 million, compared with NOK 352 million in 2017.

The Group's cash flow from operating activities amounted to NOK 203 million in 2018 (NOK 640 million in 2017). The significant differences between profit/loss and net cash flow from operating activities are mainly taxes, ordinary depreciation, reduced inventories and accounts receivable and negative changes in other current items such as social security and other taxes and other accruals/prepayments. Net cash flow from investing activities was NOK -604 million (NOK -501 million in 2017), of which investments in property operations amounted to NOK 524 million (NOK 91 million in 2017) and acquisitions of businesses totalled NOK 118 million (NOK 155 million in 2017). Net cash flow from financing activities ended at NOK 546 million (NOK 83 million in 2017), of which

NOK 181 million is payment of dividends and group contributions (NOK 147 million in 2017) and NOK 791 million represents new long-term debt.

The Group's total change in cash flows from operating, investing and financing activities amounted to NOK 146 million in 2018 (NOK 56 million in 2017).

The Group's cash and cash equivalents at year-end 2018 came to NOK 220 million (NOK 75 million at the end of 2017), while liquidity reserves totalled NOK 761 million kroner at the end of 2018, compared with NOK 1,310 million at year-end 2017. The overall liquidity situation is regarded as satisfactory. The Group had interest-bearing debt of NOK 1,810 million at year-end 2018, compared with NOK 1,083 million at the end of 2017.

The Group's equity ratio was 30.4% at year-end 2018, which is 1.2 percentage points lower than the previous year. The change is mainly due to an increase in the total balance sheet from the development of property.

Car Import

Bertel O. Steen's total **car import business**, including sales of parts, decreased its operating revenue by 9.3% from NOK 11,216 million in 2017 to NOK 10,168 million in 2018. The import division as a whole achieved an operating profit of NOK 268 million, down NOK 143 million from the previous year. There was a negative trend in cars and commercial vehicles from Mercedes-Benz, Peugeot and Kia.

The fall was due to the withdrawal of relevant drive trains and increased competition in the petrol and diesel segment.

The Group's sales totalled 31,267 new vehicles in 2018. This includes 2,242 Kia Soul Electric cars imported via Germany. The equivalent figure for 2017 was 35,593, including 2,102 Kia Soul Electric cars via Germany.

Mercedes-Benz

The market share in the passenger car segment decreased from 6.8% in 2017 to 4.4% (including smart®) in 2018. We expect an increase in market share for Mercedes-Benz going forward.

Mercedes-Benz vans achieved a market share of 10.4% in 2018 (10.3% in 2017) and retained their third place in the van statistics.

Mercedes-Benz trucks' market share declined from 14.0% in 2017 to 12.2% in 2018. In the bus segment, Mercedes-Benz's market share (including Setra's market share fell from 34.5% in 2017 to 26.7% in 2018.

Peugeot

Peugeot's market share for passenger cars rose from 3.3% in 2017 to 3.4% in 2018, despite its lack of plug-in hybrid and electric models. The market share in the van segment was 10.1% (9.9% in 2017).

Citroën and DS achieved a market share in the passenger car segment of 1.3% (1.4% in 2017) and a market share in the van segment of 6.3% (5.8% in 2017).

Opel had a market share of 2.2% for private cars in 2018, and 1.5% for vans. Bertel O. Steen took over Opel imports from 1 December 2018.

Kia

The market share in the passenger car segment improved to 3.0% in 2018 (2.9% in 2017). To meet the demand in the market and because of problems getting enough cars, the Group has had to continue importing a large number of cars via Germany. Including the cars from Germany, Kia increased the number of cars delivered to the Norwegian market to 6,703 in 2018 (6,755 in 2017). Kia's market share in the passenger car segment, including Kia Soul Electric cars imported via Germany, is 4.1% (3.9% in 2017).

Snap Drive AS increased its turnover from NOK 257 million in 2017 to NOK 283 million in 2018. The operating profit for 2018 came to NOK 18 million (NOK 18 million in 2017).

The dealer chain **Bertel O. Steen Detalj AS and subsidiaries** had turnover of NOK 10,979 million in 2018, compared to NOK 11,562 million in 2017. In 2018 sales of new cars fell by 14.8% and sales of used cars by 4.5%. Sales of parts and workshop services rose by 3.3% and 5.9% respectively. The Group's car retail operations returned an operating profit of NOK 41 million in 2018, a decrease of NOK 144 million from 2017. The fall in profits is due to margin pressure on new and used cars and various one-off costs.

The Group's car financing company achieved growth of 13.1% in its financing portfolio in 2018, bringing it to NOK 8,936 million. The combination of greater volume, increased commissions and higher start-up costs in the car ownership concept Easy resulted in an operating profit for 2018 of NOK 39 million (NOK 31 million in 2017).

Bertel O. Steen Eiendom AS and subsidiaries achieved an operating profit of NOK 113 million in 2018 (NOK 113 million in 2017).

The properties in the portfolio are fully leased with the exception of warehouse premises in Lørenskog that have been earmarked for future purposes. The majority of the non-car related tenants are public organisations with long-term lease contracts.

The working environment

The Group aims to offer its employees a challenging job in a stimulating working environment. The healthy development of the organisation is safeguarded by regularly measuring employee satisfaction, dealer satisfaction and customer satisfaction and implementation of appropriate measures as and when necessary. Bertel O. Steen

AS makes considerable investments in skills development.

The Group reported 26 minor accidents resulting in injury in 2018 (20 in 2017) and 8 accidents resulting in prolonged sickness absence (6 in 2017). All injuries were followed up and reported in the Group's HSE system. Through close cooperation with the occupational health service, the individual employees are followed up according to their needs. The Group also has a continuous programme of measures to prevent accidents.

The Group's sickness absence rate is well below the average for Norway. The sickness absence rate was 4.2% in 2018, which is 0.2 percentage points lower than in 2017. Short-term sickness absence was 2.1% in 2018, which is 0.2% lower than in 2017.

Gender equality and discrimination

The Group works actively to promote gender equality, ensure equal opportunities and rights, and prevent discrimination on the basis of gender, age, religion, political opinion, race, colour, national origin, ethnic origin, sexual orientation or living arrangements in the organisation. In the Board's view, there is no need for special measures in this area.

The Group had 11.5% female employees in 2018, which is roughly the same level as in 2017. The Group has one woman in the group management.

The external environment and corporate social responsibility

As one of Norway's largest and oldest service and trading companies, the Group is highly aware of its corporate social responsibilities.

Through its association with the UN Global Compact the Group has committed to adhere to the organisation's ten basic principles in the areas of

human rights, labour, the environment and anti-corruption.

The Group attaches particular importance to protection of the environment and related issues. All the Group's dealers are publicly environmentally certified under either the Norwegian Eco-Lighthouse scheme or ISO 14001. In connection with this work, a number of measures have been implemented to reduce energy consumption. Good routines have also been adopted for waste management, both to prevent harmful emissions and to ensure a higher waste recycling rate.

Thorough work has been carried out to reduce the use of chemicals in the businesses, which has led to more responsible use and better overview. The chemicals used are risk-assessed and registered electronically in a national database, EcoOnline.no.

The Group's dealers are members of Autoretur, a system for the collection and recycling of all end-of-life vehicles. Membership of Batteriretur ensures responsible collection and disposal of car batteries. The Group is also a member of the national Grønt Punkt packaging recycling scheme.

Bertel O. Steen requires that all its suppliers provide documentation that they meet the statutory requirements concerning occupational health and safety and the working environment, and that they are legally organised in accordance with the applicable tax and working environment regulations and in terms of the employees' labour and social rights.

There is a strong focus on compliance with laws, regulations, and external and internal policies.

Risk

Risk management is necessary in order to safeguard value creation for shareholders, employees and society.

The Board and management are always aware of the company's repurchase obligation and the associated risk. The market is characterised by rapid change, including the move to electric cars and new mobility solutions. The Board is comfortable with the treatment of this and the exposure in the accounts.

The Group is exposed to currency risk, interest-rate risk, price risk, supplier and customer risk, liquidity and funding risk, changes in market developments, tax policy and changes in political framework conditions.

The Group's assessment of its own liquidity and funding risk constitutes a central part of the company's risk analysis and management. The adequacy of the Group's liquidity and funding structure is assessed on an ongoing basis, as is the quality of its governance and monitoring.

See also the comments on the Group's risk situation in Note 19 to the consolidated annual financial statements.

Statement on the outlook

The industry as a whole entered 2019 in a relatively weak position, but with big differences between players who can offer relevant drive trains in sufficient volume.

The Group expects the uncertainty in the market to persist into 2019 until such time as the producers are collectively better able to supply electric drive trains. In 2020, EU requirements for maximum average CO₂ emissions in Europe will lead to greater availability of low and zero-emission vehicles. All in all, we expect a slightly weaker new car market in 2019.

In 2018 and 2019, the Group has relatively limited access to electric drive trains for the Norwegian market. Although the forecasts for the new car market in the coming years are uncertain, the Group

sees a positive trend for its own marques in terms of access to relevant electric drive trains from 2020. The Group's strengthened commitment to developing solutions and services that can be used by relevant dealers, combined with a renewed focus on improved processes, increased employee engagement, and dealer and customer satisfaction, will also help to strengthen the Group's results in the longer term.

In the property market, rents and property values in 2019 are expected to remain largely unchanged from those in 2018.

Bertel O. Steen Eiendom AS, with subsidiaries, has achieved a high level of security for its earnings thanks to its high occupancy rate and stable lessors. Bertel O. Steen Eiendom will focus on helping the car operations develop good dealerships and improved logistics.

Going concern

In accordance with Section 3-3 of the Norwegian Accounting Act, the Board confirms that the financial statements have been prepared in accordance with the going concern assumption.

Beyond that which appears in the accounts, the Board of Directors is not aware of any circumstances that have occurred during the course of 2018, or after the end of the financial year, which have any great significance for the annual accounts.

The Board believes that the annual financial statements provide a true and fair picture of the financial position of the company and the Group.

Allocation of profits

Bertel O. Steen AS reported an annual profit for 2018 of NOK 92 million. On this basis, it is proposed that a dividend of NOK 68 million be paid, while NOK 24 million be transferred to retained earnings (other equity).

The Board of Directors of Bertel O. Steen AS
Lørenskog, Norway, 4 April 2019

Sverre Leiro
Chairman of the Board

Odd Christopher Hansen
Board member

Sverre R. Kjær
Board member

Bertel Otto Steen
Board member

Thorvald Helmen Steen
Board member

Knut Johan Andvik
Board member

Ole Stefan Nedenes
Board member

Leif Erik Vik
Board member

Bjørn Maarud
CEO

Bertel O. Steen AS
Org.nr. 916 218 753

Consolidated financial statements 2018
(All figures in thousands)

INCOME STATEMENT

	Note	2018	2017
Operating revenue			
Income from sales		15 704 511	16 567 446
Other operating revenue		184 999	211 763
Total operating revenue	3	15 889 510	16 779 209
Operating expenses			
Cost of goods		12 049 978	12 746 677
Payroll expenses	6/7	1 856 282	1 811 339
Depreciation and impairments	3/8	234 189	194 736
Other operating expenses		1 448 261	1 471 287
Total operating expenses		15 588 711	16 224 040
Operating profit	3	300 799	555 169
Financial items			
Profit from investments in associated companies	9	4 574	7 629
Financial items	3/4	(36 618)	(65 148)
Total financial items		(32 044)	(57 519)
Profit before tax	3	268 755	497 650
Tax on ordinary profit	15	(84 141)	(146 089)
Profit / loss for the year	16	184 615	351 561
Minority interest in profit for the year	16	13 179	21 315
Majority interest in profit for the year	16	171 436	330 246

Bertel O. Steen AS
Org.nr. 916 218 753

Consolidated financial statements 2018
(All figures in thousands)

BALANCE SHEET

	Note	2018	2017
ASSETS			
Fixed assets			
Intangible assets			
Intangible assets	8	133 266	15 064
Deferred tax asset	15	201 866	182 415
Goodwill	8	68 493	42 221
Total intangible assets		403 625	239 700
Tangible fixed assets			
Land, buildings and other property	8/13	2 202 713	1 736 386
Movable property, fixtures and fittings, tools, office equipment, etc.	8/13	554 359	610 792
Total tangible fixed assets		2 757 072	2 347 177
Financial non-current assets			
Other shares and non-current receivables	10/11	11 885	3 283
Investments in associated companies and joint ventures	9	73 028	49 774
Total financial non-current assets		84 913	53 058
Total fixed assets		3 245 610	2 639 935
Current assets			
Inventories			
Inventories	5/13	2 856 138	2 879 350
Receivables			
Accounts receivable	13	692 860	840 170
Other receivables	6	228 581	181 374
Pre-payments		316 943	266 627
Receivables from other related parties	18	1 721	54 415
Total receivables		1 240 104	1 342 586
Bank deposits, cash and cash equivalents	14	220 253	74 611
Total current assets		4 316 496	4 296 547
TOTAL ASSETS	3	7 562 106	6 936 482

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Consolidated financial statements 2018
(All figures in thousands)

BALANCE SHEET

	Note	2018	2017
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16/17	372 433	372 433
Share premium reserve	16	598 000	598 000
Other paid-in equity	16	0	0
Other equity	16	1 283 025	1 179 555
Minority interests	16	43 590	41 195
TOTAL EQUITY AND MINORITY INTERESTS		2 297 048	2 191 183
LIABILITIES			
Provisions for liabilities			
Pension liabilities	7	37 914	35 315
Total provisions for liabilities		37 914	35 315
Other non-current liabilities			
Borrowings	13	1 810 307	1 018 861
Other non-current liabilities	13	32	53
Total other non-current liabilities		1 810 339	1 018 915
Current liabilities			
Borrowings	13	0	64 151
Debt to shareholders and other related parties	18	310 507	404 634
Accounts payable		950 579	944 275
Income tax payable	15	66 432	113 362
Unpaid government charges and special taxes		495 452	641 726
Proposed dividend	16/18	70 783	129 399
Other current liabilities	12	1 523 053	1 393 523
Total current liabilities		3 416 806	3 691 069
TOTAL LIABILITIES		5 265 058	4 745 299
TOTAL EQUITY AND LIABILITIES		7 562 106	6 936 482

The Board of Directors of Bertel O. Steen AS
Lørenskog, Norway, 4 April 2019

Sverre Leiro
Chairman of the Board

Odd Christopher Hansen
Board member

Sverre R. Kjær
Board member

Bertel Otto Steen
Board member

Thorvald Helmen Steen
Board member

Knut-Johan Andvik
Board member

Ole Stefan Nedenes
Board member

Leif Erik Vik
Board member

Bjørn Maarud
CEO

Consolidated financial statements 2018
(All figures in thousands)

CASH FLOW STATEMENT

	Note	2018	2017
Cash flows from operating activities			
Profit before tax		268 755	497 650
Income tax paid in the period		(113 362)	(160 523)
Loss/(gain) from sale of fixed assets		(9 379)	(7 534)
Ordinary depreciation	8	218 566	194 736
Depreciation of tangible fixed assets	8	15 623	0
Pension cost without cash effect	7	2 599	5 141
Changes in provisions for liabilities and charges, without cash effect		0	0
Changes in stock		109 901	(236 315)
Changes in accounts receivable		147 310	10 181
Changes in accounts payable		(9 402)	(205 963)
Other current receivables		(29 803)	(22 081)
Pre-payments		(50 316)	(107 654)
Social security and other taxes		(146 274)	437 502
Difference in equity		(267)	(3 767)
Other current liabilities		(201 204)	238 757
Changes in other current items		(427 863)	542 757
Net cash flow from operating activities		202 748	640 132
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		211 045	170 320
Payments for purchase of tangible fixed assets	8	(821 730)	(509 371)
Proceeds from sale of shares and interests in other businesses		0	0
Payments for acquisition of shares and interests in other businesses		(18 676)	(7 848)
Payments for acquisition of subsidiaries	20	25 815	(154 518)
Proceeds from repayment of long-term receivables		0	250
Net cash flow from investing activities		(603 547)	(501 166)
Cash flow from financing activities			
Proceeds from new long-term debt		791 424	71 722
Payments in connection with repayment of long-term debt		0	0
Change in intercompany accounts		248	(180)
Net change in overdraft facility		(64 151)	(7 474)
Dividends paid		(129 399)	(119 765)
Group contribution received (paid)		(51 681)	(27 625)
Net cash flow from financing activities		546 441	(83 322)
Net change in cash and cash equivalents during the year		145 642	55 644
Cash and cash equivalents 1 Jan.		74 611	18 967
Cash and cash equivalents 31 Dec.		220 253	74 611

NOTES

Note 1 - ACCOUNTING PRINCIPLES

CONSOLIDATION PRINCIPLES

The consolidated financial statements include Bertel O. Steen AS and those subsidiaries over which Bertel O. Steen AS has a controlling influence as a result of legal or actual control. Controlling influence is normally achieved when the Group owns more than 50% of the shares in the company and the Group is able to exercise actual control over the company.

Non-controlling interests are included in Group equity. Intragroup transactions and balances have been eliminated. The consolidated financial statements have been prepared with uniform accounting policies, in which the subsidiaries follow the same accounting policies as the parent company.

The acquisition method is used for recognising company mergers on the income statement. Companies that are bought or sold in the course of the year are included in the consolidated financial statements from the date on which control is achieved and until the date on which it ceases. Subsidiaries that are acquired are accounted for in the consolidated financial statements based on the historical cost to the parent company. The historical cost is allocated to identifiable assets and liabilities in the subsidiary, which are recorded at fair value at the time of the acquisition. Any excess value beyond that which can be attributed to identifiable assets and liabilities is recorded on the balance sheet as goodwill. Goodwill is treated as a residual value and entered on the balance sheet with the share observed in the acquisition transaction. Straight line depreciation is applied to excess values in the consolidated accounts over the expected economic life of the acquired assets. The cost price for buildings and deferred tax reflected in the transactions is presented net using the net cost method.

Associated companies are enterprises in which the Group has significant influence, but not control, over the financial and operational management (normally through an ownership stake of between 20 and 50%). The consolidated financial statements include the Group's share of profits from associated companies entered using the equity method from the time significant control was achieved and until such control ceases. When the Group's losses exceed the investment in an associated company, the Group's carrying amount is reduced to zero and further losses are not posted unless the Group has an obligation to cover the loss.

Shares and investments in associated companies, joint ventures and subsidiaries

Investments in subsidiaries, associated companies and joint ventures are assessed using the cost method in the company accounts and using the equity method in the consolidated financial statements. The investments are depreciated to fair value if the reduction in value is not temporary and when it is deemed necessary according to generally accepted accounting principles. Dividends, group contributions and other allocations from subsidiaries are recognised in the same year as the provision has been made on the accounts of the party making the payment. If the dividend / group contribution exceeds the share of accrued earnings after the date of acquisition, the excess amount represents repayment of invested capital and the allocations are deducted from the value of the investment on the parent company's balance sheet.

MATERIAL ACCOUNTING POLICIES

Fundamental accounting principles

The annual financial statements comprising the income statement, balance sheet, cash flow statement and notes, have been prepared in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Main rule for assessment and classification of assets and liabilities

Assets intended for long-term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables that are to be repaid within one year are classified as current assets. Similar criteria are used for the classification of short-term and long-term liabilities. Current assets are assessed at the lower of acquisition cost and fair value.

Fixed assets are valued at historical cost, but are written down to the recoverable amount if this is lower than the book value and the reduction in value is not expected to be temporary. Fixed assets with a limited useful economic life are depreciated according to a schedule.

Revenue

Sale of goods:

Income is accounted for when it is earned, i.e. when both risk and control have been materially transferred to the customer, normally when the item is handed over to the customer.

Sale of services:

Income is accounted for when it is earned, i.e. when a claim for remuneration arises. This happens when a service is provided, in line with performance of the work.

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(All figures in thousands)

Expenses

As a general rule, expenses are accounted for during the same period as the associated income. In cases where there is no clear relationship between expenses and income, the distribution will be determined on the basis of discretionary criteria. Other exceptions from the matching principle are specified where relevant.

Currency

Transactions in foreign currency are translated using the exchange rate on the date of the transaction. Monetary items in foreign currency are converted to Norwegian kroner using the rate of exchange on the balance sheet date. Changes in exchange rates are recognised on an ongoing basis during the accounting period under other financial items.

Financial instruments

Financial instruments are used in connection with the management of financial risk. Hedging using forward exchange contracts is used when financially justifiable. Forward contracts are recorded at fair value. Gains and losses resulting from sale or change in fair value are reported in the income statement in cases where the derivative is not part of a hedge relationship that satisfies the criteria for hedge accounting. Interest derivatives such as interest rate swap agreements have been entered into to secure future interest costs. Unrealised gains / losses are recognised on an ongoing basis during the accounting period under interest costs.

Other shares and investments classified as fixed assets

Shares and investments in partnerships in which the company does not have significant influence are assessed using the cost method. The investments are depreciated to fair value if the reduction in value is not temporary. Dividends received from the companies are recognised as other financial income.

Intangible assets and tangible fixed assets

Intangible assets that are both expected to generate future income and whose historical cost can be measured reliably are entered in the balance sheet. Depreciation is calculated on a straight-line basis over the expected economic life of the assets. Tangible fixed assets are depreciated over the expected economic life of the assets. Depreciation is generally distributed on a straight-line basis over the entire expected economic life.

Costs relating to normal maintenance and repairs are recognised as they arise. Costs associated with major replacements and upgrades that extend the economic life of the assets are entered in the balance sheet.

Inventories

Stocks of goods are valued at the lower of cost and estimated selling price less costs to sell. An individual assessment is made of each car. Parts and equipment are recognised at average acquisition cost (in accordance with the FIFO principle). Write-downs are made for obsolescence.

Receivables

Accounts receivable and other receivables are included at nominal value, less any provision for anticipated bad debts. Provision for bad debts is made on the basis of specific consideration of individual receivables. In addition, unspecified provisions to cover any estimated losses are made for other accounts receivable.

Warranties, servicing and repurchase obligations

Warranty work related to prior sales is assessed at the expected cost of the work. The estimate is calculated on the basis of historical figures for warranty repairs.

Unearned income related to existing service agreements is entered in the balance sheet as deferred income and is recognised when the cost accrues over the service period.

The Group companies guarantee the repurchase value of the cars they sell that are financed by leasing. The repurchase value is determined on the basis of a defined formula and depends on the model, the length of the lease and the mileage. Provisions are made for any expected losses on these repurchase obligations.

Related parties

All transactions between group companies are on ordinary commercial terms.

Pensions

Defined-benefit plans

Pension liabilities are calculated as the present value of future pension benefits accrued on the balance sheet date. Future pension benefits are calculated on the basis of expected salary on retirement. The scheme is closed for further accrual. The pension scheme has no active employees. The defined-benefit scheme covers only prescribed rights.

Net pension commitments are entered in the balance sheet as other liabilities after adjustment for actuarial gains / losses. The net value of over-financed plans is entered in the balance sheet as a long-term receivable. The net pension cost and gross pension cost less the estimated return on the pension assets for the period are included under payroll expenses. Gross pension cost consists of the present value of the pension benefits earned for the period, interest costs on the

The accounting treatment of pensions is based on a straight-line accrual profile and expected final salary as the accrual basis. Actuarial gains / losses and the effect of changes in assumptions are amortised over the expected remaining earning period if they are in excess of 10% of the pension liabilities or pension assets (corridor), whichever is larger. The employer's National Insurance contributions are included in the figures.

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Defined-contribution plans

The company has a contractual pension under the AFP scheme that provides a lifelong supplement to the ordinary pension. The AFP scheme is a defined-benefit, multi-employer pension plan funded through premiums that are determined as a percentage of the employee's salary. For accounting purposes, the scheme is treated as a defined-contribution plan.

For pension plans where the employer pays an agreed contribution and the pension funds are managed separately (defined-contribution plans), the contribution is included in payroll and other personnel costs.

Taxes

The tax charge consists of the tax payable and the change in net deferred tax. Tax payable is calculated on the basis of the taxable income for the year. Deferred tax is calculated on the basis of temporary differences between taxable and accounting values and tax losses carried forward. If the tax rate has changed since the previous year, the new tax rate is used to calculate deferred tax. Deferred tax and deferred tax assets are presented on a net basis in the balance sheet.

The tax rate was changed from 24% to 23% with effect from 1 January 2018. In addition, the tax rate was changed again from 23% to 22% with effect from 1 January 2019. In the consolidated financial statements, deferred tax is calculated using the new tax rate, and the effect of the changes is shown in the note on taxes.

Public grants

Any operating grants received, such as government subsidies for apprentices, for example, are accrued together with the expenses the grant is intended to cover.

Grants related to the SkatteFUNN scheme are recorded as a reduction of the accounting item to which they pertain.

Group contributions

Group contributions are treated as an equity transaction and not as an allocation of the profit. Group contributions from the parent company to subsidiaries are accounted for as other paid-in capital, adjusted for the tax effect of 23%. In the parent company's financial statements, net paid group contributions are added to the cost of shares in subsidiaries, and received group contributions are recognised as financial income.

Changes in the composition of the Group

Bertel O. Steen AS has acquired Admiral O. AS (formerly Opel Norge AS) from 1 December 2018.

Bertel O. Steen Eiendom AS has acquired the companies Vestre Linnestvei 8 AS (1.7.2018) and Nils Hansensvei 9-11 AS (30 November 2018).

There have not been any other major changes in the composition of the Group that have significance for the consolidated financial statements.

Cash flow

The cash flow statement has been prepared in accordance with the indirect method. Cash and cash equivalents include cash and bank deposits with maturity of less than three months.

Comparison figures

If accounting items are reclassified, the comparison figures are restated accordingly.

Long-term partnership contracts**Peugeot**

The contract with Automobiles Peugeot was signed in 1929. A new contract with Automobiles Peugeot was signed in mid-2011, in addition to new dealer contracts. These have no set duration, but can be terminated with a two-year period of notice.

Daimler

The contract with Daimler AG was signed in 1929. As a consequence of the European Commission Block Exemption Regulation no. 1400/2002, a new agreement was entered into in 2003, with a two-year mutual period of notice.

Kia Motors

The agreement with Kia Motors was entered into in 1993 and was renewed in 2003. In line with the European Commission Block Exemption Regulation no. 1400/2002, the agreement currently remains in force with a two-year mutual period of notice.

Citroën

The contract with Automobiles Citroën was signed in April 2015 in connection with Bertel O. Steen's acquisition of the company. Prior to this the company had not had a formal importer agreement. During the first five years, the signed agreement can only be terminated in the event of material breach; thereafter it continues to run automatically for another five years, unless it is terminated with six months' mutual notice.

Opel

With effect from December 2018, the import agreement with Opel Automobile was signed as part of the acquisition of Admiral O. AS.

The agreement runs for five years.

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Note 2 - Group composition

	Registered office	Stake and voting share
<u>Car Imports, group/staff:</u>		
Bertel O. Steen AS	Lørenskog	100,0 %
Kia Bil Norge AS	Lørenskog	100,0 %
CDS Norge AS	Lørenskog	100,0 %
Admiral O. AS	Lørenskog	100,0 %
Bertel O. Steen Autostern AS (formerly Nordisk Bilimport AS)	Lørenskog	100,0 %
<u>Car Finance:</u>		
Bertel O. Steen Finans AS	Lørenskog	100,0 %
Bertel O. Steen Bildrift AS	Lørenskog	100,0 %
<u>Workshop chain:</u>		
Snap Drive AS	Skedsmo	100,0 %
<u>Car Retail:</u>		
Bertel O. Steen Detalj AS	Lørenskog	100,0 %
Bertel O. Steen BilVenture AS	Lørenskog	100,0 %
Bertel O. Steen Bil AS	Lørenskog	100,0 %
Bertel O. Steen Aktiv Bil AS	Lørenskog	100,0 %
Bertel O. Steen Oslo AS	Oslo	100,0 %
Bertel O. Steen Romerike AS	Skedsmo	100,0 %
Bertel O. Steen Asker og Bærum AS	Bærum	100,0 %
Bertel O. Steen Vare-Last-Buss AS	Lørenskog	100,0 %
Bertel O. Steen Møre og Romsdal AS	Ålesund	100,0 %
Bertel O. Steen Ringerike AS	Ringerike	100,0 %
Bertel O. Steen Vestfold AS	Tønsberg	90,2 %
Bertel O. Steen Ullevål AS	Oslo	100,0 %
Bertel O. Steen Telemark AS	Skien	100,0 %
Bertel O. Steen Hedmark og Oppland AS	Ringsaker	100,0 %
Bertel O. Steen Lillehammer Motorcentral AS	Lillehammer	100,0 %
Lillehammer Bil AS	Lillehammer	100,0 %
Bertel O. Steen Østfold AS	Fredrikstad	100,0 %
Bertel O. Steen Bergen AS	Bergen	100,0 %
Bertel O. Steen Buskerud AS	Lier	100,0 %
Bertel O. Steen Rogaland AS	Sandnes	90,1 %
Motor Trade Holding AS	Trondheim	50,0 %
Motor-Trade AS	Trondheim	100,0 %
Trønderlinjen AS	Melhus	100,0 %
Prøven Bil AS	Trondheim	100,0 %
Prøven Bil Oppdal AS	Oppdal	100,0 %
Prøven Bil Verdal AS	Verdal	100,0 %
Prøven-Motortrade AS	Trondheim	75,0 %
Prøven Bilutleie AS	Trondheim	100,0 %
Bertel O. Steen Agder AS	Kristiansand	60,0 %
Bertel O. Steen Brobekk AS	Oslo	100,0 %

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Note 2 - Group composition (cont)

	Registered office	Stake and voting share
<u>Property operations:</u>		
Bedriftsveien 120 AS	Lørenskog	100,0 %
Bertel O. Steen Eiendomsdrift AS	Lørenskog	100,0 %
Bertel O. Steen Osloeiendommer AS	Lørenskog	100,0 %
Bryggeriveien 5 AS	Lørenskog	100,0 %
Dikveien 1 AS	Lørenskog	100,0 %
Ekreveien 27 AS	Lørenskog	100,0 %
Energiveien 11 AS	Lørenskog	100,0 %
Grus Eiendom AS	Lørenskog	100,0 %
Hensmoen AS	Lørenskog	100,0 %
Hvamveien 2 AS	Lørenskog	100,0 %
Håvardstun AS	Lørenskog	100,0 %
Industrigata 58 AS	Lørenskog	100,0 %
Industriveien 7B Eiendom AS	Lørenskog	100,0 %
Lerstadveien 525 AS	Lørenskog	100,0 %
Liamyrene 3 AS	Lørenskog	100,0 %
Maridalsveien 85-87 AS	Lørenskog	100,0 %
Nils Hansensvei 9-11 AS	Lørenskog	100,0 %
Prof. Koths vei 85 AS	Lørenskog	100,0 %
Ryggeveien 83-89 AS	Lørenskog	100,0 %
Sandakerveien 64 AS	Lørenskog	100,0 %
Skolmar Eiendom AS	Lørenskog	100,0 %
Slagenveien 67 AS	Lørenskog	100,0 %
Sognsveien 90 AS	Lørenskog	100,0 %
Solheimveien 15 AS	Lørenskog	100,0 %
Solheimveien 7 AS	Lørenskog	100,0 %
Svanedamsveien 6-8 AS	Lørenskog	100,0 %
Vassbotnen 9 AS	Lørenskog	100,0 %
Vestre Linnestvei 8 AS	Lørenskog	100,0 %

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(All figures in thousands)

Note 3 - Segment information

The Bertel O. Steen AS Group comprises the business areas Car Import, Car Finance, Snap Drive AS, Car Retail and Real Estate. See Note 2 for more detailed information concerning the individual companies in the different business areas.

The business areas had the following key figures for 2018:

	Car Import	Group/ staff:	Car Finance	Snap Drive AS	Car Retail	Real Estate	Eliminations	Group
Operating revenue	10 168 441	1 085 251	132 465	283 404	10 979 394	250 597	(7 010 042)	15 889 510
Depreciation and impairments	21 603	45 290	4 286	10 662	93 960	57 867	521	234 189
Operating profit	267 930	(141 907)	38 541	17 973	40 838	112 649	(35 224)	300 799
Total financial items	(9 728)	53 555	55	(756)	(25 269)	(26 883)	(27 593)	(36 618)
Profit before tax	255 916	(86 066)	38 596	17 217	17 701	88 209	(62 817)	268 755
Assets	2 924 463	2 814 362	229 021	76 038	2 747 992	2 294 479	(3 524 250)	7 562 106

The business areas had the following key figures for 2017:

	Car Import	Group/ staff:	Car Finance	Snap Drive AS	Car Retail	Real Estate	Eliminations	Group
Operating revenue	11 215 517	128 951	58 027	256 907	11 561 576	228 043	(6 669 812)	16 779 209
Depreciation and impairments	15 963	22 980	1 546	6 719	93 229	53 164	1 136	194 736
Operating profit	410 610	(171 247)	30 611	18 392	185 165	113 345	(31 708)	555 169
Total financial items	6 888	129 960	172	(732)	(20 813)	(23 790)	(156 833)	(65 148)
Profit before tax	417 499	(41 287)	30 783	17 661	168 346	93 190	(188 541)	497 650
Assets	2 991 525	2 305 733	229 535	83 359	2 840 535	1 771 340	(3 285 545)	6 936 482

Note 4 - Financial items

	2018	2017
Other interest income	12 898	6 378
Realised and unrealised exchange gains	13 658	0
Other financial income	2 323	545
Total financial income	28 879	6 923
Interest expenses to other related parties	(4 590)	0
Other interest expense	(48 574)	(35 769)
Realised and unrealised exchange losses	0	(26 228)
Other financial costs	(12 334)	(10 073)
Total financial costs	(65 497)	(72 070)
Total financial items	(36 618)	(65 148)

Note 5 - Inventories

	2018	2017
New cars	1 751 053	1 647 713
Used cars	439 631	549 370
Demonstration cars	409 126	439 900
Parts	300 814	288 647
Miscellaneous	65 180	66 557
Obsolete goods	(109 666)	(112 837)
Total stock	2 856 138	2 879 350

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Note 6 - Payroll expenses, number of employees, remuneration, loans to employees, etc.

Payroll expenses, etc.	2018	2017
Salaries	1 488 248	1 455 150
Employer's National Insurance contributions	239 248	225 799
Pension expenses	75 588	70 360
Other remuneration	53 198	60 029
Total payroll expenses	1 856 282	1 811 339
No. of full-time equivalents employed (in whole numbers)	2 537	2 452
Loans and guarantees at 31 Dec.		
Total loans to employees	4 651	3 110
No members of the executive management have loans from the company.		
Remuneration of senior executives		
Salary, bonus, pension costs and other remuneration of the CEO	6 997	15 615
Remuneration of board members	1 690	1 690
Remuneration of the Audit Committee	120	120
Remuneration of the Remuneration Committee	55	40
Total remuneration of senior executives	8 862	17 465

The payroll expenses include benefits such as pensions and bonuses. In 2018 the CEO received total remuneration including pension provisions of NOK 6,997,000. This includes NOK 5,219,000 in salary, holiday pay and payments to the Group's occupational pension scheme. The CEO has also received NOK 489,000 in other benefits, and pension compensation amounting to NOK 1,289,000.

The CEO is covered by the bonus scheme for the executive management, which made no disbursements in 2018. On certain conditions the CEO has the right to receive salary payments for 18 months after leaving the company. The CEO has no agreement regarding the purchase of shares.

In 2018 remuneration of board members came to NOK 1,690,000. In addition, the chair of the board has received other remuneration totalling NOK 186,000. The chair of the board does not have any agreements concerning a bonus, share options or severance pay.

Recognised remuneration to the auditor and affiliated companies breaks down as follows:	2018	2017
Statutory auditing services	3 544	3 961
Certification services	0	89
Non-audit services	2 710	4 177
Total auditing services	6 255	8 227

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(All figures in thousands)

Note 7 - Pensions

The Group is required to have an occupational pension scheme pursuant to the Norwegian Act relating to mandatory occupational pensions (OTP). The

Defined-contribution pension plan and contractual pension (AFP)

The Group has a defined-contribution pension plan for its employees. The Group pays a fixed contribution to an insurance company. The Group has no further payment obligations once these contributions have been paid. The contribution is 2–8% of the employee's salary over 1 x G (the National Insurance). A total of 2,531 employees are covered by this scheme.

Actuarial estimates for defined-benefit plans

The Group has unfunded pension commitments, which are charged directly to operations. A total of 22 employees are covered by this scheme.

Unfunded defined-benefit scheme – unfunded defined-contribution scheme

The unfunded defined-benefit scheme includes all employees with salaries exceeding 12 x G. The accounting effect of this is presented below. Capitalised liabilities and the year's expenses are included in the table below.

Pension expense	2018	2017
Present value of the service cost for the year	343	318
Interest cost on the pension obligation	48	46
Recognised effect of actuarial gains and losses	775	519
Net pension expense unfunded pensions	1 167	882
Defined-contribution scheme financed by operations	2 791	5 795
Total defined-benefit plans	3 958	6 678
Defined-contribution pension	47 036	39 043
AFP scheme	24 593	24 639
Total pension expense	75 588	70 360
Pension assets / liabilities		
Accrued pension liabilities	17 335	17 943
Unrecognised past service cost	(918)	(1 086)
Net pension liabilities before employer's National Insurance contribution	16 417	16 857
Accrued employer's National Insurance contribution	113	(134)
Net pension liabilities	16 575	16 723
Net pension assets calculated by an actuary	(44)	0
Liabilities for defined-contribution schemes financed by operations.	21 383	18 592
Total recognised pension liabilities	37 914	35 315
The liabilities are related to the following plans:		
Unfunded pension plans	16 531	16 723
Liabilities for defined-contribution schemes financed by operations.	21 383	18 592
Net recognised pension commitment	37 914	35 315
Economic assumptions		
Discount rate	2,60 %	2,30 %
Expected salary increase	2,75 %	2,50 %
Expected pension increase	0,00 %	0,00 %
Expected increase in the National Insurance basic amount (G)	1,75 %	2,25 %

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Note 8 - Tangible fixed assets, goodwill and intangible assets

	Land, buildings	Property, equipments etc.	Goodwill	Intangible fixed assets	2018 Total	2017 Total
Acquisition cost 1 Jan.	2 359 438	1 250 243	75 500	267 250	3 952 430	3 564 664
Additions from acquisitions	128 610	0	39 884	0	168 494	118 480
Additions	398 473	296 620	(0)	126 637	821 730	509 371
Disposals	(3 450)	(378 105)	(2 500)	(2 943)	(386 999)	(240 084)
Acquisition cost 31 Dec.	2 883 071	1 168 757	112 883	390 944	4 555 655	3 952 430

Accumulated depreciation and impairment, 1 Jan.	623 053	639 451	33 279	252 186	1 547 968	1 412 257
Ordinary depreciation for the year	57 312	139 207	13 612	8 436	218 566	194 736
Write-downs for the year	0	0	0	15 623	15 623	0
Disposals acc. dep. (sale of capital assets)	(6)	(164 261)	(2 500)	(18 566)	(185 333)	(59 025)
Accumulated depreciation and	680 358	614 398	44 390	257 678	1 596 824	1 547 968

Carrying amount, 31 Dec.	2 202 713	554 359	68 493	133 266	2 958 831	2 404 462
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Economic life	20–50 years	3–10 years	5 years	5–10 years
Depreciation schedule	Straight line	Straight line	Straight line	Straight line

Annual lease payments for off-balance sheet fixed as: **129 371** **6 131**

Fixed assets are depreciated on a straight-line basis based on the expected economic life. Land is not depreciated.

Bertel O. Steen AS has decided to terminate the implementation of the Incadea dealership system.
From 2019, the company will be rolling out IFS and systems developed in-house.
The total effect on results in the 2018 accounts is NOK 15,623,000, which is presented as a write-down.

Carrying amount of goodwill allocated to acquisitions

CDS Norge AS	961
Prøven Bil AS	17 346
Lillehammer Bil AS	4 552
Snap Drive AS	19 312
Admiral O. AS	23 859
Acquisitions of other smaller businesses	2 463
Total goodwill at 31 Dec.	68 493

Specification of carrying amount of intangible fixed assets

Bertel O. Steen AS – proprietary software	116 617
Bertel O. Steen Bildrift AS – proprietary software	7 076
Bertel O. Steen Detalj AS – proprietary software	5 875
Other proprietary software	3 697
Total intangible fixed assets at 31 Dec.	133 266

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Note 9 - Investments in associated companies and joint ventures

Company name	Registered office	Stake and voting share	Acquisition cost	Opening balance 1 Jan.	Share of the profit for the year	Capital contribution/transfers	Carrying amount
UPL & BOSE Holding AS	Hamar	50 %	14 853	33 248	3 930	(19 000)	18 178
Professor Kohts Vei Utvikling AS	Bærum	41 %	5 324	5 324	(1 491)	1 843	5 675
Parkveien Utvikling AS	Oslo	50 %	2 525	2 525	4	34 586	37 115
Bilskadesenteret Telemark AS	Skien	33 %	303	1 030	1 023	0	2 053
Bilskadesenteret Ringerike AS	Hønefoss	41 %	900	(36)	11	0	(25)
KAFO Holding AS	Gjøvik	50 %	4 260	1 048	(4)	1 250	2 295
Skade og Lakk AS	Fredrikstad	33 %	3 480	1 887	325	0	2 212
Tønne Karosseri og Lakk AS	Verdal	20 %	402	868	47	0	915
Bilhuset Brekstad AS	Rissa	20 %	1 000	916	172	0	1 088
Stjørdal Bilskadesenter AS	Stjørdal	33 %	400	557	283	0	840
Hjørnetomta AS	Stjørdal	50 %	691	810	191	0	1 002
Leira Bil Brekstad AS	Brekstad	20 %	100	0	0	0	0
Rosten Drift AS	Trondheim	50 %	15	0	0	0	0
Prøven Kverneland AS	Trondheim	31 %	311	1 598	(55)	0	1 543
Total investments in joint ventures and associated companies			34 613	49 774	4 574	18 679	73 028

Note 10 - Shares and other investments

Other shares and investments	Registered office	Stake and voting share	Acquisition cost	Carrying amount
Nytt om Bil AS	Asker	10 %	50	50
Trøndelag Lakksenter AS	Trondheim	13 %	500	500
Lillehammer Bilskadesenter AS	Lillehammer	33 %	390	390
Autoringen AS	Oslo	20 %	300	300
Other shares and investments with ownership under 10%			2 219	1 810
Total other shares and investments			3 460	3 051

Note 11 - Receivables due in more than one year

	2018	2017
Other receivables	8 835	444

Note 12 - Other provisions for obligations

	2018	2017
Current provisions		
Provision for service contracts	40 151	11 840
Provision for warranty obligations	322 616	298 018
Provision for possible losses on repurchase obligations	83 947	71 363
Goodwill	14 152	17 992
Provision for other contingent liabilities	211 140	145 401
Total other current provisions for obligations	672 006	544 614
Value of repurchase portfolio	3 150 294	2 698 999

See also Note 1 for a more detailed description of the Group's principles relating to provisions for obligations.

NOK 291 million of the repurchase portfolio related to buses was mortgaged against a factory in 2018, compared with NOK 370 million in 2017.

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(All figures in thousands)

Note 13 - Mortgages and warranty obligations

	2018	2017
<u>Recognised debt secured by mortgages, etc.:</u>		
Drawn on credit facilities / mortgage loans	1 810 307	1 018 861
Other non-current liabilities	32	53
Borrowings	0	64 151
Total	1 810 339	1 083 066
<u>Carrying amount of mortgaged assets:</u>		
Accounts receivable	437 200	629 922
Inventories	2 331 230	2 308 637
Vehicles, operating equipment, fixtures and fittings, etc.	417 498	467 478
Land, buildings and other property	2 202 713	1 735 062
Total	5 388 641	5 141 099
Unutilised credit facilities	179 980	974 932
Unused portion of bank overdraft facility	360 757	375 097

Credit facilities totalling NOK 1,300 million in Bertel O. Steen Eiendom AS and NOK 1,000 million in Bertel O. Steen AS fall due in 2020. NOK 40 million of the recognised debt falls due more than five years after the end of the financial year.

Note 14 - Bank overdraft facilities, bank deposits, guarantees and currency

	2018	2017
Unused portion of bank overdraft facility	360 757	375 097
Guarantees		
Bank guarantee covering unpaid tax withholding	108 220	105 500
Reimbursement to the car factory	59 690	59 047
Other guarantees	276 578	131 682
Parent company guarantee in favour of third parties provided on behalf of other group companies	120 083	119 012
Rent guarantees in favour of third parties	127 695	148 692
Restricted bank deposits covering liability for employee tax deductions	6 816	6 818
Total guarantees	699 082	570 751
Surety		
Other surety obligations	3 334	3 334
Total surety	3 334	3 334
Total guarantees and surety	702 416	574 085
Forward exchange contracts		
EUR forward contracts – purchase contracts (amounts in EUR)	133 569	105 223
EUR forward contracts – sales contracts (amounts in EUR)	0	2 000

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Note 15 -Tax charge

	2018	2017
The income tax expense for the year is arrived at as follows:		
Income tax payable	66 432	119 304
Tax effect of paid group contributions	0	0
Under (over) provided in previous years	2	0
Tax effect of group contributions received	0	0
Effect of new tax rules	9 176	7 931
Change in deferred tax	8 531	18 854
Total tax on ordinary profit	84 141	146 089
Reconciliation from nominal to effective tax rate:		
Profit before tax	268 755	497 650
Expected tax charge based on the nominal tax rate (23% in 2018 / 24% 2017)	61 814	119 436
Effective tax charge	84 141	146 089
Difference between nominal and effective tax charge	(22 327)	(26 653)
Tax effect of the following items:		
Non-deductible costs / non-taxable income	(11 223)	(4 877)
Recognised dividend income, gains on shares and share write-downs	381	172
Profit from associated companies	1 050	1 844
Effect of new tax rules and rates	(9 176)	(7 931)
Other items including the 'SkatteFUNN' scheme and corporate goodwill	(3 359)	(15 860)
Total difference	(22 327)	(26 653)
Effective income tax rate	31 %	29 %
Specification of tax effect of temporary differences and forwardable losses:		
Tax asset (liability)		
Tangible and intangible fixed assets	(84 170)	(68 725)
Inventories	49 714	52 999
Receivables	2 548	2 436
Profit and loss account	(6 607)	(2 010)
Liabilities	243 728	188 850
Other differences	(3 410)	8 458
Loss carry-forwards	64	407
Total book value of deferred tax assets	201 866	182 415
Deferred tax assets are entered on the balance sheet on the basis of expectations of future profits in the company or group.		
Taxes payable in the balance sheet are arrived at as follows:		
Taxes payable on profit for the year	168 977	294 155
Tax effect of received (paid) group contributions	(101 158)	(174 851)
'SkatteFUNN' scheme / errors in previous years	(1 387)	(5 942)
Total taxes payable	66 432	113 362

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(All figures in thousands)

Note 16 - Equity

	Share capital and other equity	Minority interests	Total
Equity at 1 Jan.	2 149 988	41 195	2 191 183
Change in capital for the year:			
Translation difference / errors in previous years	(266)	(1)	(267)
Capital changes	0	0	0
Provision for dividends	(60 000)	(10 783)	(70 783)
Net paid group contributions	(7 700)	0	(7 700)
Profit/loss for the year	171 436	13 179	184 615
Equity at 31 Dec.	2 253 458	43 590	2 297 048

Note 17 - Share capital and shareholder information

The share capital in Bertel O. Steen AS at 31 December is made up as follows (in NOK):

	Number	Nominal value	Carrying amount
Total shares	3 724 334	100	372 433 400

Bertel O. Steen AS has the following shareholders:

Name	Ordinary shares	Total shares	Shareholding	Voting share
Bertel O. Steen Holding AS	3 724 334	3 724 334	100 %	100 %
Total	3 724 334	3 724 334	100 %	100 %

Each share carries the same rights in the company.

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Note 18 - Transactions with related parties

The automotive group sells cars, spare parts, IT services and other administrative services to the Bertel O. Steen Kapital Group and the parent company Bertel O. Holding AS. All transactions between group companies are on ordinary commercial terms.

Remuneration of senior executives is discussed in Note 6.

The Group's transactions with related parties:	2018	2017
Revenue		
Sales of cars and parts, incl. workshop services	3 431	6 812
Sales of IT and other admin. services	8 587	6 646
Rental income	2 942	2 981
Total income	14 960	16 440
Expenses		
Purchase of administrative services	495	495
Total expenses	495	495
Balances with related parties	2018	2017
Current receivables		
Trade receivables vis-à-vis Bertel O. Steen Kapital AS and subsidiaries	1 695	1 691
Group contributions from Bertel O. Steen Kapital AS and subsidiaries	0	52 724
Trade receivables vis-à-vis Bertel O. Steen Holding AS	26	0
Total current receivables	1 721	54 415
Current liabilities		
Other current liabilities vis-à-vis Bertel O. Steen Holding AS / Bertel O. Steen Kapital AS and subsidiaries	300 507	229
Group contributions paid to Bertel O. Steen Kapital AS and subsidiaries	0	393 405
Group contributions paid to Bertel O. Steen Holding AS	10 000	11 000
Dividend payable to Bertel O. Steen Holding AS	60 000	109 000
Total current liabilities	370 507	513 634

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(All figures in thousands)

Note 19 - Financial risk

The Group's activities entail financial risk associated mainly with foreign exchange, interest rates, credit and liquidity.

Currency risk

The Group's income is mainly in Norwegian kroner, but approximately 60% of goods purchased are in foreign currency.

At 31 December 2018 the Group had purchased forward contracts worth NOK 1,289,554,000 and sold forward contracts to the value of NOK 0. Their fair value at year-end was NOK 1,330,840,000. Unrealised foreign exchange gains totalling NOK 41,286,000 between the acquisition cost and the market value on the balance sheet date have been recognised as a foreign exchange gain (agio). Fair value is the market value calculated using the mid-price that the respective banks have adopted based on current rates in the market on the balance sheet date.

Maturity year of forward exchange contracts	2018
Nominal amount of purchases of euro (in NOK)	1 289 554
Nominal amount of sales of euro (in NOK)	0
Unrealised foreign exchange gains (in NOK)	41 286

Liquidity / financial risk

The Group operates in a cyclical industry with relatively large fluctuations in working capital. There is therefore risk associated with short-term access to funding. This risk is managed by having flexible committed funding in the parent company, with regular adjustment of drawdowns. The Group's automotive operations has a framework loan of NOK 1,000 million that enables the Group to successfully manage major fluctuations in working capital. In addition, the real estate group has a framework loan of NOK 1,300 million to finance the further development of the property portfolio. See Note 13 on credit facilities.

Maturity of long-term debt	2019	2020	2021	2022	2023	Later
Nominal amount (including the total credit facility)	0	2 300 000	0	0	0	40 000

Bertel O. Steen AS and Bertel O. Steen Eiendom AS were refinanced in 2015, with five-year loan agreements. The debt was refinanced in 2019.

Interest rate risk

At 31 December 2015 the Group had external debts totalling NOK 1,110 million. This debt is based on a variable market interest rate.

At 31 December 2018, NOK 525 million was hedged with long interest rate swaps at an average NIBOR 3M of 1.29% and an average remaining term of 3.3 years. 29% of the loan portfolio is associated with swap agreements. At year-end the swap agreements had a positive market value of NOK 2.6 million. This has Unrealised foreign exchange gains / losses are recognised in profit and loss and amounted to NOK 3.4 million at 31 December 2018.

Maturity year of interest rate swap agreements	2019	2020	2021	2022	2023	Later
Nominal amount	105 000	105 000	111 000	0	0	204 000

Credit risk

The risk that counterparties do not have the financial capacity to fulfil their obligations is considered small, since historically there have been very few bad debts. The Group seeks to hedge this risk through bank guarantees from independent dealers, good credit procedures and close follow-up of outstanding accounts receivable.

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(All figures in thousands)

Note 20 - Significant transactions during the financial year

Transactions during the 2018 financial year:

Bertel O. Steen Eiendom AS has acquired 100% of the shares in Vestre Linnes Vei 8 AS and Nils Hansens vei 9-11 AS.
Bertel O. Steen AS has acquired 100% of the shares in Admiral O. AS.
The Group did not sell any subsidiaries.

Transactions during the 2017 financial year:

Bertel O. Steen Bil AS acquired 100% of the shares in Prøven Bil AS and its four subsidiaries.
Bertel O. Steen Lillehammer Bil AS acquired 100% of the shares in Lillehammer Bil AS.
Bertel O. Steen Eiendom AS acquired 100% of the shares in Ryggeveien 83-89 AS.
The Group did not sell any subsidiaries.

The transactions had the following effect on the consolidated financial statements:

	Effect of acquisitions	
	2018	2017
Cash	278 718	7 250
Receivables including deferred tax assets	52 264	45 227
Fixed assets including added value	136 114	71 401
Inventories	86 689	106 274
Accounts payable	(15 706)	(36 450)
Other current liabilities	(325 060)	(79 013)
Net identifiable assets	213 019	114 689
Goodwill	39 884	47 078
Deferred tax asset	0	0
Paid in cash	252 903	161 767
Acquired cash	(278 718)	(7 250)
Net cash	(25 815)	154 518

Independent Auditor's Report

To the General Meeting in Bertel O Steen AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bertel O Steen AS.

<p>The financial statements comprise:</p> <ul style="list-style-type: none">• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2018, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and• The financial statements of the group, which comprise the balance sheet as at 31 December 2018, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	<p>In our opinion:</p> <ul style="list-style-type: none">• 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 Bertel O Steen AS 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 financial statements give a true and fair view of the financial position of the group Bertel O Steen AS 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.
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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.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and other information in the annual report.

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 and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 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 the 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>

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, the going concern assumption, and the proposal for the allocation of the profit 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 and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.



Oslo, 28.mai 2019
BDO AS

Asle Aftret
State Authorised Public Accountant

Note: Translation from Norwegian prepared for information purposes only.