

PSI Group ASA

# Q4 and Year 2014

Financial report and status



## HIGHLIGHTS

### Operating revenues:

4th quarter 2014: MNOK 252.2 (188.5) + 33.7 per cent

Year 2014: MNOK 828.5 (718.9) + 15.3 per cent

### EBITDA:

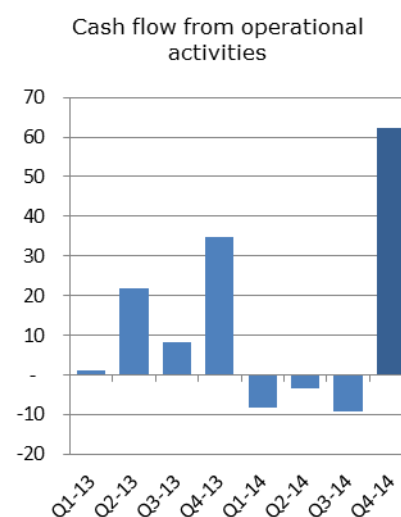
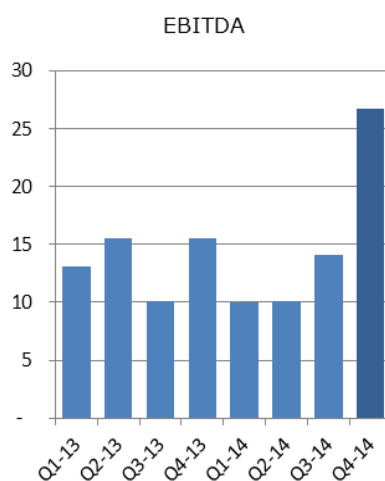
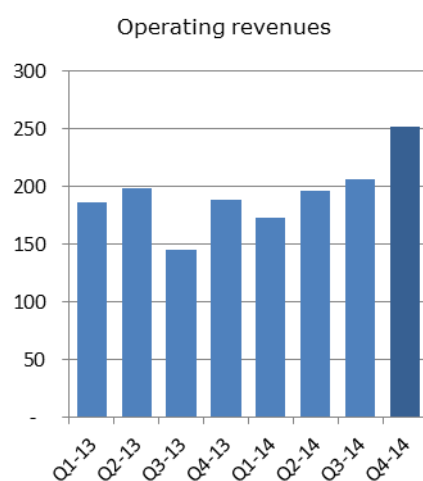
4th quarter 2014: MNOK 26.8 (15.5) + 72.9 per cent

Year 2014: MNOK 61.0 (54.2) + 12.6 per cent

### Cash flow from operational activities:

4th quarter 2014: MNOK 62.3 (34.9) + 78.5 per cent

Year 2014: MNOK 45.9 (66.2) – 30.6 per cent



### Dividend:

The Board proposes a dividend of NOK 0.35 per share.

### Two strategic important acquisitions in 2014

Vensafe: In the second quarter PSI Technology got yet another market-leading retail technology in its portfolio.

New Vision: In the third quarter PSI got a new geographic market in the Baltic. This strengthens PSI Technology's distribution network, and gives PSI Retail important IT - and solution expertise within retail.

### Impairment of intangible assets in SQS Security

The impairment of intangible assets with MNOK 32.4 from MNOK 39.1 to MNOK 6.7 is due to a conservative assessment of the business area SQS Security.

## ACQUISITIONS OF COMPANIES

PSI Group ASA has an ambitious strategy to transform the Group into a leading European retail group. This goal will be reached by offering customers an attractive product range in retail solutions, software solutions, services and service in more and more markets. As a step towards this goal PSI Group acquired two new businesses in the second and third quarter 2014:

**Vensafe's** solutions fit well into PSI Group, both as a product in our company-owned distribution network (in Norway, Sweden, the Baltic, Finland and Russia), in addition it will be marketed together with CashGuard and SQS Security to dealers. Vensafe AS became a wholly owned subsidiary of PSI Group ASA through a private placement 8th April 2014 and is included in the business area PSI Technology as of April 2014. Vensafe streamline store operations, reduce shrinkage and theft and help reduce working capital on a number of high value products. The most important markets as of today are Germany, Norway, Sweden and Belgium.

See [www.vensafe.com](http://www.vensafe.com) for more information.



**New Vision** adds new markets to PSI Group for sale of our own technology. New Vision Baltija UAB, with its subsidiaries in the Baltic countries as well as Finland and Russia, became a wholly owned subsidiary of PSI Group ASA on 2 July 2014. The company is included in the business area PSI Retail as of July 2014. The company is an ambitious Baltic technology - and service company that specializes in delivering IT and business solutions to the retail industry.

See [www.new-vision.com](http://www.new-vision.com) for more information.

## GROUP

MNOK	Q4 2014	Q4 2013	Year 2014	Year 2013
Revenue	252,2	188,5	828,5	718,9
EBITDA	26,8	15,5	61,0	54,2
Operating profit (EBIT) <sup>1)</sup>	-17,1	7,3	-6,3	28,3
Ordinary profit before tax (EBT) <sup>1) 2)</sup>	-21,6	7,1	-12,3	56,4
Cash flow from operational activities	62,3	34,9	45,9	66,2
Disposable funds	53,2	65,0	53,2	65,0
Earnings per share (NOK)	-0,20	0,16	-0,04	1,16
EBITDA margin	11 %	8 %	7 %	8 %

<sup>1)</sup> Year 2014 and 4th quarter: Included an impairment of MNOK 32.4 related to intangible assets in SQS Security.

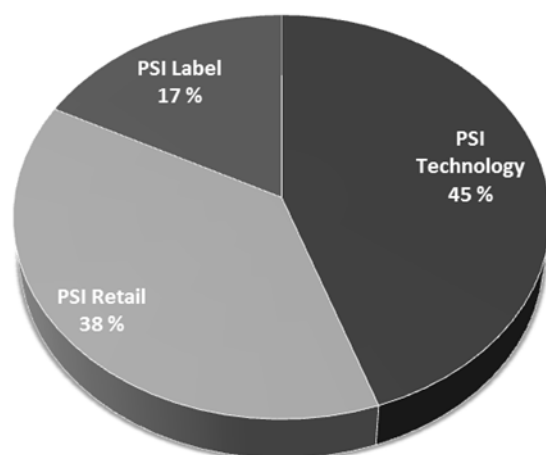
<sup>2)</sup> Year 2013: Included a profit of MNOK 33 related to the sale of the minority shares in InStore IT companies.

### Operating revenues

The Group generated record-high operating revenues of MNOK 252.2 in the fourth quarter 2014, compared with MNOK 188.5 in the corresponding period in 2013. The organic growth in the period was MNOK 13.7. For the year 2014 operating revenue was MNOK 828.5 compared with MNOK 718.9 for the year 2013. The organic growth for the year was MNOK 11.3.

Revenue MNOK	Q4		Year	
	2014	2013	2014	2013
PSI Technology	113,3	97,8	445,8	355,7
PSI Retail	96,4	53,8	237,1	263,0
PSI Label	44,1	36,8	168,5	101,8
Group	0,1	0,1	0,5	0,5
Eliminations	-1,8	0,1	-23,4	-2,2
<b>Total</b>	<b>252,2</b>	<b>188,5</b>	<b>828,5</b>	<b>718,9</b>

Operating revenues per business area in the quarter:



### Operating profit before depreciation (EBITDA)

EBITDA was MNOK 26.8 (15.5) in the fourth quarter. For the year 2014 EBITDA were MNOK 61.0 (54.2).

EBITDA MNOK	Q4		Year	
	2014	2013	2014	2013
PSI Technology	5,3	6,3	32,0	24,7
PSI Retail	17,1	8,7	25,5	35,7
PSI Label	8,5	3,6	17,1	4,5
Group	-4,6	-3,3	-14,1	-11,2
Eliminations	0,5	0,1	0,5	0,4
<b>Total</b>	<b>26,8</b>	<b>15,5</b>	<b>61,0</b>	<b>54,2</b>

### Profit before tax (EBT)

Profit before tax (EBT) show a loss of MNOK 21.6 in the fourth quarter compared with a profit of MNOK 7.1 in 2013. The loss is due to an impairment of intangible assets in SQS Security of MNOK 32.4. The reason for the impairment of MNOK 32.4 from MNOK 39.1 to MNOK 6.7 is a conservative assessment of the business area SQS Security. The impairment has no cash effect.

For the year 2014 EBT was MNOK -12.3 compared with MNOK 56.4 in 2013. EBT in 2013 includes a profit of MNOK 33.0 related to the sale of the minority shares in InStore IT companies.





## PSI TECHNOLOGY

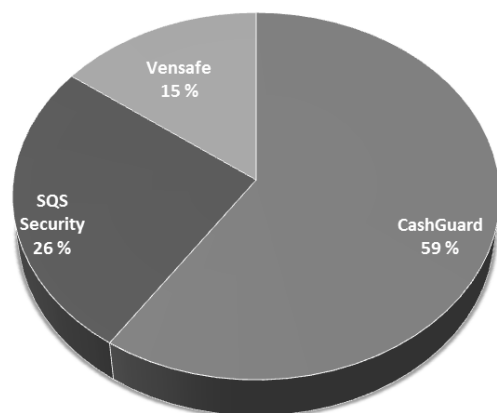
Developing, manufacturing, promoting, selling, installing, implementing and servicing retail solutions globally, based on PSI Groups patented technology solutions. The major PSI Technology brands include CashGuard, Vensafe and SQS Security. The figures in the business area show sales and profit generated by the technology products throughout the value chain within PSI Group.

PSI Group ASA acquired 100 per cent of Vensafe AS 8 April 2014. The acquisition added yet another retail technology solutions. Vensafe produces machines for securing valuable products in retail.

MNOK	Q4		Year	
	2014	2013	2014	2013
Product Sales	71,6	63,9	284,1	235,3
Service	41,8	33,8	161,7	120,5
<b>Revenue</b>	<b>113,3</b>	<b>97,8</b>	<b>445,8</b>	<b>355,7</b>
<b>EBITDA</b>	<b>5,3</b>	<b>6,3</b>	<b>32,0</b>	<b>24,7</b>
<i>EBITDA-margin</i>	<i>4,6 %</i>	<i>6,4 %</i>	<i>7,2 %</i>	<i>6,9 %</i>
<b>EBT<sup>1)</sup></b>	<b>-32,5</b>	<b>0,8</b>	<b>-17,9</b>	<b>1,0</b>

<sup>1)</sup> Year 2014 and 4th quarter: Included an impairment of MNOK 32.4 related to intangible assets in SQS Security.

Revenue per technology in the 4th quarter:



CashGuard is the market's most reliable cash handling systems. CashGuard's goal is to make cash payments effective and competitive for retailers through its leading expertise and experience in cash handling concepts.

MNOK	Q4		Year	
	2014	2013	2014	2013
Product Sales	39,7	44,8	165,8	133,7
Service	27,7	24,2	109,0	88,2
<b>Revenue</b>	<b>67,4</b>	<b>69,1</b>	<b>274,8</b>	<b>221,8</b>
<b>EBITDA</b>	<b>10,9</b>	<b>12,7</b>	<b>37,0</b>	<b>31,7</b>
<i>EBITDA-margin</i>	<i>16,1 %</i>	<i>18,5 %</i>	<i>13,5 %</i>	<i>14,3 %</i>
<b>EBT</b>	<b>7,2</b>	<b>10,5</b>	<b>29,3</b>	<b>19,5</b>

The operating revenue decreased with 2.4 per cent to MNOK 67.4 (MNOK 69.1) in the fourth quarter. For the year 2014 CashGuard showed an increase in operating revenue of 23.9 per cent to MNOK 274.8 (MNOK 221.8).

EBITDA was MNOK 10.9 (12.7) in the fourth quarter. For the year EBITDA was MNOK 37.0 (31.7).

CashGuard had a strong growth in revenue in Sweden in 2014, compared to 2013. The main reason is the ongoing replacement campaign related to the introduction of new notes and coins, combined with a significant demand from ICA, QKQ8 and Systembolaget.

During the fourth quarter, CashGuard was selected by Statoil Fuel & Retail Sweden to provide its cash management systems to "Statoil" full-service stations in Sweden. The solution will be installed during the first quarter 2015.

The President Hyper supermarket chain in South Africa has entered into an agreement for delivery of 55 CashGuard solutions, whereof 42 systems was installed in the fourth quarter in only 20 hours. This is the largest single CashGuard order for one single store ever.

During the fourth quarter CashGuard had a good development in France, Spain and Germany within bakery, pharmacy and the healthcare industries. A large supermarket chain in Spain has 6 pilots for testing. The first pilot in Southeast Asia is closed and CashGuard was unfortunately not selected as the preferred supplier. However, it is positive that this region begins to invest in this type of solution.



Vensafe streamline store operations, reduce shrinkage and theft and help reduce working capital on a number of high value products. PSI Group ASA acquired Vensafe 8 April 2014, and became a part of PSI Technology from the second quarter 2014.

MNOK	Q4 2014	Year <sup>1)</sup> 2014
Product Sales	9,0	29,9
Service	7,7	24,2
<b>Revenue</b>	<b>16,7</b>	<b>54,1</b>
<b>EBITDA</b>	<b>-2,5</b>	<b>-3,3</b>
<i>EBITDA-margin</i>	<i>-14,7 %</i>	<i>-6,1 %</i>
<b>EBT</b>	<b>-1,9</b>	<b>-3,6</b>

<sup>1)</sup> Period April - December

The operating revenue was MNOK 16.7 in the fourth quarter. EBITDA was MNOK – 2.5 in the fourth quarter.

Significant cuts in costs were made in the second quarter, focusing on realizing synergies with other companies in PSI Group. From the third quarter the organization was changed. New work processes and procedures was implemented to ensure increased sales and profitability.

The effect of synergies with PSI Group provides Vensafe a reduction in annual operating costs of MNOK 8.3 compared with the results in 2013. The work on cost reductions measures continues in production and purchasing for the entire PSI Technology.

In the fourth quarter Vensafe in Belgium signed a framework agreement with Spar Retail Belgium. The supermarket chain has 221 stores and an intention to install Vensafe Zervio in all new stores and future rebuilding projects.

Tobaccoland has in collaboration with Vensafe developed an indoor concept consisting of Vensafe Zervio and a self-developed software under the name "Safe Benefit". The concept is now being marketed to the retail industry in Germany.



SQS Security delivers cash security solutions for ATM and cash in transit (CIT) operators based on patented destruction and tracking technologies.

MNOK	Q4		Year	
	2014	2013	2014	2013
Product Sales	22,9	19,1	88,4	101,6
Service	6,3	9,6	28,5	32,3
<b>Revenue</b>	<b>29,2</b>	<b>28,7</b>	<b>116,9</b>	<b>133,9</b>
<b>EBITDA</b>	<b>-3,1</b>	<b>-6,4</b>	<b>-1,7</b>	<b>-7,0</b>
<i>EBITDA-margin</i>	<i>-10,8 %</i>	<i>-22,5 %</i>	<i>-1,5 %</i>	<i>-5,2 %</i>
<b>EBT <sup>1)</sup></b>	<b>-37,8</b>	<b>-9,8</b>	<b>-43,5</b>	<b>-18,5</b>

<sup>1)</sup> Year 2014 and 4th quarter: Included an impairment of MNOK 32.4 related to intangible assets in SQS Security.

The operating revenue increased by 1.8 per cent to MNOK 29.2 (28.7) in the fourth quarter. For the year SQS Security showed a decrease in operating revenue of 12.7 per cent to MNOK 116.9 (133.9). This is mainly due to a large delivery to Croatia in Q1 2013.

EBITDA was MNOK -3.1 (6.4) in the fourth quarter. For the year EBITDA was MNOK 1.7 (-7.0). EBITDA in the first quarter 2013 included non-recurring expenses of MNOK 2.4 related to management changes in SQS Security. In addition the new SMP product line and the upgrade of Q400 have resulted in significant reductions in warranty costs, and increased customer satisfaction.

EBT is negative with MNOK 37.8 (-9.8), which is due to an impairment of intangible assets of MNOK 32.4 from MNOK 39.1 to MNOK 6.7. The reason for the impairment of intangible assets is a conservative evaluation of SQS Security. The impairment has no cash effect.

In the fourth quarter SQS Security Qube System delivered an order of 250 cases to CobelGuard. This was in addition to 400 cases that were delivered to the same customer in the third quarter.

In the 2nd quarter SQS Security completed a delivery of 484 Q-Case SMP Mini relating to the framework agreement announced in March 2014.



## PSI RETAIL

Promoting, selling, installing, implementing and servicing innovative retail solutions based on products from third party world leading technology providers. The technology brands include Pricer, LS Retail, Repant, Digi and NCR. PSI Retail geographical market segments include Norway, Sweden, Lithuania, Latvia, Estonia, Russia and Finland. Our own technology, SQS Security, CashGuard and Vensafe, are reported under PSI Technology.

New Vision is included in the business area as of July 2014. The acquisition will give the group a new position as market leader in the Baltic countries, at the same time as the offices in Finland and Russia are relatively young, but can be important contributors to the business area's organic growth in the years to come. New Vision has approx. 210 employees.

MNOK	Q4		Year	
	2014	2013	2014	2013
Product Sales	59,7	39,7	162,7	195,4
Service	36,6	14,1	74,4	67,6
<b>Revenue</b>	<b>96,4</b>	<b>53,8</b>	<b>237,1</b>	<b>263,0</b>
<b>EBITDA</b>	<b>17,1</b>	<b>8,7</b>	<b>25,5</b>	<b>35,7</b>
EBITDA-margin	17,8 %	16,3 %	10,8 %	13,6 %
<b>EBT<sup>1)</sup></b>	<b>14,8</b>	<b>8,3</b>	<b>20,1</b>	<b>65,3</b>

<sup>1)</sup> Year 2013: Included a profit of MNOK 33 related to the sale of the minority shares InStore IT companies.

The business area PSI Retail's operating revenue has increased by 79.3 per cent to MNOK 96.4 (53.8) in the fourth quarter. For the year the business area showed a decrease in operating revenue of 9.8 per cent to MNOK 237.1 (263.0). 2013 was characterized by the roll-out of ESL to Rema1000, while New Vision contributed with MNOK 57.9 in 2014.

EBITDA was MNOK 17.1 (MNOK 8.7) in the fourth quarter. For the year EBITDA was MNOK 25.5 (MNOK 35.7). The decrease in EBITDA of 28.5 per cent is due to lower revenue compared with the same period last year. New Vision contributed with MNOK 6.6.

NorgesGruppen Konsern Anskaffelser AS, a fully owned subsidiary of NorgesGruppen ASA, has signed an agreement with PSI Systems regarding deliveries, installation and service of Pricer's electronic shelf labels

for 130 Meny-Ultra stores owned by NorgesGruppen. The agreement is valued to more than MNOK 100, and opens opportunities for future sales to the remaining franchise stores in the chain. Installation starts in February 2015.

In the fourth quarter Coop Hordaland invested in CashGuard, electronic price labels, PC scales and Vensafe in its new hypermarket Coop Obs Åsane outside Bergen. This is the largest single order for a store in the Norwegian market.

ICA is upgrading their fresh food scales with our most modern PC-scales. PSI Systems was preferred as supplier because of its total solution consisting of PC-scales combined with our in-house developed software, Scale Manager.

The retail chain Axfood in Sweden has during the fourth quarter ordered 500 POS scales. In the third quarter PSI Antonson got a deal on delivery of weights and packing machines for Coop Sweden.

In the fourth quarter it was completed a Euro conversion project for retailers in Lithuania. More than 3.500 POS systems were upgraded and reopened by the start of the new year. In relation with this New Vision signed 200 individual agreements with both existing customers and new customers within specialty stores.

During the fourth quarter New Vision has sold and installed POS software licenses, scales, kiosks for loyalty cards and auto-ID equipment to four new Rimi stores in Lithuania.

During the fourth quarter New Vision implemented the store data solution LS Retail and delivered POS equipment to SANITEX Promo Cash & Carry.

Armitana, the largest shoe store chain in the Baltics, has chosen LS Retail and Microsoft Dynamics ERP to its 80 stores. During the fourth quarter, the solution was implemented in Lithuania. The project will be finalized for Latvia and Estonia during 2015.

During the fourth quarter, the largest Russian retail chain Magnit opened two stores with self-checkout solution and services provided by New Vision in cooperation with NCR.



Attends Healthcare in Sweden, which manufactures incontinence products, has selected logistics and product-specific labels from PSI Labels.

In the second quarter Coop renewed its agreement with PSI Systems and PSI Antonson, which means that the companies will continue to deliver all of the scale labels to their stores in Norway and Sweden.

## PSI LABELS

Designing, manufacturing and selling adhesive labels in order to promote, identify, describe and track retail products from manufacturers via transportation to retail shelves and for scanning of products at checkouts. The labels are manufactured in PSI Groups own printing facilities. The business area operates currently in Norway and Sweden.

MNOK	Q4		Year	
	2014	2013	2014	2013
Product Sales	44,1	36,8	168,5	101,8
<b>Revenue</b>	<b>44,1</b>	<b>36,8</b>	<b>168,5</b>	<b>101,8</b>
<b>EBITDA</b>	<b>8,5</b>	<b>3,6</b>	<b>17,1</b>	<b>4,5</b>
<i>EBITDA-margin</i>	<i>19,3 %</i>	<i>9,7 %</i>	<i>10,2 %</i>	<i>4,4 %</i>
<b>EBT</b>	<b>5,4</b>	<b>0,9</b>	<b>4,8</b>	<b>-2,4</b>

The business area PSI Labels operating revenue has increased 19.7 per cent to MNOK 44.1 (36.8) in the fourth quarter. For the year the business area showed an increase in operating revenue of 65.4 per cent to MNOK 168.5 (101.8).

EBITDA was MNOK 8.5 (3.6) in the fourth quarter. For the year EBITDA was MNOK 17.1 (4.5).

Increased profitability in the business area was the main focus in 2014, with the coordination of sales and production for the Swedish market. MNOK 1.4 related to staff reductions were booked in the second quarter as a result of this work. Focus on efficiency and profitability in Sweden will continue in 2015, at the same time it is started a similar project in Norway.

The cured meat manufacturer Svindland, a key customer in the meat industry, has chosen PSI Labels as their label supplier.

During the fourth quarter PSI Labels has signed an agreement of delivery of logistics labels to Carlsberg in Sweden, and an agreement on logistics and special labels to the book supplier Alos.

Data Byrån shall equip their blood bags to Swedish hospitals with labels from PSI Labels.



## CASH FLOW AND EQUITY

Cash flow from operational activities in the quarter ended at MNOK 62.3 compared with MNOK 34.9 in the same period last year.

Working capital decreased by MNOK 9.8 in the quarter compared with the end of the third quarter of 2014.

Net interest-bearing debt has decreased by MNOK 54.1 compared with the end of the previous quarter and totalled MNOK 67.1.

PSI Group ASA has secured vendor financing for the acquisition of New Vision and Sydetikett. In Q1 2015 the last installment for Sydetikett of MSEK 10.0 will be paid, while New Vision was acquired based on an earn-out model, where we estimate that MEUR 3.2 will be paid in Q1 2016.

Disposable funds were MNOK 53.2 per 31 December 2014.

The Board wants the members of the executive management to have shares in the company. It was therefore in the first quarter 2013 introduced a share program for the executive management where members have the opportunity to buy shares for up to NOK 500 000 per year with 20 per cent discount. In addition, the first employee share program was conducted, in which all employees in the Norwegian companies were allowed to buy shares for up to NOK 25 000 with 20 per cent discount. Through these programs, employees subscribed for a total of 102,649 shares in 2013 and 220,277 shares in 2014.

The Groups holding of own shares amounts to 104,544, which represents 0.2 per cent of outstanding shares.

The Board will at the next General Assembly propose a dividend of NOK 0.35 per share.

The Board of Directors of PSI Group ASA,  
Rælingen, 23 February 2015

Svein S. Jacobsen  
Chairman

Erik Pinnås  
Director

Selma Kveim  
Director

Camilla Tepfers  
Director

Klaus de Vibe  
Director

Jørgen Waaler  
CEO

## STATEMENT FROM THE BOARD

The board and group CEO have today considered and approved PSI Group's financial statements for the fourth quarter and the year 2014, including comparative consolidated figures for the fourth quarter and the year 2013. This report has been prepared in accordance with IAS 34 on interim financial reporting as determined by the European Union, and with supplementary requirements pursuant to the Norwegian Securities Trading Act.

The board and CEO hereby declare, to the best of their knowledge, that the financial statements for the fourth quarter and the year 2014 have been prepared in accordance with prevailing accounting principles and that the information in the financial statements gives a true and fair view of the assets, liabilities, financial position and profit of the group taken as a whole at 31 December 2014 and 31 December 2013. To the best of their knowledge, the report gives a true and fair overview of important events during the accounting period and the impact of these events on the financial statements.

The Board of Directors of PSI Group ASA,  
Rælingen, 23 February 2015

Svein S. Jacobsen  
Chairman

Erik Pinnås  
Director

Selma Kveim  
Director

Camilla Tepfers  
Director

Klaus de Vibe  
Director

Jørgen Waaler  
CEO

## CONSOLIDATED INCOME STATEMENT

KNOK	Q4 2014	Q4 2013	Chg. %	Year 2014	Year 2013	Chg. %
Sales revenues	252 163	188 546	33,7 %	828 514	716 506	15,6 %
Profit from AC, Service companies	-	-		-	2 367	
Cost of goods sold	120 801	92 940	30,0 %	408 291	378 473	7,9 %
Payroll	72 573	55 231	31,4 %	250 571	196 806	27,3 %
Other operating expenses	31 981	24 869	28,6 %	108 670	89 438	21,5 %
Total operating expenses	225 354	173 040	30,2 %	767 532	664 718	15,5 %
<b>EBITDA</b>	<b>26 808</b>	<b>15 506</b>	<b>72,9 %</b>	<b>60 982</b>	<b>54 155</b>	<b>12,6 %</b>
Depreciation tangible assets	3 187	3 310	-3,7 %	11 973	10 573	13,2 %
Depreciation intangible assets	8 315	4 899	69,7 %	22 829	15 299	49,2 %
Write down intangible assets <sup>1)</sup>	32 430	-	-	32 430	-	-
<b>EBIT</b>	<b>-17 124</b>	<b>7 296</b>	<b>-334,7 %</b>	<b>-6 250</b>	<b>28 283</b>	<b>-122,1 %</b>
Interest	-952	-893	-6,5 %	-3 937	-4 314	8,7 %
Other financial income <sup>2)</sup>	-3 522	674	-622,6 %	-2 104	32 414	-106,5 %
<b>EBT <sup>1)</sup></b>	<b>-21 598</b>	<b>7 077</b>	<b>-405,2 %</b>	<b>-12 291</b>	<b>56 383</b>	<b>-121,8 %</b>
Taxes	-12 826	294	-4463,7 %	-10 471	5 214	-300,8 %
<b>Profit/loss after tax</b>	<b>-8 771</b>	<b>6 783</b>	<b>-229,3 %</b>	<b>-1 820</b>	<b>51 169</b>	<b>-103,6 %</b>
Of which						
Majority interest	-8 771	6 874	-227,6 %	-1 820	50 937	-103,6 %
Minority interest	-	-90	0,0 %	-	232	0,0 %
	-8 771	6 783	-229,3 %	-1 820	51 169	-103,6 %
<b>Earnings per share</b>						
Number of shares outstanding	44 376 040	44 376 040	0,0 %	44 376 040	44 376 040	0,0 %
Av. Number of shares - own shares	44 271 496	43 785 398	0,0 %	43 980 700	43 757 742	0,0 %
Earnings per share	-0,20	0,16	0,0 %	-0,04	1,16	0,0 %
Diluted earnings per share	-0,20	0,16	0,0 %	-0,04	1,16	0,0 %
EBITDA per share	0,61	0,35	0,0 %	1,39	1,24	0,0 %
Diluted EBITDA per share	0,61	0,35	0,0 %	1,39	1,24	0,0 %

Total earnings	Q4 2014	Q4 2013	Chg. %	Year 2014	Year 2013	Chg. %
Profit/loss after tax	-8 771	6 783	-229,3 %	-1 820	51 169	-103,6 %
Exchange differences on foreign opera	25 692	3 040	745,2 %	7 567	22 628	-66,6 %
Total earnings	16 921	9 823	72,3 %	5 747	73 797	-92,2 %
Of which						
Majority interest	16 921	9 913	70,7 %	5 747	73 565	-92,2 %
Minority interest	-	-90	0,0 %	-	232	0,0 %

<sup>1)</sup> Year 2014 and 4th quarter: Included an impairment of MNOK 32.4 related to intangible assets in SQS Security.

<sup>2)</sup> Year 2013: Included a profit of MNOK 33 related to the sale of the minority shares in InStore IT companies.

## CONSOLIDATED BALANCE SHEET

KNOK	31.12.2014	31.12.2013	30.09.2014
<b>ASSETS</b>			
Intangible assets <sup>1)</sup>	86 175	113 747	114 132
Goodwill	141 759	110 779	128 274
Tangible assets	42 839	36 445	42 349
Long term investments	481	481	480
Other long term receivables	1 850	-	-
Deferred tax	39 221	18 084	26 668
<b>Non-current assets</b>	<b>312 326</b>	<b>279 535</b>	<b>311 903</b>
Financial investments	27	26	1 673
Goods	95 575	85 787	108 641
Accounts receivable	156 903	98 156	154 313
Prepaid expenses	10 323	13 899	11 665
Other receivables	16 721	8 285	10 207
Bank deposits	18 973	8 554	18 635
<b>Current assets</b>	<b>298 522</b>	<b>214 706</b>	<b>305 134</b>
<b>TOTAL ASSETS</b>	<b>610 847</b>	<b>494 241</b>	<b>617 037</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	27 513	27 513	27 513
Holding of own shares	-65	-409	-65
Other equity	219 072	223 694	202 171
<b>Total equity</b>	<b>246 520</b>	<b>250 798</b>	<b>229 619</b>
Long term interest bearing liabilities	39 481	43 603	46 998
Other long term liabilities	28 691	9 764	25 778
<b>Total long term liabilities</b>	<b>68 172</b>	<b>53 367</b>	<b>72 776</b>
Short term interest bearing liabilities	46 634	9 271	92 867
Accounts payable	105 502	71 163	106 210
Taxes payable	127	207	-
Other short term liabilities	143 891	109 435	115 565
<b>Total short term liabilities</b>	<b>296 155</b>	<b>190 076</b>	<b>314 642</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>610 847</b>	<b>494 241</b>	<b>617 037</b>

<sup>1)</sup> Year 2014 and 4th quarter: Included an impairment of MNOK 32.4 related to intangible assets in SQS Security.

## STATEMENT OF EQUITY

KNOK	Share capital	Treasury shares	Other paid-in equity	Translation variances	Other equity	Total	Minority interest	Total equity
Equity 31.12.2012	13 757	-185	108 879	10 152	-112 310	203 213	49	203 261
Dividend to minority interest	-	-	-	-	-	-	-120	-120
Sale of own shares	-	51	-	-	338	389	-	389
Purchase of own shares / Compulsory	-	-44	-	-	-636	-680	-	-680
Dividend 2012	-	-	-	-	-10 947	-10 947	-	-10 947
Profit this year after tax	-	-	-	-	51 403	51 403	-234	51 169
Other comprehensive income and expenses	-	-	-	22 628	-	22 628	-	22 628
Equity 31.12.2013	27 513	-409	351 262	29 108	-156 675	250 798	-	250 798
Sale of own shares	-	345	-	-	3 006	3 351	-	3 351
Dividend 2013	-	-	-	-	-13 115	-13 115	-	-13 115
Adapting K3 Sweden	-	-	-	-	-260	-260	-	-260
Profit this year after tax	-	-	-	-	-1 820	-1 820	-	-1 820
Other comprehensive income and expenses	-	-	-	7 567	-	7 567	-	7 567
Equity 31.12.2014	27 513	-65	351 262	36 675	-168 864	246 520	-	246 520



## STATEMENT OF CASH FLOW

KNOK	Q4 2014	Q4 2013	Year 2014	Year 2013
Ordinary profit before tax	-21 598	7 077	-12 291	56 383
Net interest	952	893	3 937	4 314
Tax paid	1 100	1 100	1 100	667
Share of profit, associated companies	-	-	-	-2 367
Ordinary depreciation	11 502	8 209	34 802	25 872
Write-downs	32 430	-	32 430	-
Profit / loss on sale of fixed assets	-154	-169	-154	-169
Realised profit on financial instruments	-	-452	-	-32 969
Change in inventories	17 631	-3 876	3 312	4 712
Change in receivables	5 777	22 903	-24 791	9 422
Change in accounts payable	-6 389	-12 979	-102	-6 480
Change in other accrued items	21 067	12 202	7 647	6 774
Cash flow from operational activities	62 318	34 907	45 890	66 159
Net payments for fixed assets	-3 762	-2 077	-13 081	-4 550
Capitalisation of development costs	-229	-	-323	-
Net payments for long term shares	-	-	-	-476
Net effect acquisition Vensafe AS	-	-	843	-
Net effect acquisition New Vision	1 669	-	-13 546	-
Net effect acquisition Etikett-Produsenten AS	-	128	-4 325	-2 578
Net effect acquisition Sydetikett AB	-	-	-	-24 732
Payment from sale of fixed assets	652	325	652	325
Net effect sale InStore IT companies	-	-	-	46 398
Interest income	70	86	251	199
Dividend received from associated companies	-	-	-	2 300
Cash flow from investment activities	-1 600	-1 538	-29 529	16 887
Buying of treasury shares / compulsory acquisition	-	-242	-	-680
Selling of treasury shares	-	-	-	389
Change in long-term debt	-3 697	-4 147	5 217	-13 435
Change in short-term debt acquisition Vensafe AS	-1 361	-	-10 247	-
Change in overdraft	-55 216	-29 077	16 045	-49 114
Interest expenses	-1 022	-979	-4 188	-4 513
Dividend paid	-	-397	-13 115	-10 943
Dividend paid to minorities	-	-	-	-120
Cash flow from financing activities	-61 295	-34 843	-6 288	-78 416
Net change in liquid assets	-577	-1 473	10 073	4 630
Cash and cash equivalents at the start of the period	18 635	9 997	8 554	3 670
Effect of foreign exchange rate fluctuations on foreign currency deposits	914	30	345	254
Cash and cash equivalents at the end of the period	18 973	8 554	18 973	8 554

## KEY FIGURES

KNOK	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Year 2014	Year 2013
<b>Income statement</b>							
Operating revenue	252 163	206 315	196 847	173 188	188 546	828 514	718 873
EBITDA	26 808	14 069	10 066	10 038	15 506	60 982	54 155
Operating revenue EBIT <sup>1)</sup>	-17 124	5 242	2 874	2 757	7 296	-6 250	28 283
Ordinary profit before tax (EBT) <sup>1) 2)</sup>	-21 598	4 775	2 440	2 091	7 077	-12 291	56 383
Profit for the year	-8 771	3 506	1 938	1 507	6 783	-1 820	51 169
EBITDA-margin	10,6 %	6,8 %	5,1 %	5,8 %	8,2 %	7,4 %	7,5 %
EBT-margin	-8,6 %	2,3 %	1,2 %	1,2 %	3,8 %	-1,5 %	7,8 %
<b>Balance sheet</b>							
Non-current assets <sup>1)</sup>	312 326	311 903	284 946	273 539	279 535	312 326	279 535
Current assets	298 522	305 134	267 635	218 486	214 706	298 522	214 706
Total assets	610 847	617 037	552 581	492 025	494 241	610 847	494 241
Equity	246 520	229 619	231 157	246 522	250 798	246 520	250 798
Long-term debt	68 172	72 776	37 230	40 072	53 367	68 172	53 367
Short-term debt	296 155	314 642	284 193	205 431	190 076	296 155	190 076
Working capital	146 976	156 743	141 593	127 847	112 780	146 976	112 780
Equity ratio	40,4 %	37,2 %	41,8 %	50,1 %	50,7 %	40,4 %	50,7 %
Liquidity ratio	100,8 %	97,0 %	94,2 %	106,4 %	113,0 %	100,8 %	113,0 %
<b>Cash Flow</b>							
Cash flow from operational activities	62 318	-9 371	1 227	-8 284	34 907	45 890	66 159
<b>Share information</b>							
Number of shares	44 376 040	44 376 040	44 376 040	44 376 040	44 376 040	44 376 040	44 376 040
Weighted average shares outstanding	44 271 496	44 211 093	43 715 787	43 715 787	43 715 787	43 980 700	43 757 742
EBT per shares	-0,49	0,11	0,06	0,05	0,16	-0,28	1,29
Earnings per share	-0,20	0,08	0,04	0,03	0,16	-0,04	1,17
Equity per share	5,6	5,2	5,3	5,6	5,7	5,6	5,7
Dividend per share	-	-	0,30	-	-	0,30	0,25
<b>Employees</b>							
Number of employees (end of period)	571	586	360	326	314	571	314
Average number of employees	587	571	353	324	321	459	309

<sup>1)</sup> Year 2014 and 4th quarter: Included an impairment of MNOK 32.4 related to intangible assets in SQS Security.

<sup>2)</sup> Year 2013: Included a profit of MNOK 33 related to the sale of the minority shares in InStore IT companies.

## DEFINITIONS

Number of shares	Number of issued shares year and
Working capital	Inventories + accounts receivables – accounts payable
Equity per share	Book value equity / number of shares
Operating revenue	Sales revenues and profit from AC, Service companies
Operating revenue per employee	Operating revenue / average number of employees
Operating cost	Operating cost / average number of employees
EBT	Profit before tax
EBIT	Operating profit
EBT-margin	EBT / operating revenue
EBITDA	Operating profit + depreciation fixed assets and tangible assets
EBITDA-margin	EBITDA / operating revenue
Egenkapitalandel	Book value equity / total assets
Weighted average basic shares outstanding	Issued shares adjusted for own shares on average for the year
Liquidity ratio	Current assets / short term debt
Earnings per share	Profit after tax / weighted average basic shares outstanding
Dividend per share	Paid dividend per share throughout the year

## NOTE 1 CONFIRMATION OF REPORTING FRAMEWORK

The condensed and consolidated quarterly financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The quarterly financial statements do not contain all the information required in an annual financial statement and should be read in connection with the Group financial statements for 2013.

## NOTE 2 KEY ACCOUNTING PRINCIPLES

The accounting principles for the report are described in the annual financial statements for 2013. The Group financial statements for 2013 were prepared in accordance with the IFRS principals and interpretations thereof, as defined by the EU, as well as other disclosure requirements pursuant to the Norwegian Accounting Act and the Oslo Stock Exchange regulations and rules applicable as at 31.12.2013. The quarterly report and the interim financial statements have not been revised by auditor.

## NOTE 3 SEGMENT INFORMATION

### SEGMENT: BUSINESS AREAS

MNOK	Q4 2014			Q4 2013			Year 2014			Year 2013		
	Revenues	EBITDA	EBT	Revenues	EBITDA	EBT	Revenues	EBITDA	EBT	Revenues	EBITDA	EBT
PSI Technology <sup>1)</sup>	113,3	5,3	-32,5	97,8	6,3	0,8	445,8	32,0	-17,9	355,7	24,7	1,0
PSI Retail <sup>2)</sup>	96,4	17,1	14,8	53,8	8,7	8,3	237,1	25,5	20,1	263,0	35,7	65,3
PSI Label	44,1	8,5	5,4	36,8	3,6	0,9	168,5	17,1	4,8	101,8	4,5	-2,4
Group	0,1	-4,6	-9,7	0,1	-3,3	34,2	0,5	-14,1	-19,8	0,5	-11,2	73,6
Eliminations	-1,8	0,5	0,5	0,1	0,1	-37,1	-23,4	0,5	0,5	-2,2	0,4	-81,2
<b>Total</b>	<b>252,2</b>	<b>26,8</b>	<b>-21,6</b>	<b>188,5</b>	<b>15,5</b>	<b>7,1</b>	<b>828,5</b>	<b>61,0</b>	<b>-12,3</b>	<b>718,9</b>	<b>54,2</b>	<b>56,4</b>

<sup>1)</sup> Year 2014 and 4th quarter: Included an impairment of MNOK 32.4 related to intangible assets in SQS Security.

<sup>2)</sup> Year 2013: Included a profit of MNOK 33 related to the sale of the minority shares in InStore IT companies.

### SEGMENT: SALES REVENUES BY GEOGRAPHICAL MARKET

MNOK	Q4 2014			Q4 2013			Year 2014			Year 2013		
	Norway	Sweden	Other markets	Norway	Sweden	Other markets	Norway	Sweden	Other markets	Norway	Sweden	Other markets
PSI Technology	39,9	37,6	35,9	30,8	43,2	23,8	133,6	192,1	120,1	125,1	129,5	101,1
PSI Retail	14,0	46,0	36,4	28,9	24,5	0,4	60,7	118,5	57,9	153,3	108,9	0,7
PSI Label	15,7	27,8	0,6	11,9	24,6	0,3	60,1	105,7	2,6	39,1	62,5	0,3
Group	0,1	0,0	0,0	0,1	0,0	0,0	0,5	0,0	0,0	0,5	0,0	0,0
Eliminations	0,2	-1,6	-0,4	0,6	-1,5	1,0	-0,8	-21,9	-0,7	-0,2	-2,1	0,1
<b>Total</b>	<b>69,8</b>	<b>109,9</b>	<b>72,5</b>	<b>72,2</b>	<b>90,8</b>	<b>25,5</b>	<b>254,1</b>	<b>394,5</b>	<b>179,9</b>	<b>317,8</b>	<b>298,8</b>	<b>102,3</b>

### SEGMENT: SALES REVENUES BY PRODUCT AND SERVICE

MNOK	Q4 2014		Q4 2013		Year 2014		Year 2013	
	New sales	Service	New sales	Service	New sales	Service	New sales	Service
PSI Technology	71,6	41,8	63,9	33,8	284,1	161,7	235,3	120,5
PSI Retail	59,7	36,6	39,7	14,1	162,7	74,4	195,4	67,6
PSI Label	44,1	0,0	36,8	0,0	168,5	0,0	101,8	0,0
Group	0,1	0,0	0,1	0,0	0,5	0,0	0,5	0,0
Eliminations	-1,8	0,0	0,1	0,0	-23,4	0,0	-2,2	0,0
<b>Total</b>	<b>173,8</b>	<b>78,4</b>	<b>140,7</b>	<b>47,9</b>	<b>592,4</b>	<b>236,1</b>	<b>530,8</b>	<b>188,0</b>

## NOTE 4 RELATED PARTIES

During the period it has been signed a renewal of the lease between Pinnås Eiendom AS and PSI Systems AS for the lease of premises at Slynga 10 for another 8 years. The agreement runs from 1 April 2015 to 31 March 2023. The monthly rent is estimated at NOK 156,000 per month the first year. Rental amount will be indexed annually.

## NOTE 5 TOP 20 SHAREHOLDERS PER 31 DECEMBER 2014

No.	Name	No. of shares	%
1	PINNÅS, ERIK (incl. fully owned companies) <sup>1</sup>	4 932 276	11,1 %
2	STRØMSTANGEN AS	3 933 092	8,9 %
3	SKAGEN VEKST	3 796 612	8,6 %
4	GLAAMENE INDUSTRIER AS	3 606 081	8,1 %
5	HOLMEN SPESIALFOND	2 500 000	5,6 %
6	AVANZA BANK AB	2 008 005	4,5 %
7	NORDNET BANK AB	1 717 850	3,9 %
8	ZETTERBERG, GEORG (incl. fully owned companies)	1 541 304	3,5 %
9	SKANDINAVISKA ENSKILDA BANKEN	1 396 941	3,1 %
10	WAALER, JØRGEN (incl. fully owned companies) <sup>1</sup>	1 050 000	2,4 %
11	GRESSLIN, ODD ROAR	1 020 000	2,3 %
12	V. EIENDOM AS	900 000	2,0 %
13	RING, JAN	705 122	1,6 %
14	MP PENSJON PK	699 806	1,6 %
15	SVENSKA HANDELSBANKEN AB	636 855	1,4 %
16	ROMULD, ARVE	600 000	1,4 %
17	BUDVILAITIS, EVALDAS (incl. controlled companies) <sup>1</sup>	555 709	1,3 %
18	JACOBSEN, SVEIN (incl. fully owned companies) <sup>1</sup>	450 000	1,0 %
19	SAXO PRIVATBANK A/S	428 650	1,0 %
20	SWEDBANK AB (PUBL)	344 636	0,8 %
Sum 20 largest shareholders		32 822 939	74,0 %
Sum 1 349 other shareholders		11 553 101	26,0 %
<b>Sum all 1 369 shareholders</b>		<b>44 376 040</b>	<b>100 %</b>

<sup>1</sup> Primary insiders



## NOTE 6 ACQUIRED COMPANIES IN 2014

KNOK	Vensafe			Vensafe		
	Book value 31.03.2014	Adj.	Fair Value 31.03.2014	Book value 31.12.2014	Adj.	Fair Value 31.12.2014
<b>ASSETS</b>						
Intangible assets	24	-	24	-	-	-
Goodwill	-	-	-	-	-	-
Tangible assets	1 872	-	1 872	1 342	-	1 342
Deferred tax	17 353	-	17 353	16 804	-	16 804
<b>Non-current assets</b>	<b>19 249</b>	<b>-</b>	<b>19 249</b>	<b>18 146</b>	<b>-</b>	<b>18 146</b>
Goods	2 257	-	2 257	2 880	-	2 880
Trade and other receivables	16 434	-	16 434	29 585	-	29 585
Bank deposits	1 843	-	1 843	8 296	-	8 296
<b>Current assets</b>	<b>20 534</b>	<b>-</b>	<b>20 534</b>	<b>40 761</b>	<b>-</b>	<b>40 761</b>
<b>TOTAL ASSETS</b>	<b>39 782</b>	<b>-</b>	<b>39 782</b>	<b>58 907</b>	<b>-</b>	<b>58 907</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Total equity</b>	<b>1 000</b>	<b>-1 000</b>	<b>-</b>	<b>15 988</b>	<b>-1 000</b>	<b>14 988</b>
Long term interest bearing liabilities	-	-	-	-	-	-
Other long term liabilities	66	-	66	-	-	-
<b>Total long term liabilities</b>	<b>66</b>	<b>-</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>-</b>
Short term interest bearing liabilities	5 865	1 000	6 865	-	1 000	1 000
Accounts payable	13 565	-	13 565	7 838	-	7 838
Other short term liabilities	19 286	-	19 286	35 081	-	35 081
<b>Total short term liabilities</b>	<b>38 716</b>	<b>1 000</b>	<b>39 716</b>	<b>42 919</b>	<b>1 000</b>	<b>43 919</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39 782</b>	<b>-</b>	<b>39 782</b>	<b>58 907</b>	<b>-</b>	<b>58 907</b>

KNOK	New Vision			New Vision		
	Book value 30.06.2014	Adj.	Fair Value 30.06.2014	Book value 31.12.2014	Adj.	Fair Value 31.12.2014
<b>ASSETS</b>						
Intangible assets	5 462	17 803	23 264	4 410	17 284	21 693
Goodwill	-	27 433	27 433	-	29 593	29 593
Tangible assets	3 058	-	3 058	3 000	-	3 000
Deferred tax	-	-6 785	-6 785	560	-7 032	-6 471
<b>Non-current assets</b>	<b>8 519</b>	<b>38 450</b>	<b>46 970</b>	<b>7 970</b>	<b>39 845</b>	<b>47 816</b>
Goods	9 190	-	9 190	7 744	-	7 744
Trade and other receivables	17 297	-	17 297	26 233	-	26 233
Bank deposits	1 868	-	1 868	4 084	-	4 084
<b>Current assets</b>	<b>28 355</b>	<b>-</b>	<b>28 355</b>	<b>38 062</b>	<b>-</b>	<b>38 062</b>
<b>TOTAL ASSETS</b>	<b>36 874</b>	<b>38 450</b>	<b>75 324</b>	<b>46 032</b>	<b>39 845</b>	<b>85 877</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Total equity</b>	<b>5 236</b>	<b>-3 560</b>	<b>1 675</b>	<b>10 112</b>	<b>-3 078</b>	<b>7 034</b>
Long term interest bearing liabilities	6 886	15 414	22 300	849	14 232	15 082
Other long term liabilities	-	26 597	26 597	-	28 691	28 691
<b>Total long term liabilities</b>	<b>6 886</b>	<b>42 011</b>	<b>48 897</b>	<b>849</b>	<b>42 923</b>	<b>43 773</b>
Short term interest bearing liabilities	-1 962	-	-1 962	10 546	-	10 546
Accounts payable	18 748	-	18 748	13 943	-	13 943
Other short term liabilities	7 967	-	7 967	10 582	-	10 582
<b>Total short term liabilities</b>	<b>24 753</b>	<b>-</b>	<b>24 753</b>	<b>35 071</b>	<b>-</b>	<b>35 071</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>36 874</b>	<b>38 450</b>	<b>75 324</b>	<b>46 032</b>	<b>39 845</b>	<b>85 877</b>



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