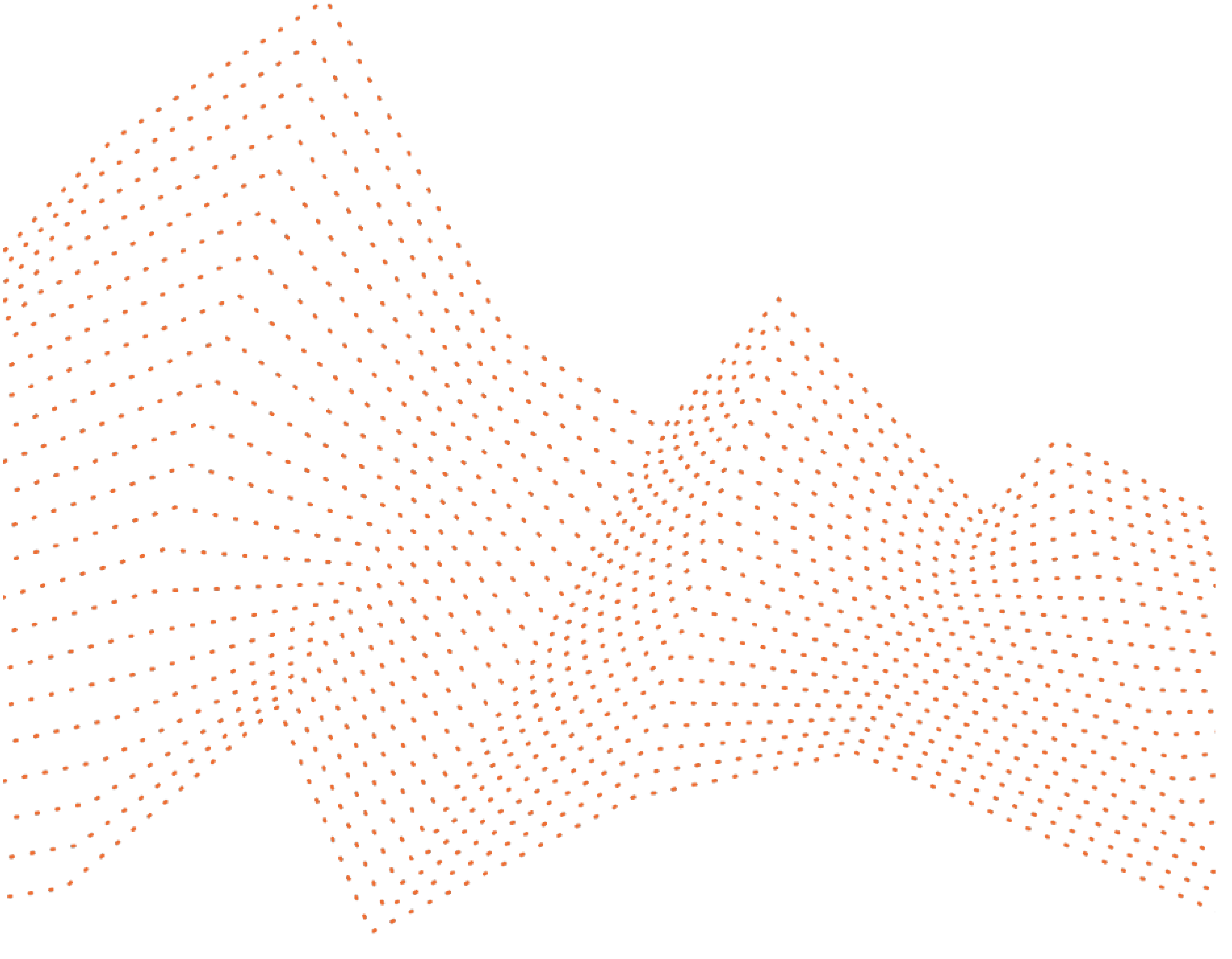
Chip Bidco AS

Group Annual report 2021



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A LEADING, GLOBAL TECH COMPANY FOR THE ENERGY SECTOR, ENABLING A MORE SUSTAINABLE FUTURE

Dear employees, customers, and shareholders

2021 was truly an extra-ordinary year for Cegal.

First and foremost, we decided to execute the largest acquisition in company history and join forces with SYSCO to build a global tech powerhouse, specialized in the energy sector.

At the same time, we have managed to deliver good growth, solid profitability, low turnover and high employee satisfaction while conducting a large and successful merger and integration project on time and on budget.

That is something we should be very proud of, and something our entire team and all our employees deserve big kudos for. Many people have gone an extra mile beyond their daily jobs, and strong collaboration have made this happen at the back end of an already challenging Covid situation.

Overall, we grew the combined Cegal and SYSCO with 4.7% in 2022, with an adjusted EBITDA margin of 20.8%. Today, 60% of Cegal`s revenues are recurring, and we have a very solid estimated order backlog of approximately NOK 2.6 billion and a fast growing pipeline.

Some of the highlights of the year:

- We have executed the strategy set out in 2020, to broaden our footprint in the energy industry through an increased focus on renewables, through the acquisition of SYSCO
- We have won key new contracts with Haugaland Kraft, Helse SørØst, Shell, Aker BP, Easee and BW Energy
- We have been recertified for ISO 27001 (security) and 9001 (quality), and newly certified on ISO 14001 (environment) and 45001 (health and safety) as promised last year. All with great feedback from the auditors
- We see especially strong growth in our core Cloud and Data Operations managed services.
- We have launched new software for energy production and dispatch and won breakthrough new contracts with Wintershall DEA and Shell
- We have established a clear strategy and game plan for the merged Cegal, ready to be executed upon in 2022
- We have a new brand platform ready for launch in April 2022
- The attractiveness of our company as an employer is very strong, and we have a great momentum in the fierce fight for talent in tech, with 138 organic new hires in 2021 and low attrition at 11%.

The vision for the combined Cegal going forward is to build a next generation tech company that is enabling a more sustainable future.

The energy industry is transforming at a very high pace, and we see a clear trend in traditional oil and gas companies joining forces with power & utilities companies to collaborate towards more renewable and sustainable energy. These are not different industries anymore, but a joint Energy sector, committed to producing secure, reliable and more renewable energy.

The key to this green energy transformation lies in technology, and we believe we will see unprecedented tech investments within this sector over the next decade. Not only on windmills, solar panels and equipment, but also on software, data analytics services, integration, cloud operations, and security.

On top of this rapid transformation, customers are struggling with increasingly complex IT, huge amounts of data from a myriad of systems, sensors and sources, increased demands on turning tech investments into business value, and increased pressure on security and compliance.

That is why Cegal`s mission going forward is to *turn complex IT into digital success stories*, by delivering modern *Industry Software* that increases efficiency and control, super skilled *Consulting* services that integrate technologies and turn data into insight, and specialized *Cloud Operations* services of mission critical IT in modern hybrid cloud environments.

Going into 2022 we have a clear game plan in place to realize our vision, scale for larger customers, solve new and greater challenges, and provide full stack deliveries to the global energy sector. Our focus will be in three areas where we can improve further and become even better:

- Attracting and developing top people while building an unstoppable culture. Cegal is only hearts and minds, and everything stops and starts with people that are included, seen, heard and appreciated
- Going after the right value and growth pockets in the market, with packaged offerings that have crystal clear value propositions with incredible value for our customers. The whole IT industry has a huge potential for improvement in this area. So do we in Cegal
- Having a surgical go to market approach followed by strong execution, excellence in deliveries and world class customer service. Meaning, not running after every opportunity in every country, but focusing hard on our best offerings where we drive the highest customer value and have the best chances of winning against competition.

We are hopefully approaching the end of the Covid-19 pandemic. On one hand we have seen it bring a spike in technology adoption and increased work flexibility from home offices. In addition, we have managed to keep our service level towards customers fully intact, and the resilience in our business model has become evident as we have delivered solid growth, despite finding it challenging to open brand new customer relationships. On the other hand, it has been more difficult to integrate new employees and build belonging and culture in the company with “everybody on Teams”. So, we are really looking forward to our society opening back up and for our people to come back to vibrant and engaging offices in a new normal.

As I am writing this, we are well into the second quarter of 2022. I genuinely believe we have one of the most exiting tech companies around in the making, in an extremely important and meaningful energy sector.

The broader energy sector represents close to 25% of the world’s GDP and it is currently experiencing two connected megatrends, renewable transition and digitalization. At the epicenter of this sits Cegal, with incredibly competent people and a relevant, credible and unique differentiation: expertise in energy, superpowers in technology and scalable as a service delivery models.

A CEO cannot ask for more, and I am both humble, proud, and extremely excited to have been given the chance to be part of this team and this journey.

I would like to thank the whole Cegal team, our shareholders, our customers, and our partners for all the hard work and great collaboration throughout 2021.

Now we are buckling up to continue our growth journey and to realize our dream of becoming a stellar next generation tech company, enabling a more sustainable future.

Best regards,

Dagfinn Ringås (dig. sign.)
CEO Cegal Sysco

BOARD OF DIRECTORS' REPORT
CHIP BIDCO AS

Chip Bidco, a Cegal Sysco Group company, is a trusted global technology powerhouse specialized in the energy sector, providing hybrid cloud solutions, software and consultancy within IT, business, geoscience, and data management. The Group provides broad and deep domain competencies across the whole energy vertical, including renewables. Our employees are working from offices in Stavanger (HQ), Oslo, Trondheim, Bergen, Hamar, Haugesund, London, Stockholm, Copenhagen, Aberdeen, Dubai, Houston, Calgary and Kuala Lumpur, enabling a strong geographical presence.

In August 2021, Cegal and Sysco announced that the two companies would join forces to create a leading, global tech company for the energy sector, and take a position as a powerful contributor to the green shift. Traditionally, Cegal has been an important provider of technology to the international Oil & Gas industry. The transformation of this sector and the move towards renewables is happening at a high speed, with technology and diversity as important keys. Sysco has a strong position among hydropower and grid companies. The merger enables the Group to scale for larger customers, to solve new and greater challenges, and to provide full stack deliveries to the global energy sector.

A new organization has been launched, a new leadership team has been appointed, and a broad set of workstreams have been executed and completed - all while at the same time maintaining solid growth in the business, high employee satisfaction numbers on both sides, high employee retention and very positive feedback from our customers. In addition, the Group acquired Envision in June 2021, further strengthening its consulting arm. As at 31 December 2021, the Group had 739 employees compared to 388 as at 31 December 2020.

Scope of Business

Going forward, the Group's vision is to build a true nextgen tech company that enables a more sustainable future.

Business units

Cloud operations

The Group's cloud-based solutions provide high performance IT systems and customized software solutions to more than 15 000 end users. We support more than 1 300 applications, and our support center offers a single point of contact for all IT related questions. We have customized our offering for the energy sector, in particular with respect to advanced geoscience applications and critical on/offshore operations, the Group supports all main exploration and production applications based on best practices.

The Group is at the forefront of digitalizing the energy industry with its "GeoCloud" value proposition - an open integration platform tailored to the industry. As a strategic partner with deep domain knowledge, the Group enables its customers to manage and structure their data in order to perform advanced analytics, thereby increasing productivity and efficiency in their exploration and production.

We have a specialized offering to the energy industry, in particular with respect to advanced geoscience applications and critical on/offshore operations. We support all main exploration and production applications based on best practices.

Our offering delivers the benefits of cloud computing to its customers, all within one user friendly digital workspace interface.

In 2021, Cloud operations represented 56% of our revenues compared to 63% in 2020.

Products

The Group develops and sells software to extend, improve and speed up workflows within geology, geophysics, reservoir engineering and data management as well as providing energy products and third-party resale.

In 2021, Products represented 17% of our revenues compared to 14% in 2020.

Consulting & Business Services

The Group offers highly experienced on-site consultants and expert geomodelers, primarily to the energy industry.

We provide onsite IT infrastructure services and support for both short-term and long-term assignments, in addition to ad-hoc based technical work. Several of our consultants hold an offshore certificate and have experience from both domestic and international customer assignments. In addition, we offer the development of high-quality customized software solutions.

We have core competencies within program & project management, change management, process management and enterprise architecture. We typically provide specialized advisory roles within areas such as information security management, information management, test management, information management, application management, business intelligence and data science.

In 2021, Consulting & Business Services represented 26% of our revenues compared to 18% in 2020.

Other

Other non-commercial resale represented less than 1% of our revenues in 2021 compared to 5% in 2020.

The Group spent NOK 15.5 million on research & development activities during the year, providing new products to the market and improving existing products with new functionality.

Statement of income, cash flow and balance sheet

The Group's financial statement for 2021 has been prepared in accordance with the IFRS accounting principles as adopted by EU.

Operating Revenue

Actual turnover in the Group was NOK 992.4 million in 2021 compared to 788.9 million in 2020.

Operating Result (EBITDA – Alternative Performance Measure)

The Group's earnings before interest, tax, depreciation and amortization (EBITDA) was NOK 142.3 million in 2021 compared to NOK 192.1 million in 2020. The reason for the lower EBITDA compared to 2020, is primarily related to transaction costs due to the merger between Cegal and Sysco.

Depreciations and amortizations

Depreciation of tangible assets and amortization of intangible assets was NOK 193.8 million in 2021 compared to NOK 193.5 million in 2020.

Net financial items and profit before and after tax

Net financial items amounted to NOK -91.2 million in 2021 compared to NOK -80.0 million in 2020 and profit tax was NOK 30.5 million resulting in a net loss for the year of NOK -112.3 million compared to NOK -60.1 million in 2020.

Cash flow and financial positions

Total cash flow from operations for the Group was NOK 195.5 million compared to NOK 114.6 million in 2020.

Cash flow from investment activities was NOK -785.0 million compared to NOK -29.6 million in 2020.

Cash flow from financing activities was NOK 646.5 compared to NOK -121.5 million in 2020.

As at 31 December 2021, the Group had bank deposits totaling NOK 93.3 million plus available bank overdraft facilities of NOK 25.8 million. As at 31 December 2020, the Group had bank deposits totaling NOK 36.3 million.

The Group's current assets amounted to 11.3% of total assets per 31 December 2021. Total assets at the end of the year was NOK 3 285.2 million and the equity ratio was 33.9%.

As at 31 December 2020, the Group's current assets amounted to 10.2% of total assets of NOK 1 966.7 million and the equity ratio was 33.5%.

Statement of compliance

Corporate governance in the group and Chip Bidco AS comprises the values, goals, and overall principles according to which the Group is managed and controlled to secure the interests of shareholders, customers, employees, and other interested parties of the company.

The Group submits in accordance with the Accounting Act § 3-3b and The Norwegian Code of Practice for Corporate Governance a statement of the principles and practices of corporate governance.

Accounting Act § 3-3b, 2nd paragraph

1. Principles and practices for corporate governance in the group is based on Norwegian law and the group follows The Norwegian Code of Practice for Corporate Governance issued by The Norwegian Corporate Governance Boars (NCGB), as far as it is appropriate for IT companies.

2. The recommendation for corporate governance is available at nues.no.

3. Any deviations of compliance with The Norwegian Code of Practice for Corporate Governance are commented in corporate governance below.

4. Reference is made to point 10 under The Norwegian Code of Practice for Corporate Governance, and corporate governance below for a description of internal control and risk management related to the financial reporting process.

5. Reference is made to point 6 under The Norwegian Code of Practice for Corporate Governance, and to corporate governance below for a description of compliance.

6. See points 6, 7, 8 and 9 under The Norwegian Code of Practice for Corporate Governance, and corporate governance below.

7. See the explanation of section 8 of the recommendation below.

8. See point 3 under The Norwegian Code of Practice for Corporate Governance below

The Norwegian Code of Practice for Corporate Governance

The description below explains how the 15 points in The Norwegian Code of Practice for Corporate Governance of 14 October 2021 have been followed up in the Group.

The Norwegian Code of Practice for Corporate Governance, published by the Norwegian Corporate Governance Board (NCBG), is available at www.nues.no.

1. Statement of corporate governance

Chip Bidco AS and the Group follows the Norwegian Code of Practice for Corporate Governance and complies with its recommendations that are relevant to a company in the IT industry. There are no significant deviations between the recommendation and the implementation in the group. The group has prepared its own guidelines for social responsibility and wants to use the company's overall knowledge and resources to contribute to sustainable development for the society we are a part of. The group shall take financial, social, and environmental responsibility by operating profitably, ethically, and sustainably in a long-term perspective.

The Group's Code of Conduct and Ethical Guidelines were last revised in 2021 and it forms a framework for behavior and attitudes in accordance with the norms, rules and laws set by the authorities, by the society, and between the individual employees. The ethical guidelines apply to all employees in the group, including temporary staff and hired consultants. The guidelines, except for employee-related sections, also apply to the group's shop stewards. The group's operations depend on trust from customers, local communities and public authorities, and the ethical guidelines are based on the Group's core values

Inventive – Courageous – Passionate – Balanced

Deviation from section 1 of the recommendation: None

2. Business

Chip Bidco AS is a holding company and its purpose is to invest in and own shares, financial instruments and interests in other companies, and other activities naturally related to that.

Chip Bidco AS is wholly-owned (100%) by Chip Midco AS, which is wholly owned (100%) by Chip Topco AS. Credo Partners AS, Norvestor SPV 1 Holding AS and employees/management/board of the Cegal group are indirect owners of the Company with indirect shareholdings of 8%, 60% and 32%, respectively. The Company's board of directors comprise of only one board member and no employees are employed in Chip Bidco AS. The Company Chip Bidco AS is not an operative entity and has therefore not established a separate management team. The Group's operations are thereby carried out through the Company's operating subsidiaries. Cegal Group is a professional digitalization partner delivering cloud solutions, software applications and consultancy services for the energy industry. Chip Bidco AS is a holding company with no employees, no management or operational activities and with one sole Board member.

Chip Bidco AS elects its board members on the general meeting.

Deviation from section 2 of the recommendation: None

3. Equity and dividends

Total assets at the end of the year was NOK 3 285.2 million and the equity ratio was 33.9%.

No dividend is proposed for 2021.

Deviation from section 3 of the recommendation: None

4. Equal treatment of shareholders

The board of Chip Bidco AS emphasize that all shareholders must be treated equally and have the same opportunity for influence. The Company's board of directors comprise of only one board member and no employees are employed in Chip Bidco AS. The board instructions further stipulate that board members shall, on their own initiative, state whether any interest the individual or his or her close relatives may have in the decision of a question. Unless the board member himself /herself chooses to resign during the consideration or decision of a case, the board shall decide whether he or she shall resign. In the assessment, all aspects of personal, financial, or other interests of the board member is included, in addition to the need for public confidence in the group's activities. The board's assessments of impartiality issues are recorded.

Significant transactions in 2021:

In 2021, Cegal signed the acquisition of Sysco. Sysco was a Nordic provider of smart applications, specialized consultancy services and secure operation and monitoring of IT infrastructure and databases, primarily serving customers in the power and utilities market. The acquisition significantly enhanced Cegal's presence in the power and utility market, and the combined company aim to create a global technology powerhouse for the energy sector. The acquisition was partly financed with a NOK 600 million bond issue and closed on 7 October 2021.

On January 3rd 2022 Sysco AS was merged into Cegal AS.

Deviation from section 4 of the recommendation: None

5. Shares and negotiability

Chip Bidco AS's shares are not listed on a stock exchange and the vast majority of the Group's subsidiaries are wholly owned. Chip Bidco AS is wholly-owned (100%) by Chip Midco AS, which is wholly owned (100%) by Chip Topco AS.

Credo Partners AS, Norvestor SPV 1 Holding AS and employees/management/board of the Cegal group are indirect owners of the Company with indirect shareholdings of 8%, 60% and 32%, respectively.

Deviation from section 5 of the recommendation: None

6. General meetings

The board of directors ensure that the company's shareholders can participate in the general meeting. The resolutions and supporting information distributed are sufficiently detailed, comprehensive, and specific to allow shareholders to form a view on all matters to be considered at the meeting. Deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible. The members of the board of directors and the chairman of the nomination committee attend the general meeting. The general meeting is able to elect an independent chairman for the general meeting.

Deviation from section 6 of the recommendation: None

7. Nomination committee

The Company's board of directors comprise of only one board member and there is no need for a nomination committee in Chip Bidco AS.

Deviation from section 7 of the recommendation: None

8. Board of directors: composition and independence

The board consists of one board member elected by the General Meeting.

Deviation from section 8 of the recommendation: None

9. The work of the board of directors

The board of Chip Bidco AS has an annual plan for its work with special emphasis on goals, strategy and business plans. The board has the overall responsibility for the management and organization of the company in accordance with laws, regulations, articles of association and resolutions passed at the general meeting. The board receives periodic reporting of profit development, market development, management, personnel and organizational development and development in the risk picture and risk exposure for the company. The board's responsibilities and tasks are reviewed annually, and the board's work follows an established work plan and instructions.

The board conducts an annual self-evaluation of its work with a view to working methods, case processing, meeting structure and prioritization of tasks. The requirements for composition and competence are met. In 2021, two ordinary board meetings were held. The attendance percentage in 2021 was 100%. There is a board insurance in place for Chip Topco AS which also cover all subsidiaries including Chip Bidco AS.

Deviation from section 9 of the recommendation: None

10. Risk management and internal control

Risk management in the group shall support the company's strategic development and goal achievement as well as ensure financial stability and sound management. The company's overall goals and strategic choices are determined through regular strategy processes. The board of Chip Bidco AS is responsible for ensuring that the group has subordinated capital that is prudent based on adopted risk profile and regulatory requirements. The board sets the overall objectives such as risk profile and return target. The board also determines the overall framework, authorizations and guidelines for risk management in the Group.The board of Cegal Group AS reviews the group's development on a quarterly basis within the most important risk areas in relation to adopted policies, frameworks and target figures, and conducts an annual review of internal control. The HSEQ department is organized independently of the business units and reports to the CFO. The department is responsible for independent risk assessment, risk reporting and the overall risk monitoring in the group and reports periodically to the board on developments in the risk picture.

The company's management is responsible for establishing and maintaining sound internal control related to the group's financial reporting. The internal control related to financial reporting in the group is a process that under the supervision of the CEO and CFO is designed to provide reasonable assurance for reliable financial reporting and preparation of the group's quarterly and annual accounts in accordance with IFRS as adopted by the EU. The accounting principles applied by the Group are also in accordance with IFRS as issued by the International Accounting Standards Boards (IASB). The company's finance department prepares financial reporting for the group. The department ensures that the reporting takes place in accordance with current legislation, accounting standards and the Group's accounting principles. The department has established processes that ensure that the accounting reporting is quality assured and that any errors and deficiencies are followed up and corrected on an ongoing basis. For all financial reporting, several control measures have been established to ensure correct, valid, and complete reporting. In addition, detailed reconciliation controls are performed daily and monthly.

Deviation from section 10 of the recommendation: None

11. Remuneration of the board of directors

No remuneration has been paid to the one member of the board in 2021

Deviation from section 11 of the recommendation: None

12. Remuneration of executive personnel

No remuneration has been paid to senior executives in 2021 as there are no employees in Chip Bidco AS.

Deviation from section 12 of the recommendation: None

13. Information and communications

Chip Bidco AS emphasis strongly on correct, relevant and timely information about the company's development and results to create confidence in the investor market. Information to the market is disseminated through investor presentations, websites on the Internet, press releases and financial reports. Regular presentations are held with investors, banks and other partners.

Deviation from section 13 of the recommendation: None

14. Take-overs

In a bid situation, the company's board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

Deviation from section 14 of the recommendation: None

15. Auditor

The external auditor is elected by the general meeting. Ernst & Young was the Group's external auditor in 2021.

The external auditor participates in board meetings where the annual accounts are on the agenda, and issues the statutory confirmation of the financial information provided by the group. The board informs the general meeting of the auditor's remuneration in a meeting. The external auditor has not performed significant consulting assignments for the Group. Specified auditor's fees for financial auditing and services other than auditing are stated in the note to the annual accounts.

Deviation from section 15 of the recommendation: None

Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on the current cash balances, the current overdraft facility and the Group's long-term strategic financial trajectory.

Although the majority of Group's revenues are generated in the energy sector, our business model has proven robust even in tough times. We see the digitalization in the energy sector as a growth opportunity as we offer products and services that will enable our customers more flexibility and also to operate more cost efficient. With Envision and Sysco Group now onboard, we have diversified our value proposition further with more focus on the renewable energy industry.

Although 2021 has been influenced by Covid-19, the Group has once again proven very resilient to market changes. We are carefully monitoring the global situation, and follow advice from national and world health organizations and, most importantly, maintain a dynamic business continuity plan that addresses the concerns and wellbeing of the organization's employees as well its physical and financial assets including customer relationships. Our business continuity plan is the risk mitigating cornerstone in monitoring these risks associated with Covid-19.

Even if the Group's exposure to the ongoing situation in Ukraine is considered as limited, we have established a task force to monitor the situation on a continuous basis, addressing social aspects of employees as well as potential consequences on the financial and legal side.

Risk factors

Market risk

The Group has exposure to currency and interest rate risk. Currency risk includes risk from contractual purchase or sale denominated in foreign currencies, in addition to foreign investments and future cash flow from these investments.

This currency risk is reduced by having parts of the cost base in foreign currencies as well. Cegal is on an ongoing basis considering various risk mitigating factors including hedging of foreign currency risks.

The Group is also exposed to changes in interest rates.

Credit risk and oil price risk

The loss on receivables has historically been very limited for the Group, and the risk of losses on receivables is also considered very limited. Our core offerings has proven resilient to changes in the oil price historically.

Liquidity risk

The Group held liquid assets of NOK 93.3 million at the end of the year compared to NOK 36.3 million in 2020, as well as having access to bank overdraft facilities of NOK 25.8 million. The Group considers its liquidity as good, and its exposure to liquidity risk is considered to being limited.

Work environment

Sick leave in the Group was approximately 2.3% in 2021 compared to 1.9% in 2020. During the course of the year, it has not occurred or been reported serious workplace accidents, which resulted in significant damage or injuries. The working environment is good, and improvements are being continuously evaluated and implemented.

Equality

At the end of 2021, the Group consisted of a total of 739 employees compared to 388 in 2020, including 148 (61 in 2020) women and 591 (327 in 2020 men. The goal is to be a workplace where there is full gender equality. The Board and management are aware of the societal expectations on measures to promote gender.

Discrimination

The Anti-Discrimination Act is to promote equality, ensure equal opportunities and rights and prevent discrimination based on ethnicity, national origin, ancestry, color, language, religion and belief. The Group works actively, purposefully and systematically to promote the purpose within our business. The activities include recruitment, pay and working conditions, promotion, development and protection against harassment.

The Group aims to be a workplace where there is no discrimination on grounds of disability. The Group works actively and purposefully to design and facilitate the physical conditions so that the different functions can be used by as many people as possible. For employees or applicants with disabilities, individual arrangements are made with regards to workplaces and work tasks.

Environment

The operations do not affect the external environment beyond the normal for the company business.

Subsequent events

On 21 March 2022, the Group listed a senior secured 1 500 million bond at the Oslo Stock Exchange after having previously been listed on Nordic ABM. The bond has a maximum principal amount of 1 800 million and the maturity date is 13 December 2024.

Furthermore, the Group has established a group, designated by management, to monitor its exposure to the ongoing situation in Ukraine. Currently, the exposure is considered limited, however we are monitoring all relevant aspects of the situation and take appropriate measures whenever appropriate.

In addition, the Group has a non-sanctioned subsidiary established in Russia as part of serving two of its customers in the country. However, the revenues from the Russian entity is very limited, 0.7% of the total, and the assets are only 0.1% of the Group's total assets. Hence, the exposure for the Group is considered limited in terms of the Russian entity.

Future outlook

The Group's main markets are expected to be growing in 2022.

As the market leader for cloud enablement on the Norwegian Continental Shelf ("NCS"), a strong and skilled consulting unit and a global centre for innovation in energy sector with a portfolio of software customers in more than 40 countries across the world, the Group is well positioned to continue its strong and profitable growth path, focusing on the energy sector.

Based on the current demand from our customers, a focused organization, new unique products and a strong order estimated order backlog of NOK 2.6 billion, the company expects further growth, increased profitability and a positive cash flow going forward.

Net profit and allocations

For 2021, the Board proposes the following allocation of the net income for Chip Bidco AS:

Transferred loss to other equity: NOK -58.4 million

Total allocation: NOK -58.4 million

No dividend is proposed in respect of the 2021 financial year.

Stavanger, 30 April 2022

Fredrik Gyllenhammar Raaum (dig. sign.)
Chairman

RESPONSIBILITY STATEMENT

The Board of Directors and the CEO confirm that to the best of our knowledge the financial statements as of 31 December 2021, which have been prepared in accordance with IFRS as adopted by the European Union and generally accepted accounting practice in Norway, provides a true and fair view on the Group's consolidated assets, liabilities, financial position and result.

We also confirm, to the best of our knowledge that the Board of Directors' report includes a true and fair overview of the development, performance and financial position of the Group, together with a description of the principal risks and uncertainties they face.

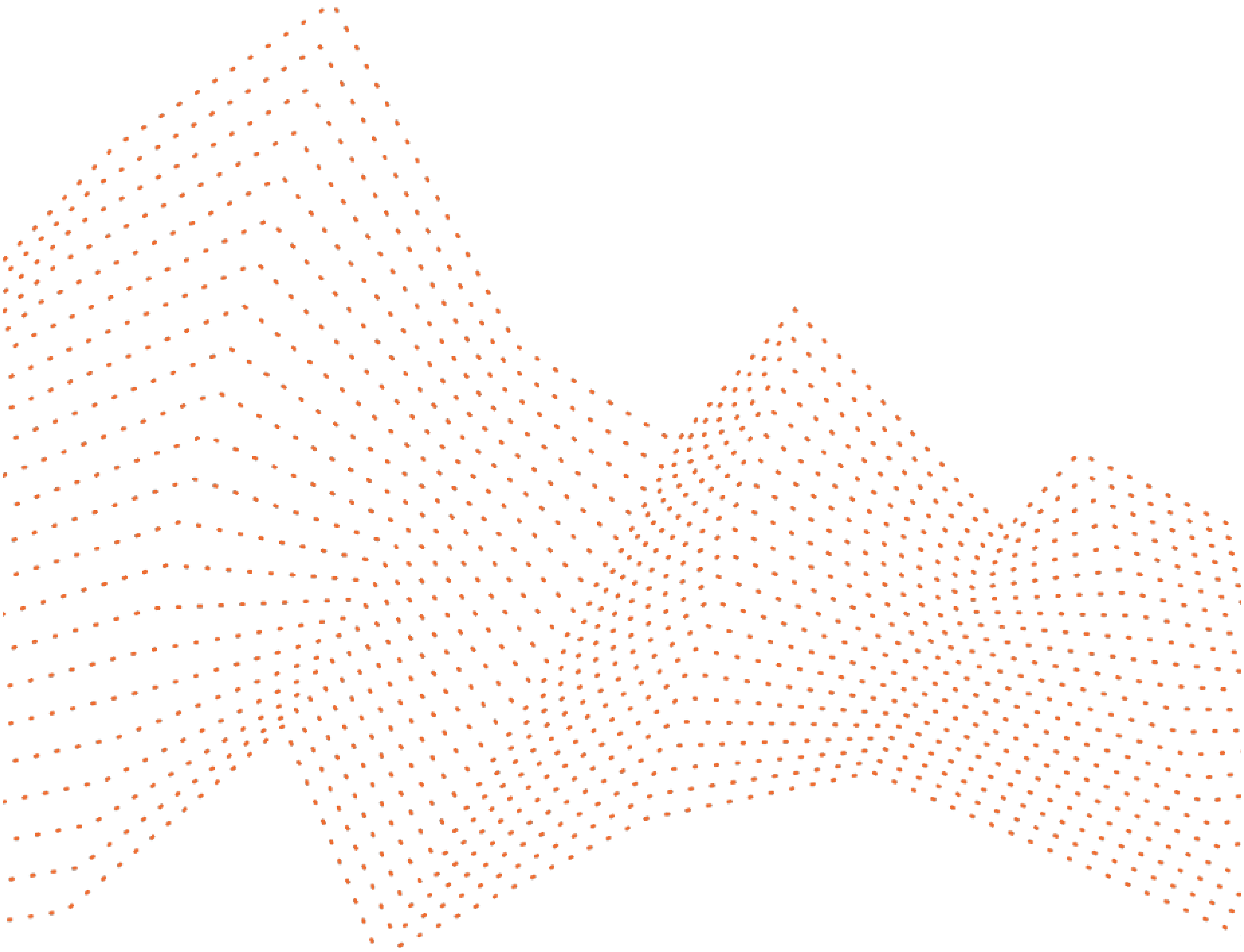
Stavanger, 30 April 2022

Fredrik Gyllenhammar Raaum (dig. sign.)
Chairman

Dagfinn Ringås (dig. sign.)
CEO

Chip Bidco AS

Group annual accounts 2021



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (NOK THOUSANDS)	NOTE	2021	2020
Revenues			
Sales revenue	20	990 042	785 535
Other operating income		2 336	3 354
Total Revenues		**992 378**	**788 889**
Operating expenses			
Cost of materials		288 603	213 069
Payroll expenses	13	473 514	336 500
Other operating expenses	8, 13	88 005	47 212
Total operating expenses before depreciation		**850 122**	**596 781**
Earnings before interest, tax, depreciation & amortization (EBITDA)		**142 256**	**192 108**
Depreciation and amortization	7, 8	193 818	193 514
Operating result (EBIT)		**-51 562**	**-1 406**
Financial income and expenses			
Interest income		1 940	4 059
Interest expenses	15	-82 672	-64 362
Financial cost		-7 809	-17 308
Net foreign exchange gain/-loss		-2 650	-2 354
Net financial income (loss)		**-91 191**	**-79 965**
Net profit (loss) before tax		**-142 752**	**-81 371**
Tax expense	14	30 502	21 296
Net profit (loss) for the year		**-112 250**	**-60 075**
Non-controlling interest		592	0
Net profit (loss) - equity holders of the parent		**-112 842**	**-60 075**
Earnings per share	10	-3.74	-2.00
Earnings per share diluted	10	-3.74	-2.00

(NOK thousands)	**2021**	**2020**
Profit (loss) for the year	-112 250	-60 075
Other comprehensive income, items to be reclassified to profit & loss in subsequent periods		
Translation differences	444	-707
Total compehensive income	**-111 806**	**-60 782**
Total comprehensive income attributable to:		
Equity holders of the parent company	-112 398	-60 782
Non-controlling interest	592	0
Total comprehensive income	**-111 806**	**-60 782**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (NOK THOUSANDS)	NOTE	2021	2020
FIXED ASSETS			
Intangible assets			
Goodwill	7, 19	1 805 143	976 779
Other intangible assets	7	979 103	605 919
Total intangible assets		**2 784 246**	**1 582 698**
Tangible assets			
Property, plant, equipment & machineries	8	156 922	183 292
Total tangible assets		**156 922**	**183 292**
Non-current assets			
Other long-term receivables	4	3 611	1 115
Total financial assets		**3 611**	**1 115**
NON- CURRENT ASSETS		2 944 779	1 767 105
CURRENT ASSETS			
Receivables			
Trade receivables	4, 9	240 956	136 775
Other receivables	4	23 464	15 400
Prepayments		13 942	11 198
Total receivables		**278 362**	**163 373**
Cash and cash equivalents	4, 11	**62 091**	**36 259**
Total current assets		340 453	199 632
TOTAL ASSETS		**3 285 232**	**1 966 737**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (NOK THOUSANDS)	NOTE	2021	2020
EQUITY			
Paid-in capital			
Share capital	18	180	60
Share premium reserve	18	1 319 366	757 136
Total paid-in capital		**1 319 546**	**757 196**
Retained earnings			
Other equity		-209 776	-97 378
Total retained earnings		**-209 776**	**-97 378**
Equity attributable to equity holders of the parent		**1 109 770**	**659 818**
Non-controlling interests		2 572	0
Total equity		**1 112 342**	**659 818**
LIABILITIES			
Provisions			
Deferred tax liability	14	171 443	114 278
Total provisions		**171 443**	**114 278**
Long-term liabilities			
Interest bearing loans and borrowings	4, 6	1 470 268	873 960
Other long-term liabilities	4	12 347	0
Lease liabilities	3, 6, 15	89 029	113 196
Total other long-term liabilities		**1 571 644**	**987 156**
Current liabilities			
Short-term lease liabilities	3, 5, 6	53 966	57 794
Short-term interest-bearing debt	3, 4, 5	24 200	0
Trade creditors	3, 4, 5	73 744	30 252
Public duties payable	3, 4, 5	79 158	36 241
Taxes payable	4, 5, 14	1 219	444
Other short-term liabilities	4, 5, 16	197 516	80 754
Total current liabilities		**429 803**	**205 485**
Total liabilities		2 172 890	1 306 919
TOTAL EQUITY AND LIABILITIES		**3 285 232**	**1 966 737**

Stavanger, 30 April 2022

Fredrik Gyllenhammar Raaum (dig. sign.)
Chairman

Dagfinn Ringås (dig. sign.)
CEO

CONSOLIDATED STATEMENT OF CASH FLOWS (NOK THOUSANDS)	NOTE	2021	2020
Cash flow from operating activities			
Net profit (loss) before tax		-142 752	-81 371
Depreciation and amortization	7, 8	193 818	193 513
Taxes paid	14	-444	-1 840
Interest income		-1 940	-4 059
Financial expenses		93 131	84 023
Change in trade receivables and trade creditors		7 010	-20 128
Changes in other current balance sheet items		15 526	-55 550
Net cash flow from operating activities		**164 349**	**114 588**
Cash flow from investing activities			
Acquisition of the Sysco group, net of cash acquired	21	-719 301	0
Acquisition of the Envision group, net of cash acquired	21	-20 100	0
Acquisition of tangible fixed assets	8	-19 261	-12 293
Acquisition of intangible assets	7	-28 299	-21 367
Interest received		1 940	4 059
Net cash flow from investment activities		**-785 021**	**-29 601**
Cash flow from financing activities			
Proceeds from new long-term debt	6	596 308	0
Increase in short-term interest-bearing debt		24 200	0
Capital contribution		174 283	0
Interest payments to financial institutions		-90 481	-60 304
Installment leasing-liabilities (IFRS 16)	6	-57 794	-61 208
Net cash flow from financing activities		**646 514**	**-121 512**
Total change in cash and cash equivalents		**25 842**	**-36 525**
Currency effect on cash		-10	21
Cash and cash equivalents beginning of period		36 259	72 763
Cash and cash equivalents end of period		**62 091**	**36 259**

STATEMENT OF CHANGES IN EQUITY (NOK THOUSANDS)	NOTE	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Equity as of 31 December 2019		**60**	**757 136**	**-36 206**	**720 990**	**0**	**720 990**
Net profit (loss) for the year 2020				-60 075	-60 075	0	-60 075
Translation differences				-707	-707	0	-707
Total comprehensive income 2020				-60 782	-60 782	0	-60 782
Acquisition/sale of own shares				-390	-390	0	-390
Equity as of 31 December 2020		**60**	**757 136**	**-97 378**	**659 818**	**0**	**659 818**
Net profit (loss) for the year 2021			0	-112 842	-112 842	592	-112 250
Translation differences				444	444	0	444
Total comprehensive income 2021			0	-112 398	-112 398	592	-111 806
Shareholders contribution	18	120	562 230	0	562 350	0	562 350
Non-controlling interest				0	0	1 980	1 980
Equity as of 31 December 2021		**180**	**1 319 366**	**-209 776**	**1 109 770**	**2 572**	**1 112 342**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT 2021

GENERAL INFORMATION

Chip Bidco AS and the headquarter is located in Stavanger, Norway. Chip Bidco AS was established on 18 October 2019. The Group was established following the acquisition of Cegal Group AS and the acquisition was formally closed on 20 December 2019.

The consolidated financial statements of Chip Bidco AS for the fiscal year 2021 were approved in the board meeting on 30 April 2022.

Basis of presentation

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and IFRS as adopted by the EU, and are mandatory for financial year beginning on or after 1 January 2021, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2021.

The historical cost basis have been used when preparing the financial statements. These policies have been applied consistently to all periods presented. Some totals may not equal the sum of the amounts shown due to rounding.

The financial statements have been prepared under the assumption of going concern. The financial statements are presented in NOK thousands.

NOTE 1 ACCOUNTING PRINCIPLES

1.1 Functional currency and presentation currency

Functional currency

The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognized continuously in the accounting period.

Presentation currency

The Group's presentation currency is NOK. The statement of financial position figures of entities with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items, including goodwill, and the exchange rate at the date of the transaction for profit and loss items. The monthly average exchange rates are used as an approximation of the transaction exchange rate. Exchange differences are recognized in other comprehensive income ("OCI").

When investments in foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary attributable to the equity holders of the parent are recognized in the statement of comprehensive income.

When a loss of control, significant influence or joint control is present the accumulated exchange differences related to investments allocated to controlled interests is recognized in profit and loss. When a partial disposal of a subsidiary (not loss of control) is present the proportionate share of the accumulated exchange differences is allocated to non-controlling interests.

1.2 Basis for consolidation

Subsidiaries are companies in which the Group has a controlling interest. A company has been assessed as being controlled by the Group when the Group is exposed for or have the rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the Group's returns. Thus, the Group controls an entity if and only if the Group has all the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of the Group's returns.

There is a presumption that if the Group has the majority of the voting rights in an entity, the entity is considered as a subsidiary. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the entity. Including ownership interests, voting rights, ownership structure and relative power, as well as options controlled by the Group and shareholder's agreement or other contractual agreements. The assessments are done for each individual investment.

The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. A controlling interest is normally achieved when the Group owns more than 50% of the shares in the company and is also in the position to exercise control over the company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests are presented separately under equity in the Group's balance sheet.

The consolidated financial statements are prepared such that the group of companies are presented as a single economic entity. Intercompany transactions have been eliminated in the preparation of the consolidated financial statements. The accounting principles for the consolidated financial statements have been applied consistently for all periods presented.

Acquired subsidiaries are accounted for on the basis of the parent company's acquisition cost. The acquisition costs are attributed based on fair values of the separable net assets acquired. Values in excess of fair value of the separable net assets are presented as goodwill in the statement of financial position.

Change in ownership interest without loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The consideration is recognized at fair value and the difference between the consideration and the carrying amount of the non-controlling interests is recognized at the equity attributable to the parent.

Loss of control

In cases where changes in the ownership interest of a subsidiary lead to loss of control, the consideration is measured at fair value.

Assets (including goodwill) and liabilities of the subsidiary and non-controlling interest at their carrying amounts are derecognized at the date when the control is lost.

The fair value of the consideration received is recognized and any investment retained is recognized at fair value. Gain or loss is recognized in profit and loss at the date when the control is lost.

1.3 Statement of financial position classification

The Group presents assets and liabilities in the statement of financial position based on their current/ non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle or it is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.4 Segments

For management reporting purposes, the Group has one reportable segment. As the financial statement is consistent with the internal financial reporting, and thus is equal to the Income Statement, Statement of Financial Position and Cash Flow Statement, no further disaggregation is provided.

1.5 Sales revenue

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from services is recognized when performed. Revenue from sale of goods is recognized at transfer of risk and control.

The Group's cloud-based solutions provide IT systems and customized software solutions, and are recognized over time.

Sale of licenses (right to use) that are distinct are recognized at a point in time when the customer is able to use and benefit from the license. Maintenance revenue is recognized on a straight-line basis over the maintenance period.

Sale of licenses that are part of a bundled contract (right to access) are not distinct and are recognized over the contract period. Sale of perpetual license rights are recognized when the customer gets access to the software.

1.6 Tangible assets

Tangible assets are capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are capitalized and depreciated together with the underlying asset. Tangible assets are subject to impairment assessments in accordance with 1.8 Impairment.

1.7 Intangible assets

Intangible assets comprise software, order backlog and customer relations, which are identifiable and controlled by the company.

Research costs are expensed as incurred. Development expenditures related to software on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability and intention to use the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually, in accordance with 1.8 Impairment below.

1.8 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior year impairments of tangible fixed assets and intangible assets are reviewed for possible reversal at each financial reporting date.

1.9 Trade and other receivables

Trade receivables and other current receivables are recorded in the statement of financial position at nominal value less provisions for doubtful debts. Loans and receivables are subsequently carried at amortized cost using the effective interest method. Financial assets and liabilities are only offset, and net reported in the balance sheet, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis. The Group recognizes an allowance for expected credit losses (ECLs) for all trade and other receivables. The Group applies a simplified approach in calculating ECLs.

1.10 Trade payables/creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non- current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

1.11 Income tax

The tax expense for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

1.12 Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate. Loans, borrowings and payables are recognized at amortized cost net of directly attributable transaction costs.

Loans and long-term debt

After initial recognition, interest-bearing loans and debt are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

1.13 Finance income and costs

Interest income comprises interest income on bank deposits. Interest costs comprise interest expense on borrowings. Foreign exchange gains and losses are presented net.

1.14 Cash and cash equivalents

In the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents includes cash, bank deposits and other short-term highly liquid investments with original maturities of three months or less.

1.15 Equity

Transaction costs directly related to an equity transaction are recognized directly in equity after deducting tax expenses.

1.16 Leasing / leases

Lease contracts where the Group is a lessee are capitalized. Upon commencement of the lease the right-of-use asset is recognized at cost being the present value of the lease payment in the contract during the lease term as defined by IFRS 16, in addition to initial direct costs.

The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option. The corresponding lease liability is recognized in the balance sheet at present value.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The change in liability is added to or deducted from the right-of-use asset.

The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The right-of-use asset acquired under leases is depreciated over the asset's useful life or the lease term, if shorter, if the lease does not transfer ownership at the end of the lease term, or there is no purchase option that is in the money. The Group applies the depreciation requirements in IAS 16 Property,

Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Right of use assets are subject to impairment assessments in accordance with 1.8 Impairment.

The Group has also applied the practical expedient to not recognize lease liabilities and right-of-use assets for short-term leases and low-value asset leases.

1.17 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Acquisition-related costs are expensed in the periods in which the costs are incurred, and the services are received.

The consideration paid in a business combination is measured at fair value at the acquisition date.

When acquiring a business all financial assets and liabilities are assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Goodwill is recognized as the difference between the consideration transferred, including an equivalent amount for any non-controlling interest, and the net of the acquisition-date fair values of identifiable assets acquired and liabilities assumed. Goodwill is not depreciated but tested for impairment at least annually. For goodwill impairment purposes, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the business combination.

1.18 Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments with original maturities of three months or less.

1.19 EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)

The Group has presented an additional subtotal in the statement of comprehensive income. This subtotal is considered relevant to the understanding of the entity’s financial performance.

1.20 Events after the reporting period

New information on the Group’s financial position at the end of the reporting period which becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period that do not affect the Group’s financial position on the end of the reporting period, but which will affect the Group’s financial position in the future are disclosed if significant.

NOTE 2 ESTIMATION UNCERTAINTY & SIGNIFICANT JUDGEMENT

In the process of applying the Group's accounting policies, management has made several judgements and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Changes in key assumptions may have significant effect and may cause material adjustments to the carrying amounts of assets and liabilities, equity and the profit for the year.

The Group's most important accounting estimates are the following:

- The fair value of assets acquired and liabilities assumed relating to the acquisition of the Sysco group
- Impairment testing of goodwill (Note 19)

Identification of cash generating units and operating segments are considered as a result of significant judgements.

Purchase price allocation relating to the assets acquired and liabilities assumed in the acquisition of the Sysco group

The Group is required to allocate the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. The Group engaged an independent third-party to assist in determining the fair values of the assets acquired and liabilities assumed. Such valuations require management to make significant judgements in selecting valuation methods, estimates and assumptions. In order to calculate the fair values of the tangible assets, intangible assets and liabilities to be allocated the expected future cash flows have been reconciled to the purchase price.

The reconciliation requires management to make estimates on future cash flows and discount rates.

The intangible assets that was valued separately include the customer relationships, technology and the assembled workforce. For all other assets and liabilities, net book value was assumed to represent fair value as of the valuation date. The estimated value of the identifiable intangible assets, customer relationships and the technology, was recognized separately.

The value of the assembled workforce is recognized as part of goodwill.

The key assumptions in the valuation of the customer relationships are the expected remaining lifetime for the relationship, the expected EBITDA margin on the sales, an estimated contributory asset charge (CAC) and determining an appropriate discount rate. The valuation of the technology is based on cost savings from owing the technology estimated by using a royalty rate based on comparable licensors. The value of the order backlog was found material and is valued separately from customer relationships. The key assumptions in the valuation include the expected revenue and EBITDA and CAC on the contracts.

The remaining consideration is allocated to goodwill. The amount allocated to goodwill is significant and using different estimates in the valuation of the identifiable intangible assets could result in a material impact on the recognized amount of goodwill. Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Impairment testing of goodwill

For impairment testing, goodwill acquired through business combinations is allocated to the Group's CGU. The Group performs its annual impairment test in September 2021 and considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment.

The acquisition of the Sysco Group was made in October 2021. The goodwill related to the Sysco-acquisition in 2021 is based on the Purchase Price Allocation (PPA) performed around year-end 2021. The PPA is based on estimated EBITDA for 2021 and industry standard multiples. It has been evaluated that it has not occurred indicators of impairment after the acquisition, ref. note 19 for further description.

Identification of cash generating units (CGU's) and operating segments

From the acquisition date, acquired goodwill is to be allocated to each of the acquirer's CGUs, or to a group of CGUs, that are expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is so allocated must represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and not be larger than an operating segment determined in accordance with IFRS 8 – Operating Segments.

The different revenue streams in the Group, such as software, cloud and business consulting are often sold together and based on a separate assessment management concluded that the different revenue streams are not largely independent and are therefore seen together as one CGU.

Further, management assessed if there is more than one operating segment in the Group. Even though revenues from the different revenue streams are reported separately, operating results are viewed on a total basis by the Group Management, hence it was concluded that there is only one operating segment.

Please also see note 19 Impairment testing of goodwill and note 21 Acquisition for further information about the CGU.

NOTE 3 FINANCIAL RISKS AND RISK MANAGEMENT

The Group's principal financial liabilities, comprise interest-bearing liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, cash and cash equivalents that derive directly from its operations. Additional or alternative financing shall be secured in line with objectives and guidelines set forth by the Board of Directors and with due consideration to financing costs, repayment terms and the ability to satisfy lender covenant requirements.

Overriding principles

The Company's Board of Directors is responsible for defining the Company's risk profile and for ensuring that appropriate risk management and governance is exercised by the Company. As a guiding principle, the Company's strategy is to meet its stated objectives without exposing itself to material financial risk. Furthermore, the Company will not seek to increase profitability through actively seeking to increase its financial risk exposure, but will instead seek to ensure that financial risks are managed to within acceptable thresholds.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks.

Market risk: Interest rate risk

Market risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest risk and currency risk. Financial instruments affected by market risk include liabilities to financial institutions, deposits and debt.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to significant interest rate risk, primarily as a consequence of its third-party bond debt that is offered on floating rate terms.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings affected. The Group's profit before tax is affected through the impact on floating rate borrowings, as follows (in NOK thousand):

2020: +/- 100 basis points	+/- 9 000
2021: +/- 100 basis points	+/- 15 000

A change in the interest rate would not have a significant effect on equity in 2020 or 2021.

Market risk: Foreign currency risk

Foreign currency risk is the risk that the future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Currency risk includes risk from contractual purchase or sale denominated in foreign currencies, in addition to foreign investments and future cash flow from these investments. This currency risk is reduced by having parts of the cost base in foreign currencies. The risk related to foreign currency is not considered to be a material risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, debt instruments and account receivables. The loss on receivables has historically been low, and the risk of losses on receivables is considered limited.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to fulfill its financial obligation as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The amounts disclosed in the table below are the financial liability contractual undiscounted cash flows at 31 December 2021:

NOK thousands	LESS THAN 1 YEARS	1-2 YEARS	2-3 YEARS	3-4 YEARS	MORE THAN 4 YEARS	TOTAL
Interest bearing loans and borrowings			1 500 000			1 500 000
Interest bearing loans and borrowings - interests	88 422	88 422	88 422			265 265
Lease liabilities	62 838	42 436	31 161	18 185	14 530	169 150
Trade and other payables	73 744					73 744
Public duties payable	79 158					79 158
Other short-term liabilities	197 516					197 516
Total at 31 December 2021	**501 678**	**130 858**	**1 619 583**	**18 185**	**14 530**	**2 284 833**

NOK thousands	LESS THAN 1 YEARS	1-2 YEARS	2-3 YEARS	3-4 YEARS	MORE THAN 4 YEARS	TOTAL
Interest bearing loans and borrowings				900 000		900 000
Interest bearing loans and borrowings - interests	53 053	53 053	53 053	53 053		212 212
Lease liabilities	57 794	41 995	21 753	14 797	34 651	170 991
Trade and other payables	30 252					30 252
Public duties payable	36 241					36 241
Other short-term liabilities	80 752					80 752
Total at 31 December 2020	**258 092**	**95 048**	**74 806**	**967 850**	**34 651**	**1 430 448**

Capital management

With respect to the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent company where the primary objective is to maximize the shareholder value.

To manage the capital structure, the Group may adjust the dividend payment to the shareholder.

No financial covenants are related to capital management.

Capital management

	2021	2020
Interest bearing loans and borrowings	1 470 268	873 960
Long-term lease liabilities	89 029	113 196
Short-term lease liabilities	53 966	57 794
Short-term interest-bearing debt	24 200	0
Trade creditors	73 744	30 252
Less: Cash and cash equivalents	-62 091	-36 259
Net debt	**1 649 116**	**1 038 945**
Total equity	1 112 342	659 818
Capital and net debt	**2 761 459**	**1 698 763**
Gearing ratio	59.7 %	61.2 %

Climate risk

The Group is a trusted global technology powerhouse specialized in the energy sector, providing hybrid cloud solutions, software and consultancy within IT, business, geoscience, and data management. The Group provides broad and deep domain competencies across the whole energy vertical, including renewables.

The solutions provided do not pollute the environment, but the Group is focused on contributing to use environmentally friendly power sources.

Climate risk is among other considered when evaluating the going concern assumption, value in use estimations and impairment evaluations.

NOTE 4 FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY

For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other receivables, interest bearing loans and borrowings, lease liabilities, trade creditors and other payables.

The carrying amount of cash and cash equivalents is approximately equal to fair value since these instruments have a short term to maturity.

Similarly, the carrying amount of trade receivables and other receivables and payables is approximately equal to fair value since they are short term and entered into on "normal" terms and conditions.

The fair value of financial assets and liabilities recognized at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the end of the reporting period.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments:

Financial assets (in NOK thousands)	Fair value measurement hierarchy	2021 Book value	2021 Fair value	2020 Book value	2020 Fair value
Other long-term receivables	Level 2	3 611	3 611	1 115	1 115
Trade receivables	Level 2	240 956	240 956	136 775	136 775
Other current receivables	Level 2	23 464	23 464	15 400	15 400
Cash and cash equivalents	Level 2	62 091	62 091	36 259	36 259
Total financial assets		**330 122**	**330 122**	**189 549**	**189 549**
Financial liabilities					
Interest bearing loans and borrowings	Level 2	1 470 268	1 470 268	873 960	873 960
Other long-term liabilities	Level 2	12 347	12 347	0	0
Short-term interest-bearing debt	Level 2	24 200	24 200	0	0
Trade creditors	Level 2	73 744	73 744	30 252	30 252
Other short-term liabilities	Level 2	3 341	3 341	2 006	2 006
Total financial liabilities		**1 583 900**	**1 583 900**	**906 218**	**906 218**

Fair value estimation

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. The Group only has financial instruments in level 2.

NOTE 5 MATURITY ANALYSIS CURRENT LIABILITIES

The table below shows a maturity analysis for the Group's current liabilities:

Per 31.12.2021 (In NOK thousands)	within 3 months	within 3-6 months	within 6-12 months	Total
Short-term lease liabilities	13 492	13 492	26 983	53 966
Short-term interest-bearing debt	24 200	0	0	24 200
Trade creditors	73 744	0	0	73 744
Public duties payable	79 158	0	0	79 158
Taxes payable	0	0	1 219	1 219
Other short-term liabilities	116 090	81 426	0	197 516
Total current liabilities	**306 684**	**94 918**	**28 203**	**429 805**

Per 31.12.2020 (In NOK thousands)	within 3 months	within 3-6 months	within 6-12 months	Total
Short-term lease liabilities	14 449	14 449	28 897	57 794
Trade creditors	30 252	0	0	30 252
Public duties payable	36 241	0	0	36 241
Taxes payable	0	0	444	444
Other short-term liabilities	45 139	35 613	0	80 752
Total current liabilities	**126 081**	**50 062**	**29 341**	**205 483**

NOTE 6 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of changes in liabilities arising from financing activities is shown in the tables below:

			Non-cash changes					
(NOK thousands)	**01.01.2020**	Cash flows	Foreign exchange movement	Fair values changes	New leases	Transfer	Other	**31.12.2020**
Interest bearing loans and borrowings	867 451	0	0	0	0		6 509	873 960
Long-term lease liabilities	145 008	0	0	0	33 005	-57 794	-7 023	113 196
Current lease liabilities	61 208	-61 208	0	0	0	57 794	0	57 794
Total liabilities from financing activities	**1 073 667**	**-61 208**	**0**	**0**	**33 005**	**0**	**-514**	**1 044 950**

			Non-cash changes					
(NOK thousands)	**01.01.2021**	Cash flows	Foreign exchange movement	Fair values changes	New leases	Transfer	Other	**31.12.2021**
Interest bearing loans and borrowings	873 960	596 308	0	0	0		0	1 470 268
Long-term lease liabilities	113 196	0	0	0	37 978	-53 966	-8 179	89 029
Current lease liabilities	57 794	-57 794	0	0	0	53 966	0	53 966
Total liabilities from financing activities	**1 044 950**	**538 514**	**0**	**0**	**37 978**	**0**	**-8 179**	**1 613 263**

NOTE 7 INTANGIBLE ASSETS

2020 **(NOK thousands)**	GOODWILL	CUSTOMER RELATIONSHIPS	SOFTWARE	ORDER BACKLOG	TOTAL OTHER INTANGIBLE ASSETS
Aquisition cost 01.01	976 779	208 868	231 033	247 535	687 436
Additions	0	0	21 367	0	21 367
Disposals	0	0	0	0	0
Aquisition cost 31.12	976 779	208 868	252 400	247 535	708 803
Accumulated impairments at 31.12	0	0	0	0	0
Accumulated amortizations at 31.12	0	20 332	41 297	41 256	102 884
Carrying amount 31.12	**976 779**	**188 536**	**211 103**	**206 279**	**605 919**
Impairment charges in 2020	**0**	0	0	0	**0**
Amortization for 2020	**0**	20 332	41 297	41 256	**102 884**
Useful economic life	Indefinite	4-11 years	3-10 years	6 years	
Amortization plan		Linear	Linear	Linear	

Acquisition cost per 01.01 is in its entirety related to the acquisition of Cegal Group at the end of 2019. The additions in 2020 related to Software are in-house developed.

2021 **(NOK thousands)**	GOODWILL	CUSTOMER RELATIONSHIPS	SOFTWARE	ORDER BACKLOG	TOTAL OTHER INTANGIBLE ASSETS
Aquisition cost 01.01	976 779	208 868	252 400	247 535	708 803
Additions	828 364	350 900	132 494	0	483 394
Disposals	0	0		0	0
Aquisition cost 31.12	1 805 143	559 768	384 894	247 535	1 192 197
Accumulated impairments at 31.12	0	0	0	0	0
Accumulated amortizations at 31.12	0	49 436	81 146	82 512	213 094
Carrying amount 31.12.2021	**1 805 143**	**510 332**	**303 748**	**165 023**	**979 103**
Impairment charges in 2021	0	0	0	0	**0**
Amortization for 2021	0	29 104	39 850	41 256	**110 210**
Useful economic life	Indefinite	4-11 years	3-10 years	6 years	
Amortization plan		Linear	Linear	Linear	

The additions of goodwill and customer relationships in 2021 are mainly related to the acquisition of the Sysco group.

NOK 103.8 million of the additions of software are related to the acquisition of the Sysco group, while the rest of the additions of software are mainly in-house developed.

NOTE 8 TANGIBLE ASSETS

2020 (NOK thousands)	RIGHT-OF-USE ASSET IT-EQUIPMENT	RIGHT-OF-USE ASSET OFFICE LEASES	TANGIBLE ASSETS	TOTAL
Aquisition cost 01.01	86 688	109 090	32 846	228 624
Additions	27 026	5 979	12 395	45 400
Disposals	0	0	-102	-102
Aquisition cost 31.12	113 714	115 069	45 139	273 922
Accumulated impairments at 31.12	0	0	0	0
Accumulated depreciations at 31.12	49 741	22 350	18 539	90 630
Carrying amount 31.12	**63 973**	**92 719**	**26 600**	**183 292**
Impairment charges in 2020	0	0	0	**0**
Depreciation for 2020	49 741	22 350	18 539	**90 630**
Useful economic life	2-5 years	2-5 years	2-5 years	
Amortization plan	Linear	Linear	Linear	

Acquisition cost per 01.01 is in its entirety related to the acquisition of Cegal Group at the end of 2019.

2021 (NOK thousands)	RIGHT-OF-USE ASSET IT-EQUIPTMENT	RIGHT-OF-USE ASSET OFFICE LEASES	TANGIBLE ASSETS	TOTAL
Aquisition cost 01.01	113 714	115 069	45 139	273 922
Additions	16 860	21 118	19 261	57 238
Disposals	0	0	0	0
Aquisition cost 31.12	130 574	136 187	64 400	331 160
Accumulated impairments at 31.12	0	0	0	0
Accumulated depreciations at 31.12	91 187	47 397	35 655	174 239
Carrying amount 31.12.2021	**39 387**	**88 790**	**28 745**	**156 922**
Impairment charges in 2021	0	0	0	**0**
Depreciations for 2021	41 446	25 047	17 116	**83 608**
Useful economic life	2-5 years	2-5 years	2-5 years	
Amortization plan	Linear	Linear	Linear	

Interest expense related to IFRS 16 lease liabilities was NOK 8.9 million in 2020 and NOK 7.8 million in 2021. NOK 5.8 million of the additions of tangible assets are related to the acquisition of the Sysco group.

No research & development expenditures were expensed in 2020 or 2021.

Please refer to disclosure 3, 4, 5 and 6 for information about the related leasing liabilities.

Lease expenses recognized in other operating expenses

The Group leases personal computers, IT equipment and machinery with contract terms of 1 to 3 years. The Group has decided to apply the practical expedient of low value assets for some of these leases and does not recognize lease liabilities or right-of-use assets.

The leases are instead expensed when they incur. Leasing cost related to short-term leases amounts to NOK 1.6 million in 2020 and NOK 2.1 million in 2021. Leasing payment for long-term leases amounted to NOK 78.1 million in 2020 and 74.0 million in 2021.

Interest expense related to leases amounts to NOK 7.8 million in 2021.

NOTE 9 TRADE RECEIVABLES

As at 31 December, the aging analysis of trade receivables is as follows:

		Days past due				
(In NOK thousands)	Neither past due nor impaired	<30 days	30-60 days	61-90 days	>91 days	Total
2021	210 008	21 836	4 290	575	4 247	240 956
2020	118 643	8 518	3 187	2 020	4 407	136 775

The Group has a history of limited incurred losses, and as such no provision are recorded as per 31.12.20 and 31.12.21.

NOTE 10 EARNINGS PER SHARE

The basic earnings per share are calculated as the ratio of the profit for the year that is due to the shareholders of the parent divided by the weighted average number of ordinary shares outstanding.

When calculating the diluted earnings per share, the profit that is attributable to the ordinary shareholders of the parent and the weighted average number of ordinary shares outstanding are adjusted for all the dilution effects relating to convertible bonds and share options.

	2021	2020
Net profit (loss) in NOK thousands	-112 250	-60 075
Weighted average numbers of ordinary shares during the year	30 000	30 000
Effect of dilution	0	0
Weighted average number of outstanding diluted shares	30 000	30 000
Earnings (loss) per share in NOK	-3 741.67	-2 002.50
Earnings (loss) per share diluted in NOK	-3 741.67	-2 002.50

NOTE 11 BANK DEPOSITS

The cash and deposits for the Group include no restricted funds as of 31 December 2020. Restricted cash related to employee tax amounts to NOK 7.8 million as per 31 December 2021. Further, a bank guarantee for employee tax of NOK 14 million has established, increased to NOK 36 million as from 1 January 2022.

The Group has bank guarantees of NOK 12 million for property lease agreements as per 31.12.20 and NOK 13 million as per 31.12.21.

NOTE 12 LIST OF SUBSIDIARIES

The consolidated financial statements comprise the following entites:

ENTITIES	COUNTRY OF INCORPORATION	MAIN OPERATIONS	OWNERSHIP INTEREST 2021	VOTING POWER 2021
Chip Bidco AS	Norway	Holding company	100 %	100 %
Cegal Group AS	Norway	IT and SW sales	100 %	100 %
Cegal AS	Norway	IT and SW sales	100 %	100 %
Cegal Ltd	UK	IT and SW sales	100 %	100 %
Cegal LLC	USA	IT and SW sales	100 %	100 %
Cegal Geoscience Inc.	Canada	IT and SW sales	100 %	100 %
Cegal FZ - LLC	UAE	IT and SW sales	100 %	100 %
Cegal Russia LLC	Russia	IT and SW sales	100 %	100 %
Cegal Malaysia Sdn. Bhd.	Malaysia	IT and SW sales	100 %	100 %
SYSCO AS	Norway	IT and SW sales	100 %	100 %
SYSCO FINANS AS	Norway	IT and SW sales	100 %	100 %
Sysco EnergyX AS	Norway	IT and SW sales	51 %	51 %
Sysco Danmark AS	Denmark	IT and SW sales	100 %	100 %
Sysco Holding ApS	Denmark	IT and SW sales	100 %	100 %
SQL Service Nordic AB	Sweden	IT and SW sales	100 %	100 %
SyscoSE AB	Sweden	IT and SW sales	100 %	100 %
SyscoSE Stockholm AB	Sweden	IT and SW sales	100 %	100 %
SyscoSE Uppsala AB	Sweden	IT and SW sales	100 %	100 %

NOTE 13 PAYROLL EXPENSE, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES AND AUDITOR'S

PAYROLL EXPENSE (NOK thousands)	2021	2020
Salaries	399 583	296 626
Payroll tax	59 880	41 786
Pension costs	14 323	10 034
Other payments	14 930	9 578
Capitalized development cost	-15 202	-21 525
Total payroll an related expenses	**473 514**	**336 500**

	2021	2020
The average number of employees	482	337

The Group is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension scheme meets the requirements of that law. The Group has a defined contribution plan.

MANAGEMENT REMUNERATION

	GEN.MAN. 1.1-30.08	GEN.MAN. 30.08-31.12	BOARD OF DIRECTORS
Salary	1 030 170	814 143	
Pension expenses	2 720	1 422	
Other remuneration	3 336	2 478 981	125 000
Total	**1 036 226**	**3 294 546**	**125 000**

Chip Bidco Group does not have its own General Manager. However, the General Manager of Cegal Group is also the acting General Manager in Chip Bidco Group. Sven Torgersen served as a General Manager until 30.08.2022, wherefrom Dagfinn Ringås replaced Sven as General Manager.

Auditor's fee for fiscal 2020 and 2021

The following table shows remuneration related to professional services rendered by the Company's principal auditor, Ernst & Young AS, for fiscal year. The amounts shown are exclusive of value added tax.

(NOK thousands)	2021	2020
Audit fee	1 745	899
Assurance services	84	464
Other assistance	0	0
Total	**1 829**	**1 363**

The Group did not have any issued loans to members of the Board of Directors or the management as per 31 December 2020 and 2021. Total loans to employees related to purchase of shares amounted to NOK 444 thousand as per 31 December 2020 and NOK 2 523 as per 31 December 2021.

NOTE 14 TAX

INCOME TAX EXPENSE (NOK thousand)	2021	2020
Total payable tax	1 219	444
Changes in deffered taxes	-31 722	-21 740
Tax from previous years	0	0
Tax expense	**-30 502**	**-21 296**

SPECIFICATION OF BASE FOR PAYABLE TAXES (NOK thousand)	2021	2020
Net profit (loss) before tax	-142 752	-81 371
Permanent differences	5 335	1 902
Changes in temporary differences	77 174	77 325
Use of tax loss carried forward	-3 951	0
Base for payable tax	**-64 194**	**-2 144**
Taxes payable acquired in business combination	**3 500**	**0**

Summary of temporary differences:	2021	2020
Fixed assets	887 984	552 043
Leasing	-14 818	-14 298
Trade receivable	-4 490	0
Allocations and other itmes	-10 566	-12 953
Loss carried forward	-77 649	-5 344
Temporary differences	**780 461**	**519 448**
*Loss carry forward not recognized **	-1 168	0
Basis for deferred tax	**779 293**	**519 448**
Deferred tax/-deferred tax assets	**171 443**	**114 278**
Deferred tax/-deferred tax assets in Norway	**171 443**	**114 278**
Deferred tax/-deferred tax assets abroad	**0**	**0**

***** Loss carry forward not recognized relates to Cegal FZ LCC, Cegal Canada and the Sysco group.

Effective tax rate	2021	2020
Expected income taxes, tax rate 22 % (Norway)	-31 406	-17 902
Permanent differences and other	1 174	418
Adjustments	598	-1 349
Changes in deferred tax asset not recog. and other	-869	-2 463
Total tax expense	**-30 502**	**-21 296**
Effective tax rate	21 %	26 %

NOTE 15 LONG-TERM LIABILITIES

2021	CURRENCY	TYPE	NOMINAL AMOUNT	NET BOOK VALUE	LIMIT	MATURITY
Interest bearing loans and borrowing	NOK	Bond	1 500 000	1 470 268	1 800 000	13 Dec. 2024
Leases	NOK	Lease agreements	89 029	89 029		*
Total			**1 589 029**	**1 559 297**	**1 800 000**	

2020	CURRENCY	TYPE	NOMINAL AMOUNT	NET BOOK VALUE	LIMIT	MATURITY
Interest bearing loans and borrowing	NOK	Bond	900 000	873 960	1 250 000	13 Dec. 2024
Leases	NOK	Lease agreements	113 196	113 196		*
Total			**1 127 475**	**1 101 435**	**1 250 000**	

The acquisition of the Sysco group was partly financed through a combination of equity and external bond financing. The bond of NOK 900 million was extended with NOK 600 million. The maximum issue amount is NOK 1 800 million.

Settlement from the investment was 15 September 2021 and net issue proceeds from the investment was used in part to finance the merger between Cegal AS and Sysco AS.

The new bonds are issued under separate ISIN 'NO0011087561' and were merged with the bonds issued under the original ISIN 'NO 0010869761'.

Interest bearing loans and borrowings - Bond

The Group, through Chip Bidco AS, has resolved to issue a series of bonds in the maximum amount of NOK 1 800 million in December 2021.

The bonds may be issued on different issue dates and the initial bond issue was in the amount of NOK 900 million and extended by NOK 600 million in 2021. Additional bonds may be issued subject to certain conditions.

The Company is required to report a compliance certificate quarterly basis stating that there has been no material adverse change to the financial condition since the date of the last financial reports. The bond terms hold certain requirements to interest cover ratio and leverage ratio for distributions to be allowed and additional bonds to be issued.

In the current bond agreement Cegal has only incurrence based covenants, meaning the that there is only testing once new debt is incurred. Cegal has no running maintenance covenants that needs to be compliant at the end of each testing date, only at the time of incurrence of new debt. Since we have not raised any new debt since Q3’21, there has not been any relevant testing of incurrence covenant. Cegal is in full compliant with the loan agreements.

The bond was initially listed at Frankfurt Open Market Stock Exchange 13 December 2019, the Nordic ABM in June 2020 and at Oslo Børs on 21 March 2022.

The bond has been recognized at amortized cost by using the effective interest rate method.

Maturity

The outstanding bonds will mature in full on the 13 December 2024 and shall be redeemed by Chip Bidco AS on the maturity date at a price equal to 100 per cent. of the nominal amount. The bonds may be redeemed at an earlier date subject to certain conditions as set out in the agreement.

Interest rate

The interest rate for the bonds is NIBOR plus a margin of 5.5 per cent pa. Interests are paid on a quarterly basis and the first interest payment date was 12 March 2020.

Pledged as security

The shares in Chip Bidco AS, and its shares in Cegal AS, Cegal Group AS, SQL Services Nordic AB, SYSCOse Stockholm AB and SYSCOseAB have been pledged as security for the bonds. In addition, the bonds hold a negative pledge in all of the Group's assets.

The Group has an overdraft facility of 50 MNOK, in which NOK 0 were used as of 31 December 2020 and NOK 24.2 million in 2021. Further, the bank has a discretionary leasing facility available for hardware/ software leasing. Accounts receivable, bank accounts and shares are pledged as security for the bank overdraft facility in material group companies as defined in the bond terms.

NOTE 16 OTHER SHORT-TERM LIABILITIES

NOK thousands	2021	2020
Contract liabilities	10 462	13 698
Salaries	87 575	35 613
Other short-term debt	96 138	29 436
Interest expenses	3 341	2 005
Total	**197 516**	**80 752**

NOTE 17 COVID-19 EFFECTS

COVID-19 is affecting the global economy and the industries in which the Group operates. Through careful monitoring of the global situation, we have followed the advice given by both national and world health organizations and, most importantly, maintain a dynamic business continuity plan that addresses the concerns and wellbeing of the organization's employees as well its physical and financial assets, including customer relationships. Necessary measures have been implemented, and we are continuously monitoring the development of the situation.

The Group is delivering business critical data and applications. Hence, we are a key vendor for our clients through the pandemic. Keeping our employees healthy and maintaining our operation have been our primary focus over the last years and will still be as important for us in the time to come. Although there are uncertainties and risks that are difficult to manage and project, the board and top management are comfortable that sufficient mitigating factors and plans are in place to handle these risks.

NOTE 18 SHARE CAPITAL AND SHAREHOLDER INFORMATION

SHARE CAPITAL	NUMBER OF SHARES	FACE VALUE (NOK)	NOMINAL VALUE (NOK)	SHARE PREMIUM (NOK '000)
Total at 31 December 2020	**30 000**	**2.0**	**60 000**	**757 135**
Share capital increase – Cash contribution	0	2.0	60 000	174 221
Share capital increase – contribution in kind	0	2.0	60 000	388 009
Total at 31 December 2021	**30 000**	**6.0**	**180 000**	**1 319 366**

Main shareholders per 31.12:

	NUMBER OF SHARES	VOTING RIGHTS	OWNERSHIP SHARES
Chip Midco AS	30 000	100 %	100 %

To finance the acquisition of the Sysco group the shareholder Chip Midco AS made a capital injection with an increase in share capital and share premium reserves.

Share capital injection were carried out by way of contribution in by settlement through set-off of receivables Chip Midco AS acquired against the company.

The receivables were acquired by share subscribers in Chip Topco AS (shareholder of Chip Midco AS) in connection with the sale of shares in Sysco AS to Chip Bidco AS.

The share capital was increased by increasing the nominal value of each existing share.

NOTE 19 IMPAIRMENT TESTING OF GOODWILL

The Group has one cash generating unit (CGU), which is also the Group's only operating and reportable segment. For impairment testing goodwill acquired through business combinations is allocated to the CGU.

Recognized goodwill in the Group amounts to NOK 977 million as of 31.12.2020, and NOK 1 805 million as of 31.12.2021, and relates mainly to the acquisition of Cegal Group AS in 2019 and the Sysco group in 2021 (see note 21).

The Group performed its annual impairment test in September 2020 and in September 2021 for goodwill identified and recognized in previous periods.

The impairment assessment is based on value in use calculations using cash flows based on approved business plans for the period 2022-2025 followed by a terminal value calculation.

The impairment test was prepared using the following key assumptions: Revenue growth, margins, the growth rate in the terminal value and the discount rate and the impairment test is also most sensitive to changes in these assumptions.

Sensitivity analyses

A discount rate of 11,1% has been used in the calculations. An increase in the discount rate up to 14.5 % would not result in an impairment. Further, a terminal growth rate of 2,5% has been used in the impairment test. A decrease in the terminal growth rate to zero, would not result in an impairment.

The impairment test shows that there is a considerable headroom and analysis prepared by management show that a reasonable possible change in any key assumption will not result in an impairment charge.

Goodwill recognized in 2021

The goodwill related to the Sysco-acquisition was allocated to the CGU after the date of the annual impairment test that was performed in September 2021. Goodwill from the Sysco acquisition was allocated as part of the preliminary purchase price allocation during the fourth quarter of 2021. The Company assessed that no impairment indicators were identified at the balance sheet date, hence no impairment test was prepared.

NOTE 20 REVENUE

We refer to note 1.5 for a description of the various type of revenues. Contract liabilities revenue in the balance sheet (ref. note 16) is due to revenues from sale of licenses and maintenance (software products) that are recognized over the contract period (over time). All contract liabilities in the balance sheet at the beginning of the year, are recognized as sales revenue in the current year.

Revenue is either paid in advance (software products) or by credit. The payment terms for credit sale is normally 30 days, except for one customer who has 60 days of credit (6 % of total revenue).

Revenues from large customers

The 10 largest customers amount to 56 % of total revenue in 2020, and to 51 % in 2021.

The largest customer accounts for 19 % of total revenue, while top 5 customers accounts for 34 % in 2021.

By activity, region and timing

ACTIVITY DISTRIBUTION BY REGION (NOK thousands)	2021	2020
Norway & Continental Europe	836 170	667 586
UK & Africa	116 493	79 992
North & South America	24 462	26 662
Middle East & Asia Pacific	15 253	11 295
Total per region	**992 378**	**785 535**

ACTIVITY DISTRIBUTION BY BUSINESS UNIT (NOK thousands)	2021	2020
Cloud operations	556 556	495 129
Consulting & Business Services	260 379	144 346
Products	173 108	109 645
Other	2 336	36 415
Total per business unit	**992 378**	**785 535**

TIMING OF REVENUE RECOGNITION (NOK thousands)	2021	2020
Products and services transferred at a point in time	351 714	183 261
Products and services transferred over time	640 664	602 274
Total per	**992 378**	**785 535**

ASSETS BY REGION (NOK thousands)	2021	2020
Norway & Continental Europe	3 192 324	1 890 478
UK & Africa	60 641	54 102
North & South America	19 752	13 989
Middle East & Asia Pacific	12 515	8 168
Total per	**3 285 232**	**1 966 737**

NOTE 21 ACQUISITIONS

Acquisition of the Sysco Group

On 7 October 2021 Chip Bidco AS entered into an agreement to acquire 100% of the shares and voting rights of the Sysco group (Sysco) for NOK 1 068.4 million. Sysco is a Nordic provider of smart applications, specialized consultancy services and secure operation and monitoring of IT infrastructure and databases, primarily serving customers in the power and utilities market.

The acquisition was financed through a combination of equity and external bond financing.

Net proceeds of the bond tap issue was NOK 588.2 million, whereas NOK 388.1 million was re-invested by previous owners and employees of Sysco. The remainder of the transaction was financed by equity contribution.

The shares were acquired on 7 October 2021, which was the day the Group obtained control of the subsidiary. The transaction date for accounting purposes is set to 1 October 2021.

A preliminary purchase price allocation has been prepared with the following fair-values of the identifiable assets and liabilities of Sysco as at 1 October 2021:

(in NOK million)	FAIR VALUE RECOGNIZED ON ACQUISITION
Assets	
Technology	103.8
Customer relations	347.0
Other long-term assets	3.1
Deferred tax asset	2.7
Fixed assets	5.8
Trade receivables	87.4
Other receivables	12.0
Cash and cash equivalents	76.0
Total fair values of assets acquired	**637.8**

	FAIR VALUE RECOGNIZED ON ACQUISITION
Liabilities	
Total allowance for liabilities	2.1
Acquisition debt (due after 12 months)	92.4
Other long-term liabilities	35.3
Accounts payable	25.1
Income taxes payable	8.9
Public duties payable	33.8
Other short-term liabilities	185.3
Total fair values of liabilities assumed	**382.9**
Total identifiable net assets at fair value	**254.9**
Goodwill	**813.5**
Purchase consideration	**1 068.4**

The acquisition has been accounted for and treated as a business combination. The Chip Bidco group constitutes of one CGU, whereto tangible and intangible assets, liabilities and goodwill have been allocated. As of 1 October 2021, Chip Bidco AS recognized, separately from goodwill, the identifiable assets acquired, the liabilities assumed measured at their fair value and as of that date.

Goodwill represents the excess purchase price after all the identifiable assets are recognized. Total goodwill is estimated to NOK 813.5 million including assembled workforce and technical goodwill resulting from the deferred tax on fair value adjustments. Goodwill relates to the expected growth and the value of the Sysco group's workforce which cannot be separately recognized as an intangible asset. The goodwill is not deductible for tax purpose.

Purchase consideration	
Cash paid at acquisition date	680.4
Re-investment vendor loan	388.1
Total consideration	**1 068.4**

Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	29.3
Cash consideration	680.4
Settlement of existing acquisition debt in Sysco	146.1
Net cash acquired with the subsidiary (included in cash flows from investing activities)	-107.2
Net cash flow on acquisition (included in investing activities)	**719.3**

Transaction costs of NOK 29.3 million were expensed and are included in other operating expenses.

Sysco's contribution to the Group results

The Sysco group contributed with NOK 161 million in revenue for the period 1 October to 31 December 2021, and with a net profit before tax of 1 million.

Had the acquisition occurred on 1 January 2021, the Group's revenue for the period to 31 December 2021 would have been NOK 1 242 million and the group's loss before tax for the period would have been NOK 125 million. These amounts have been determined by applying the Group's accounting policies and adjusting the results to reflect additional depreciation and amortization that would have been charged assuming the fair value adjustments to intangible assets had been applied from 1 January 2021. Further, interest expenses have been adjusted, reflecting the interest expense for the year on the Group's financing structure post transaction.

Acquisition of the Envision Group

On 20 May 2021 the Group acquired all the shares in Envision AS for a total consideration of NOK 27.6 million (NOK 20.1 million net of cash acquired). NOK 14.9 million was allocated to goodwill and NOK 3.9 was allocated to other intangible assets.

The acquisition did not have a material effect on the Group.

These purchase price allocations are not final.

NOTE 22 RELATED PARTY TRANSACTIONS

The Group has bought consulting services from Orkan Konsult AS for NOK 558 thousand in 2020 and NOK 551 thousand in 2021. Orkan Konsult AS owns 0.24 % of the shares through Chip Topco AS.

NOTE 23 SUBSEQUENT EVENTS

On 21 March 2022, the Group listed a senior secured 1 500 million bond at the Oslo Stock Exchange after having previously been listed on Nordic ABM. The bond has a maximum principal amount of 1 800 million and the maturity date is 13 December 2024.

In addition, the Group has a non-sanctioned subsidiary established in Russia as part of serving two of its customers in the country. However, the revenues from the Russian entity is very limited, 0.7% of the total, and the assets are only 0.1% of the Group’s total assets. Hence, the exposure for the Group is considered limited in terms of the Russian entity.

The Group has also established a group, designated by management, to monitor the Group’s exposure to the ongoing situation in Ukraine. Currently the exposure is considered limited, however we are monitoring all relevant aspects of the situation and take appropriate measures whenever appropriate.

Chip Bidco AS

Company annual accounts 2021

INCOME STATEMENT *(NOK thousands)*	NOTE	2021	2020
Operating expenses			
Other operating expenses	2	1 892	2 412
Total operating expenses		**1 892**	**2 412**
Operating result		**-1 892**	**-2 412**
Financial income and expenses			
Income from subsidiaries		4 543	67 198
Other interest income		3	225
Interest expense to group companies	9	3 207	980
Other interest expenses	7	74 296	65 050
Net financial income (loss)		**-72 957**	**1 394**
Net profit (loss) before tax		**-74 849**	**-1 018**
Tax expense	8	-16 467	-416
Net profit (loss) for the year		**-58 382**	**-602**
Allocation of result for the year			
Allocated to other equity		-58 382	-602
Total allocation		**-58 382**	**-602**

BALANCE SHEET AS OF DECEMBER 31 (NOK thousands)	NOTE	2021	2020
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax assets	8	16 883	416
Total intangible assets		**16 883**	**416**
Financial assets			
Receivables from group companies	9	75 114	70 784
Investments in subsidiaries	6	2 765 462	1 614 915
Total financial assets		**2 840 576**	**1 685 699**
NON- CURRENT ASSETS		2 857 459	1 686 116
CURRENT ASSETS			
Receivables			
Other receivables		561	315
Total receivables		**561**	**315**
Cash and cash equivalents	3	**327**	**201**
Total current assets		888	516
TOTAL ASSETS		**2 858 347**	**1 686 632**

BALANCE SHEET AS OF DECEMBER 31 (NOK thousands)	NOTE	2021	2020
EQUITY			
Paid-in capital			
Share capital	4, 5	180	60
Share premium reserve	5	1 319 365	757 136
Total paid-in capital		**1 319 545**	**757 196**
Retained earnings			
Other equity	5	-62 371	-3 989
Total retained earnings		**-62 371**	**-3 989**
Total equity		**1 257 174**	**753 207**
LIABILITIES			
Long-term liabilities			
Bonds	7	1 470 268	873 960
Liabilities to group companies	9	126 040	57 133
Total other long-term liabilities		**1 596 308**	**931 093**
Current liabilities			
Trade creditors		1 524	327
Other current debt		3 341	2 006
Total current liabilities		**4 865**	**2 332**
Total liabilities		1 601 173	933 425
TOTAL EQUITY AND LIABILITIES		**2 858 347**	**1 686 632**

Stavanger, 30 April 2022

Fredrik Gyllenhammar Raaum (dig. sign.)
Chairman

Dagfinn Ringås (dig. sign.)
CEO

STATEMENT OF CASH FLOWS (NOK thousands)	NOTE	2021	2020
Cash flow from operating activities			
Profit (loss) before tax		-74 849	-1 018
Change in account payable		1 197	327
Changes in other current balance sheet items		1 090	-68 937
Net cash flow from operating activities		**-72 562**	**-69 628**
Cash flow from investing activities			
Investment in subsidiary		-762 478	0
Change in non-current receivables from group companies		-4 330	-1 073
Net cash flow from investment activities		**-766 808**	**-1 073**
Cash flow from financing activities			
Proceeds from new long-term debt		596 308	6 510
Change in non-current liabilities to group companies		68 907	57 133
Capital contribution		174 281	0
Net cash flow from financing activities		**839 496**	**63 642**
Total change in cash and cash equivalents		**126**	**-7 059**
Cash and cash equivalents beginning of period		201	7 260
Cash and cash equivalents end of period		**327**	**201**

NOTES TO THE FINANCIAL STATEMENT 2021

NOTE 1 ACCOUNTING PRINCIPLES

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

Use of estimates

The preparation of accounts in accordance with the Accounting Act requires the use of estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in the notes.

Investments in subsidiaries and associated companies

Subsidiaries and investment in associated companies are valued by the cost method in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing that write-down is not required. Write-down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental and deemed necessary by generally accepted accounting principles. Write-downs are reversed when the cause of the initial write-down is no longer present.

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

Long-term liabilities

Interest bearing loans and borrowings are recognized at amortized cost net of directly attributable transaction costs.

After initial recognition loans and borrowings are subsequently measured at amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Receivables

Trade receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables. Additionally, for trade receivables, an unspecified provision is made to cover expected losses.

Tax

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and tax losses varied forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net. To what extent group contribution is not registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

Cash Flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

NOTE 2 WAGE COSTS, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES AND AUDITOR'S

No remuneration has been paid to senior executives or members of the board in 2021.

No loans/securities has been granted to the general manager, the Board chairman or other related parties.

Chip Bidco Group does not have its own General Manager. However, the General Manager of Cegal Group is also the acting General Manager in Chip Bidco Group.

OTP (Statutory occupational pension)

The company does not have employees, consequently it has not been necessary to establish a statutory occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

Expenses paid to the auditor for 2021 amounts to NOK 321 300,- eksl.vat.

Statutory audit fee	321 300
Other services	0
Total audit fee	**321 300**

NOTE 3 BANK DEPOSITS

The company has no restricted cash deposits as of 31.12.2020 and 31.12.2021.

NOTE 4 SHARE CAPITAL AND SHAREHOLDER INFORMATION

SHARE CAPITAL (NOK thousands)	NUMBER OF SHARES	FACE VALUE (NOK)	NOMINAL VALUE (TNOK)	SHARE PREMIUM (TNOK)
Shares	30 000	6.0	180	1 319 365
Total per 31 December	**30 000**	**6.0**	**180**	**1 319 365**

Main shareholders per 31.12:

	SHARES	VOTING RIGHTS	OWNERSHIP SHARES
Chip Midco AS	30 000	100.00 %	100.00 %
Total	**30 000**	**100.00 %**	**100.00 %**

NOTE 5 EQUITY

(NOK thousands)	SHARE CAPITAL	SHARE PREMIUM RESERVE	RETAINED EARNINGS	TOTAL CAPITAL
Equity 01.01	60	757 136	-3 989	753 207
Shareholder's contribution - cash	60	174 281	0	174 341
Shareholder's contribution - in kind	60	388 069	0	388 129
Net profit (loss) for the year			-58 382	-58 382
Total	**180**	**1 319 486**	**-62 372**	**1 257 294**

NOTE 6 INVESTMENT IN SUBSIDIARIES

COMPANY *(NOK thousands)*	ACQUISITION DATE	LOCATION	SHARE OWNERS	VOTING RIGHTS	NET PROFIT 2021	EQUITY 31.12.	BOOK VALUE 31.12.
Cegal Group AS	20.12.2019	Norway	100 %	100 %	2 032	1 580 988	2 765 462

NOTE 7 LONG-TERM LIABILITIES

LONG-TERM LIABILITIES DUE IN 5 YEARS (NOK thousands)	2021	2020
Interest bearing loans and borrowings	-1 470 268	-873 960
Accrued interest expense	66 186	58 540

The acquisition of Cegal Group AS with its subsidiaries was partly financed through a combination of equity (Note 13) and external bond financing. The bond was issued at the amount of NOK 900 million, adjusted for transaction costs amounting to approximately NOK 33 million.

As part of the acquisition of Cegal Group AS, external bank financing towards Sparebank 1 SR-Bank ASA was assumed. Shortly after the closing of the transaction, the loan was repaid in full by Chip Bidco AS on behalf of Cegal Group AS, and the loan was settled at the balance sheet date. The total repayment amounted to NOK 333 million.

Interest bearing loans and borrowings - Bond

The Group, through Chip Bidco AS, has resolved to issue a series of bonds in the maximum amount of NOK 1 800 million in December 2021.

The bonds may be issued on different issue dates and the initial bond issue was in the amount of NOK 900 million and extended by NOK 600 million in 2021. Additional bonds may be issued subject to certain conditions.

The Company is required to report a compliance certificate quarterly basis stating that there has been no material adverse change to the financial condition since the date of the last financial reports. The bond terms hold certain requirements to interest cover ratio and leverage ratio for distributions to be allowed and additional bonds to be issued. The bond was initially listed at Frankfurt Open Market Stock Exchange 13 December 2019, the Nordic ABM in June 2020 and at Oslo Børs on 21 March 2022.

Maturity

The outstanding bonds will mature in full on the 13 December 2024 and shall be redeemed by Chip Bidco AS on the maturity date at a price equal to 100 per cent. of the nominal amount. The bonds may be redeemed at an earlier date subject to certain conditions as set out in the agreement.

Interest rate

The interest rate for the bonds is NIBOR plus a margin of 5.5 per cent. pa. Interests are paid on a quarterly basis and the first interest payment date was 12 March 2020.

Pledged as security

The shares in Chip Bidco AS has been pledged as security for the bonds. In addition, the bonds hold a negative pledge in all of the Group’s assets.

NOTE 8 TAX

INCOME TAX EXPENSE (NOK thousand)	2021	2020
Total payable tax	0	0
Changes in deffered taxes	-16 467	-416
Tax expense	**-16 467**	**-416**

SPECIFICATION OF BASE FOR PAYABLE TAXES (NOK thousand)	2021	2020
Net profit (loss) before tax	-74 849	-1 018
Permanent differences	0	0
Base for payable tax	**-74 849**	**-1 018**

PAYABLE TAX IN THE BALANCE (NOK thousand)	2021	2020
Payable tax on this year's result	-999	-14 784
Payable tax on received Group contribution	999	14 784
Total payable tax in the balance	**0**	**0**

Summary of temporary differences:	2021	2020
Loss carried forward	-76 741	-1 892
Temporary differences	**-76 741**	**-1 892**
Loss carry forward not recognized	0	0
Basis for deffered tax	**-76 741**	**-1 892**
Deferred tax/-deferred tax assets	**-16 883**	**-416**

Effective tax rate

	2021	2020
Expected income taxes, statutory rate 22 %	-16 467	-224
Changes in deferred tax asset not recog. and other	0	-192
Total tax cost	**-16 467**	**-416**
Effective tax rate	22 %	41 %

NOTE 9 INTERCOMPANY BALANCES

RECEIVABLES *(NOK thousands)*	2021	2020
Group contribution	4 543	67 198
Other receivables	70 571	3586
Total	**75 114**	**70 784**

LIABILITIES *(NOK thousands)*	2021	2020
Liabilities to group companies	126 040	57 133
Total	**126 040**	**57 133**

Calculated interest in intra-company loan in 2020 is NOK 979 655 and in 2021 NOK 3 207 003.

NOTE 10 SUBSEQUENT EVENTS

Please refer to the subsequent events disclosure for the Group, ref. note 23.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Chip Bidco AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chip Bidco AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021 and the income statement and statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with 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 in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 3 years from the election by the general meeting of the shareholders on 11 December 2019 for the accounting year 2019.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate

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opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Acquisition of Sysco AS

Basis for the key audit matter
Chip Bidco AS ("The Company") acquired 100% of the shares in Sysco AS and subsidiaries ("Sysco") on 30 September 2021 through its wholly owned subsidiary Cegal Group AS. The purchase price was agreed to NOK 1 068 million. The Company performed, with assistance from a third-party valuation specialist, an assessment of fair value of identifiable assets acquired and liabilities assumed in Sysco. Based on the preliminary purchase price allocation, fair value adjustments relating to technology and customer relationships were recognized with NOK 104 million and NOK 347 million, respectively. Goodwill (residual) in the transaction amounted to NOK 814 million. A final purchase price allocation and goodwill amount determination will be performed during the twelve-month period from the acquisition date. The assessment of the fair value of the identifiable assets and liabilities is judgmental and complex. Further, the acquisition and initial recognition has a significant impact on the financial statements of the Company. We therefore consider this a key audit matter.

Our audit response
We assessed the application of accounting policies and discussed the method for determining the fair value of identifiable intangible assets with management and their third-party valuation specialist. We assessed the completeness of the acquired assets and liabilities by reviewing the transaction agreement and minutes from board of directors' meetings. We tested the calculations in the valuation model and assessed significant inputs comparing these against historical financial information, peer group transactions and available market data. We included valuation specialists in the team.

We refer to note 1 Accounting principles for a description of applied accounting policies and note 21 Acquisition of the Sysco Group to the consolidated financial statements for a description of the acquisition.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. 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 board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and 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 or that the information required by applicable legal requirements is not included, we are required to report that fact.

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We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of Chip Bidco AS we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name 213800I1GTVUAI6IUZ65-2021-12-31-en.zip, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Stavanger, 30 April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Gunn Helen Askvik
State Authorised Public Accountant (Norway)

GUNN HELEN ASKVIK
Statsautorisert revisor
På vegne av: Ernst & Young
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IP: 213.52.xxx.xxx
2022-04-30 20:39:53 UTC

bank ID