# Chip Bidco AS

Group annual report 2023

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CEGAL

# ANOTHER STRONG YEAR WITH PROFITABLE GROWTH, GLOBAL MOMENTUM, AND HIGH PEOPLE ENGAGEMENT

**Dear Cegal Investors and Stakeholders,**

As we reflect on the year behind us, I am very pleased to highlight that 2023 was another year recognized by profitable growth, global momentum, and high people engagement in Cegal. We continued to demonstrate Cegal's ability to foster a strong company culture, deliver specialized and value adding technology services to the energy sector, drive high customer satisfaction and run professional and efficient global operations. All resulting in a notable 15% increase in revenue and solid profitability with a reported EBITDA margin of 17%.

Our solid performance was evident across all business units. Cloud Operations grew by 8%, with a strong 21% EBITDA margin, driven by the successful implementation of contracts with key partners such as Petronas, Skagerak, and Okea. Products delivered a reported EBITDA margin of 23%, and an outstanding 78% EBITDA growth, driven by high demand for our geoscience and hydrocarbon account software. In Consulting Services, we faced some challenges with low utilization in certain departments due to market headwinds, especially in sectors outside of energy.

These challenges forced us to downsize selected consulting departments, which was a lowlight of the year but necessary to get utilization back on track, protect margins, free up cost, and allocate resources to strategic investments in future initiatives. Despite these challenges, our Consulting Services exhibited overall growth of 7% and a commendable 12% reported EBITDA margin, as other departments with a high level of managed services within data capital management, analytics, and energy consulting delivered very strong performances with high growth and margins.

On the people side, we continued our quest to foster and build an unstoppable workplace culture. This is evident in our consistently high people engagement scores, ranging between 77-79 throughout the year, surpassing industry benchmarks. Cegal remains a very attractive company to work for, having successfully hired 152 new employees while maintaining a lower attrition rate of 11.6% compared to industry peers.

So overall, we are very satisfied with our overall performance in 2023, showcasing another year of strong growth, solid profitability, global customer momentum, highly engaged employees, and a low turnover rate. This is a testament to Cegal's dedication to culture, specialization in energy, resilient business model, and the ability to deliver customer value.

Well into 2024, we continue to be positive. We anticipate a continuously tough market for generalist IT services in 2024. However, the digitalization growth in Energy continues to be high, and demand for Cegal's core offerings in scalable cloud operations, data management, and IT governance remains robust.

Our operational priorities will be to continue our global expansion in energy through scalable Cloud Operations offerings, pursue larger global customers in close partnerships with Microsoft and Oracle, cross-sell and upsell our software, data management, and IT governance services, and continue to assist our customers in increasing revenue, reducing costs, minimizing emissions, and enjoying better sleep at night. We will also continue to invest in developing our people, having fun together, attracting top talent, and fostering an unstoppable culture, which is the true fuel in our company.

Cegal has emerged as a global tech powerhouse in the energy sector, but we have only scratched the surface of what this company can achieve. Hence, we are charging forward into 2024 and towards our vision of building the world's leading tech company for the energy industry that enables a more sustainable future.

Best regards,

**Dagfinn Ringås (dig. sign.)**
CEO

# BOARD OF DIRECTORS' REPORT CHIP BIDCO AS

Chip Bidco, a Cegal 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 deep domain competencies across the whole energy vertical, including renewables.

Our employees are working from offices in Stavanger (HQ), Oslo, Trondheim, Bergen, Haugesund, Stord, Hamar, Mosjøen, Larvik, London, Aberdeen, Stockholm, Uppsala, Lund, Ørebro, Copenhagen, Aberdeen, Dubai, Tallin, Perth, Houston, Calgary and Kuala Lumpur, enabling a strong geographical presence.

Traditionally, the Group 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.

As of 31 December 2023, the Group had 796 employees compared to 769 as of 31 December 2022.

## Scope of Business

The Group's vision is to build a stellar 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 that boost speed and productivity for our customers, enabling them to securely collaborate in the cloud. We have customized our offering for the broader energy sector, covering the full value chain with our cloud offering and customized applications.

In 2023, Cloud operations represented 39% of our revenues compared to 42% in 2022.

*Products*

The Group develops and sells software to extend, improve and speed up workflows within renewable energy, geology, geophysics, reservoir engineering and data management as well as providing energy solutions.

In 2023, Products represented 12% of our revenues compared to 16% in 2022.

*Services*

The Group offers highly experienced on-site consultants, primarily to the broader energy industry. Our technical expertise adds real value in key areas, such as integrating and monitoring technologies, turning data into insights and driving professional IT processes as a service.

In 2023, Services represented 35% of our revenues compared to 38% in 2022.

*Third-party resale*

The Group sells third-party hardware and licenses to its clients to support its activities within Cloud operations, Services and Products.

In 2023, third-party resale represented 14% of our revenues compared to 4% in 2022.

*Research and development*

The Group spent NOK 25.2 million on research & development activities during the year, providing new products to the market and improving existing products with new functionalities.

**Statement of income, cash flow and balance sheet**

The financial statements are prepared in accordance with 'IFRS Accounting Standards as adopted by the EU'".

*Operating Revenue*

Total revenues were NOK 1 875.3 million in 2023 compared to 1 627.0 million in 2022.

*Operating Result (EBITDA, alternative Performance Measure)*

The Group's earnings before interest, tax, depreciations and amortisations (EBITDA) was NOK 313.3 million in 2023 compared to NOK 279.4 million in 2022.

*Depreciations and amortisations*

Depreciation of tangible assets and amortisation of intangible assets was NOK 235.1 million in 2023 compared to NOK 229.5 million in 2022.

*Net financial items and profit before and after tax* -

Net financial items amounted to NOK - 159.8 million in 2023 compared to NOK - 135.2 million in 2022 and profit tax was NOK 21.8 million resulting in a net loss or the year of NOK – 59.7 million compared to NOK - 80.0 million in 2022.

*Cash flow and financial positions*

Total cash flow from operations for the Group was NOK 270.7 million compared to NOK 209.5 million in 2022.

Cash flow from investment activities was NOK 25.9 million compared to NOK - 57.5 million in 2022.

Cash flow from financing activities was NOK -265.7 million compared to NOK – 171.8 in 2022.

As at 31 December 2023, the Group had bank deposits totaling NOK 73.1 million plus available bank overdraft facilities of NOK 106.4 million. As at 31 December 2022, the Group had bank deposits totaling NOK 42.2 million.

The Group's current assets amounted to 15.2 % of total assets per 31 December 2023. Total assets at the end of the year was NOK 3 230.7 million and the equity ratio was 30.0%.

As at 31 December 2022, the Group's current assets amounted to 12.4% of total assets of NOK 3 211.6 million and the equity ratio was 32.0%.

# 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 Board (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.

9. See point 8 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.

# Statement of corporate governance report

*1. Statement of corporate governance*

Corporate governance at Chip Bidco AS and the Group shall ensure sustainable operations and value creation over time to the benefit of shareholders and other stakeholders.

Corporate governance is a framework of policies, processes, controls, and responsibilities for managing the business and making sure the right objectives and strategies are set and implemented with results that can be measured and followed up. The Corporate Governance Report is prepared by the board of directors of Chip Bidco AS and presents the corporate governance of the company and the Group. It is structured to cover all sections of the Norwegian Code of Practice for Corporate Governance. Compliance with and implementation of sound corporate governance is continuously monitored by the board of directors and the HSEQ Forum.

The board of directors regularly receives extensive reports from the chief executive officer and the chief financial officer on key aspects of the business. These reports reflect underlying reporting to executive management from the business units through regular review sessions.

The Group's Code of Conduct and Ethical Guidelines were last revised in 2023 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 Inclusive, Super skilled and Fuss Fighters.

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%, 59% and 31%, 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. The 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. The Group's highly scalable solutions run on data centres powered by clean energy. The cloud products enable true digital collaboration and secure access to critical industrial control systems, thereby reducing the need for travel.

The Group aims to be a valuable contributor to driving the green shift and solving challenges in other industries with similar needs. The Group looks at the relevance of sustainability from an industry perspective, and what a long-term vision looks like. The Group has identified material themes to focus on, taking a perspective of the full value chain and reviewing these at least annually.

The Group have identified some key performance indicators (KPI) on the identified material themes, as well as value creation opportunities and formulated an action plan to drive progress.

The company is committed to reducing its energy consumption and associated carbon emissions. By end of 2024, the company aims to be carbon neutral in targeted areas, including products and components, logistics, travel and own sites and operations.

Energy & carbon are managed and monitored in accordance with the ISO 14001 certification (certified since 2021). The Group's cloud solutions are primarily based in Norway and are powered by hydropower, the energy consumption of these data centres is closely monitored. During 2021 and 2022, the additional data centres in the UK and the Netherlands improved their renewable rating and are now powered by 100% renewable electricity.

Initiatives have been implemented to reduce carbon emissions, including motion-sensor lighting at multiple offices, hybrid working opportunities, promotion of public transport use, and cycle-to- work schemes. With employees across nine different countries, The Group is growing to become a leading technology powerhouse and acknowledges that talent is its most important asset and invests accordingly.

Diversity and equality are core to the Group's ESG strategy where it has set KPIs for example for the number of female hires. Women@Cegal, a female network and platform for both professional and social activities for all Women in the Group was established in 2020. The mission is 'SHAPING the future workplace' through the exchange of experiences, skills and personal development. The Group is also a platinum member of the ODA-network, a leading network for women in tech in the Nordic countries, where it works to reach 40% of women in tech by 2025. The Group aims to build employee competence and skills. During 2021, the proprietary Learning Management System was upgraded to include LinkedIn courses. A transparent reward policy is in place built on the Group's career framework to ensure employees are fairly paid.

Health & safety is ensured based on ISO 45001 standards, for which the company became certified in 2021. Well-being and satisfaction are tracked through a monthly survey that monitors work tasks, culture, workload etc.

Deviation from section 2 of the recommendation: None

*3. Equity and dividends*

Total assets at the end of the year was NOK 3 230.7 million and the equity ratio was 30.0%.

No dividend is proposed for 2023.

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.

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 all 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%, 59% and 31%, 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 2023, one ordinary board meeting was held. The attendance percentage in 2023 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 2023.

Deviation from section 11 of the recommendation: None

*12. Remuneration of executive personnel*

No remuneration has been paid to senior executives in 2023 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 2023.

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

# Statement of social responsibility and Transparency Act

The Group's social responsibility statement and Transparency Act Due Diligence report is available on the Group's web page www.cegal.com/en/about-us/sustainability

# Board of Director's report

**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, Sysco Group, EnergyX and Systemtech now onboard, we have diversified our value proposition further with more focus on the renewable energy industry.

Even if the Group's exposure to the ongoing situation in Ukraine is considered as very 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. The Group is on an ongoing basis considering various risk mitigating factors including hedging of foreign currency risks as well as changes in interest rates.

In addition, the Group is exposed to changes in interest rates. To limit its exposure to changes in interest rates, the Group entered into an interest rate swap agreement in June 2022, covering 50% of its exposure related to changes in interest rates on the Group's bond loan. For more information about market risk, see note 3.

*Credit risk*

The loss on receivables has historically been very limited for the Group, and the risk of losses on receivables is also considered limited.

*Liquidity risk*

The Group held liquid assets of NOK 73.1 million at the end of the year compared to NOK 42.2 million in 2022, as well as having access to bank overdraft facilities of NOK 106.4 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 3.1% in 2023 compared to 2.2% in 2022. 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 2023, the Group consisted of a total of 796 employees compared to 769 in 2022, including 172 (160 in 2022) women and 624 (609 in 2022) 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 February 26 2024, the Group issued a new bond loan of 1,550 million, maturing on 26 February, 2027. The existing bonds were repaid at a price equal to 101.47 per cent of the nominal amount for each redeemed bond (plus accrued interest on the redeemed amount), with record date on 27 February 2024 and settlement date 29 February 2024.

## Future outlook

The Group's main markets are expected to be growing in 2024.

Based on the current demand from our customers, a focused organization, our unique offerings and a strong order estimated order backlog of NOK 2.5 billion, the company expects further growth, increased profitability and a positive cash flow going forward.

## Net profit and allocations

For 2023, the Board proposes the following allocation of the net income for Chip Bidco AS:

Transferred loss to other equity: NOK -27.7 million

Total allocation: NOK -27.7 million

No dividend is proposed in respect of the 2023 financial year.

Stavanger, 30 April 2024

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 2023, which have been prepared in accordance with 'IFRS Accounting Standards as adopted by the EU'", 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 2024

| | |
|---|---|
| Fredrik Gyllenhammar Raaum (dig. sign.)<br>Chairman | Dagfinn Ringås (dig. sign.)<br>CEO |

# Chip Bidco AS

## Group annual accounts 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (NOK THOUSANDS)

| | NOTE | 2023 | 2022 |
|---|---|---|---|
| **Revenues** | | | |
| Sales revenue | 20 | 1 875 277 | 1 627 062 |
| Other operating income | | 0 | 0 |
| **Total Revenues** | | **1 875 277** | **1 627 062** |
| **Operating expenses** | | | |
| Cost of materials | | 591 142 | 447 673 |
| Payroll expenses | 13 | 859 893 | 785 789 |
| Other operating expenses | 8, 13 | 110 952 | 114 188 |
| **Total operating expenses before depreciation** | | **1 561 987** | **1 347 650** |
| **Earnings before interest, tax, depreciation & amortization (EBITDA)** | | **313 290** | **279 412** |
| Depreciation and amortization | 7, 8 | 235 054 | 229 524 |
| **Operating result (EBIT)** | | **78 237** | **49 888** |
| **Financial income and expenses** | | | |
| Interest income | | 93 599 | 7 954 |
| Interest expenses | 15 | -252 406 | -127 470 |
| Financial cost | | 0 | -23 714 |
| Net foreign exchange gains/-losses | | -995 | 8 019 |
| **Net financial income (loss)** | | **-159 802** | **-135 211** |
| **Net profit (loss) before tax** | | **-81 565** | **-85 324** |
| Income tax expense | 14 | 21 821 | 5 304 |
| **Net profit (loss) for the year** | | **-59 744** | **-80 020** |
| Non-controlling interest | | 0 | -2 211 |
| **Net profit (loss) - equity holders of the parent** | | **-59 744** | **-82 231** |
| Earnings per share | 10 | -1.99 | -2.67 |
| Earnings per share diluted | 10 | -1.99 | -2.67 |

| (NOK thousands) | **2023** | **2022** |
|---|---|---|
| Profit (loss) for the year | -59 744 | -80 020 |
| **Other comprehensive income, items to that may be reclassified to profit & loss** | | |
| Translation differences | 1 148 | -473 |
| **Total compehensive income** | **-58 596** | **-80 493** |
| **Total comprehensive income attributable to:** | | |
| Equity holders of the parent company | -58 596 | -82 704 |
| Non-controlling interest | 0 | 2 211 |
| **Total comprehensive income** | **-58 596** | **-80 493** |

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION (NOK THOUSANDS) | NOTE | 2023 | 2022 |
|---|---|---|---|
| FIXED ASSETS | | | |
| **Intangible assets** | | | |
| Goodwill | 7, 19 | 1 817 969 | 1 814 100 |
| Other intangible assets | 7 | 739 614 | 863 351 |
| **Total intangible assets** | | **2 557 583** | **2 677 451** |
| | | | |
| **Tangible assets** | | | |
| Property, plant, equipment & machineries | 8 | 182 744 | 135 369 |
| **Total tangible assets** | | **182 744** | **135 369** |
| | | | |
| **Financial assets** | | | |
| Other long-term receivables | 4 | 849 | 159 |
| **Total financial assets** | | **849** | **159** |
| | | | |
| NON- CURRENT ASSETS | | 2 741 176 | 2 812 979 |
| | | | |
| CURRENT ASSETS | | | |
| **Receivables** | | | |
| Trade receivables | 4, 9 | 367 190 | 312 446 |
| Other receivables | 4 | 22 166 | 17 292 |
| Prepayments | | 27 046 | 26 707 |
| **Total receivables** | | **416 402** | **356 444** |
| | | | |
| **Cash and cash equivalents** | 4, 11 | **73 111** | **42 156** |
| | | | |
| Total current assets | | 489 513 | 398 600 |
| | | | |
| **TOTAL ASSETS** | | **3 230 689** | **3 211 580** |

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION (NOK THOUSANDS) | NOTE | 2023 | 2022 |
|---|---|---|---|
| EQUITY | | | |
| **Paid-in capital** | | | |
| Share capital | 18 | 240 | 240 |
| Share premium reserve | 18 | 1 366 020 | 1 366 021 |
| **Total paid-in capital** | | **1 366 260** | **1 366 261** |
| **Retained earnings** | | | |
| Other equity | | -395 647 | -337 052 |
| **Total retained earnings** | | **-395 647** | **-337 052** |
| Equity attributable to equity holders of the parent | | 970 613 | 1 029 209 |
| Non-controlling interests | | 0 | 0 |
| **Total equity** | | **970 613** | **1 029 209** |
| LIABILITIES | | | |
| **Provisions** | | | |
| Deferred tax liability | 14 | 127 600 | 161 311 |
| **Total provisions** | | **127 600** | **161 311** |
| **Long-term liabilities** | | | |
| Interest bearing loans and borrowings | 4, 6 | 0 | 1 482 935 |
| Lease liabilities | 3, 6, 15 | 91 310 | 74 155 |
| **Total other long-term liabilities** | | **91 310** | **1 557 090** |
| **Current liabilities** | | | |
| Lease liabilities | 3, 5, 6 | 56 057 | 45 427 |
| Other interest bearing debt | 3, 4, 5, 15 | 43 624 | 21 429 |
| Trade creditors | 3, 4, 5 | 133 955 | 88 401 |
| Public duties payable | 3, 4, 5 | 83 316 | 90 367 |
| Taxes payable | 4, 5, 14 | 4 733 | 1 618 |
| Current portion of interest-bearing debt | 3, 6, 15 | 1 495 182 | 0 |
| Other short-term liabilities | 4, 5, 16 | 224 299 | 216 727 |
| **Total current liabilities** | | **2 041 166** | **463 970** |
| **Total liabilities** | | 2 260 076 | 2 182 370 |
| **TOTAL EQUITY AND LIABILITIES** | | **3 230 689** | **3 211 580** |

Stavanger, 30 April 2024

Fredrik Gyllenhammar Raaum (dig. sign.)
Chairman

Dagfinn Ringås (dig. sign.)
CEO

| CONSOLIDATED STATEMENT OF CASH FLOWS (NOK THOUSANDS) | NOTE | 2023 | 2022 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net profit (loss) before tax | | -81 565 | -85 324 |
| Depreciation and amortization | 7, 8 | 235 054 | 229 524 |
| Taxes paid | 14 | -1 618 | -1 219 |
| Financial income | | -92 605 | -15 973 |
| Financial expenses | | 252 406 | 151 184 |
| Change in trade receivables and trade creditors | | -9 191 | -56 833 |
| Changes in other current balance sheet items | | -31 807 | -11 836 |
| **Net cash flow from operating activities** | | **270 674** | **209 525** |
| **Cash flow from investing activities** | | | |
| Acquisition of Sysco group, net of cash acquired | | 0 | -2 899 |
| Acquisition of Systemtech, net of cash acquired | 22 | 0 | -12 357 |
| Acquisition of tangible fixed assets | 8 | -36 982 | -19 245 |
| Acquisition of intangible assets | 7 | -30 722 | -31 111 |
| Interest received | | 93 599 | 7 954 |
| **Net cash flow from investment activities** | | **25 895** | **-57 659** |
| **Cash flow from financing activities** | | | |
| Increase (decrease) in short-term interest-bearing debt | | 22 195 | -2 771 |
| Capital contribution | | 0 | 12 385 |
| Interest payments to financial institutions | | -242 422 | -127 470 |
| Payment of principal portion of lease liabilities | 6 | -45 427 | -53 966 |
| **Net cash flow from financing activities** | | **-265 655** | **-171 822** |
| **Total change in cash and cash equivalents** | | **30 914** | **-19 956** |
| Currency effect on cash | | 40 | 21 |
| Cash and cash equivalents beginning of period | | 42 156 | 62 091 |
| **Cash and cash equivalents end of period** | | **73 110** | **42 156** |

| STATEMENT OF CHANGES IN EQUITY (NOK THOUSANDS) | NOTE | SHARE CAPITAL | SHARE PREMIUM RESERVE | OTHER EQUITY | EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | NON-CONTROL-LING INTERESTS | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|
| **Equity as of 31 December 2021** | | **180** | **1 319 366** | **-209 776** | **1 109 770** | **2 572** | **1 112 342** |
| Net profit (loss) for the year 2022 | | | 0 | -82 231 | -82 231 | 2 211 | -80 020 |
| Translation differences | | | | -473 | -473 | 0 | -473 |
| Total comprehensive income 2022 | | | 0 | -82 704 | -82 704 | 2 211 | -80 493 |
| Shareholder contribution | | 60 | 46 655 | 0 | 46 715 | 0 | 46 715 |
| Reclassifications and other changes | | | | -12 155 | -12 155 | 0 | -12 155 |
| Non-controlling interests | | | | -32 416 | -32 416 | -4 783 | -37 199 |
| **Equity as of 31 December 2022** | | **240** | **1 366 021** | **-337 052** | **1 029 209** | **0** | **1 029 209** |
| Net profit (loss) for the year 2023 | | | 0 | -59 744 | -59 744 | 0 | -59 744 |
| Translation differences | | | | 1 148 | 1 148 | 0 | 1 148 |
| Total comprehensive income 2023 | | | 0 | -58 596 | -58 596 | 0 | -58 596 |
| **Equity as of 31 December 2023** | | **240** | **1 366 021** | **-395 648** | **970 612** | **0** | **970 613** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT 2023

## 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 2023 were approved in the board meeting on 30 April 2024.

**Basis of presentation**

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ® (IFRS® Accounting Standards) as adopted by the EU, and are mandatory for financial year beginning on or after 1 January 2023, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2023.

The historical cost basis have been used when preparing the financial statements, except for derivatives that are valued at fair value through profit & loss. 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.

**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.

*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.

**1.2 Basis for consolidation**

Subsidiaries are companies in which the Group has a controlling interest. 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.

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.

# NOTE 1 MATERIAL ACCOUNTING PRINCIPLES

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.

### 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.

### 1.4 Segments

For management reporting purposes, the Group is organized into business units based on its products and services and has four reportable segments. Please see note 21 for further information about the segments.

### 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 amortisation and accumulated impairment losses. Amortisation 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.

### 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. 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

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.

### 1.13 Finance costs

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.

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 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 Amortisation)

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.

### 1.21 New and amended standards and interpretations

As the none of the future amendments to standards are expected to have material impact on the group, it has not adopted any of the standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated).

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements have been adopted as from 1 January 2023.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

# NOTE 2 ESTIMATION UNCERTAINTY & SIGNIFICANT JUDGEMENT

**Significant estimates & judgements**

The fair value assessment of assets and liabilities in a business combination usually include significant judgments and estimates, as valuation techniques can include assumptions on future revenues, net income and many other variables. The Group may use external valuation experts to assess the fair value of assets and liabilities in significant business combinations. Further, the impairment testing of goodwill includes a variety of key judgments and estimates made by management. See further description in note 19. 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 significant acquisitions
- 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 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 calculations 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 CGUs. The Group performed its annual impairment tests in September 2023 and considers the relationship between its market capitalization and its book value when reviewing for indicators of impairment.

Estimation uncertainty in terms of goodwill impairment testing are primarily related to the following factors:

- Forecasted revenue and operating profit for the years 2024 to 2028 (forecasting period) less depreciations and amortizations (EBITDA)
- Weighted average cost of capital (WACC) assumptions
- Growth in terminal value post the forecasting period using Gordon Growth model.

**Identification of cash generating units (CGUs) 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 allocated must represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The business segments of the Group was established on 1 January 2022 post the Sysco merger. For management purposes, the Group is organized into business units based on its products and services and has four reportable segments, ref. note 21.

Please also see note 19 Impairment testing of goodwill and note 22 Acquisition for further information about the CGU.

**Other estimates - Climate-related matters**

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

The items and considerations that are most directly impacted by climate-related matters are:

**Useful life of property, plant and equipment**

The Group considers the useful life of property, plant and equipment to have no or immaterial financial impact caused by climate-related matters.

**Impairment of non-financial assets**

The Group considers the impairment of non-financial assets due to climate-related matters to be non-existing or immaterial.

**Fair value measurement**

The Group has currently no assets valued at fair value in the balance sheet.

# 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. To limit its exposure to changes in interest rates, the Group entered into an interest rate swap agreement in June 2022, covering 50% of its exposure related to changes in interest rates on the Group's bond loan. This swap agreement matures in June 2024. The coupon rate for the interest pertaining to the fixed part of the bond loan is 2.58%. This derivative financial instrument has subsequently been remeasured at fair value through profit & loss.

*Interest rate sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in floating 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):

| | |
|---|---|
| **2022:** +/- 100 basis points | +/- 7 500 |
| **2023:** +/- 100 basis points | +/- 7 500 |

A change in the interest rate would not have a significant effect on equity in 2022 or 2023.

### 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 Group is satisfied with the liquidity situation as per 31 December 2023.

On 26 February 2024, the Group issued a new bond loan of 1,550 million maturing on 26 February 2027. The existing bonds were repaid at a price equal to 101.47 per cent of the nominal amount for each redeemed bond (plus accrued interest on the redeemed amount), with record date on 27 February 2024 and settlement date 29 February 2024.

The amounts disclosed in the table below are the financial liability contractual undiscounted cash flows at 31 December 2023:

| **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 | 148 480 | | | | | 148 480 |
| Lease liabilities | 66 761 | 43 493 | 34 806 | 11 248 | 8 030 | 164 336 |
| Trade and other payables | 133 955 | | | | | 133 955 |
| Public duties payable | 83 316 | | | | | 83 316 |
| Other short-term liabilities | 224 299 | | | | | 224 299 |
| **Total at 31 December 2023** | **2 156 810** | **43 493** | **34 806** | **11 248** | **8 030** | **2 254 386** |

Financial liability contractual undiscounted cash flows at 31 December 2022:

| 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 | 137 017 | 140 072 | | | | 277 088 |
| Lease liabilities | 45 427 | 35 554 | 21 640 | 15 774 | 1 186 | 119 582 |
| Trade and other payables | 88 401 | | | | | 88 401 |
| Public duties payable | 90 367 | | | | | 90 367 |
| Other short-term liabilities | 216 727 | | | | | 216 727 |
| **Total at 31 December 2022** | **577 940** | **1 675 626** | **21 640** | **15 774** | **1 186** | **2 292 166** |

## 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**

| | 2023 | 2022 |
|---|---|---|
| Interest bearing loans and borrowings | 0 | 1 482 935 |
| Long-term lease liabilities | 91 310 | 74 155 |
| Short-term lease liabilities | 56 057 | 45 427 |
| Short-term interest-bearing debt | 43 624 | 21 429 |
| Current portion of interest-bearing debt | 1 495 182 | 0 |
| Trade creditors | 133 955 | 88 401 |
| Less: Cash and cash equivalents | -73 111 | -42 156 |
| **Net debt** | **1 747 017** | **1 670 192** |
| Total equity | 970 613 | 1 029 209 |
| **Capital and net debt** | **2 717 630** | **2 699 401** |
| Gearing ratio | 64.3 % | 61.9 % |

## 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:

| | Fair value measurement | 2023 | | 2022 | |
|---|---|---|---|---|---|
| **Financial assets (in NOK thousands)** | hierarchy | Book value | Fair value | Book value | Fair value |
| Other long-term receivables | Level 2 | 849 | 849 | 159 | 159 |
| Trade receivables | Level 2 | 367 190 | 367 190 | 312 446 | 312 446 |
| Other current receivables | Level 2 | 22 166 | 22 166 | 17 292 | 17 292 |
| Cash and cash equivalents | Level 2 | 73 111 | 73 111 | 42 156 | 42 156 |
| **Total financial assets** | | **463 316** | **463 316** | **372 052** | **372 052** |
| | | | | | |
| **Financial liabilities** | | | | | |
| Interest bearing loans and borrowings | Level 1 | 1 495 182 | 1 506 432 | 1 482 935 | 1 482 935 |
| Short-term interest-bearing debt | Level 2 | 43 624 | 43 624 | 21 429 | 21 429 |
| Trade creditors | Level 2 | 133 955 | 133 955 | 88 401 | 88 401 |
| Other short-term liabilities | Level 2 | 224 299 | 224 299 | 216 727 | 216 727 |
| **Total financial liabilities** | | **1 897 060** | **1 908 310** | **1 809 492** | **1 809 492** |

**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 31.12.2023 (In NOK thousands) | within 3 months | within 3-6 months | within 6-12 months | **Total** |
|---|---|---|---|---|
| Short-term lease liabilities | 14 014 | 14 014 | 28 028 | 56 057 |
| Short-term interest-bearing debt | 43 624 | 0 | 0 | 43 624 |
| Current portion of interest-bearing debt | 0 | 0 | 1 495 182 | 1 495 182 |
| Trade creditors | 133 955 | 0 | 0 | 133 955 |
| Public duties payable | 83 316 | 0 | 0 | 83 316 |
| Taxes payable | 0 | 0 | 4 733 | 4 733 |
| Other short-term liabilities | 146 631 | 73 043 | 4 626 | 224 299 |
| **Total current liabilities** | **421 539** | **87 057** | **1 532 570** | **2 041 166** |

| Per 31.12.2022 (In NOK thousands) | within 3 months | within 3-6 months | within 6-12 months | **Total** |
|---|---|---|---|---|
| Short-term lease liabilities | 11 357 | 11 357 | 22 714 | 45 427 |
| Short-term interest-bearing debt | 21 429 | 0 | 0 | 21 429 |
| Trade creditors | 88 401 | 0 | 0 | 88 401 |
| Public duties payable | 90 367 | 0 | 0 | 90 367 |
| Taxes payable | 0 | 0 | 1 618 | 1 618 |
| Other short-term liabilities | 135 436 | 72 539 | 8 752 | 216 727 |
| **Total current liabilities** | **346 990** | **83 896** | **33 084** | **463 970** |

# 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) | **01.01.2023** | Cash flows | Foreign exchange movement | Fair values changes | New leases | Transfer | Other | **31.12.2023** |
| Interest bearing loans and borrowings | 1 482 935 | 0 | 0 | 0 | 0 | 0 | 12 247 | 1 495 182 |
| Long-term lease liabilities | 74 155 | 0 | 0 | 0 | 90 989 | -56 057 | -17 777 | 91 309 |
| Current lease liabilities | 45 427 | -45 427 | 0 | 0 | 0 | 56 057 | 0 | 56 057 |
| **Total liabilities from financing** | **1 602 517** | **-45 427** | **0** | **0** | **90 989** | **0** | **-5 530** | **1 642 548** |

| (NOK thousands) | **01.01.2022** | Cash flows | Foreign exchange movement | Fair values changes | New leases | Transfer | Other | **31.12.2022** |
|---|---|---|---|---|---|---|---|---|
| Interest bearing loans and borrowings | 1 470 268 | 0 | 0 | 0 | 0 | 0 | 12 667 | 1 482 935 |
| Long-term lease liabilities | 89 029 | 0 | 0 | 0 | 36 650 | -45 427 | -6 097 | 74 155 |
| Current lease liabilities | 53 966 | -53 966 | 0 | 0 | 0 | 45 427 | 0 | 45 427 |
| **Total liabilities from financing** | **1 613 263** | **-53 966** | **0** | **0** | **36 650** | **0** | **6 570** | **1 602 517** |

# NOTE 7 INTANGIBLE ASSETS

| **2023** **(NOK thousands)** | GOODWILL | CUSTOMER RELATIONSHIPS | SOFTWARE | ORDER BACKLOG | TOTAL OTHER INT. ASSETS |
|---|---|---|---|---|---|
| Aquisition cost 01.01 | 1 814 100 | 564 980 | 416 005 | 247 535 | 1 228 520 |
| Additions | 3 869 | 0 | 30 722 | 0 | 30 722 |
| Disposals | 0 | 0 | | 0 | 0 |
| Aquisition cost 31.12 | 1 817 969 | 564 980 | 446 727 | 247 535 | 1 259 242 |
| Accumulated impairments at 31.12 | 0 | 0 | 0 | 0 | 0 |
| Accumulated amortizations at 31.12 | 0 | 159 454 | 195 150 | 165 024 | 519 628 |
| **Carrying amount 31.12** | **1 817 969** | **405 526** | **251 577** | **82 511** | **739 614** |
| | | | | | |
| Impairment charges in 2023 | 0 | 0 | 0 | 0 | **0** |
| Amortization for 2023 | 0 | 54 423 | 58 779 | 41 256 | **154 458** |
| Useful economic life | Indefinite | 4-11 years | 3-10 years | 6 years | |
| Amortization plan | | Linear | Linear | Linear | |

| **2022** **(NOK thousands)** | GOODWILL | CUSTOMER RELATIONSHIPS | SOFTWARE | ORDER BACKLOG | TOTAL OTHER INT. ASSETS |
|---|---|---|---|---|---|
| Aquisition cost 01.01 | 1 805 143 | 559 768 | 384 894 | 247 535 | 1 192 197 |
| Additions | 8 957 | 5 212 | 31 111 | 0 | 36 323 |
| Disposals | 0 | 0 | | 0 | 0 |
| Aquisition cost 31.12 | 1 814 100 | 564 980 | 416 005 | 247 535 | 1 228 521 |
| Accumulated impairments at 31.12 | 0 | 0 | 0 | 0 | 0 |
| Accumulated amortizations at 31.12 | 0 | 105 031 | 136 371 | 123 768 | 365 170 |
| **Carrying amount 31.12** | **1 814 100** | **459 949** | **279 634** | **123 767** | **863 351** |
| | | | | | |
| Impairment charges in 2022 | 0 | 0 | 0 | 0 | **0** |
| Amortization for 2022 | 0 | 55 595 | 55 225 | 41 256 | **152 076** |
| Useful economic life | Indefinite | 4-11 years | 3-10 years | 6 years | |
| Amortization plan | | Linear | Linear | Linear | |

The additions of goodwill and customer relationships are related to the acquisition of Systemtech A/S in 2022. The NOK 3.9 million in Goodwill additions in 2023 is entirely related to foreign exchange effects.

No research & development expenditures were expensed in 2023.

# NOTE 8 TANGIBLE ASSETS

| 2023 (NOK thousands) | RIGHT-OF-USE ASSET IT-EQUIPTMENT | RIGHT-OF-USE ASSET OFFICE LEASES | EQUIPMENT, INVENTORY, IT ETC. | TOTAL |
|---|---|---|---|---|
| Aquisition cost 01.01 | 142 705 | 160 706 | 83 645 | 387 056 |
| Additions | 15 361 | 75 628 | 36 982 | 127 971 |
| Disposals | 0 | 0 | 0 | 0 |
| Aquisition cost 31.12 | 158 066 | 236 334 | 120 628 | 515 027 |
| Accumulated impairments at 31.12 | 0 | 0 | 0 | 0 |
| Accumulated depreciations at 31.12 | 131 428 | 128 681 | 72 173 | 332 282 |
| **Carrying amount 31.12** | **26 639** | **107 652** | **48 454** | **182 744** |
| | | | | |
| Impairment charges in 2023 | 0 | 0 | 0 | **0** |
| Depreciation for 2023 | 17 109 | 44 740 | 18 746 | **80 595** |
| Useful economic life | 2-5 years | 2-5 years | 2-5 years | |
| Amortization plan | Linear | Linear | Linear | |

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

| 2022 (NOK thousands) | RIGHT-OF-USE ASSET IT-EQUIPTMENT | RIGHT-OF-USE ASSET OFFICE LEASES | EQUIPMENT, INVENTORY, IT ETC. | TOTAL |
|---|---|---|---|---|
| Aquisition cost 01.01 | 130 574 | 136 187 | 64 400 | 331 161 |
| Additions | 12 131 | 24 519 | 19 245 | 55 895 |
| Disposals | 0 | 0 | 0 | 0 |
| Aquisition cost 31.12 | 142 705 | 160 706 | 83 645 | 387 056 |
| Accumulated impairments at 31.12 | 0 | 0 | 0 | 0 |
| Accumulated depreciations at 31.12 | 114 319 | 83 941 | 53 427 | 251 687 |
| **Carrying amount 31.12** | **28 386** | **76 765** | **30 218** | **135 369** |
| | | | | |
| Impairment charges in 2022 | 0 | 0 | 0 | **0** |
| Depreciation for 2022 | 23 132 | 36 544 | 17 772 | **77 448** |
| Useful economic life | 2-5 years | 2-5 years | 2-5 years | |
| Amortization plan | Linear | Linear | Linear | |

Acquisition cost mainly related to the acquisition of Cegal Group at the end of 2019.

**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 payments for long-term leases amounted to NOK 74.2 million and interest expenses related to leases amounted to NOK 10.0 million in 2023.

# 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 |
| 2023 | 244 388 | 84 917 | 15 083 | 7 798 | 15 030 | 367 217 |
| 2022 | 214 250 | 54 922 | 23 031 | 2 554 | 17 689 | 312 446 |

As per 31.12.23, NOK 15.0 million in aged trade receivables is older than 90 days of which NOK 3.8 million is between 91 and 120 days and NOK 11.2 million is older than 120 days.

Total provisions for loss on trade receivables per 31.12.23 is NOK 3.5 million.

# 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.

| | 2023 | 2022 |
|---|---|---|
| Net profit (loss) in NOK thousands | -59 744 | -80 020 |
| | | |
| 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 thousands | -1.99 | -2.67 |
| Earnings (loss) per share diluted in NOK thousands | -1.99 | -2.67 |

## NOTE 11 BANK DEPOSITS

The cash and deposits for the Group do not include any restricted cash related to employee tax. The group has established a guarantee for employee tax of a total of NOK 36 million.

The Group has bank guarantees of NOK 18.5 million for property lease agreements as per 31.12.22 and NOK 8.8 million per 31.12.23.

## NOTE 12 LIST OF SUBSIDIARIES

The consolidated financial statements comprise the following entities:

| ENTITIES | COUNTRY OF INCORPORATION | MAIN OPERATIONS | VOTING POWER 2023 |
|---|---|---|---|
| Chip Bidco AS | Norway | Holding company | 100 % |
| Cegal Group AS | Norway | IT and SW sales | 100 % |
| Cegal AS | Norway | IT and SW sales | 100 % |
| Cegal Ltd | UK | IT and SW sales | 100 % |
| Cegal LLC | USA | IT and SW sales | 100 % |
| Cegal Geoscience Inc. | Canada | IT and SW sales | 100 % |
| Cegal FZ - LLC | United Arab Emirates | IT and SW sales | 100 % |
| Cegal Russia LLC | Russia | IT and SW sales | 100 % |
| Cegal Malaysia Sdn. Bhc | Malaysia | IT and SW sales | 100 % |
| Cegal Baltics OÜ | Dubai | IT and SW sales | 100 % |
| Cegal EnergyX AS | Norway | IT and SW sales | 100 % |
| Cegal Danmark A/S | Denmark | IT and SW sales | 100 % |
| Cegal AB | Sweden | Holding company | 100 % |
| Cegal Sverige AB | Sweden | IT and SW sales | 100 % |
| Cegal Australia PTY Ltd | Austalia | IT and SW sales | 100 % |

# NOTE 13 PAYROLL EXPENSE, NUMBER OF EMPLOYEES, REMUNERATION AND AUDITOR'S FEE

| PAYROLL EXPENSE (NOK thousands) | 2023 | 2022 |
|---|---|---|
| Salaries | 718 608 | 670 508 |
| Payroll tax | 111 020 | 97 213 |
| Pension costs | 35 389 | 32 870 |
| Other payments incl. redundancy cost | 20 063 | 16 471 |
| Capitalized development cost | -25 187 | -31 273 |
| **Total payroll and related expenses** | **859 893** | **785 789** |

| | 2023 | 2022 |
|---|---|---|
| The average number of employees | 778 | 749 |

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

MANAGEMENT REMUNERATION

| | GENERAL MANAGER |
|---|---|
| Salary | 4 069 |
| Pension expenses | 54 |
| Other remuneration | 220 |
| **Total** | **4 342** |

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.

**Auditor's fee**

The following table shows expensed professional services rendered by the Company's principal auditor, Ernst & Young AS, for fiscal year 2023. The amounts shown are exclusive of value added tax.

| (NOK thousands) | 2023 |
|---|---|
| Audit fee | 2 472 |
| Assurance services | 151 |
| Other assistance | 57 |
| **Total** | **2 680** |

# NOTE 14 TAX

| INCOME TAX EXPENSE *(NOK thousand)* | 2023 | 2022 |
|---|---|---|
| Total payable tax | 11 429 | 5 836 |
| Changes in deferred taxes | -32 289 | -23 100 |
| Tax from previous years | -962 | 11 960 |
| **Tax expense** | **-21 821** | **-5 304** |

| SPECIFICATION OF BASE FOR PAYABLE TAXES *(NOK thousand)* | 2023 | 2022 |
|---|---|---|
| Net income (loss) before tax | -74 588 | -85 323 |
| Permanent differences | 1 023 | 30 769 |
| Changes in temporary differences | 115 432 | 141 173 |
| Use of tax loss carried forward | 0 | -52 275 |
| **Base for payable tax** | **41 868** | **34 344** |

| **Summary of temporary differences:** | 2023 | 2022 |
|---|---|---|
| Fixed assets | 656 725 | 786 781 |
| Leasing | -13 076 | -14 431 |
| Trade receivable | -3 478 | -5 775 |
| Allocations and other items | 247 | -4 172 |
| Loss carried forward | -60 002 | -28 347 |
| **Temporary differences** | **580 417** | **734 056** |
| *Not recognized deferred tax asset** | 0 | 0 |
| *Basis for deferred tax* | **580 417** | **734 056** |
| | | |
| **Deferred tax** | **127 600** | **161 311** |
| **Deferred tax in Norway** | **124 068** | **157 597** |
| **Deferred tax abroad** | **3 532** | **3 714** |

* Relates to goodwill in Cegal AS that stems from mergers with acquired subsidiaries.
The subsidiary Cegal FZ-LLC is NOKUS-taxed together with its parent company Cegal AS.
Total tax payable for the Group amounts to NOK 4.7 million as per 31 December 2023.

| **Effective tax rate** | 2023 | 2022 |
|---|---|---|
| Expected income taxes, tax rate 22 % (Norway) | -16 409 | -18 771 |
| Permanent differences and other | 225 | 6 769 |
| Adjustments | 0 | 0 |
| Changes in deferred tax asset not recognized and other | -5 637 | 6 698 |
| **Total tax expense** | **-21 821** | **-5 304** |
| | | |
| **Effective tax rate** | **29 %** | **6 %** |

# NOTE 15 INTEREST-BEARING LOANS AND LEASES

| 2023 | CURRENCY | TYPE | NOMINAL AMOUNT | NET BOOK VALUE | LIMIT | MATURITY |
|---|---|---|---|---|---|---|
| Interest bearing loans and borrowing | NOK | Bond | 1 500 000 | 1 495 182 | 1 800 000 | 13 Dec. 2024 |
| Leases | NOK | Lease agreements | 74 155 | 91 310 | | * |
| **Total** | | | **1 574 155** | **1 586 492** | **1 800 000** | |

* See note 3.

| 2022 | CURRENCY | TYPE | NOMINAL AMOUNT | NET BOOK VALUE | LIMIT | MATURITY |
|---|---|---|---|---|---|---|
| Interest bearing loans and borrowing | NOK | Bond | 1 500 000 | 1 482 935 | 1 800 000 | 13 Dec. 2024 |
| Leases | NOK | Lease agreements | 74 155 | 74 155 | | * |
| **Total** | | | **1 574 155** | **1 557 090** | **1 800 000** | |

The acquisition of the Sysco group in 2021 was partly financed through a combination of equity and external bond financing. The bond of NOK 900 million was extended with NOK 600 million in 2021. The maximum issue amount is NOK 1 800 million as at 31 December 2023.

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

**Interest bearing loans and borrowings - Bonds**

The Group, through Chip Bidco AS, 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 on a 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 bond agreement as of 31 December 2023, the Group has only incurrence based covenants, meaning the that there is only testing once new debt is incurred. The Group 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 the Group has not raised any new debt since third quarter 2021, there has not been any relevant testing of incurrence covenant and the Group is in full compliance 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. Please refer to the subsequent event disclosure for information about the refinancing in 2024.

**Interest rate**

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

**Interest rate swap agreement**

With reference to note 3, the Group entered into an interest rate swap agreement in June 2022, covering 50% of its exposure related to changes in bond interest rates on the Group's bond loan. This swap agreement matures in June 2024. Please see note 3 for further information.

**Pledged as security**

The shares in Chip Bidco AS, and its shares in Cegal AS, Cegal Group AS, Cegal Sverige AB 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 NOK 150 million, of which NOK 43.6 million was used in 2023 compared to NOK 21.4 million in 2022. 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** | 2023 | 2022 |
|---|---|---|
| Contract liabilities | 40 831 | 27 950 |
| Accrued salaries | 114 303 | 98 384 |
| Other short-term debt | 61 590 | 83 845 |
| Interest expenses | 7 575 | 6 548 |
| **Total** | **224 299** | **216 727** |

Short-term debt is due for payment within one year. Other short-term debt items comprise of deferred costs and accruals of other short-term debt items, primarily for the 3rd party resale segment (i.e Oracle licenses, HW/SW).

## NOTE 17 CLAIMS AND LITIGATIONS

On 18 May 2022 the subsidiary, Cegal Group AS, received a notice of change of tax settlement for 2019 related to exit bonus agreements.

The notice of change amounted to NOK 16 million in increased taxable income for 2019. The Company do not agree with the view and disputes the notice. There has been no further development since 18 May 2022.

## NOTE 18 SHARE CAPITAL AND SHAREHOLDER INFORMATION

| SHARE CAPITAL | NUMBER OF SHARES | FACE VALUE (NOK) | NOMINAL VALUE (NOK) | SHARE PREMIUM (NOK '000) |
|---|---|---|---|---|
| Total per 31 December 2023 | 30 000 | 8.0 | 240 000 | 1 366 021 |
| **Total per 31 December 2023** | **30 000** | **8.0** | **240 000** | **1 366 021** |

| 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 19 IMPAIRMENT TESTING OF GOODWILL

The Group has four reportable segments which each constitute cash generating units (CGUs). For impairment testing, goodwill acquired through business combinations is allocated to the four CGUs.

Recognized goodwill in the Group amounts to NOK 1 814.1 million as of 31.12.2022, and to NOK 1 818.0 million as per 31.12.2023 and relates mainly to the acquisition of Cegal Group in 2019 with NOK 977 million, Sysco group in 2021 with NOK 814 million and Systemtech A/S in 2022 with NOK 9 million (see note 22). Recognized goodwill as per the date of impairment test, 30.09.23, is NOK 1 818.2 where the goodwill is allocated to the segments as follows; Services with NOK 717.5 million, Cloud operations with NOK 779.1 million, Products with NOK 219.6 million and 3rd party resale with NOK 101.9 million.

The Group performed its annual impairment tests in September 2023 for goodwill identified and recognized in previous periods.

The impairment assessments are based on value in use calculations using cash flows based on the approved 2024 budget and business plans for the period 2025-2028, followed by a terminal value calculation.

**Key assumptions**

The impairment test was prepared using the following key assumptions: Revenue growth, EBITDA margins, the growth rate in the terminal value and discount rates.

*Revenue growth*

Revenue growth is based on the Group's current market outlook in the 2024 budget with 18.5 % growth followed by growth of 10.0% per annum in 2025, 2026, 2027 and 2028.

*EBITDA margins*

EBITDA margins assumptions are based on the budgeted EBITDA margin for 2024 and

projected margins for 2025 to 2028. The Group has a strong order backlog of around NOK 2.5 billion, giving a high degree of visibility in the forecasting period, enabling a high level of forecasting accuracy in terms of EBITDA margins with a relatively scalable cost base.

*Discount rate*

The discount rates are based on the Weighted Average Cost of Capital (WACC) methodology with the cost of equity based on the Capital Asset Pricing Model (CAPM). Cost of debt is based on the risk-free rate as published by the central bank of Norway per the day of impairment testing. Calculation of the final discount rates (WACC) also takes into account market risk premium, debt risk premium, gearing ratio and beta value. As of the day of impairment testing, the WACC was calculated to 12.5 % post-tax. A pre-tax WACC would not result in a significantly different net present value.

*Terminal growth rate*

Growth after the forecasting period is based on the Gordon Growth Model, which was calculated to 2.0% as per the date of the impairment test, which is in according to Bank of Norway's long-term inflation goal.

*Sensitivity*

Given the significant headroom calculated in the impairment tests, the Group is of the view that no reasonably likely change in any of the above key assumptions would cause an impairment of the recognized carrying value of the goodwill per operating segment.

# 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 (4 % of total revenue). The Group has no material unfulfilled performance obligations to be recognized per 31.12.23.

*Revenues from large customers*

The 10 largest customers accounts for 38% of total revenue in 2023 and 40% in 2022.

The largest customer accounts for 8% of total revenue compared to 11% in 2022, while top 5 customers accounts for 30% in 2023, and 31% in 2022.

The figures in the tables below refers to the organization post the Sysco acquisition. We refer to note 21 for segment information.

| ACTIVITY DISTRIBUTION BY REGION (NOK thousands) | 2023 | 2022 |
|---|---|---|
| Norway | 1 457 833 | 1 292 204 |
| UK | 128 902 | 103 492 |
| US | 80 616 | 27 873 |
| MEA | 129 446 | 19 540 |
| Sweden | 38 093 | 104 532 |
| Denmark | 40 388 | 72 153 |
| Other | 0 | 7 269 |
| **Total per region** | **1 875 277** | **1 627 062** |

| ACTIVITY DISTRIBUTION BY OPERATING SEGMENTS (NOK thousands) | 2023 | 2022 |
|---|---|---|
| Cloud operations | 723 279 | 672 868 |
| Services | 662 081 | 617 244 |
| Products | 232 230 | 262 016 |
| 3rd party resale | 257 059 | 65 431 |
| Other | 629 | 9 503 |
| **Total per business unit** | **1 875 277** | **1 627 062** |

| TIMING OF REVENUE RECOGNITION (NOK thousands) | 2023 | 2022 |
|---|---|---|
| Products and services transferred point in time | 1 039 351 | 848 795 |
| Products and services transferred over time | 835 927 | 778 268 |
| **Total per** | **1 875 277** | **1 627 062** |

# NOTE 21 SEGMENT INFORMATION

The business segments of the Group was established on 1 January 2022 post the Sysco merger. For management purposes, the Group is organized into business units based on its products and services and has four reportable segments, as follows:

• Services which offers highly experienced on-site consultants, primarily to the broader energy industry

• Cloud operations which provide high performance IT systems and customized software solutions that boost speed and productivity for its customers, enabling them to securely collaborate in the cloud

• Products which the Group develops and sells to extend, improve and speed up workflows within renewable energy, geology, geophysics, reservoir engineering and data management

• 3rd party resale was established 1 September 2022 and offer third-party hardware and licenses to its customers.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below:

## Profit and loss statement per segment

*Year ended 31 December 2023*

| **Revenues** *(in NOK thousands)* | **Services** | **Cloud operations** | **Products** | **3rd party resale** | **Adjustments and elim.** | **Consolidated** |
|---|---|---|---|---|---|---|
| External customers | 662 081 | 723 279 | 232 230 | 257 059 | 629 | 1 875 277 |
| Inter-segment | 28 444 | 66 232 | 167 161 | 1 336 | -263 173 | - |
| **Total revenues** | 690 525 | 789 510 | 399 391 | 258 395 | -262 544 | 1 875 277 |
| | | | | | | |
| **Income/-expenses** | | | | | | |
| Cost of materials | 51 687 | 238 509 | 56 284 | 244 211 | 452 | 591 142 |
| Payroll expenses | 471 577 | 284 837 | 98 268 | 4 920 | 291 | 859 893 |
| Other operating expenses | 59 825 | 48 334 | 23 660 | -9 330 | -11 537 | 110 952 |
| | | | | | | |
| **EBITDA** | **78 992** | **151 599** | **54 019** | **17 259** | **11 422** | **313 290** |
| | | | | | | |
| Capital expenditure | - | 52 534 | 25 187 | - | | 77 720 |

*Year ended 31 December 2022*

| **Revenues** *(in NOK thousands)* | **Services** | **Cloud operations** | **Products** | **3rd party resale** | **Adjustments and elim.** | **Consolidated** |
|---|---|---|---|---|---|---|
| External customers | 617 244 | 672 868 | 262 016 | 65 431 | 9 503 | 1 627 062 |
| Inter-segment | 37 692 | 46 243 | 100 291 | 1 155 | -185 380 | - |
| **Total revenues** | 654 936 | 719 110 | 362 307 | 66 586 | -175 877 | 1 627 062 |
| | | | | | | |
| **Income/-expenses** | | | | | | |
| Cost of materials | 73 441 | 208 613 | 111 483 | 62 056 | -7 920 | 447 673 |
| Payroll expenses | 414 428 | 257 277 | 98 671 | 1 219 | 14 194 | 785 789 |
| Other operating expenses | 37 968 | 57 284 | 21 548 | 3 574 | -6 186 | 114 188 |
| | | | | | | |
| **EBITDA** | **91 407** | **149 693** | **30 315** | **-1 418** | **9 415** | **279 412** |
| | | | | | | |
| Capital expenditure | - | 35 350 | 31 273 | - | | 66 623 |

*Adjustments and eliminations*

Finance costs, finance income, other income, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries. Inter-segment revenues are eliminated on consolidation.

*Revenue distribution by geography*

Revenue distribution by geography is presented in note 20.

# NOTE 22 ACQUISITIONS

*Acquisition of Systemtech A/S in 2022*

On 1 September 2022 Cegal AS entered into an agreement to acquire 100% of the shares and voting rights of Systemtech A/S for NOK 15.4 million. Systemtech A/S is a Microsoft expert that specializes in databases, Microsoft SQL Server and Azure SQL. The acquisition was financed through a cash settlement.

The shares were acquired on 1 September 2022, which was the day the Group obtained control of the subsidiary. The transaction date for accounting purposes was set to 1 September 2022.

A purchase price allocation was prepared with the following fair-values of the identifiable assets and liabilities of Systemtech A/S as at 31 August 2022.

| (in NOK million) | FAIR VALUE RECOGNIZED ON ACQUISITION |
|---|---|
| **Assets** | |
| Customer relations | 5,2 |
| Trade receivables | 2,0 |
| Other receivables | 2,4 |
| Cash and cash equivalents | 2,4 |
| Total fair values of assets acquired | 12,0 |

There were no acquisitions in 2023.

| | FAIR VALUE RECOGNIZED ON ACQUISITION |
|---|---|
| **Liabilities** | |
| Other long-term liabilities | 1,3 |
| Accounts payable | 0,4 |
| Intragroup payable | 1,7 |
| Income taxes payable | 0,5 |
| Public duties payable | 0,0 |
| Other short-term liabilities | 2,4 |
| Total fair values of liabilities assumed | 6,4 |
| Total identifiable net assets at fair value | 5,6 |
| Goodwill | **9,0** |
| Purchase consideration | 14,6 |

The acquisition has been accounted for and treated as a business combination. The Chip Bidco group constitutes of four CGUs, whereto tangible and intangible assets, liabilities and goodwill have been allocated. As of 1 September 2022, 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 was estimated to NOK 9.0 million including customer relationships and technical goodwill resulting from the deferred tax on fair value adjustments.

Goodwill relates to the expected growth and the value of Systemtech's customer relationships which cannot be separately recognized as an intangible asset. The goodwill is not deductible for tax purpose.

*Acquisition of Cegal EnergyX minority in 2022*

In June 2022, the Group acquired the remaining 49% of Cegal EnergyX and now holds 100% of the shares in the company. The consideration for the shares was NOK 37.2 million.

## NOTE 23 RELATED PARTY TRANSACTIONS

The Group has bought consulting services from Orkan Konsult AS for NOK 0 thousands in 2023 and NOK 45 thousand in 2022. Orkan Konsult AS owns 0.23 % of the shares through Chip Topco AS.

## NOTE 24 SUBSEQUENT EVENTS

On 26 February 2024, the Group issued a new bond loan of NOK 1,550 million, maturing on 26 February 2027. The existing bonds was repaid at a price equal to 101.47 per cent of the nominal amount for each redeemed bond (plus accrued interest on the redeemed amount), with record date on 27 February 2024 and settlement date 29 February 2024. The bond terms set out interest terms according to 3M NIBOR reference rate plus an applicable premium of 5.0% per annum. The maximum principal amount of the series of bonds is NOK 2,250 million.

# Chip Bidco AS

## Company annual accounts 2023

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| INCOME STATEMENT *(NOK thousands)* | NOTE | 2023 | 2022 |
|---|---|---|---|
| **Operating expenses** | | | |
| Other operating expenses | 2 | 2 198 | 4 377 |
| **Total operating expenses** | | **2 198** | **4 377** |
| **Operating result** | | **-2 198** | **-4 377** |
| **Financial income and expenses** | | | |
| Income from subsidiaries | | 129 014 | 185 627 |
| Interest income from group companies | 4 | 8 945 | 6 843 |
| Other interest income | 9 | 30 276 | 9 069 |
| Interest expense to group companies | 4 | 25 029 | 10 242 |
| Other interest expenses | 9 | 176 481 | 134 894 |
| **Net financial income (loss)** | | **-33 275** | **56 404** |
| **Net profit (loss) before tax** | | **-35 473** | **52 026** |
| Tax expense | 3 | -7 804 | 11 487 |
| **Net profit (loss) for the year** | | **-27 669** | **40 539** |
| *Allocation of result for the year* | | | |
| Allocated to other equity | | -27 669 | 40 539 |
| **Total allocation** | | **-27 669** | **40 539** |

| BALANCE SHEET AS OF DECEMBER 31 (NOK thousands) | NOTE | 2023 | 2022 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| **Intangible assets** | | | |
| Deferred tax assets | 3 | 13 201 | 5 396 |
| **Total intangible assets** | | **13 201** | **5 396** |
| | | | |
| **Financial assets** | | | |
| Receivables from group companies | 4 | 123 281 | 111 792 |
| Investments in subsidiaries | 5 | 3 090 337 | 2 968 461 |
| **Total financial assets** | | **3 213 618** | **3 080 253** |
| | | | |
| NON- CURRENT ASSETS | | 3 226 819 | 3 085 649 |
| | | | |
| CURRENT ASSETS | | | |
| **Receivables** | | | |
| Other receivables | | 527 | 38 |
| **Total receivables** | | **527** | **38** |
| | | | |
| **Cash and cash equivalents** | 6 | **540** | **405** |
| | | | |
| Total current assets | | 1 067 | 443 |
| | | | |
| **TOTAL ASSETS** | | **3 227 885** | **3 086 091** |

| BALANCE SHEET AS OF DECEMBER 31 (NOK thousands) | NOTE | 2023 | 2022 |
|---|---|---|---|
| EQUITY | | | |
| **Paid-in capital** | | | |
| Share capital | 7, 8 | 240 | 240 |
| Share premium reserve | 8 | 1 366 020 | 1 366 020 |
| **Total paid-in capital** | | **1 366 260** | **1 366 260** |
| **Retained earnings** | | | |
| Other equity | 8 | -49 500 | -21 831 |
| **Total retained earnings** | | **-49 500** | **-21 831** |
| **Total equity** | | **1 316 760** | **1 344 429** |
| LIABILITIES | | | |
| **Long-term liabilities** | | | |
| Bonds | 9 | 1 495 182 | 1 482 935 |
| Liabilities to group companies | 4 | 407 709 | 252 181 |
| **Total other long-term liabilities** | | **1 902 891** | **1 735 116** |
| **Current liabilities** | | | |
| Trade creditors | | 659 | 0 |
| Other current debt | | 7 575 | 6 548 |
| **Total current liabilities** | | **8 234** | **6 548** |
| **Total liabilities** | | 1 911 125 | 1 741 664 |
| **TOTAL EQUITY AND LIABILITIES** | | **3 227 885** | **3 086 092** |

Stavanger, 30 April 2024

Fredrik Gyllenhammar Raaum (dig. sign.)
Chairman

Dagfinn Ringås (dig. sign.)
CEO

| STATEMENT OF CASH FLOWS (NOK thousands) | NOTE | 2023 | 2022 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit (loss) before tax | | -35 473 | 52 026 |
| Change in account payable | | 659 | -1 524 |
| Changes in other current balance sheet items | | 12 787 | 16 397 |
| **Net cash flow from operating activities** | | **-22 027** | **66 899** |
| **Cash flow from investing activities** | | | |
| Investment in subsidiary | | -121 754 | -12 415 |
| Change in non-current receivables from group companies | | -11 489 | -70 978 |
| **Net cash flow from investment activities** | | **-133 243** | **-83 393** |
| **Cash flow from financing activities** | | | |
| Proceeds from new long-term debt | | 0 | 0 |
| Change in non-current liabilities to group companies | | 155 406 | 4 157 |
| Capital contribution | | 0 | 12 415 |
| **Net cash flow from financing activities** | | **155 406** | **16 572** |
| **Total change in cash and cash equivalents** | | **135** | **78** |
| Cash and cash equivalents beginning of period | | 405 | 327 |
| **Cash and cash equivalents end of period** | | **540** | **405** |

# NOTES TO THE FINANCIAL STATEMENT 2023

## 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 amortisation 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 2023.

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").

**Expensed audit fee**

Expenses to the auditor for 2023 (excl.vat.);

| | |
|---|---|
| Statutory audit fee | 1 132 810 |
| Assurance services | 126 100 |
| Other services | 12 500 |
| **Total audit fee** | **1 271 410** |

# NOTE 3 TAX

| INCOME TAX EXPENSE (NOK thousand) | 2023 | 2022 |
|---|---|---|
| Total payable tax | 0 | 0 |
| Changes in deferred taxes | -7 804 | 11 487 |
| **Tax expense** | **-7 804** | **11 487** |

| SPECIFICATION OF BASE FOR PAYABLE TAXES (NOK thousand) | 2023 | 2022 |
|---|---|---|
| Net profit (loss) before tax | -35 473 | 52 026 |
| Permanent differences | 0 | 186 |
| Tax loss brought forward/-use of tax loss carried forward | 35 473 | -52 212 |
| **Base for payable tax** | **0** | **0** |

| **Summary of temporary differences:** | 2023 | 2022 |
|---|---|---|
| Loss carried forward | -60 002 | -24 529 |
| **Temporary differences** | **-60 002** | **-24 529** |
| *Loss carry forward not recognized* | 0 | 0 |
| *Basis for deferred tax* | **-60 002** | **-24 529** |
| | | |
| **Deferred tax assets** | **-13 201** | **-5 396** |

**Effective tax rate**

| | 2023 | 2022 |
|---|---|---|
| Expected income taxes, statutory rate 22 % | -7 804 | 11 446 |
| Changes in deferred tax asset not recog. and other | 0 | 41 |
| **Total tax cost** | **-7 804** | **11 487** |
| | | |
| Effective tax rate | 22 % | 22 % |

# NOTE 4 INTERCOMPANY BALANCES

| RECEIVABLES *(NOK thousands)* | 2023 | 2022 |
|---|---|---|
| Group contribution | 2 115 | 2 279 |
| Other receivables | 121 166 | 109 513 |
| **Total** | **123 281** | **111 792** |

| LIABILITIES *(NOK thousands)* | 2023 | 2022 |
|---|---|---|
| Liabilities to group companies | 407 709 | 252 181 |
| **Total** | **407 709** | **252 181** |

Calculated interest cost intra-company loan was NOK 10 241 520 in 2022 and NOK 25 028 491 in 2023. Interest income was NOK 6 843 107 in 2022 and NOK 8 945 379 in 2023. Income from subsidiaries is group contribution.

# NOTE 5 INVESTMENT IN SUBSIDIARIES

| COMPANY *(NOK thousands)* | ACQUISITION DATE | LOCATION | SHARE OWNERS | VOTING RIGHTS | NET PROFIT 2023 | EQUITY 31.12. | BOOK VALUE 31.12. |
|---|---|---|---|---|---|---|---|
| Cegal Group AS | 20.12.2019 | Norway | 100 % | 100 % | 7 209 | 1 626 063 | 3 090 337 |

# NOTE 6 BANK DEPOSITS

The company has no restricted cash deposits as of 31.12.2022 and 31.12.2023.

# NOTE 7 SHARE CAPITAL AND SHAREHOLDER INFORMATION

| SHARE CAPITAL (NOK thousands) | NUMBER OF SHARES | FACE VALUE (NOK) | NOMINAL VALUE (TNOK) | SHARE PREMIUM (TNOK) |
|---|---|---|---|---|
| Shares | 30 000 | 8,0 | 240 | 1 366 020 |
| **Total per 31 December** | **30 000** | **8,0** | **240** | **1 366 020** |

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 8 EQUITY

| (NOK thousands) | SHARE CAPITAL | SHARE PREMIUM RESERVE | RETAINED EARNINGS | TOTAL CAPITAL |
|---|---|---|---|---|
| Equity 01.01 | 240 | 1 366 020 | -21 831 | 1 344 429 |
| Net profit (loss) for the year | 0 | 0 | -27 669 | -27 669 |
| **Total** | **240** | **1 366 020** | **-49 499** | **1 316 761** |

# NOTE 9 LONG-TERM LIABILITIES

| LONG-TERM LIABILITIES (NOK thousands) | 2023 | 2022 |
|---|---|---|
| Interest bearing loans and borrowings | -1 495 182 | -1 482 935 |
| Net interest expense | 146 205 | 125 825 |

**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 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.

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.

**Maturity**

The outstanding bonds matures in full 13 December 2024. The bonds was in February redeemed. Please refer to the subsequent event disclosure for information about the refinancing in 2024.

**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. To limit its exposure to changes in interest rates, the company entered into an interest swap agreement in June 2022, covering 50% of its exposure related to changes in interest rates on the company's bond loan.

**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 10 SUBSEQUENT EVENT

On 26 February 2024, the Group issued a new bond loan of 1,550 million, maturing on 26 February 2027.

The existing bonds were repaid at a price equal to 101.47 per cent of the nominal amount for each redeemed bond (plus accrued interest on the redeemed amount), with record date on 27 February 2024 and settlement date 29 February 2024.

**Chip Bidco AS**

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Ernst & Young AS

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www.ey.no
Medlemmer av Den norske Revisorforening

**INDEPENDENT AUDITOR'S REPORT**

To the Annual Shareholders' Meeting of Chip Bidco AS

## 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 2023 and the income statement and statement of cash flows 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 the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

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 2023 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 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

## 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.

## 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 the general manager) 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 contains 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that

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the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is 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 of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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

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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.

Stavanger, 30 April 2024
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Gunn Helen Askvik
State Authorised Public Accountant (Norway)

**Askvik, Gunn Helen**

**Statsautorisert revisor**

On behalf of: EY

*Serial number: no_bankid:9578-5997-4-369833*

*IP: 147.161.xxx.xxx*

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