# Chip Bidco AS

## Group Annual report 2020

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# DEAR EMPLOYEES, CUSTOMERS AND SHAREHOLDERS

2020 was a different year for us all and nowhere near anything we could ever have imagined. It has challenged us in ways we could not predict and makes the importance of technology more relevant than ever.

However, 2020 will also go down in history as a year that has shown at the core, below our business, numbers, goals and strategies lies a deep compassion and willingness to undergo discomfort and sacrifice for something bigger than ourselves – our community. The Cegal spirit has been visible in so many ways this year. We have spent a lot of time apart in our home offices – but the sense of belonging has to me never felt stronger.

Despite the Covid-19 situation, I am very satisfied with the performance that our entire team achieved in 2020. We are now 20 more employees into 2021 and we had no furloughs despite the Covid-19 situation. We had 3% revenue growth and 28% EBITDA growth on a proforma and adjusted basis since 2019. We experienced strong growth in recurring revenue, with the cloud and software segments growing with 7% in 2020. 85% of Cegal's revenues are recurring and we have an order backlog of NOK 2.5bn, providing significant visibility on future earnings. I would say this is very respectable in the year of Covid-19.

Here are some highlights for the year:

- We have launched a new strategy that aims for a broader vertical, a green journey and doubling of our company size by 2025
- We have renewed our contract with Neptune for 5 years, and are in the roll-out phase of Wintershall DEA, the two largest contracts in Cegal´s history
- We launched a network for women increasing focus on diversity which is a success criterion for meeting our ambitious goals
- We have been recertified for ISO 27001 and 9001 with great feedback from the auditors. Now we are aiming for ISO 14001 environmental and ISO 45001 Occupational health and safety for the year to come
- We see in this demanding period that our services have become even more relevant for the future

Rapid changes, working conditions and work balance, are driving the demand for thinking differently. We need to work more efficient and use the strength of what new technology offers. On top of this we have Covid-19, that affect us all and accelerate a digital-first way of working at an unprecedented speed. All of this makes the digitalization journey even more relevant than before.

Human intelligence combined with technology helps businesses extract greater value from data. This is very relevant for the time we live in and is fueled by megatrends like Internet of Things, Big Data, Cloud Computing and so on. In my opinion, the most important factor for succeeding with digitalization is all about the people - with the right skills, attitude and courage.

To support this ongoing digitalization journey, we have our eyes set on how we can deliver the best possible vendor neutral cloud solution where data and tools are at the user's fingertips.

Data silos being opened by initiatives such as OSDU and the recent advances in data engineering and automation, gives us a great opportunity in creating the frictionless data flows that are required for the next generation best of breed workflows.

Building on the experience we have gathered over the last decade, we now look towards seeing how data and applications we host in GeoCloud can become the analytics and data science workspace of choice - the place where new solutions and innovations happen.

The goal with analytics and data science is to make predictions and decisions based on the available data. Our ambition is to help our customers to succeed, stay relevant and competitive in the future.

As I am writing this, we are well into the first quarter of 2021. Covid-19 is following us into 2021. At the same time the vaccine is rolling out fast to the population and hopefully, we all have calmer waters ahead of us.

Despite this and the challenging year we put behind us the future looks promising:

- We have strengthened our position and our value proposition. Providing access to and share critical data and application is more relevant than ever
- We have used the time well and built a strong pipeline of new prospects and opportunities. We are in a good position delivering several GeoCloud POC´s all over the globe at the beginning of 2021
- We are ready to act on a new strategy giving us access to an even larger market, growth opportunities, and a green journey.

Last year I wrote that we are a strong and resilient team that help each other to reach our goals. This year this is even more true. It is hard to find the words to express the gratefulness I feel for all the contributions, hard work, solution focus and compassion that has been shown during the pandemic.

I would like to thank the Cegal team, our shareholders, customers and partners for their efforts in these unsettling times. I am convinced that together we will emerge from the pandemic as an even stronger team.

Best,

**Svein Torgersen**
CEO Cegal

# BOARD OF DIRECTORS' REPORT
# CHIP BIDCO AS

Chip Bidco Group is headquartered in Stavanger, Norway, and have subsidiaries in Houston, Kuala Lumpur, London, Aberdeen, Dubai, Moscow and Calgary. As at 31 December 2020, the Group has 388 employees.

**Scope of Business**

Cegal's mission is to be the most innovative provider of IT services and solutions to the global energy industry. Cegal is filling the gap between IT and energy.

**Business Segments**

*Cloud*

Cegal's cloud based solutions provides high performance IT systems and customized software solutions to more than 15,000 end users worldwide. We support more than 1,300 applications, and our support center offers a single point of contact for all IT-related questions. Overall, we serve more than 200 customers with our Cloud solution.

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

We have a specialized offering to the energy industry, in particular with respect to advanced geoscience applications and critical on/offshore operations. Cegal supports all main exploration and production applications based on best practices. In 2020, cloud represented 64% of our revenues.

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

*Software*

Cegal develops and sells software to extend, improve and speed up workflows within geology, geophysics, reservoir engineering and data management. In addition, we offer development of high quality customized software solutions. In 2020, software products represented 14% of our revenues.

*Business Services*

Business Service consists of multi skilled consultants, including expert geomodelers, organized in teams and individual engagements providing value-adding services to our clients. Our most important service areas are Operator Readiness, Managed Services, Business Improvement Services and Business Professionals for hire.

We have core competencies within program/project management, change management, process management and enterprise architecture. We typically provide specialized advisory roles within areas such as information security management, information management, test management, information mana-gement, application management, business intelligence and data science. In 2020, Business Services represented 17% of our revenues.

*Other*

Mainly 3rd party resale of hardware and other software to IT cloud customers. In 2020, other revenue represented 5.0% of our revenues.

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

Cegal Group financial statement for 2020 has been prepared in accordance with the Norwegian Accounting Act § 3-9 and specific regulations, often referred to as "the simplified application of international financial reporting standards (IFRSs)".

*Operating Revenue*

Actual turnover in the Group was NOK 788.9 million in 2020.

*Operating Result (EBITDA)*

The Group's earnings before interest, tax, depreciation and amortization (EBITDA) was NOK 192.1 million in 2020.

*Depreciations and amortisations*

Depreciation of tangible assets and amortization of intangible assets was NOK 193.5 million in 2020.

*Net financial items and profit before and after tax*

Net financial items amounted to NOK -80.0 million in 2020 and profit tax was NOK 21.3 million resulting in a net loss for the year of NOK 60.1 million.

*Cash flow and financial positions*

Total cash flow from operations for the Group was NOK 114.6 million.

Cash flow from investment activities was NOK -33.7 million.

Cash flow from financing activities was NOK -117.5 million in 2020.

As at 31 December 2020, the Group had bank deposits totaling NOK 36.3 million plus available bank overdraft facilities of NOK 50.0 million.

The Group's current assets amounted to 10.2% of total assets per 31 December 2020. Total assets at the end of the year was NOK 1,966 million and the equity ratio was 33.5%.

## Going concern

In accordance with the Accounting Act (Regnskapsloven) § 3-3a it is confirmed that the going concern assumption is present. This assumption is based on the current cash balances, the current overdraft facility and the forecasts for 2021 and its long-term strategic prognosis which is well cemented in the board approved 2025 strategy roadmap from August 2020.

Although the majority of Cegal's revenue is 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.

Although 2020 has been dominated by Covid-19, Cegal has once again proven very resilitent to market changes. We are carefully monitoring the global situation, and follow advice from national and world health organizations and, most importantly, maintain a dynamic business continuity plan that addresses the concerns and wellbeing of the organization's employees as well its physical and financial assets including customer relationships.

Our business continuity plan is the risk mitigating cornerstone in monitoring these risks associated with Covid-19. Necessary measures are implemented, and we are continuously monitoring the development of the situation. Cegal is delivering business critical data and applications and we are a key vendor for our clients through this crisis. Although there are still uncertainties and risks that are difficult to manage, the board remains confident that sufficient mitigating factors and plans are in place to handle these risks.

## Risk factors

*Market risk*

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

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

The Group is also exposed to changes in interest rates.

*Credit risk and oil price risk*

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

*Liquidity risk*

The Group held liquid assets of NOK 36.3 million at the end of the year, as well as having access to bank overdraft facilities of NOK 50.0 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 1.9% in 2020. During the course of the year, it has not occurred or been reported serious workplace accidents, which resulted in significant damage or injuries. The working environment is good, and improvements are being continuously evaluated and implemented.

**Equality**

At the end of 2020, the Group consisted of a total of 388 employees, including 61 women and 327 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.

**Events after the year-end closing of the accounts**

No significant events after the balance sheet date.

## Future outlook

Cegal's main market is expected to be growing. As the market leader for cloud enablement on the Norwegian Continental Shelf ("NCS"), a global centre for innovation in energy sector, with a portfolio of software customers in more than 40 countries across the world, Cegal is well positioned to continue its strong and profitable growth path.

Based on the current demand from our customers, a focused organization, new unique products and a strong 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

The Board proposes the following allocation of the net income for Chip Bidco Group:

| | |
|---|---|
| Transferred loss to other equity: | MNOK -60.1 |
| Total allocation: | MNOK -60.1 |

No dividend is proposed in respect of the 2020 financial year.

Stavanger, 30 April 2021

Fredrik Gyllenhammar Raaum
Chairman

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | NOTE | 2020 | 2019 |
|---|---|---|---|
| **Revenues** | | | |
| Sales revenue | 15 | 785 535 | 0 |
| Other operating income | 15 | 3 354 | 0 |
| **Total Revenues** | | **788 889** | **0** |
| **Operating expenses** | | | |
| Cost of materials | | 213 069 | 0 |
| Payroll expenses | 8 | 336 500 | 0 |
| Depreciation of tangible and intangible fixed assets | 4, 5 | 193 514 | 0 |
| Other operating expenses | 5, 8 | 47 213 | 32 777 |
| **Total operating expenses** | | **790 295** | **32 777** |
| **Operating result** | | **-1 406** | **-32 777** |
| **Earnings before interest and tax (EBITDA)** | | **192 108** | **-32 777** |
| **Financial income and expenses** | | | |
| Interest income | 12 | 4 059 | 0 |
| Interest expenses | 10, 12 | -64 362 | -3 429 |
| Financial cost | 12 | -17 309 | 0 |
| Net foreign exchange gain/-loss | 12 | -2 352 | 0 |
| **Net financial income (loss)** | | **-79 965** | **-3 429** |
| **Ordinary result before tax** | | **-81 371** | **-36 206** |
| Tax on ordinary result | 9 | 21 295 | 0 |
| **Net profit (loss) for the year** | | **-60 075** | **-36 206** |
| Earnings per share | | -2,00 | -1,21 |
| Earnings per share diluted | | -2,00 | -1,21 |

| | | |
|---|---|---|
| | | **0** |
| (Figures in NOK 1 000) | **2020** | **2019** |
| Profit (loss) for the year | -60 075 | -36 206 |
| **Other comprehensive income, items to be reclassified to profit & loss** | | |
| Translation differences | -707 | 0 |
| **Total compehensive income** | **-60 782** | **-36 206** |
| **Total comprehensive income attributable to:** | | |
| Equity holders of the parent company | -60 782 | -36 206 |
| **Total comprehensive** | **-60 782** | **-36 206** |

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | NOTE | 2020 | 2019 |
|---|---|---|---|
| FIXED ASSETS | | | |
| **Intangible assets** | | | |
| Goodwill | 4, 14 | 976 779 | 976 622 |
| Other intangible assets | 4 | 605 919 | 687 594 |
| **Total intangible assets** | | **1 582 698** | **1 664 215** |
| | | | |
| **Tangible assets** | | | |
| Property, plant, equipment & machineries | 5 | 183 292 | 228 624 |
| **Total tangible assets** | | **183 292** | **228 624** |
| | | | |
| **Financial assets** | | | |
| Other long-term receivables | | 1 115 | 472 |
| **Total financial assets** | | **1 115** | **472** |
| | | | |
| NON- CURRENT ASSETS | | 1 767 105 | 1 893 311 |
| | | | |
| CURRENT ASSETS | | | |
| **Receivables** | | | |
| Trade receivables | | 136 775 | 137 706 |
| Other receivables | | 15 400 | 1 698 |
| Prepayments | | 11 198 | 11 632 |
| **Total receivables** | | **163 373** | **151 036** |
| | | | |
| **Cash and cash equivalents** | 6 | **36 259** | **72 762** |
| | | | |
| Total current assets | | 199 632 | 223 798 |
| | | | |
| **TOTAL ASSETS** | | **1 966 737** | **2 117 109** |

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | NOTE | 2020 | 2019 |
|---|---|---|---|
| EQUITY | | | |
| **Paid-in capital** | | | |
| Share capital | 13 | 60 | 60 |
| Share premium reserve | 13 | 757 136 | 757 136 |
| **Total paid-in capital** | | **757 196** | **757 196** |
| | | | |
| **Retained earnings** | | | |
| Other equity | | -97 377 | -36 206 |
| **Total retained earnings** | | **-97 377** | **-36 206** |
| | | | |
| **Total equity** | | **659 818** | **720 990** |
| | | | |
| LIABILITIES | | | |
| **Provisions** | | | |
| Deferred tax liability | 9 | 114 278 | 133 896 |
| **Total provisions** | | **114 278** | **133 896** |
| | | | |
| **Long-term liabilities** | | | |
| Interest bearing loans and borrowings | 10 | 873 960 | 867 451 |
| Lease liabilities | 10 | 113 196 | 145 008 |
| **Total other long-term liabilities** | | **987 157** | **1 012 459** |
| | | | |
| **Current liabilities** | | | |
| Lease liabilities | 3 | 57 794 | 61 208 |
| Trade creditors | 3 | 30 252 | 51 311 |
| Public duties payable | 3 | 36 241 | 43 937 |
| Taxes payable | 9 | 444 | 1 840 |
| Other short-term liabilities | 11 | 80 752 | 91 468 |
| **Total current liabilities** | | **205 484** | **249 764** |
| | | | |
| **Total liabilities** | | 1 306 919 | 1 396 119 |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **1 966 737** | **2 117 109** |

Stavanger, 30 April 2021

Fredrik Gyllenhammar Raaum
Chairman

| CONSOLIDATED STATEMENT OF CASH FLOWS | NOTE | 2020 | 2019 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit (loss) before tax | | -81 371 | -36 206 |
| Depreciation | 4 , 5 | 193 514 | 0 |
| Taxes paid | 9 | -1 840 | 0 |
| Financial income | 12 | -4 059 | 0 |
| Financial expenses | 12 | 84 023 | 0 |
| Change in trade receivables and trade creditors | | -20 128 | 0 |
| Changes in other current balance sheet items | | -55 552 | 3 459 |
| **Net cash flow from operating activities** | | **114 588** | **-32 747** |
| | | | |
| **Cash flow from investing activities** | | | |
| Acquisition of Cegal Group, net of cash acquired | | 0 | -985 234 |
| Acquisition of tangible fixed assets | 5 | -12 293 | 0 |
| Acquisition of intangible assets | 4 | -21 367 | 0 |
| **Net cash flow from investment activities** | | **-33 660** | **-985 234** |
| | | | |
| **Cash flow from financing activities** | | | |
| Proceeds from new long-term debt | | 0 | 867 451 |
| Repayment of loans to financial institutions | | 0 | -333 280 |
| Capital contribution | | 0 | 0 |
| Issuance of capital | | 0 | 556 572 |
| Interest received | 12 | 4 059 | 0 |
| Interest payments to financial institutions | 10, 12 | -60 303 | 0 |
| Installment leasing-debt (IFRS 16) | 10 | -61 208 | 0 |
| **Net cash flow from financing activities** | | **-117 453** | **1 090 743** |
| | | | |
| **Total change in cash and cash equivalents** | | **-36 524** | **72 762** |
| | | | |
| Currency effect on cash | | 21 | 0 |
| Cash and cash equivalents beginning of period | | 72 762 | 0 |
| **Cash and cash equivalents end of period** | | **36 259** | **72 762** |

| STATEMENT OF CHANGES IN EQUITY | SHARE CAPITAL | SHARE PREMIUM RESERVE | OTHER EQUITY | TOTAL EQUITY |
|---|---|---|---|---|
| **Paid in capital** | **30** | **0** | **0** | **30** |
| Net profit 2019 | | | -36 206 | -36 206 |
| Translation differences | | | 0 | 0 |
| Total comprehensive income 2019 | | | -36 206 | -36 206 |
| Capital injection - cash | 15 | 556 557 | 0 | 556 572 |
| Capital injection - in kind | 15 | 200 578 | 0 | 200 593 |
| Increase in non-controlling interests | | | 0 | 0 |
| **Equity as of 31 December 2019** | **60** | **757 136** | **-36 206** | **720 990** |
| Net profit 2020 | | 0 | -60 075 | -60 075 |
| Translation differences | | 0 | -707 | -707 |
| Total comprehensive income 2020 | | 0 | -60 782 | -60 782 |
| Acquisition/sale of own shares | | | -389 | -389 |
| **Equity as of 31 December 2020** | **60** | **757 136** | **-97 377** | **659 819** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT 2020

## 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 2020 were approved in the board meeting on 30 April 2021.

**Basis of presentation**

The company's financial statements have been prepared in accordance with the Norwegian Accounting Act § 3-9 and specific regulations, related to what is often referred to as "the simplified application of inter-national financial reporting standards (IFRSs)", issued by the Ministry of Finance November 3, 2014. Under this regulation, recognition and measurement rules are based on international financial reporting standards (IFRSs), while presentation and disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The consolidated financial statements are based on historical cost, with the exception of the following:

- Financial instruments at fair value through profit or loss and fair value through OCI

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

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

**Changes in accounting policies and disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to IFRS which have been implemented by the Group during the current financial year. Below we have listed the amendments in IFRS which have been applicable for the Group's 2020 financial statements, as well as the effect of the amendments.

The following new and amended standards and interpretations have been implemented for the first time in 2020:

**Amendments to IFRS 3 - Definition of a Business**

The amendments help determine whether an acquisition made is of a business or a group of assets.

The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

It also clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. This assessment must be based on what has been acquired in its current state and condition.

The amendments also introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

The amendments are applied to transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

The amendments did not have any significant effects on the consolidated financial statements.

**Amendments to IAS 1 and IAS 8 - Definition of Material**

The International Accounting Standards Board (IASB) has issued amendments to its definition of material to make it easier to make materiality judgements. The definition of material helps decide whether information should be included in the financial statements. The amendments set out a new definition of material: “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity“. Also, the amendments clarify that materiality depends on the nature or magnitude of information, or both. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The changes are effective for annual periods beginning on or after 1 January 2020.

The amendments did not have significant any effects on the consolidated financial statements.

**Amendments to IFRS 9, IAS 39 and IFRS 7 - the IBOR reform**

The amendments provide temporary reliefs to certain requirements related to hedge accounting in the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.

For the hedging relationships where the reliefs are applied, companies are required to disclose additional qualitative and quantitative information. However, the amendments also provide an exemption from the disclosure requirements in IAS 8.28 f related to the adjustment amounts in the current and prior period.

The effective date of the amendments is for annual periods beginning on or after 1 January 2020. The requirements are applied retrospectively.

The amendments did not have any significant effects on the consolidated financial statements.

**Amendment to IFRS 16 - Covid-19-Related Rent Concessions**

In May 2020, the International Accounting Standards Board amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment does not affect lessors.

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

Lessees must apply the practical amendment retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

The amendment is effective for annual periods beginning on or after 1 June 2020, but earlier application is permitted. The Group has chosen to early adopt this amendment.

The amendments did not have any significant effects on the consolidated financial statements.

# NOTE 1 ACCOUNTING PRINCIPLES

### 1.1 Functional currency and presentation currency

#### Functional currency

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

#### Presentation currency

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

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

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

### 1.2 Basis for consolidation

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

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

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

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

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

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

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

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

**Change in ownership interest without loss of control**

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

**Loss of control**

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

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

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

### 1.3 Statement of financial position classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

Current assets are valued at the lower of cost and net realizable value. Current liabilities are recognized at nominal value. Fixed assets are initially measured at cost, and subsequently at cost less accumulated depreciation and impairment charges. Long-term liabilities are recognized at amortized cost.

**1.4 Segments**

For management reporting purposes, the Group is organized into business units based on its activities and has one reportable segment.

**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. 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. If the carrying amount of a non-current asset exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present values.

### 1.7 Intangible assets

Intangible assets comprise software, order backlog and customer relations, which are identifiable and controlled by the company. An intangible asset is capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. The intangible assets are depreciated over the estimated useful economic life. If the carrying amount of an intangible asset exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present values.

### 1.8 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior year impairments of tangible fixed assets and intangible assets are reviewed for possible reversal at each financial reporting date.

### 1.9 Trade and other receivables

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

### 1.10 Trade payables/creditors

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

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

### 1.11 Income tax

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

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled. 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, payables, or as derivatives designated as hedging instruments in an effective hedge, 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 EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

**Derecognition of financial liabilities**

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

### 1.13 Finance income and costs

Finance income comprises interest income on bank deposits and foreign exchange gains. Finance costs comprise interest expense on borrowings and foreign exchange losses, and losses on derivatives not designated as hedging instruments.

### 1.14 Cash and cash equivalents

In the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits at banks.

**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 using the interest rate implicit in the lease, if that rate can be readily determined, or else the lessee's incremental borrowing rate. The lease liability is subsequently increased by the effective interest in the lease and reduced by payments made. The lease liability is also reassessed subsequently if the payments or the interest rate changes. 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. The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

**1.17 Business combinations and goodwill**

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

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

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

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

### 1.18 Cash flow statement

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

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

In accordance with IAS.85 and IAS.85A, the Group has presented an additional (non-GAAP) subtotal in the statement of comprehensive income.

This subtotal is considered relevant to the understanding of the entity's financial performance.

### 1.20 Events after the reporting period

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

# NOTE 2 ESTIMATION UNCERTAINTY

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

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

- The fair value of assets acquired and liabilities assumed relating to the acquisition of Cegal Group AS
- Impairment testing of goodwill (Note 14)
- Identification of cash generating units and operating segments

**Purchase price allocation relating to the assets acquired and liabilities assumed in the acquisition of Cegal Group AS**

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

The intangible assets that was valued separately include the order backlog, 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, the order backlog, customer relationships and the technology, was recognized separately.

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

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

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

**Impairment testing of goodwill**

For impairment testing, goodwill acquired through business combinations is allocated to the Group's CGU. The Group performs its annual impairment test in September 2020 and considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment.

The acquisition of Cegal Group AS was made in December 2019. For impairment test purposes the test is based on cash flow estimates and assumptions consistent with the ones used in the purchase price allocation. Hence, no impairment of goodwill was recognized in the financial statements.

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

From the acquisition date, acquired goodwill is to be allocated to each of the acquirer's CGUs, or to a group of CGUs, that are expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is so allocated must represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and not be larger than an operating segment determined in accordance with IFRS 8 – Operating Segments. The different revenue streams in the Group, such as software, cloud and business consulting are often sold together and based on a separate assessment management concluded that the different revenue streams are not largely independent and are therefore seen together as one CGU.

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

# NOTE 3 FINANCIAL RISKS AND RISK MANAGEMENT

The Group's principal financial liabilities, comprise lease 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.

**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. 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.

**Credit risk**

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

## Liquidity risk

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

The amounts disclosed in the table below are the financial liability contractual undiscounted cash flows at 31 December 2020:

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

## 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 4 INTANGIBLE ASSETS

| (NOK thousands) | GOODWILL | CUSTOMER RELATIONSHIPS | SOFTWARE | ORDER BACKLOG | TOTAL |
|---|---|---|---|---|---|
| Aquisition cost 01.01 | 976 779 | 208 868 | 231 033 | 247 535 | 1 664 215 |
| Additions | 0 | 0 | 21 367 | 0 | 21 367 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Aquisition cost 31.12 | 976 779 | 208 868 | 252 400 | 247 535 | 1 685 582 |
| Accumulated impairments at 31.12 | 0 | 0 | 0 | 0 | 0 |
| Accumulated amortizations at 31.12 | 0 | 20 332 | 41 297 | 41 256 | 102 884 |
| **Carrying amount 31.12** | **976 779** | **188 536** | **211 103** | **206 279** | **1 582 698** |
| | | | | | |
| Impairment charges in 2020 | 0 | 0 | 0 | 0 | **0** |
| Amortization for 2020 | 0 | 20 332 | 41 297 | 41 256 | **102 884** |
| Useful economic life | Indefinite | 4-11 years | 3-10 years | 6 years | |
| Amortization plan | | Linear | Linear | Linear | |

# NOTE 5 TANGIBLE ASSETS

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

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

## NOTE 6 BANK DEPOSITS

The cash and deposits for the Group include no restricted funds as of 31 December 2020. However, a bank guarantee for employee tax of NOK 14 million has established. The Group has bank guarantees of NOK 12 million for property lease agreements.

## NOTE 7 LIST OF SUBSIDIARIES

The consolidated financial statements comprise the following entites:

| ENTITIES | COUNTRY OF INCORPORATION | MAIN OPERATIONS | OWNERSHIP INTEREST 2020 | VOTING POWER 2020 |
|---|---|---|---|---|
| Chip Bidco AS | Norway | Holding company | 100 % | 100 % |
| Cegal Group AS | Norway | IT and SW sales | 100 % | 100 % |
| Cegal AS | Norway | IT and SW sales | 100 % | 100 % |
| Cegal Ltd | UK | IT and SW sales | 100 % | 100 % |
| Cegal LLC | USA | IT and SW sales | 100 % | 100 % |
| Cegal Geoscience Inc. | Canada | IT and SW sales | 100 % | 100 % |
| Cegal FZ - LLC | Dubai | IT and SW sales | 100 % | 100 % |
| Cegal Russia LLC | Russia | IT and SW sales | 100 % | 100 % |
| Cegal Malaysia Sdn. Bhd. | Malaysia | IT and SW sales | 100 % | 100 % |

# NOTE 8 WAGE COSTS, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES AND AUDITOR'S

| WAGE COSTS (NOK thousands) | 2020 |
|---|---|
| Salaries | 296 626 |
| Payroll tax | 41 786 |
| Pension costs | 10 034 |
| Other payments | 9 578 |
| Capitalized development cost | -21 525 |
| **Total payroll an related expenses** | **336 500** |

| | 2020 | 2019 |
|---|---|---|
| The average number of employees | 377 | 339 |

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

MANAGEMENT REMUNERATION

| | GENERAL MANAGER |
|---|---|
| Salary | 1 453 042 |
| Pension expenses | 44 592 |
| Other remuneration | 56 472 |
| **Total** | **1 554 106** |

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

**Auditor's fee**

The following table shows remuneration related to professional services rendered by the Company's principal auditor, Ernst & Young AS, for fiscal year 2020. The amounts shown are exclusive of value added tax.

| (NOK thousands) | 2020 |
|---|---|
| Audit fee | 899 |
| Assurance services | - |
| Other assistance | 464 |
| **Total** | **1 363** |

# NOTE 9 TAX

| INCOME TAX EXPENSE (NOK thousand) | 2020 | 2019 |
|---|---|---|
| Total payable tax | 444 | 0 |
| Changes in deffered taxes | -21 740 | 0 |
| Tax from previous years | 0 | 0 |
| **Tax expense** | **-21 295** | **0** |

| SPECIFICATION OF BASE FOR PAYABLE TAXES (NOK thousand) | 2020 | 2019 |
|---|---|---|
| Net income before tax | -81 371 | -36 206 |
| Permanent differences | 1 902 | 32 775 |
| Changes in temporary differences | 77 325 | 0 |
| Tax basis acquired as part of business combination | 0 | 6 438 |
| **Base for payable tax** | **-2 144** | **3 008** |

| | | |
|---|---|---|
| **Taxes payable acquired in business combination** | **0** | **1 840** |

| **Summary of temporary differences:** | 2020 | 2019 |
|---|---|---|
| Fixed assets | 552 043 | 641 430 |
| Leasing | -14 298 | -10 439 |
| Trade receivable | 0 | -22 853 |
| Allocations and other itmes | -12 953 | 0 |
| Loss carried forward | -5 344 | -2 322 |
| **Temporary differences** | **519 448** | **605 816** |
| *Loss carry forward not recognized ** | 0 | 2 322 |
| *Other differences not basis for deferred tax asset* | 0 | 180 |
| *Basis for deffered tax* | **519 448** | **608 318** |
| | | |
| **Deferred tax/-deferred tax assets** | **114 278** | **133 896** |
| **Deferred tax/-deferred tax assets in Norway** | **114 278** | **134 088** |
| **Deferred tax/-deferred tax assets abroad** | **0** | **-192** |

***** Loss carry forward not recognized relates to Cegal FZ LCC and Cegal Canada.

| **Effective tax rate** | 2020 | 2019 |
|---|---|---|
| Expected income taxes, statutory rate 22 % (Norway) | -17 902 | -7 965 |
| Permanent differences and other | 418 | 7 211 |
| Adjustments | -1 349 | 755 |
| Changes in deferred tax asset not recog. and other | -2 463 | 0 |
| **Total tax cost** | **-21 295** | **0** |
| | 26 % | N/A |

# NOTE 10 LONG-TERM LIABILITIES

As of 31 December 2020 the long-term liabilities consists of external bond and lease liabilites in NOK thousand as described below:

| LIABILITY | CURRENCY | TYPE | NOMINAL AMOUNT | NET BOOK VALUE | LIMIT | MATURITY |
|---|---|---|---|---|---|---|
| Interest bearing loans and borrowing | NOK | Bond | 900 000 | 873 960 | 1 250 000 | 13 Dec. 2024 |
| Leases | NOK | Lease agreements | 113 196 | 113 196 | | * |
| Deferred tax | NOK | Deferred tax | 114 278 | 114 278 | | |
| **Total** | | | **1 127 475** | **1 101 435** | **1 250 000** | |

* See note 3.

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

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

**Interest bearing loans and borrowings - Bond**

The Group, through its subsidiary Chip Bidco AS, has resolved to issue a series of bonds in the maximum amount of NOK 1 250 million in December 2019.

The bonds may be issued on different issue dates and the initial bond issue was in the amount of NOK 900 million. Additional bonds may be issued subject to certain conditions. The terms of the bonds have requirements for the bonds to be listed within six months following the issuing date. The terms of the bonds hold no specific financial covenants, but require the Company 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 listed at Frankfurt Open Market Stock Exchange 13 December 2019 and at the Nordic ABM in June 2020.

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

### Maturity

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

### Interest rate

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

### Pledged as security

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

The Group has an overdraft facility of 50 MNOK, in which NOK 0 is used at the balance sheet date. Further, the bank has granted a leasing facility of 40 MNOK. Accounts receivable, inventory, shares and fixed assets in Cegal Group and Cegal AS are pledged as security for the bank overdraft facility. The security is limited to NOK 75 000.

## NOTE 11 OTHER SHORT-TERM LIABILITIES

| NOK thousands | 2020 | 2019 |
|---|---|---|
| Deferred revenue | 42 019 | 39 126 |
| Salaries | 35 613 | 41 036 |
| Other short-term debt | 1 115 | 7 877 |
| Interest expenses | 2 005 | 3 429 |
| **Total** | **80 752** | **91 468** |

Short-term debt is due for payment within one year.

# NOTE 12 FINANCIAL INCOME AND EXPENSES

| NOK thousands | 2020 | 2019 |
|---|---|---|
| Interest income | 4 059 | 1 |
| Interest expenses | 64 362 | 3 429 |
| Financial cost | 17 309 | 0 |
| Currency cost | 2 352 | 0 |
| **Total** | **-79 965** | **-3 428** |

# NOTE 13 SHARE CAPITAL AND SHAREHOLDER INFORMATION

| SHARE CAPITAL | NUMBER OF SHARES | FACE VALUE (NOK) | NOMINAL VALUE (NOK) | SHARE PREMIUM (NOK '000) |
|---|---|---|---|---|
| Shares | 30 000 | 2,0 | 60 | 757 136 |
| **Total per 31 December** | **30 000** | **2,0** | **60** | **757 136** |

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 14 IMPAIRMENT TESTING OF GOODWILL

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

Recognized goodwill in the Group amounts to NOK 976 779 as of 31.12.2020 and relates to the acquisition of Cegal Group AS.

The Group performed its annual impairment test in September 2020. For impairment test purposes the test is based on cash flow estimates and assumptions consistent with the ones used in the purchase price allocation.

The impairment test was prepared using the following key assumptions:

| | 2020 |
|---|---|
| Discount rate | 11,1 % |
| Terminal growth rate | 2,5 % |

The recoverable amount of the CGU is determined based on a value in use calculation using cash flow estimates and assumptions consistent with the ones used in the purchase price allocation. The acquisition was closed shortly before the balance sheet date. No adjustments to the assumptions in the PPA was found necessary. Hence, no impairment was made.

# NOTE 15 REVENUE

| ACTIVITY DISTRIBUTION BY REGION (NOK thousands) | 2020 |
|---|---|
| NCER | 742 989 |
| UKA | 101 678 |
| NSA | 40 756 |
| MEAP | 17 846 |
| Group & Eliminations | -114 381 |
| **Total per** | **788 889** |

| ACTIVITY DISTRIBUTION BY BUSINESS LINE (NOK thousands) | 2020 |
|---|---|
| Cloud | 495 129 |
| Business Services | 144 346 |
| 3rd party resale | 36 415 |
| SWP | 109 645 |
| Other | 3 354 |
| | **788 889** |

# NOTE 16 SUBSEQUENT EVENTS

COVID-19 is still affecting the global economy and the industries in which Cegal operates. Through careful monitoring of the global situation, we follow the advice given by both national and world health organizations and, most importantly, maintain a dynamic business continuity plan that addresses the concerns and wellbeing of the organization's employees as well its physical and financial assets including customer relationships. Necessary measures have been implemented, and we are continuously monitoring the development of the situation. The Group is delivering business critical data and applications. Hence, we are a key vendor for our clients through the pandemic. Keeping our employees healthy and maintaining our operation have been our primary focus over the last year and will still be as important for us in the time to come. Although there are uncertainties and risks that are difficult to manage and project, the board and top management are comfortable that sufficient mitigating factors and plans are in place to handle these risks.

# Chip Bidco AS

## Company Annual report 2020

cegal

| INCOME STATEMENT *(NOK thousands)* | NOTE | 2020 | 2019 |
|---|---|---|---|
| **Operating expenses** | | | |
| Other operating expenses | 2 | 2 412 | 1 |
| **Total operating expenses** | | **2 412** | **1** |
| **Operating result** | | **-2 412** | **-1** |
| **Financial income and expenses** | | | |
| Income from subsidiaries | | 67 198 | 0 |
| Other interest income | | 225 | 0 |
| Interest expense to group companies | 9 | 980 | 0 |
| Other interest expenses | 7 | 65 050 | 3 386 |
| **Net financial income (loss)** | | **1 394** | **-3 386** |
| **Ordinary result before tax** | | **-1 018** | **-3 387** |
| Tax on ordinary result | 8 | -416 | 0 |
| **Net profit (loss) for the year** | | **-602** | **-3 387** |
| *Allocation of result for the year* | | | |
| Allocated to other equity | | -602 | -3 387 |
| **Total brought forward** | | **-602** | **-3 387** |

| BALANCE SHEET AS OF DECEMBER 31 (NOK thousands) | NOTE | 2020 | 2019 |
|---|---|---|---|
| FIXED ASSETS | | | |
| **Intangible assets** | | | |
| Deferred tax assets | 8 | 416 | 0 |
| **Total intangible assets** | | **416** | **0** |
| | | | |
| **Financial assets** | | | |
| Investments in subsidiaries | 6 | 1 614 915 | 1 617 428 |
| **Total financial assets** | | **1 614 915** | **1 617 428** |
| | | | |
| NON- CURRENT ASSETS | | 1 615 332 | 1 617 428 |
| | | | |
| CURRENT ASSETS | | | |
| **Receivables** | | | |
| Other receivables | | 315 | 0 |
| Receivables from group companies | 9 | 70 784 | 0 |
| **Total receivables** | | **71 099** | **0** |
| | | | |
| **Cash and cash equivalents** | 3 | **201** | **7 260** |
| | | | |
| Total current assets | | 71 301 | 7 260 |
| | | | |
| **TOTAL ASSETS** | | **1 686 632** | **1 624 688** |

| BALANCE SHEET AS OF DECEMBER 31 (NOK thousands) | NOTE | 2020 | 2019 |
|---|---|---|---|
| EQUITY | | | |
| **Paid-in capital** | | | |
| Share capital | 4, 5 | 60 | 60 |
| Share premium reserve | 5 | 757 136 | 757 136 |
| **Total paid-in capital** | | **757 196** | **757 196** |
| **Retained earnings** | | | |
| Other equity | 5 | -3 989 | -3 387 |
| **Total retained earnings** | | **-3 989** | **-3 387** |
| **Total equity** | | **753 207** | **753 809** |
| LIABILITIES | | | |
| **Long-term liabilities** | | | |
| Bonds | 7 | 873 960 | 867 451 |
| **Total other long-term liabilities** | | **873 960** | **867 451** |
| **Current liabilities** | | | |
| Trade creditors | | 327 | 0 |
| Liabilities to group companies | 9 | 57 133 | 0 |
| Other current debt | | 2 006 | 3 429 |
| **Total current liabilities** | | **59 465** | **3 429** |
| **Total liabilities** | | 933 425 | 870 880 |
| **TOTAL EQUITY AND LIABILITIES** | | **1 686 632** | **1 624 689** |

Stavanger, 30 April 2021

Fredrik Gyllenhammar Raaum
Chairman

| STATEMENT OF CASH FLOWS (NOK thousands) | NOTE | 2020 | 2019 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit (loss) before tax | | -1 018 | -3 387 |
| Change in short-term receivable | | -71 099 | 0 |
| Change in account payable | | 327 | 0 |
| Changes in other current balance sheet items | | -1 424 | 3 429 |
| **Net cash flow from operating activities** | | **-73 214** | **42** |
| **Cash flow from investing activities** | | | |
| Investment in subsidiary | | 0 | -1 083 555 |
| Group contribution 2019 | | 2 513 | 0 |
| **Net cash flow from investment activities** | | **2 513** | **-1 083 555** |
| **Cash flow from financing activities** | | | |
| Proceeds from issuance of long-term debt net of transaction cost | | 6 510 | 867 451 |
| Proceeds from issuance of new current liabilities | | 57 133 | |
| Repayment of long-term loans | | 0 | -333 280 |
| Issuance of capital | | 0 | 556 602 |
| **Net cash flow from financing activities** | | **63 642** | **1 090 773** |
| **Total change in cash and cash equivalents** | | **-7 059** | **7 260** |
| Cash and cash equivalents beginning of period | | 7 260 | 0 |
| **Cash and cash equivalents end of period** | | **200** | **7 260** |

# NOTES TO THE FINANCIAL STATEMENT 2020

## NOTE 1 ACCOUNTING PRINCIPLES

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

### Use of estimates

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

### Investments in subsidiaries and associated companies

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

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

### Long-term liabilities

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

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

### Receivables

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

**Tax**

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

**Cash Flow statement**

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

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

No remuneration has been paid to senior executives or members of the board in 2020.

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

**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 paid to the auditor for 2020 amounts to NOK 232 500,- eksl.vat.

| | |
|---|---|
| Statutory audit fee (incl. technical assistance with financial statements) | 217 500 |
| Other services | 15 000 |
| **Total audit fee** | **232 500** |

# NOTE 3 BANK DEPOSITS

The company has no restricted cash deposits as of 31.12.2020.

# NOTE 4 SHARE CAPITAL AND SHAREHOLDER INFORMATION

| SHARE CAPITAL (NOK thousands) | NUMBER OF SHARES | FACE VALUE (NOK) | NOMINAL VALUE (NOK) | SHARE PREMIUM (NOK '000) |
|---|---|---|---|---|
| Shares | 30 000 | 2,0 | 60 | 757 136 |
| **Total per 31 December** | **30 000** | **2,0** | **60** | **757 136** |

Main shareholders per 31.12:

| | SHARES | VOTING RIGHTS | OWNERSHIP SHARES |
|---|---|---|---|
| Chip Midco AS | 30 000 | 100,00 % | 100,00 % |
| **Total** | **30 000** | **100,00 %** | **100,00 %** |

# NOTE 5 EQUITY

| (NOK thousands) | SHARE CAPITAL | SHARE PREMIUM RESERVE | RETAINED EARNINGS | TOTAL CAPITAL |
|---|---|---|---|---|
| Equity 01.01 | 60 | 757 136 | -3 387 | 753 809 |
| Annual net profit/loss | | | -602 | -602 |
| **Total** | **60** | **757 136** | **-3 989** | **753 207** |

# NOTE 6 INVESTMENT IN SUBSIDIARIES

| COMPANY *(NOK thousands)* | ACQUISITION DATE | LOCATION | SHARE OWNERS | VOTING RIGHTS | NET PROFIT 2020 | EQUITY 31.12. | BOOK VALUE 31.12. |
|---|---|---|---|---|---|---|---|
| Cegal Group AS | 20.12.2019 | Norway | 100 % | 100 % | -4 543 | 428 409 | 1 614 915 |

# NOTE 7 LONG-TERM LIABILITIES

| LONG-TERM LIABILITIES DUE IN 5 YEARS (NOK thousands) | 2020 | 2019 |
|---|---|---|
| Interest bearing loans and borrowings | -873 960 | -867 451 |
| Accrued interest expense | 58 540 | 3 386 |

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

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

**Interest bearing loans and borrowings - Bond**

Chip Bidco AS has resolved to issue a series of bonds in the maximum amount of NOK 1 250 million in December 2019.

The bonds may be issued on different issue dates and the initial bond issue was in the amount of NOK 900 million. Additional bonds may be issued subject to certain conditions. The terms of the bonds have requirements for the bonds to be listed within six months following the issuing date. The terms of the bonds hold no specific financial covenants, but require the Company 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 listed at Frankfurt Open Market Stock Exchange 13 December 2019. The bond has been recognized at amortized cost by using the effective interest rate method.

**Maturity**

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

**Interest rate**

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

**Pledged as security**

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

# NOTE 8 TAX

| INCOME TAX EXPENSE (NOK thousand) | 2020 | 2019 |
|---|---|---|
| Total payable tax | 0 | 0 |
| Changes in deffered taxes | -416 | 0 |
| **Tax expense** | **-416** | **0** |

| SPECIFICATION OF BASE FOR PAYABLE TAXES (NOK thousand) | 2020 | 2019 |
|---|---|---|
| Net income before tax | -1 018 | -3 387 |
| Permanent differences | 0 | 0 |
| **Base for payable tax** | **-1 018** | **-3 387** |

| PAYABLE TAX IN THE BALANCE (NOK thousand) | 2020 | 2019 |
|---|---|---|
| Payable tax on this year's result | -14 784 | -3 387 |
| Payable tax on received Group contribution | 14 784 | 0 |
| **Total payable tax in the balance** | **0** | **-3 387** |

| **Summary of temporary differences:** | 2020 | 2019 |
|---|---|---|
| Loss carried forward | -1 892 | -874 |
| **Temporary differences** | **-1 892** | **-874** |
| *Loss carry forward not recognized* | 0 | 874 |
| *Basis for deffered tax* | **-1 892** | **0** |
| | | |
| **Deferred tax/-deferred tax assets** | **-416** | **0** |

**Effective tax rate**

| | 2020 | 2019 |
|---|---|---|
| Expected income taxes, statutory rate 22 % | -224 | -745 |
| **Total tax cost** | **-224** | **-745** |

# NOTE 9 INTERCOMPANY BALANCES

| RECEIVABLES *(NOK thousands)* | 2020 | 2019 |
|---|---|---|
| Group contribution | 67 198 | 0 |
| Other receivables | 3 586 | 0 |
| **Total** | **70 784** | **0** |

| LIABILITIES *(NOK thousands)* | 2020 | 2019 |
|---|---|---|
| Group contribution | 57 133 | 0 |
| **Total** | **57 133** | **0** |

Calculated interest in intra-company loan in 2020 is NOK 979 655.

# NOTE 10 SUBSEQUENT EVENTS

COVID-19 is still affecting the global economy and the industries in which Cegal operates. Necessary measures have been implemented, and we are continuously monitoring the development of the situation. However, as the company does not have any external revenue, the effects of the ongoing pandemic are considered to be miniscule as the external revenue effects would only apply to the subsidiaries. As such, the board and management are comfortable that sufficient mitigating factors and plans are in place to handle the limited risks.

**Chip Bidco AS**
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Medlemmer av Den norske revisorforening

**INDEPENDENT AUDITOR'S REPORT**

To the Annual Shareholders' Meeting of Chip Bidco AS

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Chip Bidco AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company comprise the balance sheets as at 31 December 2020, the income statement and statements 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 comprise of the statement of financial position as at 31 December 2020, statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and their 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.

### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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 Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) are 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 other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's 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 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 law, regulations and generally accepted auditing principles in Norway, including 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 those charged with governance 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.

## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

## Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Stavanger, 30 April 2021
ERNST & YOUNG AS

Jan Kvalvik
State Authorised Public Accountant (Norway)