Chip Bidco AS

Group annual report 2022

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CEGAL

AN EXTRAORDINARY YEAR FOR CEGAL, WITH ACCELLERATED GROWTH AND STRONG MOMENTUM

Acceleration after a successful merger

2022 was our first full year as a fully merged company, and what a year it has been. The new Cegal really accelerated as a result of the two companies joining forces, we grew faster than many of our competitors, we won customers that neither Cegal nor Sysco would have won standalone, we maintained high employee engagement scores and attrition levels were below industry standards. Overall, a year during which we have been through a large integration process and many organizational changes. Not many companies manage to do that, and it is something our entire team and all our employees deserve big kudos for. It also shows the potential of our company going forward.

Some of the highlights of the year:

- Successful merger of Cegal and Sysco.
- New vision, mission, strategy and brand launched in Q1.
- Key new contracts won with Petronas, Skagerag Energi, Haugaland Kraft, Okea, Helse SørØst, Shell, Aker BP, Eviny, Lyse and BW Energy.
- Increasing momentum in financial performance during H2, where all four business divisions contributed to the strong growth compared to 2021. For pro forma comparisons between 2022 and 2021 on key financial figures, we refer to our interim quarterly report for the fourth quarter in 2022 as published on www.cegal.com.
- High people engagement score between 74-78, consistently higher than industry benchmark at 73.
- Very strong employer brand, with great ability to attract talent despite the fierce fight for talent in tech, with 120 organic new hires in 2022 and attrition at 13%, versus 20% in the Nordic IT industry.
- Acquired Systemtech A/S, a database specialist company, increasing our footprint in Denmark.
- Won Annual Norvestor ESG Award.
- Recertified for ISO 27001 (security), 9001 (quality), 14001 (environment) and 45001 (health and safety). All with great feedback from the auditors.

Building a tech superpower that enables a more sustainable future

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

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

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

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

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

To remain competitive and win, everything in Cegal starts and stops with our people. Post Covid, many tech companies struggle with higher turnover, significantly increased salary pressure (at times outgrowing the ability to increase prices) and a general challenge around building strong company cultures, when large amounts of employees have been working from home. We now see that more and more Cegal people are coming back to the office, and we will also invest more in training, competencies and social engagements through 2023. Only then we can build the unstoppable culture we strive for that fuels our business.

When Cegal and Sysco merged one year ago, we launched a vision to build a stellar nextgen tech company that contributes to a more sustainable future. It gives us tremendous energy to see our formula being successful. Our growth is accelerating, our pipeline and backlog remains solid and our people are thriving. That makes us both optimistic and energized for 2023 and ready to continue our mission to help energy customers turn complex IT into digital success.

Best regards,

Dagfinn Ringås (dig. sign.)
CEO

BOARD OF DIRECTORS' REPORT CHIP BIDCO AS

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

Traditionally, the Group has been an important provider of technology to the international Oil & Gas industry. The transformation of this sector and the move towards renewables is happening at a high speed, with technology and diversity as important keys.

The Group has further strengthened its renewable footprint in 2022 with significant wins of key clients within the renewable sector. Also, the Group established four new reportable segments from January 1, 2022 as presented in note 21.

In June 2022, the Group acquired the remaining 49% of Cegal EnergyX and now holds 100% of the shares in the company.

Furthermore, the Group acquired Systemtech A/S to strengthen its consulting arm in Denmark.

As at 31 December 2022, the Group had 769 employees compared to 739 as at 31 December 2021.

Scope of Business

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

Business units

Cloud operations

The Group's cloud-based solutions provide high performance IT systems and customized software solutions that boost speed and productivity for our customers, enabling them to securely collaborate in the cloud. We have customized our offering for the broader energy sector, covering the full value chain with our cloud offering and customized applications.

In 2022, Cloud operations represented 42% of our revenues compared to 56% in 2021, a decrease in 2022 due to the merger with Sysco which took place in Q4, 2021.

Products

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

In 2022, Products represented 16% of our revenues compared to 17% in 2021.

Services

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

In 2022, Services represented 38% of our revenues compared to 26% in 2021.

Third-party resale

The Group provides hardware and software licenses for resale to our customers, typically bundled with sales within our other business units.

In 2022, third-party resale represented 4% of our revenues. No comparison to 2021 is available.

Research and development

The Group spent NOK 31.3 million on research & development activities during the year, providing new products to the market and improving existing products with new functionalities.

Statement of income, cash flow and balance sheet

The Group's financial statement for 2022 has been prepared in accordance with the IFRS accounting principles as adopted by EU.

Operating Revenue

Total revenues were NOK 1 627.1 million in 2022 compared to 992.4 million in 2021.

Operating Result (EBITDA, alternative Performance Measure)

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) was NOK 279.4 million in 2022 compared to NOK 142.3 million in 2021.

Depreciations and amortisations

Depreciation of tangible assets and amortisation of intangible assets was NOK 229.5 million in 2022 compared to NOK 193.8 million in 2021.

Net financial items and profit before and after tax

Net financial items amounted to NOK -135.2 million in 2022 compared to NOK -91.2 million in 2021 and profit tax was NOK 5.3 million resulting in a net loss or the year of NOK –80.0 million compared to NOK -112.3 million in 2021.

Cash flow and financial positions

Total cash flow from operations for the Group was NOK 209.5 million compared to NOK 164.3 million in 2021.

Cash flow from investment activities was NOK -57.7 million compared to NOK -785.0 million in 2021 when Sysco was acquired.

Cash flow from financing activities was NOK -171.8 million compared to NOK 646.5 million in 2021 when Sysco was acquired.

As at 31 December 2022, the Group had bank deposits totaling NOK 42.2 million plus available bank overdraft facilities of NOK 128.6 million. As at 31 December 2021, the Group had bank deposits totaling NOK 62.1 million.

The Group's current assets amounted to 12.4 % of total assets per 31 December 2022. Total assets at the end of the year was NOK 3 211.6 million and the equity ratio was 32.0%.

As at 31 December 2021, the Group's current assets amounted to 11.3% of total assets of NOK 3 285.2 million and the equity ratio was 33.9%.

Statement of compliance

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

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

Accounting Act § 3-3b, 2nd paragraph

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

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

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

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

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

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

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

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

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

The Norwegian Code of Practice for Corporate Governance

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

Statement of corporate governance report

1. Statement of corporate governance

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

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

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

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

Deviation from section 1 of the recommendation: None

2. Business

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

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

Chip Bidco AS elects its board members on the general meeting. The Group's highly scalable solutions run on data centres powered by clean energy. The cloud products enable true digital collaboration and secure access to critical industrial control systems, thereby reducing the need for travel.

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

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

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

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

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

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

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

Deviation from section 2 of the recommendation: None

3. Equity and dividends

Total assets at the end of the year was NOK 3 211.6 million and the equity ratio was 32.0%.

No dividend is proposed for 2022.

Deviation from section 3 of the recommendation: None

4. Equal treatment of shareholders

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

Significant transactions in 2022:

In 2022, Cegal AS, A Chip Bidco Group company, signed the acquisition of the remaining 49% of EnergyX in June and Systemtech A/S in Denmark in September.

Deviation from section 4 of the recommendation: None

5. Shares and negotiability

Chip Bidco AS's shares are not listed on a stock exchange and all of the Group's subsidiaries are wholly owned. Chip Bidco AS is wholly-owned (100%) by Chip Midco AS, which is wholly owned (100%) by Chip Topco AS. Credo Partners AS, Norvestor SPV 1 Holding AS and employees/management/board of the Cegal Group are indirect owners of the Company with indirect shareholdings of 8%, 60% and 32%, respectively.

Deviation from section 5 of the recommendation: None

6. General meetings

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

Deviation from section 6 of the recommendation: None

7. Nomination committee

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

Deviation from section 7 of the recommendation: None

8. Board of directors: composition and independence

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

Deviation from section 8 of the recommendation: None

9. The work of the board of directors

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

The board conducts an annual self-evaluation of its work with a view to working methods, case processing, meeting structure and prioritization of tasks. The requirements for composition and competence are met. In 2022,, one ordinary board meeting was held. The attendance percentage in 2022 was 100%. There is a board insurance in place for Chip Topco AS which also cover all subsidiaries including Chip Bidco AS.

Deviation from section 9 of the recommendation: None

10. Risk management and internal control

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

The department is responsible for independent risk assessment, risk reporting and the overall risk monitoring in the Group and reports periodically to the board on developments in the risk picture.

The company's management is responsible for establishing and maintaining sound internal control related to the group's financial reporting. The internal control related to financial reporting in the group is a process that under the supervision of the CEO and CFO is designed to provide reasonable assurance for reliable financial reporting and preparation of the group's quarterly and annual accounts in accordance with IFRS as adopted by the EU.

The accounting principles applied by the Group are also in accordance with IFRS as issued by the International Accounting Standards Boards (IASB). The company's finance department prepares financial reporting for the group. The department ensures that the reporting takes place in accordance with current legislation, accounting standards and the Group's accounting principles. The department has established processes that ensure that the accounting reporting is quality assured and that any errors and deficiencies are followed up and corrected on an ongoing basis. For all financial reporting, several control measures have been established to ensure correct, valid, and complete reporting. In addition, detailed reconciliation controls are performed daily and monthly.

Deviation from section 10 of the recommendation: None

11. Remuneration of the board of directors

No remuneration has been paid to the one member of the board in 2022.

Deviation from section 11 of the recommendation: None

12. Remuneration of executive personnel

No remuneration has been paid to senior executives in 2022 as there are no employees in Chip Bidco AS.

Deviation from section 12 of the recommendation: None

13. Information and communications

Chip Bidco AS emphasis strongly on correct, relevant and timely information about the company's development and results to create confidence in the investor market.

Information to the market is disseminated through investor presentations, websites on the Internet, press releases and financial reports. Regular presentations are held with investors, banks and other partners.

Deviation from section 13 of the recommendation: None

14. Take-overs

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

Deviation from section 14 of the recommendation: None

15. Auditor

The external auditor is elected by the general meeting. Ernst & Young was the Group's external auditor in 2022.

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

Deviation from section 15 of the recommendation: None

Statement of social responsibility and Transparency Act

The Group's social responsibility statement is available on the Group's web page www.cegal.com/en/about-us/sustainability

The Group is currently conducting due diligence assessments with regards to the Transparency Act and a report will be published on www.cegal.com before June 30, 2023, to address the guidelines in the act.

Board of Director's report

Going concern

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

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

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

Risk factors

Market risk

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

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

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

Credit risk

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

Liquidity risk

The Group held liquid assets of NOK 42.2 million at the end of the year compared to NOK 62.1 million in 2021, as well as having access to bank overdraft facilities of NOK 128.6 million. The Group considers its liquidity as good, and its exposure to liquidity risk is considered to being limited.

Work environment

Sick leave in the Group was approximately 2.8% in 2022 compared to 2.3% in 2021. 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 2022, the Group consisted of a total of 769 employees compared to 739 in 2021, including 160 (148 in 2021) women and 609 (591 in 2021 men). The goal is to be a workplace where there is full gender equality. The Board and management are aware of the societal expectations on measures to promote gender.

Discrimination

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

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

Environment

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

Subsequent events

On 1 April 2023, Cegal AS. A Chip Bidco Group company, divested Cegal Finans AS in which it held 100% of the shares until 31 March 2023.

Furthermore, with effect from 1 January 2023, Cegal Danmark A/S merged with Systemtech A/S and Sysco Holding Aps in Denmark with Cegal Danmark A/S as the acquiring company.

Future outlook

The Group's main markets are expected to be growing in 2023.

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

Net profit and allocations

For 2022, the Board proposes the following allocation of the net income for Chip Bidco AS:

Transferred loss to other equity: NOK -40.5 million

Total allocation: NOK -40.5 million

No dividend is proposed in respect of the 2022 financial year.

Stavanger, 2 May 2023

Fredrik Gyllenhammar Raaum (dig. sign.)
Chairman

RESPONSIBILITY STATEMENT

The Board of Directors and the CEO confirm that to the best of our knowledge the financial statements as of 31 December 2022, which have been prepared in accordance with IFRS as adopted by the European Union and generally accepted accounting practice in Norway, provides a true and fair view on the Group's consolidated assets, liabilities, financial position and result.

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

Stavanger, 2 May 2023

Fredrik Gyllenhammar Raaum (dig. sign.) Chairman	Dagfinn Ringås (dig. sign.) CEO

Chip Bidco AS

Group annual accounts 2022

CEGAL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK THOUSANDS)	NOTE	2022	2021
Revenues			
Sales revenue	20	1 627 062	990 042
Other operating income		0	2 336
Total Revenues		**1 627 062**	**992 378**
Operating expenses			
Cost of materials		447 673	288 603
Payroll expenses	13	785 789	473 514
Other operating expenses	8, 13	114 188	88 005
Total operating expenses before depreciation		**1 347 650**	**850 122**
Earnings before interest, tax, depreciation & amortization (EBITDA)		**279 412**	**142 256**
Depreciation and amortization	7, 8	229 524	193 818
Operating result (EBIT)		**49 888**	**-51 562**
Financial income and expenses			
Interest income		7 954	1 940
Interest expenses	15	-127 470	-82 672
Financial cost		-23 714	-7 809
Net foreign exchange gains/-losses		8 019	-2 650
Net financial income (loss)		**-135 211**	**-91 191**
Net profit (loss) before tax		**-85 324**	**-142 752**
Tax expense	14	5 304	30 502
Net profit (loss) for the year		**-80 020**	**-112 250**
Non-controlling interest		-2 211	-592
Net profit (loss) - equity holders of the parent		**-82 231**	**-112 842**
Earnings per share	10	-2.67	-3.74
Earnings per share diluted	10	-2.67	-3.74

(NOK thousands)	**2022**	**2021**
Profit (loss) for the year	-80 020	-112 250
Other comprehensive income, items to be reclassified to profit & loss		
Translation differences	-473	444
Total compehensive income	**-80 493**	**-111 806**
Total comprehensive income attributable to:		
Equity holders of the parent company	-82 704	-112 398
Non-controlling interest	2 211	592
Total comprehensive income continuing operations	**-80 493**	**-111 806**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (NOK THOUSANDS)	NOTE	2022	2021
FIXED ASSETS			
Intangible assets			
Goodwill	7, 19	1 814 100	1 805 143
Other intangible assets	7	863 351	979 103
Total intangible assets		**2 677 451**	**2 784 246**
Tangible assets			
Property, plant, equipment & machineries	8	135 369	156 922
Total tangible assets		**135 369**	**156 922**
Financial assets			
Other long-term receivables	4	159	3 611
Total financial assets		**159**	**3 611**
NON- CURRENT ASSETS		2 812 979	2 944 779
CURRENT ASSETS			
Receivables			
Trade receivables	4, 9	312 446	240 956
Other receivables	4	17 292	23 464
Prepayments		26 707	13 942
Total receivables		**356 444**	**278 362**
Cash and cash equivalents	4, 11	**42 156**	**62 091**
Total current assets		398 600	340 453
TOTAL ASSETS		**3 211 580**	**3 285 232**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (NOK THOUSANDS)	NOTE	2022	2021
EQUITY			
Paid-in capital			
Share capital	18	240	180
Share premium reserve	18	1 366 021	1 319 366
Total paid-in capital		**1 366 261**	**1 319 546**
Retained earnings			
Other equity		-337 052	-209 776
Total retained earnings		**-337 052**	**-209 776**
Equity attributable to equity holders of the parent		**1 029 209**	**1 109 770**
Non-controlling interests		0	2 572
Total equity		**1 029 209**	**1 112 342**
LIABILITIES			
Provisions			
Deferred tax liability	14	161 311	171 443
Total provisions		**161 311**	**171 443**
Long-term liabilities			
Interest bearing loans and borrowings	4, 6	1 482 935	1 470 268
Other long-term liabilities	4	0	12 347
Lease liabilities	3, 6, 15	74 155	89 029
Total other long-term liabilities		**1 557 090**	**1 571 644**
Current liabilities			
Short-term lease liabilities	3, 5, 6	45 427	53 966
Short-term interest bearing debt	3, 4, 5, 15	21 429	24 200
Trade creditors	3, 4, 5	88 401	73 744
Public duties payable	3, 4, 5	90 367	79 158
Taxes payable	4, 5, 14	1 618	1 219
Other short-term liabilities	4, 5, 16	216 727	197 516
Total current liabilities		**463 970**	**429 803**
Total liabilities		2 182 370	2 172 890
TOTAL EQUITY AND LIABILITIES		**3 211 580**	**3 285 232**

Stavanger, 2 May 2023

Fredrik Gyllenhammar Raaum (dig. sign.)
Chairman

Dagfinn Ringås (dig. sign.)
CEO

CONSOLIDATED STATEMENT OF CASH FLOWS (NOK THOUSANDS)	NOTE	2022	2021
Cash flow from operating activities			
Net profit (loss) before tax		-85 324	-142 752
Depreciation and amortization	7, 8	229 524	193 818
Taxes paid	14	-1 219	-444
Financial income		-15 973	-1 940
Financial expenses		151 184	93 131
Change in trade receivables and trade creditors		-56 833	7 010
Changes in other current balance sheet items		-11 836	15 526
Net cash flow from operating activities		**209 525**	**164 349**
Cash flow from investing activities			
Acquisition of Sysco group, net of cash acquired		-2 899	-719 301
Acquisition of Envision Group, net of cash acquired		0	-20 100
Acquisition of Systemtech, net of cash acquired	22	-12 357	0
Acquisition of tangible fixed assets	8	-19 245	-19 261
Acquisition of intangible assets	7	-31 111	-28 299
Interest received		7 954	1 940
Net cash flow from investment activities		**-57 659**	**-785 021**
Cash flow from financing activities			
Proceeds from new long-term debt	6	0	596 308
Increase (decrease) in short-term interest-bearing debt		-2 771	24 200
Capital contribution		12 385	174 283
Interest payments to financial institutions		-127 470	-90 481
Installment leasing-debt (IFRS 16)	6	-53 966	-57 794
Net cash flow from financing activities		**-171 822**	**646 514**
Total change in cash and cash equivalents		**-19 956**	**25 842**
Currency effect on cash		21	-10
Cash and cash equivalents beginning of period		62 091	36 259
Cash and cash equivalents end of period		**42 156**	**62 091**

STATEMENT OF CHANGES IN EQUITY (NOK THOUSANDS)	NOTE	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROL-LING INTERESTS	TOTAL EQUITY
Equity as of 31 December 2020		**60**	**757 136**	**-97 378**	**659 818**	**0**	**659 818**
Net profit (loss) for the year 2021				-112 842	-112 842	592	-112 250
Translation differences				444	444	0	444
Total comprehensive income 2021				-112 398	-112 398	592	-111 806
Shareholder contribution		120	562 230		562 350	0	562 350
Non-controlling interests				0	0	1 980	1 980
Equity as of 31 December 2021		**180**	**1 319 366**	**-209 776**	**1 109 770**	**2 572**	**1 112 342**
Net profit (loss) for the year 2022			0	-82 231	-82 231	2 211	-80 020
Translation differences				-473	-473	0	-473
Total comprehensive income 2022			0	-82 704	-82 704	2 211	-80 493
Shareholder contribution	18	60	46 655	0	46 715	0	46 715
Reclassifications and other changes				-12 155	-12 155	0	-12 155
Non-controlling interests				-32 416	-32 416	-4 783	-37 199
Equity as of 31 December 2022		**240**	**1 366 021**	**-337 052**	**1 029 209**	**0**	**1 029 209**

Non-controlling interests in 2022 of NOK -37.2 million relates to the acquisition of the remaining 49% of the shares in Cegal EnergyX.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT 2022

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 2022 were approved in the board meeting on 28 April 2023.

Basis of presentation

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and IFRS as adopted by the EU, and are mandatory for financial year beginning on or after 1 January 2022, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2022.

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

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

NOTE 1 ACCOUNTING PRINCIPLES

1.1 Functional currency and presentation currency

Functional currency

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

Presentation currency

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

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

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

1.2 Basis for consolidation

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

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

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

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

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

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

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

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

Change in ownership interest without loss of control

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

Loss of control

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

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

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

1.3 Statement of financial position classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

1.4 Segments

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

1.5 Sales revenue

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

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

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

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

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

1.6 Tangible assets

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

1.7 Intangible assets

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

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

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

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

1.8 Impairment

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

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

1.9 Trade and other receivables

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

1.10 Trade payables/creditors

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

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

1.11 Income tax

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

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

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

1.12 Financial liabilities

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

Loans and long-term debt

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

Derecognition of financial liabilities

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

1.13 Finance income and costs

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

1.14 Cash and cash equivalents

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

1.15 Equity

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

1.16 Leasing / leases

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

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

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

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

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

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

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

1.17 Business combinations and goodwill

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

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

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

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

1.18 Cash flow statement

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

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

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

1.20 Events after the reporting period

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

1.21 New and amended standards and interpretations

As the none of the future amendments to standards are expected to have material impact on the group, it has not adopted any of the standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTE 2 ESTIMATION UNCERTAINTY & SIGNIFICANT JUDGEMENT

The fair value assessment of assets and liabilities in a business combination usually include significant judgments and estimates, as valuation techniques can include assumptions on future revenues, net income and many other variables. The Group may use external valuation experts to assess the fair value of assets and liabilities in significant business combinations. Further, the impairment testing of goodwill includes a variety of key judgments and estimates made by management. See further description in note 19. In the process of applying the Group's accounting policies, management has made several judgements and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Changes in key assumptions may have significant effect and may cause material adjustments to the carrying amounts of assets and liabilities, equity and the profit for the year. The Group's most important accounting estimates are the following:

- The fair value of assets acquired and liabilities assumed relating to significant acquisitions
- Impairment testing of goodwill (Note 19)

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

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

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

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

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

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

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

The remaining consideration is allocated to goodwill. The amount allocated to goodwill is significant and using different estimates in the valuation of the identifiable intangible assets could result in a material impact on the recognized amount of goodwill.

Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Financial exposure in Russia

The Group had an operating non-sanctioned legal entity in Russia, Cegal LLC, throughout 2022. The financial risk, however, is considered limited as the revenues in the company constitutes only 0.4% of the Group total and assets are 0.3% of the Group's total assets. NOK 2.2 million in trade receivables was impaired in 2022 due to the current cash transfer restrictions. No further impairments are deemed necessary per 31.12.22.

Impairment testing of goodwill

For impairment testing, goodwill acquired through business combinations is allocated to the Group's CGU. The Group performed its annual impairment test in September 2022 and considers the relationship between its market capitalization and its book value when reviewing for indicators of impairment.

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

- Forecasted revenue and operating profit for the years 2023 to 2027 (forecasting period) less depreciations and amortisations (EBITDA)
- Weighted average cost of capital (WACC) assumptions
- Growth in terminal value post the forecasting period using Gordon Growth model.

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

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

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

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

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

NOTE 3 FINANCIAL RISKS AND RISK MANAGEMENT

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

Overriding principles

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

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

Market risk: Interest rate risk

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

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to significant interest rate risk, primarily as a consequence of its third-party bond debt that is offered on floating rate terms. To limit its exposure to changes in interest rates, the Group entered into an interest rate swap agreement in June 2022, covering 50% of its exposure related to changes in interest rates on the Group's bond loan. The coupon rate for the interest pertaining to the fixed part of the bond loan is 2.58%.

Interest rate sensitivity

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

2021: +/- 100 basis points	+/- 15 000
2022: +/- 100 basis points	+/- 15 000

A change in the interest rate would not have a significant effect on equity in 2021 or 2022.

Market risk: Foreign currency risk

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

Credit risk

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

Liquidity risk

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

The amounts disclosed in the table below are the financial liability contractual undiscounted cash flows at 31 December 2022:

NOK thousands	LESS THAN 1 YEARS	1-2 YEARS	2-3 YEARS	3-4 YEARS	MORE THAN 4 YEARS	TOTAL
Interest bearing loans and borrowings		1 500 000				1 500 000
Interest bearing loans and borrowings - interests	137 017	140 072				277 088
Lease liabilities	45 427	35 554	21 640	15 774	1 186	119 582
Trade and other payables	88 401					88 401
Public duties payable	90 367					90 367
Other short-term liabilities	216 727					216 727
Total at 31 December 2022	**577 940**	**1 675 626**	**21 640**	**15 774**	**1 186**	**2 292 166**

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

Capital management

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

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

No financial covenants are related to capital management.

Capital management

	2022	2021
Interest bearing loans and borrowings	1 482 935	1 470 268
Long-term lease liabilities	74 155	89 029
Short-term lease liabilities	45 427	53 966
Short-term interest-bearing debt	21 429	24 200
Trade creditors	88 401	73 744
Less: Cash and cash equivalents	-42 156	-62 091
Net debt	**1 670 192**	**1 649 116**
Total equity	1 029 209	1 112 342
Capital and net debt	**2 699 401**	**2 761 459**
Gearing ratio	61.9 %	59.7 %

Climate risk

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

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

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

NOTE 4 FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY

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

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

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

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

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

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

Financial assets (in NOK thousands)	Fair value measurement hierarchy	2022 Book value	2022 Fair value	2021 Book value	2021 Fair value
Other long-term receivables	Level 2	159	159	3 611	3 611
Trade receivables	Level 2	312 446	312 446	240 956	240 956
Other current receivables	Level 2	17 292	17 292	23 464	23 464
Cash and cash equivalents	Level 2	42 156	42 156	62 091	62 091
Total financial assets		**372 052**	**372 052**	**330 122**	**330 122**
Financial liabilities					
Interest bearing loans and borrowings	Level 2	1 482 935	1 482 935	1 470 268	1 470 268
Other long-term liabilities	Level 2	0	0	12 347	12 347
Short-term interest-bearing debt	Level 2	21 429	21 429	24 200	24 200
Trade creditors	Level 2	88 401	88 401	73 744	73 744
Other short-term liabilities	Level 2	216 727	216 727	3 341	3 341
Total financial liabilities		**1 809 492**	**1 809 492**	**1 583 900**	**1 583 900**

Fair value estimation

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

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

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

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

NOTE 5 MATURITY ANALYSIS CURRENT LIABILITIES

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

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

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

NOTE 6 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

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

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

NOTE 7 INTANGIBLE ASSETS

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

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

Acquisition cost per 01.01.20 is in its entirety related to the acquisition of Cegal Group at the end of 2019.

The additions of goodwill and customer relationships are related to the acquisition of Sysco group and Envision in 2021 and Systemtech A/S in 2022.

NOK 103.8 million of the additions of software are related to the acquisition of the Sysco group, while the rest of the additions of software are mainly in-house developed. No research & development expenditures were expensed in 2022.

NOTE 8 TANGIBLE ASSETS

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

Interest expenses related to IFRS 16 lease liabilities were NOK 8.5 million in 2022. Please refer to disclosure 3, 4, 5 and 6 for information about the related leasing liabilities.

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

Acquisition cost per 01.01.20 is in its entirety related to the acquisition of Cegal Group at the end of 2019.

Lease expenses recognized in other operating expenses

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

Leasing payments for long-term leases amounted to NOK 67.0 million and interest expenses related to leases amounted to NOK 9.5 million in 2022.

NOTE 9 TRADE RECEIVABLES

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

(In NOK thousands)	Neither past due nor impaired	Days past due <30 days	30-60 days	61-90 days	>91 days	Total
2022	214 250	54 922	23 031	2 554	17 689	312 446
2021	210 008	21 836	4 290	575	4 247	240 956

As per 31.12.22, NOK 17.7 million in aged trade receivables is older than 90 days of which NOK 3.1 million is between 91 and 120 days, NOK 7.0 million is between 120 days and 360 days and NOK 7.6 million is older than 360 days. Total provisions for loss on trade receivables per 31.12.22 is NOK 3.6 million.

NOTE 10 EARNINGS PER SHARE

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

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

	2022	2021
Net profit (loss) in NOK thousands	-80 020	-112 250
Weighted average numbers of ordinary shares during the year	30 000	30 000
Effect of dilution	0	0
Weighted average number of outstanding diluted shares	30 000	30 000
Earnings (loss) per share in NOK thousands	-2.67	-3.74
Earnings (loss) per share diluted in NOK thousands	-2.67	-3.74

NOTE 11 BANK DEPOSITS

The cash and deposits for the Group include restricted cash related to employee tax amounts to NOK 7.8 million as per 31 December 2021 and NOK 0 as per 31 December 2022. Further, the group has established a guarantee for employee tax of a total of NOK 36 million

The Group has bank guarantees of NOK 13 million for property lease agreements as per 31.12.21 and NOK 18.5 million per 31.12.22

NOTE 12 LIST OF SUBSIDIARIES

The consolidated financial statements comprise the following entites:

ENTITIES	COUNTRY OF INCORPORATION	MAIN OPERATIONS	OWNERSHIP INTEREST 2022	VOTING POWER 2022
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	United Arab Emirates	IT and SW sales	100 %	100 %
Cegal Russia LLC	Russia	IT and SW sales	100 %	100 %
Cegal Malaysia Sdn. Bhc	Malaysia	IT and SW sales	100 %	100 %
Cegal Baltics OÜ	Estonia	IT and SW sales	100 %	100 %
Cegal Finans AS	Norway	IT and SW sales	100 %	100 %
Cegal EnergyX AS	Norway	IT and SW sales	100 %	100 %
Cegal Danmark A/S	Denmark	Holding company	100 %	100 %
Sysco Holding ApS	Denmark	IT and SW sales	100 %	100 %
Systemtech A/S	Denmark	IT and SW sales	100 %	100 %
SQL Service Nordic AB	Sweden	IT and SW sales	100 %	100 %
Cegal AB	Sweden	Holding company	100 %	100 %
Cegal Stockholm AB	Sweden	IT and SW sales	100 %	100 %
Cegal Uppsala AB	Sweden	IT and SW sales	100 %	100 %

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

PAYROLL EXPENSE (NOK thousands)	2022	2021
Salaries	670 508	399 583
Payroll tax	97 213	59 880
Pension costs	32 870	14 323
Other payments	16 471	14 930
Capitalized development cost	-31 273	-15 202
Total payroll and related expenses	**785 789**	**473 514**

	2022	2021
The average number of employees	749	482

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

MANAGEMENT REMUNERATION

	GENERAL MANAGER
Salary	3 412 886
Pension expenses	53 508
Other remuneration	189 092
Total	**3 655 486**

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

Auditor's fee

The following table shows expensed professional services rendered by the Company's principal auditor, Ernst & Young AS, for fiscal year 2022. The amounts shown are exclusive of value added tax.

(NOK thousands)	2022
Audit fee	2 441
Assurance services	496
Other assistance	0
Total	**2937**

Expensed audit assistance for group companies not having being audited by Ernst & Young AS in 2022 for their statutory audit, amounted to NOK 877 thousands.

NOTE 14 TAX

INCOME TAX EXPENSE *(NOK thousand)*	2022	2021
Total payable tax	5 836	1 219
Changes in deferred taxes	-23 100	-31 722
Tax from previous years	11 960	0
Tax expense	**-5 304**	**-30 502**

SPECIFICATION OF BASE FOR PAYABLE TAXES *(NOK thousand)*	2022	2021
Net income (loss) before tax	-85 323	-142 752
Permanent differences	30 769	5 335
Changes in temporary differences	141 173	77 174
Use of tax loss carried forward	-52 275	-3 951
Base for payable tax	**34 344**	**-64 194**
Taxes payable acquired in business combination	**0**	**3 500**

Summary of temporary differences:	2022	2021
Fixed assets	786 781	887 984
Leasing	-14 431	-14 818
Trade receivable	-5 775	-4 490
Allocations and other itmes	-4 172	-10 566
Loss carried forward	-28 347	-77 649
Temporary differences	**734 056**	**780 461**
*Loss carry forward not recognized **	0	-1 168
Basis for deferred tax	**734 056**	**779 293**
Deferred tax/-deferred tax assets	**161 311**	**171 443**
Deferred tax/-deferred tax assets in Norway	**161 311**	**171 443**
Deferred tax/-deferred tax assets abroad	**0**	**0**

* Loss carry forward not recognized relates to Cegal FZ LCC, Cegal Canada and the Sysco group. The subsidiary Cegal FZ-LLC is NOKUS-taxed together with its parent company Cegal AS. The tax loss carried forward amounts to NOK 14.5 million of which no deferred tax asset is registered.

Effective tax rate	2022	2021
Expected income taxes, tax rate 22 % (Norway)	-18 771	-31 406
Permanent differences and other	6 769	1 174
Adjustments	0	598
Changes in deferred tax asset not recognized and other	6 698	-869
Total tax expense	**-5 304**	**-30 502**
Effective tax rate	**6 %**	**21 %**

NOTE 15 LONG-TERM LIABILITIES

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

* See note 3.

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

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

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

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

Interest bearing loans and borrowings - Bonds

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

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

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

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

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

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

Maturity

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

Interest rate

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

Interest rate swap agreement

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

Pledged as security

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

The Group has an overdraft facility of NOK 150 million, of which NOK 21.4 million was used in 2022 compared to NOK 24.2 million in 2021. Further, the bank has a discretionary leasing facility available for hardware/ software leasing. Accounts receivable, bank accounts and shares are pledged as security for the bank overdraft facility in material group companies as defined in the bond terms.

New lease agreement for new Oslo office

In April 2022, Cegal AS, a Chip Bidco Group company, entered into a lease agreement for a new office location in Oslo taking effect from 01.02.2023. This new lease agreement will replace the two current lease agreements the company has for its two Oslo office locations per 31.12.22 where lease costs for the new lease agreement will be NOK 11.0 per annum plus shared costs.

NOTE 16 OTHER SHORT-TERM LIABILITIES

NOK thousands	2022	2021
Contract liabilities	27 950	10 462
Salaries	98 384	87 575
Other short-term debt	83 845	96 138
Interest expenses	6 548	3 341
Total	**216 727**	**197 516**

Short-term debt is due for payment within one year. Other short-term debt items comprise of deferred costs other and accruals of other short-term debt items.

NOTE 17 CLAIMS AND LITIGATIONS

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

The notice of change amounts to NOK 16 million in increased taxable income for 2019. The Company do not agree with the view and disputes the notice.

NOTE 18 SHARE CAPITAL AND SHAREHOLDER INFORMATION

SHARE CAPITAL	NUMBER OF SHARES	FACE VALUE (NOK)	NOMINAL VALUE (NOK)	SHARE PREMIUM (NOK '000)
Total per 31 December 2021	30 000	6.0	180 000	1 319 366
Share capital increase - cash contribution	-	2.0	30 000	12 385
Share capital increase - contribution in kind	-	2.0	30 000	34 270
Total per 31 December 2022	**30 000**	**8.0**	**240 000**	**1 366 021**

Main shareholders per 31.12:

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

NOTE 19 IMPAIRMENT TESTING OF GOODWILL

The Group has one cash generating unit (CGU). For impairment testing, goodwill acquired through business combinations is allocated to the CGU.

Recognized goodwill in the Group amounts to NOK 1 805 million as of 31.12.2021, and to NOK 1 814.1 million as per 31.12.2022 and relates mainly to the acquisition of Cegal Group in 2019, Sysco group in 2021 and Systemtech in 2022 (see note 22).

The Group performed its annual impairment test in September 2022 for goodwill identified and recognised in previous periods.

The impairment assessment is based on value in use calculations using cash flows based on the approved 2023 budget and business plans for the period 2024-2027, followed by a terminal value calculation.

Key assumptions

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

Revenue growth

Revenue growth is based on the Group's current market outlook in the 2023 budget with 9% growth followed by growth in the business plan of 13.5% in 2024 and 15.1% in 2025, respectively. For 2026 and 2027, the Group has assumed a revenue growth of 10% per annum.

EBITDA margins

EBITDA margins assumptions are based on the budgeted EBITDA margin for 2023 and business plan margins for 2024 to 2027. The Group has a strong order backlog of around NOK 2.5 billion, giving a high degree of visibility in the forecasting period, enabling a high level of forecasting accuracy in terms of EBITDA margins with a relatively scalable cost base.

Discount rate

The discount rates are based on the Weighted Average Cost of Capital (WACC) methodology with the cost of equity based on the Capital Asset Pricing Model (CAPM). Cost of debt is based on the risk-free rate as published by the central bank of Norway per the day of impairment testing. Calculation of the final discount rates (WACC) also takes into account market risk premium, debt risk premium, gearing value and beta value.

Terminal growth rates

Growth after the forecasting period is based on the Gordon Growth Model, which was calculated to 2.5% as per the date of the impairment test.

Sensitivity

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

Goodwill recognized in 2022

The goodwill related to the Systemtech acquisition was allocated to the CGU after the date of the annual impairment test that was performed in September 2022. Goodwill from the Systemtech acquisition was allocated as part of the preliminary purchase price allocation during the third quarter of 2022. The Company assessed that no impairment indicators were identified at the balance sheet date, hence no impairment test was prepared.

NOTE 20 REVENUE

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

Revenue is either paid in advance (software products) or by credit. The payment terms for credit sale is normally 30 days, except for one customer who has 60 days of credit (4 % of total revenue).

Revenues from large customers

The 10 largest customers accounts for 40% of total revenue in 2022 and 51% in 2021.

The largest customer accounts for 11% of total revenue, while top 5 customers accounts for 31% in 2022, and 34% in 2021.

The 2021 figures in the tables below refers to the 2021 organization, whereas the 2022 figures refers to the organization post the Sysco acquisition. We refer to note 21 for segment information as reported in 2022.

ACTIVITY DISTRIBUTION BY REGION

(NOK thousands)	2022	2021
Norway	1 292 204	836 170
UK	103 492	116 493
US	27 873	24 462
MEA	19 540	15 253
Sweden	104 532	n.a
Denmark	72 153	n.a
Other	7 269	n.a
Total per region	**1 627 062**	**992 378**

ACTIVITY DISTRIBUTION BY BUSINESS UNIT

(NOK thousands)	2022	2021
Cloud operations	672 868	556 556
Services	617 244	260 379
Products	262 016	173 108
3rd party resale	65 431	n.a
Other	9 503	2 336
Total per business unit	**1 627 062**	**992 378**

TIMING OF REVENUE RECOGNITION

(NOK thousands)	2022	2021
Products and services transferred at a point in ti	848 795	351 714
Products and services transferred over time	778 268	640 664
Total per	**1 627 062**	**992 378**

ASSETS BY REGION

(NOK thousands)	2022	2021
Norway	2 836 112	3 192 324
UK	75 664	60 641
US	21 096	19 752
MEA	15 509	12 515
Sweden	174 120	n.a
Denmark	89 078	n.a
Other	0	n.a
Total per	**3 211 580**	**3 285 232**

NOTE 21 SEGMENT INFORMATION

The business segments of the Group was established on 1 January 2022 post the Sysco merger. Thus, no comparison figures are available for 2021. For management purposes, the Group is organized into business units based on its products and services and has four reportable segments, as follows:

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

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

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

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

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

Profit and loss statement per segment

Year ended 31 December 2022

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

Adjustments and eliminations

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

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

Revenue distribution by geography

Revenue distribution by geography is presented in note 20.

NOTE 22 ACQUISITIONS

Acquisition of Systemtech A/S

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

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

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

(in NOK million)	FAIR VALUE RECOGNIZED ON ACQUISITION
Assets	
Customer relations	5.2
Trade receivables	2.0
Other receivables	2.4
Cash and cash equivalents	2.4
Total fair values of assets acquired	12.0

	FAIR VALUE RECOGNIZED ON ACQUISITION
Liabilities	
Other long-term liabilities	1.3
Accounts payable	0.4
Intragroup payable	1.7
Income taxes payable	0.5
Public duties payable	0.0
Other short-term liabilities	2.4
Total fair values of liabilities assumed	6.4
Total identifiable net assets at fair value	5.6
Goodwill	**9.0**
Purchase consideration	14.6

The acquisition has been accounted for and treated as a business combination. The Chip Bidco group constitutes of one CGU, whereto tangible and intangible assets, liabilities and goodwill have been allocated. As of 1 September 2022, Chip Bidco AS recognized, separately from goodwill, the identifiable assets acquired, the liabilities assumed measured at their fair value and as of that date.

Goodwill represents the excess purchase price after all the identifiable assets are recognized. Total goodwill is estimated to NOK 9.0 million including customer relationships and technical goodwill resulting from the deferred tax on fair value adjustments. Goodwill relates to the expected growth and the value of Systemtech's customer relationships which cannot be separately recognized as an intangible asset. The goodwill is not deductible for tax purpose.

Acquisition of Sysco Group

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

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

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

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

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

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

No updates were made to the allocations in 2022.

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

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

Goodwill represents the excess purchase price after all the identifiable assets are recognized.

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

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

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

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

Sysco's contribution to the Group results

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

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

Acquisition of Envision Group

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

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

Acquisition of Cegal EnergyX minority

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

NOTE 23 RELATED PARTY TRANSACTIONS

The Group has bought consulting services from Orkan Konsult AS for NOK 551 thousand in 2021 and NOK 45 thousand in 2022. Orkan Konsult AS owns 0.23 % of the shares through Chip Topco AS.

NOTE 24 SUBSEQUENT EVENTS

On 1 April 2023, the Group divested Cegal Finans AS in which it held 100% of the shares until 31 March 2023.

Furthermore, with effect from 1 January 2023, Cegal Danmark A/S merged with Systemtech A/S and Sysco Holding Aps in Denmark with Cegal Danmark A/S as the acquiring company.

Chip Bidco AS

Company annual accounts 2022

CEGAL

INCOME STATEMENT *(NOK thousands)*	NOTE	2022	2021
Operating expenses			
Other operating expenses	2	4 377	1 892
Total operating expenses		**4 377**	**1 892**
Operating result		**-4 377**	**-1 892**
Financial income and expenses			
Income from subsidiaries		185 627	4 543
Interest income from group companies	4	6 843	0
Other interest income		9 069	3
Interest expense to group companies	4	10 242	3 207
Other interest expenses	9	134 894	74 296
Net financial income (loss)		**56 404**	**-72 957**
Net profit (loss) before tax		**52 026**	**-74 849**
Tax expense	3	11 487	-16 467
Net profit (loss) for the year		**40 539**	**-58 382**
Allocation of result for the year			
Allocated to other equity		40 539	-58 382
Total allocation		**40 539**	**-58 382**

BALANCE SHEET AS OF DECEMBER 31 (NOK thousands)	NOTE	2022	2021
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax assets	3	5 396	16 883
Total intangible assets		**5 396**	**16 883**
Financial assets			
Receivables from group companies	4	111 792	75 114
Investments in subsidiaries	5	2 968 461	2 765 462
Total financial assets		**3 080 253**	**2 840 576**
NON- CURRENT ASSETS		3 085 649	2 857 459
CURRENT ASSETS			
Receivables			
Other receivables		38	561
Total receivables		**38**	**561**
Cash and cash equivalents	6	**405**	**327**
Total current assets		443	888
TOTAL ASSETS		**3 086 091**	**2 858 347**

BALANCE SHEET AS OF DECEMBER 31 (NOK thousands)	NOTE	2022	2021
EQUITY			
Paid-in capital			
Share capital	7, 8	240	180
Share premium reserve	8	1 366 020	1 319 365
Total paid-in capital		**1 366 260**	**1 319 545**
Retained earnings			
Other equity	8	-21 831	-62 371
Total retained earnings		**-21 831**	**-62 371**
Total equity		**1 344 429**	**1 257 174**
LIABILITIES			
Long-term liabilities			
Bonds	9	1 482 935	1 470 268
Liabilities to group companies	4	252 181	126 040
Total other long-term liabilities		**1 735 116**	**1 596 308**
Current liabilities			
Trade creditors		0	1 524
Other current debt		6 548	3 341
Total current liabilities		**6 548**	**4 865**
Total liabilities		1 741 664	1 601 173
TOTAL EQUITY AND LIABILITIES		**3 086 092**	**2 858 347**

Stavanger, 2 May 2023

Fredrik Gyllenhammar Raaum (dig. sign.)
Chairman

Dagfinn Ringås (dig. sign.)
CEO

STATEMENT OF CASH FLOWS (NOK thousands)	NOTE	2022	2021
Cash flow from operating activities			
Profit (loss) before tax		52 026	-74 849
Change in account payable		-1 524	1 197
Changes in other current balance sheet items		16 397	1 090
Net cash flow from operating activities		**66 899**	**-72 562**
Cash flow from investing activities			
Investment in subsidiary		-12 415	-762 478
Change in non-current receivables from group companies		-70 978	-4 330
Net cash flow from investment activities		**-83 393**	**-766 808**
Cash flow from financing activities			
Proceeds from new long-term debt		0	596 308
Change in non-current liabilities to group companies		4 157	68 907
Capital contribution		12 415	174 281
Net cash flow from financing activities		**16 572**	**839 496**
Total change in cash and cash equivalents		**78**	**126**
Cash and cash equivalents beginning of period		327	201
Cash and cash equivalents end of period		**405**	**327**

NOTES TO THE FINANCIAL STATEMENT 2022

NOTE 1 ACCOUNTING PRINCIPLES

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

Use of estimates

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

Investments in subsidiaries and associated companies

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

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

Long-term liabilities

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

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

Receivables

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

Tax

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

Cash Flow statement

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

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

No remuneration has been paid to senior executives or members of the board in 2022.

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

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

OTP (Statutory occupational pension)

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

Expensed audit fee

Expenses to the auditor for 2022 (excl.vat.);

Statutory audit fee	1 896 871
Other services	0
Total audit fee	**1 896 871**

NOTE 3 TAX

INCOME TAX EXPENSE (NOK thousand)	2022	2021
Total payable tax	0	0
Changes in deffered taxes	11 487	-16 467
Tax expense	**11 487**	**-16 467**

SPECIFICATION OF BASE FOR PAYABLE TAXES (NOK thousand)	2022	2021
Net profit (loss) before tax	52 026	-74 849
Permanent differences	186	0
Use of tax loss carried forward	-52 212	0
Base for payable tax	**0**	**-74 849**

Summary of temporary differences:	2022	2021
Loss carried forward	-24 529	-76 741
Temporary differences	**-24 529**	**-76 741**
Loss carry forward not recognized	0	0
Basis for deffered tax	**-24 529**	**-76 741**
Deferred tax/-deferred tax assets	**-5 396**	**-16 883**

Effective tax rate

	2022	2021
Expected income taxes, statutory rate 22 %	11 446	-23 438
Changes in deferred tax asset not recog. and other	41	6 971
Total tax cost	**11 487**	**-16 467**
Effective tax rate	22 %	22 %

NOTE 4 INTERCOMPANY BALANCES

RECEIVABLES *(NOK thousands)*	2022	2021
Group contribution	2 279	4 543
Other receivables	109 513	70 571
Total	**111 792**	**75 114**

LIABILITIES *(NOK thousands)*	2022	2021
Liabilities to group companies	252 181	126 040
Total	**252 181**	**126 040**

Calculated interest cost intra-company loan was NOK 3 207 003 in 2021 and NOK 10 241 520 NOK in 2022. Interest income was NOK 6 843 107 in 2022 (no income in 2021).

NOTE 5 INVESTMENT IN SUBSIDIARIES

COMPANY *(NOK thousands)*	ACQUISITION DATE	LOCATION	SHARE OWNERS	VOTING RIGHTS	NET PROFIT 2022	EQUITY 31.12.	BOOK VALUE 31.12.
Cegal Group AS	20.12.2019	Norway	100 %	100 %	-2 199	1 625 503	2 968 461

NOTE 6 BANK DEPOSITS

The company has no restricted cash deposits as of 31.12.2021 and 31.12.2022.

NOTE 7 SHARE CAPITAL AND SHAREHOLDER INFORMATION

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

Main shareholders per 31.12:

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

NOTE 8 EQUITY

(NOK thousands)	SHARE CAPITAL	SHARE PREMIUM RESERVE	RETAINED EARNINGS	TOTAL CAPITAL
Equity 01.01	180	1 319 365	-62 371	1 257 174
Shareholder's contribution - cash	30	12 385	0	12 415
Shareholder's contribution - in kind	30	34 270	0	34 300
Net profit (loss) for the year	0	0	40 539	40 539
Total	**240**	**1 366 020**	**-21 831**	**1 344 429**

NOTE 9 LONG-TERM LIABILITIES

LONG-TERM LIABILITIES (NOK thousands)	2022	2021
Interest bearing loans and borrowings	-1 482 935	-1 470 268
Interest expense	111 180	66 186

Interest bearing loans and borrowings - Bond

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

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

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

Maturity

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

Pledged as security

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

Chip Bidco AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Chip Bidco AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chip Bidco AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet at 31 December 2022 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position at 31 December 2022, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 11 December 2019 for the accounting year 2019.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Impairment assessment of goodwill and other intangible assets from acquisitions

Basis for the key audit matter

Carrying amount of goodwill and other intangible assets from acquisitions amounted to NOK 2 398 million and total assets for the group amounted to NOK 3 212 million at 31 December 2022. Other intangible assets from acquisitions relate to Customer relationships and Order Backlog. The goodwill and the other intangible assets from acquisitions are tested for impairment at least on an annual basis. Management prepared an impairment assessment as of 30 September 2022 for goodwill and other intangible assets. The impairment assessment is based on value in use calculations using cash flows based on approved business plans for the period 2023-2027 followed by a terminal value calculation. The cash flows are based on key assumptions such as revenue growth, margins, the growth rate in the terminal value and discount rates. The estimates require considerable insight and judgment from management and uncertainty will exist.

We consider the impairment assessment of goodwill and other intangible assets from acquisitions to be a key audit matter due to the significant judgment involved and the magnitude of the book value of these assets comprising of 75% of total assets in the balance sheet.

Our audit response

Our audit procedures regarding the valuation of goodwill and other intangible assets from acquisitions included involving EY specialists to assist us in evaluating methodologies, impairment calculations and underlying assumptions applied by the management in the impairment testing. We evaluated the model used to calculate the value in use and management's estimates relating to future cash flows used in the model. The key assumptions applied by the management in the impairment test were compared to approved budgets and long-term forecasts, information available in external sources, as well as our independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows. We also performed analysis and evaluation of historical accuracy of prior years' budget. We further inquired and had discussions with management. We tested the mathematical accuracy of the value in the calculation in the model and performed a sensitivity analysis of significant input factors. We involved internal valuation specialists in the evaluation of the mathematical accuracy of the model, in the assessment of the discount rate applied in the model and in the analysis of sensitivity.

We refer to note 7 Intangible assets and note 19 Impairment testing of goodwill to the consolidated financial statements.

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Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirement

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

Opinion

As part of the audit of the financial statements of Chip Bidco AS we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 213800I1GTVUAI6IUZ65-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

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

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

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

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Stavanger, 2 May 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Gunn Helen Askvik
State Authorised Public Accountant (Norway)

GUNN HELEN ASKVIK
State Authorised Public Accountant (Norway)
On behalf of: EY
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