Annual Report 2020

Content
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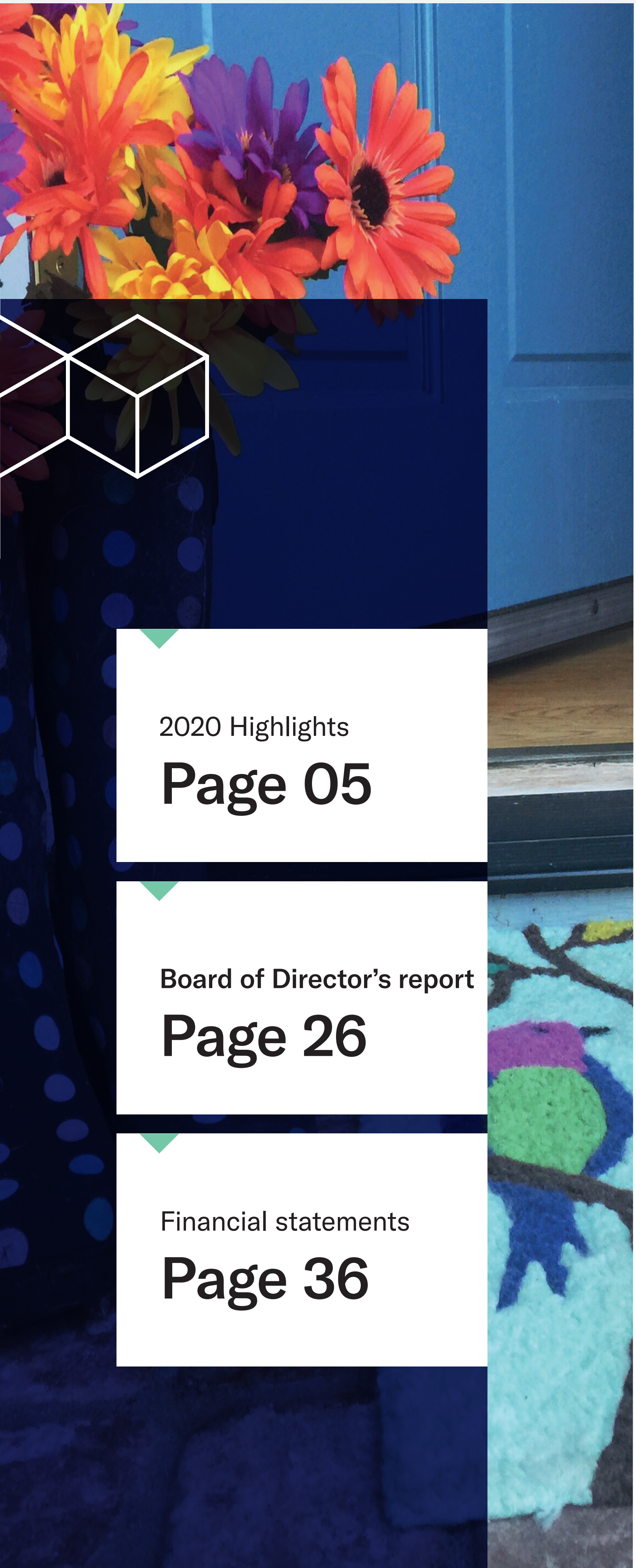


Company Introduction

Sikri - a provider of critical IT solutions to the public sector

Sikri is one of Norway's leading software suppliers within case management, document handling and archiving.

We are specialized towards the public sector and have 500 customers using the case and archiving software, in addition to 1,300 customers using the PixEdit software.

We aim to play an instrumental role in public sector achieving their goals within digitization and efficiency improvement. Through a close collaboration with government and municipalities we create innovation that makes this possible.

Our most important goal is to ensure close cooperation with public sector, continue our partnership strategy with private sector and have the best subject matter expertise in the services our customers deliver.

It is important for us that we follow regulatory requirements, national standards, best in class security and technological trends. This enables us to be on the frontline, making sure that our customers always have updated, modern products and solutions.

This is how we secure the future and preserve the past.

About Sikri

Sikri is a key player in the market for case management, record management and archiving, and is a provider of the software platforms Elements and eByggesak, among others.

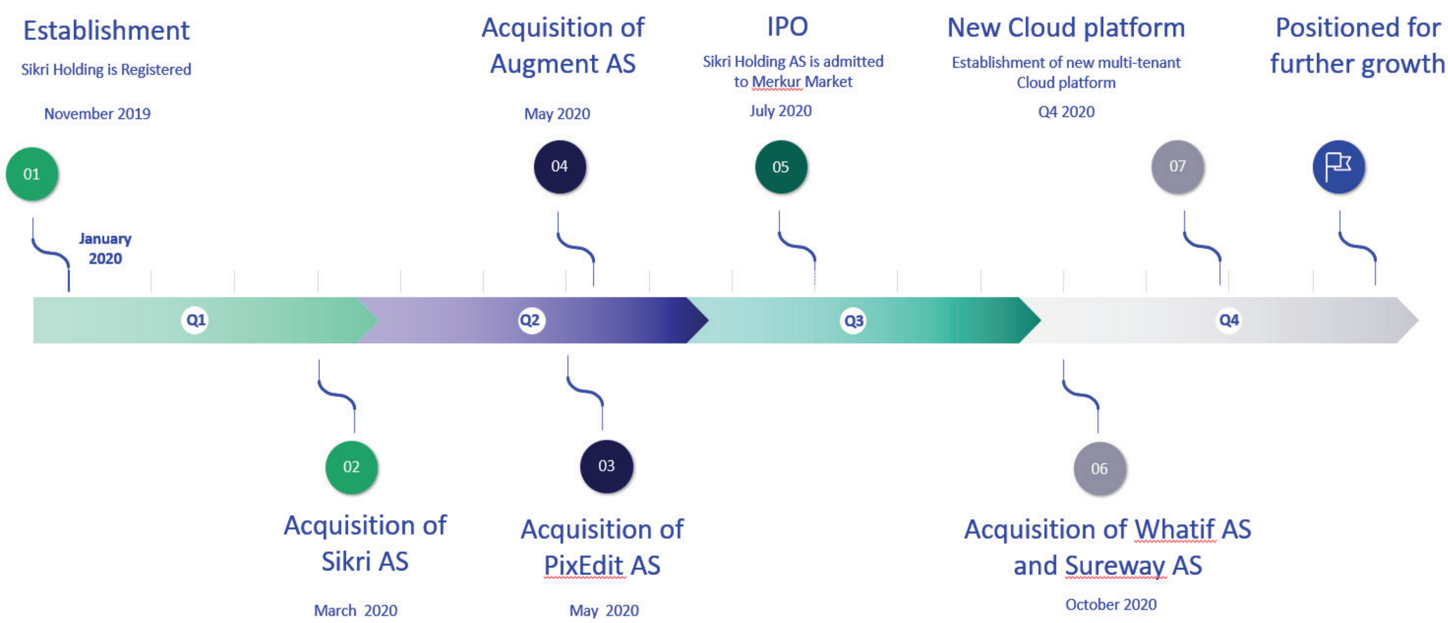
In addition, the company has solutions for risk and quality management and selection of public judges (LekDommer). During 2020 Sikri acquired four companies and by that added a lot of products to the portfolio, including software for scanning, data capture, digitalization and optimization of documents (PixEdit), artificial contextual intelligence (Augment) and compliance and risk management solutions (SureWay /WhatIf).

Sikri is a full blown provider of all elements of delivering self-developed solutions including software licenses, support, delivery platforms (mainly cloud), maintenance and a huge range of consulting offerings.

Sikri was established as a carve-out from EVRY Norge AS in January, 2020. All employees within the business area that was sold, chose to join the new organization. We had a temporary name initially, and completed a identity creation process together with our employees, which culminated in our new identity as Sikri. We defined our values, our mission and vision and our promise to our customers.

2020
Events


OSLO BØRS
OSLO BØRS
sikri
MERKUR MARKET


Establishment
Sikri Holding is Registered
November 2019
01
January 2020
Acquisition of Augment AS
May 2020
04
IPO
Sikri Holding AS is admitted to Merkur Market
July 2020
05
New Cloud platform
Establishment of new multi-tenant Cloud platform
Q4 2020
07
Positioned for further growth
Q1
Q2
Q3
Q4
02
Acquisition of Sikri AS
March 2020
03
Acquisition of PixEdit AS
May 2020
06
Acquisition of Whatif AS and Sureway AS
October 2020

Insights

2020 Highlights

The year 2020 has been a year where a lot of effort has been put into establishing and shaping our new organization. With great efforts from our skilled and experienced employees and management, we have succeeded in this. Our employee satisfaction has scored high on both well-being and satisfaction with Sikri as a workplace. There has been a high level of activity in all areas of the company – deliveries, marketing, product development, sales, and administration, and we have taken some big steps in our first year.

Key Facts of 2020

- Sikri Group was established in March 2020 and are now 122 employees in Norway and +32 FTEs in Ukraine, India and Sri Lanka
- A successful IPO was completed in July 2020, when Sikri was admitted to Euronext Growth (prev. Merkur Market) on Oslo Børs
- Annual recurring revenue (ARR) has increased from MNOK 125 to MNOK 142
- We have had a successful year in sales; doubled our win rate to 65% and won over 55 new eByggesak contracts
- Through our M&A strategy we added 4 brands to the Group - adding risk management and compliance solutions, document automation and AI technology to our portfolio
- We established our own modern multi-tenant Cloud platform based on MS Azure Kubernetes, now serving over 80 customers with a stable platform and greater flexibility in releases

Income and Expenes 2020 (NOK 1000)	**2020**
Revenue	167.755
Cost of goods sold	-12,058
Gross profit	155,697
Personell expenses	-87,540
Other operating expenses	-23,734
EBITDA	44,422
Other income and expenses	4,435
Adjusted EBITDA	48,857
EBITDA margin %	29%

Consolidated figures include Sikri AS from March 1, 2020, PixEdit AS and Augment AS from May 1, 2020 and Whatif AS and Sureway AS from October 1, 2020

142 ARR

14%

ARR has increased with 14%

33%

growth in portfolio revenue

34%

female employees
female numbers are rising

75%

female top management

29%

EBITDA margin %

Equity 58%

Strong cash position and no net-interest bearing debt

Trading

14.7.2020, 15:22
Oslo Børs
SIKRI-ME: Sikri Holding AS admitted to trading on the Merkur Market after completing a private placement of NOK 200 million

Nordic Marked

95% of revenue comes from domestic customers, and Nordic expansion is a key part of our strategy

WIN RATE 65%

Win rate was doubled in 2020 through an investment in our sales force and focus on quality in bids. This has resulted in organic growth and new contracts, positioning us well for 2021.

Message from our CEO

The past year has been eventful for Sikri, and we have achieved more than I would have dared to imagine as the year started. Sikri was established in 2020 as a carve-out. We are a young company, but at the same time we have a long history and more than 20 years' experience within case management and delivering core systems to public sector. The carve-out and establishment of Sikri released a lot of potential and creative forces within our organization, that along with experienced owners providing support and financing, allowed us to grow and broaden our products and service offerings through the year.

During our first year as a standalone company, we have achieved growth of 30% in revenues; both organically and through acquisitions. We have maintained a high profitability at EBITDA 29% of revenue, while increasing Annual Recurring Revenue (ARR) from MNOK 125 to MNOK 142 going into 2021. These results have been achieved despite the hurdles that arise in the framework of the ongoing pandemic. I am impressed by this organization and our customers, that have embraced the new company and culture, in a challenging first year.

IPO and M&A strategy

We have a clear and ambitious strategy to grow through strategic acquisitions. As a part of this strategy, we decided early on to pursue an IPO, and were admitted to Euronext Growth at Oslo Børs (previously Merkur Market) in July 2020. This was a turning point in establishing the Sikri brand and gave us a platform on which to pursue M&A growth more ambitiously. We added four new family members to the Sikri Group in 2020 – Augment, PixEdit, Sureway and Whatif, and strongly believe that we will be able to leverage these acquisitions to the benefit of our customers by offering a broader spectre of services, improved technological solutions and higher quality in our software value chain. I am also excited to see that the small friction that arises between our different technological disciplines, enable innovation and the creation of new products and services.

"Sikris ambition is to become the #1 Software provider to public sector in the Nordics"

Organic growth – winning in sales and establishing partnerships
Through investment in our sales force and a focused effort on improving the quality of our bids, we have doubled our win-rate as Sikri. We have won a significant number of public bids and signed exciting frame agreements – as for example the innovation agreement with Viken Fylkeskommune and the frame agreement for the elections in Norway for the next 8 years. In addition to our sales force's hard work and customer centric approach, we have established strong partnerships that enable us to deliver more integrations and solutions to our customers. We have more than 100 established integrations with our core archive and are developing this continuously, to ensure that our customers have a seamless user experience.

Investing in technology
We have made some significant steps in developing our technology – both in terms of operations and software development. In 2020 we established our modern Cloud operations platform (AKS) and have now migrated all Cloud customers to this platform, improving security and enabling DevOps methodology in releases and more flexibility and scalability. We have also invested in development activities, developing our eByggesak solution further and more recently starting work on a new cloud-based risk management and compliance solution.

Looking forward
Our success depends on our people, and I am so proud of what my colleagues have achieved in this hectic start-up year. We introduced an Employee Share Purchase Program in June 2020, where over 60% of our employees decided to take ownership in Sikri. I want to thank all our employees for their efforts, patience, creativity, and tenacity in building this organization. We are now well positioned for further growth, exciting new ventures and the challenges that lay ahead.

Nicolay Moulin
CEO

OUR MANAGEMENT

Sikri has a dedicated and experienced management team, the members of which hold significant shares in the company. The average experience in the company is 8 years, and the average age of management team members is 45. The management represents different disciplines and varied experience, and the share of females in executive management is 75%.

Nicolay Moulin

Chief Executive Officer

CEO of Sikri from 2020, and led the carve-out team and establishment of Sikri. Held various roles in EVRY Norway 2013-2020, including VP and Business Unit manager for government clients. Has held position as CEO of Lenco Systems, in addition to Director in Crayon Group, among others.

Camilla Aardal

Chief Financial Officer

CFO of Sikri from September 2020. Held role of CFO in EVRY Norway 2014-2020, and several CFO roles in IT and consulting companies, such as Capgemini Norway, as well as in Optimar AS. Also has a consulting background from PwC.

Eirik Pedersen

Chief Operational Officer

COO of Sikri from February 2020. Held various managerial roles in Proact 2008-2019, including Director and Chairman of Proact Nordic, as well as CEO of Proact Norway 2008-2011 and 2016-2019. Previously CEO of Xperion and held various management positions at Sun Microsystems.

Eva Marie Røen

Director HR

HR Director from April 2021, previously CFO during carve-out of Sikri and until maternity leave June 2020. Has held several roles at SopraSteria 2009-2012 within Finance and HR, and also roles within Finance and as Department manager for ECM solutions in EVRY, from 2012 to 2019.

Anne Mette Havaas

Director Products and Marketing

Director Product & Marketing from January 2020. Previously Head of Department in EVRY, where she worked 2015-2019. Has held various strategic roles within public and municipal sectors 1998-2015.

Ann-Karin Fredriksen

Director of Delivery

Director Delivery from January 2020. In the period 2004-2020 held different roles in IT and consulting companies as head of department ECM, Head of department Health & Welfare Solution- support, Product owner, Project Manager and Service delivery Manager.

Therese Midthjell

Director Services & Support

Director Services & Support in Sikri from January 2020. Held role of Head of Department in EVRY Norway from 2014-2019, and has experience in various team management and consulting roles.

Silje Hansen

Director Development

Director Development in Sikri from January 2020. Held role of Head of Department in EVRY Norway from 2017-2019, and several IT roles Gecko Informasjonssystemer AS from 2006-2017. Before that she had IT roles in Lyngdal kommune and NAV (Aetat).

OUR BOARD

Sikri's board consists of six members, elected by the annual general meeting. The board is comprised of directors with varied backgrounds and represent a broad range of experience both within and outside the IT sector. The collective knowledge contributes to safeguard and develop Sikri's long-term growth strategy.

Jens Rugseth

Chairman

Chairman of Karbon Invest, Crayon Group ASA, Techstep ASA and Link Mobility Group ASA, and founder of IT companies over the past 30 years. Mr. Rugseth has also held the position of CEO with some of the largest IT-companies in Norway.

Rune Syversen

Board member

Board member of Karbon Invest and CEO of Crayon Group ASA, a position held since 2010. Previously CEO and Chairman of Telenor Satellite Services. Co-found of Crayon Group, previous owner and involved in strategic development of 99X.

Christian Breddam

Board member

Board member of Karbon Invest and CEO of Karbon Invest since 2019. Chairman of PetXL Group and Board member of Oche. Previous partner at Futurum Capital and Invest Manager BW ventures.

Fredrik Cappelen

Board member

Investment Director in Carucel/M25 Industrier. Chairman of Stella/M25 Industrier and Proterm. Board member in Frigaard Gruppen, MahaEnergy and Prox-Il. Former Head of Sales and Head of ECM at Arctic Securities and SEB Enskilda.

Preben Rasch-Olsen

Board member

Investment Director in Carucel/M25 Industrier.
Board member in Agilyx. Former Financial Analyst in Handelsbanken and Carnegie in the period 1998-2019.

Torbjørn G. Krøvel

Board member

CTO of Link Mobility Group since 2019. Experienced as Project and Program Director in large scale and complex international deployment/launch projects within Telecom / IT business.

Creating Values

Customer promise
We understand our customers and their needs and use our knowledge and experience to make their workday better, simpler, and more efficient. We have user friendly solutions and services, and in strategic partnerships with our customers, we take great pride in developing our offering to meet their needs, today and in the future. Through our innovative digital solutions, we can help our customers achieve improved control and quality in core processes.

Goal setting
To be the best possible partner to our customers, we set high goals for the Sikri team. We believe that an efficient, agile and learning organization can create the highest benefit for our customers and other partners.

- An attractive workplace with diversity and room for development
- A clear, well incorporated operating model that enables quick decision making
- A culture that inspires the employees to contribute to improvements and innovation
- A customer centric organization with deep understanding of end users, enabling co-development of the right services
- A strong M&A capacity, to create value and synergies for our shareholders

» ***Quality***

» ***Customer Centricity***

» ***Innovation***

» ***Security***

» ***Integrity***

» ***Collaboration***

» ***Teamwork***

Foto: Marius Fält-Vannum, Viken fylkeskommune

"With our software we make life easier and contribute to first class services for end users"

Our Vision

With our software we make life easier and contribute to first class services for end users. We empower our customers in achieving their goals, by supporting them in automation of processes, so they can focus on their core business.

Sikri aims to be the preferred technology company in the Nordic market, with a well-established position in the public sector. This will be achieved through ensuring top notch services, products and solutions, in a modern technological framework.

Our Mission

Through inhouse development and acquisitions we deliver state-of-the art software that supports our customers' core processes in a scalable, efficient way.

At Sikri our customers have access to state-of-the art technology, the best subject matter expertise, and resources that understand their needs and can translate it into the right solutions.

We see it as our mission for the future to contribute to the digitalization of public sector, and improving the life of residents, through automation and development of public services and private sector partnerships.

Our
market and services

Market share 40% and 85%

Sikris main marketplace is today the public sector in Norway but we do have customers worldwide. In the area of managing and archiving documents Sikri has a market share of approximately 40%, and in the area for scanning, data capture, digitalization and optimization of documents the company has a market share of approximately 85%.

The number of customers in Norway in the public area is shrinking (due to merger of municipalities), but the number of users is growing, so the total market for public sector services is increasing.

Sikri has approximately 1,800 customers in total, of which 1,600 are public sector clients. More than 500 of the clients use case management and archiving software, while approximately 1,300 customers use the PixEdit Software, and 215 customers use our Risk Management and compliance tools. In total Sikri's solutions are used by more than 300,000 end users.

The public sector in Norway is taking several steps to increase the pace of digitalization of its services. In 2019, Norwegian authorities published a digital strategy for the public sector spanning from 2019 to 2025. This document states that digitalization shall play a key role in contributing to streamlining of the public sector. The authorities intend to provide coherent services and to secure that these services communicate between sectors and levels of government. In 2019 these expenses increased by 12% according to statistics from SSB.

Be with us for your success

In Elements Cloud, innovative and new solutions and functions can be used immediately. Training and continuous skills development are therefore important key factors to ensure that our employees have the right skills, routines and work processes. Therefore, we offer a number of forms of services such as follow-up via a separate customer success team, e-learning and active learning with game simulation training.

Advisory services

We have a broad range of services. We are specialists in case management and document archiving and offer fixed fee access to consultants or personal advisors. We also offer specialized services in areas such as data privacy protection (personvernombud).

Project management

We deliver project management for small and large projects. Our project managers are experienced and are carefully selected for individual projects – from simple to more complex delivery models.

Cloud solution

We offer Cloud solutions for case management, documents and archiving, "eByggesak", scanning, quality systems and risk management, data privacy protection, ROS-analysis, checklist-tools and more.

Integrations

We offer integrations with over 100 software solutions, to provide efficiency gains for our customers through combining data from multiple sources and different software, as for example ad-integration.

Form administration

Vi facilitate dataimports and form/template integrations through our form administrator. This ensures that data is archived in the correct location, and that business logic remains intact.

Training

We offer state of the art gaming simulation training, in addition to traditional elearning/online courses. Training can be delivered in standard modules or tailor made for the customer's needs.

Our products

Sikri delivers software and services that help simplify working life and create value for society. The last year has led to major changes in working life for both the private and public sectors. This has placed even greater demands on the solutions and services we use in everyday life. Residents and businesses must be able to apply for services in a secure manner and the post office must reach the case officer in the municipality, county municipality, health or government agency.

Our main system, Elements Case / Archive, is a core system for all types of businesses. An off-the-shelf product that can be configured to suit each business' needs. Sikri's long experience of integrating and using national standards means that the solutions speak to the vast majority of professional systems and joint solutions used in the public sector. It forms the basis for coherent services between different departments in the business, between different agencies and to and from residents.

Sikri has been a driving force in developing a separate professional system within construction case processing. In 2020, national electronic application solutions within building applications became available to applicants. Sikri has integrated itself with .

More and more companies are now ready to automate repetitive services and artificial intelligence can gradually grow in line with the user's confidence that robotics does not threaten jobs or the security of the service. In 2020, Sikri has laid a foundation for AI models to accelerate in combination with more traditional methods of automation, including the use of RPA. Piloting of the first AI models within Case / Archive was carried out in 2020 and the starting shot to reap even more direct gains for both the public sector and each individual inhabitant has been taken.

Elements sak og arkiv
A core system where Sikri has the leading market share in public sector. The solution is also used by private companies, including ourselves! This is a Noark approved case management system with an associated independent archive core.

Elements eByggesak
A dedicated professional system for construction case processing that receives electronic construction applications, is tightly integrated with map systems and automates large parts of the case processing. Developed according to national product specification developed by KS in collaboration with DiBK and municipalities.

Lekdommer
The system assists the municipalities in their responsibility of choosing laymen for the district and appeals court, and helps them to keep an overview of lay judges in between the election periods.

RiskManager
A quality system that helps customers keep track of their legal requirements related to privacy and information security, including non-conformance reporting and conducting risk vulnerability analyzes. Offering is being expanded to include risk management and broader compliance tools.

AI & ML – Artificial intelligence and machine learning

This is a new focus area for Sikri in 2020. With the acquisition of Augment, we gained expertise and also ideas about technology and tools in the field of artificial intelligence. Throughout the year, we have established AI / ML as a focus area, and have established a dedicated development team. The development team consists of developers from previous Augment, as well as from Sikri. A lot of work was put into putting in place a plan for the overall flow of AI in the organization with sub-items such as:

- AI as micro services
- Automated flow with MLOPS
- Create a plan for processing large data sets
- AI as a service
- Kubernete's platform as a sales platform

We entered into an agreement with Redningsselskap for an AI project using Natural Language Processing (NLP) technology. The project aimed to read articles that are published online to extract drowning statistics.
In addition, we started an exciting project together with the developers of PixEdit where we also use NLP to recognize and suggest text that should be screened.

Success through strong partnerships

Integration partnerships

Public sector delivers services to residents and business in an ecosystem, while national strategies provide direction. National common solutions are developed so that communication connections will be uniform between all parties, herunder integration standards. Sikri uses all the national and local common solutions, such as ID-porten, KS FIKS platform, eSignering, eFormidling and common services BYGG. We offer over 100 integrations with different specialized solutions.

Ensuring optimal interactions requires strong partnerships. Sikri delivers some solutions in reseller partnerships with other suppliers, such as FirstAgenda for digital meetings. All integrations require a close collaboration between customers and suppliers, and Sikri has therefore entered into integration partnerships with the suppliers to the most frequently used solutions for public sector. This work will continue in 2021, with the goal of making it easy for customers to establish integrations, with clarity on which party delivers the different solutions.

Innovation partnerships

Partnership and active participation through R&D projects and other innovation arenas, is something we in Sikri strongly believe in. Sikri is among Norway's leading suppliers within building case management, and we see it as our mission to actively contribute to developing this area further. Therefore, we work closely with our customers, DiBK and KS in developing the solution with a higher degree of automation and more common services. We develop solutions and evaluate the work together with our partners.

Automation in a secure manner is also an area that needs to be developed in close collaboration, and innovation partnerships with our customers is a tool to this end. Today's procurement regulations allows for co-innovation, and we have established arenas with Kongsbergregionen, Viken Fylkeskommune and others, together with suppliers, where we investigate common opportunities. We believe the way towards a sustainable society is through collaboration and development of software and services that are secure, solid, easy to use and simplify the way we work.

Our
People

A company's success is dependent on the success of our people, and in Sikri we truly believe that empowerment of the individual is a key to unleashing innovative forces. We have had low turnover in 2020, and a high employee satisfaction score, which we believe is due to the positive working environment we strive to create every day. We have many highly skilled people working to serve our customers, and they have different viewpoints on why they enjoy working in Sikri.

Kaisa Korsak,
NLP/AI specialist developer

One of the reasons why I enjoy working at Sikri is the inclusive environment, in regard to both gender and nationality. I am glad that we at Sikri have both female and male developers, and that Sikri has a partnership with academia to recruit more developers, not least women.

Roar Svendsen,
Key Account Manager

I have many years' experience as a Key Account Manager. At Sikri, everyone focuses on the customer experience and with a common goal of delivering the best software and services to our customers.

Eren Inan Canpolat,
skilled engineer

At Sikri I have the opportunity to work in a DevOps organization. DevOps creates an engineering environment where we use state-of-the-art tools to deliver our software faster, safer and with higher quality.

Anne-Kari Nilsen,
Senior Project Manager

It is good to have a flexible and responsive employer like Sikri in a hectic everyday life with teenagers. Without this flexibility, it would have been more demanding for me as working mom during the pandemic.

Meeting our customers

The definition of quality is when the customer returns, not the item.

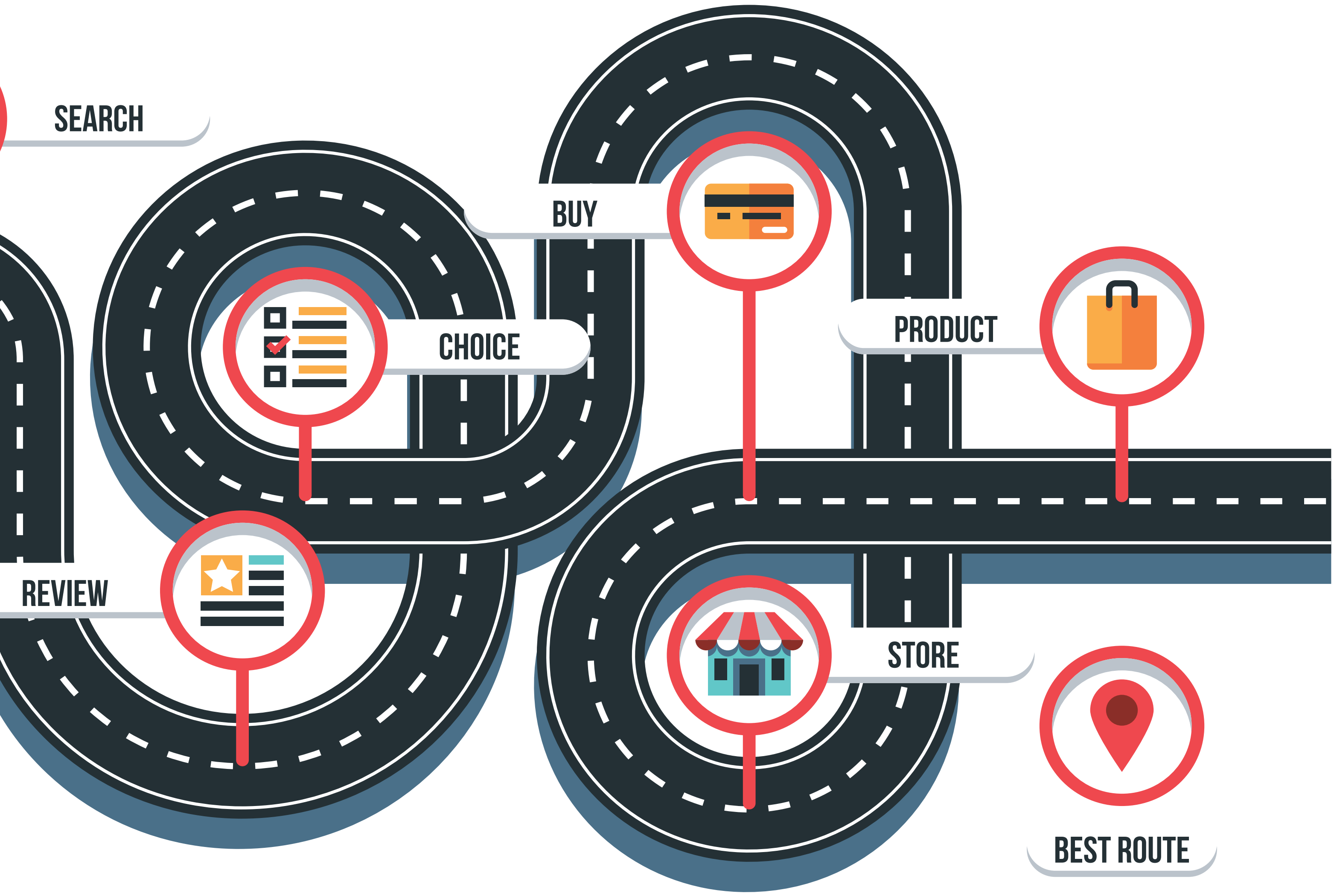
Together with our customers we have learned to embrace digital solutions in a year that stands out as very different. In Sikri, we place high value on meeting and connecting with our customers, and we have managed to keep this dialogue despite not being able to arrange physical meetings as we are used to.

Our main conference, Sak & Portal, is an event we always look forward to, but that we had to cancel in 2020 due to the pandemic. This is an arena for us to meet our customers, better understand their needs, exchange experiences and develop new ideas together. Many of our customers use this meeting place for their own development and a learning experience. In 2020, we developed several new digital arenas and meeting places, where we had high participation:

- Subject matter networks were established on MS Teams, for example a user forum in “eByggesak”
- We arranged digital training within Case management and eByggesak
- Many webinars were arranged with a variation of subjects
- User forum on Facebook was established within the areas Case management, “byggesak”, Quality and Internal Control and “Lekdommer”

Although we are engaged in our digital contact with customers we are looking forward to meeting our customers face-to-face again.

Sikri's marketing strategy builds on our ambition to be a company that works for and with our customers. Our communication through various channels should be something that our customers recognize and identify with. In this spirit, Sikri has an active blog where CEO, leaders and employees can convey messages about societal values and different subject matter topics. The customer journey leads everything we do – from sales to development and delivery. We want it to be easy to connect with us and simple to reach information on our offerings and service, and we are working on developing a service catalogue tied to information in our customer portal.



Environmental, social and corporate Governance in Sikri

Sikri aims to conduct business in a responsible way regarding employees, society, governance and the environment, and in relationships with our stakeholders. We are certified under ISO standards 9.001, 14.001 and 27.001.

The environment and us
Our software solutions are core systems in public sector and are closely connected to other business and administrative systems, with the goal to reduce the use of paper and thus lowering the overall environmental footprint in society. In Sikri we are highly digital in our way of working, and have a low paper usage. Through digitization by use of our PixExit software, data can be re-used, and the process value chain can be 100% digitized. Our service "eSignering" is another example of products we deliver that reduce the paper usage for our customers. Furthermore, our solutions contribute to higher efficiency, faster case processing and thus an improved time balance and higher life balance for our users and our own employees.

In Sikri our strategy is "Cloud first" and we can meet our customers' needs through a range of Cloud based services, including integrations. This enables down-scaling of physical data centers for our customers and reduces their environmental footprint. Older hardware can be disabled, and usage in the Cloud is scalable according to the size of the organization. This scalability reduces the need for data power and thus allows server power to be used according to the applications' needs. Cloud does not in itself provide an environmental benefit, but through technical understanding, efficient coding, and thorough analysis in migration from local installations to Cloud we can provide a benefit, in close cooperation with our partners.
We expect all of our suppliers to cooperate with us in achieving our environmental ambitions. Environmental requirements are a central part of all of our contracts.

We are committed to:

- To the degree it is financially viable, prioritize environmentally safe products in all our purchases
- Require that our suppliers meet environmental requirements
- Take environmental impact into account in evaluation of new products and new technologies
- Communicate on environmental topics in a factual, honest and clear manner
- Through information to our employees contribute to a high level of environmental consciousness in our organization

Sikri is certified under ISO 14001:2015 – environmental management systems, which confirms our dedication towards reducing our negative impact on the external environment.

Employees and social responsibility

Our employees are our most valuable resources, and through our knowledgeable employees and our dialogue with customers and the market we create powerful innovation. In Sikri, we value close communication with, and the involvement of, our employees. We have bi-weekly companywide meetings to ensure that all employees are onboarded to our strategy and well informed about all aspects that impact our organization and culture, and we have a strong and positive cooperation between management and union representatives.

Social activities are high on the agenda in Sikri and we started 2020 with many social events. Unfortunately, as for many other companies, our approach to collaboration and team building was challenged by the COVID-19 pandemic, but we met this challenge by creating new digital arenas in which to co-create and socialize with each other. We arrange activities weekly on digital medias, enabling us to keep in touch while we are waiting to re-start physical events such as training groups, outdoors activities, team meetings and other activities led by our social committee, which is made of of voluntary employees. Sikri is an “IA” company (Norwegian government agreement in companies that leads to lower level of sick leave, among other things) and we actively work to create a safe working environment without harassment or discrimination. We have in place a Code of Conduct which each employee is committed to follow, and a whistle blowing policy and external process in place to ensure adherence and protect our employees.

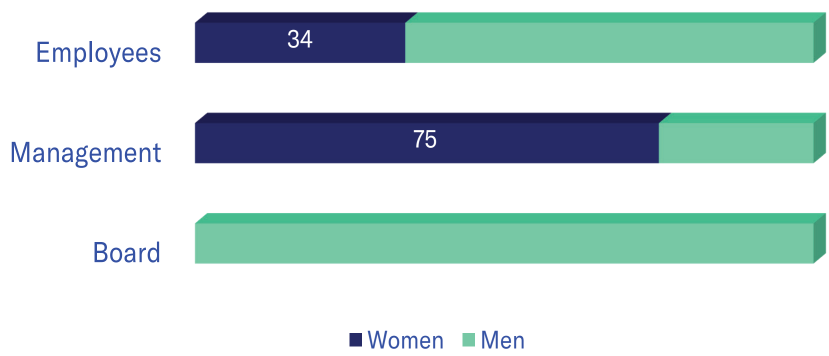
In addition to ensuring a team oriented and collaborative workplace for our employees, we take safety and the physical workplace seriously. We have modern and open office spaces in several locations, and each location has a local safety representative, responsible for ensuring that all safety guidelines are adhered to. During the pandemic we have facilitated use of company equipment for home office use, and we have also followed up each individual to make sure that work-life balance is still in focus.

In our latest employee satisfaction survey, the overall satisfaction score was 87 on a scale from 0 to 100, with 91% participation. The survey measures a range of factors such as working environment, motivation, engagement, leadership, reputation and how we as a company work according to our values.

Sikri’s philosophy is to be an equal opportunity employer, and we promote equal rights regardless of gender, gender identification or expression, ethnic identity, religion or other beliefs, sexual orientation or age. We permit no form of discrimination, and work actively to promote diversity across the company and functions.

We strive to beat the IT industry average in terms of gender distribution, which is approximately 30%, and are above this level.

Gender distribution



Corporate governance

Sikri values a solid corporate goverance framework, and consideres it to be an important prerequisite for valuea creation, trust between the company and stakeholders, and access to capital in the market. Good corporate governance means that we ensure healthy business practices, reliabile financial reporting, an understanding of risks and compliance with legislation and regulations.

Sikri Holding AS is is incorporated and registered in Norway and subject to Norwegian law. The shares of Sikri are listed on Euronext Growth at Oslo Børs.

Governance, management and control of the company is divided between the shareholders at the Annual General Meeting, the Board of Directors and the CEO, in accordance with the Norwegian Companies Act and the company Articles of Association. Corporate governance is regulated by external regulation and internal steering documents.

External regulations include:

- Norwegian Limited Liabilities Companies Act
- Euronext Growth Rule book for Issuers
- IFRS and NGAAP
- EU Market Abuse Regulation (MAR)
- ISO standards 9001, 14001 and 27001

Internal regulations include:

- Articles of Association
- Instructions and yearly plans for Board and CEO
- Internal policies, handbooks and guidelines

As we develop as a company, we are in the process of developing our Corporate Goveranance framework in line with the Norwegian Code of Practice for Corporate Governance (NUES – Norsk anbefaling for eierstyring og selskapsledelse).

Investor Investor relations (IR) policy

IR work in Sikri shall ensure the equal treatment of stakeholders, and ensure that Sikri strictly complies with applicable laws, rules and regulation in the company's communication to the market and shareholders. Sikri shall disclose information in an accurate, adequate, timely and fair manner, and ensure that all relevant parties can access information. The IR function shall furthermore ensure the correct treatment and reporting of inside information.

IR work will ensure that shareholders and financial market stakeholders have access to complete, accurate and relevant information about Sikri. We value an open and proactive approach in our dialogue with all our stakeholders and participants in the capital markets.

Reporting of financial information shall follow regulations set out by the Norwegian Securities and Trading Act and Oslo Stock Exchange's continuing obligations for listed companies on Euronext Growth. We will publish quarterly result reports and presentations to shareholders, investors, and analysts, and make this information available on our website as well as on the Oslo Stock Exchange website, on dates published in our financial calendar. Any other information, which could have a potential impact on Sikri's future development and the Sikri share, shall be made available to the market without delay.

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Board of Directors' report

Board of Directors' Report

Sikri is a software company that specializes in delivering core digital solutions to the public sector in the Nordic region. Sikri offers complete solutions for cloud services, conversion and delivery of databases and documents, risk management and compliance tools, as well as the construction case area (eByggesak), map and cadastre.

Sikri was established as a separate legal entity in 2020 after serving the market for over 20 years as part of EVRY Norway. The main Office is at Lysaker in Norway. In addition the company has offices in Bergen, Harstad, Kristiansand, Sandefjord and Hagfors in Sweden.

Business activities and strategy
During 2020, Sikri has expanded its' portfolio through the acquisition of PixEdit, Augment, Whatif and Sureway. Sikri has a clear M&A strategy and seeks possibilities for growth in the Nordic market.

Covid-19 impact on Sikri
Sikri has been well equipped to deal with the Covid-19 situation and ensure business continuity and efficient operations. Throughout 2020, Sikri monitored the effect Covid-19 had on the macroeconomic development and the related risks for Sikri's operations, employees, customers, and partners.

Since 12 March 2020, Sikri has run core operations remotely by utilising home office solutions. Furthermore, Sikri restricts physical meetings and all unnecessary travel. Sikri has operated via decentralised locations with focus on maintaining its services in a best possible manner throughout 2020 and going into 2021. Market conditions are still somewhat affected by the Covid-19 pandemic but have improved since the first outbreak. The majority of Sikri's customers are operating as normal, but some have longer lead time on implementation processes. This is expected to revert to normal with the roll-out of vaccinations and reduction in outbreaks. Sikri continues to monitor the effect Covid19 is having on the macroeconomic development and risk. See Note 20 of this report for a more detailed review of financial risk factors.

Main developments in 2020
Throughout most of the year Sikri has been establishing the entity with implementation of routines and processes. In the first quarter Sikri AS was acquired and in the second quarter PixEditAS and Augment AS. These companies brought a broader range of solutions to the

portfolio. On July 15th the company was listed on Euronext Growth at Oslo Stock Exchange.

With the acquisitions of WhatIf and Sureway closed in the fourth quarter, Sikri continued its strategy of building a leading actor in the market for digital solutions to the public sector in the Nordic region.

Strategic initiatives to transform Sikri to a leading provider in the Nordic region
Sikri has historically delivered the best digital solution for case management and archive systems to the public sector and are now also delivering broad software solutions. Sikri offers complete solutions for cloud services, conversion and delivery of databases and documents, risk management and compliance tools, as well as the construction case area (eByggesak), map and cadastre.

Sikri will grow by organic growth as well as through M&A. To improve profitability over time, the company will leverage operations and streamline the organisation. In addition, the company will continue to invest in expertise, in addition to pursuing M&A opportunities to strengthen the position.

Sales activity
The sales activity was high in 2020 and the company has built a strong sales force. Sikri participated in many bids for new customer contracts and improved the win-rate substantially, doubling it from the start of the year. Many of the new contracts represent upselling and repeat wins on existing agreements. Going forward, it will be even more important to develop Sikri together with its customers to broaden the offering, in turn creating value for customers and Sikri shareholders.

Business model
Sikri's business model is to sign long-term licencing, maintenance and support agreements, as well as providing consulting services in implementing our solutions to customer needs. We also provide training and long-term support agreements, ensuring that our customers always have access to the latest technology, the best knowledge and support on our software. A growing part of our revenue comes from SaaS services, reported as subscription fees, which includes licensing and maintenance. We invoice our customers both annually (around 60%), quarterly and monthly.

Recurring revenue base
Sikri's annual recurring revenue base (ARR) was NOK 142 million at the end of 2020, including ARR from WhatIf/Sureway. Their contribution amounted to NOK 10 million at the end of the year. Sikri's recurring revenue relates to the sale of own software and services with ~93% gross margin.

Financial review

Profit and loss

Full-year revenue amounted to NOK 167.8 million for 2020 with no comparable figures for 2019 as this is a newly established entity. In 2020, software subscriptions accounted for NOK 107.3 million, whereas consulting revenue accounted for NOK 48.1 million, on-premises software licenses amounted to NOK 11.9 million and other revenues were NOK 0.5 million.

Gross profit was NOK 155.7 million for the full year 2020 with a gross margin of 93%.

Total net operating expenses in 2020 were NOK 111.3 million. Salaries and personnel costs amounted to NOK 87.5 million and other operational costs were NOK 23.8 million.

EBITDA for 2020 came to NOK 44.4 million and includes one-off costs related to M&A and Group establishment of NOK 4.4 million.

The ordinary operating profit (EBIT) amounted to NOK 21.4 million for 2020 after NOK 23 million in depreciations and amortisations.

The net financial result amounted to negative NOK 4.2 million in 2020.

The net profit for 2020 was NOK 14.2 million.

Financial position

As at 31 December 2020, total assets were NOK 450.7 million.

Intangible assets account for NOK 276.9 million. Intangible assets include goodwill of NOK 59.8 million, capitalised development of NOK 119 million and customer contracts/relations and trademarks of NOK 118.3 million.

Total tangible assets were NOK 14.5 million as at 31 December 2020 including NOK 11.5 million in right-of-use assets and NOK 3 million in equipment and fixtures.
Total receivables were NOK 26.9 million as at 31 December 2020.
Total equity at the end of 2020 was NOK 253.6 million, corresponding to an equity ratio of 56%.

Non-current liabilities of NOK 115.2 million includes borrowings of NOK 89.7 million. Other non-current debt of NOK 25.6 million primarily relates to leasing commitments of NOK 8.9 million and deferred tax liabilities of NOK 10.1 million.

Current liabilities of NOK 81.9 million as at 31 December 2020 mainly include trade payables of NOK 46 million, borrowings of NOK 15 million and contract liabilities of NOK 15.7 million.

Net interest-bearing debt was below zero at the end of 2020.

Cash flow
The net cash flow generated from operating activities was NOK 12.1 million in 2020.

Net cash flow used for investment activities was a negative NOK 203.7 million. This is largely due to acquisition expenditure of NOK 184.1 million net of cash acquired.
Sikri also invested NOK 18.9 million in own software development and gained NOK 0.1 in proceeds from sales of equipment and fixtures.

Net cash flow from financing activities was NOK 323.9 million in 2020. This includes proceeds from borrowings of NOK 105 million, proceeds from issuance of ordinary shares of NOK 231.5 million and repayment of borrowings of NOK 7.5 million.

Cash and cash equivalents increased by NOK 132.3 million during 2020, to NOK 132.4 million at the end of the year. Refer to note 22.

Going concern
Based on the aforementioned comments about Sikri ASA's accounts, the Board of Directors confirms that the annual financial statements for 2020 have been prepared on the basis of a going concern assumption, and that this assumption has been made in accordance with Section 3-3a of the Norwegian Accounting Act.

Allocation of the profit/loss for the parent company, Sikri Holding AS
Profit for the year 2020 attributable to owners of the parent was NOK 6.6 million. The Board has proposed that the profit be distributed to other equity.

Financial risk and risk management
The Group is exposed to risks from its use of financial instruments, including credit risk, liquidity risk and market risk.

Credit risk is the risk that customers are unable to settle their obligations as they mature. The majority of the customers of the Group are within the public sector, where the risk related to these trade receivables is nearly non-existent. The Group has a small portion of sales to the private sector, in which exposure is limited by using credit ratings and risk assessments upon engaging in assignments. All receivables are monitored closely, and any overdue receivables are followed up.

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due as well as being able to take advantage of acquisition opportunities. Management of liquidity risk is performed at Group level, where the Finance department monitors liquidity flows in short-term and long-term reporting. In additional to a significant cash reserve at 31 December 2020 the Group also has liquidity reserves available through credit facilities with its primary bank.

Market risk is the risk that the future cash flows will fluctuate because of changes in market prices. Market risk includes interest risk and currency risk. Financial instruments affected by market risk include borrowings, deposits og debt.

Interest rate changes have only a marginal direct effect on consolidated operating income and cash flows from operating activities. The Group's interest rate risk is related to floating interest rates on bank accounts and bank loans. Sikri has no fixed-rate deposits or debt, and is therefore not exposed to fair value interest rate risk.

Further information on risk management could be found in Note 20.

Transactions with related parties

Jens Rugseth, a member of the Board of Sikri Holding AS also holds a position as chairman of the Board in Crayon Group Holding ASA and Techstep ASA. Trade between Sikri and these companies is disclosed in Note 26.

There were no other material transactions with related parties during the period.

Research and development

Sikri's R&D efforts are focused on development of own software, using own resources and external development expertise. Sikri has in 2020 capitalized personnel cost related to R&D, as well as received some funding from the "SkatteFUNN" tax incentive scheme. Our R&D is focused on developing new or improved software for our customers, using innovative tools and the newest technology.

Corporate governance

A statement on Sikri's corporate governance principles and practices is provided in the separate environmental, social and governance (ESG) section of the annual report. In the company's own assessment, Sikri did not deviate from any sections of the Code of Practice as at year end 2020.

Corporate social responsibility

Sikri aims to be a responsible company which respects people, society, and the environment. Sikri has developed a CSR policy, committing the company to responsible business practices in the areas of human rights, labour, anti-corruption and the environment.

At Sikri we actively work to create a safe working environment without harassment or discrimination. We have in place a Code of Conduct which each employee is committed to follow, and a whistle blowing policy and external process in place to ensure adherence and protect our employees. No accidents or incidents were reported in 2020.

Sikri's philosophy is to be an equal opportunity employer, and we promote equal rights regardless of gender, gender identification or expression, ethnic identity, religion or other beliefs, sexual- orientation or age. We permit no form of discrimination and work actively to promote diversity across the company and functions.

We strive to beat the IT industry average in terms of gender distribution, which is approximately 30%, and are above this level.

Environmental responsibility

Our software solutions are core systems in public sector and are closely connected to other business and administrative systems, with the goal to reduce the use of paper and thus lowering the overall environmental footprint in society. In Sikri we are highly digital in our way of working and have a low paper usage. Through digitization by use of our PixExit software, data can be re-used, and the process value chain can be 100% digitized. Our service “eSignering” is another example of products we deliver that reduce the paper usage for our customers. Furthermore, our solutions contribute to higher efficiency, faster case processing and thus an improved time balance and higher life balance for our users and our own employees.

We expect all suppliers to cooperate with us in achieving our environmental ambitions. Environmental requirements are a central part of all our contracts. We are committed to:

- To the degree it is financially viable, prioritize environmentally safe products in all our purchases
- Require that our suppliers meet environmental requirements
- Take environmental impact into account in evaluation of new products and new technologies
- Communicate on environmental topics in a factual, honest and clear manner
- Through information to our employees contribute to a high level of environmental consciousness in our organization

Sikri is certified under ISO 14001:2015 – environmental management systems, which confirms our dedication towards reducing our negative impact on the external environment.

Shareholder information

As at 31 December 2020, Sikri had 14,803,855 shares outstanding, an increase from 30,000 shares one year earlier. At the end of 2020, Sikri held 415 own shares. The shares have a par value of NOK 0,10.

The company’s largest shareholder, Karbon Invest AS, held 49% of the shares at year end, with the 10 largest shareholders holding 89% of the shares outstanding.

The final price at the close of the year was NOK 95 per share.

For detailed shareholder information, see Note 25 in the consolidated financial statements for 2020.

Outlook

Sikri will continue to build a Nordic technology powerhouse. Sikri will pursue investments in its own solutions as well as M&A opportunities to further expand its Nordic position.

In 2021 Sikri acquired Ambita, which is the largest investment so far. Ambita is a technology company delivering solutions digitizing the real estate market. The company's services are used by several thousands of users in real estate transactions and construction projects every day. Ambita's portfolio of services includes Infoland, Ambita's digital registration service, Virdi, Boligmappa and a solution for digital building applications amongst others. The company is also the majority shareholder in Prognosesenteret. Ambita consolidated revenue for 2020 was approximately NOK 500 million, with an EBITDA margin of 12%.

Sikri will streamline the organisation and leverage operations to improve profitability over time, and the goal is to reach an EBITDA margin of 30% by 2025.

Responsibility statement

Bærum, 29 April 2021

From the Board of Directors and CEO of Sikri Holding AS

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2020, the comparative figures presented for the period 1 January to 31 December 2019 have been prepared in accordance with current applicable accounting standards, and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the Group, together with a description of the principal risks and uncertainties facing the entity and the Group.

Jens Rugseth
Chairman of the Board

Rune Syversen
Board member

Christian K Breddam
Board member

Preben Rasch-Olsen
Board member

Fredrik Cappelen
Board member

Torbjørn G. Krøvel
Board member

Nicolay Moulin
CEO

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Consolidated financial statements

Consolidated income statement

(NOK 1.000)	Note	1.1 - 31/12/20	28.10 - 31/12/19
Revenue	4.5	**167,755**	0
Cost of providing services	6	**12,058**	0
Gross profit		**155,697**	0
Personnel expenses	16.17	**87,540**	0
Other operating expenses	7	**23,734**	0
EBITDA		**44,422**	0
Depreciation and amortisation expenses	12,14,15	**23,003**	0
Operating profit		**21,420**	0
Financial income	8	**321**	0
Financial expenses	8	**-4,555**	0
Profit before income tax		**17,185**	0
Income tax expense	9	**2,982**	0
Profit for the year		**14,203**	0
Profit for the year is attributable to:			
Owners of Sikri Holding AS		**14,203**	0
Earnings per share:			
Basic earnings per share	23	**1.26**	0.00
Diluted earnings per share	23	**1.26**	0.00

Statement of comprehensive income

(NOK 1.000)	Note	1.1 - 31/12/20	28.10 - 31/12/19
Profit for the year		**14,203**	0
Other comprehensive income (net of tax):			
Items that will or may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**0**	0
Total comprehensive income for the year		**14,203**	0
Total comprehensive income for the year is attributable to:			
Owners of Sikri Holding AS		**14,203**	0

Consolidated statement of financial position

(NOK 1.000)	Note	31/12/20	31/12/19
ASSETS			
Non-current assets			
Equipment and fixtures	14	**3,028**	0
Right-of-use assets	15	**11,464**	0
Intangible assets	12.13	**276,908**	0
Other investments	24	**60**	0
Total non-current assets		**291,460**	0
Current assets			
Trade and other receivables	10,19	**26,864**	0
Cash and cash equivalents	19,22	**132,376**	30
Total current assets		**159,240**	30
TOTAL ASSETS		**450,699**	30

(NOK 1.000)	Note	31/12/20	31/12/19
EQUITY AND LIABILITIES			
Equity			
Share capital	25	**1,480**	30
Share premium		**237,173**	0
Other equity		**14,938**	0
Total equity		**253,591**	30
Liabilities			
Non-current liabilities			
Borrowings	19.21	**89,667**	0
Other financial liabilities	19.21	**6,534**	0
Lease liabilities	19.15	**8,882**	0
Deferred tax liabilities	9	**10,154**	0
Total non-current liabilities		**115,237**	0
Current liabilities			
Trade and other payables	11.19	**45,967**	0
Contract liabilities	5	**15,735**	0
Current tax liabilties	9	**2,409**	0
Borrowings	19.21	**15,000**	0
Lease liabilities	19.15	**2,760**	0
Total current liabilities		**81,872**	0
Total liabilities		**197,108**	0
TOTAL EQUITY AND LIABILITIES		**450,699**	30

Lysaker, 29 April 2021, from the Board of Directors and the CEO of Sikri Holding AS, signatures on the following page:

Consolidated statement of financial position - signature page

Jens Rugseth
Chairman of the Board

Rune Syversen
Board Member

Christian Breddam
Board Member

Fredrik Cappelen
Board Member

Preben Rasch-Olsen
Board Member

Torbjørn G. Krøvel
Board Member

Nicolay Moulin
CEO

Consolidated statement of changes in equity

(NOK 1.000)	Note	Share capital	Share premium	Other equity	Total equity
28.10-31.12.2019					
Incorporation and issue of share capital net of transaction costs and tax		30	0	0	30
Profit for the period				0	
Other comprehensive income				0	
Balance at 31 December 2019		30	0	0	30
1.1-31.12.2020					
Profit for the year				14,203	14,203
Other comprehensive income				0	0
Total comprehensive income for the year		0	0	14,203	14,203
Contributions by and distributions to owners:					
Issue of share capital net of transaction costs and tax	25	1,450	237,173		238,623
Share-based payments	18			735	735
		1,450	237,173	735	239,358
Balance at 31 December 2020		1,480	237,173	14,938	253,591

Consolidated statement of cash flows

(NOK 1.000)	Note	1.1 - 31/12/20	28.10 - 31/12/19
Cash flows from operating activities			
Profit before income tax		**17,185**	0
Adjustments for			
Depreciation and amortisation expenses	12,14,15	**23,003**	0
Share-based payment expense	18	**735**	0
Net gain/loss on sale of non-current assets		**-19**	0
Interest received and paid - net	8	**3,387**	0
Change in operating assets and liabilities, net of effects from purchase of subsidiaries			
Change in trade and other receivables and contract assets		**28,723**	0
Change in trade and other payables and contract liabilities		**-60,256**	0
Interest received	8	**55**	0
Income taxes paid		**-715**	0
Net cash inflow from operating activities		**12,098**	0
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acqui	3	**-184,055**	0
Payment for equipment and fixtures	14	**-864**	0
Payment of capitalised development costs	12	**-18,878**	0
Proceeds from sale of equipment and fixtures		**108**	0
Net cash inflow/outflow from investing activities		**-203,690**	0
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	25	**231,456**	30
Proceeds from borrowings	21	**105,000**	0
Repayment of borrowings	21	**-7,500**	0
Principal element of lease payments	15	**-1,576**	0
Interest paid	8	**-3,442**	0
Net cash inflow/outflow from financing activities		**323,938**	30
Net increase/decrease in cash and cash equivalents		**132,346**	30
Cash and cash equivalents 1 January		**30**	0
Effects of exchange rate changes on cash and cash equivalents		**0**	0
Cash and cash equivalents 31 December		**132,376**	30

Notes

Note 1 - General information

Sikri Holding AS is the parent company in the Sikri Group, and is registered in Norway. The Group includes the parent company Sikri Holding AS and its wholly owned subsidiary Sikri AS, which has the wholly owned subsidiaries Pixedit AS and Augment AS, as well as wholly owned subsidiaries Whatif AS and Sureway AS, which has the wholly owned subsidiary Sureway Invest AS. The Group`s head office is located at Vollsveien 4a, 1366 LYSAKER, Norway. The Group was established in 2020.

The Group has one segment, sale of software services. A sigificant share of the Groups's business is towards the Public sector market.

Sikri Holding AS is listed on Euronext Growth at Oslo Stock Exchange under the ticker SIKRI.

The consolidated financial statements of Sikri Holding AS for the fiscal year 2020 were approved in the board meeting at 29 April 2021.

Note 2 - Summary of significant accounting policies and estimates

Statement of compliance

The consolidated financial statements of Sikri Holding AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), and Norwegian disclose requirements listed in the Norwegian Accounting Act as of 31.12.2020.

Basis of preparation

The consolidated financial statement of Sikri Holding AS for the year ended 31 December 2020 comprise the Company and its subsidiaries except for PixEdit AB which is not consolidated as the entity is immaterial to the Group (together referred to as the "Group"). The consolidated financial statement consists of statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and disclosures.

The Group was established in 2020. Hence, the financial statement does not contain any comparable figures. Opening balances as of 1 January 2020 consists of the parent company, Sikri Holding AS.

The consolidated financial statements are based on historical cost, with the exception of financial instruments at fair value through profit or loss and fair value through OCI (ref note 19).

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

The Group’s presentation currency is NOK. This is also the parent company’s functional currency.

Basis for consolidation

The Group’s consolidated financial statements comprise the parent company and it's subsidiaries as of 31 December 2020. An entity 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.

Business combinations are accounted for by using the acquisition method, see note 3 - business combinations. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate on that date. Foreign exchange translation differences are recognized as part of financial items in profit or loss.

Classification of current and non-current items

An asset is classified as current when it is expected to be realized or sold, or to be used in the Group's normal operating cycle, or falls due or is expected to be realized within 12 months after the end of the reporting period. Other assets are classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Group or are expected to be settled within 12 months of the end of the reporting period, or if the Group does not have an unconditional right to postpone settlement for at least 12 months after the balance sheet date.

Provisions

A provision is recognized when the Group has an obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably.

The use of estimates and assessment of accounting policies when preparing the annual accounts

Estimates and assumptions

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities. This particularly applies to the depreciation of intangible assets, evaluations related to acquisitions and impairment test of goodwill. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year are different from the assumptions made which may lead to these estimates being materially changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

Judgements

The management has, when preparing the financial statements; made certain significant assessments based on critical judgment when it comes to application of the accounting principles. The following notes include the Group's assessments regarding:
- Business combinations (refer to note 3)
- Depreciation of intangible assets (refer to note 12)
- Impairment test of goodwill (refer to note 13)
- Important estimates and assessments regarding the length of the leases (refer to note 15)
- Leases - calculation of incremental borrowing rate (refer to note 15)
- Events after the reporting period (refer to note 28)

Adoption of new and revised International Financial Reporting Standards

New standards/changes in 2020

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

In May 2020, the International Accounting Standards Board amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not affect lessors. The amendment is effective for annual periods beginning on or after 1 June 2020, but earlier application is permitted.

The Group has chosen not to early adopt the amendments and does not expect that the amendments will have any material effect on the financial statement of the Group.

New standards/changes effective from 1 January 2021

Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9

In June 2020, the Board extended the expiry date for the temporary exemption from IFRS 9 to annual periods beginning on or after 1 January 2023. The amendments is not relevant for the financial statement of the Group.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2

Phase 2 - which amends IFRS 9 Financial Instruments; IAS 39 Financial Instruments: Recognition and Measurement; IFRS 7 Financial Instruments: Disclosures; IFRS 4 Insurance Contracts and IFRS 16 Leases - finalises the Board’s response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks.

The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform.

These amendments are effective for annual reporting periods beginning on or after 1 January 2021, with early adoption permitted. The Group has chosen not to early adopt the amendments and does not expect that the amendments will have any material effect on the financial statement of the Group.

Note 3 - Business combinations

Accounting principles

Business combinations are accounted for using the acquisition method as of the acquisition date, which is when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any contingent consideration is measured at fair value at the date of acquisition. Contingent consideration is classifised as either equity or a financial liability. Changes in fair value of the contingent consideration from acquisition of a subsidiary will be recognised in profit and loss.

If the sum of the consideration, non-controlling interests and fair value at the time of acquisition of the previous owner's interests exceeds the fair value of identifiable net assets of the acquired entity, the difference is recognised as goodwill in the balance sheet. Goodwill that arises from an acquisition is tested annually for impairment. If the sum is less than the entity's net assets, the difference is immediately recognised in the profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquisition is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Critical judgements and significant estimates

The acquisitions require the use of substantial judgement when assessing the fair value of the consideration transferred, identifying, and valuation of intangible assets such as capitalised development, customer contracts and trademarks.

Description

Sikri AS

Sikri Holding AS acquired 100% of the shares in Sikri AS from Karbon Invest AS 1 March 2020 with an agreed purchase price of MNOK 154.8. Karbon Invest AS acquired 100% of the shares in Sikri AS, which was a carve-out of assets and liabilities from Evry Norge AS on 1 January 2020. The amounts recognised at the date of the acquisition in respect of identifiable assets acquired and liabilities assumed are set out in the table below. Acquisition costs of MNOK 1.9 were recognised as other operating expenses in the income statement as a result of the transaction.

PixEdit AS

On 1 May 2020, the Group acquired 100 % of the shares in PixEdit AS with agreed purchase price of MNOK 70.3. The amounts recognised at the date of the acquisition in respect of identifiable assets acquired and liabilities assumed are set out in the table below. Acquisition costs of MNOK 0.7 were recognised as other operating expenses in the income statement as a result of the transaction. PixEdit AS is an important part of Sikri's value chain with OCR and PDF conversion of documents, and on a long-term perspective, capture of data is essential in streamlining and automating archving in a broader specter of information sources in public sector.

Augment AS

On 1 May 2020, the Group acquired 100% of the shares in Augment AS. Augment did not carry a substantial financial value as a stand-alone company, but the company's AI technology had a unique approach in training of the AI engine that Sikri believe will be the most cost efficient way to increase hit-rate in AI solutions.

Sureway AS and Whatif AS

On 12 October 2020, the Group acquired 100 % of the shares in Sureway AS and Whatif AS with a total agreed purchase price of MNOK 33.0. The amounts recognised at the date of the acquisition in respect of identifiable assets acquired and liabilities assumed are set out in the table below. Acquisition costs of MNOK 0.8 were recognised as other operating expenses in the income statement as a result of the transaction. Increased regulation in both public and private sector increases the need for software systems to support control and compliance. With the acquisition of Sureway and Whatif, Sikri will be able to deliver state of the art Cloud solutions for compliance and risk management, both now and in the future.

Amita AS

On 19 April 2021 the Group entered into a binding agreement regarding the acquisition of Ambita AS. The transaction is expected to close early May 2021. Refer to note 28 for further information about the agreement.

		Fair value recognised on acquisition		
(NOK 1000)	Note	**Sikri AS**	**PixEdit AS**	**Sureway AS/ Whatif AS**
Assets				
Intangible assets	12	140 272	61 329	16 947
Deferred tax asset	9	6 854	0	0
Equipment and fixtures	14	2 911	49	203
Right-of-use assets	15	6 913	2 097	279
Cash and cash equivalents		46 174	2 166	4 942
Trade and other receivable		42 618	10 956	1 653
Other assets		110	60	100
Total assets		**245 852**	**76 658**	**24 125**
Liabilities				
Trade and other payables		93 090	26 899	1 175
Lease liabilities	15	6 913	2 097	279
Current income taxes payable		1 823	392	1 200
Deferred tax liability	9	0	10 857	3 315
Total liabilities		**101 826**	**40 246**	**5 969**
Net identifiable assets and liabilities at fair value		**144 026**	**36 412**	**18 156**

(NOK 1000)	Note	Sikri AS	PixEdit AS	Sureway AS/ Whatif AS
Net identifiable assets and liabilities at fair value (cont.)		**144 026**	**36 412**	**18 156**
Non-controlling interest measured at fair value		0	0	0
Goodwill		10 823	33 935	14 877
Purchase consideration transferred		**154 849**	**70 347**	**33 034**
The consideration consists of				
Cash consideration		154 849	70 347	12 167
Equity instruments (62,318 shares)				7 167
Contingent consideration	21			6 534
Seller's credit	21			7 167
Total consideration		**154 849**	**70 347**	**33 034**
Net decrease/(increase) in cash				
Cash consideration		154 849	70 347	12 167
Cash and cash equivalents received		46 174	2 166	4 942
Net decrease/(increase) in cash		**108 675**	**68 181**	**7 225**

The goodwill of MNOK 59.8 arising from the acquisition of Sikri AS, Pixedit AS, Augment AS, Whatif AS and Sureway AS consists of assembled work-force, as well as the value of combined technologies and new opportunites, both geographically and in regards to product spectre.

Fair value of trade receivables acquired is MNOK 26.1 in addition to gross contractual amounts receivables of MNOK 6.3. In reference to note 10, risk of non-collection is low, as the Group's revenue mainly consists of Public sector customers. Accruals for non-collection cash flows was TNOK 55 at year end, and is found in PixEdit AS.

Contribution to the Group's revenue and operating profit as a result of the acquisitions

	Contribution since the acquisition date	
(NOK 1000)	**Revenue**	**Profit before income tax**
Sikri AS	152 846	18 899
PixEdit AS	12 039	4 247
Sureway AS/What if AS	2 871	1 240
Augment AS	0	-1 146
Total contribution	**167 755**	**23 239**

If the acquistions had occurred on 1 January 2020, the revenue of the Group would have been MNOK 212.1 and the Group's profit before income tax would have been MNOK 26.5.

Note 4 - Segment information

Accounting principles

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. Furthermore, the entity's component's operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and thus separate financial information is available. The Company has determined that the Group's CEO is the chief operating decision maker.

Description

The core business activities of the Group are software services and it has been concluded that the business is followed up and reported as one operating segment. The conclusion is based in the current financial information reported to the Group's CEO for the purpose of resource allocation and assessment of the performance.

Major products and services are included as disaggregated revenue information in note 5.

Revenues by geografical areas

(NOK 1000)	**Share%**	**2020**
Norway	97,4%	163 426
Sweden	1,6%	2 682
UK and EU	0,5%	771
North America	0,5%	822
Other	0,0%	54
Total	**100 %**	**167 755**

Significant customers and non-current assets

No individual customers account for more than 10 % of the Group's revenue. All non-current assets of the group are located in Norway.

Note 5 - Revenues

Accounting principles

The sources of revenue from contracts with customers are mainly:

Contract	Description
Software subscriptions	Software-as-a-Service (SaaS) arrangements, software maintenance and user support
Consulting services	Installation, implementation, integration, configuration and training
On-premises licences	Software licenses transferred/installed on customers computers or data centres owned/contracted by the customer

Revenue from customer contracts is recognised when the performance obligation in the contract has been performed, either as "point in time" or "over time". A performance obligation is satisfied when control of the promised product or service is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products or services.

The Group has identified several types of contracts as listed above. Timing of revenue recognition under each contract or type of contract is determined by the timing of the transfer of promised products and services to the customer. The amount of revenue recognised reflects the amount of consideration to which the Group is entitled for each performance obligation.

The Group considers whether there are other promises in the contracts that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for sale of software and cloud licenses with value-added services, the Group considers the effect of variable considerations, the existence of significant financing components and consideration payable to the customer (if any).

Description of contracts with customers

Software subscriptions

Software subscriptions include Software-as-a-Service (SaaS) arrangements (in which software maintenance is integrated) and user support related to both SaaS arrangements and on-premises software licences. Software subscriptions also include software maintenance related to on-premises software licences.

A software subscription is accounted for as a service and does not include the transfer of a license of intellectual property (IP). The company is providing a series of distinct services that represent a single performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided. The appropriate measure of progress is day by day over the period in which the service is available.

User support

The promise to the customer is to provide support when it is needed. The delivery of the service is based on requests from the customer. These requests can come un-evenly distributed over time or not at all. The performance obligation is satisfied over time because the customer simultaneously receives and consumes the benefits of the company's performance which is making the support service available over the period of the contract. The appropriate measure of progress is day by day over the period in which the customer has a right to receive support services.

Software maintenance

The Group provides software maintenance related to on-premises software licences. As long as the software maintenance is unspecified, and for instance only give the customer a right to software maintenance when and if updates are available, the performance obligation is satisfied over time. The appropriate measure of progress is day by day over the period in which the customer has a right to receive the maintenance.

Consulting services

The Group provides consulting services including installation, implementation, integration, configuration and training. The consulting services can either be a promise to deliver each and every hour (time and material type of contracts) or an end result/product.

For the first type of consulting services the performance obligation is satisfied at a point in time, when each hour is delivered. This can be considered to be a series of distinct services that represents a single performance obligation satisfied over time, but the solution for revenue recognition would be the same since accrued hours would be the appropriate measure of progress.

For the other type of consulting services, it is also concluded that the performance obligation is satisfied over time as there is no alternative use for the work performed and the entity has an enforceable right to payment.

On-premises software licenses

The on-premises software licence is made available to the customer to be installed on the customers computers/data centres or in a data centre which the customer has contracted. When the software is installed, or the customer has received the necessary information to download and install the software, the Group is no longer obliged to perform anything, and the software will remain functional for the term of the contract. The customer can use and benefit from the software as it is transferred, and the customer's use or benefit is not significantly conditioned upon the activities of the entity. The performance obligation is satisfied at a point in time when the customer obtains control of the software to be installed.

Transaction price - financing components

There is no significant financing components to be considered when determining the transaction price.

Invoicing and payment terms

Invoices are issued periodically, for some yearly subscriptions on a yearly basis, for most other services on a monthly basis. Invoices are generally payable within 30 days.

Principal/agent - third party licenses

The Group may act as a principal or an agent in its contracts that include third-party software licenses. This depends particularly on the primary responsibility for fulfilling the promise to provide the products or services and the entity's discretion in establishing the price, both of which are relevant considerations under the guidance. When acting as principal, the Group assumes responsibility for the licenses delivered and the support provided to the customer in connection with the sale and/or the subsequent license period. In addition, under such contracts, the Group assesses that other factors such as the ability to set prices support the conclusion that the Group is acting as principal. The Group acts as principal under most of its contracts to resell licenses.

Contract costs

The Group recognises the incremental costs of obtaining a contract with a customer as an asset to the extent that the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Contract costs are included in trade and other receivables in the statement of financial position. Contract costs are amortised on a systematic basis that is consistent with the Group's transfer of the related services to the customer.

The Group has applied the practical expedient (IFRS 15.94) and recognises contract costs, such as commissions, as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less. In addition, in the 2020 financial statements, all sales commissions are recognised as an expense when incurred since an assessment of the costs to capture, document, and follow up commissions lead to the conclusion that the costs will exceed the expected benefits.

No contract costs are recognised in the statement of financial position as of 31 December 2020.

Presentation

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for products or services transferred to the customer. If the Group performs by transferring products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional.

Contract liabilities

A contract liability is the obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers products or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group fulfils the performance obligation(s) under the contract.

Disaggregated revenue information 2020

Revenue by major products and services

(NOK 1000)	Share%	Timing of transfer of services/ products to the customer: Point in time	Over time	Total
Software subscriptions	64 %		107 281	**107 281**
Consulting services	29 %	36 098	12 033	**48 131**
On-premises software licenses	7 %	11 887		**11 887**
Other revenues	0 %	456		**456**
Total revenues	**100 %**	**48 441**	**119 314**	**167 755**

The annual recurring revenue (ARR) by the end of the year was MNOK 142. See note 29 for definition of annual recurring revenue (ARR).

Contract balances

Year ended 31 December 2020

Contract assets

(NOK 1000)	**2020**
Balance at 1 January *)	0
Business combinations	6 262
Reclassifications to accounts receivables	-6 262
Additions in the period	680
Impairment losses and allowances recognised	0
Balance at 31 December	**680**

*) The balance at 1 January 2020 is the balance for the parent company of the Group.

Changes in contract liabilities related to performance obligations

(NOK 1000)	**2020**
Balance at 1 January *)	0
Business combinations	61 652
Revenue recognised in the period that was included in the contract liability at the beginning of the year acquired in business combinations	-61 652
Additions in the period	15 735
Balance at 31 December	**15 735**

*) The balance at 1 January 2020 is the balance for the parent company of the Group.

The performance obligations that constitute the contract liability at 31 December 2020 are in its entirety expected to be performed within one year.

Note 6 - Cost of providing services

Description

Cost of providing services is a group of variable costs directly connected with delivering a service, and are recognized when the corresponding service is delivered to the customer. Cost of providing services mainly consists of third-party software licenses, external platform costs (mainly ASP costs) and external consultants hired on customer projects. Other cost of services provided are mainly fees to third parties, as part of deliveries to customers (non-license costs).

Specification of cost of providing services

(NOK 1000)	**2020**
Third-party software licenses	3 233
External IT platforms (ASP, etc.)	4 668
External consultants	1 294
Other cost of services provided	2 864
Total cost of services provided	**12 058**

Note 7 - Other operating expenses

Specification of other operating expenses

(NOK 1000)	Note	2020
General IT, licenses and hosting		10 700
Advisors and consultants		4 729
Acquisition costs	3	3 507
Facilities and office costs		1 845
Sales and marketing		1 433
Travel expenses		842
General administration		302
Loss in receivables	10	0
Other operating expenses		376
Total other operating expenses		**23 734**

No significant research and development expenditures are expensed during the period.

Specification of the auditor's fees

(NOK 1000)	2020
Statutory audit	134
Other assurance services	176
Other non-assurance services	0
Tax consultant services	0
Total auditor's fees	**310**

VAT is not included in the fees specified above.

Note 8 - Financial income and expenses

Specification of financial income and expenses

Financial income

(NOK 1000)	Note	**2020**
Interest income from bank deposits		55
Foreign exchange gains		263
Other financial income		2
Total financial income		**321**

Financial expenses

(NOK 1000)	Note	**2020**
Interest on debts and borrowings	21	3 056
Foreign exchange losses		326
Interest expense on lease liabilities	15	386
Other financial expenses		786
Total financial expenses		**4 555**
Net financial items		**-4 235**

Note 9 - Income tax

Accounting principles

The tax expense consists of tax payable and changes to deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. The reported income taxes are recognised in the amount expected to be payable on the basis of the statutory regulations in force or enacted on the balance sheet date.

Deferred tax assets and liabilities are calculated on the basis of temporary differences between the carrying amount of assets and liabilities in the statement of financial position and their tax basis, together with tax losses carried forward at the balance sheet date. Deferred tax assets and liabilities are calculated based on the tax rates and tax legislation that are expected to apply when the assets are realized or the liabilities are settled, based on the tax rates and tax legislation that have been enacted or substantially enacted on the balance sheet date. Deferred tax is not recognised for temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised when it is probable that the company will have sufficient taxable profit in subsequent periods to utilise the tax asset. Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current assets (non-current liabilities) in the statement of financial position. Deferred 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 taxes assets and liabilities relate to income taxes in the same taxable entity.

Critical judgements and significant estimates

Valuation of deferred tax assets is dependent on management's assessment of future utilisation of the asset. Expected utilisation may result from expected taxable income in the future, planned transactions or planned tax optimizing measures, all of which may be uncertain. Economic conditions may change and lead to a different conclusion regarding the utilisation. Tax authorities may challenge the calculation of taxes payable in the entities from prior periods. Such processes may lead to changes to prior periods taxable income, resulting in changes to income tax expense in the period of change, as well as interest and fines.

Specification of income tax expense

(NOK 1000)	**2020**
Current tax	
Taxes payable on this year's taxable income	2 409
Income tax expense accrued prior to the business combination	-2 263
Deferred tax	
Changes in deferred taxes	2 836
Income tax expense	**2 982**

Temporary differences - basis for recognised deferred tax

(NOK 1000)	**31.12.20**
Equipment and fixtures	258
Intangible assets	45 149
Right-of-use assets	11 464
Receivables	-55
Lease liabilities	-11 643
Profit and loss account	1 102
Tax losses carried forward	-142
Other	-253
Total temporary differences - basis for recognised deferred tax	**45 880**
Deferred tax asset - gross	-8 142
Deferred tax liabilities - gross	18 266
Unrecognised deferred tax	31
Net deferred tax asset(-)/liability(+)	**10 155**

Reconciliation of tax expense

The income tax expense differs from the amounts computed when applying the Norwegian statutory tax rate to income before income taxes as a result of the following:

(NOK 1000)	**2020**
Pre-tax profit	17 185
Income taxes calculated at 22 %	3 781
Changes in unrecognised deferred tax asset	-238
Permanent differences (non-deductible expenses)	-560
Non-taxable income	0
Other	0
Income tax expense	**2 982**

Changes in net deferred tax asset

(NOK 1000)	Note	**2020**
Opening balance as of 1 January 2020 *)		0
Deferred tax assets attributable to business combinations	3	-6 854
Deferred tax liabilities attributable to business combinations	3	14 172
Tax expense/income recognised in profit and loss		2 836
Net deferred tax asset(-)/liability(+) at 31 December		**10 155**

*) The balance at 1 January 2020 is the balance for the parent company of the Group.

Note 10 - Trade and other receivables

Accounting policies

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

The provision for impairment of trade receivables is TNOK 55 at 31 December 2020. The credit loss of the Group recognised in 2020 was TNOK 0. Actual and expected credit losses on trade receivables are classified as other operating expense in the income statement.

<u>The effects of the Covid-19 virus</u>

The Covid-19 virus is expected to have some impact on the activity in the industry in which the Group operates. However, as most of the customers of the Group are within the public sector, the Covid-19 virus is not expected to have significant impact on the customers ability to settle the receivables.

Specification of trade and other receivables

(NOK 1000)	Note	**31.12.20**
Trade receivables		21 645
Prepaid expenses		4 344
Contract assets	5	680
Other short-term receivables		195
Total trade and other receivables		**26 864**

Specification of trade receivables

(NOK 1000)	Note	**31.12.20**
Trade receivables related to revenue from contracts with customers		20 770
Trade receivables from related parties	26	929
Total trade receivables (gross)		**21 700**
Allowance for expected credit losses		-55
Total trade receivables (net)		**21 645**

Change in the provision for impairment of trade receivables

(NOK 1000)	**2020**
Provision at 1 January *)	0
Provisions in companies acquired in business combinations	-55
This years provision for trade receivables impairment	0
Trade receivables written off during the year as uncollectible	0
Unused amount reversed	0
Provision at 31 December	**-55**

*) The provision at 1 January 2020 represents the parent company of the group. The provision is not related to outstanding balances from related parties.

At 31 December the aging of the company's trade receivables (gross) was as follows

	Total	**Not due**	**< 30 days**	**30-60 days**	**60-90 days**	**> 90 days**
2020	21 700	12 189	9 353	91	10	56

Note 11 - Trade and other payables

Specification of trade and other payables

(NOK 1000)	**31.12.20**
Trade payables	9 230
Payroll tax and other statutory liabilities	15 621
Accrued salary and vacation pay	15 992
Accrued expenses	3 497
Other current payables	1 628
Total - trade and other payables	**45 967**

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Note 12 - Intangible assets

Accounting policies

Intangible assets acquired in business combinations

Acquired Intangible assets comprise capitalised development, customer contracts/customer relations and trademarks. Assets acquired as a part of a business combination are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives. Business combinations are further described in note 3.

Goodwill

Goodwill is recognised as the aggregate of the consideration transferred and the amount of any non-controlling interest and deducted by the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not depreciated but is tested at least annually for impairment. Accounting principles related to impairment testing are described in note 13.

Capitalised development

Expenses relating to research activities are recognised in the income statement they incur. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials, direct wage costs and a share of the directly attributable common expenses. Capitalised development costs are recognised at their cost minus accumulated amortisation and impairment losses. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset.

Impairment

Intangible assets are reviewed for potential impairment if events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The difference between the assets carrying amount and its recoverable amount is recognised in the income statement as impairment.

Goodwill is tested annually for impairment. Refer to note 13 for further information.

Critical judgements and significant estimates

Development of the software that constitutes the core business of the Group is a continuous process. The customers expect an up to date service and the software is updated/changed on a regular basis. The useful life of a development project is difficult to estimate and monitor. The estimated useful life for development projects is 5-10 years.

For customer contracts/customer relations, an amortisation period of 10 years is applied. The observable churn rate is low.

The Group works continuously with improvements of technical platforms. This work involves both maintenance, research and development. These activities are integrated, and it can be challenging to separate them for accounting purposes. Management have, to their best effort, assessed the projects and expenses that qualify for capitalisation and the remaining part is expensed.

The impairment test of goodwill is largely based on judgements and significant estimates. Refer to note 13 for further information.

Year ended 31 December 2020

(NOK 1000)	Note	**Goodwill**	**Capitalised development**	**Customer contracts/ relations**
Opening balance accumulated cost *)		0	0	0
Additions		0	18 878	0
Acquisitions of business	3	59 818	100 212	113 044
Sale/disposal		0	0	0
Closing balance accumulated cost		**59 818**	**119 090**	**113 044**

(NOK 1000)	Note	**Trademarks**	**Total**
Opening balance accumulated cost *)		0	**0**
Additions		0	**18 878**
Acquisitions of business	3	5 293	**278 366**
Sale/disposal		0	**0**
Closing balance accumulated cost		**5 293**	**297 244**

(NOK 1000)	**Goodwill**	**Capitalised development**	**Customer contracts/ relations**
Opening balance accumulated amortisation and impairment *)	0	0	0
Amortisation charge	0	11 434	8 406
Reclassifications	0	0	0
Closing balance accumulated amortisation and impairment	**0**	**11 434**	**8 406**
Closing net book amount	**59 818**	**107 657**	**104 638**
Useful life		5-10 years	10 years
Amortisation plan		Linear	Linear

(NOK 1000)	**Trademarks**	**Total**
Opening balance accumulated amortisation and impairment *)	0	**0**
Amortisation charge	497	**20 336**
Reclassifications	0	**0**
Closing balance accumulated amortisation and impairment	**497**	**20 336**
Closing net book amount	**4 796**	**276 908**
Useful life	10 years	
Amortisation plan	Linear	

*) Opening balance in the tables above is the balance for the parent company of the Group.

Note 13 - Impairment tests

Accounting policies

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised if the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Critical judgements and significant estimates

The Group is required to assess conditions that could cause an asset or a cash-generating unit to become impaired. The recoverable amount of the cash-generating units was determined based on value-in-use calculations which requires management estimates on highly uncertain matters, such as sales, macroeconomic outlook and the impact on markets and prices, development in demand, inflation, operating expenses, and legal regulation. The Group uses internal business plans and the best estimate of long-term development in the markets where it operates, discount rates and other relevant information. A forecast is developed for a period of five years with projections thereafter.

The effects of the Covid-19 virus
The Covid-19 virus is expected to have some impact in the industry in which the Group operates, but as most of the customers of the Group are within the public sector the impact on revenues is not expected to be significant. However, there may be some risk for delays in projects or delays in potential customer tenders. The Group have assessed if this is an indication that assets may be impaired but have reached the conclusion that it is not. The Covid-19 effects on revenues are included in the forecasts that are used for the value in use calculations.

Impairment tests for goodwill

Recognised goodwill in the Group amounts to MNOK 59.8 as of 31 December 2020. Goodwill is derived from the acquisitions described in note 3. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash-generating units or groups of cash-generating units as follows:

(NOK 1000)	**31.12.2020**
PixEdit CGU	33 935
Group comprising all other CGU's	25 883
Total goodwill	**59 818**

Goodwill was tested for impairment at the end of 2020. No impairment losses were recognised, as the determined recoverable amount exceeded the carrying value.

Key assumtions in value in use calculations and sensitivity to changes in assuptions

The value in use calculations are based on forecasts for the period from 2021 to 2025 and cash flow projections thereafter. The following significant assumptions are used for the value in use calculations. In the view of the management, no reasonable change in the assumptions would lead to the recognition of an impairment loss. The sensitivity analysis is commented on under each assumption below.

Revenue growth rate

Average rates of growth in operating revenue and gross profit are based on management's expectations of approximately 15-25 % organic growth for the Sikri business and approximately 8-10 % growth for the PixEdit business. In the value in use calculation an average of 15 % is used for the forecast period for the CGU comprising Sikri and 9 % for the PixEdit CGU. A decrease of the growth assumption of 5 percent units would lead to a significant change in the value in use, but it would still be significantly higher than the carrying values and no impairment loss would be recognised.

EBITDA-margin

EBITDA margins are based on the volume/margins achieved historically, adjusted for expected future developments in market conditions. In the forecast period management expect the EBITDA margin to be approximately 30 % for the Sikri business and 53 % for the PixEdit business. A reduction in the EBITDA margin of 5 percent units will lead to a significant change in the value in use, but it would still be significantly higher than the carrying values and no impairment loss would be recognised.

Capital expenditure

The level of internal development activities is expected to be high in the coming years and capital expenditure is expected to increase in line with the growth in revenue. For the value in use calculation capital expenditures of 10 % of revenue is used for the Sikri business and 3 % for the PixEdit business. An increase of 5 percent units will have the same impact on the value in use calculation as the change in EBITDA margin as explained above.

Long-term growth rate

This is the average growth rate used to extrapolate cash flows beyond the budget period and is based on management expectations. A long-term growth rate of 5 % is used for the value in use calculation for the Sikri business and 3 % is used for the PixEdit business. A reduction in the long-term growth rate to 2 % and 0 % respectively, will lead to a significant change in the value in use, but is would still be significantly higher than the carrying values and no impairment loss would be recognised.

Pre-tax discount rate

Future cash flows are discounted to present value using a discount rate based on a calculation of a weighted average cost of capital (WACC) adjusted for tax. A pre-tax discount rate of 12,9 % have been used and an increase by 3 percent units will lead to a significant change in the value in use, but it will still be significantly higher than the carrying values and no impairment loss would be recognised.

Note 14 - Equipment and fixtures

Accounting policies

Equipment and fixtures are stated at historical cost less accumulated depreciation and any impairment charges. Depreciations are calculated on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges. Expected useful lives are reviewed annually. If this differs significantly from previous estimates, depreciation plans are changed accordingly. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit.

Equipment and fixtures are reviewed for potential impairment if events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The difference between the assets carrying amount and its recoverable amount is recognised in the income statement as impairment charges. Equipment and fixtures that are impaired are reviewed for possible reversal of the impairment at each reporting date. If the basis for an impairment loss recognised in previous periods no longer is present, the impairment loss is reversed up to a maximum of the amortised/depreciated cost.

Reconciliation of equipment and fixtures

Year ended 31 December 2020 (NOK 1000)	Note	**Office equipment, furniture etc**
Accumulated cost at 1 January *)		**0**
Additions		**864**
Acquisitions of business	3	**3 164**
Sale/disposal		**-89**
Closing balance accumulated cost at 31 December		**3 939**
Accumulated depreciations and impairment at 1 January *)		**0**
Depreciation charge		**911**
Closing balance accumulated depreciations and impairment		**911**
Closing net book amount at 31 December		**3 028**
Useful life		3-5 years
Depreciation plan		Linear

*) The balance at 1 January 2020 is the balance for the parent company of the Group.

Note 15 - Leases – right-of-use assets and lease liabilities

Accounting policies

Identifying a lease

The Group leases several assets, such as premises/office space, furniture and office-/IT-equipment. At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Separating components in the lease contract

For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:
- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss on a systematic basis, usually on a straight-line basis over the lease term.

Lease liabilities

The lease liability is recognised at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. 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 lease payments included in the measurement comprise of:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognises these variable lease expenses in profit or loss.

The Group presents its lease liabilities as separate line items in the statement of financial position.

Right-to-use assets

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 cost of the right-of-use asset comprise:
- The amount of the initial measurement of the lease liability recognised
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the Group. An estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Critical judgements and significant estimates

Important estimates and assessments regarding the length of the leases

When the lease's length is determined, management takes into account all available information that provides a financial incentive to use an extension option, or to not use an option to terminate an agreement. Possibilities of extending an agreement are only included in the lease's length if it is reasonably certain that the agreement will be extended (or not concluded).

For leases that concern premises the following factors are normally the most significant:
- If the agreements contain significant fees to terminate the agreements (or not extend them), the Group normally deems that it is reasonably certain that extension will take place (or that termination will not take place).
- If the Group has costs of improvements on external properties and expects that they have a significant residual value, it is usually reasonably certain that the agreements will be extended (or not terminated).
- Otherwise, the Group takes into account other factors, including historical leasing period, and the costs and interruptions to operations that are required to replace the leased asset.

The leasing period is reviewed if an option is used (or not used) or if the Group is forced to use the option (or not use it). The assessment whether it is reasonably certain is reviewed only if a significant event or changes in circumstances arise that affect this assessment and the change is within the lessee's control. During the current financial year, none of the Group's leases have been revalued due to revised useful lives.

Description

The Group has several leasing contracts for rental of premises which are included in the calculation below.

Right-of-use assets

Year ended 31 December 2020

(NOK 1000)	Note	**Buildings**
Opening balance accumulated cost *)		0
Additions		3 929
Acquisitions of business	3	9 290
Closing balance accumulated cost		13 219

(NOK 1000)	**Buildings**
Opening balance accumulated depreciations and impairment *)	0
Depreciation charge	1 755
Closing balance accumulated depreciations and impairment	1 755
Closing net book amount	11 464
Useful life	2 - 6 years
Depreciation plan	Linear

*) The opening balance consists of the parent company of the Group.

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows

(NOK 1000)	**2020**
Less than 1 year	2 806
1-2 years	2 756
2-3 years	2 656
3-4 years	2 656
4-5 years	1 934
More than 5 years	0
Total undiscounted lease liabilities at 31 December	**12 808**

Changes in lease liabilities

(NOK 1000)	Note	**2020**
Balance at 1 January *)		0
Business combinations	3	9 290
Additions		3 929
Lease payments		-1 962
Interest on the lease liability	8	386
Total lease liabilities at 31 December		**11 643**
Current lease liabilities		2 760
Non-current lease liabilities		8 882
Total cash outflows for leases		1 962

*) The balance at 1 January 2020 is the balance for the parent company of the Group.

Summary of other lease expenses recognised in profit or loss

(NOK 1000)	**2020**
Variable lease payments expensed in the period	0
Operating expenses in the period related to short-term leases	457
Operating expenses in the period related to low value assets *)	876
Total lease expenses included in other operating expenses	**1 333**

*) including long-term low value assets

The leases do not contain any restrictions on the Group's dividend policy or financing. The Group does not have significant residual value guarantees related to its leases to disclose.

Practical exemptions applied

The Group also rents office machines, IT equipment etc with typical lease terms from 1 to 3 years. The Group has decided not to recognize leases where the underlying asset has low value, and thus does not recognize lease obligations and right-of-use assets for any of these leases. Instead, the rental payments are expensed when they occur. The group also does not recognize lease obligations and rights-of-use assets for short-term leases, as presented in the table above.

Options to extend a lease and purchase options

As of 31 December 2020, there are no significant future potential lease payments that are not included in the lease obligations as a result of extension or purchase options.

Note 16 - Personnel expenses and number of employees

Number of employees during the year (full-time equivalents) was 115 in 2020. At the end of the year the number of employees was 121.

Specification of salary and personnel costs

(NOK 1000)	Note	**2020**
Salaries		62 693
Bonuses		6 837
Pension costs		5 281
Share-based payment	18	988
Payroll tax		10 402
Other benefits		1 338
Salary and personnel costs		**87 540**

Capitalised personnel costs related to research and development in 2020 was MNOK 4.9.

Pension costs

The Group is required to have an occupational pension scheme for all employees in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension scheme meets the requirements of that law. The pension schemes in the Group are defined contribution schemes and the total cost of these schemes was MNOK 5.3 in 2020.

Note 17 - Compensation and benefits to the management

Remuneration

(NOK 1000)

The Board of Directors	**2020**
Jens Rugseth, Chairman of the board	300
Rune Syversen, Board member	150
Christian Krag Breddam, Board member	150
Preben Rasch-Olsen, Board member	150
Fredrik Cappelen, Board member	150
Torbjørn G. Krøvel, Board member	150
Total Board of Directors	**1 050**

Management

	Salary and other short-term benefits	Pension contribut-ions and other benefits	Share-based payment
Nicolay Moulin, Chief executive officer (from 1 March)	1 481	71	0
Eirik Pedersen, Cheif operating officer (from 1 March)	1 281	63	11
Camilla Aardal, Chief financial officer (from 1 September)	500	25	11
Total remuneration	3 262	159	22

The CEO has a performance-based variable remuneration in addition to his basic salary, which constitutes 3 months' salary, upon meeting certain pre-defined financial targets for the company. The CEO has a severance pay clause in place, and effective 31.12.2020 this represents 9 months' salary compensation upon termination of employment. From 31.12.2021 this represents 12 months' salary.

No loans or guarantees have been given to the CEO or the Chairman/members of the Board.

Number of shares directly or indirectly held by the management

	31.12.20
Nicolay Moulin, Chief executive officer	245 000
Eirik Pedersen, Cheif operating officer	250 128
Camilla Aardal, Chief financial officer	25 409
Jens Rugseth, Chairman of the board	7 216 401
Christian Krag Breddam, Board member	5 128
Preben Rasch-Olsen, Board member	1 964 020
Fredrik Cappelen, Board member	1 805 562
Torbjørn G. Krøvel, Board member	1 282
Total number of shares directly or indirectly held by the management	**11 512 930**

Number of share options directly or indirectly held by the management

Year ended 31 December 2020

	Opening balance	Options granted	Options expired	Closing balance
Nicolay Moulin, Chief executive officer	0	32 565	0	32 565
Eirik Pedersen, Cheif operating officer	0	25 904	0	25 904
Camilla Aardal, Chief financial officer	0	25 904	0	25 904

The Chairman/members of the Board hold no share options at 31 December 2020.

More information on the share option program, the 2020 grant and vesting conditions, exercise price and maturity is found in note 18 - Share-based payment.

Note 18 - Share-based payment

Accounting policies

The Group has a share option program for its key employees and an employee share purchase program involving bonus shares that are accounted for as equity settled. The future potential shares, both in the form of options and bonus shares, are valued at fair value at the grant date and recognised as an employee benefit expense during the vesting period with a corresponding entry in equity.

The expense determined at the grant date is based on the Group's estimate of the number of shares that will ultimately vest. The estimate is reviewed at each reporting date and the potential impact of any adjustments to the initial estimates is recognised in profit or loss and a corresponding adjustment is made to equity.

Fair value of the potential shares (options and bonus shares)
The fair value of the potential shares is determined when they are allotted and expensed over the vesting period. The fair value at grant date is determined using an adjusted form of the Black Scholes Model, that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at the grant date, expected price volatility of the underlying share and risk-free interest rate. The expected share price volatility is based on historical volatility for the period the Group have been listed. Risk free interest rate is based on treasury bonds with similar duration as the option program.

Description

Share option program
In December 2020 , the Group implemented a share option program for management and key employees of the Group. The program comprises 444,117 share options of which the board of directors of the Company (the "Board") can grant 148,039 share options annually over a three-year period. Each share option will give the option holder the right to subscribe and be allocated one share in the Company at the exercise price. The exercise price for the share options will be set by the Board and be based on the market value of the Company's shares and is subject to an 10 % annual increase. Grant and allocation of share options are at the discretion of the Board. Each grant of share options will vest with 1/3 each 1 January over a three-year period and can thereafter be exercised during a period ending 31 December in the second year after the last 1/3 of the options are vested. Share options that are not exercised within the exercise period will lapse and be of no value to the option holder. Exercise of vested share options can only take place during certain exercise windows, each window being the 14-days period after the Company has published its quarterly financial information. Exercise of share options are subject to the option holder being employed with the Group at the time of exercise. The Company has the right, in its sole discretion, to settle any share options by transfer of existing shares, new shares or a mix of the two. Further, the Company has the right to settle any vested share option in cash in the event of certain circumstances, such as in the event of a take-over.

Options granted in 2020

On 30 December 2020, the Board resolved to grant 148,039 share options (the "2020 Grant") under the share option program. The exercise price for this grant is set at NOK 89, being equal to the market price of the Company's shares on 21 December 2020, and is subject to a 10 % increase annually, first time 1 January 2022. The share options under the 2020 Grant will vest with 1/3 on 1 January 2022, 1/3 on 1 January 2023 and 1/3 on 1 January 2024. Any vested share options under the 2020 Grant must be exercised no later than on 31 December 2025.

Weighted average fair value of the options in the program at the measurement date is NOK 26,83. Total expected expense for the option program to be recognised as an employee benefit expense during the vesting period (from 2021 onward) is NOK 3.693.178.

The fair value calculation is based on a treasury bond rate of 0,24 %. The stock price on 30 December 2020 used in the calculation was NOK 95. No dividends are expected to be paid in the period. The calculation of volatility is based on all observations from the listing of the company 15 July 2020 until 30 December 2020. The annualized standard deviation is 56,7 %.

	Number of share options	**Weighted average exercise price**
Outstanding at 1 January 2020	0	0,00
Forfeited during the year	0	0,00
Exercised during the year	0	0,00
Granted during the year	148 039	108,02
Outstanding at 31 December 2020	**148 039**	**108,02**
Exercisable at 31 December 2020	0	0,00

The options outstanding at 31 December 2020 had an exercise price in the range of NOK 97,90 to NOK 118,46 and a weighted average contractual life of 5.0 years.

Employee share purchase program

The Group has established a share purchase programme ("ESPP") for the employees approved by the Board on 14 May 2020. Under the ESPP employees and board members have been invited to purchase shares in the Company. For the 18 May to 1 June 2020 enrolment the employees had to pay NOK 39 per share (estimated fair value of the shares at that time).

Subject to the employee not selling its shares under the ESPP and remaining an employee in the company for a three-year period, the employee will be entitled to receive 1 bonus share per 3 shares purchased in the ESPP. The employees must pay the nominal value of each bonus share upon delivery. The nominal value of one share is currently NOK 0.1.

The members of the Board of Directors participate in the ESPP on the same terms and conditions as the employees, except that entitlement to bonus shares is only subject to the board members not selling the shares acquired under the ESPP for the three-year period.

Under the ESPP, the company has the right to settle the bonus share in cash.

Year ended 31 December 2020	Strike price (NOK)	Grant date	Vesting date	Expiry date
Employee share purchase program	0,10	14.05.2020	01.07.2023	01.07.2023

	Number of bonus shares granted	Exercised	Forfeited	Remaining bonus shares 31.12.2020
Employee share purchase program	75 182	0	0	75 182

NOK 735.411 are expensed as an employee benefit in 2020. In addition, a provision for social security tax of NOK 252.969 has been recognised. The total fair value of the bonus shares is NOK 2.667.023.

The fair value of the bonus share is calculated as the difference between the estimated marked price of the share at grant date (NOK 39) and the strike price (NOK 0,1). It is assumed that 90 per cent of the employees are still employed and hold their shares at the expiry date. Furthermore, it is assumed the all board members still hold their shares at the expiry date.

Note 19 - Financial instruments

Accounting policies

A financial instrument is a contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument for another entity. Financial instruments are generally recognized as soon as the Group becomes a party to the terms of the financial instrument.

Financial assets

Financial assets include, in particular, cash and cash equivalents and trade and other receivables. Financial instrument classification is based on the business model in which the instruments are held as well as the structure of the contractual cash flows.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are non-derivative financial assets with contractual payments that consist exclusively of payments of interest and principal on the outstanding nominal amount and are held with the objective of collecting the contractually agreed cash flows, such as trade and other receivables and cash and cash equivalents (the "hold" business model).

After initial recognition, these financial assets are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the receivables are impaired or derecognized. Interest effects from the application of the effective interest method and effects from currency translation are also recognised through profit or loss.

Financial liabilities

The group classifies its financial liabilities in the following categories: At fair value through profit or loss and amortised cost. The classification is determined based on the contractual cash flow characteristic of the instrument and the business model the instrument is held within. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities measured at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Financial liabilities at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. They are included in current liabilities, unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. These are classified as non-current liabilities.

Fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price is directly observable or estimated using a valuation method.

The fair value is not always available as a market price but must be calculated on the basis of a range of valuation parameters. For this purpose, various categories (fair value hierarchy) are established in which, depending on the availability of observable parameters and the significance of these parameters for determining the fair value as a whole, the following levels apply:

- Level 1: Prices quoted on active markets for identical assets and liabilities
- Level 2: Input parameters other than level 1 that are either directly observable for the asset or liability or can be derived indirectly from other prices
- Level 3: Input parameters that are not observable for the asset or liability

Categories of financial instruments in the balance sheet

Year ended 31 December 2020

(NOK 1000)	Note	**Assets at fair value through profit/loss**	**Assets at amortised cost**	**Total**
Financial assets				
Trade receivables	10	0	21 645	**21 645**
Other receivables	10	0	195	**195**
Cash and cash equivalents	22	0	132 376	**132 376**
Total Financial assets		**0**	**154 216**	**154 216**

(NOK 1000)	Note	**Liabilities at fair value through profit/loss**	**Liabilities at amortised cost**	**Total**
Financial liabilities				
Borrowings	21	0	104 667	**104 667**
Other financial liabilities	3	6 534	0	**6 534**
Trade and other payables	11	0	45 967	**45 967**
Lease liabilities	15	0	11 643	**11 643**
Total financial liabilities		**6 534**	**162 276**	**168 810**

Other financial liabilities are valued at level 3 in the fair value hierarchy.

Maturity profile of the Group's financial liabilities - undiscounted contractual cash flows

(NOK 1000)	Less than 1 year	1-3 years	3-5 years	Over 5 years	Total contractual cash flows
Borrowings	18 056	41 884	54 708	0	**114 649**
Other financial liabilities	6 534	0	0	0	**6 534**
Trade and other payables	45 967	0	0	0	**45 967**
Lease liabilities	2 806	5 412	4 590	0	**12 808**
Total financial liabilities	**73 363**	**47 296**	**59 298**	**0**	**179 957**

Reconciliation of changes in financial liabilities arising from financing activities

(NOK 1000)	Note	Borrowings	Lease liabilities	Total
Opening balance 1 January 2020 *)		**0**	**0**	**0**
Changes from financing cash flows				
Repayment of borrowings	15,21	-7 500	-1 576	**-9 076**
Proceed from borrowings	15	105 000		**105 000**
Total changes from financing cash flows		**97 500**	**-1 576**	**95 924**
Non-cash changes				
Acquired in business combinations	3	7 167	9 290	**16 456**
New lease liabilities	15		3 929	**3 929**
Total non-cash changes		**7 167**	**13 219**	**20 386**
Closing balance at 31 December 2020		**104 667**	**11 643**	**116 309**

*) The balance at 1 January 2020 is the balance for the parent company of the Group.

Note 20 - Financial risk management

The Group is exposed to risks from its use of financial instruments, including credit risk, liquidity risk and market risk. This note presents information about the Group's exposure to each of the above mentioned risks, and the Group's objectives, policies and processes for managing such risks. At the end of this note, information regarding the Group's capital management is provided.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument (see note 19) or customer contract (see note 6), 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, debt instruments and account receivables.

The majority of the customers of the Group are within the public sector where by the risk related to these trade receivables is nearly non-existent. The Group has a small portion of sales to the private sector, in which exposure is limited by using credit ratings and risk assesments upon engaging in assignments. All receivables are monitored closely, and any overdue receivables are followed up. No losses were recognised in 2020.

Although the losses have been minimal, the Group has in place processes for credit rating and risk evaluation of new customers, and a monthly process for follow up of overdue receivables. Invoices are issued periodically, for some yearly subscriptions on a yearly basis, for most other services on a monthly basis. Invoices are generally payable within 30 days.

Also refer to note 10 - Trade and other receivables.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due as well as beeing able to take advantage of acquisition opportunities.

Management of liquidity risk is performed at Group level, where the Finance department monitors liquidity flows in short-term and long-term reporting. In additional to a significant cash reserve at 31 December 2020 the Group also has liquidity reserves available through credit facilities with its primary bank.

The liquidity reserve, presented in note 22, is a useful measure as it provides information of the Group's financing capabilities. The liquidity reserve at 31 December 2020 is MNOK 158.0. The maturity profile of the Group's financial liabilities are shown in note 19 - Financial instruments. The liquidity risk of the Group is considered to be low.

Market risk

Market risk is the risk that the future cash flows will fluctuate because of changes in market prices. Market risk includes interest risk and currency risk. Financial instruments affected by market risk include borrowings, deposits og debt.

Foreign currency risk
The foreign currency risk is insignificant to the Group as the turnover and monetary items are mainly nominated in NOK. 97 percent of the revenue of the Group in 2020 was nominated in NOK. Measures to reduce currency risk are so far not considered necessary, but will be reassessed if the currency risk increases.

Interest rate risk
Interest rate changes have only a marginal direct effect on consolidated operating income and cash flows from operating activities. The Group's interest rate risk is related to floating interest rates on bank accounts and bank loans. The table below shows how an increase/decrease of the interest rate on bank borrowings would have affected profit before income tax in 2020. The Group has no fixed-rate deposits or debt, and is therefore not exposed to fair value interest rate risk. Also refer to note 21 - Borrowings.

Interest rate risk - sensitivity analysis

(NOK 1000)	Impact on profit before income tax in 2020
Interest rates (NIBOR) - increase by 100 basis points	850
Interest rates (NIBOR) - decrease by 100 basis points	-850

Capital management

The primary focus of the Group's capital structure is to assure sufficient free liquidity in the form of cash and cash equivalents along with bank overdraft facilities to ensure that the Group can continually service its obligations and at the same time be able to make strategic acqusitions. In addition, the Group seeks to maintain an optimal capital structure to reduce the cost of capital. The Group makes sure to be within the covenants of its borowings at any time (see note 21 - Borrowings).

The Group's capital consists of net interest-bearing debt (NIBD) and equity and is being monitored through net interest bearing debt (NIBD), the NIBD/EBITDA ratio and the equity ratio (equity/total assets).

(NOK 1000)	Note	**2020**
Non-current interest-bearing borrowings	21	89 667
Current interest-bearing borrowings	21	15 000
Less: free available cash and cash equivalents	22	128 029
Net interest bearing debt (NIBD)		**-23 362**
Group equity		253 591
Undrawn credit facilities		30 000
Total assets		457 699
Key figures		
EBITDA		44 422
NIBD/EBITDA		-0,5
Equity ratio (Equity/total assets)		55 %

Note 21 - Borrowings and securities/pledges

Accounting policies

Reference is made to note 19 Financial instruments for description of accounting principles.

Description

Year ended 31 December 2020

(NOK 1000)	Current	Non-current	Total
Secured			
Bank borrowings	15 000	82 500	**97 500**
Total secured borrowings	15 000	82 500	**97 500**
Unsecured			
Sellers' Credit - Sureway/Whatif acquisition	0	7 167	**7 167**
Total unsecured borrowings	0	7 167	**7 167**
Total borrowings	**15 000**	**89 667**	**104 667**

Liabilities related to the Sureway/Whatif acquisition

The Group has a liability to the former shareholders of Sureway/Whatif. A seller credit was given in connection with the acquisition of the companies. The liability falls due in October 2023 and is subject to an interest of 5 % p.a. The acquisition is described in note 3.

In addition to the seller's credit described above a contingent consideration has been agreed. There will be additional cash payments to the previous owners of Sureway/Whatif based on the actual 2020 performance of the acquired company. At the acquisition date the fair value of the contingent consideration was estimated to be MNOK 6,5. The estimate is based on management's assesments of possible outcomes. There is a high degree of certainty in the estimate as the period on which the estimate is based ended on 31 December 2020. The liability is classified as a financial liability and will be added to the seller's credit and reclassified on the statement of financial position when the amount is no longer uncertain.

Liabilities to credit institutions

The Group has during 2020 obtained a loan facility totalling NOK 135,000,000 from Nordea Bank, Norway. MNOK 30.0 of the facility is unutilised as of 31 December 2020. The loan is distributed between 3 facilities as described below.

Information about bank borrowings in Nordea Bank, Norway

Facility	Amount	Currency	Nominal interest rate	Maturity date
Facility A - Term loan bullet	30 000 000	NOK	Nibor+3.00%	31.01.2025
Facility B - Term loan amortising 1)	67 500 000	NOK	Nibor+2.50%	31.01.2025
Facility C - Revolving facility 2)	30 000 000	NOK	2)	2)

1) The loan is repaid over 10 equal semi-annual instalments NOK 7,500,000, first time 31 August 2020.
2) Facility C is a revolving facility of MNOK 30.0 at a nominal interest rate of Nibor+2.25 per cent and a commitment fee of 35 per cent of the margin on unutilised amounts. The facility is subject to annual renewal. The facility has not been utilised as of 31 December 2020.

Security, terms and covenants - bank borrowings in Nordea Bank

Nordea Bank has first priority pledge in the shares of Sikri AS and PixEdit AS (including all claims the Group have or receive against the seller of the shares in PixEdit AS).

In order to entering into and maintaining the Nordea Bank loan facility described above, Sikri Holding AS (consolidated) is obliged to have a ratio between net interest bearing debt (NIBD) and earnings before interest, taxes, depreciation and amortisation (EBITDA) of less or equal to 3.5 up to and including 31.12.2020, less or equal to 3.0 in the period 01.01.2021 - 31.12.2021 and less or equal to 2.5 in the period 01.01.2022 - 31.12.2023 (measured first time 31.12.2020 and quarterly thereafter). In addition, the equity-ratio (book value of equity divided by book value of total assets) must be at least 30 per cent up to and including 30 September 2021, 32.5 per cent up to and including 30 September 2022 and 35 per cent thereafter (measured first time 31.12.2020 and quarterly thereafter).

As long as the Nordea Bank loan is not fully repaid and the ratio described above (NIBD/EDITDA) is above 1, the Group cannot pay dividends, pay group contributions, repay subordinated loans or similar transactions without written consent of the bank. The Group cannot enter into other loan agreements as long as the Nordea Bank loan is not fully repaid.

The Group has complied with the financial covenants of its borrowing facilities during the 2020 reporting period.

Other pledged assets

MNOK 6.0 of the accounts receivables in Sikri AS is pledged in connection with a guarantee agreement with DNB Bank ASA. The book value of the accounts receivables in Sikri AS as of 31 December 2020 is MNOK 13.1.

Note 22 - Cash and cash equivalents

Accounting policies

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

Specification

(NOK 1000)	Note	**31.12.20**
Cash and cash equivalents		132 376
Restricted cash		-4 347
Free available cash		**128 029**
Available credit facility	21	30 000
Liquidity reserve		**158 029**

Liquidity reserve is a useful measure as it provides information of the Group’s financing capabilities.

Specification of restricted cash	
Guarantees for leases and credit from suppliers	0
Taxes withheld	-4 347
Other restricted cash	0
Total restricted cash	**-4 347**

Note 23 - Earnings per share

Accounting policies

The calculation of basic earnings per share is based on the profit from continuing operations attributable to the ordinary equity holders of the parent entity using the weighted average number of ordinary shares outstanding during the year after deduction of the average number of treasury shares held over the period.

The calculation of diluted earnings per share is consistent with the calculation of the basic earnings per share, but at the same time gives effect to all dilutive potential ordinary shares that were outstanding during the period, by adjusting the profit/loss and the weighted average number of shares outstanding for the effects of all dilutive potential shares, i.e.:
- The profit/loss for the period attributable to ordinary shares is adjusted for changes in profit/loss that would result from the conversion of the dilutive potential ordinary shares
- The weighted average number of ordinary shares is increased by the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares

Basic and diluted earnings per share

	2020
Profit for the year	14 202 786
Non-controlling interest	0
Owners of Sikri Holding AS	**14 202 786**
Weighted average number of ordinary shares (basic)	
Issued ordinary shares at 1 January	300 000
Effect of shares issued in the period	10 967 187
Effect of own shares	-86
Weighted average number of ordinary shares (basic) outstanding	**11 267 101**
Basic earnings per share	**1,26**
Weighted average number of ordinary shares (diluted)	
Weighted average number of ordinary shares (basic)	11 267 101
Effect of share options on issue	46 774
Weighted average number of ordinary shares (diluted) outstanding	**11 313 874**
Diluted earnings per share	**1,26**

	2020
Number of outstanding ordinary shares at 1 January	30 000
Number of outstanding ordinary shares at 31 December	14 803 855

Note 24 - Subsidiaries

Subsidiaries as of 31 December 2020

Company	Country	Date of acquisition	Consolidated (Yes/No)	Registered office	Voting share	Ownership share
Sikri AS	Norway	01.03.2020	Yes	Lysaker	100 %	100 %
PixEdit AS	Norway	01.05.2020	Yes	Sandefjord	100 %	100 %
PixEdit AB	Sweden	01.05.2020	No 1)	Hagfors	50 %	50 %
Augment AS	Norway	01.05.2020	Yes	Drammen	100 %	100 %
Sureway AS	Norway	01.10.2020	Yes	Harstad	100 %	100 %
Sureway Invest /	Norway	01.10.2020	Yes	Harstad	100 %	100 %
Whatif AS	Norway	01.10.2020	Yes	Harstad	100 %	100 %

1) PixEdit AB is considered immaterial to the Group and is not consolidated. Book value of the shares in PixEdit AB at 31 December 2020 is TNOK 60. Net result in PixEdit AB in 2020 was SEK 60,855 and the equity was SEK 396,030.

Note 25 - Share capital, shareholder information and dividend

Sikri Holding AS has only one class of shares and all shares have the same voting rights. The holders of shares are entitled to receive dividends as and when declared, and are entitled to one vote per share at general meetings of the Company.

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

At 31 December 2020	Number of shares	Nominal amount	Book value
Ordinary shares	14 803 855	0,1	1 480 386
Total	**14 803 855**	**0,1**	**1 480 386**

Sikri Holding AS holds 415 of its own shares at 31 December 2020.

Changes in number of shares

	2020
Number of shares at 1 January 2020	30 000
Share splitt in the period (nominal amount reduced from 1 to 0,1)	270 000
Share issue in the period	14 503 855
Number of shares at 31 December 2020	**14 803 855**

In connection with stock exchange listing on Euronext Growth, TNOK 6,618 was recognised against equity.

Dividend distribution

No dividend is proposed related to the 2020 annual accounts.

Ownership structure

Specification of the largest shareholders as of 31 December 2020

Name	Number of shares	% of shares
Karbon Invest AS	7 211 273	49 %
Carucel N59 AS	1 872 818	13 %
M25 Industrier AS	1 800 434	12 %
State Street Bank and Trust Comp (Nominee)	571 289	4 %
Skandinaviska Enskilda Banken AB (Nominee)	385 000	3 %
Skandinaviska Enskilda Banken AB (Nominee)	365 000	2 %
Verdipapirfondet Fondsfinans NOR	277 485	2 %
Eirikdenhardbalne AS	245 000	2 %
Mølle Invest AS	245 000	2 %
Verdipapirfondet DNB SMB	196 054	1 %
Verdipapirfondet Nordea Norge Verdi	185 263	1 %
Verdipapirfondet Nordea Avkastning	161 017	1 %
Remaining shareholders	1 288 222	9 %
Total number of shares	**14 803 855**	**100 %**

Note 26 - Related parties

Description

A related party is a person or entity that is related to one or more of the entities of the Group. The Group companies have entered into transactions with related parties in 2020. The transactions are summarised below. Sales to and purchases from related parties are made on normal market terms and conditions and at market prices. There are no commitments or contingencies on behalf of related parties.

During the year Group companies entered into the following transactions with related parties who are not members of the Group

(NOK 1000)

Related party	Sale of products and services to	Purchase of products and services from	Balance owed from	Balance owed to
Crayon	0	4 410	5	405
Techstep	0	137	0	12
Karbon Invest AS 1)	0	0	0	0

The companies listed above are related parties as a result of key management personnel of the Group also being members of key management personnel of these companies.

1) 1 March 2020 the Group acquired 100% of the shares in Sikri AS from Karbon Invest AS. Refer to note 3 for additional information concering this transaction.

Other related parties

In 2020 PixEdit AS sold products and services to subsidiary PixEdit AB (not consolidated), with the amount of TNOK 1.295. The balance owed from PixEdit AB at 31 December 2020 is TNOK 924.

Reference is made to note 16 and 17 for information regarding compensation and benefits to the management.

Note 27 - Provisions, contingent liabilities and contingent assets

Accounting policies

Provisions

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. When the effect is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred. Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

Description

The Group has as of 31 December 2020 not identified any claims, legal or other obligations or contingent liabilities other than those arising from business combinations as described in note 3 and 21.

Note 28 - Events after the balance sheet date

Accounting policies

New information after the reporting period about conditions that existed at the end of the reporting period is recognised in the financial statement. Events after the reporting period affecting the group's future financial position are disclosed if material.

Description

The Group entered into a binding agreement regarding the acquisition of Ambita AS on 19 April 2021. Ambita is a technology company delivering solutions digitizing the real estate market. The company's services are used by several thousands of users in real estate transactions and construction projects every day. Ambita's portfolio of services includes Infoland, Ambita's digital registration service, Virdi, Boligmappa and a solution for digital building applications amongst others. The company is also the majority shareholder in Prognosesenteret.

Ambita consolidated revenue for 2020 was approximately NOK 500 million, with an EBITDA margin of 12%. The agreed enterprise value is NOK 950 million per 31 December 2020 (purchase price NOK 962.8 million). NOK 50 million of the purchase price will be settled by a 360 days seller's credit. The remaining part of the purchase price is fully financed, and funded by existing cash, new debt under current bank facilities and NOK 350 million in new equity guaranteed by the following existing shareholders of the Company: Karbon Invest AS, Carucel N59 AS and M25 Industrier AS.

The transaction is expected to close early May 2021.

The Board of Directors has since this Annual report decided to further simplify Group structure and have initiatied merger processes for the following entities; Augment AS will be merged into Sikri AS (direct parent company), Sureway Invest AS will be merged into Sureway AS (direct parent company), and Whatif AS will be merged into Sureway AS (both wholly owned subsidiaries of Sikri Holding AS). These mergers are expected to be completed by 30 April 2021.

COVID-19 impacted the Sikri Group's revenues in 2020, as was the case for many companies in Norway and globally. The slight impact was within Consulting revenues and during Q2, and some into Q3, 2020, but Sikri did not need to effectuate temporary layoffs or other significant cost saving programs. During 2020 both our customers and ourselves as an organisation have learned to work digitally more effectively, and H2 was a quite "normal" half year. Going in to 2021, Sikri does not foresee a significant negative impact on revenues, but as many other companies, we will be affected by the continued travel restrictions. The Board and management are following the situation closely, and will implement necessary actions if needed.

Alternative performance measures (APM)

The Group's financial information in this report is prepared under International Financial Reporting Standards (IFRS), as adopted by the EU. To enhance the understanding of the Group's performance, the Company has presented a number of alternative performance measures (APMs) that are regularly reviewed by management. An APM is defined by ESMA guidelines as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the relevant financial reporting framework (IFRS).

Description

Annual Recurring Revenue (ARR) and Recurring Revenue (RR)

The Group calculates Annual Recurring Revenue (ARR) by annualizing the last month's Recurring Revenue (RR), ie by multiplying previous month's RR by 12. RR are revenues that are highly likely to continue in future, such as Saas subscriptions, maintanance and support and other subscription based revenues.

Gross profit

Gross profit is calculated as operating revenue less cost of services provided.

EBIT

Earnings before interest expense, other financial items and income taxes.

EBITDA

Earnings before interest expense, other financial items, income tax and depreciations and amortisations.

EBITDA before other income and other expenses (Adjusted EBITDA)

EBITDA before other income and other expenses is defined as EBITDA adjusted for costs of a non-recurring nature. Such non-recurring costs include, but are not limited to; restructuring costs, acquisition costs, one-time advisory costs and other non-recurring costs. This measure is useful to users of the Group's financial information in evaluating underlying operating profitability.

The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

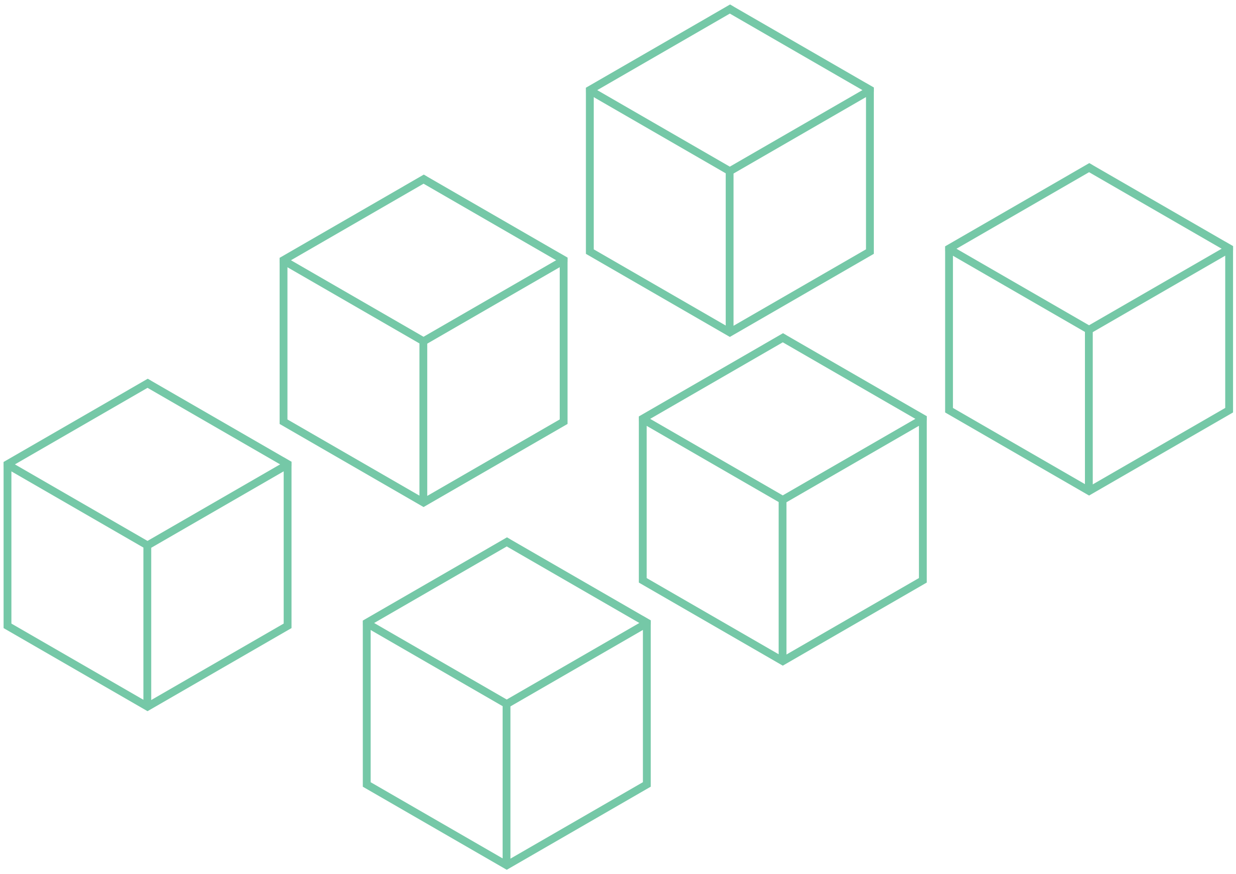
(NOK 1000)	**2020**
EBITDA	44 421
Other income and expenses	4 435
Adjusted EBITDA	**48 856**

Specification of other income and expenses

(NOK 1000)	**2020**
Acquisition costs	3 917
Costs for Group establishment	518
Total other income (-) and expenses (+)	**4 435**

Annual
Report 2020

Sikri Holding AS financial statements



Income statement

Sikri Holding AS

Operating income and operating expenses	Note	2020	2019
Personnel expenses	1	1 200 000	0
Other operating expenses	1	1 365 099	0
Total operating expenses		**2 565 099**	**0**
Operating profit/loss		**-2 565 099**	**0**
Financial income and expenses			
Interest income from group companies	6	3 834 296	0
Other interest income		35 336	2
Other financial income	6	9 164 938	0
Other interest expenses	7	3 851 737	0
Net financial items		**9 182 833**	**2**
Result before tax		**6 617 734**	**2**
Tax expense	2	0	0
Result for the year		**6 617 734**	**2**
Allocation of result for the year			
Allocated to other equity		6 617 734	2
Total brought forward	4	**6 617 734**	**2**

Balance sheet

Sikri Holding AS

Assets	Note	2020	2019
Fixed assets			
Financial fixed assets			
Investments in subsidiaries	5	135 673 661	0
Loan to group companies	6	110 000 000	0
Total financial fixed assets		**245 673 661**	**0**
Total fixed assets		**245 673 661**	**0**
Current assets			
Receivables			
Other short-term receivables		626 790	0
Receivables from group companies	6	13 164 938	0
Total receivables		**13 791 728**	**0**
Bank deposits, cash and cash equivalents			
Bank deposits, cash and cash equivalents		98 906 212	30 002
Total bank deposits, cash and cash equivalents		**98 906 212**	**30 002**
Total current assets		**112 697 940**	**30 002**
Total assets		**358 371 601**	**30 002**

Balance sheet

Sikri Holding AS

Equity and liabilities	Note	2020	2019
Equity			
Paid in equity			
Share capital	3, 4	1 480 386	30 000
Share premium reserve	4	237 172 611	0
Total paid-up equity		**238 652 997**	**30 000**
Retained earnings			
Other equity	4	6 617 736	2
Total retained earnings		**6 617 736**	**2**
Total equity		**245 270 733**	**30 002**
Liabilities			
Other long-term liabilities			
Liabilities to financial institutions	7	97 500 000	0
Total of other long term liabilities		**97 500 000**	**0**
Current debt			
Trade payables		353 168	0
Other current debt	7	15 247 700	0
Total current debt		**15 600 868**	**0**
Total liabilities		**113 100 868**	**0**
Total equity and liabilities		**358 371 601**	**30 002**

Bærum, 29.04.2021
The board of Sikri Holding AS

Jens Rugseth
chairman of the board

Rune Syversen
member of the board

Christian Krag Breddam
member of the board

Preben Rasch-Olsen
member of the board

Fredrik Cappelen
member of the board

Torbjørn G. Krøvel
member of the board

Nicolay Henrik Kaare Moulin
general Manager

Notes to the financial statement 2020

Accounting principles

The annual accounts have been prepared in accordance with the 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.

Classification and assessment of balance sheet items
Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Investments in other companies
The cost method is applied to investments in other companies. The carrying amount is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are generally recognised as income. Dividends/group contribution from subsidiaries are booked in the same year as the subsidiary makes the provision for the amount. Dividends from other companies are reflected as financial income when the dividends are approved. Investments are written down to fair value if the fair value is lower than the carrying amount.

Receivables
Accounts 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 accounts 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.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

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.

Notes to the financial statement 2020

Note 1 Personnel expenses, number of employees, remuneration, loan to employees

No remuneration has been paid to senior executives or members of the board in 2020. Book personnel expenses relates to allocated board fees for 2020.

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

Share option program
In December 2020 , the Group implemented a share option program for management and key employees of the Group. The program comprises 444,117 share options of which the board of directors of the Company (the "Board") can grant 148,039 share options annually over a three-year period. Each share option will give the option holder the right to subscribe and be allocated one share in the Company at the exercise price. The exercise price for the share options will be set by the Board and be based on the market value of the Company's shares and is subject to an 10 % annual increase. Grant and allocation of share options are at the discretion of the Board. Each grant of share options will vest with 1/3 each 1 January over a three-year period and can thereafter be exercised during a period ending 31 December in the second year after the last 1/3 of the options are vested. Share options that are not exercised within the exercise period will lapse and be of no value to the option holder. Exercise of vested share options can only take place during certain exercise windows, each window being the 14-days period after the Company has published its quarterly financial information. Exercise of share options are subject to the option holder being employed with the Group at the time of exercise. The Company has the right, in its sole discretion, to settle any share options by transfer of existing shares, new shares or a mix of the two. Further, the Company has the right to settle any vested share option in cash in the event of certain circumstances, such as in the event of a take-over.

Options granted in 2020
On 30 December 2020, the Board resolved to grant 148,039 share options (the "2020 Grant") under the share option program. The exercise price for this grant is set at NOK 89, being equal to the market price of the Company's shares on 21 December 2020, and is subject to a 10 % increase annually, first time 1 January 2022. The share options under the 2020 Grant will vest with 1/3 on 1 January 2022, 1/3 on 1 January 2023 and 1/3 on 1 January 2024. Any vested share options under the 2020 Grant must be exercised no later than on 31 December 2025.

Weighted average fair value of the options in the program at the measurement date is NOK 26,83. Total expected expense for the option program to be recognised as an employee benefit expense during the vesting period (from 2021 onward) is NOK 3.693.178.

The fair value calculation is based on a treasury bond rate of 0,24 %. The stock price on 30 December 2020 used in the calculation was NOK 95. No dividends are expected to be paid in the period. The calculation of volatility is based on all observations from the listing of the company 15 July 2020 until 30 December 2020. The annualized standard deviation is 56,7 %.

	Number of share options	Weighted average exercise price
Outstanding at 1 January 2020	0	0,00
Forfeited during the year	0	0,00
Exercised during the year	0	0,00
Granted during the year	148 039	108,02
Outstanding at 31 December 2020	**148 039**	**108,02**
Exercisable at 31 December 2020	0	0,00

The options outstanding at 31 December 2020 had an exercise price in the range of NOK 97,90 to NOK 118 and a weighted average contractual life of 5.0 years.

Employee share purchase program
The Group has established a share purchase programme ("ESPP") for the employees approved by the Board on 14 May 2020. Under the ESPP employees and board members have been invited to purchase shares in the Company. For further information, refer to Note 18 in the Group's disclosures.

Notes to the financial statement 2020

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

Expensed audit fee
Expenses paid to the auditor for 2020 amounts to NOK 377 625,- eksl.vat.

Statutory audit fee (incl. technical assistance with financial statements)	10 000
Other services	130 000
Fees equity transaction, recognized directly to equity	237 625
Total audit fee	**377 625**

Note 2 Tax

This year's tax expense	**2020**	**2019**
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	**0**	**0**
Taxable income:		
Ordinary result before tax	6 617 734	2
Permanent differences	-6 617 734	0
Taxable income	**0**	**2**
Payable tax in the balance:		
Payable tax on this year's result	-2 016 286	0
Payable tax on received Group contribution	2 016 286	0
Total payable tax in the balance	**0**	**0**

Notes to the financial statement 2020

Note 3 Share capital and shareholder information

Share capital	Number	Nominal value	Book value
Ordinary shares	14 803 855	0,1	1 480 386

The company has one class of shares and all shares come with full voting rights.

Shareholders:	Number of shares	Ownership
Karbon Invest AS	7 211 273	49 %
Carusel N59 AS	1 872 818	13 %
M25 Industrier AS	1 800 434	12 %
State Street Bank and Trust Comp (Nominee)	571 289	4 %
Skandinaviska Enskilda Banken AB (Nominee)	385 000	3 %
Skandinaviska Enskilda Banken AB (Nominee)	365 000	2 %
Verdipapirfondet Fondfinans NOR	277 485	2 %
Eirikdenhardbalne AS	245 000	2 %
Mølle Invest AS	245 000	2 %
Verdipapirfondet DNB SMB	196 054	1 %
Verdipapirfondet Nordea Norge Verdi	185 263	1 %
Verdipapirfondet Nordea Avkastning	161 017	1 %
Total	**13 515 633**	**91 %**
Others (ownership < 1 %)	1 288 222	9 %
Total number of shares	**14 803 855**	**100 %**

Sikri Holding AS holds 415 of its own shares at 31 December 2020.

Shares owned directly or indirectly by members of the board and the management

Chairman of the board	Jens Rugseth	7 216 401
Member of the board	Christian Krag Breddam	5 128
Member of the board	Preben Rasch-Olsen	1 964 020
Member of the board	Fredrik Cappelen	1 805 562
Member of the board	Torbjørn G. Krøvel	1 282
Chief executive officer	Nicolay Moulin	245 000
Chief operating officer	Eirik Pedersen	250 128
Chief financial officer	Camilla Aardal	25 409

Notes to the financial statement 2020

Note 4 Equity

	Share capital	Share premium reserve	Retained earnings	Total equity
Equity 01.01	30 000	0	2	30 002
Capital reduction	-30 000		0	-30 000
Capital increase	1 480 386	243 807 522	0	245 287 908
Listing Euronext Growth		-6 634 911	0	-6 634 911
Annual net profit/loss			6 617 734	6 617 734
Equity 31.12	**1 480 386**	**237 172 611**	**6 617 736**	**245 270 733**

Note 5 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

Company	Location	Ownership/ voting rights	Equity pr. 01.01	Annual net profit / loss	Equity pr. 31.12
Sikri AS	Bærum	100 %	13 000	17 135 715	110 000 063
Sureway AS	Harstad	100 %	564 543	4 630 445	5 194 987
Whatif AS	Harstad	100 %	2 167 801	408 827	2 576 628

Note 6 Intercompany balances

Receivables	2020	2019
Long term receivables	110 000 000	0
Accounts receivables	0	0
Other receivables group companies	13 164 938	0
Total receivables	**123 164 938**	**0**

Transaksjoner with related parties	2020
Interest received from group companies	-3 834 296
Other financial income, group contributions received	-9 164 938

Notes to the financial statement 2020

Note 7 Debtors, liabilities, pledged assets and guarantees etc.

	2020	**2019**
Debtors which fall due later than one year after the expiry of the financial year	110 000 000	0
Long-term debtors which fall due later than five years after the expiry of the financial year	97 500 000	0

Liabilities secured by mortgage	**2020**	**2019**
Liabilities to credit institution	97 500 000	0
Total	**97 500 000**	**0**

Liabilities to credit institutions
The Group has during 2020 obtained a loan facility totalling NOK 135,000,000 from Nordea Bank, Norway. MNOK 30.0 of the facility is unutilised as of 31 December 2020. The loan is distributed between 3 facilities as described below.

Information about bank borrowings in Nordea Bank, Norway

Facility	Amount	Currency	Nominal interest rate	Maturity date
Facility A- Term loan bullet	30 000 000	NOK	Nibor + 3.0%	31.01.2025
Facility B- Term loan amortising 1)	67 500 000	NOK	Nibor + 2.5%	31.01.2025
Facility C- Revolving facility 2)	30 000 000	NOK		

1) The loan is repaid over 10 equal semi-annual instalments NOK 7,500,000, first time 31 August 2020.
2) Facility C is a revolving facility of MNOK 30.0 at a nominal interest rate of Nibor+2.25 per cent and a commitment fee of 35 per cent of the margin on unutilised amounts. The facility is subject to annual renewal. The facility has not been utilised as of 31 December 2020.

Security, terms and covenants - bank borrowings in Nordea Bank
Nordea Bank has first priority pledge in the shares of Sikri AS and PixEdit AS (including all claims the Group have or receive against the seller of the shares in PixEdit AS).

In order to entering into and maintaining the Nordea Bank loan facility described above, Sikri Holding AS (consolidated) is obliged to have a ratio between net interest bearing debt (NIBD) and earnings before interest, taxes, depreciation and amortisation (EBITDA) of less or equal to 3.5 up to and including 31.12.2020, less or equal to 3.0 in the period 01.01.2021 - 31.12.2021 and less or equal to 2.5 in the period 01.01.2022 - 31.12.2023 (measured first time 31.12.2020 and quarterly thereafter). In addition, the equity-ratio (book value of equity divided by book value of total assets) must be at least 30 per cent up to and including 30 September 2021, 32.5 per cent up to and including 30 September 2022 and 35 per cent thereafter (measured first time 31.12.2020 and quarterly thereafter).

As long as the Nordea Bank loan is not fully repaid and the ratio described above (NIBD/EDITDA) is above 1, the Group cannot pay dividends, pay group contributions, repay subordinated loans or similar transactions without written consent of the bank. The Group cannot enter into other loan agreements as long as the Nordea Bank loan is not fully repaid.

The Group has complied with the financial covenants of its borrowing facilities during the 2020 reporting period.

Notes to the financial statement 2020

Other current debt
The company has a liability of NOK 7 166 667 of the former shareholders of Whatif / Sureway AS. A seller credit was given in connection with the acquisition of the companies. The liability falls due in October 2023 and is subject to an interest of 5% p.a.

In addition to the seller's credit described above a contingent consideration has been agreed. There will be additional cash payments to the previous owners of Sureway/Whatif based on the actual 2020 performance of the acquired company. At the acquisition date the fair value of the contingent consideration was estimated to be NOK 6 533 850. The estimate is based on management's assesments of possible outcomes. There is a high degree of certainty in the estimate as the period on which the estimate is based ended on 31 December 2020. The liability is classified as a financial liability and will be added to the seller's credit and reclassified on the statement of financial position when the amount is no longer uncertain.

Statement of cash flows

Sikri Holding AS

	Year ended 31 December 2020	Year ended 31 December 2019
Cash flows from operating activities		
Profit before income tax	6 617 734	2
Adjustments for		
Change in trade and other receivables and contract assets	-13 791 728	
Change in trade and other payables and contract liabilities	15 600 868	
Net cash inflow from operating activities	**8 426 874**	**2**
Cash flows from investing activities		
Payment for acquisition of subsidiaries, net of cash acquired	-135 673 661	
Payment for loans to subsidiaries	-110 000 000	
Net cash inflow/outflow from investing activities	**-245 673 661**	**-**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	245 287 908	30 000
Proceeds from borrowings	97 500 000	
Reduction of share capital	-30 000	
Cost listing Euronext	-6 634 911	
Net cash inflow/outflow from financing activities	**336 122 997**	**30 000**
Net increase/decrease in cash and cash equivalents	**98 876 210**	**30 002**
Cash and cash equivalents 1 January	30 002	-
Effects of exchange rate changes on cash and cash equivalents	-	
Cash and cash equivalents 31 December	**98 906 212**	**30 002**

BDO AS
Munkedamsveien 45
P.O. Box 1704 Vika
N-0121 Oslo, Norway

Independent Auditor's Report

To the General Meeting in Sikri Holding AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sikri Holding AS.

The financial statements comprise:	In our opinion:
• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and • The financial statements of the group, which comprise the balance sheet as at 31 December 2020, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	• The financial statements are prepared in accordance with the law and regulations. • The accompanying financial statements give a true and fair view of the financial position of Sikri Holding AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. • The accompanying financial statements give a true and fair view of the financial position of the group Sikri Holding AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements for the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation 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. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate 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.

For further description of Auditor’s Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors’ report

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

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company’s and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

BDO AS

Børre Skisland
State Authorised Public Accountant
(This document is signed electronically)

Annual Report 2020

Contact

Sikri Holding AS
Vollsveien 4a
1366 Lysaker,
Norway