Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer:	2022 701862

Enheten

Organisasjonsnummer:	987 361 719
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	NOVELDA AS
Forretningsadresse:	Garverivegen 2 3850 KVITESEID

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Henrik Rosenlund
Dato for fastsettelse av årsregnskapet:	30.06.2022

Revisjon

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet:	Ja

Grunnlag for avgivelse

År 2021: Årsregnskap er elektronisk innlevert.
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 26.07.2022

Organisasjonsnr: 987 361 719
NOVELDA AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Sales revenue	3	27 466 555	18 169 055
Other operating income		10 816 000	109 491
Sum inntekter		**38 282 555**	**18 278 546**
Kostnader			
Cost of materials		17 751 006	9 030 629
Payroll expenses	4,5,14	71 006 391	50 680 756
Depreciation of tangible and intangible fixed assets	7,8	4 451 751	4 587 120
Other operating expenses		81 829 119	47 413 106
Sum kostnader		**175 038 267**	**111 711 611**
Driftsresultat		**-136 755 712**	**-93 433 065**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	18	23 221	0
Other financial income		1 525 908	1 459 615
Sum finansinntekter		**1 549 129**	**1 459 615**
Other financial expenses		2 261 398	1 251 428
Sum finanskostnader		**2 261 398**	**1 251 428**
Netto finans		**-712 269**	**208 187**
Ordinært resultat før skattekostnad		**-137 467 981**	**-93 224 878**
Ordinært resultat etter skattekostnad		**-137 467 981**	**-93 224 878**
Årsresultat		**-137 467 981**	**-93 224 878**
Overføringer og disponeringer			
Transferred from share premium fond	16	-137 467 981	-93 224 878
Sum overføringer og disponeringer		**-137 467 981**	**-93 224 878**

BALANSE

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Patents, licences and similar rights	7	3 102 329	6 311 634
Sum immaterielle eiendeler		**3 102 329**	**6 311 634**
Varige driftsmidler			
Buildings and other real property	8	458 480	516 068
Equipment	8	12 045 705	7 169 648
Sum varige driftsmidler		**12 504 185**	**7 685 716**
Finansielle anleggsmidler			
Investering i datterselskap	9	2 391 092	833 832
Other long-term receivables		1 611 813	180 933
Sum finansielle anleggsmidler		**4 002 905**	**1 014 765**
Sum anleggsmidler		**19 609 419**	**15 012 115**
Omløpsmidler			
Varer			
Inventories	10	8 989 907	4 994 836
Sum varer		**8 989 907**	**4 994 836**
Fordringer			
Trade receivables		4 571 958	4 519 667
Other receivables	11,18	15 426 796	10 520 009
Sum fordringer		**19 998 754**	**15 039 676**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	2	420 952 110	152 352 194
Sum bankinnskudd, kontanter og lignende		**420 952 110**	**152 352 194**
Sum omløpsmidler		**449 940 771**	**172 386 706**
SUM EIENDELER		**469 550 190**	**187 398 821**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	16,17	1 373 737	1 244 737
Overkurs	16	24 889 670	61 450 511

Annen innskutt egenkapital		402 948 205	100 736 867
Sum innskutt egenkapital		**429 211 612**	**163 432 115**
Sum egenkapital		**429 211 612**	**163 432 115**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld		23 560 469	8 738 038
Tax payable	15	0	0
Public duties payable	2	5 551 387	3 804 455
Other short-term liabilities	12	11 226 722	11 424 213
Sum kortsiktig gjeld		**40 338 578**	**23 966 706**
Sum gjeld		**40 338 578**	**23 966 706**
SUM EGENKAPITAL OG GJELD		**469 550 190**	**187 398 821**

KONSERNRESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Sales revenue	3	27 466 555	18 169 055
Other operating income		10 816 000	109 491
Sum inntekter		**38 282 555**	**18 278 546**
Kostnader			
Cost of materials		17 751 006	9 030 629
Payroll expense	4,5,14	75 777 759	53 718 092
Depreciation of tangible and intangible fixed assets	7,8	4 451 751	4 587 120
Other operating expenses	6,18	76 602 836	44 042 586
Sum kostnader		**174 583 352**	**111 378 427**
Driftsresultat		**-136 300 797**	**-93 099 881**
Finansinntekter og finanskostnader			
Other financial income		1 687 795	1 414 042
Sum finansinntekter		**1 687 795**	**1 414 042**
Other financial expenses		2 290 760	1 251 432
Sum finanskostnader		**2 290 760**	**1 251 432**
Netto finans		**-602 965**	**162 610**
Ordinært resultat før skattekostnad		**-136 903 762**	**-92 937 271**
Tax on ordinary result	15	278 083	96 740
Ordinært resultat etter skattekostnad		**-137 181 845**	**-93 034 011**
Årsresultat		**-137 181 845**	**-93 034 011**
Overføringer og disponeringer			
Transferred from share premium fond		-137 181 845	-93 034 011
Sum overføringer og disponeringer		**-137 181 845**	**-93 034 011**

KONSERNBALANSE

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Patents, licences and similar rights	7	3 102 329	6 311 634
Sum immaterielle eiendeler		**3 102 329**	**6 311 634**
Varige driftsmidler			
Buildings and other real property	8	458 480	516 068
Equipment	8	12 045 705	7 169 648
Sum varige driftsmidler		**12 504 185**	**7 685 716**
Finansielle anleggsmidler			
Other long-term receivables		1 611 813	180 933
Sum finansielle anleggsmidler		**1 611 813**	**180 933**
Sum anleggsmidler		**17 218 327**	**14 178 283**
Omløpsmidler			
Varer			
Inventories	10	8 989 907	4 994 836
Sum varer		**8 989 907**	**4 994 836**
Fordringer			
Trade receivables		4 571 958	4 519 667
Other receivables	11,18	15 165 151	9 944 771
Sum fordringer		**19 737 109**	**14 464 438**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	2	423 938 943	154 370 998
Sum bankinnskudd, kontanter og lignende		**423 938 943**	**154 370 998**
Sum omløpsmidler		**452 665 959**	**173 830 272**
SUM EIENDELER		**469 884 286**	**188 008 555**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	16,17	1 373 737	1 244 737
Overkurs	16	25 756 409	62 003 716
Annen innskutt egenkapital	16	402 948 205	100 736 867

Sum innskutt egenkapital		**430 078 351**	**163 985 320**
Sum egenkapital		**430 078 351**	**163 985 320**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Leverandørgjeld		22 261 306	8 794 567
Tax payable	15	247 230	0
Public duties payable	2	5 551 387	3 804 455
Other short-term liabilities	12	11 746 012	11 424 213
Sum kortsiktig gjeld		**39 805 935**	**24 023 235**
Sum gjeld		**39 805 935**	**24 023 235**
SUM EGENKAPITAL OG GJELD		**469 884 286**	**188 008 555**

Annual report 2021

Novelda AS

Board of Directors' report

Company and group financial statements
- Statement of profit or loss
- Statement of financial position
- Statement of cash flows
- Notes

Auditors' report

Organisation number 987 361 719

BOARD OF DIRECTORS' REPORT 2021

Operation and locations

Novelda develops and sells highly advanced Ultra-Wideband (UWB) radar sensors for use in consumer electronics, smart buildings and health applications.

The Novelda group includes, in addition to Novelda AS (Novelda), Novelda Inc Ltd and Novelda Japan K.K., together the Group. The Company also has a representative office in Hong Kong. Production of the Company's products is outsourced to external partners, mainly in Taiwan and Malaysia. The main office is in Oslo, Norway, and in addition Novelda also has office locations in Kviteseid and Trondheim.

Comments related to the financial statements

The Company experienced growth in sales revenue equalling 51 % (Group 51 %) to NOK 27.5m (Group NOK 27.5m) in 2021 compared to NOK 18.2m (Group NOK 18.2m) in 2020. Operating expenses increased 57 % (Group 57 %) to NOK 175.0m (Group NOK 174.6m). The operating result ended at NOK -136.8m (Group -136.3m), which is a decrease of 46 % (Group 46 %) compared to the previous year. The Company has an equity ratio of 91 % (Group 92 %) and strong liquidity following a capital raise undertaken in December 2021. The operating cash outflow in 2021 for the Company was NOK 121.6m (Group 122.2m). The 2021 results are in line with expectations as per the 2020 board of directors' report. The difference between loss before tax and net cash flow from operating activities is related to depreciation and amortisation and changes in inventory, receivables, payables and in other balance sheet items.

The board believes that the annual financial statements give a true and fair view of the Company's and the Group's financial position and result for the year.

Future challenges

Novelda targets markets known to be highly competitive and there is a risk that new competing technologies could become available. The Group is continuously working on expanding its product roadmap to ensure lasting competitiveness.

The global availability of electronic components is currently demanding and delays in the production and sale of end products may also affect Novelda's revenue going forward.

Financial risk

Novelda's near-term revenue growth forecast is largely dependent on traction and success with a limited number of large, international technology companies, which offers significant volume potential, but with whom sales- and design-in processes are demanding, leading to significant revenue risk. Novelda's products are also to a high degree still unproven in several of the company's targeted markets and applications, and success in attracting new customers in these markets will be crucial.

Credit risk related to Novelda's customer base is regarded to be low as payments from smaller and less creditworthy customers are received upfront.

Given further expected growth in revenue from the targeted markets, it's natural to expect increased currency risk linked to a high level of revenue being paid in USD. However, Novelda also has a significant part of its costs in USD and is closely monitoring the currency risk.

Following an equity raise in December 2021, raising NOK 400 million from existing and new investors, the Board of Directors regards Novelda to be sufficiently funded for now. Additional capital may be needed from investors in the future.

Research and development activities

As a leader in the fast-growing UWB market, Novelda is continuously working on its product roadmap through several R&D initiatives and projects. In 2021 Novelda continued to ramp the Human Presence Sensor into several Lenovo laptop models. In addition, significant R&D investments were made into the development of the new and highly differentiated radar platform (X7), as well as developing a new generation 12x12 mm module (X4F103) based on the X4 radar platform. This development will continue in 2022 and the X4F103 module is already attracting strong customer interests and will be released to the market in the end of 2022. The X7 product release is estimated to 2023.

Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the year 2022 and the Group's long-term strategic forecasts. The Group's financial position is sound.

Strategy and outlook

Novelda targets to become the world leader within UWB sensing applications. To achieve this Novelda will offer ultra-low power and high-performance integrated radar solutions to the global market.

The market outlook is very promising with global UWB volumes growing rapidly, and Novelda sees a strong and growing demand for its products and services following the accelerating interest in UWB and sensing applications.

The working environment and the employees

As per end of the year, Novelda has 72 (Group 75) full-time employees. The sick leave in the Company was a total of 92 days in 2021, which amounted to 0.5% of total working hours. The board of Directors considers the sick leave level satisfactory.

There has not been reported any occupational accidents resulting in property damage or personal injury during 2021. The working environment is considered good but is continuously monitored and improved.

Diversity and equality

The Board of Directors and the management have a strong focus on ensuring diversity, equality and non-discrimination within the Group. The Company employs more than 21 nationalities represented at the Company's offices in Norway. The Board believes that bringing together a group of employees with varied cultural, educational and professional background, will help the Group in succeeding as a global player.

Out of the Novelda's 72 full-time employees 13 are women (18%) which represents an increase of 10 percentage points from the previous year. The proportion of women in management positions is 20% (unchanged). The continued skewed gender balance must be seen in context to the industry standard with woman representing only around 14% of the total. At Novelda, women represented 35% of all new employees in 2021. The Board of Directors together with the management team will continue their work to attract highly qualified female employees.

Novelda works actively, purposefully, and systematically for gender equality within the business. When recruiting, both internally and externally, personal qualifications take precedence over gender. The underrepresented gender will to a greater extent be encouraged to apply. In this way, Novelda will try to increase the proportion of women in the job categories where this is particularly low.

Equal pay and part-time employment

The average salary for women and men in full-time positions is NOK 770 200 and NOK 894 260 respectively. The salary gap is explained by the fact that a higher degree of female employees are recent hires in more junior roles. Novelda expects the salary difference to be reduced over time. Novelda's policy is that work of equal value shall provide equal pay. Salary levels are determined based on objective measures such as seniority, education and performance, in addition to local market practice and cost of living.

Novelda has five employees working part-time. The part-time work is freely chosen, and the part-time work is either due to studies or other additional employments. 4 of the part-time workers are men and one is a woman.

Equal opportunities and discrimination

Novelda works actively to promote equality, ensure equal opportunities and rights and prevent discrimination on the grounds of ethnicity, national origin, descent, skin colour, language, religion and outlook on life. To contribute to this, the Company has, among other things, established routines for recruitment.

In 2021 there were 4 employees in parental leave, and they were all men. The average length of the parental leave in 2021 was eleven weeks. At Novelda all employees (men and women) get their full salary during parental leave. Novelda is also compensating the male employees for the first 14 days leave directly after their child's birth, with full salary (fødselspermisjon).

Corporate governance

Novelda has a board liability Insurance on behalf of the members of the Board of Directors and the CEO. The insurance policy is issued by a reputable, specialized insurer with appropriate rating.

External environment

Novelda's operations has limited impact on the environment. The Group operates in compliance with all applicable environmental legislation, without any requirement for waivers or exemptions. Manufacturing is outsourced to leading third-party providers who are required to operate in compliance with the ISO 14001 environmental standards, in addition to other certifications, requirements, and qualifications.

Outlook

Current geopolitical tension and the ongoing war between Russia and Ukraine, combined with inflation fears and rising interest rates, leads to uncertainty also among Novelda's targeted customer base and end-users within all of Novelda's targeted applications. The effects of this are uncertain and it is currently not clear if and how Novelda might be affected in 2022.

The Board of Directors of Novelda AS,

Svein-Egil Nielsen (Jun 23, 2022 22:03 GMT+2)

Svein-Egil Nilsen
Chairman of the board

Dag Trygve Eckhoff Wisland
Board member

Thomas Embla Bonnerud
Thomas Embla Bonnerud (Jun 23, 2022 23:12 GMT+2)

Thomas Embla Bonnerud
Board member

Jan-Erik Hæreid
Board member

Laura Oliphant (Jun 23, 2022 13:59 PDT)

Laura Ann Oliphant
Board member

Magnus Nordseth
Magnus Nordseth (Jun 24, 2022 00:24 GMT+2)

Magnus Thanem Nordseth
Board member

Otto Frøseth
Otto Frøseth (Jun 23, 2022 22:05 GMT+2)

Otto Frøseth
Board member

Runar Vatne (Jun 23, 2022 22:01 GMT+2)

Runar Vatne
Board member

Jan-Bjørnar Lund

Jan Bjørnar Lund
Chief Executive Officer

Statement of profit or loss

Parent company 2021	2020	Amounts in NOK	Note	Group 2021	2020
		Revenue			
27,466,555	18,169,055	Sales revenue	3	27,466,555	18,169,055
10,816,000	109,491	Other operating income		10,816,000	109,491
38,282,555	18,278,546	Total revenue		38,282,555	18,278,546
		Operating expenses			
17,751,006	9,030,629	Cost of materials		17,751,006	9,030,629
71,006,391	50,680,756	Payroll expenses	4, 5, 14	75,777,759	53,718,092
4,451,751	4,587,120	Depreciation of tangible and intangible fixed assets	7, 8	4,451,751	4,587,120
81,829,119	47,413,106	Other operating expenses	6, 18	76,602,836	44,042,586
175,038,267	111,711,611	Total operating expenses		174,583,352	111,378,427
-136,755,712	-93,433,065	Operating result		-136,300,797	-93,099,881
		Financial income and expenses			
23,221	-	Interest income from group companies	18	-	-
1,525,908	1,459,615	Other financial income		1,687,795	1,414,042
-	-	Interest paid to group compa		-	
2,261,398	1,251,428	Other financial expenses		2,290,760	1,251,432
-712,269	208,187	Net financial items		-602,965	162,610
-137,467,981	-93,224,878	Ordinary result before tax		-136,903,762	-92,937,271
-	-	Tax on ordinary result	15	278,083	96,740
-137,467,981	**-93,224,878**	**Net profit or loss for the year**		**-137,181,845**	**-93,034,011**
		Distributions			
		Majority interests		-137,181,845	-93,034,011
		Minority interests		-	-
		Allocated as follows			
-137,467,981	-93,224,878	Transferred from share premium fond	16		
-137,467,981	-93,224,878	Total allocations	16		

Statement of financial position as of December 31

Parent company 2021	Parent company 2020	Amounts in NOK	Note	Group 2021	Group 2020
		Fixed assets			
		Intangible assets			
3,102,329	6,311,634	Patents, licences and similar rights	7	3,102,329	6,311,634
3,102,329	6,311,634	Total intangible assets		3,102,329	6,311,634
		Tangible assets			
458,480	516,068	Buildings and other real property	8	458,480	516,068
12,045,705	7,169,648	Equipment	8	12,045,705	7,169,648
12,504,185	7,685,716	Total tangible assets		12,504,185	7,685,716
		Financial assets			
2,391,092	833,832	Investments in subsidiaries	9	-	-
1,611,813	180,933	Other long-term receivables		1,611,813	180,933
4,002,905	1,014,765	Total financial assets		1,611,813	180,933
19,609,419	15,012,116	Total fixed assets		17,218,327	14,178,283
		Current assets			
8,989,907	4,994,836	Inventories	10	8,989,907	4,994,836
		Receivables			
4,571,958	4,519,667	Trade receivables		4,571,958	4,519,667
15,426,796	10,520,009	Other receivables	11, 18	15,165,151	9,944,771
19,998,754	15,039,676	Total accounts receivable		19,737,109	14,464,438
420,952,110	152,352,194	Cash and cash equivalents	2	423,938,943	154,370,998
449,940,771	172,386,706	Total current assets		452,665,959	173,830,272
469,550,190	187,398,822	Total assets		469,884,286	188,008,556

Parent company 2021	2020	Amounts in NOK	Note	Group 2021	2020
		Equity			
		Paid-in capital			
1,373,737	1,244,737	Share capital	16, 17	1,373,737	1,244,737
24,889,670	61,450,511	Share premium reserve	16	25,756,409	62,003,716
402,948,205	100,736,867	Other paid-in capital	16	402,948,205	100,736,867
429,211,612	163,432,115	Total paid-in capital		430,078,351	163,985,320
429,211,612	163,432,115	Total equity		430,078,351	163,985,320
		Liabilities			
		Current liabilities			
23,560,469	8,738,038	Trade creditors		22,261,306	8,794,567
-	-	Tax payable	15	247,230	-
5,551,387	3,804,455	Public duties payable	2	5,551,387	3,804,455
11,226,722	11,424,213	Other short-term liabilities	12	11,746,012	11,424,213
40,338,578	23,966,706	Total current liabilities		39,805,935	24,023,236
40,338,578	23,966,706	Total liabilities		39,805,935	24,023,236
469,550,190	187,398,822	Total equity and liabilities		469,884,286	188,008,556

The Board of Directors of Novelda AS,

Svein-Egil Nielsen (Jun 23, 2022 22:03 GMT+2)

Svein-Egil Nielsen
Chairman of the Board

Dag Trygve Eckhoff Wisland
Member of the Board

Thomas Embla Bonnerud
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Otto Frøseth
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Otto Frøseth
Member of the Board

Runar Vatne (Jun 23, 2022 22:01 GMT+2)

Runar Vatne
Member of the Board

Jan-Bjørnar Lund

Jan Bjørnar Lund
CEO

Statement of cash flows

Parent company 2021	Parent company 2020	Amounts in NOK	Group 2021	Group 2020
		Cash flow from operating activities		
-137,467,981	-93,224,877	Profit/(loss) before tax	-136,903,762	-92,937,270
-	-	Taxes paid	-30,853	-
4,451,751	4,587,120	Depreciation and amortisation	4,451,751	4,587,120
-3,995,071	3,370,168	Changes in inventories	-3,995,071	3,370,168
-52,291	-4,218,531	Changes in trade receivables	-52,291	-4,218,531
14,822,431	5,638,098	Changes in trade payables	13,466,739	5,641,247
-	-	Translation differences	27,398	-
642,016	3,197,273	Prepaid income	642,016	3,197,273
1,790,572	-	Reclassifications*	1,790,569	-
-1,787,624	8,078,193	Changes in other current balance sheet items	-1,581,924	6,972,763
-121,596,197	**-72,572,556**	**Net cash flow from operating activities**	**-122,185,428**	**-73,387,229**
		Cash flow from investing activities		
-42,625	-2,763,347	Purchase of intangible fixed assets	-42,625	-2,763,347
-9,185,926	-2,568,730	Purchase of tangible fixed assets	-9,185,926	-2,568,730
-1,557,260	-	Purchase of investments in shares	-	-
-53,816	-180,933	Payments related to long term receivables	-53,816	-180,933
-10,839,627	**-5,513,010**	**Net cash flow from investing activities**	**-9,282,367**	**-5,513,010**
		Cash flow from financing activities		
401,035,740	170,536,612	Proceeds from issuance of equity	401,035,740	170,536,612
401,035,740	**170,536,612**	**Net cash flow from financing activities**	**401,035,740**	**170,536,612**
268,599,916	92,451,046	Net change in cash and cash equivalents	269,567,945	91,636,373
152,352,194	59,901,149	Cash and cash equivalents at 01.01	154,370,998	62,734,626
420,952,110	**152,352,195**	**Cash and cash equivalents at 31.12**	**423,938,943**	**154,370,998**

* Reclassifications relate to intangible and tangible assets (see note 7 and 8) and reclassifications of rental deposits previously classified as cash.

Notes to financial statements

Note 1 - Accounting Principles

The financial statements are prepared according to the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The annual financial statements have been prepared under the going concern assumption.

Basis for consolidation
The consolidated financial statements comprise of the parent company Novelda AS (the company) and the wholly-owned subsidiaries Novelda US Inc and Novelda Japan K.K. (collectively the group). The consolidated financial statements are prepared such that the group of companies are presented as a single economic entity. Intercompany transactions have been eliminated from the consolidated financial statements. The consolidated financial statements are prepared according to the same accounting principles for both parent and subsidiary.

The consolidated financial statements are presented in NOK. Foreign subsidiaries with functional currency other than NOK have been translated to the presentation currency applying year-end rates for assets and liabilities and average exchange rates for income and expenses items during the year. Translation differences have been recognised in equity.

Investments in subsidiaries
Investments in subsidiaries are valued at cost in the company financial statements. The investment is valued as cost of acquiring shares in the subsidiary. If fair value of the investment is assessed to be lower than the investment's carrying amount, a write-down is recognised. Write-down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write-downs are reversed when the cause of the initial write down no longer is present.

Sales revenue
Sales revenue consists of sales of UWB chip and modules to customers. Sales revenues are recognised at the time of delivery. The majority of sales are shipped on incoterms EX-Works (EXW).

Payments related to future deliveries are recorded in the balance sheet as deferred revenue and are recognised at the time when payment is received.

Balance sheet classification
Balance sheet items which are expected to be realised or settled within one year are classified as current. Other assets and liabilities are classified as non-current.

Trade and other receivables
Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments.

Inventories
Inventories are valued at the lower of cost and fair value. Cost is estimated using the FIFO method. Finished goods and work in progress are valued at full production cost. Write-downs are recognised for inventory items where fair value is assessed to be lower than the carrying value.

Property, plant and equipment
Property, plant and equipment is recognised at the cost of acquisition and is capitalised and depreciated over the estimated useful economic life of the asset. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, estimated future cash flows are discounted to present value.

Intangible assets
Intangible assets relate to technology and intellectual property rights from third parties which are used in the production of Novelda's products. The rights have no expiration date, but are limited to a "single-product-use".

Intangible assets are recognised at the cost of acquisition and are capitalised and depreciated over the estimated useful economic life of the asset.

Research and development costs
Novelda has costs related to research and development of current products and also in relation to development of new radar chips and new modules. Research and development costs are expensed as they incur according to accounting policy choice in the Norwegian Accounting Act § 5-6.

Novelda receives government grants related to research and development (Skattefunn). Skattefunn is recognised as a reduction of associated costs and subject to final approval by the tax authorities. Novelda also has been granted funds from Innovasjon Norge amounting to total NOK 13 million. NOK 10,4 million has been recognised in 2021. These funds are related to research and development activities.

Pension costs
The group has a contribution penson plan for its employees. The company makes contributions for each employee's retirement account and pension will depend on the actual return on paid-in funds and the size of the deposits. The cost is included in payroll expenses.

Income tax
Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

Statement of cash flows
The statement of cash flows is presented using the indirect method. Cash and cash equivalents includes cash and bank deposits. Bank accounts holding rent deposits are classified as non-current other receivables.

Use of estimates
The preparation of the financial statements requires management to apply judgement about the future to determine the carrying amounts of some of the assets and liabilities and recognised items in the statement of profit or loss. Actual amounts in the future can differ from these estimates.

For the year ended 31 December 2021, the most significant areas where management has applied judgement relates to cost of share options for the year, write-down of inventory assessment and estimates of useful life of tangible and intangible assets.

Items in foreign currencies
Novelda AS' functional currency is NOK. Items in foreign currencies are recognised at the exchange rate at the balance sheet date. Transactions in the income statement are recorded at the relevant exchange rate at the time of the transaction.

Note 2 - Bank deposit

Parent company 2021	Parent company 2020		Group 2021	Group 2020
2,835,693	2,142,677	Employees tax deduction, deposited in a separate bank account	2,835,693	2,142,677

Note 3 - Revenue

Parent company 2021	Parent company 2020	*Geographical distribution:*	Group 2021	Group 2020
8,603,969	7,087,079	USA	8,603,969	7,087,079
5,597,264	3,710,409	Hong Kong	5,597,264	3,710,409
5,220,600	2,185,035	China	5,220,600	2,185,035
2,498,988	847,470	Romania	2,498,988	847,470
1,619,229	469,773	UK	1,619,229	469,773
501,963	560,013	Norway	501,963	560,013
3,424,542	3,309,276	Other countries	3,424,542	3,309,276
27,466,555	18,169,055	Sum	27,466,555	18,169,055

Note 4 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

Parent company 2021	Parent company 2020	*Payroll expenses*	Group 2021	Group 2020
60,110,378	42,605,194	Salaries	64,467,039	45,307,809
8,259,763	5,983,284	Payroll tax	8,375,710	6,105,818
2,066,655	1,789,005	Pension costs	2,078,235	1,802,166
569,595	303,272	Other benefits	856,774	502,298
71,006,391	50,680,756	Total	75,777,759	53,718,092
71	49	The average number of employees during the year:	73	50

Parent company

Management remuneration

	Salary	Pension costs	Other benefits
Chief Executive Offiser	1,632,000	22,297	4,392
Chairman of the Board	100,000	-	-

The Chief Executive Officer has a right to receive 6 months of salary upon termination of employment. No bonus compensation in cash has been paid to Chief Executive Officer or Chairman of the Board in 2021. The Company has no bonus contracts with management or the board of directors other than share option agreements.

The Chief Executive Officer has an option to buy 25 200 shares for NOK 600 each. Chairman of the Board has an option to buy 2 550 shares for NOK 600 each. Wisland Wear AS has 600 options in the company for NOK 176,63 each. Wisland Wear AS is 50% controlled by board member Dag Wisland. Dag Wisland also has 12 250 options personally with strike prices ranging from NOK 200 to NOK 600. Board member Laura Oliphant has an option to buy 2 024 shares for NOK 600 each and 1 012 shares for NOK 800 each. Thomas Bonnerud, member of the Board has an option to buy 2 024 shares for NOK 600 each.

Parent company 2021	Parent company 2020	Auditor fee has been divided as follows:	Group 2021	Group 2020
265,765	105,760	Statutory audit fee	265,765	105,760
124,440	60,145	Other services	124,440	60,145

VAT is not included in the figures of auditor's fee.

Note 5 - Pensions

Parent company and Group

The parent company and other companies in the group, other than foreign subsidiaries, are obliged to have an occupational pension scheme in accordance with the Norwegian Act relating to mandatory occupational pensions.

The group has a defined contribution plan for all employees.

Note 6 - Other operating expenses

Parent company			Group	
2021	2020	*Other operating expenses:*	2021	2020
36,484,333	26,185,201	Software licenses and related consultancy fees	36,484,333	26,185,201
18,939,804	4,633,314	Other consultancy fees	21,512,168	4,633,314
9,767,572	4,095,695	Selling and marketing expenses	793,637	489,654
4,673,374	3,038,096	Office rental expenses	5,350,782	3,038,096
2,649,228	1,674,661	Office equipment	2,672,272	1,676,664
1,995,932	708,162	Material and components	1,995,932	708,162
697,763	1,448,469	Travel expenses	780,773	1,538,611
341,295	128,388	Insurance costs	341,295	128,388
6,279,818	5,501,119	Other operating expenses	6,671,644	5,644,498
81,829,119	47,413,106	Total	76,602,836	44,042,586

Note 7 - Intangible assets

Parent company and group

	Licences, patents
Acquisition cost at 01.01.	8,889,721
Purchased intangibles	42,625
Reclassifications	-1,899,695
Acquisition cost 31.12.	7,032,651
Acc.depreciation 31.12.	3,930,322
Net carrying amount at 31.12.	3,102,329
Depreciation for the year	1,383,905
Impairment for the year	-
Amortization plan	Linear
Useful economic life	5 years

Note 8 - Tangible assets

Parent company and group

	Buildings and other real property	Equipment	Total
Acquisition cost at 01.01.	575,881	12,669,732	13,245,613
Purchased tangibles	-	9,185,926	9,185,926
Reclassifications	-	-2,984,536	-2,984,536
Acquisition cost 31.12.	575,881	18,871,122	19,447,003
Acc.depreciation 31.12.	117,401	6,825,417	6,942,818
Net carrying amount at 31.12.	458,480	12,045,705	12,504,185
Depreciation for the year	57,588	3,010,258	3,067,846
Impairment for the year	-		-
Amortization plan	Linear	Linear	
Useful economic life	10 years	3-10 years	

The company rents several office premises. Expensed rental costs for office premises in 2021 amounted to NOK 4 072 758 (NOK 2 770 104 for 2020).

Note 9 - Investment in subsidiaries

Parent company

Company name	Office	Ownership & voting rights	Net Income 31.12.	Equity 31.12.	Book value 31.12.
Novelda US Inc	California	100%	245,874	1,685,834	833,832
Novelda Japan KK	Yokohama	100%	24,167	1,555,902	1,557,260
Total					2,391,092

Note 10 - Inventories

Parent company 2021	2020		Group 2021	2020
1,367,186	3,707,483	Raw materials	1,367,186	3,707,483
2,664,751	1,525,595	Finished goods	2,664,751	1,525,595
5,756,382	396,454	Unfinished goods	5,756,382	396,454
-798,412	-634,695	Impaired goods	-798,412	-634,695
8,989,907	4,994,836	Total	8,989,907	4,994,836

Note 11 - Other receivables

Parent company 2021	2020	*Other short-term receivables:*	Group 2021	2020
7,088,386	4,714,586	Prepaid expenses	7,088,386	4,714,586
7,703,299	4,750,000	Government grant	7,703,299	4,750,000
556,653	575,238	Receivable from subsidiary	-	-
57,281	480,186	VAT receivables	352,289	480,185
21,177	-	Other receivables	21,177	-
15,426,796	10,520,009	Total	15,165,151	9,944,771

Note 12 - Other short-term liabilities

Parent company 2021	2020	*Other short-term liabilities:*	Group 2021	2020
6,313,060	4,819,477	Accrued holiday pay	6,313,060	4,819,477
3,839,289	3,197,273	Deferred revenue	3,839,289	3,197,273
384,805	458,320	Provisions	384,805	458,320
168,915	2,573,410	Accrued expenses	688,204	2,573,410
520,653	375,734	Other short-term liabilities	520,654	375,733
11,226,722	11,424,213	Total	11,746,012	11,424,213

Note 13 - Research and development

The company has in this fiscal year received contribution for the following projects:

Skattefunn	NOK 4 750 000
Innovasjon Norge	NOK 10 400 000

Total cost for research and development in 2021 is NOK 28 258 409 (NOK 26 580 402 for 2020).

Note 14 - Share options to employees

As of 31.12.2021, Novelda AS has outstanding a total of 209 240 share options granted to employees (204 180 share options) and board members (7 610 share options). During 2021, 9 950 share options were issued. The share options are vested over 5-10 years and expire shortly after the end of the vesting period. Vesting and excerising of the share options are dependant on employment at the company.

The share options have the following strike price and maturity:

Strike price	2021	2022	2023	2024	2025+	Total
174,64	500					500
176,63		600				600
200,00			3,625	18,500	500	22,625
318,07					11,660	11,660
440,00		8,000	24,965	500	2,500	35,965
600,00			4,548	37,130	84,950	126,628
800,00			1,012		10,250	11,262
Total	500	8,600	34,150	56,130	109,860	209,240

An estimated share options cost of NOK 2 510 650 related to share options issued during 2021 and 2020 has been expsensed in 2021, of which payroll tax of NOK 298 914 has been recognised as an accrued expense in the balance sheet.

The share options cost has been estimated using the Black-Scholes model. In the absence of observable market prices, the share options cost has been calculated using the subscription price from the last share issue prior to share options issuance as estimated share price. Volatility of the underlying shares have been estimated based on historical annualised volatility for peers. The risk-free interest rate has been estimated based on Norwegian government bonds with similar maturity as the share options. Employment leaving rate has been assessed based on actual leaving rate in 2021.

Share options issued prior to 2020 has not been expensed in conformity with Norwegian Accounting Act.

Note 15 - Income taxes

Parent company 2021	2020	*Income tax expense:*	Group 2021	2020
-	-	Tax payable Norway	-	-
-		Tax payable foreign countries	278,083	96,740
-	-	Change in deferred tax	-	-
-	-	- of which directly booked to the balance sheet	-	-
-		Skatteeffekt av konsernbidrag	-	-
-	-	This year's tax effect of change in tax rate	-	-
-	-	Correction of tax payable from prior period	-	-
-	-	Total income tax expense	278,083	96,740

2021	2020	*Tax base estimation:*	2021	2020
-137,467,981	-93,224,877	Ordinary result before tax	-136,903,762	-92,937,270
2,797,404	675,219	Permanent differences	2,797,404	675,219
-72,280	544,913	Change in temporary differences	-72,280	544,913
-134,742,857	-92,004,745	Total	-134,178,638	-91,717,138
-	-	Received group contribution	-	-
-	-	Group contribution	-	-
-134,742,857	-92,004,745	Tax base	-134,178,638	-91,717,138
-	-	Tax payable (22%)	-	-

2021	2020	*Temporary differences outlined:*	2021	2020
-360,387	-573,772	Tangible assets	-360,387	-573,772
-798,412	-657,307	Stock	-798,412	-657,307
-1,158,799	-1,231,079	Total	-1,158,799	-1,231,079
-516,366,221	-381,623,363	Accumulated loss carryforward	-514,313,506	-380,134,868
517,525,020	382,854,443	Not recognised on the balance sheet	515,472,305	381,365,947
-	-	Net temporary differences pr. 31.12.	-	-
-	-	Deferred tax asset/liability (22%)	-	-

2021	*Effective tax rate:*	2021
-	22 % expected income taxes	278,083
-	22 % tax on permanent differeances	-
-	Tax effect of change in tax rate	-
-	Correction of tax payable from prior period	-
-	Income tax expense	278,083
0%	*Effective tax rate (tax expense in relation to profit before tax)*	*0%*

Tax payable in group relates to taxes payables in Novelda US Inc and Novelda Japan KK.

Note 16 - Owners equity

Parent company	Share-capital	Share premium reserve	Other paid-in capital	Total equity
Owners equity 01.01.	1,244,737	61,450,511	100,736,867	163,432,115
Share issue in 2020 registered in 2021	129,000	100,907,140	-100,000,000	1,036,140
Non-registered share issue	-	-	399,999,600	399,999,600
Share options cost	-	-	2,211,738	2,211,738
Result of the year	-	-137,467,981	-	-137,467,981
Owners equity 31.12.	1,373,737	24,889,670	402,948,205	429,211,612

Group	Share-capital	Share premium reserve	Other paid-in capital	Total equity
Owners equity 01.01.	1,244,737	62,003,716	100,736,867	163,985,320
Share issue in 2020 registered in 2021	129,000	100,907,140	-100,000,000	1,036,140
Non-registered share issue	-	-	399,999,600	399,999,600
Share options cost	-	-	2,211,738	2,211,738
Translation differences	-	27,398	-	27,398
Profit for the year	-	-137,181,845	-	-137,181,845
Owners equity 31.12.	1,373,737	25,756,409	402,948,205	430,078,351

Note 17 - Share capital and shareholder information

Parent company

Share capital:

	Number of shares	Par value	Capitalized
Ordinary shares	1,373,737	1.00	1,373,737

All shares carry the same rights in the company.

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
Investinor Direkte AS	365,076	26.6%	26.6%
Vatne Equity AS	175,072	12.7%	12.7%
Alliance Venture Polaris AS	166,003	12.1%	12.1%
Skandinaviska Enskilda Banken AB	67,656	4.9%	4.9%
Christiania Skibs AS	47,917	3.5%	3.5%
Firda AS	39,733	2.9%	2.9%
Wisland Wear AS	36,862	2.7%	2.7%
Doughty AS	35,816	2.6%	2.6%
Danske Invest Norge Vekst	33,000	2.4%	2.4%
Skøien AS	27,511	2.0%	2.0%
Kvantia AS	23,669	1.7%	1.7%
Lioness AS	23,000	1.7%	1.7%
Nygon AS	21,686	1.6%	1.6%
Skilling systemer AS	20,334	1.5%	1.5%
Sparebank 1 SMN Invest AS	19,980	1.5%	1.5%
Verdipapirfondet Storebrand Vekst	18,793	1.4%	1.4%
SP Capital 22 AS	13,919	1.0%	1.0%
Others (interest < 1 %)	237,710	17.3%	17.3%
Total	1,373,737	100.0%	100.0%

Shares owned by Directors of the Board and the Managing Director:

Vatne Equity AS has 175 072 ordinary shares, Vatne Equity AS is controlled by board member Runar Vatne. Marmori AS has 3 500 ordinary shares, Marmori AS is controlled by board member Runar Vatne. Lioness AS has 23 000 ordinary shares. Board member Runar Vatne is chairman of the board of Lioness AS. Dag Trygve Eckhoff Wisland, member of the Board, has 1 599 ordinary shares. Wisland Wear AS has 36 862 ordinary shares. Wisland Wear AS is controlled by board member Dag Trygve Eckhoff Wisland.

Note 18 - Transactions with related parties

The Group has various transactions with related parties. All the transactions have been carried out as part of the ordinary operations. The most significant transactions are as follows:

Parent company			Group	
2021	**2020**	*Purchase transactions:*	**2021**	**2020**
3,306,173	3,306,173	Service fees - Novelda US Inc	-	-
5,814,525	-	Service fees - Novelda Japan KK	-	-
9,120,698	3,306,173	Total	-	-
		Interest income:		
23,221	45,573	Revolving promissory note - Novelda US Inc	-	-
23,221	45,573	Total	-	-
		Operating expense:		
126,329	124,071	Office rental expenses - Wisland Wear AS	126,329	124,071
126,329	124,071	Total	126,329	124,071
		Receivables:		
556,653	575,238	Other receivables	-	-
556,653	575,238	Total	-	-
		Liabilities:		
2,023,590	-	Accounts payable	-	
2,023,590	-	Total	-	-

Note 19 - Subsequent events

The capital increase of NOK 400m raised in December 2021 was registered in The Brønnøysund Register of Business Entrerprises 2 March 2022. From this date the company's share capital is NOK 1,861,245.

Current geopolitical tension and the ongoing war between Russia and Ukraine, combined with inflation fears and rising interest rates, leads to uncertainty also among Novelda's targeted customer base and end-users within all of Novelda's targeted applications. The effects of these changes are uncertain and it is currently not clear if and how Novelda might be affected in 2022.

Novelda Annual Report 2021 - FINAL

Final Audit Report 2022-06-23

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To the General Meeting of Novelda AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Novelda AS, which comprise:

- The financial statements of the parent company Novelda AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Novelda AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and

- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises 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 information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

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Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for 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 use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG AS

Kjetil Kristoffersen
State Authorised Public Accountant
(This document is signed electronically)

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Kjetil Kristoffersen
Statsautorisert revisor
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IP: 80.232.xxx.xxx
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