Electronic signature

Signed by

Welde, Joar

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Date and time *(UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna*

29.03.2022 16.46.54

Date of birth

1972-12-17

Signature method

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Hagen, Erik Fjellvær

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29.03.2022 16.48.32

Date of birth

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Date of birth

1969-06-28

Signature method

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Date of birth

1966-09-17

Signature method

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Karlsen, Sten-Roger

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29.03.2022 16.44.54

Date of birth

1974-05-30

Signature method

BankID (NO)

2021

Annual Report 2021
Ørn Software Holding AS

Ørn Software

Contents

Letter from the CEO

2021 was an extraordinary year for Ørn Software. Not only have we continued to grow business organically, but we have also welcomed three fantastic new companies in our group during the year; Facilit, Landax and Rapal. In addition, we have integrated Entro IT and MainManager, which was acquired in December 2020. This means that we now have a truly Nordic geographical footprint and can provide an even broader suite of solutions for digitizing asset heavy work-sites and businesses. As a firm foundation for our significant growth ambitions, we listed our stock on Euronext Growth in Oslo in March 2021.

Driven by a combination of organic growth and the acquisitions of Facilit, Landax and Rapal, we grew our annual re-curring revenue with 111 percent during 2021 to NOK 220 million. The ARR[1] figure is an essential performance indicator for a Software-as-a-Service (SaaS) business like Ørn. More than 80 percent of our revenue is recurring, and the SaaS model implies very high gross margins. With accelerating new sales, an increased potential for cross sales through this year's acquisitions, and churn at stable low levels, we are well position to continue to create significant value for all stakeholders going forward.

During 2021 Ørn Software increased the sales capacity and hired several experienced new sales representatives. Many of our products, especially within real estate management segment have long sales cycles. However, towards the end of 2021 we have seen an increase in lead generation and a healthy sales pipeline building up. We concluded the fourth quarter with organic ARR growth of 13.7 percent. This represents an acceleration of 1.5 percentage points annualized compared to Q3 2021. So far in 2022, the positive sales development has continued, and combined with price increases implemented early this year we expect to see further gradual improvement in the growth rate in 2022.

In 2021 the top priority for Ørn Software was to successfully execute on the M&A strategy and welcome the acquired businesses, following our proven model for post-merger integration. During 2022 our main focus will be on reaping the benefits of being more than twice as large as one year ago. We see the opportunity to realize synergies not only through cross selling our products, but also by working more efficiently on administration and development of new products and technology. All in all, we expect this to help us improve our adjusted EBITDA[2] margin from 29 percent in 2021 to the targeted range of 32-34 percent in 2022[3] . Combined with a target of revenue of around NOK 270 million, up from 196 million in 2021, and stable CAPEX as a percentage of revenue, this implies an expected significant boost to our cash earnings.

The potential is vast. The Nordic market for solutions for real estate management, industrial maintenance & quality control and energy & sustainability management is according to our updated estimates NOK 14 billion, of which about NOK 3 billion is currently being served. Many of our products are characterized by long sales cycles. However, we have a more focused sales organization than ever and a very promising sales pipeline, which is an indicator of accelerating growth going forward. This underpins our ambition to grow well and continue to improve profitability also long-term. Our 2025 financial growth target is to grow our ARR organically to NOK 430 million and reaching an EBITDA margin higher than 45 percent, and we are well on track to achieve this.

The war in Ukraine and sanctions related to the conflict are not expected to have a material direct impact on Ørn Software in the foreseeable future. However, the tragedy of war and the desperate humanitarian crisis it creates affects us all. We continue to keep all our affected business partners and the people of Ukraine in our thoughts. Meanwhile, we look forward to continuing to provide The Big Picture.

[1] See APM in end of report
[2] See APM in end of report
[3] According to IFRS

Sten-Roger Carlsen, CEO

Ørn Software – The Big Picture

Most companies have fixed assets that need to be efficiently managed. Most companies need to continuously improve its efficiency and quality to stay competitive. Implementing digital tools that are easy to use and simplify workflows, is an important part of meeting this growing need in asset-heavy industries.

Ørn Software is a leading Software-as-a-Service provider with comprehensive best-of-breed worksite management software. The solution creates value by improving quality, operational efficiency, and sustainability performance. Ørn's solution is an essential part of day-to-day operations for facility and worksite owners, managers, operators, and users across a wide range of industries, including real estate, construction, manufacturing, food & beverage, and aquaculture.

Many of Ørn's customers have a lot of property, technical equipment and assets that must be operated, managed, and developed in a sustainable and efficient way. There are many details to keep track of, and Ørn's software has become an essential part of its close to 2.000 customers' daily operations, improving quality, operational efficiency, and sustainability.

Ørn helps customers become data-driven and is focused on streamlining business processes, by digitizing and automizing complex and resource intensive workflows. Ørn's solutions encourage human interaction and data sharing across disciplines, functions, and departments. Seeing the big picture is key to achieving operational success and reduced environmental footprint.

Managers use Ørn's solution to plan and optimize operations and increase utilization of properties and assets, while operators are using it to efficiently carry out day-to-day activities and maintenance tasks. Ørn's customers get an insight into all the details, while still having a complete overview.

Ørn provides its customers with THE BIG PICTURE.

2021 in Brief

- Strong growth in ARR, driven by acquisitions, upsale, cross sale and new sale
  ARR NOK 219.8 million at the end of 2021, a growth of +111% since the end of 2020
  Organic growth was 13.7%
- Significantly strengthened position in Norway and Finland through acquisitions of Facilit, Landax and Rapal
- IPO and listing on Euronext Growth provided a high-quality shareholder base and raised new equity of NOK 250 million
- 2021 revenue NOK 196.4 million (+140% Y/Y)
- Adjusted EBITDA NOK 56.1 million, implying a margin of 29% (32% in 2020)
  EBITDA margin 12% (18% in 2020)
- Cost level affected by integration of acquired companies and building sales capacity to accelerate ARR growth in 2022

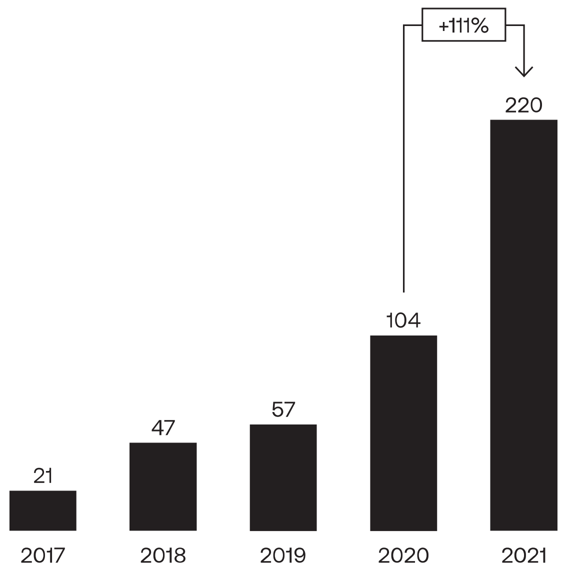
Key figures (in NOK million)

	FY 2021	FY 2020	Change
Revenue	196.4	81,9	140 %
EBITDA	23.7	14.6	62 %
EBITDA margin	12.1%	17.9%	
EBITDA adj.	56.1	26.0	116 %
EBITDA adj. margin	28.6%	31.7%	
ARR	220	104	111 %
Net retention rate [4]	99.6%	109.5 %	
Churn [5]	6.2%	3.7 %	
Numbers of customers	1,955	1,022	

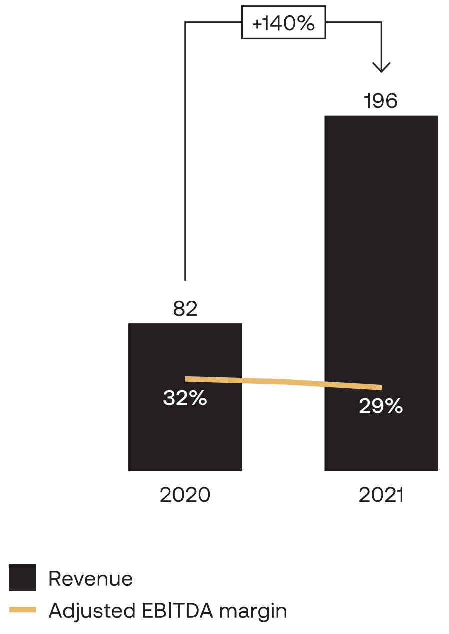
[4] See APM in end of report
[5] See APM in end of report

Key figures (in NOK million)

ANNUAL RECURRING REVENUE (ARR)



REVENUE AND EBITDA ADJUSTED MARGIN

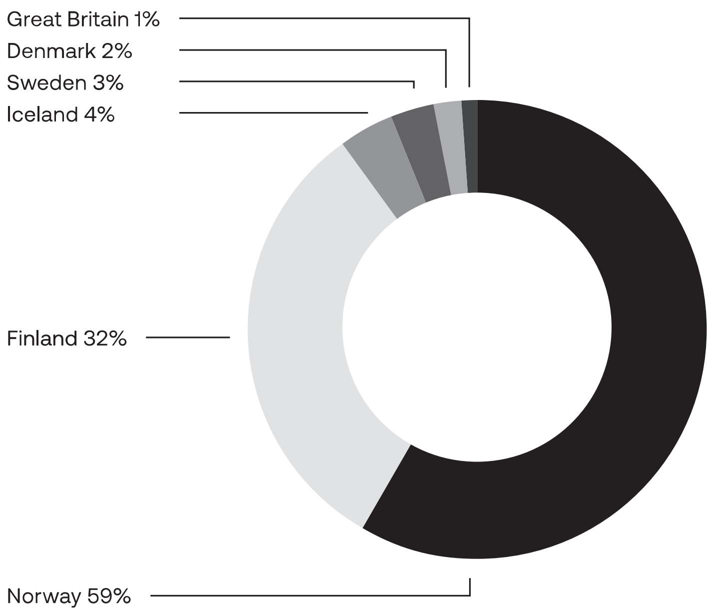


Board of Directors' report

Group overview

Ørn Software is a leading Software-as-a-Service provider with comprehensive best-of-breed worksite management software. The solution creates value by improving quality, operational efficiency, and sustainability performance. Ørn's solution is an essential part of day-to-day operations for facility and worksite owners, managers, operators, and users across a wide range of industries, including real estate, construction, manufacturing, food & beverage, and aquaculture. As of the annual report 2021, Ørn Software has converted to the IFRS financial reporting standard, and all financial figures in this report are according to IFRS.

Ørn's annual recurring revenue (ARR) amounted to NOK 220 million at the end of 2021, with revenue generated from three segments: Real estate management (68%), Industrial maintenance & Quality control (25%), and Energy & Sustainability management (7%). The company had 1,955 customers at the end of 2021.



At the end of 2021, Ørn delivered its services in 6 countries: Norway, Sweden, Denmark, Iceland, Finland and UK. The Norwegian customers account for approximately 59% of ARR, with Finland at 32% and Iceland, Sweden, Denmark and UK combined at 9% of ARR.

Ørn's long-term ambition is to become the dominant player in the European market within its segments. The strategy to realize this ambition has been to first establish a leading Norwegian position, then expand product offering through M&A in other Nordic countries, while at the same time grow customer base to become a Nordic leader, before becoming a consolidator in the large and fragmented European market.

Ørn has taken major steps towards its goals over the past two years. In 2021 the top priority for was to successfully execute on the M&A strategy, as well as following our proven model for post-merger integration reaping the benefits of being a much bigger company with a broad Nordic presence. During 2021 Ørn increased the sales capacity and hired several experienced new sales representatives with the goal of increasing organic growth, e.g., by exploiting the opportunities for cross-selling in a significantly larger customer portfolio. Towards the end of 2021 Ørn has seen an increase in lead generation and a healthy sales pipeline building up, which provides a promising outlook for 2022. In addition, price increase will be an important component contributing to organic growth in 2022. The number one priority going forward is to increase profitability and cash-flows.

With a strong fundament in its legacy business in the Norwegian market, Ørn acquired four companies in 2020: Avector in Sweden, Pixelwerk and Entro IT in Norway, and MainManager in Iceland. The strong Nordic position was further reinforced with the acquisition Facilit and Landax in Norway, and Rapal in Finland in 2021.

The war in Ukraine and sanctions related to the conflict are not expected to have a material direct impact on Ørn Software in the foreseeable future. However, the tragedy of war and the desperate humanitarian crisis it creates affects us all. We continue to keep all our affected business partners and the people of Ukraine in our thoughts.

Operational review

Organic growth
Ørn started 2021 with a customer base generating annual recurring revenue (ARR) of NOK 104 million. Overall, ARR increased by NOK 116 million or 111% to NOK 220 million during 2021. New sales, upselling and price optimization lifted ARR by NOK 17.5 million, whereas churn and currency differences had a negative effect of NOK 9.8 million. Organic growth[6] was hence NOK 7.8 million.

During the year, Ørn has strengthened its sales capacity through recruitment of additional sales personnel. In Q4 2021 this started to yield results in the form of a slight acceleration in organic ARR growth.

Acquisitions
Acquisitions added ARR of NOK 108 million in 2021, measured as ARR at the time of the acquisition. NOK 70 million of this reflects the acquisition of Rapal, with the remaining NOK 38 million from the acquisitions of Facilit and Landax. The customer base doubled in size during 2021, primarily driven by these three acquisitions.

Rapal represents Ørn's entry into the Finnish market, a strategically important acquisition to become a dominant player in the Nordic market.

Post-merger integration processes are ongoing, not only for the 2021-acquisitions but also to some extent the acquisitions closed in December 2020: Entro IT and MainManager. Integration processes follows a standardized template with 5 different workflows, where employees are engaged through onboarding sessions and strategy alignment, and resources reallocated to work on product expansion, customer success and commercial excellence.

Ørn sees significant opportunity to increase customer value by offering a completer and more integrated product portfolio after the recent acquisitions, which represent a significant opportunity for cross selling.

Operational development
At the end of 2021 Ørn Software had a customer base generating Annual Recurring Revenue (ARR) of NOK 220 million, which was 111% higher than at the end of 2020. The growth was driven by increased number of customers and higher revenue per customer.

[6] See APM in end of report

2021 ARR represents a year-on-year organic growth, adjusted for currency fluctuations and the effect of one specific Swedish customer ending its use of Ørn's services in Q2 2021, of 13.7 percent compared to 15.9 percent in 2020.

Churn rate in 2021 was at 6.2 percent, compared to 3.7 percent in 2020. This is included the loss of this Swedish customer at 3.1 percent. Without this loss our churn had been lower in 2021 compared to 2020.

The net retention rate was 99.6 percent in 2021, compared to 109.5 percent in 2020. The net retention rate adjusted for currency fluctuations was 102.6 percent in 2021 and 108.9 percent in 2020.

Number of customers has increased from 1,022 at the end of 2020 to 1,955 at the end of 2021, primarily driven by M&A activities, but also to some extent new sales.

Ørn is continuing to invest in product development. As the product portfolio is growing through acquisitions, the initiative for establishing one common technology architecture becomes increasingly important. Taking out synergies following the string of acquisitions in 2020 and 2021 is increasingly emphasized, and development will be focused on fewer software solutions.

Ørn Software has during 2021 increased its sales capacity through recruitment of additional sales personnel. Towards the end of 2021 this started to yield results in the form of a slight acceleration in organic ARR growth.

Segment Real Estate Management

	FY 2021	FY 2020	Change
Revenue	132,0	54,2	144 %
Adj. EBITDA	43,8	10,6	311 %
Adj. EBITDA margin	33.7 %	19,7 %	
ARR	149,6	62,6	139 %
Net retention rate	95.3 %	107,8 %	
Churn	7.9 %	2,0 %	
Numbers of customers	615	261	136%

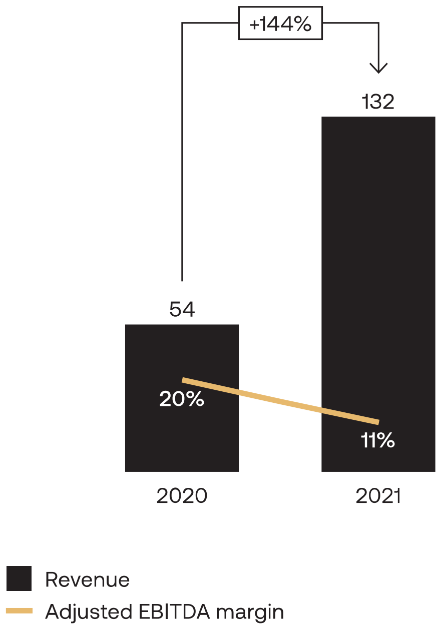
At the end of 2021, the segment ARR was NOK 149.6 million, a growth of 139 percent Y/Y. The growth is boosted by the acquisition of Rapa and Facilit, which brought ARR of NOK 69.9 million, adding to the effect of acquisitions made in Q4 2020 and Q1 2021.

Organic year-on-year ARR growth in 2021, adjusted for currency fluctuations and excluding the effect of one specific Swedish customer ending its use of Ørn's services in Q2 2021, was 11.3 percent compared to 11.7 percent in 2020, driven by new sale and upsell.

Churn in 2021 was 7.9 percent, down from 2.0 percent in 2020. The net retention rate was 95.3 percent in 2021, compared to 107.8 percent in 2020. The net retention rate adjusted for currency fluctuations was 100.3 percent in 2021 and 107.0 percent in 2020.

During 2021, the new sale and cross-selling activity is significantly increased, with initial results in the form of a slight increase in organic growth in Q4 2021.

Operating revenue in the segment in 2021 was NOK 132.0 million, a growth of 144 percent compared to 2020. The adjusted EBITDA margin was 33.1 percent in 2021 compared to 19.7 percent in 2020. The improved adjusted EBITDA margin is positively affected by organic growth in revenue and margins from acquired companies Facilit and Rapal.



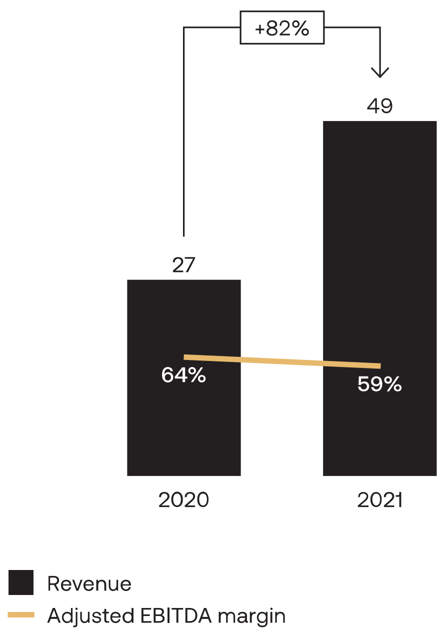
Segment Industrial Maintenance & Quality Control

	FY 2021	FY 2020	Change
Revenue	50.0	26,9	86 %
Adj. EBITDA	29,4	17,1	72 %
Adj. EBITDA margin	58,9%	63,5%	
ARR	54,5	26,7	104 %
Net retention rate	108.5 %	112,6 %	
Churn	5.3 %	7,0 %	
Numbers of customers	881	301	193 %

At the end of 2021, the segment ARR was NOK 54.5 million, a growth of 104 percent compared to the year before. Organic ARR year-on-year growth was 7.3 percent. Churn was 5.3 percent in 2021, down from 7.0 percent in 2020.

The position within quality control was significantly strengthened by the acquisition of Landax in Q2 2021. Quality control and Industrial maintenance processes are a good match, and Landax represents highly attractive offering for Ørn's existing customers, and vice versa. We also experience that the combination of Industrial Maintenance (Maintenance) and Quality Control (InControl) is very well received in the aquaculture industry.

Operating revenue in the segment in 2021 was NOK 50.0 million, a growth of 86 percent compared to 2020. The adjusted EBITDA margin was 58.9 percent in 2021 compared to 63.5 percent in 2020. The decrease in adjusted EBITDA margin is primarily driven by a lower margin in Landax which was acquired in Q2 2021.



Segment Energy & Sustainability Management

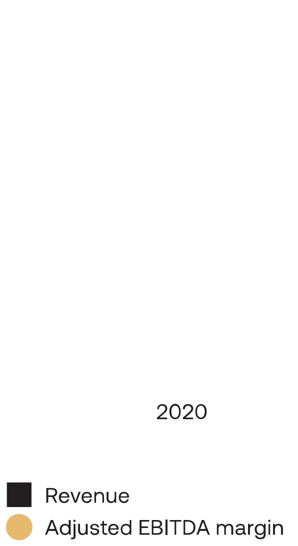
	FY 2021	FY 2020	Change
Revenue	14.4	-	-
Adj. EBITDA	2.8	-	
Adj. EBITDA margin	19,7%	-	
ARR	15,6	15,0	4 %
Net retention rate	102.3 %		
Churn	0.9 %		
Numbers of customers	459	460	0 %

The segment consists of the solution acquired in December 2020 with effect from Q1 2021 (Entro IT).

At the end of 2021, the segment ARR was NOK 15.6 million.

Net retention rate in 2021 was 102 percent and churn was limited at 1 percent.

The segment Energy & Sustainability Management is new to Ørn as of the end of 2020. Sales reps that have been hired during 2021 and in towards the end of 2021 there were early signs of positive effect of the ramp up. The overall market for Energy & Sustainability Management solutions is expected to increase rapidly over the coming years, e.g. due to focus on energy consumption, climate and specifically the introduction of the new EU Taxonomy framework.



Operating revenue in the segment in 2021 was NOK 14.4 million. The adjusted EBITDA margin was 19.7 percent in 2021. The adjusted EBITDA margin in this segment is lower than for the other two segments, because of costs (COGS[7]) associated with customer delivery services that we buy from our partner Entro AS.

Initial Public Offering (IPO)

Ørn was listed on the Euronext Growth stock exchange in Oslo March 26, 2021. This was a huge milestone for the company.

The listing on attracted a significant interest from a wide range of quality investors and provides a solid platform for additional growth and expansion in the years to come, and the capital raise of gross NOK 250 million as a part of the IPO has enabled Ørn to take a leading Nordic position during 2021 through the acquisitions of Facilit, Landax and Rapal.

[7] See APM in end of report

Covid-19
Many industries and sectors have taken a hard hit during the two-year Covid-19 pandemic. Every industry is to some extent affected. Even those whose business is positively affected, due to changes in the global economy in general. Running a SaaS business, with a high percentage of revenue coming from recurring subscriptions, and with a customer base that has become more digitally mature during these challenging times, is generally good for business. For some products, Ørn has experienced somewhat lower lead generation and hit rate on new sales. It is not surprising that businesses do not see the benefit of implementing a new digital tool, or replacing the one you already have, when most of your employees are at home office. On the positive side, many of the markets Ørn is operating in have increased digital maturity during the pandemic, which gives positive outlook for the future.

Bringing a fast-growing workforce, at an increasing number of locations, together into one common Ørn culture is a very exciting and rewarding task but also a challenge in this day and age. We are fortunate with our ability to run our digital business efficiently and without any major interruptions during the Covid-19 pandemic, although we all look forward to meeting new and old colleagues and customers in person once life seems to be returning more and more to a new normal.

Ørn has operated in compliance with national and regional rules and recommendations with regards to the Covid-19 pandemic. The company has strived to facilitate efficient and healthy home office solutions for the employees and fulfil its responsibilities with regards to social and professional follow- up.

Financial Review

All amounts in NOK thousands	2021	2020
Recurring	171 028	70 513
Non-recurring revenue	25 413	11 412
Total revenue	**196 441**	**81 925**
COGS	-20 567	-5 900
Salary and personnel expenses	-100 669	-40 735
Other operating expenses	-40 830	-12 954
M&A Costs	-10 683	-7 694
Total OPEX	-152 183	-61 383
EBITDA	**23 691**	**14 643**
Margin (%)	12,1 %	17,9 %
Special items	21 776	3 652
M&A Costs	10 683	7 694
Adjusted EBITDA	**56 151**	**25 989**
Margin (%)	**28,6 %**	**31,7 %**
Depreciation and amortization	-52 174	-19 854
Reported EBIT	**-28 483**	**-5 212**
Finance income	26 144	779
Finance expense	-44 605	-4 052
Net financial items	-18 461	-3 272
Profit or loss before tax	**-46 943**	**-8 484**
Tax	8 005	1 500
Net profit or loss for the year	**-38 938**	**-6 984**
Recurring share of income	87 %	86 %

Ørn Software consolidated revenues were NOK 196.4 million in 2021. This was a growth of 140 percent compared to 2020. The revenue growth was primarily driven by the acquisitions of MainManager, Entro IT, Facilit Landax and Rapal. The group's organic revenue growth in 2021 was 1 percent compared to 2020. This was the result of a mix of reduced non-recurring revenue and a growth in the strategically important recurring revenue of 5.4 percent, driven by upsales and price optimization.

The gross profit margin of the group was 89.5 percent in 2021, down from 92.8 in 2020. Facilit, which was acquired in Q1 2021 and Entro IT, acquired in Q4 2020, have lower gross margin than the rest of the group, thus impacting negatively on the overall gross margin. The lower gross margin for these companies relates to hired customer support services which are classified as cost of goods. Rapal, acquired in Q3 2021, also has a lower gross margin due to sensor costs.

The Group's EBITDA, adjusted for special items, was NOK 56.1 million in 2021, an increase of 116 percent compared to 2020. EBITDA adjusted margin was 28.6 percent in 2021, compared to 31.7 percent in 2020. The reduction was affected by increased cost related to corporate functions, partly driven by the public listing in March 2021, activities related to the integration of acquired companies and positioning of the group for reaping synergies as of 2022.

Reported EBITDA, which includes special items of NOK 21.8 million and M&A costs of NOK 10.7 million, was NOK 23.7 million in 2021 (14.6 million in 2020).

Depreciations and amortizations were NOK -52.1 million in 2021 compared to NOK -19.9 million in 2020. The increase reflects the substantially accelerated investment activity in the group during past two years. The acquisition of Rapal, which was closed in beginning of July 2021, has led to a significant step-up in depreciation. In total, acquisition related depreciation and amortization amounted to NOK 27.5 million in 2021 compared to NOK 7.7 million in 2020.

Reported EBIT was NOK -28.5 million in 2021 compared to NOK -5.2 million in 2020, affected negatively by the special items related to IPO, the acquisitions and the increased depreciations and amortizations.

Net financial income in 2021 was NOK -18.5 million (NOK -3.3 million in 2020), reflecting interest expenses of NOK 25.4 million, other loan related expenses of NOK 2,3 million, and a positive currency effect of NOK 9.4 million related to the related to the company's debt denominated in SEK and EUR.

Reported tax in 2021 was positive with NOK 8.0 million, compared to NOK 1,5 million in 2020.
Other comprehensive income consists solely of exchange differences on translation of foreign operations of

Cash flow
Cash flow from operating activities was NOK 2.0 million (NOK 24,7 million in 2020), primarily driven by changes in operating items related to trade and other receivables and trade and other payables, contract liabilities related to SaaS subscriptions, which are paid up front and satisfied over time. The change in contract liabilities reflects the fact that some of the acquired companies held big amounts of upfront payments when they were acquired, hence the large reduction related to contract liabilities over the year. Operating items also include the transfer tax paid related to the acquisition of Rapal Oy.

Cash flow from investing activities was NOK -424.0 million in 2021 (NOK -95.1 million in 2020), driven by the acquisition of Facilit, Landax and Rapal, and in capex of NOK 32.6 million, primarily related to investments in software development.

Net cash flow from financing activities was NOK 491,6 million in 2021 (NOK 134 million in 2020) related to a capital increase less related costs of MNOK 229, mainly related to equity capital raise ahead of the IPO, and new tap issue of MEUR 24,2 and MSEK 45 from our loan facility provider Ture Invest AB, related to the acquisition of Facilit, Landax and Rapal.

Net change in cash and cash equivalents was NOK 69.2 million (NOK 63.7 million in 2020) including foreign exchange effects. Total cash at end of 2021 was NOK 134.5 million.

Financial position as at year end 2021
Following the equity capital raise of gross NOK 250 million ahead of the IPO in March 2021, Ørn Software has a robust balance sheet and is well capitalized to deliver on the stated growth ambitions.

Total assets amounted to NOK 978.1 million (281.6 million at the end of 2020). Total current assets amounted to 160.7 million (82.0 million at the end of 2020), primarily driven by increased cash as a result of the equity capital raise. Cash and cash equivalents amounted to NOK 134.5 million (65.3 million at the end of 2020).

Non-current assets increased to 817.4 million (199.5 million at the end of 2020). The change was predominantly related to intangible assets and goodwill, which increased to NOK 790.8 million (182.1 million at the end of 2020), driven by the acquisitions of Facilit, Landax and Rapal (please refer to note 6.2)

Total liabilities were at 608.1 million (NOK 205.4 million at the end of 2020). Current liabilities increased to NOK 113.3 million (NOK 65.3 million at the end of 2020). Non-current liabilities increased to NOK 494.8 million (NOK 140.1 million at the end of 2020).

Operational and financial risks

Financial risk
The Group's principal financial liabilities comprise interest bearing debt, lease liabilities, and trade and other payables.

The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations. The Group does not hold derivative financial instruments.

The Group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Group seeks to minimize potential adverse effects of such risks through sound business practice and risk management.

Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarized below:

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include interest bearing debt, cash and cash and cash equivalents, trade receivables, lease liabilities and trade and other payables.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bond loan which have base interest rates in STIBOR. The Group does not currently hedge the base interest rates. The current interest rate environment is low, and the Group may enter into contracts to offset some of the risk depending on the future expected interest rates.

Interest rate sensitivity
The sensitivity to a possible change in interest rates related to the Group's bond loan, with all other variables held constant, on the Group's profit before tax. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

Share information

At the end of 2021 Ørn Software had 94.4 million shares The company also has a program of 4.7 million options outstanding. The company was listed on EuroNext Growth on 29 March. The shares have since traded between NOK 5.5 and NOK 13.0 per share during 2021. The company has approximately 300 shareholders, with the 20 largest shareholders holding 88% of the shares. See note 4.7 "Share capital and shareholders information" for more information.

Events after the balance sheet date

During March 2022 the conditions for the earn-out related to the acquisition of Rapal Oy have been met in full, resulting in a earn-out consideration of EUR 2.4 million to be paid in March 2022. This is the same amount included in as deferred consideration in the financial statement as of 31.12.21.

Corporate social responsibility

In 2021 Ørn Software established a Sustainability policy with the purpose to reinforce and to guide our contribution to a sustainable economic, social and environmental development in the sectors and industries in which Ørn operates. The ambition is that the policy shall support employees and managers in their strategic decisions and daily work. Topics covered by the policy are human rights, business ethics and anti-corruption, worker's rights and working environment including anti-discrimination, environmental impacts and climate emissions.

The board of directors and the Group management focus on both sustainability and equity. The Group CEO is responsible for the Sustainability policy and forms together with VP People & Culture the AMU group. The Chief Product Officer is responsible for the Data security of the company.

Ørn has initiated some work on establishing the reporting structure on sustainability. The work will be finalized during 2022.

At Ørn Software, we are committed to harnessing our culture of innovation to be an industry role model on sustainability and contribute to putting sustainability on our industry's agenda. We leverage the power of our people and our products to reduce the negative impact that we and our customers have on the planet and maximize the positive impact of our business activities. We see sustainability as a competitive advantage that helps us create long-term value for our business and our stakeholders.

The development of our Sustainability Policy is part of the process of systematizing the work we do on sustainability at Ørn. For this policy, we conducted an internal materiality assessment, which identified key topics that we believe are most important to our stakeholders and our success as a business.

Goals and ambitions for Ørn Software's sustainability work

Immediate (By end of 2021)
- Increase understanding of and commitment to the broader concept of sustainability within Ørn (completed)
- Initiate work on sustainability reporting (completed)
- Strengthen the Board and executive management's oversight, proactive management and ongoing dialogue on sustainability topic (completed)

Intermediate (2022-2025)
- Serve as a platform for developing a sustainability strategy under which Ørn's sustainability outcomes are maximized
- Embed sustainability considerations in all of Ørn's decision-making
- Integrate a consistent approach in applying sustainability across the organization
- Adopt a systematic approach to identify, assess, and respond to sustainability-related risks in business operations
- Communicate consistently and accurately Ørn's achievements in sustainability

Ultimate (2025-2030)
- Establish Ørn as an industry role model on sustainability that contributes to setting sustainability on our industry's agenda

As of 2022, we will start publishing a sustainability report, informed by the Global Reporting Initiative Standards (GRI) and the Sustainability Accounting Standards Board's (SASB) Software and IT Services sector guide. The reporting process will serve to develop an effective sustainability strategy for Ørn, which targets the most significant impacts of our organization.

Our sustainability policy applies to all Ørn's employees, including the Board of Directors, and any persons who work on assignment or as consultants for Ørn. In addition, the policy covers all business activities in connection with customers, suppliers, and others commercial partners.

This policy is based on Norwegian law and has been informed by the UN Global Compact Principles for Corporate Social Responsibility (UN Global Compact), Ørn's values and purpose, as well as the Global Reporting Initiative Standards (GRI).

We define sustainability as: "Developing products and solutions that meet today's needs without compromising the ability of future generations to meet their needs."

Reporting on sustainability initiatives and results for 2021
During 2021, Ørn Software has taken significant initiatives along the three priorities set out in the Sustainability policy:

Business ethics and anti-corruption

Key activities on this topic in 2021:
- Brought awareness in the organization of sustainable choices and ethics through many channels and communication from and with management
- Conducted Code of Conduct training as a part of the company onboarding process for new employees, with particular focus on our zero tolerance for disrespect of diversity and for bullying
- Initiated initiatives to increase awareness of our Code of Conduct among vendors and partners
- Encouraged employees to report violations of our ethical guidelines
- Initiated the process of establishing a whistleblower portal, with easy access both for internals and externals. Ready to launch in February 2022
- Initiated Whistleblower system training for the case handlers in all 5 countries
  During 2022 we will build further on the initiatives made in 2021. Prioritized activities for 2022 are as follows:
- Finalization of our Supplier Code of Conduct to oblige our suppliers/vendors, partners and "sub-vendors" to follow our Code of Conduct
- Further work on spreading information regarding all areas in our ethical guidelines/our Code of Conduct and further encourage employees to notify breaches of the guidelines
- Training of recipients of the notifications how to handle cases reported through our whistleblower system and other channels
- Informing customers and external partners and vendors about our whistleblower portal and whistleblowing procedure

Working environment

Key activities on this topic in 2021:
- Good insurances, easy access to both physical and physiological support for employees
- Proactive initiatives regarding employees' mental health
- Close follow-up during sick-leave
- Continued HSE work in close collaboration with employee representatives
- Initiated work on improving diversity in recruitments
- Emphasized that Ørn shall be an including organization the employees feel safe in, and we have zero tolerance for bullying and harassment
- Ørn has in general a culture for helping each other across locations, products and countries and the company has a strong people focus
- Facilitation of the opportunity for healthy remote working and follow-up of employees both socially, physically and psychologically during Covid 19. This work will be continued in 2022 and beyond
- Initiated AKAN work to offer help and awareness of abuse of alcohol, drugs, or gambling

During Covid-19 the Group Management has been proactive and communicated actions and changes either prior to or shortly after the release of new national or local regulations from the authorities. Management has emphasized clear and easy communication about how to act and behave, and local managers has been supported in these matters. Ørn also made available an online psychology service for employees. The feedback from employees is that they feel well taken care of during the Covid-19 situation. Ørn is working continuously to improve the employee wellbeing and safety.

In Ørn Software there is low risk for discrimination and there are no obstacles for equality between genders. In The Norwegian part of Ørn Software we have 73% male and 27% women, and we actively work to improve the gender balance. Two of five board members are women, and we focus on this topic in every recruitment. Headhunters are specifically informed that we need an increased number of women to improve the gender balance. The only obstacle is external factors, as it is a challenge to find women for technical positions. We have been communicating to the whole organization to speak up if they see or experience breach of our Code of Conduct, and we have good routines for that. We also worked on a whistleblower system in 2021, implemented in 2022, through which it is possible to notify breaches of our Code of Conduct anonymously. All new employees are briefed on our ethical guidelines during the first week in Ørn. We have zero tolerance for all forms of bullying and discrimination, including verbal, physical and sexual harassment. We work with discrimination based on gender, ethnicity, skin color, language, religion, sexual orientation, age, disability, political opinions, or other opinions, national or social origin and affiliation with national minorities. The average age is 43 years in the group as a whole.

The gender balance between voluntarily part time positions is equal between women and men in Ørn Software AS, Facility Management AS and Landax AS. We encourage partners to share paternity leaves equally with the other parent. The salaries for part time positions are calculated out of a regular annual salary.

We decide on salaries based on the candidate's experience, education and the "market price", and not the gender. In 2021 we increased the staff in Ørn Software Group by 164% mostly through acquisitions, resulting in temporarily poor data quality on certain key metrics regarding salaries. We initiated the implementation of a HR-system in 2021 and this work will proceed in 2022. The key metrics will be presented in the annual report in 2022 following the inclusion of relevant data in our new HR-system. We have no involuntary part time employees in the Group.

Total sick leave for the Norwegian operation was 3.36% in 2021. No occupational illnesses or injuries were reported or investigated in 2021.

During 2022 we will build further on the initiatives made in 2021. Prioritized activities for 2022 are as follows:
- Continue to find good solutions for combining remote and on-site work.
- Continue to do activities that will increase diversity

Environment and climate

Key activities on this topic in 2021:
- Increased emphasis on making environmentally sustainable choices. For example, we have changed two office locations to offices with less energy use, easier access to public transportation and possibility to charge electrical cars
- Decreased business travel in order to reduce the company carbon footprint. Implemented a "Digital first" policy for meetings, which has been communicated to customers, partners and employees
- Employees are encouraged to delete old and obsolete data to reduce the energy consumption on servers. Further initiative in this field to come

During 2022 we will build further on the initiatives made in 2021. Prioritized activities for 2022 are as follows:
- Continue develop sustainable products that will help our customers to reduce the carbon footprint
- Continue having sustainability top on mind when decisions are made

Corporate governance

Ørn Software has established principles and procedures for sound Corporate Governance, including risk management and internal controls, rules of procedure for the Board of Directors and management, and equal treatment of shareholders. The company intends to formalize its framework according to the Norwegian Code of Practice for Corporate Governance, during 2022, and will report according to this code going forward.

Research and development

Ørn Software has established a strategy for how to holistically handle products. This includes everything from investment in R&D to how we invest in sales and marketing

1. Growth products	2. Mature - dev. products	3. Mature - sustain products	4. Sunset products
Products under development with dedicated development resources and significant value generation potential	Rolled-out products with additional functionality under development to increase product value	Rolled-out products where development focuses on quick wins with less dedicated resources	Revenue generating products being phased out where customers are moved to new and better products

The main research and development investment is done in growth products. These products will carry the majority of our long-term growth and will be the target platform for customers as other products is sunseted.

Mature products are developed to stay competitive and continued to be competitive in existing markets.
Sunset products are not being invested in and customers are over time migrated to Mature or Growth products.
In addition to being strategic about which products we invest in we also are improving how we do development.
By leveraging modern methodology and architecture we expect to significantly increase efficiency and quality and over time reduce development cost

Parent company and allocation of profits

Ørn Software Holding AS is the parent company in the Group. Ørn Software Holding AS had no operating income in 2021. Operating costs amounted to NOK 4.2 million (0 in 2020), generating an operating loss of NOK 4.2 million (loss of NOK 4 thousand in 2020).

Net financial costs amounted to NOK 0.2 million (0 in 2020). Result before tax was hence NOK -4.1 million (NOK -2 thousand in 2020). Ørn Software tax income for the year was NOK 0.8 million, and the net result for 2021 was NOK -3.2 million (NOK -2 thousand in 2020). The Board of Directors proposes to the Annual General Meeting that the net loss of the parent company is charged to 'Other equity', and that no dividend is distributed for 2021.

Ørn Software Holding AS had total assets of NOK 413 million (NOK 83.8 million in 2020). Non-current assets accounted for NOK 337.8 million (NOK 37.1 million in 2020), mainly investments in subsidiaries. Current assets amounted to NOK 75.2 million (NOK 46.7 million in 2020), of which cash and cash equivalents of NOK 59.4 million (NOK 36.1 million in 2020). Equity amounted to NOK 412.6 million (NOK 78.2 million in 2020), corresponding to an equity ratio of 99,9 percent.

Going concern

Based on Ørn Software Holding's long-term strategy and forecasts, and in accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on a going concern basis.

Outlook

Ørn Software is a leading software company with digital solutions for industrial and real estate management in the Nordic market. Through organic growth and targeted acquisitions, the company has significant growth ambitions both in the Nordic region and in Europe.

The market potential in the Nordic region is estimated at NOK 14 billion. By 2025, Ørn Software aims to achieve an ARR of NOK 430 million based on organic growth, in addition to further growth through M&A.

Ørn Software's business model, which is based on providing Software-as-a-Service, is highly scalable. The company will continue to focus on sales and ARR growth, as well as increasingly move services over to shared technology platforms, which will add to this scalability. In addition to revenue growth, the company aims to increase its EBITDA margin to at least 45 percent by 2025 and a gradually reduced CAPEX as a percentage of revenue from 2023 and onwards.

Ørn Software will during 2022 take important steps towards the long-term goal. This year, the key focus will be on taking out revenue and cost synergy effects in the aftermath of the string of acquisitions in 2020 and 2021. This means that the company will take a step-change in terms of profitability during 2022, and we expect our adjusted EBITDA margin to improve from 24 percent in 2021 to a targeted range of 33-35 percent in 2022. Combined with a target of revenue of around NOK 270 million, up from 194 million in 2021, and stable CAPEX as a percentage of revenue, this implies an expected significant boost to our cash earnings.

Many of Ørn Software's solutions experience long sales cycles. This is particularly the case for real estate management solutions for large public and private organizations. During 2021 and so far in 2022, we have seen positive momentum when it comes to building up sales pipeline. Hence, organic growth in ARR and revenue is expected to gradually accelerate during 2022 and beyond.

Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, that the annual financial statements for the period from 1 January to 31 December 2021 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union, and that the information in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and profit or loss taken as a whole.

The Board of Directors confirms that the financial statements have been prepared under a going concern assumption, and the Group's liquidity position, solidity and ongoing cash flow from operations support the assessment that this assumption is realistic.

The Board of Ørn Software Holding AS
Trondheim, 29 March 2022

e-sign

Joar Welde Chairman	**Erik Fjellvær Hagen**	**Anne Lise Waal**
Berit Lid Scharff	**Terje Wibe**	**Sten-Roger Karlsen** CEO

Members of the Board

Joar Welde, Chairman
Joar Welde is a partner in Viking Venture. He has extensive experience in M&A and business modelling and is an important resource for several of Viking Venture's portfolio companies.

In addition, he has more than 15 years of experience from investing in software companies. Mr. Welde has a BBA from the Norwegian Business School and an MBA from the University of Warwick. Welde was born in 1972.

Erik Fjellvær Hagen
Erik Fjellvær Hagen is the Managing Partner and founder of Viking Venture. He has over 30 years of experience in the software industry and his background brings a dynamic combination of strategic, operational and entrepreneurial experience to all portfolio companies of Viking Venture.

Mr. Hagen has previously worked at McKinsey & Company, Netcom GSM ASA, Schibsted and Arthur Andersen. He has an MCS in Computer Science from the Norwegian Institute of Technology and an MBA from INSEAD. Hagen was born in 1966.

Anne Lise Waal
Anne Lise Waal is CTO and COO at Attensi AS, a provider of 3D "gamified" simulation training for large corporations. Prior to joining Attensi, Waal held the position as Senior Producer with Funcom. Waal also has previous experience as consultant with Computas, Troux, and Norske Skog AS. Waal has experience as a board member from her positions as director on the boards of StartupLab Founders, Fotoware and Mercell.

Waal holds a MSc in Computer Science from the Norwegian University of Science and Technology (NTNU) and has also studied philosophy and computer science at the University of Oslo. Waal was born in 1978.

Berit Lid Scharff
Berit Lid Scharff is the founder of Inlustro Consulting, where she assists companies with strategic marketing, business development, communication, design and PR services. Prior to founding Inlustro Consulting, Scharff worked with marketing at various organizations, including Mattel, Save the Children, Tandberg, Cisco, and 4Subsea. Scharff is also a member of the Board of Directors of Xait, Mercell, and Entail.

Scharff holds a Master of Business and Marketing and an MBA, both from BI Norwegian Business School. Scharff has also completed an Executive MBA program at the National University of Singapore, and holds a Minor degree in Anthropology from the University of Oslo. Scharff was born in 1969.

Terje Wibe
Terje Wibe is the Chief Executive Officer of Mercell Holding AS, a company providing a digital platform for public tenders. Mr. Wibe has industry background from various management (incl. CEO) and consulting positions, inter alia in Telenor as a Sales Director within the Media division, as Partner in the consulting firm Inventura and CEO of Kredinor and Dagbladet. He has an EMP from INSEAD. Wibe was born in 1966.

Management Team

Sten-Roger Karlsen, Chief Executive Officer
Sten-Roger Karlsen is the Chief Executive Officer of Ørn, a position he has held since November 2018. Prior to that, Karlsen held the position as VP Customer Success of Ørn. Karlsen has previously also held positions as, inter alia, Chief Operating Officer of Star Information Systems, a provider of maritime software solutions and services, as Sales and Marketing Director of Sensorlink, a company providing solutions for pipeline integrity management, and as Chief Operating Officer of Ecowat AS, a company developing water treatment technologies for the oil and gas industry.

Karlsen holds a Master of Science in water and environmental science from the Norwegian University of Science and Technology (NTNU) and has also studied construction engineering at Sør-Trøndelag University College (HiST). Karlsen was born in 1974.

Vidar André Løken, Chief Financial Officer
Vidar André Løken is the Chief Financial Officer of Ørn, a position he has held since November 2016. Løken has significant experience within auditing, accounting and management consulting through positions with KPMG and PwC, including as partner and executive leader of PwC in Moss, Norway.

Løken holds a Master's degree in accounting and auditing from BI Norwegian Business School. Løken was born in 1974.

Christina Roselló, VP People & Culture
Christina Roselló works as Vice President for People and Culture at Ørn, a position she has held since October 2020. Since October 2017, Roselló held the position as Head of HR and Ørn's Trondheim department. Roselló has also worked as team leader for Digital Interactions with Telia, as HR Manager for Verdande Technology globally. She has also worked with sales in Sticos AS and Eniro, and with recruitment at Jobzone.

Roselló holds a Cand.mag. degree in Cellular and Molecular Biology from Norwegian University of Science and Technology (NTNU), and has also studied basic medicine and pharmacology at the Oslo University College. Roselló was born in 1972.

Torgeir Pedersen, Chief Product Officer
Torgeir Pedersen is the Chief Product Officer of Ørn, a position he has held since October 2020. Prior to that, Pedersen acted as Chief Technical Officer of Ørn. His previous experience includes CEO positions at Trollhetta AS and Triona AS, as well as Product Management NetWeaver Identity Management at SAP and various positions at Maxware. Pedersen studied at the Technical College of the Norwegian Army. Pedersen was born in 1971.

Nicolas Iannone, VP Sales

Nicolas Iannone works as Vice President of Sales at Ørn, a position he has held since January 2020. Prior to that, Iannone was the CEO and co-owner of Pixelwerk AS, a company which was acquired by Ørn in January 2020. Prior to that, Iannone's previous experience includes acting as General Manager for Comfort Hotel in Florø, Norway, as well as various directorships within the tourism industry in western Norway.

Iannone holds a Bachelor's degree in Business, Hospitality and Tourism from the Macquarie University in Sydney, Australia. Iannone was born in 1981.

Ole Jørgen Aarvik, VP Customer Success

Ole Jørgen Aarvik works as Vice President of Customer Success at Ørn, a position he has held since October 2020. Aarvik has also held various other positions at Ørn since joining the Group in February 2014, including as Head of Department in Moss, Norway and Vice President for Industrial Applications. Aarvik also has previous experience from working with engineering at Oceaneering Asset Integrity. Aarvik holds a Master of Science in Marine Technology from Norwegian University of Science and Technology (NTNU). Aarvik was born in 1982.

Kaare Olsen, Chief Technical Officer

Kaare Olsen is the Chief Technical Officer of Ørn, a position he has held since October 2020. Prior to that, Olsen has also been Lead Developer and Head of Software Development at Ørn, as well as worked as Solution Architect and Senior Advisor at the Norwegian Directorate of Health for 10 years.

Olsen holds a Bachelor's degree in data engineering from Sør-Trøndelag University College (HiST) Olsen was born in 1979.

Consolidated Financial Statement – Ørn Software Group

Consolidated statement of comprehensive income

For the years ended 31 December 2021	Note	2021	2020
All amounts in NOK thousands			
Revenue from contracts with customers	2.2	196 441	81 068
Other income		0	857
Total operating income		**196 441**	**81 925**
Cost of goods		20 567	5 900
Salary and personnel expenses	2.3	100 669	40 735
Depreciation and amortization	3.1, 3.3, 3.4	52 174	19 854
M&A Costs	6.2	10 683	7 694
Other operating expenses	2.4	40 830	12 954
Operating profit or loss		**-28 482**	**-5 212**
Finance income	4.6	26 144	779
Finance expense	4.6	44 605	4 052
Net financial items		**-18 461**	**-3 272**
Profit or loss before tax		**-46 943**	**-8 484**
Income tax expense	5.1	-8 005	-1 500
Net profit or loss for the year		**-38 938**	**-6 984**
Other comprehensive income			
Items which may subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		-4 072	-590
Other comprehensive income for the year		**-4 072**	**-590**
Total comprehensive income for the year		**-43 010**	**-7 574**
Earnings per share			
Basic EPS - profit or loss attributable to equity holders (NOK)	4.10	-0,47	-0,14
Diluted EPS - profit or loss attributable to equity holders (NOK)	4.10	-0,47	-0,14
Net profit/loss for the year attributable to:			
Equity holders of the parent company		-38 938	-6 984
Total comprehensive income attributable to:			
Equity holders of the parent company		-43 010	-7 574

Consolidated statement of financial position

All amounts in NOK thousands	Note	31.12.2021	31.12.2020	01.01.2020
Goodwill	3.2	402 389	40 532	12 846
Intangible assets	3.1	388 393	141 555	50 615
Right-of-use assets	3.4	19 307	12 518	7 554
Property, plant & equipment	3.3	1 788	1 740	1 317
Other non-current assets	2.2	3 856	3 183	1 969
Other non-current receivables	2.3	1 684	-	250
Total non-current assets		**817 417**	**199 528**	**74 553**
Trade and other receivables	2.5	26 199	16 742	3 609
Cash and cash equivalents	4.5	134 456	65 289	2 320
Total current assets		**160 655**	**82 031**	5 929
Total assets		**978 073**	**281 558**	**80 481**

All amounts in NOK thousands	Note	31.12.2021	31.12.2020	01.01.2020
Share capital		9 440	6 075	4 661
Share premium		454 445	104 965	60 425
Other equity		-93 905	-34 851	-28 037
Total equity	4.7	**369 979**	**76 189**	**37 050**
Non-current interest-bearing liabilities	4.2, 4.3, 4.4	421 235	124 959	19 104
Deferred tax liabilities	5.1	43 475	15 106	4 222
Contract liabilities	2.7	30 106	-	-
Total non-current liabilities		**494 817**	**140 065**	**23 326**
Current interest-bearing liabilities	4.2, 4.3, 4.4	7 391	4 352	6 070
Trade and other payables	2.6	49 164	27 815	12 300
Contract liabilities	2.7	32 630	8 424	1 735
Other current financial liabilities	2.6	24 093	24 714	-
Total current liabilities		**113 277**	**65 304**	**20 105**
Total liabilities		**608 094**	**205 369**	**43 431**
Total equity and liabilities		**978 073**	**281 558**	**80 481**

Consolidated statement of cash flows

All amounts in NOK thousands	Note	2021	2020
Cash flow from operating activities:			
Profit/loss before tax		-46 943	-8 484
Adjustments to reconcile loss before tax to net cash flow			
Depreciation and amortization	3.1, 3.3, 3.4	52 174	19 854
Share-based payment expense	4.9	406	790
Finance income	4.6	-26 144	-779
Finance expense	4.6	44 605	4 052
Working capital adjustments			
Changes in trade and other receivables		9 056	-2 857
Changes in trade and other payables		-4 630	424
Change in provisions and other liabilities	2.7	-17 032	
Change in other operating items assets		197	11 906
Other items		-2 554	-182
Tax paid	5.1	-7 067	
Net cash flows from operating activities		**2 068**	**24 724**
Cash flow from investing activities			
Purchase of property, plant and equipment	3.3	-212	-929
Development of software and other intangible assets	3.1	-32 617	-26 158
Acquisition of subsidiaries, net of cash acquired	6.2	-391 210	-68 030
Interest received	4.6	67	19
Net cash flows from investing activities		**-423 972**	**-95 097**
Cash flow from financing activities			
Proceeds from issuance of equity	4.7	250 125	41 102
Repayments of short term and long term debt	4.3	-5 629	-4 836
Proceeds from long term debt	4.3	289 910	103 497
Deferred consideration related to acquisitions		-621	
Transaction costs on issuance of shares	4.7	-21 091	
Payments for principal for the lease liability	3.4, 4.3	-6 155	-2 795
Payments for interest for the lease liability	3.4, 4.3	-1 146	-589
Interest paid	4.6	-13 809	-2 319
Net cash flows from financing activities		**491 585**	**134 060**
Net change in cash and cash equivalents	4.5	69 681	63 687
Foreign exchange effects on cash and cash equivalents		-514	-718
Cash and cash equivalents at beginning of the year	4.5	65 289	2 320
Cash and cash equivalents, end of year		**134 456**	**65 289**

Consolidated statement of changes in equity

Amounts in NOK thousands

2020	Note	Paid-in equity Share capital	Share premium	Cumulative translation differences	Retained earnings	Total equity
Equity as at 1 Jan 2020 NGAAP		30	65 086		-28 755	**36 362**
IFRS transition effects	7.1				688	**688**
Equity as at 1 Jan 2020 IFRS		**30**	**65 086**		**-28 067**	**37 050**
Net profit or loss for the year					-6 984	**-6 984**
Other comprehensive income				-590		**-590**
Total comprehensive income for the year		**30**	**65 086**	**-590**	**-35 051**	**29 476**
Reduction of share capital	4.7	-30				**-30**
Issue of share capital (non-cash cont.)*	4.7	4 791	32 289			**37 079**
Issue of share capital	4.7	1 284	39 817			**41 102**
Group structure changes*			-37 079			**-37 079**
Captal increase before changes to group structure*			4 852			**4 852**
Share-based payments	4.9				790	**790**
Equity as at 31 December 2020		**6 075**	**104 965**	**-590**	**-34 261**	**76 189**

* In 2020, a reorganization of the ownership of Ørn Software AS (formerly View Sofware AS) with the establishment of Ørn Software Holding as a new parent company in the group. The reorganization was carried out through a series of transactions where the shareholders in Ørn Software made a non-cash contribution of the shares in Ørn Software AS into Ørn Software Holding, against consideration shares in Ørn Software Holding.

2021	Note	Paid-in equity Share capital	Share premium	Cumulative translation differences	Retained earnings	Total equity
Equity as at 1 January 2021		**6 075**	**104 965**	**-590**	**-34 261**	**76 189**
Net profit or loss for the year					-38 938	**-38 938**
Other comprehensive income				-4 072		**-4 072**
Total comprehensive income for the year		**6 075**	**104 965**	**-4 662**	**-73 199**	**33 179**
Issue of share capital 16 February	4.7	130	5 450			**5 580**
Issue of share capital 25 March	4.7	2 389	247 736			**250 125**
Issue of share capital 29 June	4.7	199	21 501			**21 700**
Issue of share capital 27 August	4.7	646	74 793			**75 439**
Costs related to equity transactions					-16 451	**-16 451**
Share-based payments	4.9				406	**406**
Equity as at 31 December 2021		**9 440**	**454 445**	**-4 662**	**-89 244**	**369 979**

Translation differences arise in connection with exchange-rate differences of consolidated foreign entities.

Note 1.1 General information

Ørn Software Holding AS ("the Company") is a publicly listed company on Euronext Growth, with the ticker symbol ORN. Ørn Software Holding AS was admitted to trading on Euronext Growth on 29 March 2021. The Company is incorporated and domiciled in Norway. The Company's principal offices are located at Bassengbakken 4, 7042 Trondheim, Norway.

Ørn Software Holding AS and its subsidiaries (collectively "the Group", or "Ørn Software") is a Nordic provider of Software-as-a-Service ("SaaS") solutions for efficient operations and maintenance across a wide range of industries, including real estate, manufacturing, food & beverages, and aquaculture. The Group's software provides customers with improved insight through data-driven operations and contributes to increased efficiency and reduced costs through digitalization of rental processes, data-driven maintenance scheduling, and energy optimization.

The consolidated financial statements of the Group for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 29 March 2022.

Note 1.2 Basis of preparation

The consolidated financial statements of the Group comprise consolidated statement of comprehensive income, financial position, cash flow and changes in equity and related notes. The consolidated financial statements of the Group for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU"), and represent the first financial statements of the Group in accordance with IFRS. See note 7.1 for information related to first time adoption.

The consolidated financial statements have been prepared on a historical cost basis, except from financial instruments measured at fair value. Further, the financial statements are prepared based on the going concern assumption. All figures are presented in NOK thousands (000), except when otherwise stated.

Comparative financial information is provided for the preceding period in the statement of comprehensive income, statement of financial position and statement of cash flows. In extension, an additional statement of financial position as at 1 January 2020 is presented in these financial statements due to the first time adoption of IFRS.

Presentation and functional currency
The consolidated financial statements are presented in NOK, which is also the functional currency in the parent company.

The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. Monetary items in foreign currency are at the end of the reporting period translated to functional currency using the closing rate. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, transaction date exchange rates are applied for significant transactions. Translation differences are recognised in other comprehensive income ("OCI").

Basis of consolidation
The consolidated financial statements comprise the financial statements of Ørn Software Holding AS and its subsidiaries as at 31 December 2021. Reference is made to note 6.1 for consolidated subsidiaries.

The subsidiaries are consolidated when control is achieved as defined by IFRS 10. Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control 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. 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.

1.3 Significant accounting policies

Ørn Software Holding has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgemental considerations are disclosed in the notes to which the policies relate. Other accounting policies are presented below:

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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

The Company classifies all other liabilities as non-current.

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

Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction from the proceeds.

Statement of cash flows
The consolidated statement of cash flows is prepared using the indirect method.

Distribution to shareholders
The Group recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised by deducting the grant in reporting the related expense. When the grant relates to an asset, it is recognised by deducting the grant in calculating the carrying amount of the asset.

Note 1.4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

Significant estimates and judgement:
- Impairment considerations of goodwill (see note 3.2 for relevant disclosures)
- Business combinations (See note 6.2 for relevant disclosures)
- Capitalisation of internal development costs and useful life of intangible assets (See note 3.1 for relevant disclosures)
- Judgement of deferred tax assets (see note 5.1 for relevant disclosures)

Note 2.1 Operating Segments

ACCOUNTING POLICIES
An operating segment is a component of an entity:
A. that engages in business activities from which it may earn revenues and incur expenses,
B. whose 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 assess its performance, and
C. for which discrete financial information is available.

For management purposes, the Group is organised into business areas based on its products and services and has three reportable segments, as follows:
- Real Estate Management
- Industrial Maintenance & Quality Control
- Energy & Sustainability Management

No operating segments have been aggregated to form the above reportable operating segments.

The Board of Directors is the Group's chief operating decision maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITDA measured consistently with operating profit or loss before depreciation and amortization in the consolidated financial statements. The Group's financing (including depreciation and amortization, finance costs and finance income), and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Real Estate Management
Real Estate Management involves the management of companies' facilities and properties. The segment enables workflow automation and data-driven decision making across facility and property activities, through Ørn's one-stop-shop solution. As opposed to other single-purpose players, Ørn's solution ensures that all communication is done at the same place, regardless of whether the resources are internal or external. The system ensures proper documentation, increased efficiency, and total control of all current laws and regulations, and helps managers maximize the value of their commercial properties.

Industrial Maintenance & Quality Control
The segment Industrial Maintenance & Quality Control includes the digitalization of maintenance and operational control activities, supported by planning- and collaboration tools and analytics. The Industrial Maintenance system helps customers reduce operating costs and extends assets lifetimes. Improved planning of maintenance tasks, and documentation of carried out maintenance is part of ensuring the equipment's good health throughout the entire lifespan. Additionally, the system provides customers with economic control of costs related to maintenance. Quality Control ensures consistent high-quality "ready for audit" documentation, combined with risk assessment and irregularities reporting. This enables customers to update all maintenance procedures within their organization smoothly, and always have control of information as it is assembled in one platform.

Energy & Sustainability Management
The segment, Energy & Sustainability Management, includes the automated tools that contribute to the customers' reduced climate footprint and optimized energy consumption, and in turn saving them substantial costs. Furthermore, with stricter regulations comes increasing ESG reporting requirements, and the need for proper measurements and reports. This is ensured by the Ørn's software, which reduces reporting costs, and improves performance and documentation to bank and regulators

For the year ended 31 December 2021 All amounts in NOK thousands	Real Estate Management	Industrial Maintenance & Quality Control	Energy & Sustainability Management	Other	Adjustments/ eliminations	Total Group
Recurring	112 609	44 226	14 193	-		171 028
Non-recurring revenue	19 419	5 768	227	-		25 413
Total revenue	**132 028**	**49 994**	**14 419**	-	-	**196 441**
COGS	14 284	**2 436**	**3 848**	-		**20 567**
Gross margin (%)	89 %	95 %	73 %			**90 %**
Salaries	59 719	12 524	5 226	23 200		**100 669**
Other OPEX	16 984	5 594	2 498	15 755		**40 830**
M&A Cost				10 683		**10 683**
Total operating expenses before						**369 191**
depreciation and amortization	**90 986**	**20 553**	**11 572**	**49 639**	-	**23 691**
EBITDA	**41 042**	**29 441**	**2 848**	**-49 639**		

For the year ended 31 December 2020

For the year ended 31 December 2020	Real Estate Management	Industrial Maintenance & Quality Control	Energy & Sustainability Management	Other	Adjustments/ eliminations	Total Group
Recurring	45 878	24 634		-		**70 513**
Non-recurring revenue	8 288	2 268		857		**11 412**
Total revenue	**54 166**	**26 902**	-	**857**	-	**81 925**
COGS	**4 671**	**1 229**				**5 900**
Gross margin (%)	91 %	95 %				**93 %**
Salaries	29 511	6 694		4 530		**40 735**
Other OPEX	9 377	1 884		1 693		**12 954**
M&A Cost				7 694		**7 694**
Total operating expenses before depreciation and amortization	**43 559**	**9 807**	-	**13 916**	-	**67 282**
EBITDA	**10 607**	**17 095**	-	**-13 060**		**14 643**

Depreciation, finance costs, finance income, are not allocated to individual segments as the underlying instruments are managed on a group basis.

Reconciliation of profit	**2021**	**2020**
Segment profit	**23 691**	**14 643**
Depreciation and amortization	-52 174	-19 854
Finance income	26 144	779
Finance expense	-44 605	-4 052
Profit or loss before tax	**-46 943**	**-8 484**

Other

The remaining of the Group's activities and business are shown in the "Other" column. These activities mainly relate to the administrative and financial components of the Group

Adjustments/eliminations

No adjustments/eliminations

Geographical markets

For information on the Group's geographical markets refer to note 2.2 Revenue.

Information about major customers

The Group does not have any customers that amount to 10 % or more of the Group's total revenues.

Note 2.2 Revenue from contracts with customers

Ørn Software is a Nordic provider of software-as-a-service (SaaS) solutions for efficient operations and maintenance across a wide range of industries, including real estate, manufacturing, food & beverages, and aquaculture. The Group's software provides customers with improved insight through data-driven operations and contributes to increased efficiency and reduced costs through digitalization of rental processes, data-driven maintenance scheduling, and energy optimization.

The Group's revenue from contracts with customers are reported in three main segments as describe in note 2.1: Real Estate Management, Industrial Maintenance and Quality Control, and Energy & sustainability management.

ACCOUNTING POLICIES

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all its revenue arrangements (and recognise revenue gross).

At contract inception, the Group identify and determines the performance obligations in the contract. A performance obligation is a promise to transfer to the customer a good or a service (or a bundle of goods or services) that is distinct.

The Group's revenue mainly relates to SaaS license fees. SaaS "software-as-a-service" is typically a licensing model where the software is licensed on a subscription basis and the customer can access the software through a network (cloud based). Based on the Groups assessment the software license is not distinct and cannot be separated from its hosting services as the customer does not have the right to «download» the software and run it from its own hardware. Certain implementation services and set-up fees are also not considered to be distinct from the SaaS license and hence are accounted for together with the SaaS license.

The Group has also arrangements where the Group provides SaaS license and Sensors as part of the customer contracts. Based on the Groups assessment the hardware component (Sensors) should be considered as one performance obligation and be accounted for together as the customer cannot benefit from the products and/or services on their own.

After identifying the performance obligations in the contracts, the transaction price is determined. The transaction price is the amount of consideration to which the Group expects to be entitled to in exchange for transferring promised software's or services to a customer. In determining the transaction price, the Group also considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and any consideration payable to the customer. If several performance obligations are identified within a contract, the transaction price are allocated to those performance obligations based on stand-alone selling prices. The stand-alone selling price is the price at which the Group would sell a good or service on a stand-alone basis at contract inception.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal, in the amount of cumulative revenue recognised, will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue from SaaS license is recongised over time (as "right to access" licenses) as the customer receives the right to access the Group's intellectual property throughout the license period. Set-up fees and implementation services that are deemed not to be distinct are recognized over the license period, or over a longer period if giving rise to material rights to the customer.

Revenue from other services that are considered to be distinct from the SaaS license, are recognised over time when the services are being provided.

Specification of revenue from contracts with customers per segment 2021:

In NOK 1000	Real Estate Management	Industrial Maintenance & Quality Control	Energy & Sustainability Management	Total
SaaS license	112 609	44 226	14 193	**171 028**
Other services	19 419	5 768	227	**25 413**
Total revenue from contracts with customers	**132 028**	**49 994**	**14 419**	**196 441**
Geographical markets				
Norway	68 986	49 491	12 727	**131 204**
Sweden	4 682	341	1 692	**6 715**
Denmark	5 187	79		**5 266**
Finland	41 632	78		**41 710**
Iceland	9 133			**9 133**
Other	2 408	4		**2 412**
Total revenue from contracts with customers	**132 028**	**49 994**	**14 419**	**196 441**
Timing of revenue recognition				
Services transferred at a point in time				-
Services transferred over time	132 028	49 994	14 419	**196 441**
Total revenue from contracts with customers	**132 028**	**49 994**	**14 419**	**196 441**
Inter-segment revenue				-
Segment revenue as presented in note 2.1	**132 028**	**49 994**	**14 419**	**196 441**

Specification of revenue from contracts with customers per segment 2020:

SaaS license	45 878	24 634		**70 513**
Other services	8 288	2 268		**10 556**
Total revenue from contracts with customers	**54 166**	**26 902**	**-**	**81 068**
Geographical markets				
Norway	44 949	26 816		**71 764**
Sweden	9 217	87		**9 304**
Total revenue from contracts with customers	**54 166**	**26 902**	**-**	**81 068**
Timing of revenue recognition				
Services transferred at a point in time				-
Services transferred over time	54 166	26 902		**81 068**
Total revenue from contracts with customers	**54 166**	**26 902**	**-**	**81 068**
Inter-segment revenue				-
Segment revenue as presented in note 2.1	**54 166**	**26 902**	**-**	**81 068**

SaaS license fee:

SaaS license consist of subscription fees, hardware components (Sensors) and certain implementation and set-up fees accounted for together with the SaaS license. The Group's performance obligation is satisfied over time. Revenue from subscription fees is recongised over the subscription period while revenue from Sensors, set-up and implementation fees are recognised over the period of benefit determined to be five years.

Other services:

Other services mainly consist of implementation and consulting services provided by the Group in connection with the SaaS license. Generally, these services are not included in the license fee. Revenue is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognises revenue normally on the basis of hours incurred.

Contract balances:
Contract liabilities relate to consideration received in advance for SaaS license. SaaS license is normally invoiced yearly on a 12-months up-front basis. The Group contract liabilities is disclosed in note 2.7.

The Group has not recognized any contract assets during the periods.

Significant financing components:
As most of the customers only pays in advance 12 months or less, the Group does not have any significant financing components.

Contract costs (accounting policies):
Under IFRS 15, the incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) is recognized as an asset if the Group expects to recover them either directly through reimbursement or indirectly through the margin inherent in the contract. For costs incurred exceeding the expected inherent margin, only the recoverable amount is capitalised as an asset and the remaining amount expensed as incurred.

Contract costs recognized as an asset is amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Those goods or services could be provided under a specific contract or a specifically anticipated (i.e. future) contract.

The Group has incremental costs to obtain contracts such as sales commissions. Sales commissions are calculated as a percentage of the ARR sold on the contract. The percentage will differ based on the product sold. Sales commissions are recognised as an asset and amortized on a straight-line basis over the anticipated contract period. The amortization period for capitalized sales commission in the Group is determined based on the anticipated contract to which the cost relate to (i.e., the initial contract term plus any expected renewals periods). Based on the Groups assessment the anticipated contract period is normally five years. Contract costs are capitalized only to the extent that they are expected to be recovered, based on an estimate of expected costs and revenues from the contract. In general, the group expects to recover all costs related to sales commission.

In the statement of financial position, cost of obtaining a contract is presented separately from any contract assets or contract liabilities. The costs are presented under the line other non-current assets. In the income statement, the costs are classified as Salary and personnel expenses.

In NOK 1000	2021	2020
Costs to obtain a contract		
Balance as of 1 January	3 149	1 969
Costs to obtain contracts during the year	1 706	1 856
Amortization for the period	-1 032	-676
Balance as of 31 December	**3 823**	**3 149**

Note 2.3 Salary and personnel expenses

ACCOUNTING POLICIES

Salary and personnel expenses comprise of all types of remuneration to personnel employed by the Group (i.e. not contracted manpower) and are expensed when incurred. Ordinary salaries can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on a monthly basis.

Shared-based payment expenses are related to the Group's management option program (see note 6.3). Other employee expenses consist of other benefits such as insurance, telephones and remuneration to the Board of Directors.

Pensions

Norwegian entities within the Group have a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The scheme is a defined contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

All amounts in NOK thousands	2021	2020
Salaries	99 921	45 969
Social security costs	12 112	6 792
Pension costs	8 356	1 507
Other employee expenses	2 400	1 198
Capitalized employee benefit expenses and governement grants	-22 121	-14 732
Total salary and personnel expenses	**100 669**	**40 735**
Average number of full time employees (FTEs)	129	60

At the end of the reporting period, members of the Board and management held shares in Ørn Software Holding AS.
For information on remuneration to Management and the Board of Directors, including disclosures on shares held, see note 6.3.

Note 2.4 Other operating expenses

ACCOUNTING POLICIES

Other operating expenses are recognised when they occur and represent a broad range of operating expenses incurred by the Company in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortisation.

Other operating expenses	**2021**	**2020**
All amounts in NOK thousands		
Audit, accounting, legal and consulting fees	17 390	3 155
IT costs	11 269	4 462
Travel expenses	1 829	1 159
Other operating expenses	10 342	4 178
Total other operating expenses	**40 830**	**12 954**
Auditor fees		
Statutory audit fee	1 520	255
Other services	1 128	12
Total remuneration to the auditor	**2 648**	**267**

The amounts above are excluding VAT.

Note 2.5 Trade and other receivables

ACCOUNTING POLICIES

The Group's trade receivables consist solely of amounts receivable from revenue from contracts with customers. Trade receivables are generally on terms of 14 days.

Trade receivables are financial assets which are initially recognized at transaction price determined under IFRS 15 and in later periods measured at amortised cost using the effective interest rate method adjusted for an allowance for expected credit losses.

The Group recognises an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the cash flows that the Company expects to receive. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

	31.12.2021	31.12.2020	01.01.2020
All amounts in NOK thousands			
Trade receivables from customers at nominal value - external	19 464	9 467	1 679
Allowance for expected credit losses	- 451	- 475	- 100
Trade receivables	**19 013**	**8 992**	**1 579**
Receivable government grants	4 135	4 395	990
Deposits	630	63	
Prepaid expenses	1 160	376	990
VAT receivable	1 030	35	
Other	231	2 882	50
Total trade and other receivables	**26 199**	**16 742**	**3 609**

Allowance for expected credit losses			
At January 1		475	100
Additions through acquisition		40	334
Provision for expected credit losses		-64	41
At December 31		**451**	**475**

The reduction in allowance for expected credit losses reflects changes to the historical data used in the ECL calculation.

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

	Days past due				
	Not due	**< 30 days**	**31-90 days**	**Over 90 days**	**Total**
31.12.2021					
Trade receivables	14 655	1 642	805	2 361	19 464
31.12.2020					
Trade receivables	6 714	1 286	433	1 033	9 467
01.01.2020					
Trade receivables	1 348	138	23	170	1 679

For details regarding the Group's procedures on managing credit risk, reference is made to note 4.7

Note 2.6 Trade and other payables

ACCOUNTING POLICIES

Trade payables and other payables are present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment).

Trade payables and other payables are measured at fair value of their transaction price upon initial recognition and subsequently at amortized cost. Trade payables and other current liabilities are expected to be settled within the normal operating cycle within twelve months after the reporting period.

	31.12.2021	**31.12.2020**	**01.01.2020**
All amounts in NOK thousands			
Trade payables	9 752	5 930	3 905
Public duties payable	13 962	6 799	3 142
Tax payable	-	63	-
Salary payable and vacation accruals	12 947	8 532	3 602
Other accrued expenses	12 504	6 490	1 651
Trade and other payables	**49 164**	**27 815**	**12 300**

Other current liabilities as of 31.12.2021 consist of short-term debt of NOK 24,1 million related to the earn-out from acquisition of Rapal Oy.

Other current liabilities as of 31.12.2020 consist of short-term debt of NOK 5,6 million related to the acquisition of MainManager and a NOK 19,1 million related to the acquisition of Entro IT.

Provisions for social security for share-based payments are included in public duties payable at NOK 2.3 million per 31.12.21, and NOK 0.7 million per 31.12.2020.

For trade and other payables ageing analysis, reference is made to note 4.3

Note 2.7 Contract assets and liabilities

ACCOUNTING POLICIES

Contract assets

A contract asset is initially recognized for revenue earned from rendering of services because the receipt of consideration is conditional on successful completion of the services. Upon completion of the services and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

The Group's contracts with customer are generally prepaid 12 months or less in advance. Hence, the Group has not recognised any contract assets for the periods presented. Reference is made to note 2.2.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract liabilities relate to payment received in advance for revenue from contracts with customers. Revenue is recognized when the group fulfils the performance obligations in the contract. Contract liabilities are shown in the table below:

	31.12.2021	31.12.2020	01.01.2020
All amounts in NOK thousands			
Contract liabilities related to SaaS subscription	32 630	8 424	1 735
Contract liabilities related to implementation and other services	30 106		
Total	**62 736**	**8 424**	**1 735**
Current contract liabilities	32 630	8 424	1 735
Non-current contract liabilities	30 106		

Changes in contract liabilities related to performance obligations			
At 1 January		8 424	1 735
Addition of new contract liabilities		164 511	71 395
Addition of new contract liabilities through acquisition		71 343	3 259
Performance obligations satisfied in the period		-181 543	-67 964
At 31 December		**62 736**	**8 424**

The Group's contract liabilities are mainly related to revenue from SaaS subscription which are generally prepaid 12 months or less in advance. However, certain implementation/set-up and on-boarding services are accounted for together with SaaS license, and not when these activities are performed or invoiced. Revenue related to implementation/set-up and on-boarding are deferred over a five-year period, corresponding to the expected lifetime of the contract.

The Group's contract liabilities that will be satisfied within 12 months are classified as current, whereas the portion of contracts liabilities expected to be satisfied in more than 12 months are classified as non-current. Reference is made to note 2.2. for further description.

Note 3.1 Intangible assets

ACCOUNTING POLICIES

The Group's intangible assets mainly comprise of technology, customer relationships acquired through the acquisition of subsidiaries and capitalized development costs related to development of Ørn Software's platform and other solutions part of the Group's intellectual property.

Intangible assets acquired

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Capitalization of internal development costs

Development expenditures on an individual project, which represents new applications/technology, are recognized as an intangible asset when the Group can demonstrate:

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

Other costs are classified as research and are expensed as incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when the asset is available for use and is amortized over the period of expected future benefit.

Significant accounting estimates, assumptions and judgements

Capitalization of internal development costs

Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. The assessment of when product development is capitalized is highly subjective, as the outcome of these projects may be uncertain.

Useful lives of intangibles assets

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The initial assessment and review of economic useful lives requires management to make estimates and assumptions on the Group's IP, technological developments and competition in the future.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of comprehensive income in the line for depreciation and amortization.

Climate related matters

Climate related matters are not expected to have a significant effect on the value of the Groups intangible assets.

All amounts in NOK thousands	Internally developed projects	Technology	Customer relationships	Total
Acquisition cost 1 January 2020	**52 853**	**38 741**		91 593
Additions	26 958			26 958
Additions through acquisitions (see note 6.2)	9 881	5 181	72 921	87 983
Disposals	-8 400			-8 400
Acquisition cost 31 December 2020	**81 291**	**43 922**	**72 921**	**198 134**
Additions	32 617			32 617
Additions through acquisitions (see note 6.2)	22 531	22 809	219 162	264 502
Disposals				-
Acquisition cost 31 December 2021	**136 439**	**66 731**	**292 083**	**495 253**

Acc. amortization & impairment 1 January 2020	**21 739**	**19 239**		40 978
Amortisation charge for the year	8 390	7 748		16 138
Acc. amortisation & impairment on disposals	-561			-561
Currency translation effects	24			24
Acc. amortization & impairment 31 December 2020	**29 592**	**26 987**	**-**	**56 579**
Amortisation charge for the year	17 056	11 089	16 421	44 567
Acc. amortisation & impairment on disposals				-
Currency translation effects	1 129	455	4 131	5 714
Acc. amortization & impairment 31 December 2021	**47 777**	**38 531**	**20 552**	**106 860**
Carrying amount 01.01.2020	**31 113**	**19 502**	**-**	**50 615**
Carrying amount 31.12.2020	**51 699**	**16 935**	**72 921**	**141 555**
Carrying amount 31.12.2021	**88 662**	**28 200**	**271 531**	**388 393**
Economic life	5 years	5 years	12 years	
Depreciation method	Linear	Linear	Linear	

The additions in 2020 and 2021 are mainly related to internal development of products.

The Group performs a range of research and development projects related to Ørn's products and solutions. Research and development expenses that were not capitalized are included in the consolidated statement of comprehensive income as other operating expenses.

Note 3.2 Goodwill and impairment considerations

ACCOUNTING POLICIES

Recognised goodwill in the Group is mainly derived from the acquisitions of Pixelwerk AS, View Software Sweden AB, MainManager Ehf and Entro IT AS in 2020 and the acquisition of Facility Management AS, Landax AS and Rapal Oy in 2021, see note 6.2 for more information.

Goodwill is an intangible asset which may not individually be recognised as an intangible asset due to the require-ments in IAS 38. The value of goodwill is primarily related to synergies, assembled workforce and their competency to generate and commercialize new technology as well as high growth expectations. Goodwill also arises due to the requirement to recognise deferred tax liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment considerations

Goodwill is not amortized, but subject to impairment testing. The testing is performed annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

All amounts in NOK thousands	**Goodwill**
Gross amount as at 1 January 2020	12 846
Additions through acquisition (see note 6.2)	27 686
Currency translation effects	
Gross amount as at 31 December 2020	**40 532**
Additions through acquisition (see note 6.2)	356 559
Currency translation effects	5 298
Gross amount as at 31 December 2021	**402 389**
Accumulated impairment as at 1 January 2020	
Impairment for the year	
Accumulated impairment as at 31 December 2020	-
Impairment for the year	
Accumulated impairment as at 31 December 2021	-
Carrying amount 01.01.2020	12 846
Carrying amount 31.12.2020	**40 532**
Carrying amount 31.12.2021	**402 389**

Goodwill is tested for impairment by groups of cash-generating units (CGU) equal to the defined operating segment in accordance with note 2.1 - Operating Segments.

Real Estate Management, Industrial Maintenance & Quality Control and Energy & Sustainability Management are defined as separate groups of cash-generating unit (CGU) within the Group. Reference is made to note 6.2 for further information on the business combinations.

Basis for determining the recoverable amount

The CGU's recoverable amount has been determined based on its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from the detailed budget and forecast calculations for the next five years approved by the Board of Directors. Restructuring activities and significant future investments are excluded from the budgets. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. The recoverable amount is sensitive to revenue growth in the forecast period, the discount rate, expected future cash flows and the terminal growth rate.

Impairment testing of goodwill

The calculation of value in use for the CGU's are most sensitive to the following assumptions:

- Recurring revenue growth
- Free cash flow margin (before tax)
- Pre-tax discount rate
- Terminal growth rate

Recurring Revenue growth

The expected growth in recurring revenues are based on the expected growth in the industry and the Group's market share. The growth forecast is based on management's expectations of future conditions in the markets incl. competition. The assumption is presented as the constant average growth rate over the forecast period. The growth rate from 2021 to 2022 is higher than the following periods due to a significant price increase planned for 2022 and changes to invoicing routines. The growth rate for 2022 is estimated at 10%, 25% and 18% respectively for the three CGU's. The growth rate is set at an annual 5% for the four following years for all three CGU's.

Gross free cash flow margin (before tax)

The gross free cash flow margin is determined from an analysis of historical levels before tax, adjusted for expected changes to employee benefit expenses, other expenses, capital expenditures and changes to working capital.

Discount rate

The discount rate reflects the current market assessment of the risks specific to the CGU. The pre-tax discount rate is estimated based on the weighted average cost of capital (WACC). The discount rate is considered to the approximately the same across all segments at a rate of 10%

Terminal growth rate

The terminal growth rate is the estimated long-term rate of growth in the economy where the business operates, aligned with long term global inflation targets. The applied growth rate to all the CGU's is 1%.

All amounts in NOK thousands Carrying amount of goodwill allocated to the CGU	Real Estate Management	Industrial maintenance & quality Control	Energy & sustainability management	Total
Carrying amount of goodwill as at 1 January 2020	12 846	-	-	12 846
Carrying amount of goodwill as at 31 December 2020	29 833	7 035	3 664	40 532
Carrying amount of goodwill as at 31 December 2021	329 710	69 014	3 664	402 389

The majority of the goodwill presented in the table above derives from recent acquisitions. The acquired companies are performing according to the business case related to the acquisitions. Further improvement from synergies within the group are expected in the short-term.

Sensitivity analysis

The Group has prepared a sensitivity analysis of the impairment tests to changes in the key assumptions which are terminal growth rate, recurring revenue growth rate and discount rate. Any reasonably possible changes in the key assumptions would not cause the aggregate carrying amount exceeding the recoverable amount. A sensitivity analysis indicates that goodwill values would be justifiable even if the terminal growth rate were to fall below one percent, or the discount rate appreciate to 15%. Impairment testing has indicated no existing impairment requirements for goodwill.

Note 3.3 Property, plant and equipment

ACCOUNTING POLICIES

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the PP&E and borrowing costs for similar construction projects if they meet the recognition criteria. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

All amounts in NOK thousands	Furniture and equipment	Total
Acquisition cost 1 January 2020	4 849	4 849
Additions	929	929
Additions through acquisition	177	177
Disposals	-1 826	-1 826
Acquisition cost 31 December 2020	**4 130**	**4 130**
Additions	212	212
Additions through acquisition	914	914
Disposals	-295	-295
Acquisition cost 31 December 2021	**4 961**	**4 961**
Acc.dep. & impairment 1 January 2020	3 532	3 532
Depreciation for the year	683	683
Impairment for the year	-	-
Depreciation on disposals	-1 826	-1 826
Currency translation effects	0	0
Acc.dep. & impairment 31 December 2020	**2 390**	**2 390**
Depreciation for the year	1 087	1 087
Impairment for the year	-	-
Depreciation on disposals	-295	-295
Currency translation effects	-9	-9
Acc.dep. & impairment 31 December 2021	**3 173**	**3 173**
Carrying amount 01.01.2020	**1 317**	**1 317**
Carrying amount 31.12.2020	**1 740**	**1 740**
Carrying amount 31.12.2021	**1 788**	**1 788**
Economic life	3-10 years	
Depreciation method	Linear	

The Group assess, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. No indicators for impairment of property, plant and equipment were identified in 2021 or 2020.

Right-of-use assets are presented in note 3.4.

Note 3.4 Right-of-use assets and lease liabilities

ACCOUNTING POLICIES
At 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

The Group as a lessee
At the 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 operating expenses in the statement of comprehensive income.

Leases coupled together with non-lease components
The Group applies the practical expedient, by class of underlying asset, to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Measuring the lease liability
The lease liability is initially measured 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 to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:
- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

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 presents its lease liabilities under the line items “interest-bearing liabilities” in the statement of financial position. Cash flows related to payments for the principal portion of the lease liability are classified within financing activities.

Measuring the right-of-use asset
The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding

amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (note 3.1). 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. Depreciation is calculated on a straight-line basis.

The Group presents its right-of-use assets as separate line items in the statement of financial position.

The Group's leased assets

Ørn Software Holding has leases mainly related to office space, parking spaces and office machines.

The Group's right-of-use assets are recognised in the consolidated statement of financial position separately from PPE and presented in the table below:

All amounts in NOK thousands	Office Buildings	Fixtures, office machinery etc.	Total
Right-of-use assets			
Balance as at 1 January 2020	7 554		**7 554**
Additions	2 957	437	**3 394**
Additions through acquisitions	4 581		**4 581**
Deprecation	- 2 989	- 44	**- 3 033**
Currency translation effects	22		**22**
Carrying amount 31 December 2020	**12 125**	**394**	**12 518**
Additions	1 039		**1 039**
Additions through acquisitions	12 466		**12 466**
Deprecation	- 6 432	- 87	**- 6 520**
Currency translation effects	- 196		**- 196**
Carrying amount 31 December 2021	**19 001**	**306**	**19 307**
Remaining lease term or useful life	2-10 years	5 years	
Depreciation plan	Straight-line	Straight-line	

The Group presents its lease liabilities under non-current interest-bearing liabilities the statement of financial position. The Group's liabilities are presented in the table below:

All amounts in NOK thousands		Total
Change in the lease liabilities		
Balance as at 1 January 2020		7 554
New leases recognised during the period (Additions)		3 394
New leases recognised during the period (Additions through acquisitions)		4 581
Cash payments		- 3 384
Accretion of interest		589
Currency translation effects		22
Total lease liabilities 31 December 2020		**12 757**
New leases recognised during the period (Additions)		1 039
New leases recognised during the period (Additions through acquisitions)		12 466
Cash payments		- 7 301
Accretion of interest		1 146
Currency translation effects		- 199
Total lease liabilities 31 December 2021		**19 907**

Classification non-current vs current (in NOK 1000)	2001	2020
Current lease liabilities in the financial position	7 391	4 352
Non-current lease liabilities in the financial position	12 516	8 405

Maturity of lease liabilities

For undiscounted lease liabilities and maturity of cash outflows, see note 4.3

Summary of other lease expenses recognised in profit or loss	2021	2020
Short-term lease expenses	348	28
Low-value assets lease expenses	461	204
Variable lease expenses in the period (not included in the lease liabilities)	-	-
Total lease expenses included in other operating expenses	**809**	**232**

Extension, termination and purchase options

The Group has several lease contracts of office buildings that include extension and termination options. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

As of 31 December 2021, the Group has evaluated that it is not reasonable to exercise extension options related to lease of one office buildings. The Group has also evaluated that it is reasonable to not exercise termination option related to any of the leases. The Group does not have any lease contracts that includes purchase options.

Undiscounted potential future rental payments	Total
All amounts in NOK thousands	
Periods covered by extension options expected not to be exercised	5 065
Periods covered by termination options expected to be exercised	-
Total undiscounted potential future rental payments as of 31.12.2021	**5 065**

Note 4.1 Financial instruments

ACCOUNTING POLICIES

Classification of financial instruments
The Groups' financial instruments are grouped in the following categories:

Financial assets
- Financial assets measured subsequently at amortized cost includes mainly trade and other receivables and cash and cash equivalents.

Trade and other receivables are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortised cost.

Financial liabilities
- Financial liabilities measured subsequently at amortised cost includes trade and other payables and other financial liabilities

Initial recognition and subsequent measurement
The Group's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment, when the instruments are de-recognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

The Group's financial assets at amortised cost include trade and other receivables. Trade receivables do not contain a significant financing component and are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Impairment of financial assets
Financial assets valued at amortised cost are subsequently impaired by recognising an allowance for expected credit losses (ECLs). The Group's financial assets consist mainly of trade and other receivables and hence, the Group applies a simplified approach in calculating ECLs where the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors (or Group of debtors) and the economic environment.

De-recognition of financial instruments
A financial asset is de-recognized when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or The Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

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

All amounts in NOK thousands	Note	Financial instruments at amortised cost	Financial instruments at fair value through profit or loss	Total
31 December 2021				
Trade and other receivables		26 199		-
Other non-current receivables		1 684		-
Cash and cash equivalents		134 456		-
Total financial assets		**162 339**	**-**	**-**
Interest-bearing liabilities		428 626		-
Other financial liabilities		-	24 093	24 093
Trade and other payables		49 164		-
Total financial liabilities		**477 790**	**24 093**	**24 093**

All amounts in NOK thousands	Note	Financial instruments at amortised cost	Financial instruments at fair value through profit or loss	Total
31 December 2020				
Trade and other receivables		16 742		-
Other non-current receivables		-		-
Cash and cash equivalents		- 65 289		-
Total financial assets		**- 48 547**	**-**	**-**
Interest-bearing liabilities		129 310		-
Other financial liabilities		24 714		-
Trade and other payables		27 815		-
Total financial liabilities		**181 839**	**-**	**-**

All amounts in NOK thousands	Note	Financial instruments at amortised cost	Financial instruments at fair value through profit or loss	Total
1 January 2020				
Trade and other receivables		3 609		-
Other non-current receivables		250		-
Cash and cash equivalents		2 320		-
Total financial assets		**6 179**	**-**	**-**
Interest-bearing liabilities		25 174		-
Other financial liabilities		-		-
Trade and other payables		1 735		-
Total financial liabilities		**26 909**	**-**	**-**

Note 4.2 Interest-bearing liabilities

Specification of the Group's interest-bearing liabilities:

	Interest rate	Maturity	31.12.2021	31.12.2020	01.01.2020
All amounts in NOK thousands					
Ture Invest (SEK)	8,5	Nov. 2024	116 899	120 698	
Ture Invest (SEK)	8,5	Mar. 2025	45 243		
Ture Invest (EUR)	8,5	Jul. 2025	244 298		
- Incremental borrowing costs capitalized			- 9 015	- 4 144	
Lease liability (note 3.4)	6		12 516	8 405	5 392
Other interest-bearing liabilities			11 295		13 712
Non-current interest-bearing liabilities			**421 235**	**124 959**	**19 104**
Ture Invest (SEK)					
Ture Invest (EUR)					
Lease liability, due within 12 months (note 3.4)			7 391	4 352	2 162
Other interest-bearing liabilities					3 908
Current interest-bearing liabilities			**7 391**	**4 352**	**6 070**

The Group holds a SEK 500 million (or its equivalent in EUR) note facility agreement with Ture Invest AB, pursuant to which Ørn Software AS has issued and may issue senior secured loan notes. The notes issues are governed by certain terms and conditions (the "Terms and Conditions"). The notes are subject to an interest consisting of a combination of (i) STIBOR for SEK notes and EURIBOR for EUR notes, (ii) cash interest of 4.75%, and (iii) PIK (compound) interest of 3.75%. Any early redemption of the notes by Ørn Software AS is subject to payment of redemption fees/ break costs to compensate the noteholders for loss of interest income, as well as payment of a premium on the outstanding notes.

Covenant requirements

The Terms and Conditions contains restrictive covenants on Ørn Software Holding AS and its subsidiaries relating to, amongst other things, payment of dividends and other distributions, related party transactions, compliance with law, grant of security and disposals as well as on the Group relating to incurrence of additional indebtedness, further investments, changes to the Group's business and grant of loans.

The Group has to comply with a financial maintenance covenant related to the maximum leverage ratio. Maximum leverage ratio (i.e. total net debt divided by pro forma EBITDAC adjusted for exceptional, one off, non-recurring and extraordinary items and other agreed adjustments) should not exceed a ratio of 8.00:1 from Q2 2021, which will gradually decrease each subsequent quarter down to 5.00:1 in Q1 2023 and each subsequent quarter.

As of 31 December 2021, the Group was in compliance with the financial covenants described above.

Assets pledged as security for secured liabilities

Pursuant to the Terms and Conditions, the Company and its subsidiaries have granted first priority share pledges over most of the companies in the Group, first priority security over any loans from the Company to Ørn Software AS, as well as security over Ørn Software AS's bank accounts, loans to subsidiaries, operating assets, inventory and customer receivables (factoring), in each case in favor of the noteholders.

The reconciliation of changes in liabilities incurred as a result of financing activities are presented in note 4.3

Note 4.3 Ageing of financial liabilities

Contractual undiscounted cash flows from financial liabilities, including interest payments is presented below:

Amounts in NOK thousands	Remaining contractual maturity					
	Less than 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**More than 5 years**	**Total**
31.12.2021						
Bond loan	20 358	21 234	160 356	341 102		**543 051**
Other interest-bearing liabilites	702	1 202	1 228	4 970	13 493	**21 595**
Trade and other current financial liabilities	73 257					**73 257**
Lease liabilities	8 302	6 044	3 020	1 469	3 595	**22 430**
Total financial liabilities	**102 619**	**28 480**	**164 604**	**347 542**	**17 088**	**660 333**
31.12.2020						
Bond loan	5 342	5 518	5 746	131 529		**148 134**
Trade and other current financial liabilities	46 949					**46 949**
Lease liabilities	5 008	4 230	2 716	1 626	549	**14 129**
Total financial liabilities	**57 298**	**9 748**	**8 462**	**133 155**	**549**	**209 212**
01.01.2020						
Bond loan						-
Other interest-bearing liabilites	17 620					**17 620**
Trade and other current financial liabilities	12 300					**12 300**
Lease liabilities	2 557	2 557	1 779	775	775	**8 442**
Total financial liabilities	**32 477**	**2 557**	**1 779**	**775**	**775**	**38 362**

Reconciliation of changes in liabilities incurred as a result of financing activities:

Amounts in NOK thousands	Non-cash changes						
	1 January 2021	Cash flow effects	Business combination	Foreign exchange movement	New leases	Other	31 December 2021
Non-current interest-bearing debt	116 554	284 282	19 363	- 14 597		3 118	408 719
Non-current lease liability (note 3.4)	8 405		9 522	- 106		- 5 305	12 516
Non-current interest-bearing liabilities	**124 959**	**284 282**	**28 885**	**- 14 704**	**-**	**- 2 187**	**421 235**
Current-interest-bearing debt	-						-
Current lease liability (note 3.4)	4 352	- 7 301	2 943	- 93	1 039	6 451	7 391
Current interest-bearing liabilities	**4 352**	**- 7 301**	**2 943**	**- 93**	**1 039**	**6 451**	**7 391**

	Non-cash changes						
	1 January 2020	Cash flow effects	Business combination	Foreign exchange movement	New leases	Other	31 December 2021
Non-current interest-bearing debt	13 712	102 187		- 353		1 007	116 554
Non-current lease liability (note 3.4)	5 392		3 320	13	2 733	- 3 054	8 405
Non-current interest-bearing liabilities	**19 104**	**102 187**	**3 320**	**- 340**	**2 733**	**- 2 047**	**124 959**
Current-interest-bearing debt	3 908	- 3 908					-
Current lease liability (note 3.4)	2 162	- 3 384	1 261	9	661	3 643	4 352
Current interest-bearing liabilities	**6 070**	**- 7 292**	**1 261**	**9**	**661**	**3 643**	**4 352**

The “other” column includes the effect of reclassification of non-current portion of the lease liabilities and accrued interest and amortization.

Note 4.4 Fair value measurement

ACCOUNTING POLICIES

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 on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, contract assets and contract liabilities, government grants and trade and other payables, and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk free interest rates. The fair values of the Group's interest-bearing debt are similar to carrying amount, as the interest rates are floating and the own non-performance risk as of 31 December 2021 was assessed to be insignificant.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Liabilities disclosed at fair value	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Other current financial liabilities	31.12.2021	24 093	24 093			•
Other current financial liabilities	31.12.2020					
Other current financial liabilities	01.01.2020					

Classified as fair value over profit and loss is the contingent consideration related to the earn-out for Rapal Oy of NOK 24.1 million to be settled by the end of March 2022. The fair value is calculated using an expected cash flow model.

Note 4.5 Cash and cash equivalents

ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

All amounts in NOK thousand	31.12.2021	31.12.2020	01.01.2020
Bank deposits, unrestricted	131 190	63 323	886
Bank deposits, restricted	3 266	1 966	1 433
Total in the statement of financial position	**134 456**	**65 289**	**2 320**

In addition, the Group has a bank deposit of NOK 35 million (16,6 million in 2020) subject to approval from Ture Invest AB before use, with a corresponding debt position. This amount is included in the total cash balance as of 31.12.

Note 4.6 Finance income and expenses

ACCOUNTING POLICIES

Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as foreign exchange loss or foreign exchange gain in finance income or finance costs, except for currency translation effects from translation of foreign subsidiaries and the parent company which are presented within OCI. For other accounting policies related to the underlying financial instruments, reference is made to note 4.1

Interest costs on lease liabilities represents the interest rate used to measure the lease liabilities recognised in the consolidated statement of financial position (see note 3.4 for further information).

All amounts in NOK thousand	2021	2020
Finance income		
Interest income	67	19
Other finance income	- 165	685
Foreign exchange gain	26 242	75
Total financial income	**26 144**	**779**

All amounts in NOK thousand	2021	2020
Finance expenses		
Interest expenses	24 236	2 319
Interest expense on lease liabilities	1 146	589
Foreign exchange loss	16 860	982
Other finance costs	2 363	162
Total financial expenses	**44 605**	**4 052**

Interest income and expenses

Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on external financing and lease liabilities, measured and classified at amortised cost in the consolidated statement of financial position. Of the NOK 24.2 million interest expense in 2021, 10.4 is accumulated PIK interest (i.e. not paid).

Foreign exchange gain and loss

Foreign exchange gains and losses largely stems from exchange rate fluctuations in interest-bearing debt denominated in SEK and EUR.

Other finance costs

Other finance costs mainly consist of deferred costs related to interest-bearing debt.

Note 4.7 Share capital and shareholders information

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a healthy working capital and financial stability in order to support its growing business operations and to maximise shareholder value.

The share capital in Ørn Software Holding AS consists of the following:

Share capital in Ørn Software Holding AS	Number of shares issued and fully paid	Par value per share (NOK)	Carrying amount
At 1 January 2020	**30**	**1 000**	**30 000**
Share capital decrease	-30	1 000	-30 000
Share capital increase	47 905 945	0,1	4 790 595
Share capital increase	12 844 280	0,1	1 284 428
At 31 December 2020	**60 750 225**	**0,1**	**6 075 023**
Share capital increase 16 February	1 300 247	0,1	130 025
Share capital increase 25 March	23 892 497	0,1	2 389 250
Share capital increase 29 June	1 992 588	0,1	199 259
Share capital increase 27 August	6 462 980	0,1	646 298
At 31 December 2021	**94 398 537**	**0,1**	**9 439 854**

On 16 February the company issued 1,300,247 new shares, with a fair value of NOK 5,580,000. The shares were used to settle the sellers credit related to the acquisition of MainManager Ehf.

On the 25 March 2021, the Company issued 23,892,497 shares, resulting in a net capital increase of NOK 250,125,291.23. Transaction costs (pre-tax) totaled NOK 16,451,113.10.

On the 14 May 2021, an extraordinary general meeting approved and granted an authorization to the Board of Directors to increase the company's share capital by up to NOK 1,718,859.40 corresponding to approximately 20% of the Company's current share capital (valid until 14 May 2023). The authorization effectively replaced the former authorization. Such authorization provides the Board of Directors flexibility to finance further growth.

During the third quarter of 2021, the Company issued 1,992,588 new shares, with a fair value of NOK 21,700,000. The shares were used to settle the sellers credit related to the acquisition of Landax AS. In addition, the company issued 6,462,980 new shares with a fair value of NOK 75,439,091. The shares were used to settle the sellers credit related to the acquisition of Rapal Oy.

No distributions were made to shareholders in the current or prior period. Further, there are no purposed dividends.

Shareholders in Ørn Software Holding AS at 31 December 2021	Total shares	Ownership/ voting rights
VIKING VENTURE 11 AS	16 579 678	17,56 %
VIKING VENTURE 11B AS	13 019 385	13,79 %
BREIANGEN AS	6 139 075	6,50 %
State Street Bank and Trust Comp	5 854 576	6,20 %
MEKATRONIKK HOLDING AS	5 211 760	5,52 %
CLEARSTREAM BANKING S.A.	5 032 904	5,33 %
Danske Bank A/S	4 716 982	5,00 %
Carnegie Investment Bank AB	3 689 419	3,91 %
Danske Bank A/S	3 385 533	3,59 %
Citibank, N.A.	3 037 827	3,22 %
VIND EQUITY AS	2 850 000	3,02 %
Nordea Bank Abp	2 004 067	2,12 %
Nordnet Bank AB	1 996 110	2,11 %
Brown Brothers Harriman & Co.	1 893 936	2,01 %
STELLANOR	1 652 996	1,75 %
Carnegie Investment Bank AB	1 557 822	1,65 %
PIXELWERK INVEST AS	1 237 782	1,31 %
Skandinaviska Enskilda Banken AB	1 100 000	1,17 %
TPB HOLDING AS	1 016 220	1,08 %
BERGET HOLDING AS	966 699	1,02 %
Other	11 455 766	12,14 %
Total	**94 398 537**	**100 %**

All shares are ordinary and have the same voting rights and rights to dividends.

Shareholders in Ørn Software Holding AS at 31 December 2020	Total shares	Ownership/ voting rights
Viking Venture 11 AS	20 719 834	34,11 %
Viking Venture 11b AS	16 270 491	26,78 %
Viking Venture 11,5 AS	804 586	1,32 %
Breiangen AS	7 534 916	12,40 %
Mekatronikk Holding AS	6 260 283	10,30 %
Stellanor NUF	1 985 553	3,27 %
Pixelwerk Invest AS	1 237 782	2,04 %
Berget Holding As	1 074 111	1,77 %
Code Zero AS	796 092	1,31 %
Erik Harstad AS	468 750	0,77 %
VALØ Invest AS	455 523	0,75 %
Belle Époque Invest AS	369 421	0,61 %
Novund AS	325 201	0,54 %
Gewi Invest AS	269 323	0,44 %
Magne Syrstad	240 962	0,40 %
Yearbay Invest AS	189 594	0,31 %
Egeberg Invest AS	182 303	0,30 %
Jedski AS	161 501	0,27 %
Oxymoron AS	156 250	0,26 %
Kaare Olsen Invest AS	153 497	0,25 %
Other	1 094 252	1,80 %
Total	**60 750 225**	**100 %**

Shares held by Members of the Board and Senior Executives at 31 December 2021

Name	Title	No. of shares	Ownership/ voting rights (%)
Sten-Roger Karlsen (Belle Époque Invest AS)	CEO	387 421	0,41 %
Vidar André Løken (VALØ Invest AS)	CFO	271 888	0,29 %
Christina Roselló (Rosello Invest AS)	VPPC	80 806	0,09 %
Torgeir Pedersen	CPO	62 774	0,07 %
Nicolas Iannone (DPDO Venture AS + Pixelwerk Invest AS)	VPS	1 277 782	1,35 %
Ole Jørgen Aarvik (Yearbay Invest AS)	VPCS	189 594	0,20 %
Kaare Olsen (Kaare Olsen Invest AS)	CTO	163 747	0,17 %
Joar Welde	Chairman of the Board		0,00 %
Erik Fjellvær Hagen	Board Member		0,00 %
Anne Lise Waal (Waal Snertingdalen AS)	Board Member	9 523	0,01 %
Berit Lid Scharff (Onyvamos AS)	Board Member	8 000	0,01 %
Terje Wibe (Camiveo AS)	Board Member	23 809	0,03 %
Total		**2 434 012**	**2,58 %**

Shares held by Members of the Board and Senior Executives at 31 December 2020

Company/Name (Name)	Title	No. of shares	Ownership/ voting rights (%)
Sten-Roger Karlsen (Belle Époque Invest AS)	CEO	369 421	0,61 %
Vidar André Løken (VALØ Invest AS)	CFO	455 523	0,75 %
Christina Roselló (Rosello Invest AS)	VPPC	74 556	0,12 %
Torgeir Pedersen	CPO	106 794	0,18 %
Nicolas Iannone (DPDO Venture AS + Pixelwerk Invest AS)	VPS	1 277 782	2,10 %
Ole Jørgen Aarvik (Yearbay Invest AS)	VPCS	189 594	0,31 %
Kaare Olsen (Kaare Olsen Invest AS)	CTO	153 497	0,25 %
Joar Welde	Chairman of the Board		0,00 %
Roger Larsen (Stellarnor)	Board Member	1 985 553	3,27 %
Pål Marius Rødseth (Oxymoron AS)	Board Member	156 250	0,26 %
Andreas Loktu	Board Member		0,00 %
Widar Salbuvik (Breiangen AS)	Board Member	7 534 916	12,40 %
Total		**12 303 886**	**4,32 %**

* Included in No. of shares are shares owned both directly or indirectly through a fully or partially owned company, where the relevant management owns a significant portion of the shares or voting rights.

Note 4.8 Capital and Risk Management

Financial risk

The Group's principal financial liabilities comprise interest bearing debt, lease liabilities, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations. The Group does not hold derivative financial instruments. The Group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Group seeks to minimise potential adverse effects of such risks through sound business practice and risk management. Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarised below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include interest bearing debt, cash and cash and cash equivalents, trade receivables, lease liabilities and trade and other payables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bond loan (as further described in note 4.2 "Interest-bearing liabilities") which have base interest rates in STIBOR (for loan notes denominated in SEK) and EURIBOR (for loan notes denominated in EUR). The Group does not currently hedge the base interest rates. The current interest rate environment is low and the Group may enter into contracts to offset some of the risk depending on the future expected interest rates. Changes in the interest rate may affect future investment opportunities.

Interest rate sensitivity

The sensitivity to a possible change in interest rates related to the Group's bond loan, with all other variables held constant, on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

All amounts in NOK thousand **Interest rate sensitivity: (EURIBOR01)**	**Increase / decrease in basis points**	**Effect on profit before tax (+/-) (NOK thousands)**	**Effect on equity (NOK thousands)**
31 December 2021	+/- 100	1 787	-
31 December 2020	+/- 100	577	-
1 January 2020	+/- 100	252	-

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's bond loan which are denominated in SEK and EUR, the Group's operating activities (revenue and expenses denominated in a foreign currency) and the Group's net investments in foreign subsidiaries which has functional currency in NOK, SEK, DKK, EUR, ISK.

The Group does not hedge currency exposure with the use of financial instruments at the current time, but monitors the net exposure over time.

Foreign currency sensitivity
The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates related to the Group's bond loans in SEK and EUR in the period, holding all other variables constant:

All amounts in NOK thousand Foreign currency sensitivity	Date	Change in FX rate	Effect on profit before tax (+/-) (NOK thousands)	Effect on equity (NOK thousands)
Increase / decrease in NOK/SEK	31.12.2021	+/- 10%	16 214	-
Increase / decrease in NOK/EUR	31.12.2021	+/- 10%	24 428	-
Increase / decrease in NOK/SEK	31.12.2020	+/- 10%	12 052	-
Increase / decrease in NOK/SEK	01.01.2020	+/- 10%	-	-

10 % is used as it is considered to be a reasonable fluctuation in SEK/NOK and EUR/NOK based on calculations on previous years as well as an assessment of facts and circumstances per 31 December 2021 variance.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its working capital, overdue trade receivables and establishing credit facilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of excess liquidity from operations and additional financing through establishment of credit facilities and bond loans. The Group has a positive cash flow from operating activities, including a steady revenue stream and cash reserves which limits its liquidity risk. Furthermore, the Group has an unused overdraft facility with Nordea of NOK 7 million.

The provisions of the Group's bond loan contain financial covenants to be maintained by the Group. Failure to comply with such financial covenants, and other provisions of the terms and conditions for the Group's bond loan, may imply a right for the lenders to declare the amounts outstanding as immediately due and payable. Any such acceleration of the outstanding debt will have a material adverse effect on the liquidity position of the Group.

An overview of the maturity profile of the Group's financial liabilities with corresponding cash flow effect is presented in note 4.3.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is mainly exposed to credit risk from its operating activities.

In order to offset the risk on trade receivables the Group may receive advance payment. Additionally, the Group manage its credit risks by trading with creditworthy third parties. It is the Group's policy that all customers wishing to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Group obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to losses has been low.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance. For an overview of the ageing of trade receivables and the expected credit losses recognised for trade receivables see note 2.5.

4.9 Share-based payment

ACCOUNTING POLICIES
Key management of the Group receive remuneration in the form of share-based payments, whereby management render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (the Black-Scholes-Merton Model).

That cost is recognized as an employee benefit expense, together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Transaction in which the entity has the choice of settlement in cash
Where the Group has choice of settlement, the accounting treatment is binary – in other words the whole transaction is treated either as cash-settled or as equity-settled, depending on whether or not the entity has a present obligation to settle in cash.

IFRS 2 requires a transaction to be treated as a liability (and accounted for using the rules for cash-settled transactions) if:
- the choice of settlement has no commercial substance (for example, because the entity is legally prohibited from issuing shares);
- the entity has a past practice or stated policy of settling in cash; or
- the entity generally settles in cash whenever the counterparty asks for cash settlement.

Significant accounting judgements
The Company will issue new ordinary shares in the Company, or transfer from its holding of own ordinary shares (if any) for the purpose of fulfilling its obligations under the option program.
In the event that an offer for all the shares in the Company is completed the Company (and the Option Holder if the Company no longer shall be Listed) shall be entitled to require that all of the Options are settled against payment of a cash amount. This however, is not considered probable.

Option program
Equity settled programs: In 2017 and 2020, the Group entered into a share option program covering certain employees in senior positions (key personnel). As at 31.12.2021, 7 employees were included in the option program. A total of 4 669 527 options are included in the stock option program. The options are divided into 36 tranches and will vest monthly.

Movements during the year

The following tables illustrate the number and exercise prices of, and movements in, share options during the year:

Outstanding options 1 January	2021	2020
Options granted	4 752 500	3 252 500
Options forfeited		1 500 000
Options exercised*		
Options expired	-82 973	
Outstanding options 31 December	**4 669 527**	**4 752 500**
Exercisable at 31 December	3 711 194	2 955 660

*The weighted average share price at the date of exercise of these options was NOK 10,5.

The weighted average remaining contractual life for the options outstanding as at 31 December 2021 was 4 years (2020: 5 years).

The weighted average fair value of options granted during the year was NOK 0 (2020: NOK 3,2).

Overview of outstanding options at 31 December 2021	Exercise price (NOK)	Number of oustanding options
Expiry date 09.11.2025	1,51	3 169 527
Expiry date 09.11.2025	3,2	1 500 000
Outstanding options 31 December		**4 669 527**

Overview of outstanding options at 31 December 2020		
Expiry date 09.11.2025	1,51	3 252 500
Expiry date 09.11.2025	3,2	1 500 000
Outstanding options 31 December		**4 752 500**

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the options, volatility and dividend yield and making assumptions about them. Due to limited historical data and liquidity these assumptions include significant estimates by management.

Assumptions used to determine fair value of option grants

The following table lists the inputs to the model used for the plan for the years ended 31 December 2021 and 2020, respectively:

	2021	2020
Dividend yield (%)	0 %	0 %
Expected volatility (%)	25 %	25 %
Risk–free interest rate (%)	1,25 %	1,25 %
Expected life of share options (years)	3	3
Weighted average share price (NOK)	6,19	3,20
Weighted average exercise price (NOK)	2,04	2,04
Model used	BSM	BSM

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

4.10 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that might be issued under the equity-settled share-based option program.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

NOK	2021	2020
Profit or loss attributable to ordinary equity holders - for basic EPS	-38 938 250	-6 984 017
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution*	-38 938 250	-6 984 017
Weighted average number of ordinary shares - for basic EPS	83 583 450	48 541 612
Weighted average number of ordinary shares adjusted for the effect of dilution	88 294 464	52 007 810
Basic EPS - profit or loss attributable to equity holders of the Company	**-0,47**	**-0,14**
Diluted EPS - profit or loss attributable to equity holders of the Company*	**-0,47**	**-0,14**

*The Group has issued equity - settled share-based options (see note 4.9) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

Note 5.1 Taxes

ACCOUNTING POLICIES

Current income tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognized in equity (OCI) and not in the statement of profit or loss.

Deferred tax

Deferred tax assets and deferred tax liabilities are calculated based on the differences between the basis for tax assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date, with the exception of:

- initial recognition of goodwill, initial recognition of an asset or liability in a transaction which is not a business combination, and is not at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

All amounts in NOK thousands

Reconciliation deferred tax assets			
Deferred tax assets recognized in balance sheet 01.01.2020			-
Additions from acquisitions			
Tax recognized in the income statement			
Deferred tax assets recognized in balance sheet 31.12.2020			-
Additions from acquisitions			
Tax recognized in the income statement			
Deferred tax assets recognized in balance sheet 31.12.2021			-
Reconciliation Deferred tax liabilities			
Deferred tax liabilities recognized in balance sheet 01.01.2020			**4 222**
Additions from acquisitions			9 384
Tax recognized in the income statement			1 500
Currency translation effects			
Deferred tax liabilities recognized in balance sheet 31.12.2020			**15 106**
Additions from acquisitions			20 364
Tax recognized in the income statement			8 005
Currency translation effects			
Deferred tax liabilities recognized in balance sheet 31.12.2021			**43 475**

Current income tax expense:		2021	2020
Tax payable recognized in the income statement		405	63
Change deferred tax/deferred tax assets (ex. OCI effects)		- 8 410	- 1 563
Total income tax expense		**- 8 005**	**- 1 500**

In NOK 1000

Deferred tax liabilities:	31.12.2021	31.12.2020	01.01.2020
Property, plant and equipment	296 361	91 080	27 270
Right-of-use assets (IFRS 16)	- 603	- 238	
Other current assets	2 298	1 688	763
Liabilities	- 45 561	3 503	- 1 850
Losses carried forward (including tax credit)	- 54 881	- 27 371	- 6 994
Basis for deferred tax liabilities:	**197 614**	**68 663**	**19 190**
Deferred tax liabilities recognized in balance sheet	**43 475**	**15 106**	**4 222**

Reconciliation of income tax expense:		2021	2020
Income tax expense at corporate income tax rate in Norway (22%)		- 10 328	- 1 866
Effect of tax rates outside Norway		- 317	- 4
Non-taxable and non-deductible items		- 24	371
Deferred tax assets not recognized current year		2 664	-
Recognized income tax expense		**- 8 005**	**- 1 500**

Note 6.1 Group companies

The following subsidiaries are included in the consolidated financial statements as of 31 December 2021:

Consolidated entities 31.12.2021	Country	Ownership	Registered office
Ørn Software AS	Norway	100 %	Bassengbakken 4, 7042 Trondheim, Norway
Ørn Software Sweden AB	Sweden	100 %	Helsingborgsvägen 45, 262 72, Ängelholm, Sweden
Ørn Software Ehf	Iceland	100 %	Urdarhvarf 6, 203, Kópavogur, Iceland
MainManager Norge AS	Norway	100 %	Tordenskiolds gate 2, 0160 Oslo, Norway
Ørn Software ApS	Denmark	100 %	Strandesplanaden 110, 2665 Vallensbæk Strand, Denmark
Entro AB	Sweden	100 %	Helsingborgsvägen 45, 262 72 Ängelholm, Sweden
Facility Management AS	Norway	100 %	Hjalmar Johansens gate 23, 9007 Tromsø, Norway
Landax AS	Norway	100 %	Borgeskogen 12, 3160 Stokke, Norway
Rapal Oy	Finland	100 %	Hevosenkenkä 3, 02600 Espoo, Finland
Ørn Software Holding Oy	Finland	100 %	Hevosenkenkä 3, 02600 Espoo, Finland
Optimaze Inc	USA	100 %	535 Mission Street #1517, San Francisco, CA 94105, USA

The following subsidiaries are included in the consolidated financial statements as of 31 December 2020

Consolidated entities 31.12.2020	Country	Ownership	Registered office
Ørn Software AS	Norway	100 %	Bassengbakken 4, 7042 Trondheim, Norway
Ørn Software Sweden AB	Sweden	100 %	Helsingborgsvägen 45, 262 72, Ängelholm, Sweden
Ørn Software Ehf	Iceland	100 %	Urdarhvarf 6, 203, Kópavogur, Iceland
MainManager Norge AS	Norway	100 %	Tordenskiolds gate 2, 0160 Oslo, Norway
Ørn Software ApS	Denmark	100 %	Strandesplanaden 110, 2665 Vallensbæk Strand, Denmark
Entro IT AS	Norway	100 %	Bassengbakken 4, 7042 Trondheim, Norway
Entro AB	Sweden	100 %	Helsingborgsvägen 45, 262 72 Ängelholm, Sweden

The following subsidiaries are included in the consolidated financial statements as of 1 January 2020

Consolidated entities 01.01.2020	Country	Ownership	Registered office
Ørn Software AS	Norway	100 %	Bassengbakken 4, 7042 Trondheim, Norway

6.2 Business combinations

ACCOUNTING POLICIES

A business combination is as a transaction or other event in which an acquirer obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combinations are accounted for according to IFRS 3 using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at acquisition date according to IFRS 13, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units, and tested subsequently for impairment.

In a business combination, the assets acquired and liabilities assumed are valued at fair value at the time of acquisition. The various assets and liabilities are valued on the basis of different models, requiring estimates and assumptions to be made. Goodwill is the residual value in this allocation. Errors in estimates and assumptions can lead to an error in the split of the value between the various assets and liabilities incl. goodwill, but the sum of the total excess values will always be consistent with the purchase price paid.

The economic useful life of intangible assets acquired in a business combination are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment or changes to the amortisation period as described in note 3.1. The assumptions applied to determining the economic useful lives in a business combination may involve considerable estimates such as future innovations and developments to software and technology.

Acquisitions during 2021	**Main business activity**	**Date of business combination**	**Voting equity acquired**	**Acquiring entity**
Company/Group				
Facility Management AS	REM	08.03.2021	100 %	Ørn Software AS
Landax AS	IMQC	08.06.2021	100 %	Ørn Software AS
Rapal	REM	09.07.2021	100 %	Ørn Software AS

6.2 Business combinations (Continued)

Facility Management AS
Ørn Software acquired 100% of the voting shares of Facility Management AS (Facilit) on March 8, 2021. Facility Management AS (Facilit) was established in 1999. The company has 12 employees in Tromsø and Tønsberg and 174 customers. Facilit develops software for facility management, with customers in many industries across Norway and will strengthen our segment in Real Estate Management. The acquisition gives Ørn Software a 39% share of the Norwegian facility management market. The acquisition also provides Ørn with 12 highly skilled employees in Tromsø and Tønsberg. Globally, this is a rapidly expanding business area, and even better systems for sustainable management, operations, maintenance and development of property will be required in the future.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Ørn Software obtained control of the legal entity, 8 March. For tax and economic purposes, the effective date was 8 March.

The acquisition-date fair value of the total consideration transferred was MNOK 47.3 in cash. Transaction costs of MNOK 1.2 were expensed and are included in other operating costs. From the date of acquisition, Facilit has contributed MNOK 15.4 of revenue and MNOK 5.4 to the net profit before tax.

Landax AS
Ørn Software acquired 100% of the voting shares of Landax on June 8, 2021. Landax was established in 1990. Landax has a unique position within the Quality Management space, and its platform offers and impressive width in functionality that perfectly complements our existing portfolio perfectly. Landax represents an offering that is highly attractive for Ørn's existing customers, and vice versa. The acquisition adds 540 new customers to Ørn Software's portfolio, including a range of large companies within Norwegian retail, logistics and industry. The acquisition also provides Ørn with 11 highly skilled employees in Norway, and a development team in Poland. Although Landax' main market is Norway, its platform supports multiple languages and is ready to be introduced outside the country.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Ørn Software obtained control of the legal entity, 8 June. For tax and economic purposes, the effective date was 8 June.

The acquisition-date fair value of the total consideration transferred was MNOK 108.5 in cash and sellers credit. Transaction costs of MNOK 1.0 were expensed and are included in other operating costs. From the date of acquisition, Landax has contributed MNOK 20.7 of revenue and MNOK 12.6 to the net profit before tax.

Rapal Oy
Ørn software acquired 100% of the voting shares of Rapal Oy on July, 9 2021. Rapal is the Finnish market leader with SaaS solutions for workplace management, lease management, and infrastructure cost management. Rapal's products are highly complementary to Ørn's real estate platform, with best-in-class solutions for lease, space, and workplace management. Rapal's Smart office solution meets the post-Covid demands perfectly, empowering companies to ensure a safe return to a more dynamic and flexible workplace. The acquisition adds 164 new customers and 250 contracts to Ørn Software's portfolio, including not only real estate companies, but also tenants and architectural offices. The acquisition also provides Ørn with 70 highly skilled employees in Espoo, Finland, and a subsidiary in San Francisco. The US business is primarily focused on workplace analytics and smart office solutions, giving consultants and architects access to tools used to optimize space utilization in the design phase of building projects.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Ørn Software obtained control of the legal entity, 9 July. For tax and economic purposes, the effective date was 9 July.

The acquisition-date fair value of the total consideration transferred was MNOK 378,6 in cash, sellers credit and estimated contingent consideration (not yet paid). Transaction costs of MNOK 8.5 thousand were expensed and are included in other operating costs. From the date of acquisition, Rapal has contributed MNOK 39.3 of revenue and MNOK 4.4 to the net profit before tax.

The table below illustrates the fair values of the identifiable assets in Facility Management AS, Landax AS and Rapal Oy at acquisition date:

Amounts in NOK thousands	**08.03.2021 Facility Management AS**	**08.06.2021 Landax AS**	**09.07.2021 Rapal Oy**
ASSETS			
Non-current assets			
R&D	5 000	8 000	32 340
Customer Relationships	42 627	59 459	117 076
Property, plant and equipment	325	48	1 079
Deferred tax assets			
Other non-current assets			8 158
Total non-current assets	**47 952**	**67 506**	**158 653**
Current assets			
Cash and cash equivalents	8 712	18 083	12 178
Trade and other receivables	346	1 717	5 168
Other current assets			
Total current assets	**9 058**	**19 801**	**17 346**
Total assets	**57 010**	**87 307**	**175 999**
Non-current liabilities			
Deferred tax liability	10 154	11 176	20 515
Non-current provisions and other liabilities	285	1 139	19 675
Total non-current liabilities	**10 439**	**12 315**	**40 190**
Current liabilities			
Trade and other payables	558	1 710	2 765
Current provision and other liabilites	12 479	26 759	49 408
Total current liabilities	**13 037**	**28 469**	**52 174**
Total liabilities	**23 476**	**40 784**	**92 364**
Total identifiable net assets at fair value	**33 534**	**46 523**	**83 635**
Purchase consideration	47 259	108 500	378 568
Goodwill arising from acquisition	**13 725**	**61 977**	**294 932**
Purchase consideration			
Cash consideration paid	47 259	86 800	276 990
Sellers credit	-	21 700	76 648
Estimated contingent consideration (not yet paid)	-	-	24 929
Total consideration	47 259	108 500	378 568

Ørn Software shall pay the sellers of Rapal an earn out, provided that the monthly licence fee of the agreement between the Rapal Oy and a specified customer, is higher than a specified amount at 31 March 2022. The earn out amount increases with the monthly licence fee from the specified customer. The maximum amount of the earn out price is EUR 2.4 million.

Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is technical goodwill. The remaining goodwill includes the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The above purchase price allocations are preliminary assessments as of 31.12.21.

6.2 Business combinations (Continued)

Analysis of cash flows on acquisition	08.03.2021 Facility Management AS	08.06.2021 Landax AS	09.07.2021 Rapal Oy	Total
Net cash acquired with the subsidiary	8 712	18 083	12 178	38 973
Cash paid	47 259	86 800	276 990	411 049
Net cash flow from acquisition (included in investing activites)	**-38 547**	**-68 717**	**-264 813**	**-372 076**

Acquisitions during 2020 Company	Main business activity	Date of business combination	Proportion of voting equity acquired	Acquiring entity
Pixelwerk AS	IMQC	10.01.2020	100 %	Ørn Software AS
View Software Sweden AB	REM	10.01.2020	100 %	Ørn Software AS
MainManger Ehf	REM	22.12.2020	100 %	Ørn Software AS
Entro IT AS	ESM	31.12.2020	100 %	Ørn Software AS

Pixelwerk AS

Ørn Software acquired 100% of the voting shares of Pixelwerk AS on January 10, 2020. The company merged with Ørn Software AS in December the same year. Pixelwerk AS, which is affiliated with Florø in Norway, has developed the software InControl for industrial maintenance and quality control in the aquaculture-sector.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Ørn Software obtained control of the legal entity, 10 January. For tax and economic purposes, the effective date was 10 January.

The acquisition-date fair value of the total consideration transferred was MNOK 7.6 in cash and sellers credit. Transaction costs of MNOK 0.4 thousand were expensed and are included in other operating costs. From the date of acquisition, Pixelwerk has contributed MNOK 3.7 of revenue and MNOK 1.5 to the net profit before tax.

View Software Sweden AB

Ørn Software acquired 100% of the voting shares of View Software Sweden AB on January 10, 2020. The company is stationed in i Ängleholm, Sweden has developed software V3i and Core Energy.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Ørn Software obtained control of the legal entity, 10 January. For tax and economic purposes, the effective date was 10 January.

The acquisition-date fair value of the total consideration transferred was MNOK 13.3 in cash, sellers credit and contigent consideration. Transaction costs of MNOK 0.6 were expensed and are included in other operating costs. From the date of acquisition, View Software Sweden has contributed MNOK 9.8 of revenue and MNOK 0.9 to the net profit before tax.

MainManager Ehf

Ørn Software acquired 100% of the voting shares of MainManager Ehf on December 22, 2020. The MainManager Ehf group is headquartered in Reykjavik with subsidiaries in both Copenhagen and Oslo.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Ørn Software obtained control of the legal entity, 22 December. For tax and economic purposes, the effective date was 22 December. The acquisition-date fair value of the total consideration transferred was MNOK 57.7 in cash and sellers credit. Transaction costs of NOK were expensed and are included in other operating costs.

Entro IT AS

Ørn Software acquired 100% of the voting shares of Entro IT AS on December 31, 2020, following a demerger from Entro AS. Entro AS chose to separate its part of the business related to the development and operation of the software Optima. Optima is a solution aimed at optimization and reporting in the energy area. Their subsidiary Entro AB joined the demerger owned by Entro IT. Entro AB's task is to sell the software to Swedish customers.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Ørn Software obtained control of the legal entity, 31 December. For tax and economic purposes, the effective date was 31 December.

The acquisition-date fair value of the total consideration transferred was MNOK 34.1 in cash. Transaction costs of MNOK 4.8 were expensed and are included in other operating costs.

The table below illustrates the fair values of the identifiable assets in Pixelwerk AS, View Software Sweden AB, MainManger Ehf and Entro IT AS at the acquisition date:

Amounts in NOK thousands	**10.01.2020 Pixelwerk AS**	**10.01.2020 View Software Sweden AB**	**22.12.2020 MainManger Ehf**	**31.12.2020 Entro IT AS**
ASSETS				
Non-current assets				
R&D	1 080	3 912	8 000	2 070
Customer Relationships			37 850	35 071
Property, plant and equipment	13	58	88	
Deferred tax assets	576	105	4 577	182
Other non-current assets			34	
Total non-current assets	**1 669**	**4 076**	**50 548**	**37 323**
Current assets				
Cash and cash equivalents	-626	754	7 678	871
Trade and other receivables	194	3 725	8 594	1 350
Other current assets				
Total current assets	**-432**	**4 479**	**16 272**	**2 221**
Total assets	**1 237**	**8 555**	**66 820**	**39 544**
Non-current liabilities				
Deferred tax liability			9 266	7 916
Non-current provisions and other liabilities				
Total non-current liabilities	**-**	**-**	**9 266**	**7 916**
Current liabilities				
Trade and other payables	704	5 078	1 145	1 158
Current provision and other liabilites			7 054	
Total current liabilities	**704**	**5 078**	**8 199**	**1 158**
Total liabilities	**704**	**5 078**	**17 465**	**9 074**
Total identifiable net assets at fair value	**534**	**3 476**	**49 355**	**30 470**
Purchase consideration	7 568	13 273	57 653	34 134
Goodwill arising from acquisition	**7 035**	**9 797**	**8 298**	**3 664**
Purchase consideration				
Cash consideration paid	3 005	11 949	52 073	34 134
Sellers credit	4 563	289	5 580	
Estimated contingent consideration		1 035		
Total consideration	7 568	13 273	57 653	34 134

Ørn Software shall pay the sellers of View Software Sweden AB an earn out, provided that the annual recurring revenue (ARR) is higher than MSEK 6.5 at 31 December 2020, and another earn out if the ARR is higher than a MSEK 9.0 as of 31 December 2021 . The earn out amount increases with the monthly licence fee from the specified customer.

Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is technical goodwill. The remaining goodwill includes the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Analysis of cash flows on acquisition	**10.01.2020 Pixelwerk AS**	**10.01.2020 View Software Sweden AB**	**22.12.2020 MainManger Ehf**	**31.12.2020 Entro IT AS**	**Total**
Net cash acquired with the subsidiary	-626	754	7 678	871	8 677
Cash paid	3 005	11 949	52 073	34 134	101 161
Net cash flow from acquisition (included in investing activites)	**-3 630**	**-11 195**	**-44 395**	**-33 263**	**-92 484**

The table below shows the Group's revenue and profit before tax for the twelve month period ended 31 December 2021 and 2020 if the business combinations had taken place at the beginning of the year. Profit/Loss before tax for each company are shown excluding amortisations on intangible assets arising from the acqusitions and interest on interest-bearing liabilities arising from the acqusitions. The Total Group numbers include amortisations on intangible assets arising from the acqusitions and interest on interest-bearing liabilities arising from the acqusitions.

Amounts in NOK thousand	**Pixelwerk AS**	**View Software Sweden**	**MainManger**	**Entro IT**	**Total Group**
Pro forma 2020					
Revenue	3 690	9 664	-	-	81 068
Revenue from acquired entities pre acquisition	-	-	24 239	15 605	39 845
Pro forma revenue	**3 690**	**9 664**	**24 239**	**15 605**	**120 913**
Profit/Loss before tax*	1 491	858			-8 484
Profit/Loss before tax from acquired entities pre acquisition	-		4 512	7 561	4 977
Pro forma profit before tax	**1 491**	**858**	**4 512**	**7 561**	**-3 507**

Pro forma 2021		**Facilit**	**Landax**	**Rapal**	**Total Group**
Revenue		15 407	19 552	39 878	196 441
Revenue from acquired entities pre acquisition		2 750	13 156	40 518	56 424
Pro forma revenue		**18 157**	**32 707**	**80 395**	**252 865**
Profit/Loss before tax*		5 374	11 713	3 005	-46 943
Profit/Loss before tax from acquired entities pre acquisition		368	5 749	1 230	-14 070
Pro forma profit before tax		**5 742**	**17 461**	**4 235**	**-61 013**

6.3 Remuneration to Executive Management and the Board

Remuneration to the Board of Directors
Remuneration for the members of the Board is determined by the Annual General Meeting (AGM). The remuneration is not linked to the Company's performance but reflects the Board's responsibilities, expertise, time and commitment.

Remuneration to Executive Management
The Board of Ørn Software Holding AS determines the principles applicable to the Group's policy for compensation to the executive management team. The Board is directly responsible for determining the CEO's salary and other benefits. The Group's executive management team includes the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Chief Product Officer ("CPO"), the Chief Technical Officer ("CTO"), the VP People & Culture, the VP Sales, and the VP Customer Success.

Principles for determining salary
The main principle for determining salary for each executive management member has been a fixed annual salary with the addition of benefits in kind such as telephone, insurance and internet subscription. The fixed salary has been determined on the basis of the following factors: competitive salary level, scope of work and responsibilities, as well as an assessment of the business and individual performance.

Pension
All executive management are members of the defined contribution pension scheme.

Option scheme
Members of the executive management team have been granted share options under Group's share option plan, described in note 4.9. The share options held by the executive management team is summarised further below.

Bonus
The CEO and CFO has a compensation package which includes an annual bonus payment related to an increase in recurring revenues from current contracts. The bonus is determined by the Board of Directors, based on an assessment of achievements.

Severance Arrangements
No member of the Executive Management or the Board of Directors has entered into employment agreements which provide for any special benefits upon termination, except the CEO of the Ørn Software Holding AS, who is entitled to six months of severance pay after termination of employment if such termination is initiated by the Group.

Loans and guarantees
No loans have been granted and no guarantees have been issued to the executive management or any member of the Board of Directors.

Remuneration to Executive Management for the year ended 31 December 2021

All amounts in NOK thousand

Name	Title	Salary	Bonus	Pension	Other compensation	Total remuneration
Sten-Roger Karlsen	CEO	1 518	2 243	53	16	3 831
Vidar André Løken	CFO	1 323	2 243	53	15	3 634
Christina Roselló	VPPC	1 025	234	39	16	1 314
Torgeir Pedersen	CPO	1 323	475	53	16	1 867
Nicolas Iannone	VPS	985	234	37	20	1 276
Ole Jørgen Aarvik	VPCS	1 035	234	40	57	1 365
Kaare Olsen	CTO	995	234	37	15	1 281
Total		**8 203**	**5 897**	**312**	**155**	**14 568**

Remuneration to Executive Management for the year ended 31 December 2020

All amounts in NOK thousand

Name	Title	Salary	Bonus	Pension	Other compensation	Total remuneration
Sten-Roger Karlsen	CEO	1 473	824	51	18	2 366
Vidar André Løken	CFO	1 185	824	50	18	2 077
Christina Roselló	VPPC	976		37	20	1 033
Torgeir Pedersen	CPO	1 185		50	17	1 251
Nicolas Iannone	VPS	859		30	21	910
Ole Jørgen Aarvik	VPCS	972		37	15	1 024
Kaare Olsen	CTO	920		34	16	970
Total		**7 570**	**1 649**	**288**	**125**	**9 631**

Remuneration to the Board of Directors for the year ended 31 December 2021

In NOK 1000

Name	Title	2021	2020
Joar Welde	Chairman of the Board	150	150
Erik Fjellvær Hagen	Board Member	100	-
Anne Lise Waal	Board Member	100	-
Berit Lid Scharff	Board Member	100	-
Terje Wibe	Board Member	100	-
Roger Larsen	Board Member	-	100
Pål Marius Rødseth	Board Member	-	100
Andreas Loktu	Board Member	-	100
Widar Salbuvik	Board Member	-	100
Total		**550**	**550**

Options held by Executive Management

All amounts in NOK thousand

Name	Title	31.12.2021	31.12.2020
Sten-Roger Karlsen	CEO	1 753 625	1 753 625
Vidar André Løken	CFO	1 041 825	1 041 825
Christina Roselló	VPPC	564 925	564 925
Torgeir Pedersen	CPO	839 152	922 125
Nicolas Iannone	VPS	120 000	120 000
Ole Jørgen Aarvik	VPCS	290 000	290 000
Kaare Olsen	CTO	60 000	60 000
Total		**4 669 527**	**4 752 500**

6.4 Related party transactions

Related parties are major shareholders, members of the Board and Executive Management in the Group. Note 4.7 provides information on the Group's major shareholders. Significant agreements and remuneration paid to Executive Management and the Board for the current and prior period is presented in note 6.3. All transactions with related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

Related party transactions 2021

All amounts in NOK thousands

	Executive Management	Board Member	Other shareholders	Total
Payments to related parties	14 568	550		**15 118**

The payments to related parties consist of salary, bonus, pension, other compensation and remuneration paid to Executive management and Board Members. Members of the Executive Management and members of the Boars also held shares in the Group at the end of the period as presented in note 4.7. Members of the Executive Management also held share options at the end of the period as presented in note 6.3.

Related party transactions 2020

All amounts in NOK thousands

	Executive Management	Board Member	Other shareholders	Total
Payment to related parties	9 631	550		**10 181**

The payments to related parties consist of salary, bonus, pension, other compensation and remuneration paid to Executive management and Board Members. Members of the Executive Management and members of the Boars also held shares in the Group at the end of the period as presented in note 4.7. Members of the Executive Management also held share options at the end of the period as presented in note 6.3.

Ørn Software Holding had no related party balances as at 31 December 2021, 31 December 2020 or 1 January 2020.

Note 7.1 First time adoption of IFRS

These financial statements for the year ended 31 December 2021 represents the first consolidated financial statements of Ørn Software Holding AS in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Accordingly, the financial statements are prepared to comply with IFRS applicable as of 31 December 2021, with comparative figures for the year ended 31 December 2020. In preparing the financial statements, the opening statement of financial position was prepared as of 1 January 2020, the date of transition to IFRS. This note explains the principal adjustments made by the Group in its transition to IFRS from NGAAP (Norwegian Generally Accepted Accounting Principles) as of 1 January 2020 and for the period ended 31 December 2020.

Exemptions applied

IFRS 1 includes selected optional exemptions upon transition to IFRS. The Group has chosen to apply the following exemptions:

- Restate contract with customers: the Group has decided to use the practical expedient in IFRS 15 Revenue from Contracts with Customers to not restate contracts that are completed at the transition date, 1 January 2020. IFRS 1 defines a completed contract as a contract for which the entity has transferred all of the goods or services as identified in accordance with previous GAAP.
- Cumulative translations differences: as at 1 January 2020, the Group has set its cumulative translation differences that existed at the transition date to IFRS for all foreign operations as zero.
- Leases: the Group has chosen to measure the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the transition date and measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the transition date (IFRS 1.D9B).
- Business combinations: the Group has decided not to apply IFRS 3 retrospectively to past business combinations (business combinations that occurred before the date of transition to IFRS, 1 January 2020).

The estimates applied at 1 January 2020 are consistent with those made for the same dates in accordance with NGAAP (after adjustments to reflect any differences in accounting policies).

Reconciliation of consolidated financial position as of 1 January 2020

All amounts in NOK thousands	Note	NGAAP*	IFRS adjustments	IFRS
Goodwill		12 846		12 846
Intangible assets		50 615		50 615
Deferred tax assets		0		
Right-of-use assets	A		7 554	7 554
Property, plant & equipment		1 317		1 317
Other non-current assets	B		1 969	1 969
Other non-current receivables		250		250
Total non-current assets		**65 029**	**9 524**	**74 553**
Trade and other receivables	B	4 696	-1 087	3 609
Other current assets				
Cash and cash equivalents		2 320		2 320
Total current assets		**7 016**	**-1 087**	**5 929**
Total assets		**72 045**	**8 437**	**80 481**

* 01.01.2020 NGAAP numbers are adjusted to reflect corrections made in the financial statement for 2020. Please see the financial statement for 2020 for more information

All amounts in NOK thousands	Note	NGAAP	IFRS adjustments	IFRS
Share capital		4 661		4 661
Share premium		60 425		60 425
Other equity		-28 725	688	-28 037
Total equity	B	**36 362**	**688**	**37 050**
Non-current interest-bearing liabilities		13 712	5 392	19 104
Deferred tax liabilities	A	4 028	194	4 222
Other non-current liabilities	B			
Non-current provisions				
Other non-current financial liabilities				
Total non-current liabilities		**17 740**	**5 586**	**23 326**
Current interest-bearing liabilities		3 908	2 162	6 070
Trade and other payables	A	12 300		12 300
Contract liabilities		1 735		1 735
Other current financial liabilities				
Current provisions				
Total current liabilities		**17 943**	**2 162**	**20 105**
Total liabilities		**35 683**	**7 748**	**43 431**
Total equity and liabilities		**72 045**	**8 437**	**80 481**

A: Upon transition to IFRS, the Group has implemented IFRS 16 Leases as of 1 January 2020.
The IFRS adjustment of NOK 7.6 million reflects the recognized right-of-use asset related to leasing of office space. Under NGAAP lease payments were accounted for as operating expenses and hence no asset or liability has previously been recognized. The adjustments of NOK 5.4 million and NOK 2.2 million to non-current interest-bearing liabilities and current interest-bearing liabilities reflect the non-current and current portion of the lease liability recognized for leasing of office space under IFRS 16. Under NGAAP no lease liability was recognized.

B: According to IFRS, capitalized contract cost assets are amortized on a systematic basis that is consistent with the entity's transfer of the related services to the customer. Previously, the Group has amortized contract cost assets over a period of 12 months. At transition to IFRS, management has assessed, based on previous experiences, that an amortization period of five years is consistent with the transfer of related services to the customer. The IFRS adjustment of net NOK 0.9 million reflects the increased amortization period of capitalized contracts costs related to obtaining a contract. As a result of the increased amortization period, a reclassification from current to non-current assets of NOK 1.1 million was made.

Reconciliation of consolidated financial position as of 31 December 2020

All amounts in NOK thousands	Note	NGAAP	IFRS adjustments	IFRS
Goodwill	A	44 260	-3 728	40 532
Intangible assets		141 555		141 555
Right-of-use assets	B		12 518	12 518
Property, plant & equipment		1 740		1 740
Other non-current assets	C	34	3 149	3 183
Other non-current receivables				
Total non-current assets		**187 589**	**11 939**	**199 528**
Trade and other receivables	C	17 929	-1 187	16 742
Other current assets				
Cash and cash equivalents		65 289		65 289
Total current assets		**83 218**	**-1 187**	82 031
Total assets		**270 806**	10 752	**281 558**
Share capital				
Share premium		6 075		6 075
Other equity	D	104 965		104 965
Total equity		-32 467	-2 384	-34 851
Non-current interest-bearing liabilities	B	**78 573**	**-2 384**	**76 189**
Deferred tax liabilities	E	116 554	8 405	124 959
Other non-current liabilities		14 727	379	15 106
Other non-current financial liabilities				
Non-current provisions				
Total non-current liabilities				
Current interest-bearing liabilities		**131 280**	8 784	**140 065**
Trade and other payables			4 352	4 352
Contract liabilities		27 815		27 815
Other current financial liabilities		8 424		8 424
Current provisions		24 714		24 714
Total current liabilities				
Total liabilities		**60 953**	**4 352**	**65 304**
Total equity and liabilities		**192 233**	**13 136**	**205 369**
		270 806	**10 752**	**281 558**

* 31.12.2020 NGAAP numbers are adjusted to reflect changes made to the PPAs of companies acquired in 2020. Please see the financial statement for Q1 2021 for more information.

A: Under NGAAP, goodwill was amortized and acquisition costs were capitalized. Reversal of recognized amortization under NGAAP during 2020 amounts to NOK 4.4 million, acquisition related costs during 2020 included in the acquisition cost under NGAAP that are expensed under IFRS amounts to NOK 7.7 million. In addition, a translation difference of NOK 0.5 million has been recognized.

B: The IFRS adjustment of NOK 12.5 million reflects the recognized right-of-use asset related to leasing of office space. Under NGAAP lease payments were accounted for as operating expenses and hence no asset or liability has previously been recognized. The adjustments of NOK 8.4 million and NOK 4.4 million to non-current interest-bearing liabilities and current interest-bearing liabilities reflect the non-current and current portion of the lease liability recognized for leasing of office space under IFRS 16. Under NGAAP no lease liability was recognized.

C: The IFRS adjustment of net NOK 2.0 million to other non-current assets and trade and other receivables reflects the increased amortization period of capitalized contracts costs related to obtaining a contract. As a result of the increased amortization period, a reclassification from trade and other receivables to other non-current assets of NOK 1.2 million was made.

D: The IFRS adjustment of NOK 2.4 million consists of the P&L effect of the years IFRS adjustments in addition to the IFRS adjustments in the opening balance of equity at the date of transition to IFRS.

E: The IFRS adjustment of NOK 0.4 million in deferred tax liabilities is a result of changes in cost to obtain a contract and IFRS 16.

Reconciliation of consolidated statement of comprehensive income as of 31 December 2020

All amounts in NOK thousands	**Note**	**NGAAP**	**IFRS adjustments**	**IFRS**
Revenue from contracts with customers		81 068		81 068
Other income		857		857
Total operating income		**81 925**		81 925
Cost of goods		5 900		5 900
Salary and personnel expenses	A	41 815	-1 080	40 735
Depreciation and amortization	B	21 271	-1 416	19 854
Other operating expenses	C	16 338	-3 384	12 954
M&A Costs	D	0	7 694	7 694
Operating profit or loss		**-3 398**	**-1 814**	**-5 212**
Finance income		779		779
Finance expense	E	3 463	589	4 052
Net financial items		**-2 683**	**-589**	-3 272
Profit or loss before tax		**-6 081**	**-2 403**	**-8 484**
Income tax expense	F	-1 685	185	-1 500
Net profit or loss for the year		**-4 396**	**-2 588**	**-6 984**
Other comprehensive income				
Items which may subsequently be reclassified to profit or loss				
Exchange differences on translation of foreign operations			-590	-590
Other comprehensive income for the year	G		**-590**	-590
Total comprehensive income for the year		**-4 396**	**-3 178**	**-7 574**

A: The IFRS adjustment of NOK 1.1 million reflects the effect of increased amortization period of capitalized contract costs assets (sales commission) related to obtaining a contract.

B: The IFRS adjustment of NOK 1.4 million reflects the reversal of amortized goodwill under NGAAP during 2020 of NOK 4.4 and the depreciation of right-of-use assets for the period for leases recognized under IFRS 16 of NOK 3.0.

C: The IFRS adjustment of NOK 3.4 million consists of reversal of previously expensed leases under NGAAP.

D: The IFRS adjustment of NOK 7.7 million consists of acquisition related costs previously included in the aqcuisition cost under NGAAP that are expensed under IFRS.

E: The IFRS adjustment of NOK 0.6 million is related to interest expense on the lease liability under IFRS 16.

F: The IFRS adjustment of NOK 0.2 million reflects the tax income effect on the relevant IFRS adjustments.

G: The IFRS adjustment of NOK 0.6 million reflects translation differences related to goodwill and IFRS 16.

Reconciliation of consolidated cash flow year ended 31 December 2020

All amounts in NOK thousands	Note	NGAAP	IFRS adjustments	IFRS
Cash flow from operating activities:				
Profit/loss before tax	A	-6 081	-2 403	-8 484
Adjustments to reconcile loss before tax to net cash flow				
Depreciation and amortization	B	21 271	-1 416	19 854
Share-based payment expense		790		790
Finance income	C		-779	-779
Finance expense	C		4 052	4 052
Working capital adjustments				
Changes in trade and other receivables	D	-1 777	-1 080	-2 857
Changes in trade and other payables		424		424
Change in provisions and other liabilities				
Change in other operating items		11 906		11 906
Other items	C	202	-383	-182
Tax paid				
Net cash flows from operating activities		**26 734**	**-2 010**	**24 724**
Cash flow from investing activities				
Purchase of property, plant and equipment		-929		-929
Development of software and other intangible assets		-26 158		-26 158
Acquisition of subsidiaries, net of cash acquired	F	-75 724	7 694	-68 030
Interest received	C		19	19
Net cash flows from investing activities		**-102 810**	**7 713**	**-95 097**
Cash flow from financing activities				
Proceeds from issuance of equity		41 102		41 102
Repayments of long term debt		-4 836		-4 836
Proceeds from long term debt		103 497		103 497
Deferred consideration related to acquisitions				
Transaction costs on issuance of shares				
Payments for principal for the lease liability	E		-2 795	-2 795
Payments for interest for the lease liability	C,E		-589	-589
Interest paid	C		-2 319	-2 319
Net cash flows from financing activities		**139 763**	**-5 703**	**134 060**
Net change in cash and cash equivalents		63 687		63 687
Foreign exchange effects on cash equivalents		-718		-718
Cash and cash equivalents at beginning of the year		2 320		2 320
Cash and cash equivalents as at 31 Dec		**65 289**		65 289

A: The effect of profit or loss before tax of NOK 2.4 million reflects the adjustments described in the reconciliation of P&L for the year ended 31 December 2020 above.

B: The IFRS adjustment of NOK 1.4 million reflects the reversal of amortized goodwill under NGAAP of NOK 4.4 million and the depreciation of right-of-use assets for the period for leases recognized under IFRS 16 of NOK 3.0 million.

C: The adjustment of net NOK 0.02 million reflect a change the classification in the presentation of the Cash Flow statement according to IFRS

D: The IFRS adjustment of NOK 1.1 million reflects the effect of the increased amortization period of the Group's contract cost assets (sales commission) related to obtaining a contract.

E: The IFRS adjustments of net NOK 3.4 million reflects the lease payments of NOK 2.8 million and payments for the interest portion of the lease payments of NOK 0.6 million

F: The IFRS adjustments of net NOK 7.7 million reflects the reclassification of capitalized costs on acquisitions from asset to cost.

Note 7.2 Changes in IFRS and new standards

Standards issued but not yet effective
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component These amendments had no impact on the consolidated financial statements of the Group.

The Group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Note 7.3 Events after the reporting period

ACCOUNTING POLICIES

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Adjusting events

There have been no significant adjusting events subsequent to the reporting date.

Non-adjusting events

While tensions were rising between Russia and Ukraine in the months prior, the news of Russia's invasion into Ukraine broke at the end of February 2022. The Group has not been significantly affected by the war or the related sanctions imposed on Russia and Belarus as of the publishing date of this report. Management is following the situation closely as information about the scale and impact of the war changes frequently.

During March 2022 the conditions for the earn-out related to the acquisition of Rapal Oy have been met in full, resulting in a earn-out consideration of EUR 2.4 million to be paid in March 2022. This is the same amount included in as deferred consideration in the financial statement as of 31.12.21.

There have been no other significant non-adjusting events subsequent to the reporting date.

Alternative performance measures

Alternative performance measures ("APM") are used by the Group to provide a better understanding of the Group's underlying financial performance for the period. Annual recurring revenue (ARR) and adjusted EBITDA is also used by Management to drive performance in terms of target setting.

Each of the following APMs have been defined by the Group as follows:

- Gross margin is total revenue less the cost of goods sold (COGS)
- Adjusted EBITDA is defined as EBITDA adjusted for material items which are not regarded as part of underlying business performance for the period, such as costs related to acquisitions and divestments, restructuring costs and rebranding, as well as other material effects of a special nature.
- Annual recurring revenue is defined as at each point in time the annual value of contracted license revenue, that are considered recurring by nature, although the contract includes termination clauses that enable the customers, with a certain notification period, to terminate the customer agreement.
- Net Retention is the overall impact on the revenue generation from your existing customers.
- Churn rate is the rate at which your existing customers quit using your product in a given time period.
- Organic Growth in Annual Recurring Revenue is used to measure the Group's ability to grow through additional revenue from existing and new customers, as opposed to growth through acquisitions. Organic growth is defined as ARR at the end of the period, adjusted for the ARR from acquisitions made during the comparison period measured at the time of the acquisition, divestments, and foreign currency fluctuations, compared to reported ARR at the end of the previous period. In 2021, the ARR is also adjusted for the effect of one single Swedish customer ending its use of Ørn's services in Q2 2021.

Amounts in NOK thousands	2021				
Y/Y ARR change	Organic growth	Currency fluctations	Acquisitins	Special items	**Total**
Real Estate Management	11,3 %	-5,2 %	138,1 %	-5,1 %	139,0 %
Industrial Maintenance & Quality Control	24,6 %	0,0 %	79,4 %	0,0 %	104,0 %
Energy & Sustainability Management	4,1 %	0,0 %	0,0 %	0,0 %	4,1 %
Group	**13,7 %**	**-3,1 %**	**103,2 %**	**-3,1 %**	**110,6 %**

Adjusted EBITDA – Special Items

The company has defined certain operating cost items as special items, which combined had a negative effect of NOK 15.7 million in the first quarter, NOK 1.8 million in second quarter, NOK 5.8 million the third quarter of 2021 and a negatively impact of NOK 1.6 million in Q4 2021. Total effect of NOK 21.8 million in 2021. NOK 6.9 million regarding salaries in Q1, NOK 1.4 million in Q2, NOK 3.0 million in Q3 and NOK -2.3 million in Q4 mainly reflect changes in employer's contribution to the option scheme bonuses, severance pay and bonuses related to acquisition. NOK 8.8 million regarding other operating cost in Q1, NOK 0.5 million in Q2, NOK 2.7 million in Q3 and NOK 0.7 million in Q4. These are related to IPO fees for commercial, acquisition, financial and legal support. Similar items affected salaries and operating costs negatively by NOK 3.6 million in the last quarter of 2020. There were no similar items affected first or second quarter 2020.

Financial Statement Parent Company

Income statement
Ørn Software Holding AS

Operating income and operating expenses	Note	2021	2020
All amounts in NOK			
Other expenses	9	4 197 359	4 168
Total expenses		**4 197 359**	**4 168**
Operating profit		**-4 197 359**	**-4 168**
Financial income and expenses			
Other interest income		0	3
Other financial income		129 780	0
Net financial items		**129 780**	**3**
Net profit before tax		**-4 067 579**	**-4 165**
Income tax expense	8	-894 868	-2 080
Net profit after tax		**-3 172 711**	**-2 085**
	7		
Net profit or loss		**-3 172 711**	**-2 085**
Attributable to			
Transferred from other equity		3 172 711	2 085
Total		**-3 172 711**	**-2 085**

Balance sheet
Ørn Software Holding AS

Assets	Note	2021	2020
Intangible assets			
Deferred tax assets		5 537 005	2 080
Total intangible assets	8	**5 537 005**	**2 080**
Non-current financial assets			
Investments in subsidiaries	3	332 258 901	37 079 204
Total non-current financial assets		**332 258 901**	**37 079 204**
Total non-current assets		**337 795 906**	**37 081 284**
Current assets			
Debtors			
Other short-term receivables	4	580 357	0
Receivables from group companies	3	15 196 218	10 548 566
Total receivables		**15 776 575**	**10 548 566**
Investments			
Cash and cash equivalents	1	59 418 451	36 123 676
Total current assets		**75 195 026**	**46 672 241**
Total assets		**412 990 933**	**83 753 525**

Balance sheet
Ørn Software Holding AS

Equity and liabilities	Note	2021	2020
Equity			
Paid-in capital		9 439 854	6 075 023
Share capital	6	421 585 425	72 105 868
Share premium reserve		1 196 218	0
Other paid-up equity		432 221 496	78 180 890
Total paid-up equity			
Retained earnings		-19 631 195	-7 371
Other equity		-19 631 195	-7 371
Total retained earnings			
Total equity	7	412 590 302	78 173 520
Liabilities			
Other non-current liabilities			
Current liabilities			
Convertible debt		0	5 580 006
Trade payables		400 631	0
Total current liabilities		400 631	5 580 006
Total liabilities		400 631	5 580 006
Total equity and liabilities		412 990 933	83 753 525

The Board of Ørn Software Holding AS
Trondheim, 29 March 2022

e-sign

Joar Welde Chairman of the board	**Erik Fjellvær Hagen** Member of the board	**Anne Lise Waal** Member of the board
Berit Lid Scharff Member of the board	**Terje Wibe** Member of the board	**Sten-Roger Karlsen** CEO

Cash flow
Ørn Software Holding AS

Cash flows from operating activities	Note	2021	2020
Profit/loss before tax		-4 067 579	-4 165
Change in accounts payable		400 631	0
Change in other accrual items		-5 228 009	-10 548 566
Net cash flows from operating activities		**-8 894 957**	**-10 552 731**
Cash flows from investment activities			
Payments to buy shares and participations in other com		-295 179 697	-37 079 204
Net cash flows from investment activities		**-295 179 697**	**-37 079 204**
Cash flows from financing activities			
Proceeds from the issuance of new current liabilities		0	5 580 006
Repayment of current liabilities		5 580 007	0
Proceeds from equity	7	332 949 436	78 150 890
Net cash flows from financing activities		**327 369 429**	**83 730 896**
Net change in cash and cash equivalents		23 294 775	36 098 962
Cash and cash equivalents at the start of the period	1	36 123 676	24 714
Cash and cash equivalents at the end of the period	**1**	**59 418 451**	**36 123 676**

Accounting principles

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

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is recorded on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of fixed assets

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Classification and valuation of current assets

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Subsidiaries and associated companies
Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

Receivables
Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Cash flow statement
The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Note 1 Bank deposits
Restricted funds deposited on the tax deduction account (withholding employee tax) are NOK 0.

Note 2 Salary costs and benefits
Ørn Software Holding AS did not have any salary related costs in 2021 and there are no such obligations.

The Group CEO is employed by Ørn Software AS. For more information regarding remuneration to executive management and the board, see note 6.3 to the group consolidated financial statement.

Management services provided from Ørn Software AS to Ørn Software Holding AS are invoiced through the year.

Note 3 Subsidiaries
Ørn Software Holding AS owns 100% of the shares in Ørn Software AS, which gives Ørn Software Holding AS 100% of the votes in the company. Ørn Software AS has its registered office in Trondheim, Norway. The annual result for the period 01.01-31.12.2021 was NOK -29 103 102. The book value of equity capital as at 31.12.2021 was NOK 332 258 901. The following internal transactions have taken place in 2021:

	Amount
Purchase of services from Ørn Software AS	336 875

	2021	2020
Short-term receivables	15 196 218	10 548 566

Note 4 Receivables and liabilities

All of the company's receivables are expected to be settled within a year.
All of the company's liabilities are expected to be settled within a year.

Note 5 Charges and guarantees

The company's bank deposits are included as security against its subsidiaries, Ørn Software AS, long-term debt to credit institutions.

Note 6 Share capital, shareholders etc.

The share capital in Ørn Software Holding AS as at 31.12 consists of:

	Number	Par value	Posted
Ordinary shares	94 398 536	0,1	9 439 854
Total	**94 398 536**	**0,1**	**9 439 854**

Statement of the largest shareholders as at 31.12.2021:	Total shares	Ownership/ voting rights
Shareholders		
VIKING VENTURE 11 AS	16 579 678	17,56 %
VIKING VENTURE 11B AS	13 019 385	13,79 %
BREIANGEN AS	6 139 075	6,50 %
State Street Bank and Trust Comp	5 854 576	6,20 %
MEKATRONIKK HOLDING AS	5 211 760	5,52 %
CLEARSTREAM BANKING S.A.	5 032 904	5,33 %
Danske Bank A/S	4 716 982	5,00 %
Carnegie Investment Bank AB	3 689 419	3,91 %
Danske Bank A/S	3 385 533	3,59 %
Citibank, N.A.	3 037 827	3,22 %
VIND EQUITY AS	2 850 000	3,02 %
Nordea Bank Abp	2 004 067	2,12 %
Nordnet Bank AB	1 996 110	2,11 %
Brown Brothers Harriman & Co.	1 893 936	2,01 %
STELLANOR	1 652 996	1,75 %
Carnegie Investment Bank AB	1 557 822	1,65 %
PIXELWERK INVEST AS	1 237 782	1,31 %
Skandinaviska Enskilda Banken AB	1 100 000	1,17 %
TPB HOLDING AS	1 016 220	1,08 %
BERGET HOLDING AS	966 699	1,02 %
Other	11 455 766	12,14 %
Total	**94 398 537**	**100 %**

Shares and options held by leading employees in the group and members of the board:

Sten-Roger Karlsen (Belle Époque Invest AS)	CEO	387 421
Vidar André Løken (VALØ Invest AS)	CFO	271 888
Christina Roselló (Rosello Invest AS)	VPPC	80 806
Torgeir Pedersen	CPO	62 774
Nicolas Iannone (DPDO Venture AS + Pixelwerk Invest AS)	VPS	1 277 782
Ole Jørgen Aarvik (Yearbay Invest AS)	VPCS	189 594
Kaare Olsen (Kaare Olsen Invest AS)	CTO	163 747
Anne Lise Waal (Waal Snertingdalen AS)	Board Member	9 523
Berit Lid Scharff (Onyvamos AS)	Board Member	8 000
Terje Wibe (Camiveo AS	Board Member	23 809

Joar Welde (Chairman of the board) and Erik Hagen (member of the board) are partners in Viking Venture AS. In addition, Erik Hagen is the chairman of the board for Viking Venture 11 AS, Viking Venture 11B AS and Viking Venture 11,5 AS.

See note 6.3 to the group consolidated financial statement for information regarding options held by leading employees.

Note 7 Equity capital

	Share capital	Share premium	Other paid-in capital	Other equity capital	Total equity capital
Pr. 31.12.2020	6 075 023	72 105 868	0	-7 371	78 173 520
Result of the year				-3 172 711	-3 172 711
Share capital increase	130 025	5 449 981			5 580 006
Share capital increase	2 389 250	247 736 042		-16 451 112	233 674 179
Share capital increase	199 259	21 500 741			21 700 000
Share capital increase	646 298	74 792 793			75 439 091
Share-based payments			1 196 218		1 196 218
Pr 31.12.2021	9 439 854	**421 585 425**	**1 196 218**	**-19 631 194**	**412 590 302**

Note 8 Tax

This year's tax expense	2021	2020
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	-894 868	-2 080
Tax expense on ordinary profit/loss	**-894 868**	**-2 080**
Taxable income:		
Ordinary result before tax	-4 067 579	-4 165
Permanent differences	-21 091 170	0
Taxable income	**-25 158 749**	**-4 165**
Payable tax in the balance:		
Payable tax on this year's result	0	0
Total payable tax in the balance	**0**	**0**
Calculation of effective tax rate		
Profit before tax	-4 067 579	-4 165
Calculated tax on profit before tax	-894 867	-916
Tax effect of permanent differences	-4 640 057	0
Total	**-5 534 925**	**-916**
Effective tax rate	136,1 %	22,0 %

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2021	2020	Difference
Accumulated loss to be brought forward	-25 168 204	-9 454	25 158 749
Basis for deferred tax assets	**-25 168 204**	**-9 454**	**25 158 749**
Deferred tax assets (22 %)	**-5 537 005**	**-2 080**	**5 534 925**

Income tax on costs related to equity transactions (tax effect of permanent differences) is booked directly to equity. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Note 9 Other expenses

Other expenses mainly consist of costs for financial and legal advisory services related to the IPO process. Administration services from Ørn Software AS amounts to NOK 336 875.

auditor

Audit fees expensed for 2021 amount to NOK 470 000 ex. vat.
In addition, there is a fee for other services of NOK 255 838 ex. vat.

Note 10 Events after the reporting period

The Company has not been significantly affected by the war or the related sanctions imposed on Russia and Belarus as of the publishing date of this report.

For more information regarding events after the reporting period, see note 7.3 to the group consolidated financial statement.

Independent Auditors Report

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Ørn Software Holding AS

Opinion

We have audited the financial statements of Ørn Software Holding AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021 and the income statement and of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the financial position as at 31 December 2021, the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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

Basis for opinion

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

Other information

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

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

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Fredrikstad, 29 March 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

Ørn Software Holding AS