

# **Nordic Technology Group AS**

## **Annual report 2022**

**Directors' report**

**Annual company and group accounts**

- Income statement**
- Balance sheet**
- Cash flow statement**
- Notes**

**Auditors' report**

# ***DIRECTORS REPORT***

---

## ***NORDIC TECHNOLOGY GROUP***

Nordic Technology Group AS (NTG) was incorporated in March 2021 as a limited liability company organized under Norwegian law and with a governance structure based on Norwegian corporate law and other regulatory requirements. NTG has its headquarters located in the municipality of Oslo, Norway. NTG was established with a main objective to acquire selected companies whose core strategic value is related to their unique and patented products and solutions based on more than 10 years of concept development, product design, product testing & qualification, certifications, and customer acceptance.

On 1. July 2022, NTG acquired the shareholdings of its current subsidiaries and its financial investment (the NTG Group Companies), which included Wavetrain Systems AS, Hammertech AS, Hybrid Energy AS and its subsidiary Hystorsys AS, MossHydro AS CondAlign AS and CrayoNano AS, thereby establishing the structure of the NTG Group.

The NTG Group structure was established in two acquisition steps. First, through share purchase agreements between NTG and certain sellers of shareholdings in the NTG Companies (the "Transaction") and second, through offers by NTG to other minority shareholders in each of Wavetrain Systems AS, Hammertech AS, Hybrid Energy AS and MossHydro AS to acquire shares in such companies for the same share price as in the Transaction. The Transaction was settled by issuing new shares in NTG. All the NTG Group companies have their headquarters in Norway.

Around the same time of the Transaction, NTG parent raised around NOK 102 million in gross proceeds in a private placement transaction and applied for a listing on Oslo Euronext Growth. The first day of trading was on July 5<sup>th</sup> under the ticker "NTG".

NTG's overall strategy is to carry out multi-channel value creation and realization by attracting and developing scale-up businesses and building the businesses into becoming industry-leading technology initiatives within their respective market niches. NTG's strategy also includes acquiring new businesses and NTG plans to continue searching for and evaluating target businesses operating within NTG's technology segments, meeting its requirements for disruptive technology, with large growth markets and with a clear ESG profile.

As of 31.12.2022, NTG has majority ownership in five companies and a financial investment in one company. NTG is organized in three business areas:

| <b>Business area</b>     | <b>Company name</b>  | <b>NTG%</b> |
|--------------------------|----------------------|-------------|
| Sensor technology        | Wavetrain Systems AS | 83.6%       |
|                          | Hammertech AS        | 87.7%       |
| Nanomaterials technology | CondAlign AS         | 50.5%       |
|                          | CrayoNano AS         | 14.6%       |
| Clean technology         | Hybrid Energy AS     | 96.3%*      |
|                          | MossHydro AS         | 89.9%       |

*\*See Events after balance sheet date*

## ***FINANCIALS***

As the NTG transaction was completed in July 2022, there are no comparable 2021 consolidated NTG Group financial statements.

## ***NTG PARENT COMPANY***

Nordic Technology Group AS, the ultimate parent company had NOK 0.9 million in revenues in 2022 (NOK 0 in 2021). The revenues are generated from intra-group cost allocations. Operating expenses ended at NOK 16.6 million (NOK 2.2 million in 2021). Net result for the year amounts to NOK -33.2 million (NOK -2.2 million in 2021) mainly due to a write down of NOK 18.2 million of the investment in CrayoNano AS.

Of the Parent's current assets of NOK 27.6 million, cash and bank deposits amount to around NOK 26.0 million. Loans to the portfolio companies amount to around NOK 30.4 million. The company expects that parts of, majority or all the outstanding loans to certain group companies could be converted into equity in 2023. Of the parent company's total balance sheet as of 31 December 2022 of NOK 729.4 million, equity amounts to around NOK 723.2 million.

The parent company has on behalf of certain group companies a total of NOK 49.3 million in guarantees for certain credit facilities and loans with banks and other institutions. The guarantees are issued for 1 year at the time, with first renewal due on June 30<sup>th</sup>, 2023. NTG parent company does not have any financial instruments such as forward contracts, or hedging agreements in place exposing the NTG parent or the NTG Group for changes in currency exchange rates, interest rates or other commodity price changes.

The cash balance and outstanding loans to the group companies of around NOK 30 million constitute the company's established liquidity reserves as of 31 December 2022. The company sold all its shares Hybrid Energy AS early in 2023 which strengthened the overall liquidity reserve in the parent.

As of 31.12.2022, net cash outflow from operating activities was NOK 12.6 million compared to an outflow of NOK 0.02 million in the same period in 2021. The net cash outflow from investing activities was NOK 55.9 million in 2022 compared to NOK 0.0 million in the same period in 2021. The main change is due to the seller credit as part of the acquisition settlement and loans to NTG Group subsidiaries in 2022. The net cash flow from financing activities was NOK 94.5 million in 2022 compared to NOK 0.002 million in the same period in 2021, with the main changes due to the capital increase in 2022 of NOK 102.0 million.

As of 31.12.2022, the NTG parent company does not have any long-term debt. The short-term debt of around NOK 6.2 million is primarily related to trade creditors.

Out of the financial assets of around NOK 701.7 million, NOK 613.2 million is related to investments in the Group companies and around NOK 58.1 million is related to a financial investment in CrayoNano AS.

NTG Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit (CGU)'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. Where 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. In assessing value in use, the estimated future cash flows are discounted to their present value, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. Value in use impairment calculation is based on detailed budgets and forecasts and with use of scenario analyses. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

CondAlign and CrayoNano are both registered on the NOTC with an observable market value based on the last trading in the shares. Trading volumes have been very low and price volatility very high resulting in a wide range of observable market values over some time. CrayoNano has recently completed a private placement transaction at a price of NOK 14.00 per share which indicates a write down of the book value in NTG parent of around NOK 18.2 million compared to NTG's original investment cost, and the write down has been included in the year end 2022 financial statements for NTG. For CondAlign, around 1% of the total outstanding number of shares have been traded in 2022. The price volatility has been very high, and the current share price does not reflect the underlying value of the company and as a result, no adjustments to investment cost is required.

For the remainder of NTG's investments in the group companies, the market values are assumed to be higher than the book values based on third party valuations and equity transactions in the companies. However, the board wants to emphasize that there will always be a significant uncertainty surrounding the estimates of the actual obtainable and realizable assets in the NTG's balance sheet should that be required.

The shares in NTG were admitted to trading on Oslo Euronext Growth with the ticker "NTG" on July 5, 2022. The initial trading quote was at NOK 12.00 per share. Trading volume, measured by the number of shares traded, has been very low with a total of around 1.6% of the total shares outstanding traded in the period since it was first admitted, and volatility has been very high. The trading interval has been in the range of an "high" of NOK 12.00 per share and a "low" of NOK 4.85 per share. As such, the board of directors and management does not believe that the

market value of the NTG shares represent a fair market value of the underlying assets and therefore cannot be used as a basis for impairment testing for the Group as a whole.

The book value of equity was NOK 723.2 million at the end of 2022 corresponding to an equity ratio of 99.1%.

The disposition of the 2022 net loss of NOK 33.2 million has been transferred to uncovered losses.

### ***NTG GROUP CONSOLIDATED FINANCIALS***

NTG Group had consolidated revenues of NOK 17.4 million in 2022 (01.07.22-31.12.22) of which the Sensor Technology business area had revenues of around NOK 2.4 million, Clean Technology business area had revenues of around NOK 15.8 million and Nano-materials Technology business area had revenues of around NOK 0.2 million.

Total operating expenses ended at NOK 117.0 million. Net operating loss for the year amounts to NOK 119.6 million, of which NOK 61.7 million is related to depreciation and amortization expenses and NOK 18.2 million related to the write down of the investment in CrayoNano AS.

As of 31.12.2022, the consolidated NTG Group's cash balance is around NOK 54.7 million.

Current assets as of 31.12.22 is around NOK 83.0 million and current liabilities is NOK 87.3 million.

As of 31.12.2022, the Group companies have non-current liabilities of around NOK 22.5 million, primarily related to loans with banks, project financing and innovation loans with other institutions.

Total fixed assets as of 31.12.2022 is around NOK 711.2 million, of which NOK 644.2 million is related to intangible assets. Goodwill of NOK 400.7 million is derived from the acquisition of the NTG Group companies and is amortized over a 5-year period and other intangible assets are depreciated over a 10-year period.

As of 31.12.2022, net cash outflow from operating activities was NOK 39.7 million. The net cash outflow from investing activities was NOK 15.2 million in 2022 and the net cash flow from financing activities was NOK 95.4 million in 2022 mainly due to the capital increase in July 2022.

The book value of equity was NOK 684.5 million at the end of 2022 corresponding to an equity ratio of around 86.2%.

The disposition of the 2022 net loss of NOK 119.6 million, of which NOK 108.0 million is related to majority interest and NOK 11.6 million is related to the minority interest, has been transferred to uncovered losses.

### ***2023-2024 OUTLOOK & KEY RISK FACTORS***

Russia's war against Ukraine is now into its second year and continues to impact the global economy. Increased tension in Asia and general political instability in other regions and its effect on the economic environment is difficult to estimate. Despite some signs of improvement, recovery over the coming periods is expected to be moderate, fragile and downside risks could predominate. High uncertainty generated by the war could further impact global investment levels, disrupt supply chains, and ignite a price increase in raw materials and labor expenses, all influencing business activity and growth projections. Trade tensions are high and could worsen. Concerns about financial vulnerabilities have risen, including recent turmoil in some financial institutions, increased interest rates and its effect on future cash flows, availability of funding and cost of capital needs to be monitored closely. While headline inflation has started declining, it remains elevated and could persist longer. External risks that could have an impact on the NTG Group companies includes but are not limited to operational risk, market risk, credit risk, currency risk, interest risk, liquidity risks and technology development risks as described below.

#### ***Operational risk***

The NTG Group companies, especially within the Sensor and Clean Technology business areas operates in an environment in which fixed price contracts is the norm. Fixed price contracts are subject to cost overruns due to increased labor costs, procurement, and external sourcing, including manufacturing and transportation of goods, and other factors outside managements control. Access to and availability of qualified resources will continue to be a challenge. These factors could have an adverse material impact on the NTG Group companies' financial performance and results, and NTG Group will closely monitor these factors going forward.

### ***Market risk***

Instability in the world economy because of the ongoing war in Ukraine, tensions in Asia and the need to secure stable energy supply through a shift towards increased focus on renewable sources, the introduction of new and disruptive technology and the enforcement of new legislative restrictions including environmental requirements could disrupt the supply and demand for the NTG Group companies' products and services and their international growth ambitions.

### ***Credit risk***

Credit risk is the risk of a financial loss should a customer or any other party fail to pay its obligations to the NTG Group companies. The credit risk is evaluated at the time of entering a contract and during its execution. The majority of NTG Group companies' customers are well known and the inherent credit risk is deemed low.

### ***Currency risk***

Currency risk is the risk that arises when expenses and revenues are denominated in a currency other than the functional currency in the operating entity. NTG Group companies offers their products and services to international customers and is exposed to currency risk on their commercial contracts. NTG Group and NTG Group companies will evaluate the use of currency hedging in material contracts when applicable to reduce the financial and liquidity impact with fluctuations in currency exchange rates. NTG Group companies does not currently have any currency hedging in place.

### ***Interest risk***

Interest risk is the risk that changes in interest rates will impact the financial obligations and liquidity positions in the NTG Group companies. The long-term debt in the NTG Group companies is all at floating interest rates and as the NTG Group companies have no material interest bearing assets, the NTG Group companies cash flow will fluctuate with changes in the interest rates.

### ***Liquidity risk***

Liquidity risk is the risk that NTG and the NTG Group companies are unable to meet its operational and financial obligations when they become due for payment. NTG and the NTG Group companies prepares on a frequent basis cash flow forecast that estimates the liquidity situation going forward providing visibility for the Board of Directors and management regarding the overall liquidity situation in the NTG Group and enabling corrective actions when, and if that should be required. The main factor impacting the liquidity forecasts are timing of contract awards and actual receipt of contract revenues. The liquidity risk in NTG Group companies will therefore primarily be linked to the general development of each individual company, and the ability to secure access to new liquidity should that be necessary. Additional information is also provided under the going concern section.

### ***Technology development risk***

Technology development risk is the risk that competitors advance and offers new solutions at better quality and lower prices. NTG Group companies are well positioned to innovate and advance their core technology and solutions to maintain their standings in the market and continue their ability to achieve further growth. NTG Group companies protects their intellectual property rights and will seek to issue new ones to further improve their competitive edge.

Nevertheless, the Board of Directors in NTG are cautiously optimistic about the outlook for the NTG Group companies. The NTG Group companies are overall well positioned in the markets they operate; their products and service offerings are cost-effective, and their technology base is disruptive in nature.

## ***BOARD OF DIRECTORS***

The Board of Directors consists of 5 members, none of whom are members of the company's management. Two of the board members are female and three are male. The Chair of the board is elected by the General Meeting. NTG's board of Directors establishes the overall principles for governance and control in NTG. As of 31 December 2022, the Chair of the board held 126,292 shares in NTG through his company August Industrier AS. The Board of Directors have an industry standard Directors & Officers Liability Insurance (D&O Insurance) policy issued by AIG Europe SA.

The Board is satisfied with the good working environment that has been established in the collaboration between the board and management of the company. There has been zero absence due to sickness in 2022 in the Parent company, and no injuries or accidents have been reported at the workplace. In 2022, the Group companies have recorded low sick leave with Hybrid Energy at around 1.4%, MossHydro and Hammertech both at around 0.9%, Wavetrain System at around 0.7%, and CondAlign at around 5.7% (2 persons long-term sick leave) and no injuries or accidents have been reported at the workplace in the Group companies.

The Board of Directors and management aims for NTG to be a workplace where there is full equality between women and men, and NTG has incorporated in its policy the relationship around equality, which aims to ensure that there is no discrimination based on gender in matters such as pay, advancement, recruitment etc. The NTG Group companies causes neither pollution nor emissions that materially could harm the external environment. NTG Group will publish a separate report under the Transparency Act by end of June 2023.

### ***ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)***

ESG underpins the activities of NTG and our subsidiaries and defines our approach to sustainable purpose. It drives our focus on i) business ethics and compliance, ii) people, culture, and community involvement as well as iii) commitment to operate our activities in a way that demonstrates our dedication to global environmental sustainability, iv) provides a way to measure business risks and opportunities.

NTG's footprint in 2022 has largely been in the form of embodied emissions in its products and services, travel and transportation of materials and finished goods to clients in Norway and around the world. NTG is aware of the effects its business operations have on the environment and will continue to ensure that the highest environmental standards are prioritized at all levels of operations.

### ***GOING CONCERN***

It is the opinion of the board of directors and chief executive officer (management) that the financial statements provide a true and fair view of the development, risks and results of the parent company and its subsidiaries operations and its financial position as of 31 December 2022. The Board of Directors and chief executive officer confirms that the 2022 financial statements are prepared in accordance with the going concern assumption and has taken this into account when preparing the financial statements. There have been no other circumstances after the end of the financial year that are of importance when assessing the groups position besides what is informed under events after the balance sheet date.

NTG Group is currently in an early commercial growth phase with several of its group companies with limited revenues and with its main source of liquidity is cash generated from financing, equity, and debt. The economic impact of the war in Ukraine, tensions in Asia or other macro economical/political events such as supply chain disruptions and increased cost of raw materials, access to semiconductors and increased interest rates and trade sanctions, can adversely impact the Group companies' liquidity risk in terms of risk of delays in forecasted revenues compared to their original budgets, which in turn will cause the Group's liquidity risk to increase further.

Management reviews on a regular basis cash-flow forecasts to evaluate whether it will be able to cover the liquidity needs for the next 12-month period. In developing estimates of future cash flows, the management makes assumptions about revenue and revenue growth, cost of materials, payroll and other operating expenses, capital expenditure, loan repayments, interest, and tax charges. The assumptions applied are based on historical experience and future expectations. Based on cash flow forecasts for the period up to May 2024, the management expects that Wavetrain Systems, Hammertech, CondAlign and Hystorsys will require additional liquidity to execute and proceed with its commercialization and growth strategy and has implemented action plans to secure the liquidity required. Wavetrain Systems and Hammertech has commenced a capital raise transaction, including conversion of debt (existing loans) to equity, and working capital financing through credit and public financing institutions. CondAlign has engaged two financial advisors to facilitate an equity capital raise, whilst Hystorsys, with a non-material liquidity need is planned supported by Nordic Technology AS liquidity reserve for the next 12 months.

Management also evaluates other initiatives to reduce spending and to improve the efficiency overall within the Group's operations, in addition to closely monitoring the debt and equity market opportunities for all group companies, also including the Parent company. However, until financing is secured, there will always be an inherent risk that adequate sources of funds may not be available, or available at acceptable terms and conditions when needed, and as such, there is a considerable risk to the going concern if each of Wavetrain Systems, Hammertech or CondAlign are not successful in obtaining required liquidity.

The board of directors and chief executive officer believes to the best of their abilities that Wavetrain Systems, Hammertech and CondAligns' initiatives and plans are realistic and sufficient to support the assumption that the Group can meet its financial obligations and continue to support the liquidity requirements for ongoing operations for the period up to May 2024.

## ***EVENTS AFTER THE BALANCE SHEET DATE***

On January 10<sup>th</sup> 2023, NTG entered into a share purchase agreement with Johnson Control Inc, US regarding the sale of all NTG's shareholdings in Hybrid Energy AS, excluding its wholly owned subsidiary Hystorsys AS. The transaction valued Hybrid Energy AS on a 100% enterprise value basis at around NOK 119 million and NTG received net cash of around NOK 77 million and will record a gain from the transaction in Q1 2023 of around NOK 45 million. Out of the net cash received, NOK 10 million is placed in escrow until mid-January 2024. In addition, NTG was released from NOK 15 million in guarantees in DNB on behalf of Hybrid Energy AS.

After the transaction, NTG parent company will own 100% of Hystorsys AS.

The Board of Directors report, including the 2022 annual report and auditors report will be available for download on the NTG Group's web page [www.ntechgroup.no](http://www.ntechgroup.no). A separate report under the Transparency Act will also be published by June 30<sup>th</sup>, 2023.

Oslo  
12. May 2023

*Sign.*

\_\_\_\_\_  
*Henrik August Christensen*  
*Chairman*

*Sign.*

\_\_\_\_\_  
*Camilla Amundsen*  
*Board member*

*Sign.*

\_\_\_\_\_  
*Ellen Hanetho*  
*Board member*

*Sign.*

\_\_\_\_\_  
*Konstantinos Koutsoumpelis*  
*Board member*

*Sign.*

\_\_\_\_\_  
*Georg Johan Espe*  
*Board member*

*Sign.*

\_\_\_\_\_  
*Leif Rune Rinnan*  
*Chief Executive Officer*

**Nordic Technology Group AS**  
**INCOME STATEMENT**  
(Amounts in NOK 1000)

| Nordic Technology Group AS           |               |  |      | Nordic Technology Group, consolidated |                 |
|--------------------------------------|---------------|--|------|---------------------------------------|-----------------|
|                                      |               |  |      | 01.07.2022 -                          | 31.12.2022      |
| 2022                                 | 2021          | Operating income and expenses                          | Note |                                       |                 |
| 0                                    | 0             | Revenue  | 12   |                                       | 16 142          |
| 890                                  | 0             | Other operating income                                 | 12   |                                       | 1 218           |
| <b>890</b>                           | <b>0</b>      | <b>Total revenue</b>                                   |      |                                       | <b>17 360</b>   |
| 0                                    | 0             | Capitalized internally generated assets                | 1    |                                       | -21 511         |
| 0                                    | 0             | Cost of goods sold                                     |      |                                       | 12 064          |
| 4 966                                | 0             | Payroll expenses                                       | 13   |                                       | 41 559          |
| 13                                   | 0             | Depreciation and amortisation expenses                 | 1, 2 |                                       | 61 668          |
| 11 589                               | 2 214         | Other operating expenses                               | 13   |                                       | 23 217          |
| <b>16 567</b>                        | <b>2 214</b>  | <b>Total operating expenses</b>                        |      |                                       | <b>116 997</b>  |
| <b>-15 677</b>                       | <b>-2 214</b> | <b>Operating profit or loss</b>                        |      |                                       | <b>-99 636</b>  |
| <b>Financial income and expenses</b> |               |  |      |                                       |                 |
| 697                                  | 0             | Other finance income                                   |      |                                       | 1 407           |
| 18 168                               | 0             | Write-down of financial assets                         | 3    |                                       | 18 168          |
| 15                                   | 0             | Other financial expense                                |      |                                       | 3 679           |
| <b>-17 486</b>                       | <b>0</b>      | <b>Net financial items</b>                             |      |                                       | <b>-20 439</b>  |
| <b>-33 163</b>                       | <b>-2 214</b> | <b>Profit of loss before income tax</b>                |      |                                       | <b>-120 076</b> |
| 0                                    | 0             | Income tax expense                                     | 11   |                                       | 535             |
| <b>-33 163</b>                       | <b>-2 214</b> | <b>Net loss for the year before minority interests</b> |      |                                       | <b>-119 541</b> |
|                                      |               | To minority interests                                  | 9    |                                       | -11 572         |
|                                      |               | <b>Net loss for the year</b>                           | 9    |                                       | <b>-107 969</b> |

**Nordic Technology Group AS**  
**BALANCE SHEET AT 31 DECEMBER**  
(Amounts in NOK 1000)

| Nordic Technology Group AS |          |  |       | Nordic Technology Group, consolidated |  |
|----------------------------|----------|--|-------|---------------------------------------|--|
| 2022                       | 2021     | ASSETS   | Note  | 2022                                  |  |
| 0                          | 0        | Development  | 1     | 230 947                               |  |
| 63                         | 0        | Other intangible assets                                      | 1     | 5 988                                 |  |
| 0                          | 0        | Deferred tax asset   | 11    | 6 617                                 |  |
| 0                          | 0        | Goodwill   | 1     | 400 663                               |  |
| <b>63</b>                  | <b>0</b> | <b>Total intangible assets</b>                               |       | <b>644 215</b>                        |  |
| 0                          | 0        | Machinery and plant (leased)                                 | 2, 16 | 5 312                                 |  |
| 0                          | 0        | Fixtures and fittings, tools, office machinery and equipment | 2     | 3 580                                 |  |
| <b>0</b>                   | <b>0</b> | <b>Total tangible assets</b>                                 |       | <b>8 892</b>                          |  |
| 613 172                    | 0        | Investments in subsidiaries                                  | 3     | 0                                     |  |
| 30 397                     | 0        | Loans to group companies                                     | 6     | 0                                     |  |
| 58 110                     | 0        | Investments in shares  | 3     | 58 110                                |  |
| <b>701 679</b>             | <b>0</b> | <b>Total financial non-current assets</b>                    |       | <b>58 110</b>                         |  |
| <b>701 742</b>             | <b>0</b> | <b>TOTAL NON-CURRENT ASSETS</b>                              |       | <b>711 217</b>                        |  |
| 0                          | 0        | Inventories  | 5     | 10 112                                |  |
| <b>0</b>                   | <b>0</b> | <b>Total inventories</b>                                     |       | <b>10 112</b>                         |  |
| 1 013                      | 0        | Trade receivables  | 6     | 3 866                                 |  |
| 631                        | 0        | Other receivables  | 7     | 14 342                                |  |
| <b>1 643</b>               | <b>0</b> | <b>Total receivables</b>                                     |       | <b>18 207</b>                         |  |
| 25 989                     | 2        | Cash and bank deposits                                       | 8     | 54 679                                |  |
| <b>27 632</b>              | <b>2</b> | <b>TOTAL CURRENT ASSETS</b>                                  |       | <b>82 998</b>                         |  |
| <b>729 374</b>             | <b>2</b> | <b>TOTAL ASSETS</b>  |       | <b>794 215</b>                        |  |

**Nordic Technology Group AS**  
**BALANCE SHEET AT 31 DECEMBER**  
(Amounts in NOK 1000)

| Nordic Technology Group AS |               |  | Nordic Technology Group, consolidated |                 |
|----------------------------|---------------|--|---------------------------------------|-----------------|
| 2022                       | 2021          | EQUITY AND LIABILITIES                     | Note                                  | 2022            |
| 301                        | 30            | Share capital                              | 9, 10                                 | 301             |
| 758 241                    | 0             | Share premium                              | 9                                     | 758 241         |
| 0                          | -6            | Other paid-in equity                       | 9                                     | 0               |
| <b>758 541</b>             | <b>24</b>     | <b>Total paid-in equity</b>                |                                       | <b>758 541</b>  |
|                            |               |  |                                       |                 |
| -35 377                    | -2 214        | Other equity                               | 9                                     | -116 935        |
| <b>-35 377</b>             | <b>-2 214</b> | <b>Total retained earnings</b>             |                                       | <b>-116 935</b> |
|                            |               |  |                                       |                 |
|                            |               | Minority interests                         | 9                                     | 42 847          |
| <b>723 164</b>             | <b>-2 190</b> | <b>TOTAL EQUITY</b>                        |                                       | <b>684 453</b>  |
|                            |               |  |                                       |                 |
| 0                          | 0             | Liabilities to financial institutions      | 6                                     | 18 864          |
| 0                          | 0             | Other non-current liabilities              | 6                                     | 3 587           |
| <b>0</b>                   | <b>0</b>      | <b>Total other non-current liabilities</b> |                                       | <b>22 451</b>   |
|                            |               |  |                                       |                 |
| 0                          | 0             | Liabilities to financial institutions      | 6                                     | 33 002          |
| 3 906                      | 1 597         | Trade payables                             |                                       | 11 995          |
| 569                        | 0             | Public duties payable                      |                                       | 6 169           |
| 1 735                      | 594           | Other short-term liabilities               | 15, 16                                | 36 144          |
| <b>6 210</b>               | <b>2 191</b>  | <b>Total current liabilities</b>           |                                       | <b>87 310</b>   |
| <b>6 210</b>               | <b>2 191</b>  | <b>TOTAL LIABILITIES</b>                   |                                       | <b>109 761</b>  |
| <b>729 374</b>             | <b>2</b>      | <b>TOTAL EQUITY AND LIABILITIES</b>        |                                       | <b>794 215</b>  |

Oslo, 12 May 2023

Sign.  
Henrik August Christensen  
Chairman of the Board

Sign.  
Ellen Merete Hanetho  
Member of the Board

Sign.  
Georg Johan Espe  
Member of the Board

Sign.  
Camilla Amundsen  
Member of the Board

Sign.  
Konstantinos Koutsoumpelis  
Member of the Board

Sign.  
Leif Rune Rinnan  
Chief Executive Officer

# Nordic Technology Group AS

## CASH FLOW

(Amounts in NOK 1000)

| Nordic Technology Group AS           |            | Nordic Technology Group, consolidated                                 |                |
|--------------------------------------|------------|---|----------------|
|                                      |            | 01.07.2022 - 31.12.2022   |                |
| 2022                                 | 2021       |   |                |
| <b>Cash flow from operations</b>     |            |   |                |
| -33 163                              | -2 214     | Result before income taxes  | -120 076       |
| 0                                    | 0          | Taxes paid in the period  | 0              |
| 18 168                               | 0          | Write-down of financial assets  | 18 168         |
| 13                                   | 0          | Depreciation  | 61 668         |
| 0                                    | 0          | Change in inventory   | -526           |
| -1 013                               | 0          | Change in trade debtors   | 3 562          |
| 2 309                                | 1 597      | Change in trade creditors   | -992           |
| 1 111                                | 594        | Change in other provisions  | -1 480         |
| <b>-12 575</b>                       | <b>-23</b> | <b>Net cash flow from operations</b>                                  | <b>-39 677</b> |
| <b>Cash flow used in investments</b> |            |   |                |
| 0                                    | 0          | Capitalized internally generated assets                               | -21 511        |
| 0                                    | 0          | Government grants related to development                              | 10 351         |
| -76                                  | 0          | Purchase of other intangible assets                                   | -1 994         |
| 0                                    | 0          | Purchase of tangible assets   | -529           |
| -22 907                              | 0          | Net proceeds from acquisition of subsidiaries 1)                      | 15 170         |
| -2 517                               | 0          | Purchase of shares in other companies                                 | -2 517         |
| -30 397                              | 0          | Loans to subsidiaries   | 0              |
| <b>-55 897</b>                       | <b>0</b>   | <b>Net cash flow from investments</b>                                 | <b>-1 030</b>  |
| <b>Cash flow used in financing</b>   |            |   |                |
| 0                                    | 0          | Proceeds from long term loans   | 304            |
| 0                                    | 0          | Net change in bank overdraft  | 1 684          |
| 102 032                              | 30         | Proceeds from issuance of equity                                      | 102 032        |
| -7 571                               | -6         | Incremental cost related to share issue                               | -7 571         |
| 0                                    | 0          | Purchase of own shares (Condalign AS)                                 | -1 066         |
| <b>94 460</b>                        | <b>24</b>  | <b>Net cash flow from financing</b>                                   | <b>95 382</b>  |
| <b>25 988</b>                        | <b>2</b>   | <b>Net change in cash and cash equivalents</b>                        | <b>54 676</b>  |
| 2                                    | 0          | Cash and cash equivalents at the beginning of the period              | 3              |
| <b>25 989</b>                        | <b>2</b>   | <b>Cash and cash equivalents at the end of the period</b>             | <b>54 679</b>  |
| 0                                    | 0          | In addition, available credit facility at 31 December 2022 amounts to | 8 580          |

1) Net difference between cash from subsidiaries of TNOK 38.078 less sellers credit of TNOK 22.907

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Accounting principles

The financial statements, together with consolidated financial statements, have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Nordic Technology Group AS was established on 17 February 2021 and the income statement and cash flow statement for 2021 include the period from 17 February 2021 to 31 December 2022.

### Basis for consolidation

The consolidated financial statements include Nordic Technology Group AS and companies in which Nordic Technology Group AS has a controlling interest. A controlling interest is normally obtained when the group owns more than 50% of the shares in the company and can exercise control over the company.

The group was established on 1 July 2022 by Nordic Technology Group AS acquiring the shareholdings of its subsidiaries, which included Wavetrain Systems AS, Hammertech AS, Hybrid Energy AS and its subsidiary Hystorsys AS, MossHydro AS and CondAlign AS, in addition to CrayoNano AS as a financial investment.

Companies acquired or sold during the year are included in the consolidated financial statement from the time of control is achieved and until control ceases. As the group was established on 1 July 2022, the consolidated income statement, cash flow statement and notes include the period from 1 July 2022 to 31 December 2022.

The difference between the acquisition price and identifiable net assets have been allocated as goodwill in the purchase price allocations. The minority's share of goodwill have not been recognized.

Minority interests are included in the group's equity. Transactions and balances between group companies have been eliminated in the consolidated financial statement.

### Subsidiaries and investment in other companies

The investments in subsidiaries and financial investments are valued as cost less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

For business combinations financed through a share capital increase, expenses related to the share issuance is deducted from paid-in equity/share premium.

### Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

### Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

### Revenue recognition

Revenues from the sale of goods are recognized in the income statement once delivery has taken place and most of the risk and return has been transferred. Revenues from the sale of services are recognized in proportion to the work performed.

Revenue from long-term construction contracts are treated in accordance with the percentage of completion method, where the agreed upon revenue is recognized in accordance with the calculated progress (stage of completion). The stage of completion is calculated as accrued production costs in relation to expected total production costs.

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Accounting principles

#### Tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward.

Deferred tax assets are recorded in the balance sheet to the extent that it is probable that taxable profit will be available against which the tax assets can be utilized.

The recognition of assets from purchase price allocations from business combinations give rise to deferred tax. Except for MossHydro AS, the group companies have not recognized deferred tax assets prior to the business combinations. In the purchase price allocations, both recognized and previously unrecognized deferred tax assets at 1 July 2022 have been netted against the deferred tax liability from the fair value adjustments. No deferred tax has been calculated on goodwill from the business combinations.

#### Balance sheet classification

Current assets and liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as non-current assets or liabilities.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value.

Non-current assets are valued at cost, less depreciation and impairment losses. Non-current liabilities are recognized at nominal value.

#### Intangible assets

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

- The technical feasibility of completing the intangible asset, so that it will be available for use or sale
- Its intention to complete and its ability 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

Following initial recognition of the development expenditure as an asset, the cost model is applied, requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized linearly over the period of expected future benefit. If the economic useful life of the capitalized development costs cannot be reliably estimated, the capitalized development costs must be amortized over a maximum period of ten years.

#### Tangible assets

Tangible assets are capitalized and depreciated linearly over the estimated useful life. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading tangible assets are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realizable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

#### Lease agreements

The company distinguishes between financial and operational leasing. Tangible assets financed by financial leasing are classified under tangible assets for accounting purposes. The counterpart item is included as a non-current liability. The lease amount is distributed between interest expenses and installments on the debt. Operational leasing is expensed as an operating cost based on invoiced rent.

Leased assets are reflected in the balance sheet as assets if the leasing contract is considered a financial lease. A lease is classified as a financial lease if a significant part of the risk and control related to the leased asset have been transferred based on a judgement of the real terms of the agreement.

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Accounting principles

#### Impairment of assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit (CGU)'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. Where 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.

In assessing value in use, the estimated future cash flows are discounted to their present value, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Value in use impairment calculation is based on detailed budgets and forecasts and with use of scenario analyses. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the income statement.

#### Inventories

Inventories are recognized at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

#### Trade receivables and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss

#### Cash and bank deposits

Cash and bank deposits in the balance sheet comprise cash at banks and on hand.

#### Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

#### Pensions

The group companies have defined contribution plans where the companies pay contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognised as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

#### Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and that all attached conditions will be complied with. When the grant relates to an expense item, it is deducted from the related expense on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of the depreciable asset, by way of a reduced depreciation charge.

#### Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash and bank deposits which immediately and with minimal exchange risk can be converted into known cash amounts.

Government grants related to capitalized development have been included as cash flow from investments.

Unaudited financial statements as of 30 June 2022 have been used when identifying the change in the cash flow statement for the period 1 July 2022 - 31 December 2022.

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Note 1 Intangible assets

| Nordic Technology Group AS                   | Website   | Total     |
|--|-----------|-----------|
| Purchase cost at 1 January 2022              | 0         | 0         |
| Additions during the year                    | 76        | 76        |
| Disposals during the year                    | 0         | 0         |
| Purchase cost at 31 December 2022            | 76        | 76        |
| Accumulated depreciation at 31 December 2022 | 13        | 13        |
| <b>Book value at 31 December 2022</b>        | <b>63</b> | <b>63</b> |

Depreciation in the year 13 13

Estimated useful life 3 years  
Depreciation plan Straight line

| Nordic Technology Group, consolidated        | Development    | Other intangible assets | Goodwill       | Total          |
|--|----------------|-------------------------|----------------|----------------|
| Group establishment at 1 July 2022           | 234 490        | 5 722                   | 445 181        | 685 394        |
| Additions during the year                    | 22 835         | 670                     | 0              | 23 505         |
| Government grants                            | -10 351        | 0                       | 0              | -10 351        |
| Purchase cost at 31 December 2022            | 246 974        | 6 392                   | 445 181        | 698 548        |
| Accumulated depreciation at 31 December 2022 | 16 028         | 404                     | 44 518         | 60 950         |
| <b>Book value at 31 December 2022</b>        | <b>230 947</b> | <b>5 988</b>            | <b>400 663</b> | <b>637 598</b> |

Depreciation in the year 16 028 404 44 518 60 950

Estimated useful life 5-10 years 3-15 years 5 years  
Depreciation plan Straight line Straight line Straight line

#### Development:

NTG Group subsidiaries are focused within three business areas: Sensor technology through Wavetrain Systems and Hammertech, Nanomaterials technology through CondAlign and Clean technology through MossHydro and Hybrid Energy. MossHydro and Hybrid Energy are all fully operational with some smaller development programs in place to enhance existing product lines. Wavetrain Systems, Hammertech and CondAlign have completed, or are in process of completing larger development programs:

Wavetrain Systems have over the past decade developed and patented a high-tech level crossing warning system for use on railways and the system received a final Type Approval Certificate from Network Rail, UK in 1H 2022. This implies that the technology solution is approved and ready for commercial for use. During 2H 2022, the system has been incorporated and tested with Network Rails signaling system and the first complete system will be operationally installed end of May 2023.

Hammertech has developed and patented an advanced oil & gas flow measurement product for which can be installed on each oil/gas well to measure water contents, gas fraction and salinity. Hammertech received its first commercial contracts in mid 2022 and has now sold its product to several operating companies. Hammertech will in 2023 start developing the existing product to also include mud operations.

CondAlign has a patented and ground-breaking technology for efficient production of conductive tape and membranes and have an extensive IPR portfolio with 12 patent families. The technology is still under further development and vigorously laboratory testing, and the first commercial samples was sold to Saint Gobain in France late 2022. CondAlign will continue development of different conductive tape products also throughout 2023.

Each of the NTG Group subsidiaries has been evaluated to constitute individual CGU's for impairment testing. Indicators of impairment for each of the NTG Group subsidiaries have been reviewed, and none identified.

## Nordic Technology Group AS

### NOTES

(Amounts in NOK 1000)

Further, management has assessed whether the decline in share price since initial listing in July 2022 constitute an impairment indicator for the group as a whole. Due to the low transaction volumes in the period, management does not consider the share price to give a fair representation of the market value of NTG AS. Hence, the decline in share price has not been considered to constitute an impairment indicator for the group as a whole.

To the best of managements knowledge, all expenses related to development activities have been capitalized for the period 1 July - 31 December 2022.

It is expected that that the total earnings from the group's patented technology and on-going development will be equivalent to the total costs occurred.

#### Goodwill:

See note 4 for the carrying amount of goodwill for each acquisition.

#### Note 2 Tangible assets

| Nordic Technology Group, consolidated        | Machinery and plant | Fixtures, tools, office machinery | Total        |
|--|---------------------|-----------------------------------|--------------|
| Group establishment at 1 July 2022           | 5 462               | 3 619                             | 9 081        |
| Additions during the year                    | 0                   | 529                               | 529          |
| Purchase cost at 31 December 2022            | 5 462               | 4 148                             | 9 610        |
| Accumulated depreciation at 31 December 2022 | 150                 | 569                               | 718          |
| <b>Book value at 31 December 2022</b>        | <b>5 312</b>        | <b>3 580</b>                      | <b>8 892</b> |
| Depreciation in the year                     | 150                 | 569                               | 718          |
| Estimated useful life                        | 5 years             | 3-5 years                         |              |
| Depreciation plan                            | Straight line       | Straight line                     |              |

Machinery and plant comprise of leased assets, see note 16.

#### Note 3 Subsidiaries and financial investments

Investments in subsidiaries and financial investments are booked according to the cost method.

Nordic Technology Group AS owns shares in the following subsidiaries:

| Subsidiaries         | Location | Ownership/<br>voting right | Equity last<br>year (100%) | Result last<br>year (100%) | Balance sheet<br>value |
|----------------------|----------|----------------------------|----------------------------|----------------------------|------------------------|
| Condalign AS         | Oslo     | 50,5 %                     | 29 159                     | -23 410                    | 95 318                 |
| Hammertech AS        | Nestun   | 87,8 %                     | 416                        | -19 895                    | 186 139                |
| Wavetrain Systems AS | Lysaker  | 83,6 %                     | 44 626                     | -16 339                    | 234 593                |
| Hybrid Energy AS     | Lysaker  | 96,3 %                     | 5 241                      | -11 506                    | 44 284                 |
| MossHydro AS         | Drammen  | 89,9 %                     | 19 470                     | -618                       | 52 838                 |
| <b>Total</b>         |          |                            | <b>98 911</b>              | <b>-71 768</b>             | <b>613 172</b>         |

In addition, Nordic Technology Group AS owns 14,6% of the shares in CrayoNano AS. The investment is classified as a financial investment recorded using the cost method, as the ownership share dictates that Nordic Technology Group AS is not able to exercise significant influence in the company. NTG's CEO Rune Rinnan is also chairman in CrayoNano but does not exercise control as NTG only has 1 out of 5 board members. Based on a recently completed private placement transaction in the company at a price of NOK 14 per share, the investment have been subject to a write-down of NOK 18.2 million to NOK 58.1 million as of 31 December 2022.

The investment in Hybrid Energy AS has been sold in 2023, see note 18.

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Note 4 Business combinations

On 1 July 2022, Nordic Technology Group AS acquired the shareholdings of its subsidiaries and financial investment described in note 3. The ownership share from group establishment to 31 December 2022 is unchanged. The transactions were completed with an acquisition price of NOK 689.4 million, of which NOK 664.1 million was settled through issue of shares in Nordic Technology Group AS and NOK 25.4 million as sellers credit which was paid in cash in July 2022.

The difference between the acquisition price and identifiable net assets have been allocated as goodwill in the purchase price allocations. The minority's share of goodwill have not been recognized.

The acquisition price and goodwill is distributed as follows:

|                      | Issue of<br>shares | Sellers<br>credit | Total          | Goodwill at<br>acquisition | Goodwill at<br>31 December |
|----------------------|--------------------|-------------------|----------------|----------------------------|----------------------------|
| Condalign AS         | 92 172             | 3 146             | 95 318         | 60 878                     | 54 790                     |
| Hammertech AS        | 182 732            | 3 406             | 186 139        | 141 857                    | 127 672                    |
| Wavetrain Systems AS | 221 063            | 13 460            | 234 523        | 173 741                    | 156 367                    |
| Hybrid Energy AS     | 29 426             | 2 825             | 32 250         | 30 662                     | 27 596                     |
| Hystorsys AS         | 12 034             | 0                 | 12 034         | 13 531                     | 12 178                     |
| MossHydro AS         | 52 838             | 0                 | 52 838         | 24 512                     | 22 061                     |
| Crayonano AS         | 73 760             | 2 517             | 76 278         |                            |                            |
| <b>Total</b>         | <b>664 025</b>     | <b>25 354</b>     | <b>689 379</b> | <b>445 181</b>             | <b>400 663</b>             |

Fair value adjustments in the purchase price allocation give rise to deferred tax in the balance sheet for the group. It is inherent in the recognition of an asset that its carrying amount will be recovered in the form of economic benefits that flow to the entity in future periods. When the carrying amount of the asset exceeds its tax base, the amount of taxable economic benefits will exceed the amount that will be allowed as a deduction for tax purposes. This difference is a taxable temporary difference and the obligation to pay the resulting income taxes in future periods is a deferred tax liability.

As the entity recovers the carrying amount of the asset, the taxable temporary difference will reverse and the entity will have taxable profit. This makes it probable that economic benefits will flow from the entity in the form of tax payments. The NTG group companies have significant tax reducing temporary differences on 1 July 2022. Except for MossHydro AS, the Group companies have not recognized the corresponding deferred tax assets prior to the business combinations. The recognition of assets related to the NTG group companies above the tax bases consequently give rise to recognition of deferred tax assets up to the amount of deferred tax liabilities recognized related to each company. Both recognized and previously unrecognized deferred tax assets on 1 July 2022 have been netted against the calculated deferred tax liability from the fair value adjustments in the purchase price allocations.

The consolidated accounts include the subsidiaries from 1 July 2022 and there is no comparable consolidated accounts for 2021. For comparison, the proforma revenue for the group would be as follows if the business combinations had been carried out on 1 January 2021:

| Pro forma revenue      | Nordic Technology Group,<br>consolidated |               |
|------------------------|--|---------------|
|                        | 2021                                     | 2022          |
| Sales income           | 45 439                                   | 35 179        |
| Other operating income | 2 144                                    | 1 293         |
| <b>Total</b>           | <b>47 583</b>                            | <b>36 472</b> |

### Note 5 Inventories

|                                  | Nordic Technology Group,<br>consolidated<br>2022 |
|----------------------------------|--|
| Raw materials                    | 4 432  |
| Work in progress                 | 2 003  |
| Finishes goods                   | 4 187  |
| Provision for obsolete inventory | -511   |
| <b>Total</b>                     | <b>10 112</b>                                    |

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Note 6 Debtors and liabilities, including intercompany loans and guarantees

| Trade debtors                             | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|---|----------------------------|----------|--|
|   | 2022                       | 2021     | 2022                                     |
| Trade debtors at nominal value            | 1 013                      | 0        | 3 866                                    |
| Bad debts provision                       | 0                          | 0        | 0  |
| <b>Trade debtors in the balance sheet</b> | <b>1 013</b>               | <b>0</b> | <b>3 866</b>                             |

| Debtors which fall due later than one year | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|--|----------------------------|----------|--|
|  | 2022                       | 2021     | 2022                                     |
| Loans to group companies                   | 30 397                     | 0        | 0  |
| <b>Total</b>                               | <b>30 397</b>              | <b>0</b> | <b>0</b>                                 |

In addition to providing loans to some of the subsidiaries, Nordic Technology Group AS have on behalf of its subsidiaries guaranteed for other financing arrangements such as innovation loans from Innovasjon Norge and credit facilities with DNB. As of 31 December 2022, the following guarantees are issued:

| Guarantees issued by Nordic Technology Group AS | Innovasjon<br>Norge | DNB           | Total         |
|---|---------------------|---------------|---------------|
|   |                     |               |               |
| Wavetrain Systems AS                            | 0                   | 10 000        | 10 000        |
| Hammertech AS                                   | 0                   | 11 000        | 11 000        |
| CondAlign AS                                    | 0                   | 12 000        | 12 000        |
| Hybrid Energy AS*                               | 4 300               | 12 000        | 16 300        |
| <b>Total</b>                                    | <b>4 300</b>        | <b>45 000</b> | <b>49 300</b> |

\*All guarantees on behalf of Hybrid Energy was terminated upon sale of Hybrid Energy in January 2023. Please see note 18.

| Liabilities which fall due later than one year            | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|---|----------------------------|----------|--|
|   | 2022                       | 2021     | 2022                                     |
| Liabilities to financial institutions                     | 0                          | 0        | 18 864                                   |
| Other non-current liabilities related to lease agreements | 0                          | 0        | 3 587                                    |
| <b>Total</b>  | <b>0</b>                   | <b>0</b> | <b>22 451</b>                            |

| Liabilities which fall due later than 5 years | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|---|----------------------------|----------|--|
|   | 2022                       | 2021     | 2022                                     |
| Liabilities to financial institutions         | 0                          | 0        | 850                                      |
| <b>Total</b>                                  | <b>0</b>                   | <b>0</b> | <b>850</b>                               |

| Liabilities secured by mortgage | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|---------------------------------|----------------------------|----------|--|
|                                 | 2022                       | 2021     | 2022                                     |
| Non-current liabilities         | 0                          | 0        | 13 864                                   |
| Current liabilities             | 0                          | 0        | 33 002                                   |
| <b>Total</b>                    | <b>0</b>                   | <b>0</b> | <b>46 867</b>                            |

NOK 31.6 million of the current liabilities secured by mortgage consists of credit facilities with DNB. The maturity date for the credit facilities is 30 June 2023 and the credit facilities can be renewed for one year at a time.

| Carrying amount of assets placed as security | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|--|----------------------------|----------|--|
|  | 2022                       | 2021     | 2022                                     |
| Tangible assets                              | 0                          | 0        | 3 291                                    |
| Inventory                                    | 0                          | 0        | 10 206                                   |
| Trade debtors                                | 0                          | 0        | 3 866                                    |
| <b>Total</b>                                 | <b>0</b>                   | <b>0</b> | <b>17 363</b>                            |

## (Amounts in NOK 1000)

KAPPA is a research cooperation between Research Council of Norway and the Czech Republic for the period 2019-2024.

|                           | Nordic Technology Group AS |      | Nordic Technology Group,<br>consolidated |
|---------------------------|----------------------------|------|--|
| Credit facilities granted | 2022                       | 2021 | 2022                                     |
| Unused credit facility    | 0                          | 0    | 8 580                                    |

|   |                      | Share premium  | Other paid-in equity | Other equity   | Total          |
|---|----------------------|----------------|----------------------|----------------|----------------|
| <b>Equity changes in the year</b>                     | <b>Share capital</b> |                |                      |                |                |
| Equity at 1 January 2022                              | 30                   | 0              | -6                   | -2 214         | -2 190         |
| Share capital increase group establishment - non-cash | 234                  | 663 822        | 0                    | 0              | 664 057        |
| Share capital increase group establishment - cash     | 36                   | 101 996        |                      |                | 102 032        |
| Transaction cost related to share issue               |                      | -7 577         | 6                    | 0              | -7 571         |
| Result for the year                                   | 0                    | 0              | 0                    | -33 163        | -33 163        |
| <b>Equity at 31 December 2022</b>                     | <b>301</b>           | <b>758 241</b> | <b>0</b>             | <b>-35 377</b> | <b>723 164</b> |

|   | Share capital | Share premium  | Other paid-in equity | Other equity    | Minority interests | Total          |
|---|---------------|----------------|----------------------|-----------------|--------------------|----------------|
| <b>Equity changes in the year</b>       |               |                |                      |                 |                    |                |
| Equity at 1 January 2022 NTG AS         | 30            | 0              | -6                   | -2 214          | 0                  | -2 190         |
| Result NTG AS first half year           |               |                |                      | -6 213          |                    | -6 213         |
| Group establishment at 1 July 2022      | 271           | 765 818        | 0                    | 0               | 55 016             | 821 104        |
| Transaction cost related to share issue |               | -7 577         | 6                    |                 |                    | -7 571         |
| Result 1 July - 31 December 2022        | 0             | 0              | 0                    | -107 969        | -11 572            | -119 541       |
| Purchase of own shares (Condalign AS)   |               |                |                      | -539            | -527               | -1 066         |
| Purchase of shares from minority        |               |                |                      |                 | -70                | -70            |
| <b>Equity at 31 December 2022</b>       | <b>301</b>    | <b>758 241</b> | <b>0</b>             | <b>-116 935</b> | <b>42 847</b>      | <b>684 453</b> |

Based on a proxy from the shareholders meeting on 12 May 2022, the Board of Directors in CondAlign AS acquired a total of 100,000 own shares at a price of NOK 10.66 per share and corresponding to 0.7% of the total outstanding shares in the Company. The shares will be used to fulfill the Company's obligation towards existing and future incentive programs.

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Note 10 Share capital and shareholder information

| The share capital Nordic Technology Group AS at 31 December 2022: | Number of shares | Nominal value (NOK) | Book value (NOK) |
|---|------------------|---------------------|------------------|
| Ordinary shares   | 70 920 680       | 0,0042              | 300 511          |
| Total   | 70 920 680       | 0,0042              | 300 511          |

All shares have equal votings rights.

| List of major shareholders at 31 December: | Ordinary shares | Owner's share | Voting rights |
|--|-----------------|---------------|---------------|
| NTG Manco AS (controlled by CEO)           | 8 561 794       | 12,07 %       | 12,07 %       |
| Såkorninvest II AS                         | 5 280 579       | 7,45 %        | 7,45 %        |
| Skips AS Tudor                             | 5 163 149       | 7,28 %        | 7,28 %        |
| Global Opportunities PE AS                 | 3 402 139       | 4,80 %        | 4,80 %        |
| Rock Dove Holdings Limited                 | 2 889 591       | 4,07 %        | 4,07 %        |
| Strandveien 20 Invest AS                   | 2 714 123       | 3,83 %        | 3,83 %        |
| Jama Holding AS                            | 2 601 824       | 3,67 %        | 3,67 %        |
| Formue Private Equity AS                   | 2 260 348       | 3,19 %        | 3,19 %        |
| Lani Invest AS                             | 2 128 555       | 3,00 %        | 3,00 %        |
| Vestlandets Innovasjonsselskap AS          | 1 591 615       | 2,24 %        | 2,24 %        |
| S. Munkhaugen AS                           | 1 285 010       | 1,81 %        | 1,81 %        |
| Televenture Capital AS (controlled by CEO) | 1 071 253       | 1,51 %        | 1,51 %        |
| Arctic Securities AS (nominee)             | 883 167         | 1,25 %        | 1,25 %        |
| DNB Bank ASA (nominee)                     | 881 102         | 1,24 %        | 1,24 %        |
| Oso Hotwater AS                            | 843 131         | 1,19 %        | 1,19 %        |
| Lave AS                                    | 828 178         | 1,17 %        | 1,17 %        |
| Rolfs Holding AS                           | 745 023         | 1,05 %        | 1,05 %        |
| Private Equity Growth 2012 AS              | 735 206         | 1,04 %        | 1,04 %        |
| Sparebanken Vest                           | 732 770         | 1,03 %        | 1,03 %        |
| Kolberg Motors AS                          | 732 135         | 1,03 %        | 1,03 %        |
| IFE Invest AS                              | 724 703         | 1,02 %        | 1,02 %        |
| Other owners (ownership <1%)               | 24 865 285      | 35,06 %       | 35,06 %       |
| Total                                      | 70 920 680      | 100,00 %      | 100,00 %      |

As of 31 December 2022, the chair of the board held 126,292 shares in NTG through his company August Industrier AS. Other than that, the members of the board do not own any shares in the company.

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Note 11 Income tax

#### Calculation of deferred tax/deferred tax benefit

|   | Nordic Technology Group AS |               | Nordic Technology Group,<br>consolidated |
|---|----------------------------|---------------|--|
|   | 2022                       | 2021          | 2022                                     |
| <b>Temporary differences</b>                        |                            |               |  |
| Intangible and tangible assets                      | 0                          | 0             | 54 069                                   |
| Inventory   | 0                          | 0             | -695                                     |
| Provisions and other differences                    | 0                          | 0             | -6 886                                   |
| Net temporary differences                           | 0                          | 0             | 46 488                                   |
| Tax losses carried forward                          | -24 787                    | -2 220        | -515 126                                 |
| <b>Basis for deferred tax</b>                       | <b>-24 787</b>             | <b>-2 220</b> | <b>-468 639</b>                          |
| Deferred tax  | -5 453                     | -488          | -103 101                                 |
| Deferred tax benefit not shown in the balance sheet | 5 453                      | 488           | 96 484                                   |
| <b>Deferred tax in the balance sheet</b>            | <b>0</b>                   | <b>0</b>      | <b>-6 617</b>                            |

In the purchase price allocations from the group establishment on 1 July 2022, deferred tax liabilities from fair value adjustments have been netted against recognized and unrecognized deferred tax assets for each subsidiary. The net deferred tax asset of NOK 6.6 million relates to MossHydro AS. For the rest of the group companies, calculated net deferred tax assets have not been reflected in the balance sheet due to uncertainty related to when the tax benefit can be utilized through future taxable profits.

|  | Nordic Technology Group AS |               | Nordic Technology Group,<br>consolidated |
|--|----------------------------|---------------|--|
|  | 2022                       | 2021          | 2022                                     |
| <b>Tax base calculation</b>                            |                            |               |  |
| Profit/loss before taxes                               | -33 163                    | -2 214        | -120 076                                 |
| Permanent differences                                  | 10 596                     | -6            | 7 048                                    |
| Basis for the tax expense for the year                 | <b>-22 567</b>             | <b>-2 220</b> | <b>-113 028</b>                          |
| Change in unrecognized deferred tax assets             | 22 567                     | 2 220         | 113 028                                  |
| <b>Basis for payable taxes in the income statement</b> | <b>0</b>                   | <b>0</b>      | <b>0</b>                                 |

|   | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|---|----------------------------|----------|--|
|   | 2022                       | 2021     | 2022                                     |
| <b>Components of the income tax expense</b> |                            |          |  |
| Change in deferred tax                      | 0                          | 0        | -535                                     |
| <b>Income tax expense</b>                   | <b>0</b>                   | <b>0</b> | <b>-535</b>                              |

The income tax expense of NOK -0.5 million is related to change in deferred tax asset in MossHydro AS.

#### Reconciliation of the income tax expense

|                                  |         |        |          |
|----------------------------------|---------|--------|----------|
| Profit or loss before income tax | -33 163 | -2 214 | -120 076 |
| Calculated tax (22%)             | -7 296  | -487   | -26 417  |
| Income tax expense               | 0       | 0      | -535     |
| Difference                       | 7 296   | 487    | 25 882   |

The difference consist of:

|  |       |     |        |
|--|-------|-----|--------|
| Tax effect of permanent differences        | 2 331 | -1  | 1 551  |
| Change in unrecognized deferred tax assets | 4 965 | 488 | 24 331 |
| Sum explained differences                  | 7 296 | 487 | 25 882 |

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Note 12 Operating income

|                        | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|------------------------|----------------------------|----------|--|
|                        | 2022                       | 2021     | 2022                                     |
| Sales income           | 0                          | 0        | 16 142                                   |
| Other operating income | 490                        | 0        | 1 218                                    |
| <b>Total</b>           | <b>490</b>                 | <b>0</b> | <b>17 360</b>                            |

|                                  |               |
|----------------------------------|---------------|
| <b>Geographical distribution</b> | <b>2022</b>   |
| Norway                           | 15 795        |
| Europe                           | 1 565         |
| Other countries                  | 0             |
| <b>Total</b>                     | <b>17 360</b> |

|                           |               |
|---------------------------|---------------|
| <b>By business area</b>   | <b>2022</b>   |
| Sensor technology         | 1 248         |
| Clean technology          | 15 890        |
| Nano-materials technology | 222           |
| <b>Total</b>              | <b>17 360</b> |

### Note 13 Payroll expenses, number of employees, remunerations, loans to employees, etc.

|                      | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|----------------------|----------------------------|----------|--|
| Payroll expenses     | 2022                       | 2021     | 2022                                     |
| Salaries             | 4 092                      | 0        | 32 901                                   |
| Social security fees | 575                        | 0        | 5 140                                    |
| Pension expenses     | 249                        | 0        | 2 006                                    |
| Other benefits       | 50                         | 0        | 1 511                                    |
| <b>Total</b>         | <b>4 966</b>               | <b>0</b> | <b>41 559</b>                            |

|  |   |   |   |    |
|--|---|---|---|----|
| Average number of full-time equivalents, employees | 2 | 0 | 0 | 27 |
|--|---|---|---|----|

Two of the subsidiaries have issued share options to employees which are not expensed in accordance with exceptions for small entities. All options have been issued prior to the group establishment and the share options have not been expensed in accordance with NRS 15A, 8C. The options in the subsidiaries at 31 December are summarized below:

| Subsidiary           | Total number<br>of shares | Number of<br>options | Strike price<br>per option | Expiry date |
|----------------------|---------------------------|----------------------|----------------------------|-------------|
| Wavetrain Systems AS | 40 332 266                | 3 195 147            | NOK 9.5                    | Sept. 2024  |
| CondAlign AS         | 14 154 957                | 2 285 147            | NOK 13.4                   | Jan. 2026   |

|                                   |            |              |
|-----------------------------------|------------|--------------|
| <b>Remuneration to executives</b> | <b>CEO</b> | <b>Board</b> |
| Salaries                          | 1 974      | 0            |
| Pension expenses                  | 124        | 0            |
| Other benefits                    | 11         | 0            |

The CEO has an agreement of 12 months of severance pay. Other than that, the board or CEO does not have any bonus agreement or any severance pay agreement. No loans/securities have been granted to the CEO or the board.

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

|                          | Nordic Technology Group AS |          | Nordic Technology Group,<br>consolidated |
|--------------------------|----------------------------|----------|--|
| Expensed audit fee       | 2022                       | 2021     | 2022                                     |
| Statutory audit          | 240                        | 0        | 632                                      |
| Other assurance services | 2 072                      | 0        | 2 072                                    |
| Other non-audit services | 0                          | 0        | 0  |
| <b>Total audit fees</b>  | <b>2 312</b>               | <b>0</b> | <b>2 704</b>                             |

### Note 14 Pensions

Nordic Technology Group AS is required to have contribution plan in accordance with the Norwegian Law on Required Occupational Pension. The company's pension scheme meets the requirements for all employees.

The company's pension schemes meet the requirements of the law on compulsory occupational pension.

### Note 15 Construction contracts

Parts of the activities in Hybrid Energy AS is related to development and production of products and systems by orders. The projects are treated in accordance with the percentage of completion method. The revenue is recognised in accordance with the calculated progress (stage of completion). The stage of completion is calculated as accrued production costs in relation to expected total production costs (cost-to-cost method). The revenue is agreed in the contract. Expected total development costs are estimated based on a combination of experience of numbers, systematic estimation procedures, follow-up of performance measurements and follow up of efficiency measurements and best estimates.

|   | Nordic Technology Group,<br>consolidated<br>2022 |
|---|--|
| Earned, not invoiced revenue, included in trade receivables             | 0  |
| Advance invoicing/prepayments, included in other short-term liabilities | 5 290  |
| Revenue on on-going projects  | 4 984  |
| Costs on on-going projects  | 4 463  |
| Estimated profit on construction contracts                              | 521  |

## Nordic Technology Group AS

### NOTES

(Amounts in NOK 1000)

#### Note 16 Lease agreements

##### Financial lease agreements:

CondAlign AS entered into a 5 year minimum lease agreement in 2020 for a roll-to-roll machine. In 2021, the company entered into a second lease agreement on a new machine with a 5 year minimum lease. In 2022, the company entered into a third lease agreement on equipment with a 4 year minimum lease period.

The lease equipment are specially designed for CondAlign AS only and the company have a right to have the lease equipment being transferred free of charge after the end of the lease period.

|   | Nordic Technology Group,<br>consolidated<br>2022 |
|---|--|
| Assets included in financial lease agreements are as follows: |  |
| Machinery and plant   | 5 312  |

|                                    | Nonimal value | Net present<br>value |
|------------------------------------|---------------|----------------------|
| Overview of future lease payments: |               |                      |
| 2023                               | 2 087         | 2 033                |
| 2024-2026                          | 4 063         | 3 617                |
| Total                              | 6 151         | 5 650                |

An avarage interest rate of 6% has been used when calculating the net present value.

##### Operational lease agreements:

The group has entered into the following significant operating lease agreements:

- 3-year office rental agreement expiring 31 December 2024. Current annual rent is NOK 2.2 million.
- 3-year office rental agreement expiring 31 January 2025. Current annual rent is NOK 2.1 million.
- Rental agreement for office expiring 30 June 2028. Current annual rent is NOK 0.9 million.
- 3-year office rental agreement expiring 30 September 2023. Current annual rent is NOK 0.4 million.
- 3-year office rental agreement expiring 30 September 2025. Current annual rent is NOK 1.1 million.

# Nordic Technology Group AS

## NOTES

(Amounts in NOK 1000)

### Note 17 Going concern

It is the opinion of the board of directors and chief executive officer (management) that the financial statements provide a true and fair view of the development, risks and results of the parent company and its subsidiaries operations and its financial position as of 31 December 2022. The Board of Directors and chief executive officer confirms that the 2022 financial statements are prepared in accordance with the going concern assumption and has taken this into account when preparing the financial statements. There have been no other circumstances after the end of the financial year that are of importance when assessing the groups position besides what is informed under events after the balance sheet date.

NTG Group is currently in an early commercial growth phase with several of its group companies with limited revenues and with its main source of liquidity is cash generated from financing, equity, and debt. The economic impact of the war in Ukraine, tensions in Asia or other macro economical/political events such as supply chain disruptions and increased cost of raw materials, access to semiconductors and increased interest rates and trade sanctions, can adversely impact the Group companies' liquidity risk in terms of risk of delays in forecasted revenues compared to their original budgets, which in turn will cause the Group's liquidity risk to increase further.

Management reviews on a regular basis cash-flow forecasts to evaluate whether it will be able to cover the liquidity needs for the next 12-month period. In developing estimates of future cash flows, the management makes assumptions about revenue and revenue growth, cost of materials, payroll and other operating expenses, capital expenditure, loan repayments, interest, and tax charges. The assumptions applied are based on historical experience and future expectations. Based on cash flow forecasts for the period up to May 2024, the management expects that Wavetrain Systems, Hammertech, CondAlign and Hystorsys will require additional liquidity to execute and proceed with its commercialization and growth strategy and has implemented action plans to secure the liquidity required. Wavetrain Systems and Hammertech has commenced a capital raise transaction, including conversion of debt (existing loans) to equity, and working capital financing through credit and public financing institutions. CondAlign has engaged two financial advisors to facilitate an equity capital raise, whilst Hystorsys, with a non-material liquidity need is planned supported by Nordic Technology AS liquidity reserve for the next 12 months.

Management also evaluates other initiatives to reduce spending and to improve the efficiency overall within the Group's operations, in addition to closely monitoring the debt and equity market opportunities for all group companies, also including the Parent company. However, until financing is secured, there will always be an inherent risk that adequate sources of funds may not be available, or available at acceptable terms and conditions when needed, and as such, there is a considerable risk to the going concern if each of Wavetrain Systems, Hammertech or CondAlign are not successful in obtaining required liquidity.

The board of directors and chief executive officer believes to the best of their abilities that Wavetrain Systems, Hammertech and CondAligns' initiatives and plans are realistic and sufficient to support the assumption that the Group can meet its financial obligations and continue to support the liquidity requirements for ongoing operations for the period up to May 2024.

### Note 18 Events after the balance sheet date

On 10 January 2023, Nordic Technology Group AS entered into a share purchase agreement with Johnson Control Inc, US regarding the sale of all of Nordic Technology Group AS' shareholdings in Hybrid Energy AS. The shares in Hybrid Energy AS' wholly owned subsidiary Hystorsys AS was not included in the transaction and is now owned 100% by Nordic Technology Group AS.

Hybrid Energy AS is included in the consolidated accounts with the following amounts:

|                         |        |
|-------------------------|--------|
| Revenue                 | 7 283  |
| Operating expenses      | 13 082 |
| Financial income        | 321    |
| Financial expenses      | 598    |
| Net result              | -6 076 |
|                         |        |
| Non-current assets      | 10 113 |
| Current assets          | 2 792  |
| Non-current liabilities | 0      |
| Current liabilities     | 22 904 |

Nordic Technology Group AS has recorded a gain of around NOK 46 million from the transaction.



To the General Meeting of Nordic Technology Group AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Nordic Technology Group AS, which comprise:

- the financial statements of the parent company Nordic Technology Group AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Nordic Technology Group AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

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

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by 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.

Offices in:

### Material Uncertainty Related to Going Concern

We draw attention to Note 18 in the financial statements, which states that NTG group is currently in an early commercial growth phase with several of its group companies with limited revenues and with its main source of liquidity is cash generated from financing, equity, and debt.

Management expects that Wavetrain Systems AS, Hammertech AS, CondAlign AS and Hystorsys AS will require additional funding to proceed with their commercialization and growth strategy. The same note points out that there is an inherent risk that adequate sources of funds may not be available, or not available at acceptable terms and conditions, when needed.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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

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

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Oslo, 12 May 2023  
KPMG AS



Thomas Alfheim  
*State Authorised Public Accountant*