



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 912 861 732
Organisasjonsform: Aksjeselskap
Foretaksnavn: HOUSE OF CONTROL GROUP AS
Forretningsadresse: O.H. Bangs vei 70
1363 HØVIK

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Lasse Sten
Dato for fastsettelse av årsregnskapet: 03.02.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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

Brønnøysundregistrene, 05.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3, 13	369 908	0
Annen driftsinntekt	13	0	833 852
Sum inntekter		369 908	833 852
Kostnader			
Lønnskostnad	4	1 228 200	1 028 400
Avskrivning på varige driftsmidler og immaterielle eiendeler	8, 9	0	0
Annen driftskostnad	4, 6	1 924 298	4 462 615
Sum kostnader		3 152 498	5 491 015
Driftsresultat		-2 782 590	-4 657 163
Finansinntekter og finanskostnader			
Annen renteinntekt	7	767 128	2 487
Annen finansinntekt	7	206	0
Sum finansinntekter		767 334	2 487
Annen rentekostnad	7, 13	11 331 421	833 852
Annen finanskostnad	7	4 955	150
Sum finanskostnader		11 336 376	834 002
Netto finans		-10 569 042	-831 515
Ordinært resultat før skattekostnad		-13 351 632	-5 488 678
Skattekostnad på ordinært resultat	16	-2 937 360	-313 687
Ordinært resultat etter skattekostnad		-10 414 272	-5 174 991
Årsresultat		-10 414 272	-5 174 991
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-10 414 273	-5 174 991
Sum overføringer og disponeringer	17	-10 414 273	-5 174 991



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	16	8 798 984	1 184 074
Sum immaterielle eiendeler		8 798 984	1 184 074
Finansielle anleggsmidler			
Investering i datterselskap	10	142 806 503	84 760 662
Sum finansielle anleggsmidler		142 806 503	84 760 662
Sum anleggsmidler		151 605 487	85 944 736
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	12, 16	28 640 500	275 901
Sum fordringer		28 640 500	275 901
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	2	320 573 413	63 980 641
Sum bankinnskudd, kontanter og lignende		320 573 413	63 980 641
Sum omløpsmidler		349 213 913	64 256 542
SUM EIENDELER		500 819 400	150 201 278
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	17, 18	11 382 640	6 409 320
Overkurs	17	414 652 363	46 083 847
Sum innskutt egenkapital		426 035 003	52 493 167



Balanse

Beløp i: NOK	Note	2020	2019
Opptjent egenkapital			
Annen egenkapital	17	-15 507 556	-5 093 284
Sum opptjent egenkapital		-15 507 556	-5 093 284
Sum egenkapital		410 527 447	47 399 883
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	14, 15	87 344 078	71 643 593
Sum annen langsiktig gjeld		87 344 078	71 643 593
Sum langsiktig gjeld		87 344 078	71 643 593
Kortsiktig gjeld			
Leverandørgjeld		1 235 157	898 535
Skyldige offentlige avgifter		0	175 191
Annen kortsiktig gjeld	12	1 712 717	30 084 076
Sum kortsiktig gjeld		2 947 874	31 157 802
Sum gjeld		90 291 952	102 801 395
SUM EGENKAPITAL OG GJELD		500 819 399	150 201 278



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3, 13	124 794 567	93 778 633
Annen driftsinntekt	13	0	0
Sum inntekter		124 794 567	93 778 633
Kostnader			
Lønnskostnad	4	90 935 408	68 855 537
Avskrivning på varige driftsmidler og immaterielle eiendeler	8, 9	22 652 666	8 883 701
Annen driftskostnad	4, 6	28 879 087	32 935 409
Sum kostnader		142 467 161	110 674 647
Driftsresultat		-17 672 594	-16 896 014
Finansinntekter og finanskostnader			
Annen renteinntekt	7	913 295	130 764
Annen finansinntekt	7	194 312	1 866 852
Sum finansinntekter		1 107 607	1 997 616
Annen rentekostnad	7, 13	11 804 671	1 749 353
Annen finanskostnad	7	4 109 424	4 216 643
Sum finanskostnader		15 914 095	5 965 996
Netto finans		-14 806 488	-3 968 380
Ordinært resultat før skattekostnad		-32 479 082	-20 864 394
Skattekostnad på ordinært resultat	16	-6 463 011	-2 800 355
Ordinært resultat etter skattekostnad		-26 016 071	-18 064 039
Årsresultat		-26 016 071	-18 064 039



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Customer relationship	8	37 589 065	10 958 904
Utsatt skattefordel	16	7 034 721	0
Other intangible assets	8	102 692 680	39 993 381
Sum immaterielle eiendeler		147 316 466	50 952 285
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	9	946 283	726 721
Sum varige driftsmidler		946 283	726 721
Finansielle anleggsmidler			
Investering i datterselskap	10	0	0
Andre fordringer		578 449	160 857
Sum finansielle anleggsmidler		578 449	160 857
Sum anleggsmidler		148 841 198	51 839 863
Omløpsmidler			
Varer			
Varer	11	187 552	218 750
Sum varer		187 552	218 750
Fordringer			
Kundefordringer		8 590 740	5 935 424
Andre fordringer	12, 16	35 801 044	28 013 884
Sum fordringer		44 391 784	33 949 308
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	2	346 679 796	81 608 652
Sum bankinnskudd, kontanter og lignende		346 679 796	81 608 652
Sum omløpsmidler		391 259 132	115 776 710
SUM EIENDELER		540 100 330	167 616 573



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	17, 18	11 382 640	6 409 320
Overkurs	17	414 652 363	46 083 848
Sum innskutt egenkapital		426 035 003	52 493 168
Opptjent egenkapital			
Annen egenkapital	17	-78 914 081	-52 796 934
Sum opptjent egenkapital		-78 914 081	-52 796 934
Sum egenkapital		347 120 922	-303 766
Gjeld			
Langsiktig gjeld			
Utsatt skatt	16	0	1 884 326
Andre avsetninger for forpliktelser	10	3 635 002	0
Sum avsetninger for forpliktelser		3 635 002	1 884 326
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	14, 15	90 781 578	75 305 947
Sum annen langsiktig gjeld		90 781 578	75 305 947
Sum langsiktig gjeld		94 416 580	77 190 273
Kortsiktig gjeld			
Leverandørgjeld		3 920 241	4 281 701
Skyldige offentlige avgifter		14 794 415	9 597 920
Deferred revenue		63 120 203	63 912 733
Other short-term liabilities	12	16 727 969	12 937 711
Sum kortsiktig gjeld		98 562 828	90 730 065
Sum gjeld		192 979 408	167 920 338
SUM EGENKAPITAL OG GJELD		540 100 330	167 616 572



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Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Sten, Lasse	BANKID_MOBILE	2021-02-03 18:13
Hagen, Erik Fjellvær	BANKID	2021-02-03 17:53
Vik, Jostein	BANKID	2021-02-03 19:13
Haabeth, Marius	BANKID_MOBILE	2021-02-03 18:38
Berg, Thorstein	BANKID	2021-02-03 18:17
Thorsen, Øyvind Robert	BANKID	2021-02-03 17:29

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House of Control Group AS

Annual report 2020

Annual company and group accounts

- Income statement**
- Balance sheet**
- Notes**

Auditor's report

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House of Control Group AS

Income statement

Parent company					
2020	2019	Amounts in NOK	Note	Group 2020	2019
Revenue					
369 908	0	Revenue	3, 13	124 794 567	93 778 633
0	833 852	Other operating income	13	0	0
<u>369 908</u>	<u>833 852</u>	Total revenue		<u>124 794 567</u>	<u>93 778 633</u>
Operating expenses					
1 228 200	1 028 400	Personnel expenses	4	90 935 408	68 855 537
0	0	Depreciation and amortization	8, 9	22 652 666	8 883 701
1 924 298	4 462 615	Other operating expenses	4, 6	28 879 087	32 935 409
<u>3 152 498</u>	<u>5 491 015</u>	Total operating expenses		<u>142 467 161</u>	<u>110 674 648</u>
<u>-2 782 590</u>	<u>-4 657 163</u>	Operating profit		<u>-17 672 594</u>	<u>-16 896 015</u>
Financial income and expenses					
767 128	2 487	Interest income	7	913 295	130 764
206	0	Other financial income	7	194 312	1 866 852
11 331 421	833 852	Interest expenses	7, 13	11 804 671	1 749 353
4 955	150	Other financial expenses	7	4 109 424	4 216 643
<u>-10 569 042</u>	<u>-831 515</u>	Net financial items		<u>-14 806 488</u>	<u>-3 968 380</u>
<u>-13 351 632</u>	<u>-5 488 678</u>	Profit before tax		<u>-32 479 081</u>	<u>-20 864 395</u>
<u>-2 937 360</u>	<u>-313 687</u>	Tax on profit or loss	16	<u>-6 463 011</u>	<u>-2 800 355</u>
<u>-10 414 273</u>	<u>-5 174 991</u>	Net profit or loss for the year		<u>-26 016 071</u>	<u>-18 064 040</u>
Allocated as follows					
<u>-10 414 273</u>	<u>-5 174 991</u>	Transferred to other equity			
<u>-10 414 273</u>	<u>-5 174 991</u>	Total allocations	17		



House of Control Group AS

Balance sheet as of December 31

Parent company					
2020	2019	Amounts in NOK	Note	Group 2020	2019
Fixed assets					
<i>Intangible assets</i>					
0	0	Customer relationship	8	37 589 065	10 958 904
0	0	Other intangible assets	8	102 692 680	39 993 381
8 798 984	1 184 074	Deferred tax assets	16	7 034 721	0
<u>8 798 984</u>	<u>1 184 074</u>	Total intangible assets		<u>147 316 466</u>	<u>50 952 285</u>
<i>Tangible assets</i>					
0	0	Equipment and other movables	9	946 283	726 721
<u>0</u>	<u>0</u>	Total tangible assets		<u>946 283</u>	<u>726 721</u>
<i>Financial assets</i>					
142 806 503	84 760 662	Investments in subsidiaries	10	0	0
0	0	Other long-term receivables		578 449	160 857
<u>142 806 503</u>	<u>84 760 662</u>	Total financial assets		<u>578 449</u>	<u>160 857</u>
<u>151 605 487</u>	<u>85 944 736</u>	Total fixed assets		<u>148 841 197</u>	<u>51 839 862</u>
Current assets					
0	0	Inventories	11	187 552	218 750
<i>Receivables</i>					
0	0	Trade receivables		8 590 740	5 935 424
28 640 500	275 901	Other short-term receivables	12, 16	35 801 044	28 013 884
<u>28 640 500</u>	<u>275 901</u>	Total receivables		<u>44 391 784</u>	<u>33 949 308</u>
320 573 413	63 980 641	Cash and cash equivalents	2	346 679 796	81 608 652
<u>349 213 912</u>	<u>64 256 542</u>	Total current assets		<u>391 259 133</u>	<u>115 776 710</u>
<u>500 819 399</u>	<u>150 201 278</u>	Total assets		<u>540 100 330</u>	<u>167 616 572</u>

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House of Control Group AS

Balance sheet as of December 31

Parent company 2020	2019	Amounts in NOK	Note	Group 2020	2019
Equity					
<i>Paid-in capital</i>					
11 382 640	6 409 320	Share capital	17, 18	11 382 640	6 409 320
414 652 363	46 083 847	Share premium reserve	17	414 652 363	46 083 848
<u>426 035 003</u>	<u>52 493 168</u>	Total paid-in capital		<u>426 035 003</u>	<u>52 493 168</u>
<i>Retained earnings</i>					
-15 507 556	-5 093 284	Other equity	17	-78 914 081	-52 796 934
<u>-15 507 556</u>	<u>-5 093 284</u>	Total retained earnings		<u>-78 914 081</u>	<u>-52 796 934</u>
<u>410 527 447</u>	<u>47 399 884</u>	Total equity		<u>347 120 922</u>	<u>-303 766</u>
Liabilities					
<i>Provisions</i>					
0	0	Deferred tax liability	16	0	1 884 326
		Other provisions	10	<u>3 635 002</u>	-
<u>0</u>	<u>0</u>	Total provisions		<u>3 635 002</u>	<u>1 884 326</u>
<i>Long-term liabilities</i>					
87 344 078	71 643 593	Interest bearing debt	14, 15	90 781 578	75 305 947
<u>87 344 078</u>	<u>71 643 593</u>	Total other long term liabilities		<u>90 781 578</u>	<u>75 305 947</u>
<i>Current liabilities</i>					
1 235 157	898 535	Trade creditors		3 920 241	4 281 701
0	175 191	Public duties payable		14 794 415	9 597 920
0	0	Deferred revenue		63 120 203	63 912 733
1 712 717	30 084 076	Other short-term liabilities	12	16 727 969	12 937 711
<u>2 947 874</u>	<u>31 157 802</u>	Total current liabilities		<u>98 562 828</u>	<u>90 730 066</u>
<u>90 291 952</u>	<u>102 801 395</u>	Total liabilities		<u>192 979 408</u>	<u>167 920 338</u>
<u>500 819 399</u>	<u>150 201 278</u>	Total equity and liabilities		<u>540 100 330</u>	<u>167 616 572</u>

Høvik, 3 February 2021

The board of House of Control Group AS

Erik Fjellvær Hagen
Chairman of the board

Lasse Sten
General manager

Jostein Vik
Member of the board

Thorstein Berg
Member of the board

Øyvind Robert Thorsen
Member of the board

Marius Haabeth
Member of the board

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House of Control Group AS

Cash flow statement

Parent company	Group			
2020	2019	2020	2019	
Cash flow from operating activities				
-13 351 632	-5 488 678	Profit/(loss) before tax	-32 479 081	-20 864 395
0	0	Taxes paid	0	0
0	0	Depreciation and amortization	22 652 666	8 883 701
0	0	Changes in inventories	31 198	22 275
0	0	Changes in trade receivables	278 314	107 576
336 622	898 535	Changes in trade payables	-880 820	-1 969 734
-39 178 964	6 286 925	Changes in other current balance sheet items	-4 067 352	17 106 470
8 835 006	0	Items classified as financing activities	8 835 006	0
-43 358 968	1 696 783	Net cash flow from operating activities	-5 630 068	3 285 893
Cash flow from investing activities				
Payments regarding internally generated				
0	0	intangible assets	-17 667 923	0
0	0	Purchase of tangible and intangible assets	-481 888	-12 628 494
-30 000	-15 194 700	Investments in subsidiaries	-4 559 800	0
0	0	Change in long term receivables	-417 592	0
-30 000	-15 194 700	Net cash flow from investing activities	-23 127 203	-12 628 494
Cash flow from financing activities				
20 000 000	78 700 000	Proceeds from long term loans	20 000 000	80 100 000
-25 000 000	0	Refinancing of debt in acquired companies	-31 153 324	0
-6 426 739	-7 056 407	Financing costs of long term loans	-6 426 739	-7 368 907
-8 835 006	0	Interest payment on long term loan	-8 835 006	0
351 254 590	5 569 080	Proceeds from share issuance	351 254 590	5 569 080
-31 011 105	0	Cost related to share issuance	-31 011 105	0
299 981 740	77 212 673	Net cash flow from financing activities	293 828 416	78 300 173
Exchange gains/(losses) on cash and cash equivalents				217 353
256 592 772	63 714 756	Net change in cash and cash equivalents	265 071 144	69 174 925
63 980 641	265 885	Cash and cash equivalents at 01.01	81 608 652	12 433 727
320 573 413	63 980 641	Cash and cash equivalents at 31.12	346 679 796	81 608 652

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House of Control Group AS

Notes to the accounts for 2020

Note 1 - Accounting Principles

Basis for preparation

The consolidated financial statement has been prepared in accordance with the Norwegian Accounting Act of 1998 and the generally accepted accounting principles (GAAP) in Norway.

Use of estimates The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

Subsidiaries

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

The Subsidiaries are all entities (including special purpose entities) where the Group has control to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated as of the date the control ceases.

The purchase method of accounting is applied to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of any minority interest.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed whenever necessary to ensure consistency with the policies adopted by the Group.

Translation differences of foreign subsidiaries

Translation of the financial statements occurs with the use of the daily rate, in such a way that the balance sheet is translated at the balance sheet date and the income statement is translated at an average rate. Any significant transactions are translated at the transaction date rate. All translation differences are recognized directly in equity.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown as the net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Software initialization fees

Revenue is recognized at the time of delivery, and when the significant risks and benefits associated with the ownership of the license sold have passed to the buyer and can be reliably measured. The software will not be delivered before the customer has signed a contract, which corresponds to the date on which the software is made available to and can be used by the customer.

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House of Control Group AS

Notes to the accounts for 2020

Software license fees

Revenue from license fee contracts is recognized on a straight-line basis over the applicable contract period. Contract periods of 1 year or shorter are classified as short term liabilities.

Rendering of services

Revenues in connection with services rendered with respect to the delivery of standard software, including installation and implementation, are recognized as the services are delivered. Revenue from support and other consulting services is recognized when the services are performed.

Research and development

Expenses relating to research activities are recognized in the income statement as they occur. Expenses relating to development activities are capitalized to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalized include the costs of materials and external suppliers, direct wage costs and a share of the directly attributable common expenses. Capitalized development costs are recognized at their cost minus accumulated amortization and impairment losses. Capitalized development costs are amortized on a straight-line basis over the estimated useful life of the asset.

Balance sheet classification

Current assets and current liabilities include items which fall due for payment within one year after time of acquisition. Other entries are classified as fixed assets and/or long term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Fixed assets are valued by the cost of acquisition, in the case of non incidental reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and short term deposits with an original maturity of three months or less. Restricted cash related to withholding tax from employees is included as cash and cash equivalents.

Trade and other receivables

Trade and other receivables are initially recognized at the originally invoiced amount, where this approximates fair value, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The amount of the allowance is recognized in the income statement.

Property, plant and equipment

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

Intangible assets

Intangible assets are stated at historical cost less depreciation and adjustments for impairment losses. Depreciations are charged to the income statement using a straight-line method over estimated utilized lifetime.



House of Control Group AS

Notes to the accounts for 2020

Pension

The company operates a defined contribution pension plan. With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognized as payroll expenses. prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce further payments.

Currency translation

Functional and presentation currency

The Group's presentation currency is Norwegian Kroner, which is also the functional currency of the parent company. For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency are translated at the rate applicable at the balance sheet date and their income statements are translated at the exchange rate prevailing at the date of transaction. As an approximation, the monthly average exchange rates are applied in translating the income statements. Exchange differences are recognized in equity. When foreign subsidiaries are disposed of, the accumulated exchange differences relating to the subsidiary are recorded as income.

Transactions and balances

Transactions in a currency other than the functional currency ('foreign currency') are translated into the functional currency using the exchange rates prevailing at the date of transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Income 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 when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued.

Cash flow statement

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



House of Control Group AS

Notes to the accounts for 2020

Note 2 - Bank deposit

Parent company			Group	
2020	2019		2020	2019
		Employees tax deduction, deposited in a		
0	0	separate bank account	8 740 659	2 984 161

Note 3 - Revenue

Parent company			Group	
2020	2019	<i>By business area:</i>	2020	2019
0	0	Software license fees	117 447 751	88 527 431
0	0	Software initialization fees	5 477 305	4 713 548
369 908	833 852	Other services	1 869 512	537 654
<u>369 908</u>	<u>833 852</u>	Total	<u>124 794 567</u>	<u>93 778 633</u>
<i>Geographical distribution:</i>				
369 908	833 852	Norway	95 455 436	79 044 694
0	0	Sweden	10 262 649	6 429 185
0	0	Denmark	13 678 093	7 777 860
0	0	Other countries	5 398 389	526 894
<u>369 908</u>	<u>833 852</u>	Total	<u>124 794 567</u>	<u>93 778 633</u>



House of Control Group AS

Notes to the accounts for 2020

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

Parent company		Group	
2020	2019	2020	2019
1 228 200	1 028 400	75 219 526	57 550 059
0	0	10 189 920	6 959 284
0	0	2 332 257	1 305 763
0	0	3 193 705	3 040 431
<u>1 228 200</u>	<u>1 028 400</u>	<u>90 935 408</u>	<u>68 855 537</u>
0	0	94	62

Management remuneration:

	General manager	Board
Salary	7 100 858	1 228 200
Pension costs	201 535	0
Other benefits	285 259	0
Total	<u>7 587 652</u>	<u>1 228 200</u>

The general manager is remunerated from House of Control AS.

The general manager has a bonus agreement. For 2020 the bonus payment amounted to NOK 2,400,000. The general manager also received an extraordinary transaction bonus payment of 2,000,000 at completion of the listing on Euronext growth. The notice period for the general manager is 6 months, with a termination payment agreement of 12 months.

No loans/secureties have been granted to the general manager, the board or other related parties.

Expensed audit fee:	Parent company	Group
Statutory audit fee	93 000	436 898
Other assurance services	319 250	411 050
Other assistance	0	81 984
Total	<u>412 250</u>	<u>929 932</u>

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

Note 5 - Pensions

The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenstepensjon"). The company's pension scheme meets the requirement of this plan. All employees are included in the pension scheme.



House of Control Group AS

Notes to the accounts for 2020

Note 6 - Specification of other operating expenses

Parent company		Group	
2020	2019	2020	2019
0	0	6 427 379	4 901 851
1 047 075	4 410 724	7 736 368	8 306 447
23 000	0	2 473 180	4 618 731
0	0	6 082 598	5 241 320
0	0	2 617 406	6 930 190
135 621	51 891	3 542 156	2 936 870
<u>1 205 696</u>	<u>4 462 615</u>	<u>28 879 087</u>	<u>32 935 409</u>

Note 7 - Specification of financial items

Parent company		Group	
2020	2019	2020	2019
767 128	2 487	913 295	130 764
206	0	27 485	1 817 188
0	0	166 827	49 665
<u>767 334</u>	<u>2 487</u>	<u>1 107 607</u>	<u>1 997 616</u>
<i>Financial income:</i>			
11 331 421	833 852	11 804 671	1 749 353
4 955	0	1 007 057	1 137 273
0	0	2 742 793	3 010 392
0	150	359 574	68 979
<u>11 336 376</u>	<u>834 002</u>	<u>15 914 094</u>	<u>5 965 996</u>

The Group has a factoring agreement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash. However, the credit risk related to the outstanding accounts receivable, is retained. The group therefore continues to recognize the transferred assets in their entirety in its balance sheet. Any prepayments under the factoring agreement is presented as debt.



House of Control Group AS

Notes to the accounts for 2020

Note 8 - Intangible assets

Group	Data analytics platform	Web platform	Acquired customer contracts	Acquired technology	Total
Intangible assets					
Acquisition cost at 01.01.	539 000	34 840 092	27 397 260	39 172 555	101 948 907
Additions from business combinations		47 131 617	30 694 047	16 103 707	93 929 371
Additions	748 000	16 974 988			17 722 988
Acquisition cost 31.12.	1 287 000	98 946 697	58 091 307	55 276 262	213 601 266
Acc. depreciation 31.12.	129 617	23 918 638	20 502 242	28 769 025	73 319 522
Net book value at 31.12.	1 157 383	75 028 059	37 589 065	26 507 237	140 281 745
Depreciation for the year	129 617	12 863 904	4 063 886	5 265 492	22 322 899
Amortization plan	Linear	Linear	Linear	Linear	
Useful economic life	5 years	5 years	10 years	5/10 years	

Additions from business combinations includes intangibles from the company accounts of the acquired companies DinERP AS and Effectplan AB.

The acquisition cost at 01.01 of customer contracts and acquired technology is related to the acquisition of House of Control AS in 2013. The acquired technology is derived from the two products Complete Control and Telecontrol that are based on software owned and developed by House of Control AS. Both products are based on the same core technology. Customer contracts and technology from this acquisition is written down over 10 years. For customer contracts, this is based on an observable churn of 10%, which indicates a 10 year depreciation period. For the acquired technology, the 10 year depreciation period is justified based on expected future usage of the original technology, where new modules and versions based on the acquired technology is expected to generate revenue for the company for at least 10 years.

Additions to acquired customer contracts and acquired technology in 2020 is related to the acquisitions of DinERP AS and Effectplan AS. Acquired customer contracts is written down over 10 years based on an expected churn of 10%. The acquired technology is written down over 5 years based on the expected revenue generation from the existing technology platforms and future investment requirements.

Additions to data analytics platform and web platform includes capitalization of internally generated intangible assets.



House of Control Group AS

Notes to the accounts for 2020

Note 9 - Tangible assets

Group

Tangible assets	Fixtures and fittings, tools, office machinery	Total
Acquisition cost at 01.01.	1 194 394	1 194 394
Additions	549 330	549 330
Acquisition cost 31.12.	1 743 724	1 743 724
Acc.depreciation 31.12.	797 442	797 442
Net book value 31.12.	946 283	946 282
Depreciation for the year	329 768	329 768
Amortization plan	Linear	
Useful economic life	3-5 years	

Note 10 - Investment in subsidiaries

DinERP AS and Effectplan AB was acquired in 2020. The purchase price of DinERP AS (MNOK 48,6) was settled by issuance of shares in House of Control Group AS. All subsidiaries of House of Control Group AS was later transferred to the newly established company House of Control Midco AS as part of a reorganization. The purchase price of Effectplan AB consists of a combination of cash (MNOK 2,8) and an earn-out (MNOK 3,6). The earn-out is calculated based on the present value of future payments to be made in 2022 and 2023. The earn-out has a maximum value of MSEK 4, and the company expects to pay the full amount. The earn-out is presented as a long-term provision as of 31.12.2020.

Transaction costs related to the acquisitions have been capitalized as part of the purchase price.

DinERP AS have been consolidated in the group accounts as of 1 July 2020. Effectplan AB have been consolidated in the group accounts as of 1 December 2020.

Company name	Office	Ownership &	Profit or loss	Equity	Book value
		voting rights	2020*	31.12.	31.12.
House of Control Midco AS	Norway	100 %	-105 614	142 696 544	142 806 503
House of Control AS	Norway	100 %	2 366 253	15 754 741	69 400 064
House of Control Denmark ApS	Denmark	100 %	-4 260 410	-1 461 223	15 360 598
DinERP AS	Norway	100 %	-6 004 560	14 926 610	51 038 487
Effectplan AB	Sweden	100 %	-320 552	269 524	6 982 186

* Profit or loss included from the date of acquisition for companies acquired during the year.

House of Control Midco AS is wholly owned by House of Control Group AS. The rest of the group companies are wholly owned by House of Control Midco AS.



House of Control Group AS

Notes to the accounts for 2020

Note 11 - Inventories

Parent company		Group	
2020	2019	2020	2019
0	0	187 552	218 750
0	0	187 552	218 750

Finished goods are inventories of security label stickers. Approximately 50 customers uses the stickers to security mark PC's, phones, and other relevant equipment.

Note 12 - Specification of short-term receivables

Parent company		Group	
2020	2019	2020	2019
28 559 040	0	0	0
0	0	29 408 996	24 381 118
81 460	0	6 392 048	3 632 766
28 640 500	0	35 801 044	28 013 884

Sales costs that are incremental and directly related to the acquisition of customer contracts are capitalized. Capitalized sales costs are amortized over the average initial contract length of 33 months, and expensed as payroll.

Note 13 - Intercompany transactions and balances

Parent company		Group	
2020	2019	2020	2019
369 908	833 852	0	0
369 908	833 852	0	0
<i>Intercompany balances with group companies:</i>			
28 559 040	0	0	0
0	22 795 667	0	0

Note 14 - Long term liabilities

The group have no liabilities due in more than 5 years.



House of Control Group AS

Notes to the accounts for 2020

Note 15 - Collaterals and guaranties

Parent company			Group	
2020	2019	<i>Book value of liabilities with pledged securities:</i>	2020	2019
87 344 078	71 643 593	Liabilities to credit institutions	90 781 578	76 331 093
87 344 078	71 643 593	Total	90 781 578	76 331 093

Parent company		Nominal interest rate	Year of maturity	Face Value
Terms and payment schedule	Currency			
Facility B	NOK	NIBOR+7,5%	2024	82 000 000
CAF Facility	NOK	NIBOR+7,5%	2024	20 000 000
Total interest bearing loans as of December 31				102 000 000
Capitalized costs				-14 655 922
Closing balance as of December 31				87 344 078

The Facilities

House of Control Group AS entered into a loan agreement with AshGrove Capital 9 December 2019 to secure financing for organic and inorganic growth activities. The agreement provides two facilities: a loan facility of MNOK 82, which was utilized at closing 18 December 2019, and a committed Capital and Acquisition Facility (CAF) of MNOK 50. The Company drew MNOK 20 on the CAF 9 September 2020 to refinance pre-existing debt in DinERP following the acquisition in July 2020.

The agreement was amended and restated in December 2020 to reflect a MNOK 168 increase in the CAF, raising total commitment from AshGrove for this facility from MNOK 50 to MNOK 218. MNOK 198 remains available for utilization at Company's discretion under the CAF per 31.12.2020.

The repayment profile for the facilities shall be a bullet repayment 18 December 2024.

Interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable Margin, ranging from 7.5 % p.a. to 6.5 % p.a. depending on the current leverage ratio, and NIBOR with a floor of 1 % p.a.

Borrower is entitled to capitalize part of the interest accrued during Interest Periods, separate rates of interest applies to such capitalized PIK interest.

Transaction costs

Borrowings are recognized net of transaction costs incurred. These are expensed as part of the interest cost.

Fees paid on the establishment on loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.



House of Control Group AS

Notes to the accounts for 2020

Security

As Security for the Facility B and CAF Facility loan, the Group has pledged all material assets including, but not limited to shares in subsidiaries, bank accounts, intercompany receivables, intellectual property, trade receivables and inventory.

Financial Covenants

The facility loan is subject to covenant restrictions. The most important being:

Recurring revenue ratio (the ratio of total debt to recurring revenue for that relevant period)

Leverage ratio (the ratio of total debt to pro forma EBITDA)

The company will report on recurring revenue ratio until 31 december 2022. After that the company will report on leverage ratio.

The Company has satisfactory covenant headroom per 31 December 2020.

Group

In addition to the facilities above, the Group has an interest bearing loan from Innovasjon Norge of NOK 3,470,500 with the following payment schedule:

Year	Amount
2021	1 250 000
2020	1 250 000
2023	<u>937 500</u>
Total	<u>3 437 500</u>



House of Control Group AS

Notes to the accounts for 2020

Note 16 - Income taxes

Parent company			Group	
2020	2019	Income tax expense:	2020	2019
-7 614 910	-313 687	Change in deferred tax asset	-8 919 046	-2 800 355
4 677 550	0	- of which directly booked to equity	4 405 975	0
		- of which related to deferred tax from		
0	0	intangible assets from acquisitions	-10 295 506	0
		- of which related to deferred tax assets		
0	0	from acquired companies	8 345 566	0
<u>-2 937 360</u>	<u>-313 687</u>	Total income tax expense	<u>-6 463 011</u>	<u>-2 800 355</u>
2020	2019	Tax base estimation:	2020	2019
-13 351 632	-5 488 678	Ordinary result before tax	-32 479 081	-20 864 395
-21 261 593	4 062 828	Permanent differences	-21 611 012	4 153 221
-4 299 515	-10 356 407	Change in temporary differences	-34 519 264	-4 763 245
<u>-38 912 740</u>	<u>-11 782 257</u>	Total	<u>-88 609 358</u>	<u>-21 474 419</u>
38 912 740	11 782 257	Change in tax loss carried forward	88 609 358	21 474 419
<u>0</u>	<u>0</u>	Tax base	<u>0</u>	<u>0</u>
2020	2019	Temporary differences outlined:	2020	2019
0	0	Intangible assets	64 096 302	26 627 926
0	0	Fixed assets	-264 843	-200 000
0	0	Receivables	-1 371 036	-2 104 466
<u>14 655 922</u>	<u>10 356 407</u>	Other accrued receivables/liabilities	<u>14 655 922</u>	<u>10 356 407</u>
<u>14 655 922</u>	<u>10 356 407</u>	Total	<u>77 116 345</u>	<u>34 679 867</u>
-54 651 303	-15 738 563	Accumulated loss carryforward	-116 862 669	-28 253 312
<u>-39 995 381</u>	<u>-5 382 156</u>	Net temporary differences pr. 31.12.	<u>-39 746 324</u>	<u>6 426 555</u>
-8 798 984	-1 184 074	Deferred tax asset	-8 744 191	1 413 842
		Deferred tax asset not shown in the		
0	0	balance sheet	1 709 471	470 483
<u>-8 798 984</u>	<u>-1 184 074</u>	Deferred tax asset in the balance sheet	<u>-7 034 720</u>	<u>1 884 325</u>

The deferred tax assets from the Norwegian group companies are included in the balance sheet on the basis of future income, primarily from House of Control AS which is generating a profit in 2020 and is expected to generate considerable taxable profits in the coming years. The Norwegian group companies will be able to consolidate their taxable profits through group contributions and utilize the accumulated loss carryforward from other group companies.

In addition, a tax asset of NOK 539,566 from loss carryforward in Effectplan AB has been recognized in the balance sheet based on a separate assessment of the company's future income.



House of Control Group AS

Notes to the accounts for 2020

2020	2019	Reconciliation of the tax expense:	2020	2019
-13 351 632	-5 488 678	Result before tax	-32 479 081	-20 864 395
-2 937 359	-1 207 509	22% tax on result before tax	-7 145 398	-4 590 167
-4 677 550	893 822	Permanent differences (22%)	-4 754 423	913 709
0	0	Change in non-recognized tax asset	1 709 471	0
4 677 550	0	Other differences	3 727 338	876 103
-2 937 359	-313 687	Calculated income tax expense	-6 463 011	-2 800 355
22 %	6 %	Effective tax rate	20 %	13 %

Skattefunn:

DinERP AS is eligible for public grants in form of contribution from the Skattefunn scheme.

The calculated grant from Skattefunn for 2020 entails a deduction in tax payable of MNOK 1,7. The amount is recognized as a short-term receivable as of 31.12.2020 as the company does not have a taxable profit. The public grant is recognized as a reduction in capitalized intangible assets according to Norwegian GAAP.

Note 17 - Owners equity

Parent company	Share capital	Share premium reserve	Other equity	Total equity
Owners equity 01.01.	6 409 320	46 083 847	-5 093 284	47 399 884
Capital increase - contribution in kind*	1 535 620	47 085 180		48 620 800
Capital increase - cash contribution**	3 437 700	347 816 889		351 254 589
Share issue cost (net of tax)		-26 333 554		-26 333 554
Profit/loss for the year			-10 414 273	-10 414 273
Owners equity 31.12.	11 382 640	414 652 362	-15 507 557	410 527 447

* Issuance of shares related to the acquisition of DinERP AS in July.

** Cash contribution related to the IPO and subsequent listing on Euronext Growth in October.

Group	Share capital	Share premium reserve	Other equity	Total equity
Owners equity 01.01.	6 409 320	46 083 848	-52 796 934	-303 766
Capital increase - cash contribution**	3 437 700	347 816 889		351 254 589
Capital increase - contribution in kind*	1 535 620	47 085 180		48 620 800
Share issue cost (net of tax)		-26 333 554		-26 333 554
Profit/loss for the year			-26 016 071	-26 016 071
Currency adjustments			-101 077	-101 077
Owners equity 31.12.	11 382 640	414 652 363	-78 914 081	347 120 922



House of Control Group AS

Notes to the accounts for 2020

Note 18 - Share capital and shareholder information

Parent company

Share capital:

	Number of shares	Face value	Book value
Ordinary shares	56 913 200	0,20	11 382 640
Total	56 913 200		11 382 640

The shares provide the same rights in the company.

List of major shareholders per 31.12:

	Shares	Ownership share	Voting rights
VIKING VENTURE 7 AS (Chairman of the board)	10 372 500	18 %	18 %
Morgan Stanley & Co. LLC	8 221 633	14 %	14 %
BJØRK INVEST AS (Board Member)	2 843 950	5 %	5 %
J.P. Morgan Bank Luxembourg S.A.	2 704 799	5 %	5 %
State Street Bank and Trust Comp	2 544 413	4 %	4 %
DUNVIK AS (CEO)	2 484 000	4 %	4 %
DIN ERP HOLDING AS	2 307 450	4 %	4 %
VIKING VENTURE 8 AS	2 247 400	4 %	4 %
Danske Bank A/S	1 900 000	3 %	3 %
J.P. Morgan Bank Luxembourg S.A.	1 507 327	3 %	3 %
Goldman Sachs International	1 468 410	3 %	3 %
VIKING VENTURE 7B AS	1 401 700	2 %	2 %
Skandinaviske Enskilda Banken AB	1 188 995	2 %	2 %
VERDIPAPIRFONDET DNB SMB	1 078 265	2 %	2 %
Danske Bank A/S	1 050 000	2 %	2 %
The Northern Trust Comp, London Br	1 001 214	2 %	2 %
J.P. Morgan Bank (Ireland) Plc	924 011	2 %	2 %
Banque de Luxembourg S.A.	859 399	2 %	2 %
CLEARSTREAM BANKING S.A.	662 000	1 %	1 %
Goldman Sachs & Co. LLC	623 649	1 %	1 %
Total	47 391 115	83 %	83 %
Other owners (ownership < 1%)	9 522 085	17 %	17 %
Total	56 913 200	100 %	100 %

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To the General Meeting of House of Control Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of House of Control Group AS, which comprise:

- The financial statements of the parent company House of Control Group AS (the Company), which comprise the balance sheet as at 31 December 2020, 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 House of Control Group AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

*PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - House of Control Group AS



Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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

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

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

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

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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.

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

(2)



Independent Auditor's Report - House of Control Group AS



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 3 February 2021
PricewaterhouseCoopers AS

Eivind Nilsen
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

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<i>Name</i>	<i>Method</i>	<i>Date</i>
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Haabeth, Marius	BANKID_MOBILE	2021-02-03 18:44
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Thorsen, Øyvind Robert	BANKID	2021-02-03 17:32

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The board of directors' report 2020 for House of Control Group AS

Operations and locations

Our vision is to be the CFO's best friend®, providing financial control and facilitating optimization of business processes.

House of Control develops and sells software as a service ("SaaS") solutions. The main product is Complete Control, which is used for managing contracts and assets, including the contracts' financial implications for budgeting and reporting. Complete Control has several modules and add-ons, including compliance with IFRS 16 (Financial Leases) requirements, HR management, digital signature and price index adjustments. The user value is derived from cutting costs, saving time, reducing business risk and dependency on key personnel.

After acquiring DinERP AS and Effectplan International AB in 2020, House of Control has expanded its product scope significantly. DinERP AS develops and sells SaaS applications for integration with enterprise resource planning systems. The products are mainly focused on purchasing processes, supplier and B2B customer portals. Effectplan International AB develops and sells SaaS applications for budgeting, planning and forecasting processes.

The Chief Financial Officer of an organization constitutes the typical decision maker and customer.

The Group consists of the parent company House of Control Group AS, its wholly owned subsidiary House of Control Midco AS with its wholly owned subsidiaries House of Control AS, House of Control Denmark A/S, DinERP AS and Effectplan International AB. House of Control AS has a branch in Sweden, House of Control Filial Sverige.

House of Control Group AS, House of Control Midco AS and House of Control AS conducts business from the Group's headquarters at Høvik, Norway. DinERP AS conducts business from the Group's headquarters at Høvik and its own development office in Trondheim, Norway. House of Control Filial Sverige and Effectplan International AB conducts business from shared offices in Stockholm, Sweden. House of Control Denmark A/S conducts business from offices in Copenhagen.

Comments related to the financial statements

House of Control Group AS operates as a holding company, all external sales and service offerings in the Group are conducted in the subsidiaries.

The revenues in House of Control Group AS are related to intra group management services and amounted to NOK0.4m for the year compared to NOK0.8m in 2019. Total operating expenses for the year of NOK3.2m arise from Board remuneration and transaction costs, compared to NOK5.5m in 2019.

Net cash flow from operating activities of NOK-43.4m includes non-cash transactions of NOK-41.0m listed under "Changes in other current balance sheet items". These transactions are related to Group restructuring, including the establishment of Midco, and transporting of internal balances within the Group.

Operating profit for the year is NOK-2.8m compared to NOK-4.7m for 2019. Net profit for the year is NOK-10.4m compared to NOK-5.2m for 2019.

DinERP AS and Effectplan International AB have been included in the Group's consolidated accounts from July and December respectively, in line with the closing dates of the acquisitions.

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The Group's revenues increased from NOK93.8m in 2019 to NOK124.8m in 2020. Net cash flow from operating activities amounted to NOK-5.6m. Operating profit for the year is NOK-17.7m compared to NOK-16.9m for 2019. Net profit for the year is NOK-26.0m compared to NOK-18.1m for 2019.

The financial loss is mainly driven by a substantial increase in personnel and other costs related to positioning for continued growth. The Group has stayed true to its strategy of focusing on growth over profitability. The underlying profitability of the business is strong.

Research and development costs in the Group amounted to NOK17.0m. These costs are capitalized to the House of Control AS, DinERP AS and Effectplan International AB balance sheets with a 5 years straight line depreciation plan.

The Group's ability to self-finance investments is good after the IPO and subsequent listing on Euronext Growth in October, with a NOK346.7m liquidity reserve at the end of the year.

The Group's financial position is sound and adequate to settle short-term debt at the end of the year with cash on hand.

Total assets in House of Control Group AS at year-end amounted to NOK500.8m compared to NOK150.2m last year. The equity ratio was 82.0% compared to 31.6% the year before. Total assets in the Group at year-end amounted to NOK540.0m compared to NOK167.6m last year. The equity ratio was 64.3% compared to -0,2% the year before.

Business outlook

The Group's current operations are primarily focused on the Nordic market, the Group also has a foothold in other European countries including Germany, France, the UK and Australia.

Continued growth estimates are based on four growth pillars: a) Increased penetration in an underpenetrated Nordic market with no direct competitors, b) Upsell of the exiting product portfolio that has been significantly strengthened by the acquisition of DinERP AS and Effectplan International AB, c) Continued M&A activities to further strengthen the product offering and unlock synergies from cross-selling and up-selling to acquired customer portfolios, d) European expansion. There is a large potential in Europe for House of Control, additional value can be extracted by leveraging our experience in this market.

The Group commissioned a market sizing study from Arkwright Research which estimate the total addressable market for existing solutions in the Nordics to approximately NOK9b, more than 60 times greater than the Group's currently contracted annual recurring revenues. The report further finds that this addressable market is underpenetrated, and that House of Control pursues the market opportunity with limited direct competition.

The Group has established a strategy and five-year plan through the year 2025, which is expected to provide a basis for continued growth and income development.

COVID-19 business impacts: The Group was negatively affected by the COVID-19 outbreak in Q1 and Q2. Sales meetings were cancelled or postponed, and churn levels increased. Q3 and Q4 developed positively compared to expectations in the early phase of the pandemic as we saw improving market conditions, increased interest for our offerings and maintained high prospecting and sales activity. All time high monthly new-sales records in June, October and November coupled with a sharp rebound in renewal rates for Q4 support our belief that the worst business impacts related to the pandemic are behind us. This is also supported by previous experience from the financial crisis in 2007-2009 where we saw increased demand for our solutions as companies increased their focus on cost and commitments. However, we remain vigilant and are closely monitoring the situation and



development of the ongoing pandemic to assess business risk and implement appropriate measures moving forward.

Financial risk

Overall view on objectives and strategy

The Group's goal is to reduce the financial risk as much as possible. The current strategy does not include the use of financial instruments. This is however, continuously being assessed by the Board of Directors. House of Control currently has a policy to refrain from fixing interest rates on long-term loans.

Exchange rate risk

Exchange rate risk in the Group is limited with the current geographic footprint. The currency baskets for revenue and operating costs are well balanced as the Danish and Swedish entities receive revenue and incur cost in local currencies. The Group's interest-bearing debt is in NOK, as is most of its revenues and operational expenses.

Credit risk

The risk for losses on receivables is perceived to be low, the Group has not yet experienced significant losses on receivables.

Exposure to industry and company specific risk is perceived to be low. The horizontal nature of the Group's offering provides a highly diversified customer base with regards to industries and sectors. The 5 largest customers represent less than 10% of total revenues.

Liquidity risk

The Group's liquidity is good, recurring revenues are invoiced yearly in advance. Liquidity risk is perceived to be low.

Going concern

The Board of Directors and the General Manager confirm that the going concern assumption has been applied in preparing the annual accounts. The Group has been characterized by favorable sales developments and adequate equity for several years and are well placed to continue such positive developments.

Allocation of net income

The Board of Directors has proposed to allocate the net losses in House of Control Group AS and the Group to Other equity.

The working environment and the employees

House of Control Group AS does not have any employees, all employees in the group are hired in the subsidiaries.

358 leave of absence days due to illness were registered in the Group over the financial year. This represents 1.9% of total working hours for the year. 159 days (0.9%) were related to short-term absence, 200 days (1.1%) were related to long-term absence.

No incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year.

The working environment is perceived to be good, and efforts for improvements are made on a continuous basis. The group has a well-qualified staff and is recognized as an attractive employer.



Equal opportunities and discrimination

The Group aims to be a workplace with equal opportunities and has included in its policies regulations to prevent gender discrimination regarding salary, promotion and recruiting.

The Group has a total of 110 employees, of which 28 (26%) are women.

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith. The Group is working actively, determined and systematically to encourage the act's purpose within our business. Included in the activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment.

The Group also aims to be a workplace with no discrimination due to reduced functional ability and is working actively to design and implement the physical conditions in such a manner that as many as possible can utilize the various functions.

Environmental impact

The Group's operations are not regulated by licenses or impositions.

Environmental impacts from the Group's operations are low. We focus our measures to combat global warming where we have the biggest impact: running our own offices energy efficiency and reducing business travel.

Høvik, 3 February 2021

The board of House of Control Group AS

Erik Fjellvær Hagen
Chairman of the board

Lasse Sten
General manager

Jostein Vik
Member of the board

Thorstein Berg
Member of the board

Øyvind Robert Thorsen
Member of the board

Marius Haabeth
Member of the board

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Skatteetaten

Vår dato 10.01.2019	Din/Deres dato 14.11.2018	Saksbehandler Henning Stokke
800 80 000 Skatteetaten.no	Din/Deres referanse Unni Johannessen	Telefon 800 80 000
Org.nr 996250318	Vår referanse 2018/1287668	Postadresse Postboks 9200 Grønland 0134 Oslo

HOUSE OF CONTROL GROUP AS
CO: MGI Regnskap AS
Torvveien 1
1383 Asker

Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk

Vi viser til deres brev av 14. november 2018 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskap:

- House of Control Group AS, org.nr. 912 861 732
- House of Control AS, org.nr. 915 827 357

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering selskapene nevnt ovenfor dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

House of Control Group AS eies hovedsakelig av investeringsfondet Viking Venture 7 AS og har det 100 % eide datterselskapet House of Control AS. I tillegg har House of Control datterselskap i Danmark og filial i Sverige.

Som en del av en ekspansiv strategi om videreutvikling og etablering i flere europeisk land, samt potensielt kommende betydelig internasjonalt eierskap, ser vi det hensiktsmessig å avlegge selskapsregnskapene og konsernregnskapet på engelsk for House of Control Group AS og House of Control AS. Det er vår oppfatning at hensynet til alle brukere av regnskapet til House of Control Group AS og datterselskapet House of Control AS vil være ivarettatt ved at årsregnskapet og årsberetningen avlegges på engelsk fra og med 2018.

Da hovedformålet med regnskapsloven er å bidra til informative regnskap for ulike grupper av regnskapsbrukere vil vi se det nødvendig at selskapene får levere årsregnskap og årsberetning på engelsk fra og med regnskapsåret 2018, da deres brukere av produktet for 2018 vil være utpreget internasjonalt og bruker et annet arbeidsspråk enn norsk.

En norsk utarbeidelse av årsregnskap og årsberetning vil kun ha til formål å tilfredsstille regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal årsregnskapet og årsberetningen være på norsk. Departementet kan ved forskrift eller ved enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at eierkretsen er begrenset. Videre er det lagt vekt på kommunikasjon med brukerne av regnskapene foregår på engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Juridisk avdeling, næring
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.