Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	813 914 042
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	VIZRT GROUP AS
Forretningsadresse:	Lars Hilles gate 30 5008 BERGEN

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Michael Hallén
Dato for fastsettelse av årsregnskapet:	12.03.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert

År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

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, 14.04.2023

Brønnøysundregistrene
Postadresse: 8910 Brønnøysund
Telefoner: Opplysningstelefonen 75 00 75 00 Telefaks 75 00 75 05
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		3 423 000	5 150 000
Sum inntekter		**3 423 000**	**5 150 000**
Kostnader			
Lønnskostnad		3 507 000	4 215 000
Annen driftskostnad		14 459 000	12 272 000
Sum kostnader		**17 966 000**	**16 487 000**
Driftsresultat		**-14 543 000**	**-11 337 000**
Finansinntekter og finanskostnader			
Annen renteinntekt		199 306 000	25 422 000
Sum finansinntekter		**199 306 000**	**25 422 000**
Annen rentekostnad		209 612 000	84 268 000
Sum finanskostnader		**209 612 000**	**84 268 000**
Netto finans		**-10 306 000**	**-58 846 000**
Ordinært resultat før skattekostnad		**-24 849 000**	**-70 183 000**
Skattekostnad på ordinært resultat		-13 893 000	8 010 000
Ordinært resultat etter skattekostnad		**-10 956 000**	**-78 193 000**
Årsresultat		**-10 956 000**	**-78 193 000**
Equity in earnings		6 949 000	-47 841 000
Sum resultatkomponenter for IFRS-foretak		6 949 000	-47 841 000
Totalresultat		**-4 007 000**	**-126 034 000**

Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap		1 241 045 000	1 249 070 000
Lån til foretak i samme konsern		1 579 192 000	1 234 240 000
Andre fordringer		74 015 000	42 343 000
Sum finansielle anleggsmidler		**2 894 252 000**	**2 525 653 000**
Sum anleggsmidler		**2 894 252 000**	**2 525 653 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		46 000	45 000
Konsernfordringer		-15 111 000	35 588 000
Sum fordringer		**-15 065 000**	**35 633 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		3 076 000	2 862 000
Sum bankinnskudd, kontanter og lignende		**3 076 000**	**2 862 000**
Sum omløpsmidler		**-11 989 000**	**38 495 000**
SUM EIENDELER		**2 882 263 000**	**2 564 148 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		60 000	60 000
Overkurs		1 482 927 000	1 482 927 000
Annen innskutt egenkapital		-424 355 000	-424 355 000

Balanse

Beløp i: NOK	Note	2019	2018
Sum innskutt egenkapital		**1 058 632 000**	**1 058 632 000**
Opptjent egenkapital			
Udekket tap		418 954 000	399 973 000
Sum opptjent egenkapital		**-418 954 000**	**-399 973 000**
Sum egenkapital		**639 678 000**	**658 659 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Obligasjonslån		885 167 000	866 835 000
Langsiktig konserngjeld		1 088 509 000	958 707 000
Øvrig langsiktig gjeld			154 000
Sum annen langsiktig gjeld		**1 973 676 000**	**1 825 696 000**
Sum langsiktig gjeld		**1 973 676 000**	**1 825 696 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		178 001 000	
Kortsiktig konserngjeld		81 181 000	78 537 000
Annen kortsiktig gjeld		9 727 000	1 256 000
Sum kortsiktig gjeld		**268 909 000**	**79 793 000**
Sum gjeld		**2 242 585 000**	**1 905 489 000**
SUM EGENKAPITAL OG GJELD		**2 882 263 000**	**2 564 148 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		169 297 000	132 879 000
Sum inntekter		**169 297 000**	**132 879 000**
Kostnader			
Varekostnad		75 257 000	57 107 000
Lønnskostnad		66 187 000	55 570 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		0	0
Annen driftskostnad		8 865 000	7 047 000
Sum kostnader		**150 309 000**	**119 724 000**
Driftsresultat		**18 988 000**	**13 155 000**
Finansinntekter og finanskostnader			
Annen finansinntekt		317 000	83 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi		2 094 000	
Sum finansinntekter		**2 411 000**	**83 000**
Rentekostnad til foretak i samme konsern		14 505 000	12 030 000
Annen rentekostnad		9 878 000	9 675 000
Annen finanskostnad		-349 000	3 994 000
Sum finanskostnader		**24 034 000**	**25 699 000**
Netto finans		**-21 623 000**	**-25 616 000**
Ordinært resultat før skattekostnad		**-2 635 000**	**-12 461 000**
Skattekostnad på ordinært resultat		5 943 000	1 248 000
Ordinært resultat etter skattekostnad		**-8 578 000**	**-13 709 000**
Årsresultat		**-8 578 000**	**-13 709 000**

Konsernets balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling		24 900 000	15 129 000
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		38 607 000	41 629 000
Utsatt skattefordel		9 583 000	13 677 000
Goodwill		223 444 000	160 489 000
Sum immaterielle eiendeler		**296 534 000**	**230 924 000**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		22 307 000	4 163 000
Sum varige driftsmidler		**22 307 000**	**4 163 000**
Finansielle anleggsmidler			
Andre fordringer		4 079 000	2 417 000
Sum finansielle anleggsmidler		**4 079 000**	**2 417 000**
Sum anleggsmidler		**322 920 000**	**237 504 000**
Omløpsmidler			
Varer			
Varer		11 637 000	4 764 000
Sum varer		**11 637 000**	**4 764 000**
Fordringer			
Kundefordringer		46 557 000	35 455 000
Andre fordringer		9 410 000	9 765 000
Sum fordringer		**55 967 000**	**45 220 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		36 194 000	45 653 000
Sum bankinnskudd, kontanter og lignende		**36 194 000**	**45 653 000**
Sum omløpsmidler		**103 798 000**	**95 637 000**

Konsernets balanse

Beløp i: USD	Note	2019	2018
SUM EIENDELER		**426 718 000**	**333 141 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		9 000	9 000
Overkurs		4 922 000	4 922 000
Sum innskutt egenkapital		**4 931 000**	**4 931 000**
Opptjent egenkapital			
Annen egenkapital		173 959 000	173 959 000
Udekket tap		113 167 000	101 879 000
Sum opptjent egenkapital		**60 792 000**	**72 080 000**
Sum egenkapital		**65 723 000**	**77 011 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser		5 207 000	3 920 000
Utsatt skatt		7 535 000	5 028 000
Sum avsetninger for forpliktelser		**12 742 000**	**8 948 000**
Annen langsiktig gjeld			
Obligasjonslån		100 384 000	99 525 000
Langsiktig konserngjeld		152 457 000	110 073 000
Øvrig langsiktig gjeld		27 431 000	203 000
Sum annen langsiktig gjeld		**280 272 000**	**209 801 000**
Sum langsiktig gjeld		**293 014 000**	**218 749 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		20 187 000	
Leverandørgjeld		4 731 000	2 603 000
Betalbar skatt		8 941 000	7 720 000
Annen kortsiktig gjeld		34 122 000	27 058 000
Sum kortsiktig gjeld		**67 981 000**	**37 381 000**

Konsernets balanse

Beløp i: USD	Note	2019	2018
Sum gjeld		**360 995 000**	**256 130 000**
SUM EGENKAPITAL OG GJELD		**426 718 000**	**333 141 000**

Annual report

The Board of Directors and the CEO of

Vizrt Group AS

Corporate registration number 813914042

hereby submit the
annual report and consolidated financial statements
for the year ended 31 December 2019

Vizrt Group AS

Corp reg no 813914042

Contents

Vizrt Group AS
Corp reg no 813914042

Board of directors' report

In general

Vizrt Group AS ("Vizrt" or the "Company") is the parent company of a group of companies which develop and sell software products for the media and entertainment industry. Our solutions deliver faster live productions, from video and graphics production to multiplatform distribution, while utilizing fewer resources in the process. Our innovative edge is a result of continued investment in R&D. In 2019 16% of group revenues were used on R&D.

Vizrt's main R&D centers are located in Austria, Norway, Sweden, and Switzerland. The Company focuses on expanding its presence and strengthening its regional expertise, in order to market, sell, deliver and support Vizrt's products.

The activity of the Company takes the outset in 1997 as a spin-off from TV 2 in Norway. The technology was around a real-time high performance graphics engine and a template based control application enabling journalists and producers to create graphics for their live productions without the need for graphic designers. Since the spin-off other technologies have been acquired in form of companies or activities, and the product portfolio has expanded and diversified into other market adjacencies, such as media asset management, sports analysis and studio automation.

The head quarter of the Company is in Bergen, Norway, and the Company operates a global network of over 40 offices through its subsidiaries. Vizrt generates sales in more than 100 countries and counts over 3,500 TV channels as its customers.

Vizrt is a privately owned company with a bond traded on the Oslo Bors, Ticker: VIZGO1, ISIN:1L0010838154.

Ultimate parent is Vizrt AB a limited company registered in Stockholm, Sweden, corp. reg. nr. 559135-5515.

Going concern

In accordance with the requirements of the Norwegian Securities Trading Act, cf. the Norwegian Accounting Act, we confirm that the financial statements have been prepared under the assumption of going concern. The assumption is based on forecasts for 2020 and long-term strategic plans and the Company's sound economic and financial position.

As mentioned in the 3rd quarter 2019 report the Group is partly financed with bonds expiring during 2021. The board is initiating a review of Vizrt's various strategic and financing options which could include both debt and equity options.

Review of the consolidated financial statements

The consolidated financial statements for the year ended December 31, 2019 are prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IASB) and adopted by EU.

Highlights for 2019

- On May 3 the acquisition of NewTek Inc. was finalized and the consolidated statement is including the NewTek activities from beginning of May. The acquisition has significant impact on the consolidated profit and loss statement and the consolidated balance sheet.
- Revenue increased by 27%, driven by organic and inorganic activities, with all 3 regions contribution to the growth.
- Gross profit MUSD 114 an increase of 23% compared to last year. Gross margin 67% (70%), lower than last year due to change of product mix as a result of the acquisition.
- Total R&D spend was MUSD 26.5 equal to 16% of revenue. R&D expenses in the consolidated statement of income exclude MUSD 11.9 attributed to intangible assets arising from certain development projects compared to MUSD 8.7 last year.
- Non-GAAP recurring (excluding one-off items) EBITDA of MUSD 55.5, corresponding to a 33% margin, an increase of 36% compared to previous year.
- Adjusted cash flow was MUSD 30.9 compared to MUSD 35.5 last year due to increase working capital coming from higher activity and foreign currency adjustments.

2019 continued with the same positive trends as in 2018 resulting in a 27% revenue uplift compared to 2018. The growth is coming both from the NewTek acquisition and from continued organic growth at a stable and healthy level.

Vizrt Group AS
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Full year YTD EBITDA of MUSD 55.5 at a margin of 33% resulting in a 36% increase compared to last year, which is satisfactory and in line with the expectations. The improvement comes from a combination of the NewTek acquisition, continued positive development in the AMECS region, strong recurring revenue development as well as operational efficiencies.

Innovation remains a key objective to Vizrt Group and our R&D investment remains at a level of about 14-16% of the total revenue. The combined engineering team of NewTek and Vizrt launched the first products based on technologies from both teams already in September. These products have become generally available in the 4th quarter and the response from the market is positive. First projects including these products is expected to go live during the 1st quarter of 2020, which in turn will increase the general interest further.

Notable in the market is that we see an increasing number of projects driven by the need for IP. We view this as very positive for given Vizrt Group's strong position within IP.

The integration work following the acquisition of NewTek can be viewed as completed by end of 2019. Many areas have been reviewed and strengthened and as of January 2020 we also have a senior global leader in place to drive the global success in the indirect channel for the NewTek brand.

Goodwill and intangible assets increased in net by MUSD 69.7 as a result of the NewTek acquisition, less the amortizations for the year. During the year the Group capitalized R&D costs of MUSD 11.9 (8.6).

Shareholders' equity was MUSD 65.7 by the end of 2019 compared to MUSD 77.0 the year before.

Compared to the Q4 report released in February the fair value of the embedded option has been changed.

The Board of Directors and Executive Management are of the opinion that the financial statements provide a true and fair view of Vizrt's assets, liabilities, financial position and results.

Outlook for 2020
We have during the last period had a positive trend in all regions and expect that the trend to continue depending on the overall economic environment changes during 2020.

The Corona virus outbreak is expecting to dampen the business activities in at least in the coming months. Vizrt expect some impact during the next months but expect that business will recover during 2020. Our current priority is the well-being of our colleagues, partners and customers which we are supporting to the best of our ability. Currently we do not see any significant signs of disruption in the supply-chain for electronics impacting our customers or Vizrt Group materially but that can't be excluded if the virus situation continues for a prolonged period.

Multiyear overview

In USD thousands	**2019**	**2018**	**2017**	**2016**	**2015**
Net sales	169 297	132 879	122 216	119 357	104 243
Operating profit (loss)	18 988	13 155	-3 161	1 714	-1 942
Cash flow from operating activities	32 015	25 827	2 775	16 484	-17 522
Total assets	426 718	333 141	331 680	343 018	353 184
Equity	65 723	77 011	90 386	102 950	119 668
Equity per share	219,1	256,7	301,3	343,2	398,9
Equity/assets ratio	15,4%	23,1%	27,3%	30,0%	33,9%
Average number of employees	647	517	533	598	596

Risk factors
The company is subject to several risk factors. Financial risks include, but are not limited to:

Currency exchange rate fluctuations
Some 66% and 21% of revenues are nominated in USD and EUR respectively. The majority of the cost base is in NOK, SEK, USD and EUR. The Company does not hedge the currency exposure.

Interest exposure
The Company is highly leveraged and has significant debt service obligations. The Bond issue, the related party loan and the Company's revolving credit facility have floating interest rates based on LIBOR, adjusted periodically, plus a margin. The Company does not hedge the interest exposure.

Other risk factors
Other risk factors include:

- Products may experience severe quality issues which could result in loss of customers or revenues, delays in revenue recognition, increased product returns, damage to the Company's reputation and significant warranty or other expense.
- The Company uses a considerable number of third party software components, some of which are licensed under open source licenses. There is a risk that the Company does not comply with all relevant open source license terms. Any failure to comply with such open source license terms may lead to legal action, loss of access to important software and damage to the Company's reputation.

The occurrence of any of these risks could have a material adverse effect on the Company's business, financial position and results of operations.

Working environment
Working conditions and the working environment at Vizrt are considered to be good. No accidents or injuries occurred during the year as a result of performing the tasks and assignments by the employees. By the end of 2019 the Company had 647 employees compared to 514 employees at year-end 2018.

Equal opportunities
By the end of 2019, 21% of employees were women, as compared to 19% at the end of 2018. The Company has no woman serving as director on the Board of Directors and one woman in its corporate management team. The Company seeks to increase the proportion of women through recruitment. Company and management focus among others, on a personnel policy based on equal pay for equal work, which means that women and men have equal pay when in the same position, provided that other conditions are equal.

Discrimination
The Company's aim is to be a non-discriminatory workplace. Within the workforce, over 40 different nationalities are represented as well as over 10 different religions. The Company ensures equal opportunities and rights in recruitment, remuneration and working conditions, as well as promotion, personal development and protection against harassment. Furthermore, the Company aims at being an all-inclusive organization with regards to people with reduced functional ability.

Corporate Social Responsibility (CSR)
The Company is committed to doing ethical and legal business, show environmental consideration, support human rights and secure good labor practices on a global basis.

Environment
The products are generally software based and as such the company is minimally polluting the outer environment. Vizrt is committed to recycling the materials it uses and to minimizing non-hazardous waste. Vizrt also seeks to reduce the amount of travelling by using technical meeting solutions instead.

Corporate governance report

The organization is structured and managed in accordance with the Norwegian Code of Practice for Corporate Governance, which can be found on http://www.nues.no/en/. The Board of Directors states that Vizrt Group has been in compliance with the code throughout 2019.

Trading policy
As an issuer of listed securities from August 14, 2015, the Board of Directors implemented a trading and disclosure manual to ensure compliance with the Oslo Bors' continuing obligations (the Bond Rules), the Norwegian Securities Trading Act, and the Norwegian Securities Trading Regulation. The Manual also includes information and certain other positive covenants included in the Agreement relating to the Bonds.

Senior management and directors of the Company are responsible for the overall implementation and compliance of this Manual. Breach of the obligations in this manual may result in disciplinary action, termination of employment and/or other sanctions.

Vizrt Group AS
Corp reg no 813914042

Reporting on corporate governance

The Company complies with this recommendation through regular Board of Directors meetings, regular operational monitoring, information provided in annual reports, and other materials. In addition to the Code of Practice, the Board of Directors has adopted the Corporate Compliance program. These policies form a comprehensive set of ethical guidelines and guidelines for the corporate social responsibility of the Group. The Corporate Compliance program defines the Group's standards for conduct of all business, legal, and ethical matters; carried out and arising in daily business. This is meant as a tool and a guide for dealings with customers, partners, interaction with competitors, and fellow employees as well as in financial areas. Among others, the Corporate Compliance program addresses conflict of interest, prohibitions on third party gifts, issues regarding mutual respect, and harassment.

Risk Management and Internal Control

It is the responsibility of the Board of Directors to ensure that the Company has sound internal controls in place and systems for risk management that are appropriate in relation to the extent and nature of the Company's and the Group's activities. Board meetings are held frequently, and management reports for the Group are distributed to the Board on a monthly basis. Financial performance is reported via the Oslo Bors on a quarterly basis. In addition, as above detailed, the Company and the Group has adopted an Export Compliance Policy, Code of Ethics, including an Anti-Bribery and Whistle Blower Manual and an Insider Policy and IT policy.

Audit committee

Appointment and replacement of members of the board of directors

The Company's articles of association do not contain any provisions regarding appointment or replacement of members of the board of directors.

Purchase of own shares and equity certificates

There are no provisions regarding purchase of own shares or equity certificates in the Company's articles of association. The Board does not have any mandate to purchase own shares or equity certificates.

Bergen March 12, 2020

Michael Hallén

President and CEO

Esben Ravn Olesen

Board member

Sam Olnén

Board member

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Bergen March 12, 2020

Michael Hallén

President and CEO

Esben Ravn Olesen

Board member

Sam Olnén

Board member

Vizrt Group AS

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Bergen March 12, 2020

Michael Hallén

President and CEO

Esben Ravn Olesen	Sam Olnén
Board member	Board member

Vizrt Group AS
Corp reg no 813914042

Financial statement, Group

Consolidated statement of profit and loss and other comprehensive income

In USD thousands	*Note*	2019	2018
Revenue	*7,8*	169 297	132 879
Cost of sales		-75 257	-57 107
Gross profit		**94 040**	**75 772**
Other operating revenues		61	156
Selling and marketing expenses	*9,10*	-39 258	-35 591
Administrative expenses	*9,10,11*	-16 575	-12 672
Research and development expenses	*9,10*	-14 584	-11 624
Other operating expenses		-4 696	-2 886
Operating profit/loss		**18 988**	**13 155**
Financial income	*12*	317	84
Financial expense	*12*	-21 940	-25 700
Financial net		**-21 623**	**-25 616**
Profit (loss) before tax		**-2 635**	**-12 461**
Income tax	*13*	-5 943	-1 248
Net profit/loss		**-8 578**	**-13 709**
Profit attributable to:			
Owners of the parent		-8 578	-13 709
Non-controlling interests		0	0
		-8 578	**-13 709**
Other comprehensive income			
Amounts that will not be reclassified to profit or loss:			
Re-measurement loss related to employee benefit plan		600	-340
		600	**-340**
Amounts that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations		-3 312	674
Total comprehensive loss, net of tax		**-11 290**	**-13 375**

Earnings per share

	2019	2018
From continuing operations		
Earnings per share, weighted average, basic	-28,59	-45,70
Number of shares, weighted average, basic	300	300

Vizrt Group AS

Corp reg no 813914042

Consolidated statement of financial position

In USD thousands	*Note*	2019 December 31	2018 December 31
ASSETS			
Non-current assets			
Goodwill	*15*	223 444	160 489
Other intangible assets	*14*	63 507	56 758
Property, plant and equipment	*16*	22 307	4 163
Deferred tax assets	*13*	9 583	13 677
Other non-current assets		4 079	2 417
Total non-current assets		**322 920**	**237 504**
Current assets			
Inventories	*17*	11 637	4 764
Trade and other receivables	*18,22*	46 557	35 455
Prepaid expenses and accrued income		9 410	9 765
Restricted cash		364	347
Cash and cash equivalents	*22*	35 830	45 306
Total current assets		**103 798**	**95 637**
TOTAL ASSETS		**426 718**	**333 141**
EQUITY AND LIABILITIES			
Equity			
Share capital		9	9
Share premium		4 922	4 922
Reserves		173 959	173 959
Retained earnings including current year result		-113 167	-101 879
Total equity		**65 723**	**77 011**
Liabilities			
Non-current liabilities			
Loans and borrowings	*19*	100 384	99 525
Loans from related parties	*20*	152 457	110 073
Deferred tax liabilities		7 535	5 028
Employee benefits liability, net		5 207	3 920
Other non-current liabilities	*23*	27 431	203
Total non-current liabilities		293 014	218 749
Current liabilities			
Trade and other payables		4 731	2 603
Deferred revenues	*21*	17 072	14 823
Employees accruals		5 566	3 928
Current tax liabilities		8 941	7 720
Credit facility		20 187	-
Other accounts payables and accrued expenses	*21*	11 484	8 307
Total current liabilities		**67 981**	**37 381**
TOTAL EQUITY AND LIABILITIES		**426 718**	**333 141**

Vizrt Group AS
Corp reg no 813914042

Bergen March 12, 2020

Michael Hallén

President and CEO

Esben Ravn Olesen

Board member

Sam Olnén

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Consolidated statement of changes in equity

		-Attributable to the owners of the company-				
In USD thousands (except share data)	Number of ordinary shares	Issued capital	Share premium	Parent contribution	Retained earnings including current year result	Total equity
Balance at January 1, 2018	300	9	4 922	173 959	-88 504	90 386
Loss for the year					-13 709	-13 709
Other comprehensive income					334	334
Total comprehensive loss for the year					-13 375	-13 375
Balance at December 31, 2018	**300**	**9**	**4 922**	**173 959**	**-101 879**	**77 011**
Balance at January 1, 2019	300	9	4 922	173 959	-101 879	77 011
Loss for the year					-8 578	-8 578
Other comprehensive income					-2 712	-2 712
Total comprehensive loss for the year					-11 290	-11 290
Balance at December 31, 2019	**300**	**9**	**4 922**	**173 959**	**-113 167**	**65 723**

Vizrt Group AS

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Consolidated statement of cash flows

In USD thousands	***Note***	**2019**	**2018**
Operating activities			
Profit/loss for the period		**-8 578**	**-13 709**
Adjustments for:			
Depreciation		6 214	2 086
Amortization		25 551	22 258
Loss from disposal of property and equipment		159	738
Financial income, net		10 846	16 412
Income tax paid		142	-1 375
		34 334	**26 410**
Cashflow from changes in working capital			
Inventories		-387	-887
Trade and other receivables		-1 172	-2 714
Trade and other payables		-760	3 018
		-2 319	**-583**
Cashflow from operating activities		**32 015**	**25 827**
Investing activities			
Payments for intangible assets		-11 972	-8 619
Payments for property, plant and equipment		-4 432	-1 947
Payments to acquire subsidiaries, less acquired cash		-71 564	-
Cashflow from investing activities		**-87 968**	**-10 566**
Financing activities			
Payments of lease liabilities		-2 708	-
Utilizing credit faciltiy		20 187	-
New shareholder loan		28 580	-
Cashflow from financing activities		**46 059**	**0**
Casflow for the period		**-9 894**	**15 261**
Cash and cash equivalents in the beginning of the period		45 306	31 811
Effect of movements in exchange rate changes on cash held		418	-1 766
Cash and cash equivalents at the end of the year		**35 830**	**45 306**

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Vizrt Group AS
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Notes to the consolidated financial statements

Note 1 General information

Vizrt Group AS (the Company) is domiciled in Norway. The company's registered office is at Lars Hilles Gate 30, 5008 Bergen, Norway. Ultimate parent is Vizrt AB, a limited company registered in Stockholm, Sweden, corp. reg. nr. 559135-5515.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in visual graphics and media asset management tools.

The following accounting policies have been applied consistently in the consolidated financial statements for all periods presented, unless otherwise stated.

Note 2 Basis of accounting

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU. This is the first set of the Group's annual financial statements in which IFRS 16 *Leases* have been applied. Changes to significant accounting policies are described in Note 5.

Note 3 Functional and presentation currency

The consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments, that have been measured at fair value. The consolidated financial statements are presented in U.S. dollars ("USD") and all values are rounded to the nearest thousand (USD'000), unless otherwise indicated.

Note 4 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management determines estimates based upon past experience, various factors, external sources and reasonable assumptions according to the circumstances appropriate to each estimate. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements
Information about judgements in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

Revenue
Revenue is measured based on the consideration specified in a contract with a customer. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Judgment is necessary to determine when performance obligations can be recognized separately and the allocation of the related consideration to each performance obligation.

Purchase price allocation
Fair value of the tangible and intangible assets and liabilities of an acquired subsidiary is determined according to valuation techniques, which include mostly discounting of cash flows. The rate used for discounting the net cash flows expected from the assets has a material impact on the fair value.

The process of estimating fair value includes judgments as to the use of the relevant observable and unobservable inputs from the perspective of a market participant. The Company strives to reflect those inputs in the estimated fair value including a risk premium for the uncertainties inherent in determining the fair value of an item that has significant unobservable inputs.

In light of the above, the determination of fair value calls for implementing judgment.

Estimates and assumptions uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of result in a material adjustment to the carrying amounts of assets and liabilities within the year ending December 31, 2019 is included in the following notes:

Deferred tax assets
Deferred tax assets are recognized for unused carry forward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to

determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. For further information, see Note 13 'Income taxes'.

Impairment of goodwill
The Company reviews goodwill for impairment at least annually and when circumstances indicate that the carrying value may be impaired. This requires management to make an estimate of the projected future cash flows from continuing use of the cash-generating unit and also to choose a suitable discount rate and long term growth rate for those cash flows. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 15 'Goodwill'.

Pension and other post-employment benefits
The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, the discount rate, future salary increases and employee turnover rate. The carrying amount of the liability may be significantly affected by changes in these estimates. For further information, see Note 10 'Employees and employee benefit expense'.

Note 5 Changes in significant accounting policies

The Group has initially adopted IFRS 16 *Leases* from January 1, 2019. A number of other new standards are affective from Jan 1 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, has recognized right-of use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at Jan 1, 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented as previously reported under IAS 17 and related interpretations.

Note 6 Significant accounting policies, Group

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries (together referred to as the 'Group').

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Foreign currency translation
The consolidated financial statements are presented in USD, which is also the Groups' functional currency and is the currency that best reflects the economic environment in which the Company operates and conducts most of its transactions. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Companies in the Group for which their functional currency was determined as other than the USD
The assets and liabilities of the Groups subsidiaries outside of Norway, including goodwill and fair values adjustments arising on acquisition, are translated to USD at the exchange rate at the reporting date.

Income and expenses for the periods presented are translated at average exchange rates for the periods.

All resulting translation differences between the rates are recognized in other comprehensive income and the translation reserve.

Cash equivalents
Cash equivalents are short-term, highly liquid investments that are readily convertible into cash with original maturities of three months or less at acquisition.

Short-term bank deposits
Bank deposits with original maturities of more than three months but less than one year are classified as short-term bank deposits. The majority of the deposits are in U.S. dollars at December 31, 2019 and bears interest at rates ranging from 0.46% to 0.85%. The deposits are presented at cost, including accrued interest.

Allowance for doubtful accounts
The allowance for doubtful accounts is determined in respect of specific debts whose collection, in the opinion of the Company's management, is doubtful. The Company also recognizes a provision for groups of customers that are collectively assessed for impairment based on their credit risk characteristics. Impaired debts are derecognized when they are assessed as uncollectible.

Restricted cash
As of December 31, 2019 and 2018, the amounts represent security for rent facilities and performance guarantees for customers in Asia Pacific.

Inventories
Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average cost method. The Company evaluates periodically the quantities on hand, relative to current and historical selling prices and forecasted sales volume, technological obsolescence and the market conditions. Based on these evaluations, provisions are recorded in each period to write inventory down to its net realizable value if required.

Investment in associate
Investment in a company in which Vizrt is able to exercise significant influence, but that is not a subsidiary is accounted for using the equity method. When Vizrt's share of losses exceeds its interest in an associate accounted under the equity method, the carrying amount of that investment is reduced to zero and the recognition of further losses is discontinued except to the extent that the Company has an obligation to support the investee or has granted it loans or provided guarantees on its behalf.

Revenue recognition
The Groups revenues are derived from sales of products to end-customers and resellers, who are also considered end-customers. The Group also generates revenues from professional services, including graphic services, training, maintenance and support.

Revenue from contracts with customers is measured based on the consideration specified in the contract with the customer. The Group recognizes when a customer obtains control of the goods of services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Sale of goods
For the sale of hardware, revenue is recognized when a customer obtains control over the goods.

Rendering of services
The Group are involved in Graphics and MAM and performing related services. The total considerations in the services contract will be allocated to all services based on their stand-alone selling price. Revenue is currently recognized either by after the service has been performed or, if larger projects, using the percentage of completion method.

Employee benefits
Liability
The Company has several employee-benefit plans which are described below.

Short-term employee benefits
Short-term employee benefits are benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. These benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered.

A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

Post-employment benefits

The Company has a number of post-employment benefit plans. The plans are usually financed by deposits with insurance companies or with funds managed by a trustee, and they are classified as defined contribution plans and defined benefit plans.

The Company operates a defined benefit plan in respect of severance pay pursuant to the Israeli, Swiss, Thai and Austrian severance pay laws (the "Laws"). According to these Laws, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employee-employer relationship is measured using the projected unit credit method. The actuarial assumptions include future salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate on high quality corporate Debentures with maturity that matches the estimated term of the benefit payments. The Company makes current deposits in respect of its liabilities to pay compensation to certain of its employees in pension funds and insurance companies ("the plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Company's own creditors and cannot be returned directly to the Company.

The liability for employee benefits in the statement of financial position presents the present value of the defined benefit obligation less the fair value of the plan assets. Re-measurement gains and losses are recognized directly in other comprehensive income in the period in which they occur.

Financial income and expenses

Financial income includes interest on deposits and exchange differences. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Financial expenses include bank charges.

Gains and losses deriving from changes in currency exchange rates are reported on a net basis.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred taxes are recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that the related tax benefit will be realized. Similarly, temporary differences (such as carry-forward tax losses) for which deferred tax assets have not been recognized are reviewed, and deferred tax assets are recognized to the extent that their utilization has become probable. Any resulting reduction or reversal is recognized in profit or loss. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred taxes are not recognized on investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%	
Computers and other equipment	20 – 60	(mainly 33%)
Office furniture, equipment and other	7 – 17	(mainly 10%)
Leasehold improvements	Straight-line basis over the shorter of the lease terms and the expected useful life of the improvement.	

The useful life, depreciation method and the residual value of an asset are reviewed at least each year-end and the changes, if any, are accounted for prospectively as a change in accounting estimate.

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Intangible assets
Intangible assets acquired in a business combination are identified and recognized separately from goodwill when they meet the definition of intangible asset and their fair value can be measured reliably. The cost of these intangible assets is their fair value on the date of the business combination. In subsequent periods, intangible assets are presented at cost less any accumulated amortization and accumulated impairment loss.

Intangible assets are amortized over their useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise used.

Research and development expenditures
Research expenditures are recognized in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the ability to measure reliably the respective expenditure asset during its development. The asset is measured at cost less any accumulated amortization and any accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. The asset is amortized over its useful life. Testing of impairment is performed annually over the period of the development project.

Intangible assets are amortized using the straight-line method over the estimated useful life, except for customer relationship, which is based on accelerated method according to the following weighted average number of years:

	Years
Core technology	4,9 - 5
Customer relationship	9,8 - 10
Backlog	0,9
Trade name	9,8 - 10
Research and development expenditure	5

Business combination and goodwill
Business combinations are accounted for by applying the acquisition method. Under the acquisition method, the assets and liabilities of the acquired business are measured at fair value on the acquisition date. The cost of an acquisition is the aggregate fair value of the assets transferred, liabilities assumed and equity rights issued by the acquirer on the date of acquisition. Direct costs relating to the acquisition are carried immediately as an expense in the income statement.

On the acquisition date, the existing assets and liabilities are reclassified and predesignated in accordance with the contractual terms, economic circumstances and other pertinent conditions that exist at the acquisition date, except for lease contracts that have not been modified on the acquisition date and whose classification as finance or operating leases is therefore not re-examined.

In a business combination achieved in stages, equity interests in the acquiree that had been held by the acquirer prior to obtaining control are measured at the acquisition date at fair value and included in the acquisition consideration while recognizing gain or loss resulting from the fair value measurement.

Goodwill acquired in a business combination is initially measured as the difference between the cost of the acquisition and the net fair value of the acquired business identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less, if appropriate, any accumulated impairment losses. Goodwill is not systematically amortized.

Leases
The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and counties to be reported under IAS 17.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use for an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

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- the Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are most relevant to changing how and what purpose the asset is used in predetermined, the Group has the right to direct the use of the asset if either
    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way the predetermined how and what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease component as a single lease component.

As a lessee
The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measures at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful lift of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of the use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Groups incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following;

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payment in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measure at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from the change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in property, plant and equipment, and lease liabilities in loans and borrowings in the statement of financial position.

Short term leases and leases of low value assets
The Group has elected not to recognize right of use assets and lease liabilities for short term leases of machinery that have a lease term of 12 month or less and leases of low value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Financial instruments
Financial assets
The Company's financial assets include cash and cash equivalents, short-term deposits, trade and other receivables, restricted cash and other financial assets.

Trade receivables are initially recognized when they are originated, all other financial assets financial liabilities are initially recognized when the Group becomes a party in the contract of the instrument. A trade receivable without a significant financing component is initially measured at transaction price. Other financial assets are initially recognized at amortized cost if it is not designated as at FVTPL.

Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Impairment of financial assets carried at amortized cost.

Financial liabilities

Financial liabilities are classified as measured at mortised costs or FVTPL. Short-term credits (such as trade and other payables) are measured based at amortized costs. Gains and losses are recognized in the statement of income when the financial liability is derecognized as well as through the systematic amortization process. Other financial liabilities are measured at amortized costs using the effective interest method.

A financial liability is derecognized when it is extinguished, i.e. when the obligation is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

Interest-bearing loans and borrowings are initially recognized at fair value less directly attributable transaction costs (such as loan raising costs). After initial recognition, loans, including debentures, are measured based on their terms at amortized cost using the effective interest method taking into account directly attributed transaction costs.

Derivatives and hedging

The Group could hold derivative financial instruments to hedge its foreign currency and interest rate risk exposures. The Company recognizes all derivatives at fair value.

If the derivatives meet the definition of a hedge and are so designated the effective portion of the gain or loss is recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of a derivatives change in fair value is recognized in earnings. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The hedge effectiveness is assessed at each reporting date.

The Company could enter into forward exchange contracts in order to hedge the variability of anticipated payroll and other expenses denominated in Norwegian Krone, Swedish Krona and Euro, due to changes of the U.S. dollar against the respective currencies. As of December 31, 2019 and 2018, there are no Derivatives and hedging transaction.

The cash and cash equivalent are held with bank and financial institution counterparties, which are rated A-AA++, based on ratings as at December 31, 2019.

Impairment of non-financial assets

At each reporting date, the Company evaluates the carrying amount of its tangible and intangible assets for the purpose of determining whether there are any indications that the carrying amount of such assets is not recoverable. Should there be any such indications; the recoverable amount of the asset is estimated for the purpose of determining the amount of the impairment loss.

If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows are determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of income.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated, at the acquisition date, to each of the Company's cash-generating units that is expected to benefit from the synergies of the combination. The Company reviews goodwill for impairment once a year on December 31 for each of its cash generating units, or more frequently if events or changes in circumstances indicate that there is impairment.

Impairment is recognized for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash-generating units) to which the goodwill relates. An impairment loss is recognized if the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, is less than the carrying amount of the cash-generating unit (or group of cash-generating units). Any impairment loss is allocated first to goodwill. Impairment losses recognized for goodwill cannot be reversed in subsequent periods.

Provisions
A provision in accordance with IAS 37 is recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation If the effect is material, provisions are measured according to the estimated future cash flows discounted using a pre-tax interest rate that reflects the market assessments of the time value of money and, where appropriate, those risks specific to the liability.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level I Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

New currently effective requirements
IFRS 16 Leases
IFRS 16 replaces existing leasing guidelines, including IAS 17 Leases, and IFRIC 4 Determining whether an arrangement contains a lease.

The standard is effective for annual periods beginning on or after January 1, 2019.

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard – lessor continue to classify leases as finance or operating lease.

The estimated effect of the new standard in the Group, is an addition of approx. 17 MUSD of right of use assets and lease liabilities to be recognized in the consolidated financial statement at transition. The Group's leasing portfolio mainly consists of leased office space and vehicles.

Leases in which the Group is a lessee
The Group will recognize new assets and liabilities for its operating leases of facilities and equipment. The nature of expenses related to those leases will change and the Group will recognize a depreciation charge for right of use assets and interest expense on lease liabilities. Previously the Group recognized operating expense over the term of the lease, and recognized assets and liabilities just to the extent of timing differences between actual lease payments and the expense recognized.

The Group will no longer recognize provisions for operating leases, instead the group will include the payments due under the lease in its lease liability.

Leases in which the Group is a lessor
The Group will reassess the classification of sub-leases in which the Group is a lessor. No significant impact is expected for lease in which the Group is a lessor.

Standards issued but not yet effective
Some amendments to existing standards are effective for annual periods beginning on or after January 1, 2020 and earlier application is permitted, however, the Group has not early adopted the new of amended standards in preparing the consolidated financial statements.

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None of these standards are expected to have an impact on the Group's financial statements in the period of initial application.

- Definitions of a Business - Amendments to IFRS 3
- Amendments to references to conceptual framework in IFRS standards.
- IFRS 17 Insurance Contracts

Note 7 Operating segments

The Group generates revenue mainly from the sale of software products to their customers. The Group also generates revenues from professional services, including graphic services, training, maintenance and support.

The operating segments are identified on the basis of information that is reviewed by the chief operation decision maker to make decisions about resources to be allocated and assess its performance. Revenues are attributed to geographical areas based on the location of the customers.

Regional operating PL and revenue streams

	2019					2018				
In USD thousands	*EMEA*	*APAC*	*AMECS*	*Corp*	*Group*	*EMEA*	*APAC*	*AMECS*	*Corp*	*Group*
Software	26 130	16 684	23 895		66 709	16 709	15 061	11 031		42 801
Hardware	9 953	5 086	18 689		33 728	8 834	5 638	7 399		21 871
Subscription	5 965	3 604	2 858		12 427	8 789	3 260	3 713		15 762
Support & Maintenance	20 890	10 267	11 113		42 269	19 034	4 642	9 678		33 354
Service	7 449	3 466	3 250		14 165	8 246	8 298	2 578	-31	19 091
Revenue	**70 387**	**39 106**	**59 804**	**0**	**169 297**	**61 612**	**36 899**	**34 399**	**-31**	**132 879**
Cost of sales	-19 024	-11 359	-23 347	-21 526	-75 257	-15 816	-8 615	-13 820	-18 856	-57 107
Gross profit	**51 362**	**27 747**	**36 457**	**-21 526**	**94 040**	**45 796**	**28 284**	**20 579**	**-18 887**	**75 772**
OPEX	-11 517	-7 895	-14 876	-40 764	-75 052	-12 229	-8 379	-8 276	-33 733	-62 617
EBITA	**39 846**	**19 851**	**21 581**	**-62 290**	**18 988**	**33 567**	**19 905**	**12 303**	**-52 620**	**13 155**

Note 8 Revenues

Contract balances

In USD thousands	**2019**	**2018**
Receivables, which are included in 'trade receivables'	37 206	31 539
Contract assets	10 041	6 090
Total contract assets	**47 247**	**37 629**
Contract liabilities	-18 672	-17 791
Total contract liabilities	**-18 672**	**-17 791**

The contract assets primarily relate to the Group's rights to considerations for work complete but not billed at the reporting date for projects. The contract liabilities primary relates to advance payments received from customers for obligations to be completed in a later period. The amount of 10 645 KUSD recognized as contract liabilities in beginning of the period has been recognized as revenues for the period ended December 31, 2019, previous year 8 582 KSUD.

The amount of revenues recognized in the period ended December 31, 2019 from performance obligations satisfied in previous periods is 0 KUSD compared to 0 KUSD in 2018.

No costs to obtain contracts with customers have been capitalized as part of contracts with customers.

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Performance obligations and revenue recognition policies

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers.

Type of product/service	***Nature and timing of satisfaction of performance obligations***	***How the standalone selling price is typically estimated***	***Revenue recognition under IFRS 15***
Software	Upon shipment or made available for download	Observable in stand-alone transaction	Revenue is recognized when the goods are delivered and has been accepted by the customer. Revenue from sales agreements do not normally contain a general right of return. If considerable customizations is required, the software is considered a part of the project contract and recognized as such.
Hardware	When control is passed to the customer, typically on delivery	Observable in stand-alone transaction	Revenue is recognized when the goods are delivered and has been accepted by the customer
Subscription	Over the length of the contract	Observable in stand-alone transaction	Subscription software are considered combined with services in the contract and the customer is receiving these services time. Revenue is recognized over the term of the contract.
Service	When the work is performed	Observable in stand-alone transaction	The Company recognizes revenues from professional services and training as performed. Such services are not essential to the functionality of the delivered product when combined with sales of products.
Project contracts	Over time - percentage of completion	Observable in stand-alone transaction	Revenue from software arrangements that require significant customization, integration and installation, are recognized using contract accounting and the percentage of completion method, based on the relationship of actual labor hours incurred to total labor hours estimated to be incurred over the duration of the contract. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are first identified, in the amount of the estimated loss on the entire contract.
Support & maintenance	Over the length of the contract	Observable in stand-alone transaction	Maintenance and support revenues included in multiple element arrangements are deferred and recognized on a straight-line basis over the term of the maintenance and support agreement.

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Note 9 Supplementary information to statement of profit and loss items

Expenses by nature

In USD thousands	**2019**	**2018**
Employee related expenses	66 187	56 694
Materials	35 375	21 702
Office expenses	4 646	7 329
Amortization of intangible assets	25 551	22 513
Subcontractors and consultants	6 373	5 188
Marketing	3 411	2 608
Depreciation	6 244	2 087
Other	2 582	1 760
Total cost of sales, sales and marketing, general and administrative and R&D expenses	**150 370**	**119 880**

Note 10 Employees and employee benefit expense

The company account for payment of compensation as a defined benefit plan for which an employee benefits liability is recognized and for which the company contributes amounts in central severance pay funds and in qualifying insurance policies.

Expenses charged to the income statement

In USD thousands	**2019**	**2018**
Current service cost	643	979
Past service cost	-62	-618
Interest cost, net	64	47
Employee return on plan assets	-24	0
Total	**621**	**408**
Expenses are presented in the income statement as follows		
Cost of sales	129	122
Sales and marketing expenses	177	232
General and administrative expenses	54	210
Research and development expenses	261	-156
Total	**621**	**408**

Movement in net defined benefit (asset) liability

	Defined benefit obligation		***Fair value of plan assets***		***Net defined benefit (asset) liability***	
In USD thousands	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Cost						
Balance at January 1	6 443	6 879	2 758	2 976	9 201	9 855
Included in the profit and loss						
Current service cost	643	979			643	979
Past service cost	-62	-618			-62	-618

Interest cost, net	64	47			64	47
	645	408	0	0	645	408
Included in the OCI						
Actuarial gain from changes in financial assumptions	912	-356	99	-9	1 011	-365
Effect of movements of exchange rates	-763	-111	43	41	-720	-70
	149	-467	142	32	291	-435
Other						
Contributions paid by the employer			311	279	311	279
Benefits paid	-752	-377	-753	-529	-1 505	-906
	-752	-377	-442	-250	-1 194	-627
Balance at December 31	6 485	6 443	2 458	2 758	8 943	9 201

Plan assets include assets held by a long-term employee benefit fund and by qualifying insurance policies.
The company provides retirement and other post-employment benefits to its employees in certain locations and to the former CEO of the company.

Note 11 Fees and reimbursements to auditors

In USD thousands	2019		2018	
	EY	Other auditors	EY	Other auditors
Audit services	229	143	268	21
Tax related services	33	40	53	204
Accounting and related services	-	429	6	120
Total	**262**	**612**	**327**	**345**

Audit services refer to the audit of financial statements, annual accounts, accounting records and the administration of the board of directors and the CEO, other tasks that are incumbent on the Group and Parent Company's auditors, counseling or other assistance as a result of observations during the audit or the provision of such services. All other assignments are considered as other services.

Note 12 Net financial income and expenses

In USD thousands	2019	2018
Interest on deposits	317	83
Foreign currency exchange differences and other	0	0
Financial income	**317**	**83**
Interest on debentures	-9 878	-9 675
Amortization of bond discount	-858	-817
Interest on loan	-14 505	-12 030
Bank charges and other interest	-898	-303
Fair value adjustment on embedded derivative	2 094	-222
Foreign currency exchange differences and other	2 105	-2 652
Financial expenses	**-21 940**	**-25 699**
Financial net	**-21 623**	**-25 616**

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Note 13 Income taxes

The Norwegian corporate tax rate was 22% in 2019, which is a reduction from the rate of 23% in 2018.

Non-Norwegian subsidiaries are taxed according to the tax laws in their respective country of residence. The tax rate of the subsidiaries ranges between 18% and 35%.

Amounts recognized in the income statement

In USD thousands	**2019**	**2018**
Current tax expenses		
Tax cost during the year	-4 985	-4 701
Tax attributable to prior years	143	744
Deferred tax expenses		
Carryforward losses	0	460
Temporary differences assets	0	0
Intangible assets	2 902	2 378
Temporary differences liabilities	-4 003	-129
Income tax	**-5 943**	**-1 248**

Reconciliation of the effective tax rate

In USD thousands	**%**	**2019**	**%**	**2018**
Loss before tax from continuing operations		-2 635		-12 461
Tax using the company's domestic tax rate	22%	-105	23%	2 866
Difference in tax rate of subsidiaries	97%	-2 561	17%	-2 161
Non-deductible expenses	9%	-232	31%	-3 854
Adjustments in respect of prior years	84%	-2 220	10%	-1 288
Losses, reserves and allowances for which deferred tax assets were not initially recognized	42%	-1 095	0%	28
Other	-10%	270	-25%	3 161
Actual tax cost	**226%**	**-5 943**	**10%**	**-1 248**

'Other' mainly relates to the temporary difference which is due to the one-time effect of the upstream merger between the Swiss companies. Vizrt Switzerland then lost the mixed company tax status and will tax wise disclosure the hidden reserves on the IP assets which have been accumulated during the years with mixed company tax status. This temporary difference has been reduced in 2019 due to change of tax rate in the canton of Zürich.

Recognized in the balance sheet

	2019		**2018**	
In USD thousands	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Carry forward losses	3 851	-	6 624	-
Allowances, provisions and other temporary differences	6 530	356	7 733	324
Intangible assets	-	7 179	-	4 704
At December 31	**10 381**	**7 535**	**14 357**	**5 028**

Losses carry forward
As of December 31, 2019, the US subsidiary had a federal net operation tax loss carry forwards of approximately KUSD 1 285. The federal operating loss carry forwards can be offset against taxable income for 20 years and expires 2020-2025. The US subsidiary may

not be able to utilize the total carry forward and other tax attributes to offset future taxable income due to certain limitations defined under the IRS rule and the limited time frame in which the loss carry forward may be utilized. As of December, 31, 2019 the company and its Norwegian subsidiaries had a net operation tax loss carry forward of approximately KUSD 17 902 with no expiration date.

Tax impact of the UK exiting the EU
On March 29, 2017, the UK government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the EU. The UK remained in the EU until Jan 31, 2020. By virtue of the transition period in the withdrawal agreement, EU law will continue to apply until Dec 31, 2020. At this stage, the group considers the exit should have little immediate effect from a tax perspective, as the Group are familiar with the procedures and administration required for VAT and customs into and out of the EU. The group will have to consider whether they rely on EU directives for transactions free of withholding tax or the relevant tax treaties should apply.

The company operates in multiple jurisdictions throughout the world, and its tax returns are periodically audited or subject to review by both domestic and foreign authorities. The associated tax filings remain subject to examination by applicable tax authorities a certain length of time following the tax year to which those filings relate.

Note 14 Intangible assets

In USD thousands	*Core technology*	*Customer relationship*	*Trade name*	*Capitalized development costs*	*Total*
COST					
Balance at January 1, 2018	82 435	6 971	32 565	8 835	130 806
Additions	-	-	-	8 619	8 619
Disposals	-	-	-	(251)	-251
Exchange rate adjustments	-	-	-	48	48
Balance at December 31, 2018	**82 435**	**6 971**	**32 565**	**17 251**	**139 222**
Balance at January 1, 2019	82 435	6 971	32 565	17 251	139 222
Additions	-	-	-	11 972	11 972
Acquired in acquistion	10 000	2 827	7 070	-	19 897
Exchange rate adjustments	-	-	-	530	530
Balance at December 31, 2019	**92 435**	**9 798**	**39 635**	**29 753**	**171 621**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Balance at January 1, 2018	-46 872	-3 162	-9 258	-678	-59 970
Depreciation for the year	-16 823	-904	-3 323	-1 207	-22 257
Disposals	-	-	-	-259	-259
Exchange rate adjustments	-	-	-	22	22
Balance at December 31, 2018	**-63 695**	**-4 066**	**-12 581**	**-2 122**	**-82 464**
Balance at January 1, 2019	-63 695	-4 066	-12 581	-2 122	-82 464
Depreciation for the year	-18 157	-968	-3 794	-2 632	-25 551
Exchange rate adjustments	-	-	-	-99	-99
Balance at December 31, 2019	**-81 852**	**-5 034**	**-16 375**	**-4 853**	**-108 114**
Carrying amounts					
At December 31, 2018	18 740	2 905	19 984	15 129	56 758
At December 31, 2019	10 583	4 764	23 260	24 900	63 507

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Note 15 Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. The goodwill is attributed to the expected benefits arising from the synergies of the combination of the activities for the company and acquired companies.

In USD thousands	**2019**	**2018**
Balance at the beginning of the year	160 489	160 489
Goodwill acquisition during the year	62 955	-
Total	**223 444**	**160 489**

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the Groups CGU's as follows:

In USD thousands	**2019**	**2018**
EMEA	72 220	72 220
APAC	44 937	44 937
AMECS	106 287	43 332
Total	**223 444**	**160 489**

The calculation of value-in-use for CGU is most sensitive to the following assumptions:

Operating margin

Operating margins are based on average values achieved in previous years preceding the start of the budget period and as reflected by industrial trends.

Discount rates

Discount rates reflects the current marked assessment of the risks specific to each CGU. The discount rate was estimated based on the average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to the cash-generating unit for which future estimates of cash flows have not been adjusted.

Growth rate

Rates are based on published industry research.

The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections in 2019 was 10% and 10% in 2018 and cash flows beyond the five-year period were extrapolated using a 6% growth rate in 2019. As a result of the analysis, management did not identify impairment for this CGU during 2019.

Sensitivity to changes in assumptions

	Impact value-in –use	
Sensitivity to changes in WACC	**2019**	**2018**
Change arising from an increase of 1%	-45%	-28%
Change arising from an increase of 2%	-46%	-46%
Change arising from an decrease of 1%	49%	48%
Change arising from an decrease of 2%	164%	160%
Sensitivity to changes in residual growth rate		
Change arising from an increase of 1%	42%	41%
Change arising from an increase of 2%	141%	137%
Change arising from an decrease of 1%	-24%	-23%
Change arising from an decrease of 2%	-39%	-39%

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Note 16 Property, plant and equipment

In USD thousands	Computers and other equipment	Office furniture, equipment and other	Leasehold improvement	Right of use assets	Total
Cost					
Balance at January 1, 2018	5 220	1 658	800		7 678
Additions	1 668	239	40		1 947
Disposals	-1 418	-49	-4		-1 471
Exchange rate adjustments	-484	-270	-197		-951
Balance at December 31, 2018	**4 986**	**1 578**	**639**	**0**	**7 203**
Balance at January 1, 2019	4 986	1 578	639	17 945	25 148
Additions	2 770	309	253	1 101	4 433
Disposals	-1 303	-187	0	-95	-1 585
Newly acquired company	0	2 605	274	2 125	5 004
Exchange rate adjustments	116	6	23	-147	-2
Balance at December 31, 2019	**6 569**	**4 310**	**1 189**	**20 929**	**32 998**
Accumulated depreciation and impairment losses					
Balance at January 1, 2018	-2 094	-365	-272		-2 731
Depreciation for the year	-1 551	-298	-237		-2 086
Disposals	1 242	-2	3		1 243
Exchange rate adjustments	244	181	109		534
Balance at December 31, 2018	**-2 159**	**-484**	**-397**	**0**	**-3 040**
Balance at January 1, 2019	-2 159	-484	-397		-3 040
Depreciation for the year	-1 864	-411	-210	-3 730	-6 214
Disposals	1 217	168	0	41	1 426
Newly acquired company	0	-2 415	-232		-2 647
Exchange rate adjustments	-127	-10	-24	-56	-216
Balance at December 31, 2019	**-2 933**	**-3 151**	**-862**	**-3 744**	**-10 691**
Carrying amounts					
At December 31, 2018	2 827	1 095	241	0	4 163
At December 31, 2019	3 636	1 159	327	17 185	22 307

Note 17 Inventory

In USD thousands	2019	2018
Contracts in progress	158	184
Finished products	11 479	4 580
Total	**11 637**	**4 764**

During the year an inventory write-down in the amount of 152 (157) was recognized and included in 'cost of sales'.

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Note 18 Trade and other receivables

In USD thousands	2019	2018
Trade receivables	39 604	33 672
Allowance for doubtful debts	-2 397	-2 133
Unbilled revenues	9 350	3 916
Net	**46 557**	**35 455**

Trade receivables are non-interest bearing and generally have up to 90 days' payment terms.
During the year the company reported impairment on trade receivables and contract assets amounting to 882 (1011) KUSD.

Trade receivables are reported net of expected and realized losses for bad debt amounting to 2 397 (2 133) KUSD in both Parent and Group.

In USD thousands	2019	2018
Trade receivables not past due	29 555	20 203
Ageing of past due but not impaired		
1 - 30 days	5 603	7 949
31 – 60 days	1 980	1 592
61 – 91 days	2 118	2 313
91 – 120 days	2 060	1 272
> 120 days	5 240	2 126
	46 557	**35 455**

Note 19 Borrowings

On March 13, 2015 the Company issued debentures amounted to KUSD 113 300 which are traded in the Oslo stock exchange. The Company recorded a procurement cost associated with the debentures in the amount of KUSD 5 327, which was capitalized. The debentures are presented net of procurement costs which are amortized on based on IRR. The debentures are securities which give the holders of the debentures right for interest during the tenor of the debentures and repayment of principal on the dates set forth in the debentures agreement. The debentures are the senior liabilities of the Issuer and only subordinated to claims preferred by law.

• The nominal interest rate is three months LIBOR plus a margin of 7.125% which is equal to the yield for the debentures holders.

• Interest accrues as of the issue date of the Debentures and is payable on a quarterly basis on March 30, June 30, September 30 and December 30, in each respective year.

• The maturity date of the debentures is March 13, 2021.

• The representative of the debentures holders is Nordic Trustee ASA.

In USD thousands	2019	2018
Borrowing related expenses		
Amortization of procurement cost	-858	-819
Interest expenses	-9 878	-9 675
Financial income - embedded derivative	2 094	-217
	-8 642	**-10 711**
Balances		
Embedded derivative in non-current assets	3 173	1 171
Borrowings net	100 384	99 525

The Company has a Revolving Credit Facility ("RCF") in the amount of 20,000 USD, available through March 18, 2020. As of December 31, 2019, the Company had utilized the full amount. In connection with the RCF, the Company committed towards the lenders under the RCF, among other things, to meet certain financial covenants if the company utilizes 30% or more of the RCF. According to such financial covenants, the ratio of RCF utilization to consolidated EBITDA shall not exceed 1.33. As of December 31, 2019, the Company meets the abovementioned financial covenants.

Reconciliation of liabilities arising from financing activities

		Cash flows	Non-cash changes		
In USD thousands	**2018**		**Amortization of procurement cost**	**FV changes**	**2019**
Balance at December, 31					
Long term borrowings	99 525		858		100 383
Embedded derivative in non-current assets	1 171			2 002	3 173
	100 696		**858**	**2 002**	**103 556**

Note 20 Loans from related parties

In order to finance the acquisition of the subsidiary on May 3, 2019 the Group recived a shareholder loan of 27.8 MUSD to Vizrt AG through the parent company Cidron 2014 Ltd. This in addition to the shareholder loan recived in 2015.

	Denomination currency	***Principal amount as of December 31***	***Nominal interest rate %***	***Effective interest rate %***	***Accrued interest as of December 31***	**Carrying amount December 31**	
In USD thousands						**2019**	**2018**
Loan	USD	77 994	12,18%	12,18%	13 371	123 444	110 073
Loan	USD	27 795	6,50%	6,50%	1 218	29 013	-

Note 21 Accrued expenses and deferred income

In USD thousands	**2019**	**2018**
Lease liability	3 400	-
Accrued expenses	5 099	4 373
Government authorities	1 917	2 956
Bank deposits	1 068	978
Total	**11 484**	**8 307**

Note 22 Financial instruments

The company is exposed to credit and market risks as part of its ordinary course of business. The company's risk management objective is to monitor risks and minimize the possible influence that may result from this exposure, according to its evaluations and expectations of the parameters that affect the risks. The company does not hedge the currency exposure. The company's senior management oversees the management of these risks.

All derivative activities for risk management purposes are carried out by senior management that has the appropriate skills and experience. It is the company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The financial risk is in summary:

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the company's income of the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk Financial instrument affected by market risk include derivate financial instruments.

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Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense are denominated in a different currency from the company's functional currency) and the company's net investment in foreign subsidiaries.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instrument that potentially subject the company to concentrations of credit risk consist principally of cash and cash equivalents, short term deposits and trade receivables. Cash and cash equivalents are short term deposits amounting to KUSD 35 830 at December 31, 2019 are deposited with major banks in Europe and the United States, and invested mostly in USD and EURO. Such deposits may be in excess of insured limits and are not insured in other jurisdictions. Generally, these deposits may be redeemed upon demand, and therefore bears a low risk.

The company's trade receivables are derived from sales to customers in various locations. The company performs ongoing credit evaluation of its customer's financial condition and requires collateral as deemed necessary. Management periodically evaluate the collectability of these receivables and adjusts the allowance for doubtful accounts to reflect the amounts estimated to be uncollectible.

In certain regions with similar economic environmental characteristics that increase the credit risk, it is the company's policy to request a letter of credit from a primary bank to ensure collectability.

Expected credit loss assessment for corporate customers
The Group allocated each exposure to a credit risk based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, managements accounts and cash flow projections and available press information about customers). The Group uses an allowance matrix to measure the ECL for trade receivables from individual customers, which comprise a large number of small balances.

Loss rate are calculated using a method based on the probability of a write off.

The following table provides information about the exposure to credit risks and ECLs for trade receivables and contract assets from individual customers at December 31, 2019.

In USD thousands	**Weighted average loss rate**	**Gross carrying amount**	**Impairment loss allowance**
Current	0,00%	22 640	-10
1-30 days past due	0,00%	6 297	0
31-60 days past due	0,01%	2 242	0
61-90 days past due	0,13%	2 477	-5
91-120 days past due	1,06%	2 379	-50
Over 120 days	20,00%	8 317	-2 332
December 31, 2019		**44 352**	**-2 397**

Foreign currency sensitivity
The company believes that no reasonable change in foreign currency exchange rates would have a material impact on the profit and loss or the equity.

Financial assets and financial liabilities
The financial assets and financial liabilities in the balance sheet are classified by groups of financial instruments pursuant to IAS 39.

	Fair value					
In USD thousands		**2019**			**2018**	
	Level 1	***Level 2***	***Level 3***	***Level 1***	***Level 2***	***Level 3***
Financial assets measured at fair value						

Embedded derivative	-	-	3 173	-	-	1 171
Total assets	-	-	**3 173**	-	-	**1 171**
Financial liabilities not measured at fair value						
Loan from related parties	-	-	152 457	-	-	110 073
Debentures, net	-	100 384	-	-	99 525	-
Contingent considerations	-	-	12 993	-	-	-
Lease liabilties	-	-	13 701	-	-	-
Total liabilites	-	**100 384**	**179 151**	-	**99 525**	**110 073**

Fair value of financial instruments
The carrying amount of cash and cash equivalents, short term bank deposits, trade receivables trade payables, employees and payroll accruals, and other liabilities approximate their fair values due to the short term maturity of these instruments.
Interest bearing loans and borrowings are initially recognized at fair value less directly attributable transaction costs (such as loan raising costs). After initial recognition, loans, including debentures, are measured base on their terms at mortised costs using the effective interest method taking into account directly attributed transaction costs.
The fair value of foreign currency contracts (used for hedging purposes) is estimated by obtaining current quotes from investment bankers.

The financial instruments presented in the balance sheet at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs rather than quoted prices include within Level 1 that are observable either directly or indirectly.
- Level 3 - Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data)

As December 31, 2019 the company does not have any foreign currency exposure related to its financial assets or liabilities.
As to debentures and loans from related parties' maturity dates refer to note 19 and 20 respectively.

Note 23 Leases

The Group has initially applied IFRS 16 *Leases* from Jan 1, 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in the opening balance sheet at Jan 1 2019. Accordingly, the comparative information presented for 2018 has not been restated.

Impacts on transition
On transition to IFRS 16, the Group recognized additional right-of-use assets and additional lease liabilities. The impact of the transition is summarized below.

In USD thousands	***January 1, 2019***
Right of use assets presented in property, plant and equipment	17 945
Lease liabilitites	17 685
Prepaid expenses	260

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at Jan 1, 2019. Weighted average is 2,4%.

Rent expenses for the years 2019 and 2018 amounted to KUSD 1 372 and KUSD 4 768 respectively.

In USD thousands	**2019**
Operating lease commitments at Dec 31, 2018	18 037
Discounted using the incremental borrowing rate at Jan 1, 2019	17 548
Recognition exemptions for leases of low-values assets	-7
Recognition exemption for leases less than 12 months lease term	-303
Extention options likely to be used	447
Lease liabilities recognized at Jan 1, 2019	**17 685**

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Amounts recognized in profit and loss

In USD thousands	**2019**
Interest on lease liabilities	-506
Expeses related to short-term leases	-640
Expenses relating to leases of low value assets	-32
Total	**-1 178**

Lease liability included in the statement of financial position per December 31

In USD thousands	**2019**
Current	3 400
Non-current	13 701
Total	**17 101**

Movement of the lease liability

In USD thousands	**2019**
Operating lease commitments at Dec 31, 2018	17 685
New contracts	3 112
Amortization	-3 560
Exchange rate adjustments	-136
Total	**17 101**

Note 24 Related parties

Key management personnel compensation

The following table summarizes remuneration and benefits related to executive employees of the Company and their holdings of the Company's shares as of December 31, 2019.

In USD thousands	**Remuneration**	**Contribution pension plan**	**Benefits and other**
Employees position			
Other executives	1 194	102	146
	1 194	**102**	**146**

There are no outstanding loans or pledges to executive officers, directors or shareholders.

CEO is since beginning of 2018 employed in the top holding company which is outside this group. The renumeration to CEO is 793 KUSD, contribution to pension plan is 136 KUSD and benefits and other was 4 KUD during 2019.
The CEO is eligible for participation in a bonus scheme. Bonus is calculated on agreed yearly company target. The bonus can vary from 0% to 75% depending on company performance. The notice period of termination is 6 months mutual and the CEO is entitled to a severance of additional 6 months. No share-value based payments are agreed to any employee.

Note 25 Acquisition of subsidiary

On May 3, 2019 the Group acquired 100% of the shares and voting interest in NewTek Inc, a US company based in San Antonio, Texas. The acquisition is expected to provide the Group with an increased share of the market through NewTek's customer base. The Group also expects to reduce costs in the long run due to economies of scale.

In the eight months to December 31, 2019, NewTek contributed revenues of KUSD 30 953 and a profit of KUSD 4 198 to the Groups' result. If the acquisition had occurred on Jan 1, 2019 management estimates that consolidated revenues would have been KUSD 45 512 and consolidated profit KUSD 6 132.

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Acquisition-related costs

The Group incurred acquisition related costs of KUSD 1 042 relating to external legal fees and due diligence costs. These costs have been included in the administrative expenses in the consolidated statement of profit and loss.

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of the acquisition. The analysis of the acquired net assets are preliminary and the fair value might be subject to change.

In USD thousands	**Carrying amount at the acquisition date**	**Adjustment to fair value**	**Fair values**
Value of acquired assets and liabilities			
Property, plant and equipment	232		232
Brands		7 070	7 070
Customer relations		2 827	2 827
Technology		10 000	10 000
Inventories	6 499		6 499
Trade and other receivables	6 769		6 769
Cash and cash equivalents	11 187		11 187
Loans and borrowings			-
Deferred tax liabilities		-5 372	-5 372
Contingent liabilities	-763		-763
Trade and other payables	-5 660		-5 660
Acquired net assets	**18 264**	**14 525**	**32 789**

Total consideration transferred	95 743
Fair value of identifiable assets	-32 789
Goodwill	**62 954**

Total purchase consideration	**95 743**
of which cash portion	82 750
of which contingent consideration	12 993
Cash and cash equivalents in the acquired business	11 186
Effect on the Group's cash and cash eqivalents	**-71 564**

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Note 26 Group companies

Name	Company number	Country of registration	Percentage owned 2019	2018
Vizrt AG	CHE-239 269 011	Switzerland	100,0%	100,0%
Vizrt Technologies 2015 Ltd.	515 243 186	Israel	100,0%	100,0%
Vizrt Norway AS	NO-978660932	Norway	100,0%	100,0%
Stergen Hi-Tech Ltd.	514 360 056	Israel	-	19,9%
Vizrt (Beijing) Technology Ltd.	110 105 563 603 489	China	100,0%	100,0%
Vizrt (Thailand) Limited	105 549 039 710	Thailand	100,0%	100,0%
Vizrt Argentina SA	1 610 129	Argentina	100,0%	100,0%
Vizrt Australia Pty Ltd	122 201 870	Australia	100,0%	100,0%
Vizrt Austria GmbH	3 718 689	Austria	100,0%	100,0%
Vizrt Bangladesh	C-113132/13	Bangladesh	100,0%	100,0%
Vizrt CIS, LLC (Russia)	1 077 762 078 790	Russia	100,0%	100,0%
Vizrt France Sarl	810 153 478	France	100,0%	100,0%
Vizrt Germany GmbH	HRB 246091	Germany	100,0%	-
Vizrt Inc.	94-3245791	US	100,0%	100,0%
Vizrt India Private Limited	U93090DL2006FTC154625	India	100,0%	100,0%
Vizrt Spain & Portugal S.L.	B85148385	Spain	100,0%	100,0%
Vizrt Sweden AB	SE-556607-4760	Sweden	100,0%	100,0%
Vizrt UK	03775981	UK	100,0%	100,0%
NewTek Inc	48-1022237	US	100,0%	-
NewTek EMEA Ltd	08006166	UK	100,0%	-

Vizrt Norway AS was formerly named Peak Broadcast Systems AS. The company Stergen Hi-Tech has been liquidated beginning of 2019. The Group formed the Vizrt Germany in the beginning of 2019. Vizrt Technologies 2015 Ldt and Vizrt Bangladesh are dormant.

Note 27 Events after the reporting period

No significant events have occurred after the closing date.

Vizrt Group AS

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Financial statement, parent company

Profit and loss statement for the parent company

In NOK thousands	*Note*	2019	2018
Rendering of services		3 423	5 150
Total revenues		**3 423**	**5 150**
Staff expenses	*33*	-3 507	-4 215
Other operating expenses	*34, 35*	-14 459	-12 272
Operating loss		**-14 542**	**-11 337**
Financial income		199 306	25 422
Financial expense		-209 612	-84 268
Loss before tax		**-24 849**	**-70 183**
Income tax	*36*	13 893	-8 010
Loss from continuing operations		**-10 956**	**-78 193**
Equity in earnings		6 949	-47 841
Net loss		**-4 007**	**-126 034**

Vizrt Group AS

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Balance sheet for the parent company

In NOK thousands	*Note*	2019 December 31	2018 December 31
ASSETS			
Non-current assets			
Financial assets		27 975	10 196
Loans to subsidiaries		1 579 192	1 234 240
Investments in subsidiaries	*36*	1 241 045	1 249 070
Deferred tax assets		46 040	32 147
Total non-current assets		2 894 252	2 525 653
Current assets			
Accounts receivable - related party		-15 111	35 588
Other current assets		46	45
Cash and cash equivalents		3 076	2 862
Total current assets		-11 989	38 495
TOTAL ASSETS		**2 882 263**	**2 564 148**
EQUITY AND LIABILITIES			
Equity	*39*		
Paid in capital			
Issued capital		60	60
Share premium		1 482 927	1 482 927
Other paid in capital		-424 355	-424 355
Other equity			
Other equity		-418 954	-399 973
Total equity		639 678	658 659
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	*38*	1 088 509	958 707
Secured bond	*38*	885 167	866 835
Other non-current liabilities		0	154
Total non-current liabilities		1 973 676	1 825 696
Current liabilities			
Credit facility	*38*	178 001	0
Other current liabilities		9 727	1 256
Other current liabilities - related party		81 181	78 537
Total current liabilities		268 909	79 793
TOTAL EQUITY AND LIABILITIES		**2 882 263**	**2 564 148**

Vizrt Group AS

Corp reg no 813914042

Bergen March 12, 2019

Michael Hallén

President and CEO

Esben Ravn Olesen

Board member

Sam Olnén

Board member

Vizrt Group AS

Corp reg no 813914042

Bergen March 12, 2019

Michael Hallén

President and CEO

Esben Ravn Olesen

Board member

Sam Olnén

Board member

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Vizrt Group AS
Corp reg no 813914042

Bergen March 12, 2019

Michael Hallén
President and CEO

Esben Ravn Olesen
Board member

Sam Olnén
Board member

Vizrt Group AS

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Equity for the parent company

In NOK thousands (except share data)	Number of ordinary shares	Issued capital	Share premium	Other paid in capital	Other equity	Total equity
Balance at January 1, 2018	300	**60**	**1 482 927**	**-424 355**	**-307 240**	**751 392**
Loss for the period					-126 034	-126 034
Other comprehensive income/loss					33 301	33 301
Total comprehensive loss for the year					-92 733	-92 733
Balance at December 31, 2018	**300**	**60**	**1 482 927**	**-424 355**	**-399 973**	**658 659**
Balance at January 1, 2019	300	**60**	**1 482 927**	**-424 355**	**-399 973**	**658 659**
Loss for the period					-4 007	-4 007
Other comprehensive income/loss					-14 974	-14 974
Total comprehensive loss for the year					-18 981	-18 981
Balance at December 31, 2019	**300**	**60**	**1 482 927**	**-424 355**	**-418 954**	**639 678**

Cash flow statement for the parent company

In NOK thousands	***Note***	**2019**	**2018**
Operating activities			
Net loss		-10 956	-78 193
Adjustments for:			
Net finance cost		18 332	57 066
Income tax paid		0	-28
Other non cash items		14 192	
		21 568	**-21 155**
Cashflow from changes in working capital			
Trade and other receivables		50 698	-8 075
Trade and other payables		10 961	59 989
Cash flow from operating activities		**83 227**	**30 759**
Investing activities			
Repayment of loan from subsidiaries		0	0
Loan to subsidiaries		-261 014	-31 960
Cashflow from investing activities		**-261 014**	**-31 960**
Financing activities			
Utilization credit facility		178 001	-
Cashflow from financing activities		**178 001**	**-**
Cashflow for the period		**214**	**-1 201**
Cash and cash equivalents in the beginning of the period		2 862	4 063
Cash and cash equivalents at the end of the year		**3 076**	**2 862**

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Notes to the financial statements, parent

Note 28 General

The financial statements of Vizrt Group AS for the year ended 31 December, 2019 were authorized for issue in accordance with a resolution of the directors on March 12, 2019.

Vizrt Group AS is a limited company, wholly owned by Vizrt Group Holding AS and incorporated in Norway, headquartered in Bergen. Address headquarters: Lars Hilles gate 30, 5008 Bergen, Norway.

Note 29 Basis for preparation of the annual accounts

The financial statements have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Regulations on simplified IFRS issued by the Ministry of Finance on 21 January 2008. This means that recognition and measurement complies with International Financial Reporting Standards (IFRS) and the presentation and disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. The financial statements are based on historical cost, except for financial instruments which are available for sale and recognized at fair value.

The financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances. The financial statements are presented in NOK and all values are rounded to the nearest thousand (NOK000), except when otherwise indicated.

Note 30 Functional currency and presentation currency

The company's presentation and functional currency is NOK.

Note 31 Use of judgements and estimates

Estimates and assumptions
The management has used estimates end assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities.

Note 32 Significant accounting policies

Revenue recognition
Revenue is recognized when it is probable that transactions will generate future economic benefits that will flow to the company end the amount can be reliably estimated. Revenues are presented net of value added tax and discounts.

Subsidiaries and investment in associates
The Group's investment in its subsidiaries is accounted for under the equity method of accounting. A subsidiary is an entity in which is controlled by the Group. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The reporting dates of the associates and the Group are the same and the same accounting policies are applied upon recognition of the subsidiaries.

Investments in subsidiaries are recognized initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence or ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Profits and losses resulting transaction with subsidiary company are recognized in the Group accounts only to the extent of unrelated investors' interests in the subsidiary. The Group share in the subsidiary's profits and losses resulting from these transactions are eliminated. When the Group's investment in a subsidiary is reduced by other than an actual disposal, commonly referred to as "deemed disposal", a resulting gain or loss is recognized when the Group continues to apply the equity method.

Income tax
The tax expense consists of the tax payable and changes to deferred tax. Deferred tax liabilities/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, except for temporary differences related to investments in subsidiaries, associates or joint ventures when the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognized when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilize the tax asset. The companies recognize previously unrecognized deferred tax assets to the extent it has become probable that the company can utilize the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilize the deferred tax asset.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the company. Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current asset investments (long-term liabilities (in the balance sheet.

Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

Cash and cash equivalents
Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. In the statement of cash flows, the overdraft facility is stated minus the balance of cash

Equity
Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities. Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity will be recorded directly in equity.

Convertible bonds and similar instruments which contain both a liability and equity element are divided into two components when issued, and these are recognized separately as a liability or equity.

Costs of equity transactions
Transaction costs directly related to an equity transaction are recognized directly in equity after deducting tax expenses.

Provisions
A provision is recognized when the Group has an obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

Contingent liabilities and assets
Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, unless the possibility of an outflow of resources is remote. Contingent assets are not recognized in the annual accounts but are disclosed if it is probable that a benefit will be added to the Group.

Events after the reporting period
New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

Pension
The company's pension plan is a defined contribution scheme. The annual premium is expensed as the year's pension expense.

Note 33 Employee and employee costs

Specification of staff expenses

In NOK thousands	2019	2018
Salaries and holiday pay	2 613	3 290
National insurance contribution	298	193
Pension costs	151	265
Other	446	467
Total	**3 507**	**4 215**
Number of man hours for the year (Antall årsverk)	1	1

Remuneration

The company's pension plan follows the requirement of the Act on mandatory company pension.

There are no loans or pledges to executive officers, directors or shareholders.

CEO is since beginning of 2018 employed in the top holding company which is outside this group.
The CEO is eligible for participation in a bonus scheme. Bonus is calculated on agreed yearly company target. The bonus can vary from 0% to 75% depending on company performance. The notice period of termination is 6 months mutual and the CEO is entitled to a severance of additional 6 months.

No share-value based payments are agreed to any employee.

Note 34 Auditors fee

In NOK thousands	**2019**	**2018**
Audit services	267	461
Tax related services	13	42
Total	**280**	**503**

Audit services refer to the audit of financial statements, annual accounts, accounting records and the administration of the board of directors and the CEO, other tasks that are incumbent on the Group and Parent Company's auditors, counseling or other assistance as a result of observations during the audit or the provision of such services. All other assignments are considered as other services.

Note 35 Other expenses

In NOK thousands	**2019**	**2018**
Legal and consulting fees	14 098	11 300
Other	361	972
Total	**14 459**	**12 272**

Note 36 Income tax

Income tax expense

In NOK thousands	**2019**	**2018**
Current tax expense		
Tax cost during the year	-	-28
Deferred tax expense		
Carryforward losses	7 929	3 940
Correction of last year including tax rate change	5 964	-11 922
Tax income in continuing operations	**13 893**	**-8 010**

Specification of deferred tax

	2019		**2018**	
In NOK thousands	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Deferred tax base				
Carry forward losses	237 249	-	146 123	-
Other temporary differences		-27 975	-	-
Total	**237 249**	**-27 975**	**146 123**	**-**
Deferred tax at December 31	**52 195**	**-6 155**	**32 147**	**-**

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Note 37 Investment in subsidiaries

Name	Aquired	Country of incorporation	Ownership interest	Book value	Equity	Net profit
Vizrt AG	March 19, 2015	Switzerland	100%	1 241 045	124 045	6 949

Vizrt AG is wholly owned subsidiary of the company. On March 19, 2015 the company - through its wholly owned subsidiary Vizrt AG – acquired the shares of Vizrt Ltd and its subsidiaries for a total cash consideration of 313 858 USD (2 538 456 NOK). In October 2015 Vizrt Ltd was voluntarily liquidated.

Name	Company number	Country of registration
Vizrt AG	CHE-239 269 011	Switzerland
Vizrt Technologies 2015 Ltd.	515 243 186	Israel
Vizrt Norway AS	NO-978660932	Norway
Stergen Hi-Tech Ltd.	514 360 056	Israel
Vizrt (Beijing) Technology Ltd.	110 105 563 603 489	China
Vizrt (Thailand) Limited	105 549 039 710	Thailand
Vizrt Argentina SA	1 610 129	Argentina
Vizrt Australia Pty Ltd	122 201 870	Australia
Vizrt Austria GmbH	3 718 689	Austria
Vizrt Bangladesh	C-113132/13	Bangladesh
Vizrt CIS, LLC (Russia)	1 077 762 078 790	Russia
Vizrt France Sarl	810 153 478	France
Vizrt Germany GmbH	HRB 246091	Germany
Vizrt Inc.	94-3245791	US
Vizrt India Private Limited	U93090DL2006FTC154625	India
Vizrt Spain & Portugal S.L.	B85148385	Spain
Vizrt Sweden AB	SE-556607-4760	Sweden
Vizrt UK	03775981	UK
NewTek Inc	48-1022237	US
NewTek EMEA Ltd	08006166	UK

Vizrt Norway AS was formerly named Peak Broadcast Systems AS. The company Stergen Hi-Tech has been liquidated beginning of 2019, and the group founded a new company in Germany. Vizrt Technologies 2015 Ldt and Vizrt Bangladesh are dormant.

Note 38 Borrowings

The company has a revolving credit facility (" RCF") in the amount of KUSD 20 000 available through March 18, 2020 and carrying a nominal interest rate of LIBOR+3%. As of December 31, 2019, the company had utilized the full amount.

Relating to the revolving credit facility, the company committed towards the bank, among others, to meet certain financial covenants if the company utilizes over 30% of the credit facility. According to the financial covenants, the ratio of the company's net debt (interest bearing obligations, less cash in hand or at bank and short term highly liquid investments) to consolidated EBITDA shall not exceed 1.33.

	Effective interest rate %	*Maturity date*	**Carrying amount December 31**	
In NOK thousands			**2019**	**2018**
Unsecured				
Shareholder loan	12,18%	N/A	1 088 509	958 707
Secured				
Vizrt Group AS Senior Secured Bond Issue	Libor + 7,125%	March 13, 2021	885 166	866 836
Total long term debt			1 973 676	1 825 543

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On August 14, 2015, Vizrt Group AS issued a bond of KUSD 113 300, with 6 years' maturity. The bond is listed on Oslo Stock exchange effective from March 13, 2015. During 2017 10% of the issued bond amount was repaid. Total interest-bearing debt per December 31, 2019 is the remaining bond amount KUSD 101 970, less remaining procurement costs of KUSD 1 586 to be amortized until March 13, 2021 by using the effective interest method.

Note 39 Share capital and shareholders' information

	2019	2018
Common shares, nominal amount NOK 200	300	300
Total	300	300

Rights attached to the common shares are voting rights at the general meeting, right to dividend, rights upon liquidation of the company and right to nominate the directors in the company. All issued shares have equal voting rights.

No dividend was distributed in 2019 nor in 2018.

Main shareholders at December 31, 2019

	Number of shares held	Ownership interest
Vizrt Group Holding AS	300	100%

Note 40 Financial instruments

Financial risks

The company do not use financial instruments to manage financial risks. The company has limited interest rate risks as it has fixed interest rate on its loan from shareholders and floating LIBOR based interest on its revolving credit facility and bond liability.

Exchange rate risk

The company has exchange rate exposure to a secured bond denominated in USD.

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Vizrt Group AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vizrt Group AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, the profit and loss statement and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the statement of financial position as at 31 December 2019, the statements of profit and loss and other comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of 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 consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

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Building a better working world

Impairment evaluation of Goodwill

At 31 December 2019, goodwill amounted to MUSD 223 (note 15). The uncertainty in future cash flows is still significant due to global competition and pressure on margins in the markets where the Group operates. The amounts involved and the use of estimates make the evaluation of goodwill a key audit matter.

We obtained an understanding of the process related to impairment testing. We assessed data used in the impairment model, including the forecasted future cash flows and weighted average cost of capital based on available market information, historical results and management's forecast. We tested the mathematical accuracy of the model. Further, we involved internal valuation specialists in evaluating the model and assessing the weighted average cost of capital. In addition, we analyzed the sensitivity of key assumptions used in the valuation model, and assessed the historical accuracy of management's budget against actual cash flow.

We refer to the disclosures included in Note 15 Goodwill, Note 6 Significant accounting policies and Note 4 Use of judgements and estimates in the consolidated financial statements.

Acquisition of NewTek – Purchase price allocation

On 3 May 2019, the Group acquired 100% of the shares and voting rights in NewTek. The total purchase consideration of MUSD 95.7 consist of MUSD 82.8 in cash and a contingent consideration of MUSD 12.9.

The allocation of the purchase price to identifiable assets and liabilities was performed by management, in accordance with IFRS 3. It was identified assets and liabilities with a total value of MUSD 32.8. Goodwill was allocated with a value of USD 62.9 million The evaluation and identification of assets and liabilities and the assumptions used in the allocation of the purchase price require significant judgement by management. The audit of the purchase price allocation was a key audit matter due to the size of the transaction and the significant judgements and assumptions involved in the recognition and measurement of the allocated vales in the group financial statement.

We read the Share Purchase Agreement and assessed the calculation of the contingent consideration and the appropriateness of the outcome. We assessed the assumptions used in the allocation of the identifiable assets and liabilities acquired, as well as the outcome of the allocation. We involved our specialists in evaluating the appropriateness of the assumptions and estimations made. We tested the mathematical accuracy of the model.

We refer to the disclosures included in note 25 Acquisition of subsidiary to the consolidated financial statement.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the 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 management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal

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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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 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 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 fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that

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a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 and the going concern assumption and proposal for the 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 13 March 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Ina K. Rosenberg
State Authorised Public Accountant (Norway)

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Ina Kathrin Rosenberg
Statsautorisert revisor
On behalf of: Ernst & Young AS
Serial number: 9578-5999-4-1804114
IP: 88.89.xxx.xxx
2020-03-13 11:34:47Z

Penneo document key: C418Z-ZEWX3-7LTAC-ZI2TE-BHWWG-EKLM2

Norwegian Directorate of Taxes

Inquiries to	Your date	Our date
Torstein Kinden Helleland	05.04.2016	07.04.2016
Telephone	**Your reference**	**Our reference**
22078139	Tomer Wald	2016/307521

VIZRT GROUP HOLDING AS
Nordre Nøstekaien 1
5011 BERGEN

Permission to prepare the annual accounts and directors' report in English language

With reference to your letter received 5 April 2016 you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns;

Vizrt Group Holding AS org. nr. 913 895 991
Vizrt Group AS org. nr. 813 914 042

Conclusion
Based on a total evaluation, the view of The Directorate of Taxes is that Vizrt Group Holding AS and Vizrt Group AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information that the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background
Vizrt Group Holding AS is owned by Nordic Capital Fund VIII located at Jersey and Vizrt Group AS is owned by Vizrt Group Holding AS. Vizrt Group Holding AS and Vizrt Group AS ("the Companies") operate in an international business with sale of software and hardware which are mainly used by broadcasters. Most of the Companies' existing and potential customers are foreign, and all key players and partners in this industry speak and use English as communication language. Having offices in over 40 locations around the globe, the Companies also use English as the working language. Vizrt Group AS has a bond listed on the Oslo Stock Exchange and is exempt from the Securities Trading Act section 5-13 regarding the language requirement of mandatory information. Hence, the company is reporting all information in English. The annual report and financial statements are required to be prepared each year in the Norwegian language only in order to satisfy the requirements of the Norwegian Accounting Act.

Permission to make the annual accounts and the directors' report in Norway in English language
According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language".*

Postal address	Visiting address:	Telephone
P.O. Box 9200 Grønland	See www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefax
	E-mail: skatteetaten.no/sendepost	22 17 08 60

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

> *"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."*

Hence, one of the main aims of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the Companies are wholly owned by a foreign company. The Companies are operating in an industry of a strongly international character and the working language is English. All key players and partners in this industry speak and use English.

Please state "our reference" (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

Rune Tystad
Senior Adviser
Legal Department
Norwegian Directorate of Taxes

Torstein Kinden Helleland

This document has been electronically approved and contains therefore no handwritten signatures