



Ayima Group AB (publ)

Corp. ID no. 559095-9291

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR

THE FINANCIAL YEAR 2020

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Administration report

Highlights

Ayima Group AB and its subsidiaries (The “Group”) are a leading provider of digital marketing services.

The Group provides innovative digital marketing solutions to deliver real growth in online sales for clients all across the globe. Using our vast experience and knowledge of the industry, combined with technology-based solutions built by its in-house team of web developers, Ayima have been at the forefront of the digital marketing industry for over 12 years.

By setting a clear strategy and focusing on execution, the Company has continued to deliver in all key areas, namely revenues and growth, and investment in technology. The Board is confident that the Group remains well positioned to continue this strong growth and to further develop its business.

Financial Highlights

- Total Revenue amounted to 139.9 MSEK (183.4) a decrease of 24% from 2019
- Gross Profit amounted to 90.4 MSEK (114.9) a decrease of 21% from the same period in 2019
- Gross margin increased to 65% (63%)
- EBITDA amounted to 16.7 MSEK (18.1)
- Net Profit after Tax was 4.0 MSEK (-4.9), a huge turnaround from the previous year
- Total Comprehensive Income (after tax and exceptional items) amounted to -1.5 MSEK (-0.3)
- Balance Sheet assets amounted to 112.1 MSEK (131.3)
- Net cash increased by 2.7 MSEK in the period to 7.6 MSEK
- Earnings per share was 0.57 SEK (-0.75) in the period. Earnings per share after dilution amounted to 0.57 SEK (-0.75)

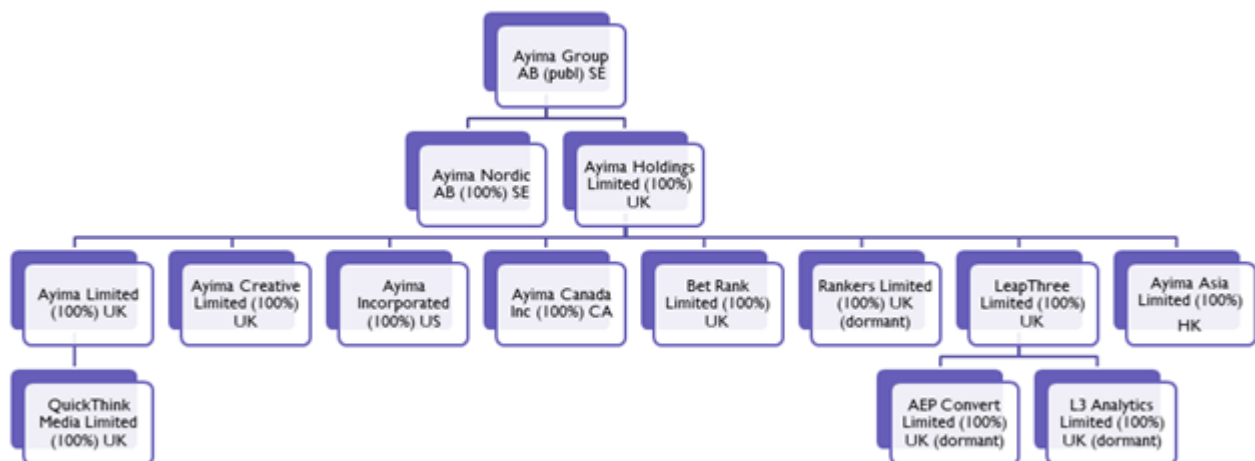
Operating highlights

- Results show total revenue reduced year on year by 24% (8%).
- Cost savings measures and restructuring implemented by the board in response to the COVID-19 pandemic led to a total reduction in operating costs of 23% compared with the previous year.
- Increased gross margin to 65% demonstrates the success of the board's growth strategy to focus on higher margin services.
- Debt restructuring through a directed share issue of 3 MSEK and an extension of an existing loan facility of 2 MSEK at 1% interest per month was completed early in Q4, this solution significantly strengthens Ayima's Balance Sheet. The new share capital is 226 800 “A” shares and 7 166 872 “B” shares.

Information on the business

Ayima Group AB with org. no. 559095-9291 and registered office in Stockholm is the parent company of a group comprising the subsidiaries Ayima Holdings Limited with registration number 10353201 and the Swedish subsidiary Ayima Nordic AB with org. no. 556876-7510. The subsidiary Ayima Holdings Ltd is active in London with the 100% owned subsidiaries Ayima Ltd, Ayima Creative Ltd, Rankers Ltd (dormant), Ayima Inc., Ayima Canada, LeapThree Limited and Bet Rank Limited and Ayima Asia Limited. Ayima Holdings Ltd and Ayima Nordic AB are wholly owned by the parent company. Ayima Limited owns QuickThink Media Limited which it acquired in 2016. LeapThree Limited owns two dormant subsidiaries AEP Convert Limited and L3 Analytics Limited, both are included in the chart below. The group structure is outlined below.

The parent company currently operates as a holding company and its subsidiaries are operating companies providing services in digital marketing. The purpose of this structure is that, in the future, the Company will be able to easily acquire subsidiaries without significantly affecting existing companies' operations. The group was formed on 2017-01-31.



Ayima's offices



Services

SEO

Search Engine Optimisation (SEO) is the practice of increasing the number and quality of visitors to a website by improving rankings in the algorithmic search engine results.

Research shows that websites on the first page of Google receive almost 95% of clicks, and studies show that results that appear higher up the page receive an increased click through rate (CTR), and more traffic. SEO, therefore, involves making sure a website is accessible, technically sound, uses words that people type into the search engines, and provides an excellent user experience, with useful and high quality, expert content that helps answer the user's query.

Paid Media

Paid media refers to external marketing efforts that involve a paid placement. Paid media includes PPC advertising, branded content, and display ads. Paid media is an essential component of revenue growth and brand awareness for online businesses. Paid social uses sponsored content or advertising to boost your website presence in third party feeds and webpages. a Facebook or Pinterest page, a Twitter account or a YouTube channel

Content/Creative

Content marketing is a type of marketing that involves the creation and sharing of online material (such as videos, blogs, and social media posts) that does not explicitly promote a brand but is intended to stimulate interest in its products or services.

Data & Analytics

Data analysis is a process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusions, and supporting decision-making.

Data analytics refers to qualitative and quantitative techniques and processes used to enhance productivity and business gain. Data is extracted and categorised to identify and analyse behavioural data and patterns, and techniques vary according to organisational requirements.

Analytics is the discovery, interpretation, and communication of meaningful patterns in data; and the process of applying those patterns towards effective decision making. Organisations may apply analytics to business data to describe, predict, and improve business performance.

Multi-year summary

	Group			Parent company		
	2020-01-01 2020-12-31	2019-01-01 2019-12-31	2018-01-01 2018-12-31	2020-01-01 2020-12-31	2019-01-01 2019-12-31	2018-01-01 2018-12-31
Amounts in KSEK						
Result						
Revenue	139 907	183 373	182 983	2 074	1 120	2 587
Operating profit/loss	4 706	29	-7 659	1 411	-583	920
Profit/loss for the period	4 046	-4 908	-7 148	11 025	8 379	-4 960
Financial position						
Total assets	112 120	131 348	120 210	75 357	77 710	70 166
Equity	54 342	53 565	40 485	67 463	54 154	32 443
Equity ratio, %	48%	41%	34%	90%	70%	46%

The equity ratio is defined as equity plus untaxed reserves minus the tax component of untaxed reserves in relation to total assets.

Reconciliation of EBITDA to Operating profit

Amounts in MSEK

	2020	2019
Operating Profit (EBIT)	4.7	0
Depreciation and Amortisation and Impairment	12.0	9.6
Exceptional items	(0.1)	2.9
EBITDA	16.7	12.5

Significant circumstances and events

The Covid-19 pandemic has had a significant impact on the global economy in a very short period of time. The effect led to a global recession or economic downturn in year which is expected to continue into the coming years. Ayima's management carried out a comprehensive risk assessment and review of the group's trading forecast as well as establishing any actions or strategies that would mitigate the risks as much as possible. These are outlined below.

Ayima's robust remote working policy meant minimal operational impact and no interruption in services to clients while transitioning to remote working. The business continuity plan that has been in place for many years was fully implemented successfully.

Various cost saving measures were initiated by the board in Q1 and Q2 to counteract the impact of Covid-19 on the company. These measures included a consolidation of some teams, and some cuts to improve efficiencies in operations, both of which have resulted in lasting cost savings. To further support the recovery of the business all staff voluntarily accepted a salary reduction for Q2, which while temporary generated additional savings. In the UK, Ayima Limited and LeapThree Limited were both able to take advantage of the government's Coronavirus Job Retention Scheme (CJRS) and together received grants totalling MSEK 1.5, this amount is included in the financial statements as a reduction in administrative expenses. All of these measures combined resulted in a substantial impact on the financial results without any serious impact on operations.

In response to the Covid-19 pandemic three of the subsidiary companies successfully applied for government loan schemes in the UK and the US. The UK subsidiary Ayima Limited successfully applied for support under the British government Bounce Back Loan Scheme (BBLs). This scheme allows companies that have been negatively affected by Covid-19 to access unsecured lending up to MSEK 0.5 in the form of a term loan at a fixed rate of 2.5% APR. The government pays the first 12 months of interest to the lender on behalf of the company and the loan is subsequently repaid over the following 5 years, the

repayment period may be extended to 10 years prior to the first repayment. The government provides a 100% guarantee to the lender, thereby reducing their risk level. The company is liable for all repayments of the loan received. LeapThree Limited, also based in the UK, successfully applied for a loan of MSEK 3 under the Coronavirus Business Interruption Loan Scheme (CBILS) at a fixed rate of 12% APR. The repayment terms are largely similar to the BBLS scheme with the loan repayable over 5 years beginning 12 months after the date that the loan was drawn, there is no government guarantee on the loan and the company is liable for all repayments. The total new borrowings in the UK is 3.5 MSEK.

The US subsidiary Ayima Incorporated successfully applied for funding in the amount equivalent to approximately MSEK 3.5 through the US government Payroll Protection Program (PPP) Scheme. Under this scheme companies can apply for a business loan to the value of 2.5 times their average monthly payroll costs in 2019. The funds must be used for US operations only and the loan may be forgiven in its entirety if certain conditions are met including the following: a minimum of 60% of the funds must be used for payroll and the remainder used solely for rent and utilities payments, the company must also maintain its number of employees. If these conditions are met then the loan may be forgiven in whole or in part. Any part of the loan that is not forgiven is repayable over 5 years at 1% APR with repayments deferred for the first 6 months. 100% of the loan proceeds were confirmed as forgiven by the Small Business Association on 09 February 2021, this will be reflected in the financial statements for 2021 as a derecognition of loan as liability extinguished. Funds from these loans have been used to support the business through the year.

AGM

The annual general meeting of shareholders ("AGM") in Ayima Group AB was held on 12 June 2020, in Stockholm. The AGM resolved unanimously in accordance with the board's proposals and a summary of the resolutions taken by the AGM follows.

- The AGM resolved to adopt the income statement and balance sheet and the consolidated income statement and consolidated balance sheet.
- The AGM resolved that the result for the year shall be balanced on a new account and that no dividend shall be paid.
- The AGM resolved to discharge all individuals who had served as Board members or CEO during 2019 from liability for the administration of the company in 2019.
- The AGM resolved in favour of re-election of the board members Michael Jacobson, Michael James Nott, Timothy Webb, Mark Kevin Segal and Björn Mannerqvist. Michael James Nott was appointed chairman of the board. No deputies was elected. The remuneration for the board members shall consist of a half price base amount per year to each member who is not employed by the Company.
- BDO Sweden AB was re-elected as auditor. BDO Sweden AB has announced that it will appoint Authorised Public Accountant Niclas Nordström as chief auditor.

EGM

An Extraordinary General meeting of shareholders ("EGM") in Ayima Group AB was held on 3 July 2020, in Stockholm. The EGM resolved unanimously in accordance with the board's proposal which is outlined below:

- The AGM resolved to authorize the board of directors to decide on one or more occasions during the period ending at the close of the next annual general meeting, to issue new shares in accordance with the board's proposal.

Debt restructuring through a directed share issue of MSEK 3.0 and an extension of an existing loan facility of 2 MSEK at 1% interest per month was completed early in Q4, this solution significantly strengthens Ayima's Balance Sheet. The new share capital is 226 800 "A" shares and 7 166 872 "B" shares.

In October 2020 Ayima UK successfully completed the annual ISO27001 audit and has maintained the certification until November 2021. ISO/IEC 27001 provides requirements for an information security management system (ISMS). The Standard helps Ayima manage the security of assets such as financial information, intellectual property, employee details or information entrusted to Ayima by third parties.

Interest bearing liabilities include a contingent liability of MSEK 2.9 for the potential total earn-out payments due to the sellers of LeapThree Limited. The provision has been restated to fair value at 31 December 2020, the restatement has adjusted the total liability by MSEK 12.9 MSEK. Interest in the amount of MSEK 0.6 has been recognised along with an exchange rate variance of MSEK 1.6 due to the difference in exchange rate at the beginning and end of the financial year. The restatement is based on recalculation of the purchase price in line with current performance and updated forecast information for the remainder of the earn out period which are lower than previously expected. Usually, a write down of this nature would indicate that an asset should also be impaired, however LeapThree is now fully

integrated with the group and a separate impairment test is not required. The company anticipates that an earn out payment will be payable in 2021, at a reduced amount.

During the course of the annual review of R&D projects, Ayima has recognised an impairment loss of kSEK 1,369.

Events after the period

The US subsidiary Ayima Incorporated received confirmation that 100% of the loan proceeds from the PPP Scheme Loan were forgiven on 2021-02-09, this amount of MSEK 3.4 will be reflected as a derecognition of liabilities in the coming reporting period.

Future development

Looking ahead to the coming year Ayima have confirmed 6 new clients coming on board from January 2020 onward, and expansion in services with a further 4 existing clients, apart from some additional costs to fund the growth strategy, there are no scheduled increases in operating costs in the coming year, therefore the positive trend in EBITDA will continue. The group will focus on furthering the recent growth in higher margin services in the coming period.

Financial risk management

The Group's risk management is coordinated at its head office, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets.

For a further description of the Group's financial risk management, please refer to the section Financial risk management, Note 3, among the supplementary disclosures.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Operational risks and uncertainty factors

Client risks

Client concentration: relying too much on one particular client, Ayima carefully monitor and review client % of revenues regularly to assess the status of each client and take action if necessary. Ayima are considered to have a good spread of risks across companies and sectors.

Client losses: contracts are usually for a minimum of 12 months, renewals are automatic, and if necessary agreed well in advance of contract end dates, there are minimum notice periods in every contract. For any short term contracts or project based work, clients are required to pay 50% of the fees upfront.

Ayima's approach to the increased liquidity risks with regard to its clients has been to work closely with them to ensure that payments are not unduly delayed, and to agree extended credit terms in exceptional circumstances. Cash collection remains within expectations with only kSEK 480 of bad debts considered as doubtful as of balance sheet date.

Brexit

The transition period for the UK's departure from the EU ended on 31 December 2020. From 1 January 2021 a trade border exists between the UK and the EU. Negotiations for The EU-UK Trade and Cooperation Agreement were concluded on 24 December 2020.

Ayima Group currently has established local operations in various territories including the US, Canada and Sweden. In the main, each Ayima entity engages with clients on a local level only and does not export goods or services. Ayima's UK company has four relatively small clients who are based in the EU, representing just 5% of total revenue. As such, the trade agreement will have little to no effect on Ayima's operations. There may also be some taxation treaty changes as new trade deals are signed between the UK and the US, Canada and the EU, however we also expect that this will have little to no effect on Ayima.

Ayima is constantly keeping abreast of all updates regarding Brexit and will be prepared should there be any need to change organisational structure in the future in order to adapt to the changing regulatory environment.

Staff

Ayima have around 160 FTEs or FTE equivalents globally, through employee engagement initiatives and regular staff appraisals staff retention remains around 90%. The remote working policy and business

continuity plan that Ayima has had in place for many years have meant minimal interruption to operations and delivery of services to clients in 2020, ensuring the health and safety of all teams, with all staff able work from home since mid-March 2020, before the first lockdown was imposed in the UK.

Since gaining the ISO 27001 certification in 2016 Ayima have more robust documentation protocols around processes and tasks which helps mitigate against the risk of losing knowledge if key staff leave. Along with staff training initiatives, Ayima has rolled out the employee share scheme. All of these initiatives will promote high staff retention, thereby mitigating operational risks.

Legislation

Operational risks are handled in a structured manner through well-established processes in line with ISO27001. Ayima Limited maintained its ISO 27001 certification in 2020 assuring clients and other external stakeholders of the highest standards of information control and security. Ayima continues to ensure its compliance with GDPR regulations under the bridging mechanism included in the EU-UK Trade and Cooperation Agreement.

Covid-19

Throughout 2020, governments across Europe imposed restrictions on movement and national lockdowns in an attempt to curtail the first and second waves of Covid-19 infections. With a new strain of the virus which is more transmissible identified at the end of the year further lockdown restrictions are expected to continue in the short term. There appears to be a pattern of imposing and relaxing restrictions in line with the rising and falling of infection rates. We can expect this to continue until immunisation programs are rolled out in 2021.

In terms of the impact on Ayima, the professional, scientific and technical activities sector, which Ayima is part of, appears to have had the most significant recovery within the services sector since the Covid-19 pandemic began. Information and communication services as well as professional, scientific and technical activities services have shown limited impact from the virus. The technology sector is expected to grow by up to 22.5% in the next 6 years as businesses turn to digital solutions to maximise their productivity, sales and marketing opportunities.

Ayima has adjusted well to the new economic environment and with the restructuring of departments and cost savings carried out in Q2 and Q3, is well placed to take advantage of new opportunities as they arise over the coming periods of general market and sector recovery, indeed Ayima had its strongest sales performance to date in H2 2020.

Environment and staff

The average number of employees in the Group during the financial year was 86 (107) persons.

The company does not conduct any permit or notification activities under the Environmental Code.

Research and Development

Total capitalized costs for capitalized development expenses amounted to kSEK 1,428 (4 684) during the year. Research costs incurred that did not meet the criteria for capitalization were expensed totalled kSEK 1,503 (4 597) during the fiscal year.

Capitalisation of internally developed software takes place when all the requirements set out in note 2.5 are met. To distinguish research phases from development phases in new projects and to assess whether the requirements for capitalization of development costs are met, require estimates and assessments, which are described in more detail in Note 4.

Ownership structure

Owner list with largest owners

Shareholding at 2020-12-31	No A Shares	No B Shares	Control (%)	Capital (%)
New Equity Ventures*	-	754 300	8.0	10.2
Michael Jacobson	66 666	852 253	16.1	12.4
Michael Nott	66 667	784 975	15.4	11.5
Timothy Webb	66 667	870 837	16.3	12.7
Gaming Realms PLC**	-	347 487	3.7	4.7
Digital Spine AB***	-	16 500	0.2	0.2
Ayima EBT****	-	333 687	3.5	4.5
Michael Feiner	15 000	390 731	5.7	5.5
Peter O'Neill	11 800	292 781	4.4	4.1
Others	-	2 512 466	26.6	34.0
Total	226 800	7 166 872	100,00	100,00

* 100 % owned by New Equity Ventures Group

** London-based company listed on the London Stock Exchange Aim

***Controlled by Björn Mannerqvist

**** Ayima EBT established for 8 key employees in the Company

Ayima has an Enterprise Management Incentives Scheme (EMI), in which shares were issued to key personnel in the UK. The shares are managed by the trustees of the Ayima Employee Benefit Trust 2011 (EBT). A total of 333 687 shares are owned by the EBT as at 31 December 2020.

The number of warrants granted to staff in 2018 was 272 547 of which 23 085 were forfeit in 2018, 83 384 in 2019, and 30 421 in 2020 (136 890 total), 10 855 warrants were exercised and issued as shares in 2019, the remaining warrants will vest over the next two years to May 2022. A further 82 180 warrants were awarded to newly qualifying staff during Q2 2019, of which 9 387 were forfeit in 2019 and a further 13 387 in 2020 (22 774 total), these warrants will vest over the 3 year period to May 2023. The total number of share options forfeit in 2020 was 43 808. No new warrants were granted or exercised in 2020.

Proposed appropriation of earnings at the 2020 AGM

The Board of Directors proposes that the unappropriated earnings as at 31 December 2020, SEK 60 068 947 be carried forward.

For changes in equity during the financial year, please refer to the Consolidated and Parent Company statements of changes in equity.

Otherwise, please refer to the following financial statements with notes.

Consolidated income statement

Amounts in kSEK		2020-01-01 2020-12-31	2019-01-01 2019-12-31
	Note		
Revenue	5	126 839	168 530
Other operating income	22	13 068	14 843
Total		139 907	183 373
Operating expenses			
Direct expenses		-49 503	-68 492
Other external expenses	6, 21	-12 511	-21 285
Employee benefits	7	-59 945	-80 993
Depreciation and amortization Tangible and Intangible assets	10,11	-12 049	-12 522
Other operating expenses		-1 194	-51
Total operating expenses		-135 202	-183 343
Operating profit / loss		4 706	29
Financial income	8	1 593	1
Financial expenses	8	-3 782	-7 924
Result from financial items		-2 189	-7 923
Profit/Loss before tax		2 516	-7 893
Deferred tax	9	1 005	683
Income tax	9	525	2 302
Profit / Loss for the year		4 046	-4 908
Profit / Loss for the year attributable to:			
Shareholders of parent company		4 046	-4 908
Non-controlling interests		—	—
<u>Earnings per share before dilution, SEK</u>		0,57	-0,75
<u>Earnings per share after dilution, SEK</u>		0,57	-0,75
No. of shares before dilution		7 152 576	6 550 461
No. of shares after dilution		7 152 576	6 550 461

Consolidated statement of comprehensive income

Amounts in kSEK	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Profit/Loss for the year	4 046	-4 908
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Translation differences in translation of foreign operations	-5 552	4 657
Other comprehensive income for the year, net of tax	-5 552	4 657
Total comprehensive income for the year	-1 506	-251
Total comprehensive income attributable to:		
Shareholders of parent company	-1 506	-251
Non-controlling interests	—	—

Consolidated statement of financial position

Amounts in kSEK	Note	2020-12-31	2019-12-31
ASSETS			
Non-current assets			
Goodwill	10	38 244	42 157
Capitalised development expenditures	10	16 862	20 629
Customer contracts	10	11 135	14 487
Right of use assets	21	7 922	7 361
Other intangible assets	10	81	125
Tangible assets	11	544	2 383
Financial assets	12	–	–
Deferred tax assets	9	6 108	5 843
Total non-current assets		80 896	92 985
Current assets			
Trade receivables	13	17 590	23 120
Current tax assets	9	577	2 633
Other receivables	14	3 443	4 791
Prepaid expenses and accrued income	15	2 020	2 285
Cash and cash equivalents		7 593	5 534
Total current assets		31 224	38 363
TOTAL ASSETS		112 120	131 348

Consolidated statement of financial position, cont.

Amounts in kSEK	Note	2020-12-31	2019-12-31
Equity			
Share capital	16	7 394	7 060
Other paid in capital		48 865	46 915
Reserves		-961	4 592
Retained earnings including result for the year		-957	-5 002
Total equity		54 342	53 565
LIABILITIES			
Non-current liabilities			
Borrowings	17	6 780	64
Liabilities for right of use assets	17	6 276	2 914
Other long term liabilities	17	–	16 824
Deferred tax liabilities	9	1 450	1 810
Total non-current liabilities		14 505	21 612
Current liabilities			
Borrowings	17	2 931	7 010
Liabilities for right of use assets	17	2 281	4 778
Trade payables		11 500	24 073
Liabilities to related parties		3 021	7 296
Other short term liabilities, interest-bearing	17	2 867	–
Other liabilities	18	13 271	4 894
Deferred income and accrued expenses	19	7 400	8 121
Total current liabilities		43 273	56 172
TOTAL EQUITY AND LIABILITIES		112 120	131 348

Consolidated statement of changes in equity

	Share capital	Other paid in capital	Reserves	Retained earnings including profit or loss for the year	Total	Non- controlling interests	Total equity
Opening balance at 2019-01-01	6 046	34 598	-65	-94	40 485	–	40 485
<i>Comprehensive income</i>							
Profit/loss for the year				-4 908	-4 908	–	-4 908
<i>Other comprehensive income</i>							
Translation differences			4 657		4 657		4 657
Total comprehensive income	–	–	4 657	-4 908	-251	–	-251
<i>Transactions with shareholders</i>							
Share option scheme	11	1 312			1 322		1 322
New share issue	824	13 039			13 864		13 864
Convertibles, redemption	179				179		179
Issue expenses		-2 034			-2 034		-2 034
Total	1 014	12 317	–	–	13 331	–	13 331
Balance at 2019-12-31	7 060	46 915	4 592	-5 003	53 564	–	53 564

Consolidated statement of changes in equity, cont.

	Share capital	Other paid in capital	Reserves	Retained earnings including profit or loss for the year	Total	Non- controlling interests	Total equity
Opening balance at 2020-01-01	7 060	46 915	4 592	-5 002	53 565	–	53 565
<i>Comprehensive income</i>							
Profit/loss for the year				4 046	4 046		4 046
<i>Other comprehensive income</i>							
Translation differences			-5 552	-1	-5 553		-5 553
Total comprehensive income	–	–	-5 552	4 045	-1 507	–	-1 507
<i>Transactions with shareholders</i>							
Share option scheme		-43			-43		-43
New share issue	333	2 667			3 000		3 000
Issue expenses		-673			-673		-673
Total	333	1 950	–	–	2 284	–	2 284
Balance at 2020-12-31	7 394	48 865	-961	-957	54 342	–	54 342

Consolidated statement of cash flows

	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Amounts in kSEK		
Cash flow from operating activities		
Operating profit/loss	4 706	29
Adjustment for non-cash items		
- Depreciation and amortisation	12 049	9 560
- Other non-cash items	-10 991	-8 559
Interest received	0	1
Interest paid	-677	-2 820
Tax paid	2 377	2 189
Cash flow from operating activities before change in working capital	7 464	400
<u>Changes in working capital</u>		
Increase/decrease in operating receivables	4 558	4 208
Increase/decrease in operating liabilities	-1 402	6 099
Cash flow from operating activities	10 620	10 707
Cash flow from investing activities		
Investments in intangible assets	-2 179	-4 930
Investments in tangible assets	-133	-265
Sale of tangible fixed assets	2 477	—
Cash flow from investing activities	165	-5 195
Cash flow from financing activities		
New share issue	—	11 542
Issue expenses	-53	-2 034
Borrowings (note 17)	6 731	6 000
Amortisation of borrowings	-14 788	-19 724
Cash flow from financing activities	-8 110	-4 215
Cash flow for the period	2 675	1 296
Cash and cash equivalents at beginning of the period	5 534	3 856
Exchange-rate differences in cash and cash equivalents	-616	382
Cash and cash equivalents at end of period	7 593	5 534

Parent Company income statement

Amounts in kSEK	Note	2020-01-01 2020-12-31	2019-01-01 2019-12-31
<i>Operating income</i>			
Revenue		2 074	1 120
Total income		2 074	1 120
<i>Operating expenses</i>			
Other external expenses	6	-663	-1 582
Employee benefits	7	—	-121
Total operating expenses		-663	-1 703
Operating profit / loss		1 411	-583
Profit (loss) from participations in group companies		9 605	12 812
Other interest income and similar profit (loss) items	9	1 471	—
Interest expense and similar profit (loss) items	9	-1 462	-3 849
Result from financial items		9 614	8 963
Profit / Loss for the year		11 025	8 379

Parent Company balance sheet

Amounts in kSEK	Note	2020-12-31	2019-12-31
ASSETS			
Non-current assets			
Financial assets			
Participations in group companies	23	7 351	7 134
Total financial assets		7 351	7 134
Total non-current assets		7 351	7 134
Current assets			
Current receivables			
Receivables from Group companies		67 158	69 704
Other receivables	14	149	586
Prepaid expenses and accrued income	15	146	133
Total current receivables		67 453	70 423
Cash and cash equivalents		553	154
Total current assets		68 006	70 576
TOTAL ASSETS		75 357	77 710

Parent Company balance sheet, cont.

Amounts in kSEK	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	16	7 394	7 060
Total restricted equity		7 394	7 060
Non-restricted equity			
Share premium reserve		43 717	41 724
Profit (loss) brought forward		5 327	-3 010
Profit/loss for the year		11 025	8 379
Total non-restricted equity		60 069	47 093
Total equity		67 463	54 154
Non-current liabilities			
Other long term liabilities	17	–	15 548
Total non-current liabilities		–	15 548
Current liabilities			
Trade payables		192	85
Liabilities to group companies		119	119
Liabilities to related parties		2 903	7 178
Other liabilities	17	4 471	–
Accrued expenses and deferred income	19	210	628
Total current liabilities		7 894	8 009
TOTAL EQUITY AND LIABILITIES		75 357	77 710

Parent Company statement of changes in equity

Amounts in kSEK	Restricted equity	Non-restricted equity			Total equity
	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	
Equity at 2019-01-01	6 046	30 719	638	-4 960	32 443
<i>Comprehensive income</i>					
AGM appropriation of earnings			-4 960	4 960	–
Profit/loss for the year				8 379	8 379
Total	–	–	-4 960	13 339	8 379
<i>Transactions with shareholders</i>					
New share issue	824	13 039			13 864
Share option scheme	11		1 312		1 322
Convertibles, redemption	179				179
Issue expenses		-2 034			-2 034
Total	1 014	11 005	1 312	–	13 331
Balance at 2019-12-31	7 060	41 724	-3 010	8 379	54 154

Parent Company statement of changes in equity, cont.

Amounts in kSEK	Restricted equity	Non-restricted equity			Total equity
	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	
Equity at 2020-01-01	7 060	41 724	-3 010	8 379	54 154
AGM appropriation of earnings			8 379	-8 379	–
Profit/loss for the year				11 025	11 025
Total	–	–	8 379	2 646	11 025
<i>Transactions with shareholders</i>					
Share option scheme			-43		-43
New share issue	333	2 667			3 000
Issue expences		-673			-673
Total	333	1 993	-43	–	2 284
Balance at 2020-12-31	7 394	43 717	5 327	11 025	67 463

NOTES

Note 1 General information

Ayima Group AB (publ) with subsidiaries ("Ayima" or "the Group") provides services in digital marketing. The Parent Company is a limited company registered in Sweden with its registered offices in Stockholm.

The Group's head office is located in London.

The new Group arose on 31 January 2017 when Ayima Holdings Limited with subsidiaries was acquired through an issue in kind. The acquisition has been recognised as a reversed acquisition, which means that Ayima Holdings Limited is seen as the accounting acquirer and Ayima Group AB (publ) is seen as the acquired company. Payment was made by shares being issued in Ayima Group AB (publ) to the previous owners in Ayima Holdings Limited.

On 25th of March 2021, these consolidated financial statements were approved by the Board for publication.

All amounts are presented in thousands of Swedish kronor (kSEK) unless otherwise stated. The annual report and consolidated financial statements with associated notes were prepared in whole SEK but presented in kSEK in the annual report. For this reason, the sum of subitems presented may deviate by kSEK 1-2.

Ayima Holdings Limited prepares its reports in accordance with International Financial Reporting Standards (IFRS). The Parent Company Ayima Group AB (publ) has applied IFRS since it was formed in January 2017.

Note 2 Summary of important accounting principles

2.1 Basis of preparation of the financial statements

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS) as adopted by the EU and RFR 1 *Supplementary Accounting Rules for Groups*.⁸

Assets and liabilities are recognised at historical cost.

The most important accounting principles applied in the preparation of these consolidated accounts are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make certain assessments in applying the Group's accounting principles. The areas involving a high degree of complex assessments, or such areas where assumptions and estimates are of material significance to the consolidated financial statements, are specified in Note 4.

The Parent Company's financial statements have been prepared in compliance with RFR 2 *Accounting for Legal Entities* and the Swedish Annual Accounts Act. Where accounting principles applied by the Parent Company are different to those applied by the Group, this is disclosed separately at the end of this section on accounting principles.

New and revised standards to be applied by the Group in the current period

All standards that entered into effect in 2020 were applied in the consolidated financial statements.

In the current year, no new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period after the effective date of the pronouncement. Certain new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

2.2 Consolidated financial statements

Subsidiaries

Subsidiaries are all companies over which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to variable returns from its interest in the company and has the possibility of influencing the returns through its influence in the company. Subsidiaries are included in the consolidated accounts as of the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated accounts from the date on which the controlling influence is relinquished.

Acquisition accounting is used to report the Group's business combinations. The purchase consideration for the acquisition of a subsidiary comprises the fair value of the transferred assets, liabilities and any shares issued by the Group. The purchase consideration also includes the fair value of all assets and liabilities resulting from a contingent consideration agreement.

Acquisition-related costs are expensed as they arise.

Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For every acquisition, the Group determines if all non-controlling interests in the acquired company shall be recognised at fair value or at the holding's proportional share of the acquired company's net assets.

The amount by which the purchase consideration, any non-controlling interests and the fair value at the acquisition date of earlier shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets is recognised as goodwill.

2.3 Segment reporting

As the Group's equity instruments are traded in an active market, IFRS 8 *Operating Segments* is applied. An operating segment is a part of a company whose operations at one or more levels are regularly examined by the Group's "Chief Operating Decision Maker" (CODM) who decides what resources are to be allocated to the segment and evaluates the segment's development. Within Ayima, a group consisting of the CEO and the Board has been identified as the CODM.

The operations are followed up with regard to revenues per the following segments linked to service category: *SEO, Paid, Content & Creative*, and *Data & Analytics*.

2.4 Foreign currency translation

Functional currency and reporting currency

Items included in the financial statements for the various units in the Group are valued in the currency used in the economic environment in which the respective company is primarily active (functional currency). The consolidated financial statements are presented in Swedish kronor (SEK) as the reporting currency, which is also the Parent Company's functional and reporting currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of each Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Subsidiaries

On consolidation, assets and liabilities have been translated into SEK at the closing rate at the reporting date. Goodwill and fair value adjustments arising on acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into SEK at the closing rate. Income and expenses have been translated into SEK at the average rate over the reporting period with any exchange differences being recognised in profit or loss. Exchange differences relating to the statement of financial position are charged or credited to other comprehensive income and recognised as a sub-category of retained earnings in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

2.5 Intangible assets

Goodwill

Goodwill is the amount by which the cost exceeds the fair value of the Group's share of the acquired subsidiary's net identifiable net assets at the time of acquisition. Goodwill on acquisition of subsidiaries is reported as intangible assets.

Goodwill that is recognised separately is tested annually to identify possible needs for impairment and is recognised at cost less accumulated impairment losses in accordance with IFRS 3. Impairment losses of goodwill are not reversed. Gains or losses upon divestment of a unit includes residual carrying amount of the goodwill pertaining to the divested unit.

Research and development

Development costs incurred are capitalised when all of the following conditions are satisfied:

- i completion of the intangible asset is technically feasible so that it will be available for use or sale;
- ii the company intends to complete the intangible asset and use or sell it;
- iii the company has the ability to use or sell the intangible asset;
- iv the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- v there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi the expenditure attributable to the intangible asset during its development can be measured reliably.

Capitalised development costs are comprised of staff expenses. Development costs not meeting the criteria for capitalisation are expensed as incurred. Expenditure on research is written off in the year in which it is incurred.

Customer contracts

Customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

They are then accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual value and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. A useful life of 7 to 10 years has been attributed for the Group's Customer contracts.

Other intangible assets

Other intangible assets are recognised at cost less amortisations. Given the nature of the business any long-term software investments which are cash generative have been capitalised.

These are being amortised over a useful life of 4 years at which point new software is considered to have rendered them obsolete.

2.6 Tangible assets

Tangible assets are initially recognised at cost.

In the Group, tangible assets consist of cost of improvements on external properties, as well as equipment, tools, fixtures and fittings.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- over the term of the lease
Office equipment and other equipment	- 25% on cost

Impairment of tangible assets

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if necessary. If an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is immediately impaired to its recoverable amount.

A tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference

between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Also refer to the following section regarding the description of impairment of non-financial assets.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not depreciated but are annually tested for impairment. At present, this for the Group is only goodwill.

Tangible assets and such intangible assets that are amortised are impairment tested whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. Impairment review is made by grouping assets into cash generating units.

An impairment is reversed when there is evidence that the need for the impairment no longer exists and that a change has taken place in the assumptions that formed the basis for the calculations of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is only made to the extent that the asset's carrying amount, after reversal, does not exceed the carrying amount that would have been recognised, less depreciation/amortisation where appropriate, had the impairment not occurred.

In case of impairment review, assets are grouped into as small cash-generating units as possible. A cash-generating unit is an asset group with essentially independent payments. As a consequence, the impairment needs of some assets are tested individually and some are tested at the cash-generating unit level. Goodwill is allocated to the cash-generating units that are expected to benefit from synergy effects in business combinations and represent the lowest level in the Group where Group Management monitors goodwill.

The impairment need for the cash-generating units to which goodwill has been allocated is reviewed at least once a year. The impairment need of all other individual assets or cash generating units is tested when events or changed circumstances indicate that the carrying amount cannot be recovered.

An impairment loss is recognized for the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. In order to determine the value in use, Group Management estimates expected future cash flows from each cash-generating unit and determines an appropriate discount rate to calculate the present value of these cash flows. The data used for impairment testing are directly linked to the Group's most recently approved budget, adjusted as needed to exclude the effects of future reorganizations and asset improvements.

Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the money's time value and asset-specific risk factors. Impairments relating to cash-generating units first reduce the carrying amount of any goodwill distributed on the cash-generating unit. Any remaining write-downs will reduce proportionally the other assets in the cash-generating units. With the exception of goodwill, a new assessment of all assets is made for signs that an earlier write-down is no longer justified. An impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds the carrying amount.

2.8 Financial instruments

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose of which the asset was acquired. The Group's accounting policy for each category is as follows:

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are financial instruments that are not held for the primary purpose of gathering contractual cash flows and do not give rise to cash flows at set times in the form of payments of principal and interest.

In some cases, a market value is not attainable and when such cases occur the investments are recognised at costs and annually reviewed for impairment. Unlisted investments represent a 15% shareholding in Tootsa MacGinty Limited, an e-commerce company registered in Scotland.

This company has a niche trade and therefore it has not been possible to obtain a market value. It will continue to be carried at cost and annually reviewed for impairment until a market value becomes available.

Fair value through other comprehensive income

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Financial assets held at amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments and original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Classification of financial liabilities

The Group's accounting policy for each category is as follows:

Financial liabilities through profit and loss

The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items: Bank borrowings and Other long term liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the

instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.9 Equity

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the capital redemption reserve which comprises non-distributable amounts from a redemption or purchase of the Group's own shares. Retained earnings include all current and prior period retained profits.

2.10 Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

2.11 Employee benefits

Pension commitments

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black & Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any

excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value. Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

2.12 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Revenue is therefore recognised when a performance obligation is satisfied, in accordance with the terms of the contractual arrangement. Typically, performance obligations are satisfied over-time as services are rendered. Revenue recognised over-time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. For most fee arrangements, costs incurred are used as an objective input measure of performance. The primary input of substantially all work performed under these arrangements is labour. There is normally a direct relationship between costs incurred and the proportion of the contract performed to date. In other circumstance, relevant output measures such as the achievement of any project milestones stipulated in the contract is used to assess proportional performance.

For our retainer arrangements, we have a stand ready obligation to perform services on an ongoing basis over the life of the contract. The scope of these arrangements is broad and generally are not reconcilable to another input or output criteria. In these instances, revenue is recognised using a time-based method resulting in straight-line revenue recognition.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Further details on revenue recognition are detailed by revenue stream below:

SEO Consulting:

SEO Consulting revenue is recognised on a monthly basis in line with the contractual agreement, contracts are usually for a minimum period of 12 months. Revenue for these services is typically derived from retainer fees and fees for services to be performed subject to specific agreement. Most revenue under these arrangements is therefore earned over-time on an output basis, in accordance with the terms of the contractual arrangement.

Paid Media:

Revenue is typically derived from media placements and advertising services. Paid media spend is charged to the client and recognised on a monthly basis as the service is delivered based upon the input costs associated with the spend.

Data & Analytics

Data and analytics consulting revenue is recognised on a monthly basis in line with the contractual agreement. Contracts are usually for a fixed project or a fixed number of days of support. Revenue for these services are typically derived from hours worked as recorded by the employees and confirmed by line managers. Most revenue under these arrangements is therefore earned over time on an output basis, in accordance with the terms of the contractual arrangement.

Creative and Content:

Creative and content work is undertaken in two forms, either on an ongoing retainer basis which is billed according to the monthly billing schedule, or a specific project which is quoted in advance and agreed with the client, with a project specific contract or Statement of Work which defines the work to be carried out, the schedule for the work to be completed and the schedule or project milestones for billing. Revenue is recognised each month as the work is completed on an output basis and agreed with the client. Any ad hoc creative work carried out for existing clients is recognised as revenue during the monthly billing cycle, work completed is billed on an hourly basis according to the agreed rate card.

In relation to all revenue streams no significant judgement has been used.

2.13 Leases

At inception, the group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. 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. Where a tangible asset is acquired through a lease, the group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The right-of-use asset is initially measured 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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and 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 life 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 other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

2.14 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs including furlough are deferred and recognised in profit or loss over the period necessary to match with the costs that they are intended to compensate. They are also presented with the costs they are matched with.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.15 Parent Company accounting principles

The accounting principles in the Parent Company essentially match those of the consolidated financial statements. The Parent Company's financial statements have been prepared in compliance with RFR 2 *Accounting for Legal Entities* and the Swedish Annual Accounts Act. RFR 2 sets out exceptions and amendments to the standards issued by IASB and statements issued by IFRIC. The exceptions and amendments are to be applied as of the date the legal entity in its consolidated financial statements applies the given standard or statement.

The Parent Company uses the format presented in the Swedish Annual Accounts Act, which among other things means that a different presentation of equity is applied.

Shares in subsidiaries are recognised at amortised cost less potential impairment losses. When there is an indication that shares or participations in a subsidiary have decreased in value, an estimate of the recoverable amount is made. An impairment loss is recognised if the recoverable amount is less than the carrying amount. Impairment losses are recognised in the item "Profit/loss from participations in Group companies". The cost of participations in subsidiaries includes transaction costs. In the consolidated accounts, transaction costs are expensed in the period in which they arise.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution and presented as an increase in the company's investment in that subsidiary.

IFRS 9 is not applied in the Parent Company, which instead applies p.3-9 in RFR2. Assets that are non-current are held at amortised cost, while assets that are current is valued by *lowest value principle*.

IFRS 16 is not applied in the Parent Company, instead all leases is treated as operational leases, i.e. expensed on an ongoing basis.

Note 3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk/financing risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and strives to minimise potentially unfavourable influences on earnings and liquidity due to financial risks.

The Group's risk management is taken care of by the head office in consultation with the Board and focuses on actively securing the Group's cash flows in the short and median terms. The risk function includes identifying, evaluating and hedging financial risks.

The Group does not apply so-called hedge accounting according to the rules in IAS 39 or IFRS 9.

Market risk

Currency risk

Ayima is an international Group with activities in several countries. The reporting currency is Swedish kronor (SEK). This means that the Group is exposed to currency risks because changes in exchange rates can affect earnings and equity.

Exposure to changes in current is usually divided into two main groups, *translation exposure* and *transaction exposure*.

Translation exposure

The foreign subsidiaries' assets less liabilities constitute a net investment in foreign currency, which upon consolidation gives rise to a translation difference. Such translation differences are charged directly to consolidated equity and recognised under a separate category in equity called *Reserves*. A related form of translation exposure is the profit or loss produced during the year in the foreign subsidiaries that thereby continuously affects the foreign equity. This has a relatively large impact on the Group as operations are primarily based outside Sweden in other currencies than SEK.

Intra-Group borrowings are translated to the applicable closing day rate at the unit that has a receivable or liability denominated in a currency other than the functional currency that applies for the respective unit. Intra-Group borrowings have no net impact on equity, although they affect the consolidated income statement.

Transaction exposure

Transaction exposure usually means the exposure originating from commercial flows, i.e. purchases and sales across borders, and exposure from financial flows.

The majority of the Group's purchases and sales take place in GBP, CAD and USD. In the final quarter of 2020, 23% (51%) of the sales were in GBP, 21% (4%) in CAD and 54% (44%) in USD. Of purchases, 49% (66%) were in GBP, 27% (7%) in CAD, and 23% (22%) in USD. The transaction exposure linked to exchange rate fluctuations on trade payables and trade receivables is limited, however, since invoicing mainly takes place in local currency for the companies in the Group. In addition the Group has factoring agreements for trade receivables in USD and GBP.

Credit risk

Credit and counterparty risk is the risk that the counterparty in a financial transaction does not fulfil its obligations on the due date. Credit risk is managed at a Group level and arises through trade receivables and cash and cash equivalents. Management consider ECL at year-end to be immaterial with respect to trade debtor balances at year-end.

See Note 13 Trade receivables, and the following section, for a further description of the Group's exposure in trade receivables.

Interest rate risk relating to cash flows and fair values

As the Group does not hold any significant interest-bearing assets, the Group's revenue and cash flow from operating activities are essentially independent of changes in market interest rates. The Group's interest rate risk arises mainly through long-term borrowing. Loans made with floating interest expose the Group to interest rate risk relating to cash flow. Fixed rate borrowing exposes the Group to interest rate risk relating to fair value.

The Group's short-term borrowings in general run at a floating interest rate and are thus exposed to cash flow risk. The Group's long-term borrowings run at fixed interest rates and are thus exposed to interest

rate risk relating to fair value. However, as most of the borrowing is short-term in its nature, the overall interest rate risk for the Group is low. Refer to Note 17 Borrowing for the description of essential terms for borrowing.

Liquidity risk/Financing risk

At 31 December 2020, the Group had available liquidity of kSEK 7 593. The liquidity consists of bank balances. The Group is revising the liquidity need by forecasting both future inflows and outflows from operating activities and from financing activities. The liquidity need is monitored weekly.

The table below presents the undiscounted cash flows that come from the Group's liabilities in the form of financial instruments, based on the earliest remaining durations contracted at the closing date. The amounts falling due within 12 months agree with booked amounts since the discounting effect is insignificant.

Amounts in foreign currencies and amounts to be paid based on a variable interest rate have been estimated by using the exchange rates and interest rates applicable on the closing date.

Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Amounts in kSEK				
At 31 december 2020				
Borrowings	3 049	1 453	4 216	1 358
Liabilities for right of use assets	2 327	2 219	4 707	–
Liabilities to related parties	3 444	–	–	–
Other short-term liabilities, interest bearing	3 132	–	–	–
Trade and other payables	24 771	–	–	–
Total	36 723	3 671	8 923	1 358
At 31 december 2019				
Borrowings	7 010	68	–	–
Liabilities for right of use assets	4 969	3 152	–	–
Other long-term liabilities	6 554	12 925	–	–
Liabilities to related parties	8 301	–	–	–
Trade payables and other liabilities	28 967	–	–	–
Total	55 801	16 145	–	–

Fair value hierarchy

Ayima classifies measurement at fair value using a fair value hierarchy that reflects the reliability of the input data used to make the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices on active markets for identical assets or liabilities.

Level 2 – Input data other than listed prices that are observable for the asset or liability, either directly, such as by prices, or indirectly, such as derived prices.

Level 3 – Input data for the asset or liability not based on observable information. The applicable level is determined based on the lowest level of input data that is material to the measurement at fair value.

The instruments the Group has that are measured at fair value are comprised of unlisted holdings where no market value has been established yet. Therefore, they are recognised as cost and tested annually for impairment until a market value has been possible to determine.

Management of capital risk

The objective regarding the capital structure is to safeguard the Group's ability to continue operations in order to go on generating a return for shareholders and benefits for other stakeholders as well as maintaining an optimum capital structure to keep capital costs down.

In the same way as other companies in the industry, Ayima assesses the capital on the basis of the debt/equity ratio. This key performance indicator is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings (comprising the items Current and Non-current borrowings on the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as Equity on the consolidated balance sheet plus net debt.

As at 31 December, the debt/equity ratios were as follows:

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Other long term liabilities	–	16 824	–	15 548
Liabilities to credit institutions	9 711	7 074	–	–
Liabilities to related parties	3 021	7 296	2 903	7 178
Liabilities for right of use assets	8 557	7 692	–	–
Other short-term liabilities, interest-bearing	2 867	–	–	–
Less: cash and cash equivalents	-7 593	-5 534	-553	-154
Net debt	16 564	33 351	2 350	22 572
Total equity	54 342	53 565	67 463	54 154
Total capital	70 905	86 916	69 812	76 725
 Debt/equity ratio	 23%	 38%	 3%	 29%

Financial Instruments per category

Group	Assets at fair value through the profit and loss	Loans and receivables	Total
2020-12-31			
Assets as per balance sheet			
Trade and other receivables	-	17 590	17 590
Other receivables	-	3 443	3 443
Cash and cash equivalents	-	7 593	7 593
Total	-	28 626	28 626

	Other financial liabilities	Total
2020-12-31		
Liabilities as per balance sheet		
Non-current liabilities to credit institutions	6 780	6 780
Liabilities for right of use assets	8 557	8 557
Other non-current liabilities	-	-
Other short-term liabilities, interest-bearing	2 867	2 867
Current liabilities to credit institutions	2 931	2 931
Trade and other payables	11 500	11 500
Loans from related parties	3 021	3 021
Other liabilities	13 271	13 271
Total	48 928	48 928

Group	Assets at fair value through the profit and loss	Financial assets held at amortised cost	Total
2019-12-31			
Assets as per balance sheet			
Financial assets	-	-	-
Trade and other receivables	-	23 120	23 120
Other receivables	-	4 791	4 791
Cash and cash equivalents	-	5 534	5 534
Total	-	33 445	33 445

	Other financial liabilities	Total
2019-12-31		
Liabilities as per balance sheet		
Non-current liabilities to credit institutions	64	64
Liabilities for right of use assets	7 692	7 692
Other non-current liabilities	16 824	16 824
Current liabilities to credit institutions	7 010	7 010
Trade and other payables	24 073	24 073
Loans from related parties	7 296	7 296
Other liabilities	4 894	4 894
Total	67 853	67 853

Note 4 Critical estimates, judgements and errors

Estimates and assessments are evaluated on an on-going basis and are based on historical experience and other factors, including expectations regarding future events that are considered reasonable under the prevailing circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that entail a significant risk of material adjustments in the carrying amounts of assets and liabilities within the next financial year are outlined below.

Revenue recognition

Revenue is recognised according to the accounting policies set out above and is recognised depending upon the type of income. Where contracts include different elements of revenue, these elements are recognised in line with these policies, with fair values being attributed to each component part. Judgement is used in the recognition of project income.

Capitalised development expenditures

Estimates and assessments are required to distinguish the development phase in a new project from the research phase, and to ensure that the capitalisation criteria are met for capitalised development expenditures. Ayima also makes continuous assessments of the value of capitalised expenditures linked to development work. The most critical assumption, which was subject to assessment by management, is if capitalised expenditures will generate future financial benefits that as a minimum match the capitalisation made. At the closing date, it is management's assessment that future cash flows will cover investments made with a margin, which is why there are no impairment requirements. Refer to note 10 for book value of capitalised development expenditures.

Impairment testing of goodwill

The Group annually tests whether there are any impairment requirements for goodwill, in accordance with the accounting policy described in Note 2.7 Impairment of non-financial assets. The recoverable amounts have been determined through a calculation of value in use. For these calculations, certain estimates must be made; these estimates are presented by Note 10 where the carrying amounts at the closing date are also presented. The business plan prepared for the upcoming year forms the basis for the assessment.

Accounting of deferred tax assets

Deferred tax assets relate to temporary differences and loss carry-forwards and are only recognised insofar as it is deemed that they will be able to be used against surpluses generated in operations in the future. The Group's deferred tax assets largely consist of capitalised tax assets on loss carry-forwards. The carrying amount of this tax asset is reviewed at least once a year. In such a review, the tax asset is put in relation to future taxable profits, which is based on management's estimates on the basis of, among other things, forecasts and strategic plans. See Note 8 for more information on deferred taxes.

Fair Value of unlisted investments

Unlisted investments require an impairment review each year which is based on a review of expected performance over a 5 year period discounted to present value using an appropriate discount rate. Both areas therefore require judgement to be applied in reaching an impairment decision.

Share based payment

Amounts are recognised within these accounts in relation to share options issued to employees which have not yet been vested. Judgement is therefore required in arriving at the fair value of the option programs at the time the options are granted which is determined using the Black-Scholes pricing model.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for a period of 12 months from the approval of the financial statements despite the current year loss and current liabilities exceeding current assets at the year end.

In the current financial year, the Group /company made a profit after tax of kSEK 4 046 (2019: kSEK -4 908). At the balance sheet date, the company reported current liabilities amounting to kSEK 43 273 (2019: kSEK 56 172), exceeding current assets, which amounted to kSEK 31 224 (2019: kSEK 38 363).

Ayima's operations and ability to deliver work for clients has not been impacted by the lockdowns and restrictions that were imposed by various local governments throughout the year. A comprehensive remote working policy resulted in no interruption in service delivery at a time of much general uncertainty. The main impact of Covid-19 on Ayima has been that a limited number of its clients, in particular those in travel, retail and hospitality have been severely impacted by the restrictions, and that this has led to cuts in their marketing budgets and reduction in the amount of work available.

In contrast to this, many industries have adapted to the new trading environment, whereby more and more customers are buying online. Attracting customers to a company's website has therefore taken on a significance heretofore unrealised, and many companies have begun investing in digital marketing to a higher degree than ever before, particularly in the later part of 2020.

In response to the initial impact of Covid-19 on the economy and the business, the board carried out a deep analysis of the various parts of the business and achieved improved efficiencies as well as significant savings through restructuring. This was carried out with no significant negative impact on operations. Administrative costs reduced by 28% compared to the previous year, much of this is long term in impact and the cost base going forward is much reduced.

During 2020 the subsidiary Ayima Incorporated renewed its New York office lease for 5 years, resulting in an addition of kSEK 9 106 to tangible fixed assets and lease liabilities. This is an accounting adjustment required under IFRS 16 and does not represent a cash outlay in 2020. No additional investment in tangible assets is expected in the coming period. Other than Leasehold properties, tangible capital assets consist mainly of improvements to leasehold properties. Minimal costs for replacement of obsolete computer equipment are included in the forecast.

At the balance sheet date there are no arrears on interest on current borrowings. Future liabilities are expected to be serviced from future cash flows, however if forecasted cash flows are not achieved the Group may be required to raise additional funds through equity or loans.

Management forecast financial statements have been prepared on a monthly basis up to December 2021 and on an annual basis up to December 2025.

The Group have ensured sufficient access to working capital through various facilities described below. Working capital requirements are met through the utilisation of the existing Invoice Discounting facility held with RBS Invoice Finance, as client billings increase in line with sales, so too does access to additional working capital. Ayima makes full use of its credit terms with its suppliers. Additional working capital funding was received through various government backed schemes both in the UK and the US. Ayima Limited and LeapThree Limited received loans totalling MSEK 3.5 in the period, both loans are repayable over a 5 year period commencing 12 months from the date that the loan was taken, the repayment period may be extended to 10 years prior to the first repayment. The amount of these loans is included in non-current liabilities in the financial statements. In the US, Ayima Inc received funding under the government's Payroll Protection (PPP) Scheme to the value of approximately MSEK 3.5, if used for payroll and rent and utilities and if the company maintains its total headcount for the period that the loan is used, then up to 100% of the funding received may be forgiven. Confirmation of this loan forgiveness was received on 9 February 2021 and the liability will be derecognised in the coming financial year. The Group has no Corporation Tax debt to HMRC, it is expecting an R&D Tax Credit refund of kSEK 577 as soon as HMRC can process the return. A Time To Pay (TTP) arrangement offered by HMRC for VAT debts has been adopted by the UK entities. VAT liabilities totalling MSEK 1.7 relating to Q1 2020 are repayable over 12 months from March 2021 onwards.

An informal credit agreement is currently in place with one supplier which concerns a balance of kSEK 6 470 at the year end, the amount is expected to be paid from future cash flows in monthly instalments until it is repaid in full. Due to the informal nature of this arrangement, if the other party were to not continue with the arrangement, the Group would be required to raise funds to repay the debt through equity or loans.

The Directors have reviewed the forecast cash flows for the forthcoming 12 months from the date of approval of the financial statements and consider that the Group will have sufficient cash resources available for that period to meet its liabilities as they fall due. However, this is dependent on meeting the performance expectations of the Group and timings in the forecast, which is based on significant judgement and estimation, as well as the continued financial support of certain creditors and Ayima Group AB. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. The financial statements do

not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

After considering the matters described above, and on the basis of their assessment of the Group's and Company's financial position and of the enquiries made of the directors of Ayima Group AB, the Group's directors have a reasonable expectation that the Group and Company will be able to continue for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements for a period not less than 12 months from the date of approval of this report.

Note 5 Segment information

Ayima monitors revenues by service category. For the Group as a whole, earnings are followed up at the EBITDA level.

Revenues are also monitored by geography, for which separate disclosures have been provided below.

Assets and liabilities are only monitored for the Group as a whole. The Group has one customer that represents more than 10% of the total revenue (49% in Paid Media,).

Revenue within the Group relate to sales of services

Segment information for 2020

	SEO	Paid	Content & Creative	Data & Analytics	Other	Total
Segments' total revenue	69 756	39 117	9 505	8 442	19	126 839
Selling expenses	-12 421	-31 301	-3 731	-2 054	4	-49 503
Gross margin	57 335	7 816	5 774	6 388	23	77 336

Segment information for 2019

	SEO	Paid	Content & Creative	Data & Analytics	Other	Total
Segments' total revenue	86 364	63 668	5 934	12 558	7	168 530
Selling expenses	-11 322	-52 138	-2 200	-1 848	-984	-68 492
Gross margin	75 042	11 530	3 734	10 710	-977	100 038

Revenues by geographic market as follows

	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Group		
United Kingdom	41 037	78 818
Europe	6 630	12 716
Rest of the world	79 172	76 995
Total revenues by geographic market	126 839	168 530

Note 6 Audit fees

Audit assignment refers to the statutory audit of the annual report and consolidated financial statements as well as the audit and other examinations done in accordance with agreement or contract. It also includes other tasks incumbent on the company's auditors, as well as advice or other assistance arising from observations made during the audit or while performing such other tasks. Other audit assignments refer to quality assurance services, examinations that lead to a report or certificate also intended for others than the client, such as a review of an interim report.

Group	2020-01-01	2019-01-01
	2020-12-31	2019-12-31
BDO - Audit assignments	1 065	1 135
Summa	1 065	1 135

Parent company	2020-01-01	2019-01-01
	2020-12-31	2019-12-31
BDO - Audit assignments	164	85
Summa	164	85

Note 7 Employee benefits and disclosures on staff

Group	2020-01-01	2019-01-01
	2020-12-31	2019-12-31
Salaries and benefits	53 490	63 154
Social security expenses	4 543	5 154
Share options granted to employees	-64	1 300
Pension expenses - defined benefit plan	1 367	2 342
Total	59 335	71 949

The Parent Company did not have any employees or employee benefit expenses during the financial year.

Group	2020-01-01		2019-01-01	
	2020-12-31		2019-12-31	
	Salaries and other benefits	Social security expenses incl. Pension expenses	Salaries and other benefits	Social security expenses incl. Pension expenses
Board members, CEO and other senior executives	3 339	340	4 869	565
Other employees	50 087	5 570	59 585	6 931
(of which share options)	-64		1 300	
Total	53 426	5 910	64 453	7 496

Note 7 Employee benefits and disclosures on staff, cont.

	2020-01-01 2020-12-31	Of which men:	2019-01-01 2019-12-31	Of which men:
	Average number of employees		Average number of employees	
Parent company				
Sweden	–	–	–	–
Total	–	–	–	–
Subsidiaries				
United Kingdom	58	59%	71	59%
USA	17	41%	22	32%
Canada	11	45%	14	64%
Total in subsidiaries	86	53%	107	54%
Total in Group	86	53%	107	54%

Gender distribution of Board members and other senior executives

	2020-01-01 2020-12-31	Of which men:	2019-01-01 2019-12-31	Of which men:
	Number on closing date		Number on closing date	
Group				
Board members	5	100%	5	100%
CEO and other senior executives	8	75%	8	63%
Group total	13	85%	13	77%
Parent company				
Board members	5	100%	5	100%
CEO and other senior executives	1	100%	1	100%
Parent company total	6	100%	6	100%

CEO Instructions:

The CEO shall ensure that the company's accounts are maintained in accordance with the law and that the management is conducted in a satisfactory manner and ensure that, business conducted within the company complies with the relevant articles of association. The task includes the right to decide on all matters concerning the company's business, which is not decided the Board, except as specified below.

- The CEO may not enter into an agreement on the purchase or sale of real estate by companies or businesses
- The CEO may not withdraw mortgages or any property from the business
- The CEO cannot make decisions about investments or similar commitments exceeding SEK 50,000

Notice period 3 months The CEO does not contribute to or receive any pension benefits from the company pension scheme.

Share options

The Group operate a share option scheme for certain employees within the Group. Options are exercisable at a price defined by the individual option agreements. The options have a range of vesting periods and options are generally forfeited if the employee leaves the Group before the options vest, however, this is at the discretion of the board. All options are in relation to equity holdings in the ultimate holding company, Ayima Group AB, however the cost of such options is accounted for within Ayima Limited and LeapThree Limited as this is where the employees taking part in the scheme are employed.

On the balance sheet date, Ayima Group AB had 184 208 stock options outstanding (2019 – 228 016), representing 2.4% of shares and 1.9% of votes. The weighted average exercise price of outstanding stock options was SEK 1 (2019 - SEK 1). The weighted average remaining contractual life of share options outstanding at 31 December 2020 was 8 years & 1 month. The exercise price is set at SEK 1.

The fair value of option programs is determined at the time the options are granted and is recorded as an expense in the profit/loss during the period of inception. The fair value is determined using the BlackScholes pricing model.

Note 8 Financial items

	Group		Parent Company	
	2020-01-01	2019-01-01	2020-01-01	2019-01-01
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Financial income				
Exchange rate difference, net	1 592	–	1 471	–
Interest income	0	1	–	–
Total financial income	1 593	1	1 471	–
Financial expenses				
Exchange rate difference, loss	248	2 536	–	2 392
Interest expense	2 976	3 761	1 462	1 457
Unwind of discount, other liabilities (note 17)	557	1 627	–	–
Total financial expenses	3 782	7 924	1 462	3 849
Profit (loss) from financial items	-2 189	-7 923	9	-3 849

Note 9 Tax

	Group		Parent Company	
	2020-01-01	2019-01-01	2020-01-01	2019-01-01
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Current tax for the year	525	2 302	–	–
Deferred tax for temporary differences	1 005	683	–	–
Total tax on profit for the year	1 530	2 985	–	–

Differences between reported tax expense and calculated tax expense based on the applicable tax rate are as follows:

	Group		Parent Company	
	2020-01-01	2019-01-01	2020-01-01	2019-01-01
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Profit/loss before tax	2 516	-7 893	11 025	8 379
Income tax calculated at current tax rate*	-538	1 689	-2 359	-1 793
Non-taxable income	2 803	3 016	2 055	2 742
Non-deductible expenses	-1 154	-2 344	0	-86
Deductible expenses, not booked	807	2 164	–	–
Tax loss carry-forwards for which no deferred tax asset was recognised	-336	-946	–	-863
Utilisation of tax losses carry forwards not previously recognised	304	–	304	–
Foreign tax	-356	-595	–	–
Income tax	1 530	2 985	0	0

* For financial year 2020 and 2019 tax is calculated with tax rate for Sweden, 21.4%, difference from tax rate in UK is disclosed as *Foreign tax*.

Note 9 Tax, cont.

Deductible expenses not booked for both 2019 and 2020 refer to items linked to R&D ('*Research and development enhanced deduction*' and '*R&D tax credit*') and depreciation on investments made ('*Capital allowances in excess of depreciation*') that are deductible under British tax rules but are not booked in profit or loss. *R&D tax credit*, a total amount of kSEK 577 (2 633) is booked as a current tax asset as the amount is expected to be recovered from the tax authorities within one year. Non-taxable income refers to revaluation of earn out in *LeapThree*.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group's accumulated tax loss carry-forwards amount to:

Group	Parent Company			
	2020-01-01	2019-01-01	2020-01-01	2019-01-01
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
	6 845	7 560	780	1 084

There are no time limitations on loss carry-forwards in 2019 or 2020.

The tax effect of loss carry-forwards is only taken up insofar as there are convincing factors that indicate that they can be utilised in the near future. A history of losses is a factor against measuring the loss carry-forwards. In addition to this, loss carry-forwards were measured insofar as there are also deferred tax liabilities that can be set off against loss carry-forwards.

Group	2020-01-01	2019-01-01
	2020-12-31	2019-12-31
Deferred tax liabilities		
Customer contracts	1 450	1 810
Total deferred tax liabilities	1 450	1 810
Deferred tax assets		
Loss carry-forwards	5 756	5 680
Share option scheme	364	387
Other	-12	-224
Total deferred tax assets	6 108	5 843
Deferred tax, net	4 659	4 033

Note 9 Tax, cont.

Deferred taxes are allocated as follows:

	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Group		
Deferred tax liabilities		
- Deferred tax liabilities to be used after more than 12 months	1 261	1 601
- Deferred tax liabilities to be used within 12 months	189	209
Total deferred tax liabilities	1 450	1 810
Deferred tax assets		
- deferred tax assets expected to be utilised after more than 12 months	6 108	5 843
- deferred tax assets expected to be utilised within 12 months	—	—
Total deferred tax assets	6 108	5 843
Net deferred tax	4 659	4 033

Change in net deferred tax:

	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Group		
At the beginning of the year	4 033	3 038
Recognised in profit or loss	1 060	683
Exchange-rate differences	-434	311
At year-end	4 659	4 033

Note 10 Intangible assets

Goodwill

	Group	
	2020-12-31	2019-12-31
Opening acquisition cost	42 738	39 201
Exchange-rate differences	-3 970	3 538
Closing accumulated acquisition cost	38 769	42 738
Opening impairment losses	-581	-531
Exchange differences	57	-50
Impairment losses/reversals for the year	—	—
Closing accumulated impairment losses	-524	-581
Closing book value	38 244	42 157

Significant assumptions were used for the value-in-use calculations:

2020-12-31

Growth rate 1)	2 %
Discount rate 2)	12,5 %

- 1) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
- 2) Discount rate after tax used in the present value calculation of estimated future cash flows.

The underlying assumptions were as follows:

1. Revenue increase year on year at 10% on average
2. Cost of sales in line with increase in revenue with margins of 60-64% which will be maintained in future years.
3. Operating expenses will increase by an average of 5% year on year.

Ayima annually tests whether there are any impairment requirements for goodwill, in accordance with the accounting policy described in Note 2.7 Impairment of non-financial assets.

Recoverable amount has been established through the calculation of value in use, which is based on discounted future cash flows. These calculations require the use of certain estimates. The discounted cash flows are based on the budget for 2021 and forecasts for 2022-2025. Beyond the forecast period, the starting point was a growth rate of 2 percent per year. No impairment requirement was identified.

Note 10 Intangible assets, cont.

Capitalised development expenditures

	Group	
	2020-12-31	2019-12-31
Opening cost	20 629	14 600
Capitalised assets for the year	2 071	4 684
Exchange-rate differences	-1 952	1 345
Closing accumulated cost	20 748	20 629
Amortisation for the year	-2 708	–
Exchange differences	135	–
Closing accumulated amortisation	-2 574	–
Opening impairment	–	–
Impairment charge for the year	-1 381	–
Exchange differences	69	–
Closing accumulated impairment	-1 312	–
Closing book value	16 862	20 629

Customer contracts

	Group	
	2020-12-31	2019-12-31
Opening cost	18 978	17 375
Exchange-rate differences	-1 799	1 603
Closing accumulated cost	17 179	18 978
Opening amortisation	-4 490	-2 105
Amortisation for the year	-2 085	-2 092
Exchange differences	531	-293
Closing accumulated amortisation	-6 044	-4 490
Closing book value	11 135	14 487

Other intangible assets

	Group	
	2020-12-31	2019-12-31
Opening cost	850	649
Purchases for the year	–	143
Exchange-rate differences	-79	59
Closing accumulated cost	770	850
Opening amortisation	-725	-578
Amortisation for the year	-34	-56
Exchange differences	69	-91
Closing accumulated amortisation	-690	-725
Closing book value	81	125

Note 11 Tangible assets

Equipment, tools, fixtures and fittings

	Group	
	2020-12-31	2019-12-31
Opening cost	8 415	7 541
Purchases	131	290
Sales and disposals	-764	-33
Exchange-rate differences	-836	618
Closing accumulated cost	6 946	8 415
Opening depreciation	-7 309	-5 848
Sales and disposals	687	32
Depreciation for the year	-568	-974
Exchange differences	759	-519
Closing accumulated depreciation	-6 431	-7 309
Closing book value	515	1 107

Cost of improvements on external properties

	Group	
	2020-12-31	2019-12-31
Opening cost	2 339	2 154
Sales and disposals	-1 642	–
Exchange-rate differences	-249	185
Closing accumulated cost	448	2 339
Opening depreciation	-1 062	-775
Sales and disposals	715	–
Depreciation for the year	-208	-216
Exchange differences	137	-71
Closing accumulated depreciation	-419	-1 062
Closing book value	29	1 276

Note 12 Financial assets

	Group	
	2020-12-31	2019-12-31
At the beginning of the year	0	2 837
Exchange-rate differences	–	125
Impairment charge for the year	–	-2 962
Closing book value	0	0

Purchases in 2016 relate to holdings of 15% in an unlisted e-commerce company, Tootsa MacGinty Limited, which is registered in Scotland. The holding is measured at fair value through profit or loss in accordance with IFRS 9. Due to the company's niche business, no market value has yet been able to be determined, which is why the holding is recognised at cost and annually tested for impairment until a market value has been able to be determined. During previous years impairment losses totalling kSEK 2 962 were recognised in respect of unlisted investments.

Note 13 Trade receivables

The fair value of the Group's trade receivables matches the carrying amount.

Group	2020-12-31	2019-12-31
Trade receivables	18 071	23 168
Less: Reserve for doubtful receivables	-480	-48
Trade receivables - net	17 590	23 120

Trade receivables per currency

Group	2020-12-31	2019-12-31
SEK	–	–
USD	11 613	10 834
EUR	–	91
GBP	5 648	10 844
Other currencies	329	1 351
	17 590	23 120

Note 14 Other receivables

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Tax account	–	568	–	568
Receivable from employees	949	548	–	–
Deposits	1 255	3 083	–	0
VAT receivable	101	29	101	17
Other receivables	1 137	563	48	–
Total other receivables	3 443	4 791	149	586

Note 15 Prepaid expenses and accrued income

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Prepaid rent	–	827	–	–
Prepaid insurance	–	10	–	10
Accrued income	508	349	–	–
Other	1 512	1 099	146	123
Total prepaid expenses and accrued income	2 020	2 285	146	133

Note 16 Share capital and other capital contributions

Specification of changes in equity can be found in the statement of changes in equity, which is immediately after the balance sheet.

Parent Company	Number of shares	Ordinary share capital	Other paid in capital	Total
At 1 January 2019	6 046 462	6 046 462	30 718 587	36 765 049
Offset issue	178 571	178 571	2 321 429	2 500 000
New share issue, net after issue expenses	835 306	835 306	8 684 065	9 519 371
At 31 december 2019	7 060 339	7 060 339	41 724 081	48 784 420
New share issue, net after issue expenses	333 333	333 333	1 993 244	2 326 577
At 31 december 2020	7 393 672	7 393 672	43 717 325	51 110 997

The shares have a quotient value of SEK 1 per share. 226 800 shares are Class A shares, which have a voting value of 10/1 compared with the 7 166 872 Class B shares. All shares registered at the closing date were fully paid-up.

Proposed appropriation of earnings at the 2020 AGM

The Board of Directors proposes that the unappropriated earnings as at 31 December 2020, SEK 60 068 947, be carried forward.

Note 17 Borrowings & Other long-term liabilities

Group	2020-12-31	2019-12-31
Non-current		
Borrowings, other	6 780	64
Liabilities for right-of-use assets	6 276	2 914
Other long term liabilities	–	16 824
	13 056	19 802
Current		
Borrowings, factoring	2 871	6 312
Borrowings, other	61	698
Other interest-bearing liabilities	5 889	7 296
Liabilities for right-of-use assets	2 281	4 778
	11 101	19 084
Total borrowings	24 157	38 885

The Group's long-term borrowings are comprised of government loan schemes in the UK and the US, repayable over 5-10 years and with an annual interest rate of 1% to 2.5%. Part of the loans can be forgiven if certain criteria are met. 100% of the US loan has been forgiven after the balance sheet date, refer to management report for additional information. Other long-term liabilities at the beginning of the year has been reclassified to Other interest-bearing liabilities, see below. Long term liabilities for right-of-use assets are repayable over 2-4 years.

The Group's short-term borrowings are comprised of factoring of trade receivables. The Group's other borrowings (kSEK 61) pertain to a loan from Funding Circle, to be repaid over four years and raised in January 2017.

Other interest-bearing liabilities amounting to MSEK 2.9 relates to earn-out in the acquisition of LeapThree. At acquisition date this is discounted, an unwind is booked annually at a discount rate of 12.5%. In 2020 the earn-out calculation was revised resulting in a decrease in the liability amounting to MSEK 12.9, charged against profit and loss for the Group. In the parent company, the earn-out is carried at cost. In 2020, MSEK 9.6 was charged against profit and loss in the Parent company, related to earn-out period 2019/2020 where no earn-out was paid.

Other interest-bearing liabilities amounting to MSEK 3.0 relates to short term liabilities from a small group of investors. Also refer to Note 3 for the description of contractual undiscounted cash flows.

The movements in the Group's borrowings for the year was as follows:

Group	2020-12-31	2019-12-31
Opening balance	38 885	49 296
Instalments	-10 978	-14 174
Change in invoice discounting	-2 993	-4 696
New loans for the year	7 083	6 000
Right-of-use assets, additions and disposals	8 337	12 601
Convertible loan	-3 000	-2 500
Acquired in business combinations	–	–
Unwind of discount, earn out	557	1 627
Revaluation earn out	-12 922	-14 094
Accrued interest	2 346	152
Exchange-rate differences	-3 160	4 673
Closing balance	24 157	38 885

Note 17 Borrowings and Other long-term liabilities, cont.

The Group's borrowings are distributed over the following currencies:

	2020-12-31	2019-12-31
SEK	3 021	7 296
GBP	21 136	31 589
	24 157	38 885

The loan from Funding Circle runs with a fixed interest of 7%. The short-term borrowings of MSEK 3.0 run with a fixed interest rate of 12%. The government loan schemes run with fixed interest rates of between 1% and 12%. The fair value of the Group's borrowings is deemed to essentially match the book value as the borrowings from factoring are current by nature, and the effect of applying the effective interest method for the loan from Funding Circle and the short-term borrowings is considered insignificant

Note 18 Other liabilities

	Group	
	2020-12-31	2019-12-31
VAT liabilities	5 098	1 133
Employee-related liabilities	1 546	1 252
Other	6 628	2 509
Total other liabilities	13 271	4 894

Note 19 Accrued expenses & Deferred income

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Accrued vacation pay	–	966	–	–
Social security expenses	–	569	–	–
Deferred income	2 434	1 197	–	–
Other	4 967	5 389	210	628
Total accrued expenses and deferred income	7 400	8 121	210	628

Note 20 Pledged assets and contingent liabilities

Neither in the Group nor the Parent Company were there any pledged assets and contingent liabilities as at 31 December 2020 or 31 December 2019.

Note 21 Right of use assets

	Group	
	2020-12-31	2019-12-31
Opening cost	13 762	–
Addition right of use assets	8 652	12 601
Sales and disposals	-10 309	–
Exchange-rate differences	-1 526	1 161
Closing accumulated cost	10 579	13 762
Opening amortisation	-6 401	–
Sales and disposals	7 868	–
Amortisation for the year	-5 065	-6 186
Exchange differences	941	-215
Closing accumulated amortisation	-2 657	-6 401
Closing book value	7 922	7 361

Interest expenses charged to the P&L amount to kSEK 961 (854). The Group's right of use assets relate entirely to rental of premises. Instalments for the year amount to MSEK 7.7 (6.5). Lease expenses recognised through profit and loss amount to kSEK 654 (289).

Note 22 Related-party transactions

Besides remuneration of the Board and management, the Group previously provided various services to *Gaming Realms PLC*, which is a shareholder in Ayima Group AB and was previously the owner of *Quickthink Media Limited*. All services provided to Gaming Realms took place at arm's length. The total value of transactions in 2020 for SEO, Paid Media, Content and Creative was SEK 0 (580 876).

An interest-free loan was made to *Tootsa MacGinty Limited* in an amount of MSEK 2.5. Ayima owns 15% of the company. The loan was written off as irrecoverable bad debt in 2019.

Note 23 Participations in Group companies

Parent company	2020-12-31	2019-12-31
Opening book value	7 134	5 822
Investments	217	1 312
Closing book value	7 351	7 134

Parent Company holds participations in the following subsidiaries:

Name	Corp. ID. No.	Domicile	% Equity and votes	Numbers of participations	Carrying amount 31 dec 2020
Ayima Holdings Limited	10353201	Essex	100%	10 404	6 249
Ayima Nordic AB	556876-7510	Stockholm	100%	1 000	1 102
					7 351

Ayima Holdings Limited is a holding company and Ayima Nordic AB is a trading company.

The Parent Company's subsidiaries hold shares in the following subsidiaries.

Name	Corp. ID.no	Domicile	% Equity and votes	Description
Ayima Limited	04886539	Essex	100%	Main trading company
Ayima Creative Limited	06680571	Essex	100%	Trading company
Ayima Inc	5153683-8300	Wilmington	100%	Trading company
Ayima Canada Inc	BC1047234	Vancouver	100%	Trading company
Rankers Limited	07096025	Essex	100%	Dormant company
Quickthink Media Limited	06703793	Essex	100%	Trading company
Bet Rank Limited	11431730	Essex	100%	Trading company
Leapthree Limited	10191467	Essex	100%	Trading company
AEP Convert Limited	06267919	Essex	100%	Dormant company
L3 Analytics Limited	07391913	Essex	100%	Dormant company
Ayima Asia	02802435	Hong Kong	100%	Trading company

Note 24 Subsequent events

The US subsidiary Ayima Incorporated received confirmation on 2021-02-09 that their application for forgiveness for the MSEK 3.4 PPP loan was approved. The amount of the forgiveness expected (3.6 MSEK) was previously recognised as Other Income in the Q3 2020 report. After discussion with the Group's auditors, this has been reversed and adjusted. Therefore the figures in the annual report do not include this amount. The full amount of the loan forgiveness will be reflected in Q1 2021 as a derecognition of the loan as liability extinguished, in line with financial reporting standards.

Signatures

The consolidated income statement and balance sheet will be submitted to the Annual General Meeting on May 13, 2021 for adoption.

Stockholm, March 25, 2020

Michael Nott
Chairman of the Board

Michael Jacobson
Board Member and CEO

Björn Mannerqvist
Board Member

Mark Segal
Board Member

Timothy Webb
Board Member

Our audit report was submitted on March 25, 2021

BDO Sweden AB

Niclas Nordström
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Ayima Group AB (publ)
Corporate identity number 559095-9291

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ayima Group AB (publ) for the year 2020.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Material uncertainty related to going concern

We draw attention to the information provided in note 4 in the financial statements, section "Going concern". It is there stated that there is an uncertainty regarding the expected cashflows, the terms of repayments of certain debt and the possible need of additional financing. These conditions, along with other matters mentioned, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ayima Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our

professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm 25 March 2021

BDO Sweden AB

Niclas Nordström

Authorized Public Accountant