2021

Annual Report and Consolidated Accounts of Extenda Retail Holding 1 AB, 559167-1507

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Directors’ Report

The Board of Directors and the CEO of Extenda Retail Holding 1 AB org. no. 559167-1507, with its registered office in Stockholm, hereby presents the annual report and consolidated accounts for the fiscal year 01-01-2021–12-31-2021. Figures in brackets refer to reference year 01-01-2020–12-31-2020, unless otherwise stated. Extenda Retail Holding 1 AB and its subsidiaries form the Extenda Retail Group, which is referred to as Extenda Retail below.

Information on Extenda Retail

Extenda Retail was formed as a result of Symphony Technology Group’s (STG) acquisition of the retail software business units of Visma and Extenda in September 2018 through Extenda Retail Holding 1 AB and through the subsidiaries Extenda Retail Holding 2 AB and Extenda Retail Holding 3 AB. STG is a well-established private equity firm based in Palo Alto, California. STG is particularly successful in investing in innovative market leaders in software, data and analytics, especially in relation to the retail sector.

Extenda Retail develops and delivers innovative software for the retail sector. We have customers in over 35 countries and a strong position as a leading retail software company in Europe. Our vision is for the Extenda Retail Group to be the winning choice for leading distribution and retail companies in Europe. Our focus is on large and medium-sized chains in our areas of expertise, which include grocery, pharmacy, fashion, convenience and specialty retail.

Extenda Retail offers a broad product portfolio of solutions that includes POS systems, self-service checkout, self-scanning, mobile checkout and other in-store offerings, inventory optimization/warehouse management systems, loyalty and personalization, back office and Retail ERP.

We are proud to digitize and transform the retail sector with our innovative solutions currently used by leading retailers in the Nordics and across Europe. We offer solutions that span the entire value chain from stores and headquarters to warehousing and logistics. The Extenda Retail Group works with and supplies some of the leading retail chains in the market to constantly embrace new technologies and stay at the forefront. The goal is to always improve efficiency and deliver a first-class customer experience to our customers and our customers’ customers.

Our mission is to be the leader in the retail software industry by delivering the most secure, convenient and innovative retail solutions in the cloud. Our solutions can be used completely independently of hardware, because our software is designed with an open architecture focusing on configurable, modular product solutions. Thanks to our standardized interfaces, system integrations are easy to perform, and we have an exceptionally short time-to-market.

Company History

Extenda's History

1982–1984 | Launched a first generation of solutions in the form of proprietary hardware and POS software.

1985–1994 | Developed two new generations of software and initiated a 10-year partnership with Nokia, ICL and Fujitsu.

1995-2013 | Launched a new generation of POS (Point-of-Sales) and back-office software. Launched Java-based POS and Central Office application for stores and retail chains. Deployment of a self-scanning solution for the world's largest personal shopper system. Independent player with strong market growth with leading Swedish retailers in food and specialty retail.

2013 | Partnership and global rollout with tier 1 fashion retailers.

2014–2016 | Chosen by global tier 1 grocer for its global omnichannel strategy, which has evolved into a full-scale rollout.

2017 | Launch of multiple features, including mobile POS, Cloud Central Office and continued delivery focus on mobility, cloud and data-driven functionality.

Visma Retail's History

1983–2006 | RBS AB, Vestfold Butikkdata AS and Client System AS founded the Group. The companies develop and deliver software such as StoreOffice, Super and CS for leading Nordic food and specialty retailers.

2006–2008 | Visma acquires all three companies, RBS AB, Vestfold Butikkdata AS and Client System AS, creates its Retail Division.

2008–2015 | Development of the first generation Retail Suite and Pharma Suite. Important deals in the pharma/medicinal market were signed in connection with the deregulation of the pharmacy market in Sweden. Visma Retail is rapidly taking its position as a leading provider of customized software for the pharma segment.

2015–2017 | Acquisition of Information Factory AB, with mobile handheld devices and price optimization. Acquisition of Wallmob A/S, a provider of mobile and multi/omnichannel retail solutions with mobile point-of-sale solutions for tablets and smartphones. Acquisition of Abalon AB, which offered CRM and loyalty solutions. Acquisition of Nyce Solutions AB, which offered a Warehouse Management System. These acquisitions represent a major strategic effort to increase the value proposition.

2016–2018 | International breakthrough businesses in the UK in the food segment. Entry into the convenience and fuel segment with a new Nordic chain.

Extenda Retail's History

2018 | September 2018 Visma Retail and Extenda AB merge to form Extenda Retail. The aim of the merger is to separate the software business from the hardware and become a pure software company.

2019 | The year 2019 was marked by the consolidation of the businesses into one company, with one culture, one unified team and one set of business systems, processes and working methods. This work took place in all areas of the business, including implementing restructuring and realizing synergies, simplifying the organization to clarify ownership and responsibility, consolidating legal entities and much more. In 2019, work also continued on becoming a pure software company by separating customer contracts, with Visma Exso / Esscom providing technical services and hardware components and Extenda Retail providing all software-related deliveries in the customer contracts.

2020 | In early 2020, the successful transition to an integrated, standalone, pure software company was completed. The company also completed the implementation of unified business systems and the separation of customer contracts. The Hii Retail platform, with cloud-native solutions, was launched. Furthermore, a new management team took over the work.

2021 | In 2021, the company launches the first eight Hii Retail products, led by Hii Checkout. Hii Checkout is a pure cloud-based/cloud-hybrid checkout platform designed for high-intensity digital and physical commerce. New functionality in Click & Collect and Scan & Go is launched to enable seamless experiences for consumers when checking out. The company's WMS product wins new successes and expands to the Benelux and UK markets, and WMS Workforce Planning is launched. ExtendaGO expands in Europe and launches partner programs in Benelux, Spain, Sweden, UK and Germany.

Market Position

Extenda Retail has a clear growth strategy with significant growth potential for existing and new customers both in our core market, the Nordic region, as well as in the rest of Europe and beyond. We currently operate 20 fiscal integrations in 35 countries as a result of serving our leading multinational brands that operate globally.

In the first stage of our strategic expansion beyond our existing core markets, we have identified target markets in Europe, where we are implementing targeted initiatives. We believe there is particularly strong potential in two countries outside our core markets: The Netherlands and the UK, where we now have a sales organization in place.

Extenda Retail now has several customers who have a POS solution from the former Extenda AB, where we now have the opportunity to offer additional products in the form of Retail ERP, Loyalty, Pharmacy Suite and WMS. We have also launched a catalog of service offerings that is an update and harmonization of what we previously offered from separate companies. With the combination of an expanded product range and a complete service offering, we are confident that we will be able to offer additional value to – and achieve growth with – our existing customers and attract new ones.

We face competition from ERP systems developing retail functionality and from providers of other POS solutions. The retail-specific functionality we have built into our solutions over the past 40 years, the ability of our solutions to handle high volumes, high complexity, our domain expertise as an advisor to retailers and the overall breadth of our capabilities make us a very valuable strategic partner for our customers.

Future Developments

The evolution and digitalization of retail continue apace, and what is known as unified commerce is something that today's consumers expect. Innovation in self-checkout, mobile solutions and more dynamic pricing, promotions and loyalty all serve to enhance and unify the customer experience across channels. Our solutions help our customers continue to make their physical stores more dynamic and technology-driven while offering consumers a truly personal experience. We are focused on continuing to develop the functionality of our products while making them easier to deploy and operate.

Not only do we want our customers to realize the value of solutions faster, we also want to make it easier for customers to quickly test new concepts to enable larger-scale rollout upon positive evaluation or to adjust and retest as needed. Like the online experience, the future of retail will evolve rapidly, and Extenda Retail helps enable that dynamic environment. The future of retail will increasingly include automation, artificial intelligence and access to the right data and analytical tools. Extenda Retail focuses on developments in these areas to make the latest technology available to our customers.

Research and Development

Research and development is an important and fundamental part of the business and accounts for 35% (29%) of the company's total workforce. In 2021, the company invested SEK 149,673 (145,635) thousand in research and development, of which SEK 33,821 (17,870) thousand has been capitalized as an asset in the balance sheet. Our development includes continuous maintenance, optimization, improvement and implementation of products, modules and processes. During the year, we strengthened our position with a UX Design Team, working with customers and our developers to build and improve the user experiences and systems of the future.

Significant Events during the Fiscal Year

In 2021, the management team remained virtually unchanged. Erik B:son Blomberg assumed the position of General Counsel, replacing Sara Hedblom, at the beginning of July 2021.

At the end of 2021, the management team consisted of:

Chief Executive Officer	Leendert Venema	VP Professional Services	David Permansson
Chief Financial Officer	Tony Falck	VP of Operations	Andreas Schäfers
Chief Revenue Officer	Mohit Paul	Director of HR	Lotta Oscarsson
Chief Product Officer	Thomas Staven	General Counsel	Erik B:son Blomberg
VP Client Services	Ann-Christine Hagberg	VP of Engineering	Shayne Clausson

The Covid pandemic continued to varying degrees throughout 2021. Extenda Retail has continued to benefit from having a large part of its customer base in segments such as grocery and pharmacy, which have been deemed by governments around the world as critical to society.

The company was affected by the coronavirus during the fiscal year in the following ways:

- The company had somewhat lower sales during the fiscal year, as customers were reluctant to make major investments. The extent of this is difficult to assess, but is estimated to be less than 5%.
- Extenda Retail has had fewer face-to-face meetings booked with customers, which has resulted in lower travel costs throughout the year.

During the year, the following investments were made:

- Continued to build out the framework for our new cloud-based solutions, including investments in a cloud-based POS solution and new analytical tools. This is the largest product development effort in 2021 and is forecast to continue at the same rate in 2022.
- The company has implemented a new organizational model in service delivery and support, where we now have a large part of customer support and maintenance of certain products as a managed service. This allows Extenda Retail to effectively scale and adapt to changing business needs. Ultimately, this investment will help Extenda Retail deliver greater value more efficiently to our customers and employees.
- To make significant progress in the maturity and capability of our core products, enabling significant improvement in promoting large customer installations.
- To further strengthen our nearshore and offshore capabilities to accelerate our ability to deliver innovation. We now have resources in Romania, Moldova, Ukraine and India.
- Successful upgrades of two major customers making their business more scalable.
- Continue to expand our business by hiring sales representatives to focus on the UK, German and Dutch markets.
- We are continuing our partnership with Google and are actively working on security and innovation of our platform.

In 2021, expansion in the UK continued, and we now have two employees and a consultant in Extenda Retail UK Ltd. Brexit has not had a significant impact on the subsidiary and its position.

On 2 July 2021, the Kaseya software was the object of a global ransomware incident. Kaseya is supplied by Visma Esscom, an Extenda Retail subcontractor for a few of Extenda Retail's customers. The exact scale of the incident is unknown, but at least 1,000 companies globally were affected. Extenda Retail, together with leading IT security experts, managed to resolve the situation and no ransom has been paid.

Extenda Retail's damages have not yet been determined, as discussions are ongoing with customers, subcontractors and insurance companies. In the income statement, approximately SEK 3,949 thousand of the 2021 costs are directly attributable to this incident. In addition, revenue has been lost, as staff has been largely involved in helping customers to re-commission their environments.

The company has taken the following measures to counter the impact of lower revenues due to the pandemic.

- Possibility to defer three months of VAT, withholding tax and social security contributions for two years. This was granted successively in 2021; the total outgoing deferred taxes are SEK 94,283 thousand. The first taxes are due in April 2022, and it is estimated that the company has sufficient liquidity for these payments. It is also proposed that an installment plan may be decided by the Swedish Tax Agency in the first quarter of 2022.

Investments

Extenda Retail acquired the last shares in Nyce Solutions AB in accordance with the agreement. The purchase price was SEK 11,751 thousand, and Extenda Retail owns 100% as of the end of December 2021. Nyce Solution AB is 100% consolidated in the accounts for 2020 and 2021.

Financing

The Group initially raised SEK 119,704 thousand and NOK 141,500 thousand in external financing in 2018. Amortization of SEK 5,000 thousand was made in 2019. The loans have an interest rate of 8.50% +/- STIBOR / NIBOR plus 2%. In 2021, no repayment was made, and the loans are due on 28 September 2024. A liquidity facility of USD 5,000 thousand was drawn in the fourth quarter of 2019, with an interest rate of 6.50% +/- LIBOR. In December 2020, the liquidity facility was converted into a long-term loan maturing on 28 September 2024.

Interest expenses on external bank loans amounted to SEK -30,775 (-33,495) thousand for the period.

Major Contracts and Orders during the Fiscal Year

Extenda Retail continued with its strategy to develop and launch the new cloud-based platform Hii Retail Checkout. This is as a result of increasing momentum from retailers in 2021 to accelerate the digital, omnichannel shopping experience for consumers. Several tier-1 customers are contracted to begin phased migrations in all sectors, with major contracts in both food and non-food sectors. Extenda Retail's Hii Retail platform was also selected by one of Europe's leading sportswear and equipment retailers to support their geographic expansion across both traditional retail and e-commerce channels.

The strategy to expand across Europe also gained momentum in all business areas, with significant investment in resources in Benelux, the UK and Iberia. Twelve new resellers were contracted to accelerate profits in the small and medium-sized retail, hospitality and leisure sectors.

Volumes continued to grow in the physical logistics supply chain, driven by increased consumer demand due to the Covid pandemic. This resulted in a significant increase in our Warehouse Management (WMS) business, which delivered the highest revenues in its history.

Our existing retail and third-party logistics customers reduced their risk in existing solutions by investing in application management services from Extenda Retail.

We also see a trend among our customers to increasingly contract agile teams over a longer period of time as opposed to more traditional project types such as fixed price projects and running accounts. Agile teams are reported under software revenue, and the shift and the addition of new business have resulted in an increase in our recurring revenue and a slight decrease in our service revenue.

Extenda Retail ended the year well-positioned for continued growth, both through recurring software revenue and through services. Our pipeline is strong from both existing customers and potential new business opportunities. We have also received indications that deferred investments during the Covid pandemic will take place in the coming quarters.

Employees and Organization

The average number of own employees during the year was 275, compared to 338 the previous year. The number of team members (employees including nearshore staff, partners and external consultants) at the end of the year was 548 (508). A significant part of the reduction of our own staff and the increase in team members of our partners contributes to a more scalable organization, where we have a wider range of people with the right background and skills. The future of retail applications is cloud-based, easy to deploy, evergreen and customer experience-centric applications. We are in an ongoing technology shift from legacy monolithic solutions to open API and microservices mobile-first application platforms with our Hii Retail products. A lot of work and focus has gone into building a world-class team, with an ecosystem of global partners around product and service to make this shift happen.

The company has invested heavily in enhancing the development of our new solutions and strengthening our culture and way of working to support our journey to become an even stronger software partner, helping to make innovation simple to help retail and 3PLs attract, delight and retain customers.

The commitment, knowledge and experience of our employees are key success factors for our customer relationships, our software solutions and our future development and success. We have continued to focus on leadership and strategic programs, people development, processes and practices that support work related to the company's goals, mission and strategies to make Extenda Retail a modern and desirable place to work.

Our culture, brand and knowledge-sharing have strengthened our employer brand, and we were recognized for the third consecutive year as one of the top 100 employers to work for in Sweden. While there is more to do, we are continually improving and are proud of our team and our progress, serving our customers while doing meaningful work in a spirit of trust.

Summary of financial information - group

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31	2019* Jan 1 - Dec 31	2018* Sep 28 - Dec 31
Net revenue	604,424	614,295	954,551	293,807
Operating earnings	(8,898)	(44,324)	(307,046)	(59,025)
Operating margin, %	-1%	-7%	-32%	-20%
EBITDA	121,902	79,035	(139,935)	(31,845)
Items affecting comparability	(21,024)	(8,544)	132,300	-
Adj. EBITDA	100,878	70,491	(7,635)	(31,845)
Adj. EBITDA margin, %	17%	11%	-1%	-11%
Net financial items	(60,348)	(35,302)	(33,270)	369
Earnings for the period	(61,222)	(3,788)	(338,578)	(48,697)
Profit margin, %	-10%	-1%	-35%	-17%
Total assets	1,161,549	1,127,921	1,177,089	1,412,109
Cash and cash equivalents	148,024	49,407	42,487	127,152
Interest-bearing liabilities	306,018	289,668	305,530	258,086
Equity	385,910	419,791	353,886	699,541
Net debt	151,525	231,827	262,881	125,321
Equity/assets ratio, %	33%	37%	23%	49%

** 2018 and 2019 are not IFRS-adjusted. 2019 income and expenditure includes a large amount of income and expenditure to be phased out. Revenue to be phased out in 2019 amounted to SEK 242,200 thousand.*

Financial Performance

Net Sales

Net sales for the fiscal year amounted to SEK 604,424 (614,295) thousand.

The future development of the Group's net sales looks positive, and expectations for growth in comparable areas are strong.

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Software revenue	427,063	395,115
Professional Services	136,127	148,014
Other income	7,563	7,775
Total above	**570,753**	**550,904**
Hosting and infrastructure	17,690	38,441
Hardware and technical service	15,981	24,950
Total Net revenue	**604,424**	**614,295**

**Revenue that will be phased out over time*

Approximately 24% of the company's revenues are generated in the Norwegian company Extenda Retail AS. The weakening of the Swedish krona against the Norwegian krone has had a negative impact on the Group's revenue. 2020 income converted to the 2021 rate would have been SEK 4,472 thousand higher.

Software revenues, which are our recurring subscription revenues and are the main benchmark, increased during the year, both in total and as a percentage of revenues. Recurring revenues are expected to grow significantly in the coming years and represent approximately 71% (64%) of the total in 2021. The market for retail software is expected to grow at a double-digit rate over the next five years, according to a reputable technology research firm. The company is focused on growing its recurring revenue base while continuing to improve efficiency and scalability to drive improved margins.

The company's service revenue decreased during the year by approximately SEK 11,887 thousand, or about 1%. The decrease is due to our customers increasingly buying agile teams over a longer period of time, which are then recognized under software revenue, but also to the shift towards becoming a more pure software company.

Total net revenue decreased due to the planned strategic transition toward being a pure software company, which meant that sales of non-software supplies, including technical services and hardware, decreased, as these supplies are phased out and will be continued by Visma outside Extenda Retail.

Adjusted EBITDA

Adjusted EBITDA is the performance measure used by the Group.

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
EBITDA	121,902	79,035
Add back items affecting comparability*	(21,024)	(8,544)
Adjusted EBITDA	**100,878**	**70,491**

**See Note G32, Items affecting comparability, for details*

EBITDA

EBITDA, including items affecting comparability for the period, amounted to SEK 121,902 (79,035) thousand.

Operating Result

Operating profit for the fiscal year amounted to SEK -8,898 (-44,324) thousand, including items affecting comparability of SEK -21,024 (-8,544) thousand and depreciation of SEK -130,800 (-123,359) thousand. The increase in depreciation is mainly due to higher investments in proprietary software.

Net Profit For the Period

Profit after tax for the period amounted to SEK -61,222 (-3,788) thousand, which includes a net financial expense of SEK -60,348 (-35,302) thousand. The lower net financial income is due to foreign exchange losses in 2021 while we had foreign exchange gains in 2020.

Financial Position

Investments in Intangible Assets

Investments in intangible assets consist of capitalized development for internally developed software and development of new business systems. Investments in capitalized expenditure during the period amounted to SEK 33,821 (17,870) thousand and consist mainly of our investment in cloud-based products, Hii Retail and investments in our IT platform.

Investments in Tangible Fixed Assets

Investments in tangible fixed assets during the period amounted to SEK 473 (14,035) thousand and consisted mainly of IT equipment and renovations in other property, in 2020 the move to the new office in Solna, and the purchase of IT equipment and furniture for the new office in Solna in the amount of SEK 13,300 thousand.

Equity

Equity at the end of the period amounted to SEK 385,910 (419,791) thousand. During the year, STG made a shareholder contribution of SEK 25,000 (99,998) and a dividend of SEK -2,490 (0) was paid.

Equity Ratio

The equity ratio at the end of the year was 33% (37%).

Cash and Cash Equivalents

Cash and cash equivalents at the end of the year amounted to SEK 148,024 (49,407) thousand.

Significant Events after the Fiscal Year

In April 2022, the Group acquired, the Dutch company Re-vision Holding BV through Extenda Retail AB. The purchase price amounted to EUR 23 million, and the company, including its subsidiaries, has annual revenue of approximately EUR 6 million. The acquisition is part of the company's strategy and provides opportunities for new business as we gain an expanded product offering and a larger customer base in countries where we have limited sales today.

In conjunction with the acquisition, the Group has put in place a new financing arrangement. The new financing consists of a corporate bond of SEK 550,000 thousand and a revolving credit facility of SEK 75,000 thousand. As a result, the Group has settled all bank loans with Barings.

Russia's invasion of Ukraine has had some impact on the Group since February 2022. We have a number of highly valued employees through our partners and through our subsidiary who are affected to varying degrees by the war. The Group has no customers in Russia or Ukraine.

The Swedish Tax Agency has decided and approved the possibility of repayment over a three-year period for the taxes and fees the company had the opportunity to defer payment for, as a result of the corona pandemic.

Significant Risks and Uncertainties

Market and Technological Development

Macroeconomic and cyclical developments, as well as trends affecting specific customer segments, influence the Extenda Retail market. The financial climate influences demand from individuals and businesses and changes customers' buying patterns, which in turn influences investment plans and strategic initiatives.

Global change in retail continues, with digitalization and new ways of delivering customer service, creating powerful forces of change that affect the entire retail industry, including our customers.

The changes brought about by digitalization, increased demand for customization, dynamic pricing, AI and mobile-first strategies require continued investment in development, to ensure Extenda Retail can remain at the forefront in the development of next-generation retail solutions.

This rapid industry change can lead to longer sales cycles because customers need to make strategic choices that have long-term implications for their businesses. Nevertheless, we believe that these developments offer us a strong and growing potential for new and additional sales of our market-leading offerings.

Operational Risk

A prerequisite for both additional sales and maintaining our long-term customer relationships is the delivery of successful customer projects. It is of utmost importance that we continue to put the customer at the center of everything we do, as quality problems in customer projects or not meeting customer expectations can lead to long-term damage to our good reputation in the market.

Sustainability Report

This is the Extenda Retail Group's ("Extenda Retail") Sustainability Report for the fiscal year 2021 whose purpose is to provide an overview of our sustainability work. The report contains non-financial information, such as environmental and social aspects of the business, as well as corporate governance and other sustainability-related information. The report has been prepared in accordance with the Sustainability Reporting Guidelines and covers the elements of Chapter 6, Section 12 of the Swedish Annual Accounts Act (1995:1554) (ÅRL).

This report relates to the Extenda Retail Group and includes all subsidiaries. Recently acquired companies or mergers will be fully integrated into the Group by the end of the fiscal year. The Group has chosen not to report in accordance with the GRI Standards or other equivalent standards.

Position and Priorities

Extenda Retail recognizes the scientific evidence that human activity is accelerating climate change. Exceeding the planet's limits poses great risks to our future. To contribute to the global agenda, Extenda Retail will therefore make commercial efforts to steer its operations in line with the UN Sustainable Development Goals.

In this context, Extenda Retail defines sustainability as: commitment to cybersecurity, environment, social conditions, employees, human rights and anti-corruption. For Extenda Retail, sustainability means striving to make a positive contribution to society and minimizing possible negative impacts from activities related to the Group's operations.

Extenda Retail's priorities are linked to risk management and future business opportunities. Risks that the Group considers to be of material significance are described in the section covering Extenda Retail's statement of risks in Note G29, Financial Risk Management and Financial Instruments. Specific risks related to sustainability are described and commented on below.

Business Model

Extenda Retail's business model is described above on pages 3–9.

Our Values

Extensive work was done in 2021 to update our business values. The work was done in small focus groups with selected internal ambassadors from the different departments in the company. The "Trust, Innovate, Care" proposal was approved by Extenda Retail's management.

How we as a company and our employees behave should be characterized by our values: "Trust, Innovate, Care". Our operations will be characterized by high ethical standards, where every transaction, relationship and activity will be tested against our ethical standards and approaches.

It is important that risks and other irregularities in our operations are detected and addressed promptly. Therefore, as part of Extenda Retail's Corporate Compliance Framework, and in line with the Code of Conduct, Extenda Retail has implemented a whistleblower system, so that our employees and other stakeholders outside our business can openly or anonymously report potential or actual wrongdoing that is not in line with our values, internal rules or ethical standards. No incidents have been reported in the past year.

Significant Sustainability Risks

Extenda Retail's sustainability and risk strategy aims to protect the company against internal and external risks, by identifying, analyzing and managing such risks. It is essential that Extenda Retail complies with the rules and laws that exist, in order to maintain its position as a credible and trustworthy actor in society.

Extenda Retail's management team continuously monitors and evaluates all identified risks related to the company's operations. The Board of Directors approves changes to Extenda Retail's policies after annual review, and the company's Chief Financial Officer is responsible for environmental, labor and human rights issues and also leads compliance work as the Chief Compliance Officer. Risks related to regulatory compliance are described and managed through Extenda Retail's Corporate Compliance Framework.

During the past fiscal year, Extenda Retail has carried out a comprehensive update of our Corporate Compliance Framework. In 2021, the Board approved nine new or updated policies, which have since been implemented in the organization. The Group's Chief Executive Officer has also approved 15 procedures that clarify specific action plans for our employees when implementing a policy.

To educate and minimize risk, a mandatory e-learning course on the company's Corporate Compliance Framework has been held. Over the course of the year, 75% of our employees completed the course. The aim is for all current and future employees to complete the course.

We continue to work closely with our customers to support them and have initiated sustainability dialogues to address specific sustainability risks related to the following areas: IT security, the climate, consumption and resource use, working conditions, gender equality and corruption.

Extenda Retail's Business Continuity Policy ("BCP") outlines our strategy for business continuity in the event of an incident; for ensuring the safety of all employees, customers, suppliers and partners, and continuing business-critical functions, production and delivery of products and services.

Extenda Retail's work against specific sustainability risks regarding important aspects related to IT security, environment, employees, social issues, human rights and corruption is described below, as well as the results achieved.

IT Security

In 2021, we and our customers observed a significant increase in activity in the external threat landscape. Several of our customers were attacked, mainly through denial-of-service attacks, but some were also targeted by ransomware resulting in data loss. Security is of paramount importance to Extenda Retail, and in response to the events of 2021, we are increasing our investments in the security domain in 2022. Compliance with our ISO 27000-based ISMS – Information Security Management System – continues to be a top priority, alongside implementing additional measures to ensure our cybersecurity is of the highest standard.

Our security efforts are gaining momentum as we continue to roll out additional cloud-based SaaS applications to our customers. We continue to work closely with our customers to support them in achieving the desired levels of security and to ensure they can meet regulatory requirements, such as GDPR and NIS/NIS 2.

Seventy-six percent of our employees have completed online information security training in 2021.

Over time, climate change may lead to changes and instability in the retail market, which may indirectly affect Extenda Retail's long-term development opportunities and increase the number of market regulations, as well as change customer behavior. By working proactively on environmental and climate-related issues, Extenda Retail can instead strengthen its position in the market, in terms of competitiveness and brand awareness. As some of Extenda Retail's offices are located in Nordic cities, pollution can affect employees' health in the long term. Furthermore, an equal society that protects human rights and is free from corruption is crucial for sustainable long-term growth, as is a stable world economy.

Environment

The company constantly strives to reduce its environmental impact and business decisions must be made with the environment in mind. This also extends to the company's procurements; when it comes to comparable options, the most environmentally friendly supplier will always be chosen. Environmental responsibility is an integral aspect of Extenda Retail's organization, and all employees must actively strive to contribute to a better environment. Extenda Retail's Chief Executive Officer is ultimately responsible for the company's environmental issues and policies.

Extenda Retail's main impact on the environment is through emissions from business travel and energy consumption.

Another focus area is to create an overall sustainable consumption and general use of resources, while minimizing office waste. Extenda Retail has developed guidelines for its global environmental agenda that focus on these two areas. Specific risks identified relate to lack of team awareness and failure to implement a waste management and recycling system. Extenda Retail has implemented environmental awareness campaigns and additional internal measures. Moreover, Group-wide guidelines have been established to limit the use of plastics, and waste management has been implemented.

In terms of energy consumption, Extenda Retail continuously strives to reduce its consumption by, for example, installing more energy-efficient lighting and automatically switching off technical equipment when it is not in use in the office. The company has invested in electronic equipment for virtual meetings, with the ambition to reduce business travel. This, combined with the Corona pandemic in 2020 and 2021, has resulted in a significant reduction in travel costs per employee. Extenda Retail has also developed travel guidelines aimed at limiting travel and encouraging videoconferencing.

Extenda Retail has a centrally located office with good transportation connections, which means that most of the company's customers can easily get to the office and employees can commute by public transport. In addition, the company offers a Smart-Work Procedure which means that employees will continue to have the possibility to work from home during parts of the week. The company provides a limited number of company cars.

As Extenda Retail's operations are based on standardized software with digital production and electronic distribution, paper consumption is minimal. The company is constantly striving to reduce its paper printing and thus reduce its impact on the environment. In recent years, the company has implemented double-sided printing and such measures have resulted in a significant reduction in the cost of printing paper. A waste recycling station is located in each office.

In 2021, Extenda Retail has begun the process of calculating our total carbon emissions according to the Greenhouse Protocol. The aim is to identify further areas of improvement that can reduce energy use, greenhouse gas emissions, business travel and office waste, and set KPIs and targets for the future.

Social conditions

Extenda Retail has adopted a CSR policy that forms the basis for the Group's management of social issues. Extenda Retail strives to comply with international directives, laws and regulations, as well as to practice sound and fair business practices and to earn the trust of its stakeholders, including customers, employees, business partners and the community. In addition, Extenda Retail must maintain good relations with the authorities and the judiciary, be politically neutral, comply with the law and not engage in business with individuals or groups that threaten social order or security.

Extenda Retail does not donate or contribute strategically to any charity. Decisions on these matters are made by the Board of Directors, which may, however, give the company's management a mandate to make donations to charity. Local offices can also support various small-scale social initiatives and organizations.

Employees

Being an attractive employer is an important objective and a prerequisite for achieving Extenda Retail's long-term goals. Extenda Retail has adopted a health and safety policy that forms the basis of the systematic health and safety agenda and is an integral part of Extenda Retail's business operations. The company strives to have a healthy working environment that promotes collaboration and diversity. The systematic work environment agenda should be an integral part of managers' daily tasks.

Extenda Retail's operations primarily involve office work where the potential risks are mainly related to repetitive strain injury and psychosocial risk factors.

To counteract and prevent injuries, the company makes ergonomic modifications, provides wellness benefits to all employees and encourages everyone to exercise and move. Employees can also proactively use their compulsory health insurance for health-related consultations. The Extenda Retail Group has an average sick leave rate of 2.67% of regular working hours. A reduction in reported sickness absence of 0.4% from 2020 to 2021.

Extenda Retail has adopted a Code of Ethics that describes the company's values on diversity and equality. Extenda Retail documents its anti-discrimination policy in its Equal Opportunities Plan and strives to be an equal opportunity employer and a discrimination-free workplace with equal opportunities for all. Extenda Retail's HR department regularly reviews the conditions between men and women, and salaries are determined based on education level, experience and performance. Prior to each pay review, a survey is conducted to address the gender pay gap and as a benchmark for pay for similar roles in the market.

Extenda Retail employs approximately 239 people, of whom 31% are women and 69% are men. This represents a change in gender distribution of four percentage points compared to 2020 (320 employees, 27% women). The average percentage for the sector is 71% men and 29% women. Extenda Retail strives for gender equality, our goal is to reach 35% women by the end of 2025 for our own employees. For our partners, the gender balance is 35% women and 65% men, and for our nearshore consultants, the gender balance is 20% women and 80% men.

Extenda Retail has noted the difficulties in attracting female employees to the company. As mentioned earlier, Extenda Retail encourages women to apply for vacancies and has adopted a gender equality and diversity policy to further improve gender balance. Extenda Retail is also investing heavily in increasing the proportion of women in a new leadership program and other strategic projects.

Extenda Retail strives to be an attractive workplace that promotes the development and the potential of all employees, and therefore employee engagement surveys are conducted regularly. The response rate has been good: 73% of employees have participated in the pulse surveys.

To facilitate employees' work-life balance, Extenda Retail offers employees the opportunity to work part-time from home under the Smart Work policy. All employees are offered ongoing training in their professional roles each year and the company regularly organizes team-building activities to strengthen employee relations within and between offices.

Human rights

Extenda Retail has adopted a CSR policy that forms the basis for the Group's approach to human rights, which also includes ethical aspects. An awareness training program, together with the company's revised Corporate Compliance Program, were adopted in 2021.

Extenda Retail respects the UN Universal Declaration of Human Rights. The company takes responsibility for ensuring that employees are not deprived of their human rights or subjected to psychological or physical harm in work-related situations. The company respects the fundamental rights and freedoms set out in the Declaration and conducts itself within the framework of local and international laws, rules and regulations.

Extenda Retail values and respects different cultural backgrounds and traditions and does not tolerate discrimination based on age, gender, ethnic background, religion, sexual preference, marital status, social origin, political beliefs or disability.

All employees are required to understand and comply with the company's Code of Ethics. Managers must ensure that their subordinates understand and comply with the provisions of the Code of Ethics and that those who violate the Code may be subject to disciplinary action. The majority of the company's employees will be trained on the CSR policy and the Code of Ethics. The aim is for 100% of employees to have completed the training, which is possible through recurrent training and common platforms for the whole Group.

Anti-corruption

Extenda Retail has adopted an anti-corruption policy and Code of Conduct that forms the basis of the Group's anti-corruption work. These policies take into account trade sanctions and embargoes to promote foreign policy, national security and human rights. If local laws or regulations have more stringent requirements, they supersede the above-mentioned policies. In order to prevent corruption, cash management has been centralized in Sweden.

Much of the invoicing and payment process also takes place from Sweden and Norway.

In addition, all employees must comply with Extenda Retail's internal guidelines on business gifts and independence. This means that if an employee wishes to give or receive goods of a value exceeding a predetermined amount, written approval from the Chief Compliance Officer is required. In accordance with these policies, Extenda Retail has had cases where it has refrained from entering into collaborations with business partners.

Other

Extenda Retail conducts an annual review of its sustainability agenda and also reports data and conducts a CSR assessment, which is provided by an independent third-party provider.

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Consolidated statement of profit and loss and other comprehensive income

SEK thousands	Note	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Net revenue	G3	604,424	614,295
Other operating income	G4	56,120	77,855
Total revenue		**660,544**	**692,150**
Direct cost	G5	(193,852)	(262,330)
Other external costs	G6, G7	(134,187)	(161,283)
Personnel costs	G8	(219,412)	(189,126)
Capitalized work for own account	G9	10,697	3,304
Amortizations, depreciations and writedowns	G10	(130,800)	(123,359)
Other operating expenses	G11	(1,888)	(3,680)
Total cost		**(669,442)**	**(736,474)**
Operating earnings		**(8,898)**	**(44,324)**
Financial income	G12	547	17,594
Financial costs	G13	(60,895)	(52,897)
Earnings before tax		**(69,246)**	**(79,627)**
Income tax	G14	8,024	75,839
Earnings for the period		**(61,222)**	**(3,788)**
Other comprehensive income			
Items that can be reclassified to profit or loss			
Other comprehensive income	G15	4 831	(3,998)
Total other comprehensive income		**4 831**	**(3,998)**
Total comprehensive income for the year		**(56,391)**	**(7,786)**
Earnings for the period attributable to:			
Parent Company shareholders		(61,222)	(3,998)
Total comprehensive income attributable to:			
Parent Company shareholders		(56,391)	(7,786)

Report on the financial position of the Group

SEK thousands	Note	2021 Dec 31	2020 Dec 31	2020 Jan 1
Long-term assets				
Intangible assets	G16, G17	778,094	851,274	941,937
Tangible assets	G16, G18	13,790	17,512	6,499
Rights of use assets	G7	73,320	83,519	96,511
Deferred tax assets	G14	6,187	-	-
Other non-current receivables	G19	980	981	1,377
Total long-term assets		**872,371**	**953,286**	**1,046,324**
Short-term assets				
Inventories		(0)	262	375
Accounts receivable	G20	102,824	93,585	142,921
Current tax assets	G14	6,845	8,434	162
Contract assets	G3	14,310	6,486	9,096
Other current assets	G21	17,175	16,461	32,110
Cash and cash equivalents	G23	148,024	49,407	42,487
Total long-term assets		**289,178**	**174,635**	**227,151**
Total assets		**1,161,549**	**1,127,921**	**1,273,475**
Equity				
Share capital		50	50	50
Other paid-in capital		868,441	845,931	745,933
Retained earnings including earnings for the period		(482,582)	(426,190)	(399,699)
Total equity attributable to owners of the parent		385,910	419,791	346,284
Non-controlling interests		-	-	5,568
Total equity	G24	**385,910**	**419,791**	**351,852**
Long-term liabilities				
Provisions	G25	71,348	68,796	154,249
Interest-bearing liabilities	G26, G29	306,018	289,668	305,530
Operating lease obligations non-current	G7, G26	68,119	75,586	87,212
Deferred tax liabilities	G14	-	2,214	80,560
Total long-term liabilities		**445,484**	**436,264**	**627,551**
Short-term liabilities				
Accounts payable	G27	60,061	52,713	109,270
Current tax liabilities	G14	-	631	8,622
Operating lease obligations current	G7, G26	11,829	11,626	9,299
Contract liabilities	G3	76,616	62,523	23,932
Other current liabilities	G27	181,649	144,373	142,949
Total short-term liabilities		**330,155**	**271,866**	**294,072**
Total equity and liabilities		**1,161,549**	**1,127,921**	**1,273,475**

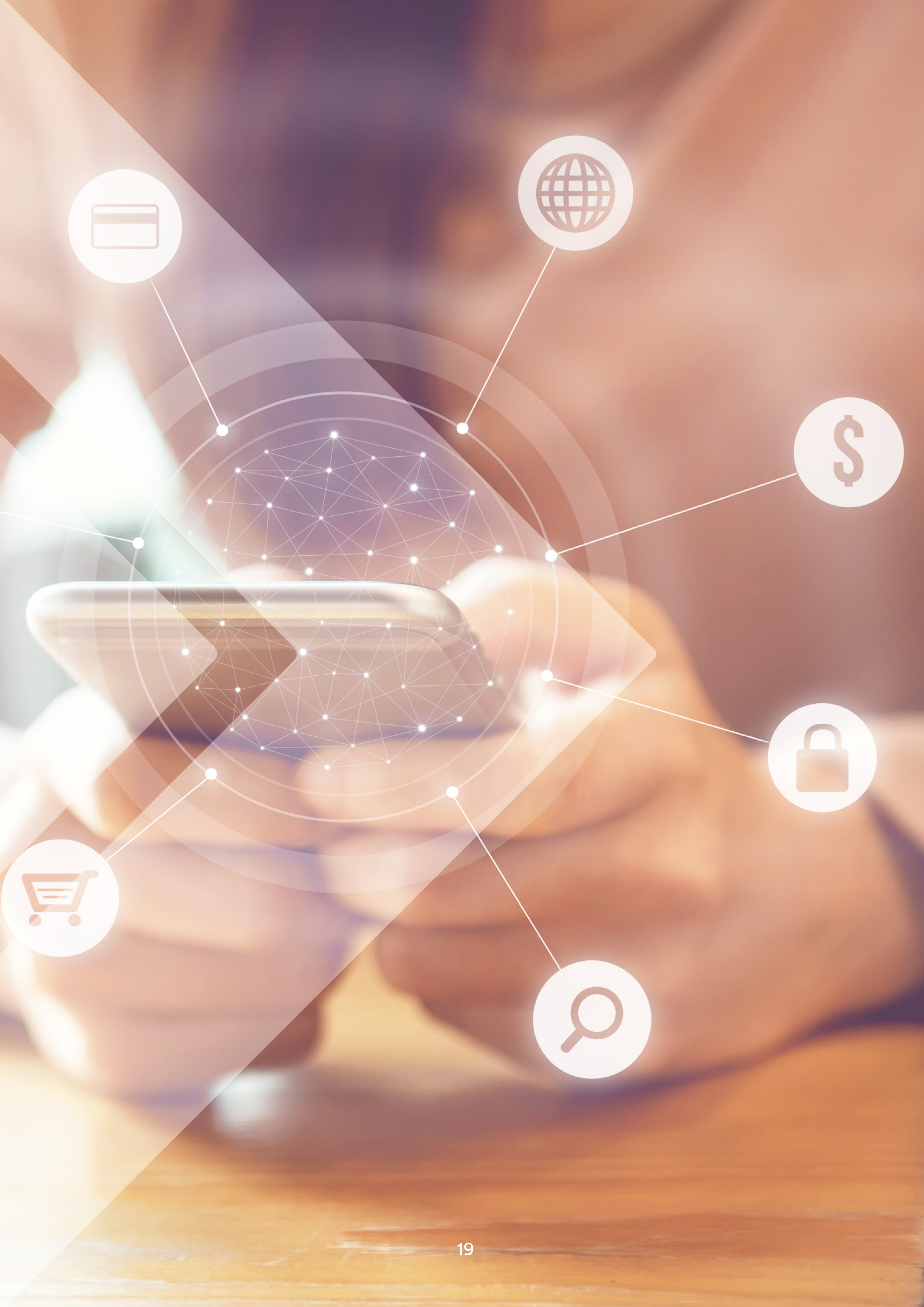
Consolidated statement of changes in equity

Equity attributable to the Parent Company's shareholders

SEK thousands	Share capital	Other capital contributed	Retained earnings including earnings for the period	Reserves*	Total	Non controlling interest	Total equity
Opening balance at January 01, 2021	50	845,931	(421,989)	(4,201)	419,791	-	419,791
Changes in equity							
Earnings for the period	-	-	(61,222)	-	(61,222)	-	(61,222)
Other comprehensive income	-	-	-	4,831	4,831	-	4,831
Total comprehensive income	**0**	**0**	**(61,222)**	**4,831**	**(56,391)**	**-**	**(56,391)**
Transactions with owners							
Shareholder contributions							
received	-	25,000	-	-	25,000	-	25,000
Dividend	-	(2,490)	-	-	(2,490)	-	(2,490)
Total	**0**	**22,510**	**0**	**0**	**22,510**	**-**	**22,510**
Ending balance at December 31, 2021	**50**	**868,441**	**-483,211**	**630**	**385,910**	**-**	**385,910**
Opening balance at January 01, 2020	50	745,933	(399,496)	(203)	346,284	5,568	351,852
Changes in equity							
Earnings for the period	-	-	-3,788	-	(3,788)	-	(3,788)
Other comprehensive income	-	-	-	(3,998)	(3,998)	-	(3,998)
Total comprehensive income	**-**	**-**	**-3,788**	**(3,998)**	**(7,786)**	**-**	**(7,786)**
Transactions with owners							
Shareholder contributions							
received	-	99,998	-	-	99,998	-	99,998
Dividend	-	-	(18,705)	-	(18,705)	(5,568)	(24,273)
Total	**-**	**99,998**	**(18,705)**	**-**	**81,293**	**(5,568)**	**75,725**
Ending balance at December 31, 2021	**50**	**845,931**	**(421,989)**	**(4,201)**	**419,791**	**-**	**419,791**

Consolidated cash flow statement

SEK thousands	Note	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Operating earnings		(8,898)	(53,253)
Adjustment for non-cash items, etc.	G8	131,123	57,781
Interest received		547	272
Interest paid		(37,585)	(39,033)
Income tax paid		(298)	(2,507)
Cash flow from operations before to changes in working capital		**84,888**	**(36,740)**
Cash flow from changes to working capital			
Change in inventories		274	275
Change in current receivables		(17,142)	71,425
Change in current liabilities		64,410	(43,644)
Cash flow from current activities		**132,430**	**(8,684)**
Investing activities			
Acquisitions of subsidiaries	G28	(11,751)	(37,705)
Acquisitions of intangible assets	G17	(36,624)	(20,453)
Acquisitions of tangible assets	G18	(473)	(14,081)
Acquisitions of financial assets		1	396
Cash flow from investing activities		**(48,847)**	**(71,843)**
Financing activities			
Shareholder contributions received	G24	25,000	99,998
Paid dividend	G24	(2,409)	-
Lease liability payments	G7	(11,749)	(9,298)
Cash flow from financing activities		**10,842**	**90,700**
Cash and cash equivalents at start of period		**49,407**	**42,487**
Translation difference on cash and cash equivalents		4,192	(3,253)
Cash and cash equivalents at end of period		**148,024**	**49,407**



List of Notes

Group Notes

Note G1, Company Information

Extenda Retail Holding 1 AB and its subsidiaries are an innovative group that supplies software to the retail sector. For the composition of the Group and a description of what each company does, see Note P3 Investments in Group companies.

Extenda Retail Holding 1 AB, company registration number 559167-1507, is a limited liability company registered in Sweden and domiciled in Stockholm. The Group is headquartered in Stockholm and has offices in Oslo, Tönsberg, Gothenburg and a number of other locations in Sweden.

In this report, Extenda Retail Holding 1 AB is referred to either by its full name or as the Parent Company and the Extenda Retail Group is referred to as Extenda Retail or the Group.

All amounts are expressed in thousands of Swedish kronor, SEK, unless otherwise stated. Figures within ( ) refer to the previous fiscal year, which covers 12 months.

Overview of Activities

The Group provides two main areas of services, Software Revenue and Service Revenue. Our customers are from the following sectors: Food and Grocery, Fashion and Beauty, Logistics and Pharmacy. For further information, see Note G3, Net Revenue.

Management monitors the company on adjusted EBITDA less income and expenses to be phased out of the business. See more in the management report. Management has chosen not to divide the business into segments, but to track revenues broken down into software revenues and service revenues.

Software revenue

Software revenue is the collective name for the software systems described below.

Hii Retail Cloud Solutions

Together with Google Cloud Platform, this concept offers a complete development and deployment environment focused on retail. The Hii Retail Cloud Platform includes services for customers and stores, covering checkout, personalization, loyalty and more. Cloud technology enables customers to make their store a key asset, seamlessly merging technology to enable a wide range of shopping experiences. The solutions include our Hii Checkout, Scan & Go, Click & Collect, Attendant App, Item Recognition and Shopping List, all created with an open architecture and headless APIs, enabling super-fast implementation.

Customer Engagement

Customer Engagement includes products such as Relevate, which enables customers to build customer loyalty through personalization and data-driven insights; Retail Analytics, a business intelligence solution tailored to retailers; and Loyalty App, the company's app for improving communication and increasing customer satisfaction.

In-store & checkout

All our POS and cash solutions are flexible, interactive and with strong third-party integrations. We have a wide range of products including customizable POS software, mobile POS solutions, various self-service solutions and store management tools. In this way, the customer experience can be tailored to specific factors such as customer flow and staffing. Key features include country modules, cash register of your choice, extensive catalog of add-on components, easily scalable and customized functionality for fashion, grocery, specialty and pharmacy.

Warehouse Management

NYCE.LOGIC WMS provides a cloud-based, competitive warehouse management system focused on reducing complexity and costs while enabling scalability for both B2C and B2B companies. The company's WMS allows 3PLs, retailers and logistics providers to turn their warehouse into a competitive advantage. NYCE.LOGIC adds value to the customer's entire business, transforming warehouses into a high-performance distribution center at the heart of the supply chain, regardless of the customer's size.

ExtendaGO

ExtendaGO is the Group's solution for small and medium-sized customers. The software includes an omni-flexible in-store POS via tablet or mobile device, linked customer engagement, remote ordering and analytics capabilities. The solution provides customers with a market-leading POS and a unified commerce platform, allowing them to conduct transactions from a traditional POS, mobile device or tablet. All data is automatically transmitted with live updates to the customer's background software, where the customer can find detailed analysis, with intelligent suggestions and updates on proposed actions.

Retail Back Office

Extenda Retail Suite is powerful retail management software that includes enterprise resource planning (ERP) systems designed from the ground up, specifically for retail businesses. The Group's Retail ERP & Back Office can help customers improve, grow and scale quickly with unique and intelligent functionality.

Pharmacy

Our software solutions for pharmacies include: prescription management and dispensing module, e-verification built into the prescription management process, online sales of prescription medicines, proxy management, the pharma advise tool, reporting to authorities, purchasing tools for generic and parallel imported medicines and automatic substitution suggestions in the prescription module, high-cost protection and reimbursement calculations, as well as archiving and traceability in compliance with regulatory requirements.

Service revenue

Service revenues represent implementation projects for services of a one-off nature, which are sold separately and distinctly from the software. The Group may, to a lesser extent, perform the following two types of stand-alone services:

- Long-term consultancy services where an Extenda Retail employee is with the client for a longer period (more than one year)
- Short-term consultancy or training services.

Note G2, Accounting and valuation principles

Accounting policies and significant estimates and assumptions are presented in the introduction to each note. The principal accounting policies applied in preparing the consolidated financial statements are set in Note G2.

Basis for the Preparation of the Reports

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Commission for application in the EU. In addition, Recommendation RFR 1 – Supplementary Accounting Rules for Groups, issued by the Financial Reporting Council, has been applied. RFR 1 specifies the amendments to IFRS disclosure requirements required by the Swedish Annual Accounts Act (1995:1554).

This financial report is Extenda Retail's first report prepared in accordance with IFRS, and the transition date is January 1, 2020. Explanations of the transition from previous GAAP to IFRS and its impact on the Group's statement of comprehensive income and equity are set out in Note G34, Explanations of transition to IFRS.

As a consequence of the Group's approach, where there is a high degree of overlap between sales and support activities and sales and development activities, the results are reported in accordance with the principles for an income statement and statement of comprehensive income with categorization by cost type. The consolidated financial statements are based on historical cost except for any financial instruments that are measured at fair value through the statement of other comprehensive income. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. Those that are significant to the consolidated financial statements are set out below or in the notes to the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in the Group's financial statements, with the exceptions described in more detail. Furthermore, the Group's accounting policies have been consistently applied by the Group companies; in respect of associates, where necessary by adaptation to the Group's policies.

Functional and Reporting Currency

The functional currency is the currency of the primary economic environment in which the companies operate. The parent company's functional currency is Swedish kronor, which is also the reporting currency for the parent company and the Group. This means that the financial reports are presented in Swedish kronor. Unless otherwise stated, all amounts are rounded to the nearest thousand (SEK).

Conversion of Foreign Currency

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the date of the transaction. The functional currency is the currency of the primary economic environment in which the companies operate. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the balance sheet date. Exchange differences arising on translation are recognized in the income statement.

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the date of the transaction. The functional currency is the currency of the primary economic environment in which the companies operate. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the balance sheet date. Exchange differences arising on translation are recognized in the income statement.

Conversion by foreign group companies

The profit/loss and financial position of foreign operations with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each of the balance sheets are translated at the exchange rate prevailing at the balance sheet date;
- Income and expenses for each of the income statements are translated at the monthly average exchange rate (if the average rate is a reasonable approximation of the cumulative effect of the exchange rates prevailing at the date of the transaction, otherwise income and expenses are translated at the rate prevailing at the date of the transaction); and
- All exchange differences arising are recognized in other comprehensive income.

Goodwill and other fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and translated at the closing rate.

Principles of Consolidation and Business Acquisitions

Subsidiaries

Subsidiaries are companies in which Extenda Retail Holding 1 AB has a controlling interest. Control exists when the Group has influence over the investee, is exposed to or has the right to variable returns from its involvement and can use its influence over the investment to affect the returns. In assessing whether control exists, potential voting shares are taken into account, as well as whether de facto control exists.

Subsidiaries are accounted for using the purchase method. Under this approach, the acquisition of a subsidiary is considered a transaction, where the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis determines the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed and any non-controlling interests. Transaction costs incurred, other than those related to the issue of equity or debt instruments, are recognized directly in profit or loss. Minority interests are measured at fair value at the acquisition date. From the acquisition date, the consolidated financial statements include the acquiree's income and expenses, identifiable assets and liabilities and any goodwill or negative goodwill arising. Consolidated goodwill arises when the cost of acquiring an interest in a subsidiary exceeds the acquisition-determined value of the net identifiable assets of the acquiree. Goodwill is carried at fair value and is tested for impairment annually and whenever there is an indication that it may be impaired.

In business combinations where the consideration transferred, any non-controlling interest and the fair value of the previously owned interest (in the case of step acquisitions) exceeds the fair value of the assets acquired and liabilities assumed that are recognized separately, the difference is recognized as goodwill. Consideration transferred in connection with the acquisition does not include payments relating to the settlement of previous business relationships. These types of adjustments are usually recognized in the income statement.

Where the acquisition does not involve 100% of the subsidiary, non-controlling interests arise. There are two options for disclosing noncontrolling interests. These two options are to recognize non-controlling interests' share of proportionate net assets or to recognize non-controlling interests at fair value, which implies that non-controlling interests have a share in goodwill. The choice between the different options for reporting non-controlling interests can be made on a case-by-case basis. In the case of step acquisitions, goodwill is determined on the date on which control is acquired. Previous holdings are valued at fair value, and the change in value is recognized in the income statement. Remaining holdings are measured at fair value, and the change in value is recognized in profit or loss when disposals result in the loss of control.

Acquisitions and disposals of non-controlling interests

Acquisitions from non-controlling interests are accounted for as an equity transaction, i.e., between the owners of the parent (within retained earnings) and the non-controlling interests. Therefore, goodwill does not arise on these transactions. The change in non-controlling interest is based on its proportionate share of net assets.

Sales to non-controlling interests remain and are reported as a transaction within equity, between the parent company's owners and non-controlling interests. The difference between the proceeds received and holdings without a controlling influence's proportional share of acquiring net assets are reported under retained earnings.

Transactions eliminated on consolidation

Intra-group receivables and payables, income and expenses and unrealized gains or losses arising from transactions between group companies are eliminated in full. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication that an impairment loss is necessary. The equity share of untaxed reserves is included in the item Other equity including net income.

Classification, etc

Non-current assets consist essentially of amounts expected to be recovered or paid after more than twelve months from the balance sheet date, while current assets consist essentially of amounts expected to be recovered or paid within twelve months from the balance sheet date. Non-current liabilities consist essentially of amounts that the Group has an unconditional right at the end of the reporting period to elect to pay beyond twelve months after the end of the reporting period.

If the Group does not have such a right at the end of the reporting period, or if the liability is held for trading or is expected to be settled in the normal course of business, the amount of the liability is recognized as a current liability.

New and Amended Standards Applied by the Group

The following new, amended or improved accounting standards were effective from January 1, 2021

The IASB has not published any new standards endorsed by the EU for application from January 1, 2021. Regarding amendments and clarifications from the IASB, our assumption is that Extenda Retail will not be materially affected by the benchmark rate reforms.

New or amended accounting standards to be applied after 2021

Some new standards, interpretations and amendments have been published, but had not yet entered into force by December 31, 2021, and, in some cases, have not been adopted by the EU.

In terms of changes expected for 2022, there are some amendments to IAS 1 regarding the definition of long/short debt and the presentation of financial statements. There is also a future amendment linked to IAS 37 for unavoidable expenses on onerous contracts. The Group has not adopted the new standards, interpretations or amendments early, and they are not expected to have a material impact on the Group when they become effective.

Note G3, Net Revenue

Accounting and Valuation Principles

The Group recognizes revenue as each performance obligation is met. A performance obligation is fulfilled, and the related revenue recognized, when "control" of the underlying services related to the performance obligation has been transferred to the customer. "Control" is defined as the ability to direct the use of and substantially obtain all of the residual benefits from the asset.

The Group must first determine whether control of a service is transferred over time or at a specific point in time. Revenue is recognized in line with the pattern of the transfer.

The Group generates revenue from the main areas of Software Revenue and Service Revenue.

Software revenue

Software licenses and support and maintenance agreements, hosted and non-hosted, are a solution consisting mainly of software licenses where both the software itself and the service are included in the license fee or specified and accounted for on separate lines. Services related to the license are customer support, upgrades, bug fixing, hosting/management of the platform when the platform is hosted. The Group provides frequent updates that are important for the continued use of the software. Without the updates, the customer's ability to benefit from the software would be significantly reduced, or even cease altogether in a scenario of regulatory or market changes during the contract period.

The Group's promise to transfer software licenses and to provide updates when and if available is not distinct within the context of the agreement. As a result, the promises to transfer software licenses and to provide the services related to the licenses are not distinct within the framework of the agreements, since the promises are, in practice, additions to a combined item promised to the customer in the agreement. Thus, the related income is recognized over time. Most software license agreements are invoiced in advance on a monthly, quarterly or annual basis.

Software licenses and support and maintenance agreements, hosted and non-hosted, are included in the Software revenue.

Service revenue

Service revenue refers to service and support sold in addition to what is included in the license agreement. Service revenues consist of consulting services, implementation projects and training. This type of contract consists of one-off services sold separately and distinctly from the software. Depending on the nature and scope in terms of contract value and delivery period, revenue may be recognized either at a point in time or, for more substantial deliverables, over the service period using the input method to measure progress towards meeting the performance obligation by using the actual costs incurred in relation to total expected costs as a basis for recognizing revenue.

When the outcome of a contract cannot be estimated reliably, revenue is recognized only to the extent that it represents the contract costs incurred that are likely to be reimbursed by the client. Expenditure on time spent is recognized on an ongoing basis at a flat rate reflecting the estimated cost of direct remuneration, salary-related costs and indirect costs. An expected loss on a contract is recognized immediately as an expense. Invoicing of service revenues differs depending on the contract terms, and there is no standard.

Hardware and software revenues

Sales of hardware and related software are recognized upon delivery to the customer, in accordance with the terms of sale. This is not part of the Group's core business and will cease over time.

Contract balances

The Group's standard customer contract requires delivery of the service once the contract has been signed by both the customer and Extenda Retail. When the contract is signed, Extenda Retail has the right to issue invoices in accordance with the terms of the contract (usually on a quarterly or annual basis in advance). The standard contract has a payment period of 30 days. According to the Group's standard contract, no warranties shall be offered with respect to the software/products except that they will perform as described in the applicable user documentation/service description. Furthermore, warranty or defect handling of the standard software or products is only performed by Extenda Retail if the relevant invoices for the provision of the software/products are paid by the customer. If the invoice has not been paid, Extenda Retail cannot guarantee the functionality and will not fix errors or perform other maintenance tasks.

The majority of license agreements are recognized as revenue in the year of sale or in the following year, depending on when the agreement is signed. Revenue recognized in 2021 that was included in the contractual debt at the beginning of 2021 and 2020 amounted to SEK 62,523 thousand and SEK 62,406 thousand respectively, representing the bulk of the opening balance. As the contracts are indexed before the actual invoicing, no mark-ups are added to the prices when the closing revenue is carried over from the previous year. This means that outgoing deferred revenue is carried forward to be recognized in 2022 or later.

Estimates and Assessments

Determining when to recognize revenue from fixed-price contracts in progress requires, among other things, an understanding of the progress of the work and historical experience from similar work. The recognition of revenue from fixed-price contracts also require significant judgment in determining the stage of completion and the estimated expenditure to complete the work and hence the assessment of any risk of loss.

Distribution of Income

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Net revenues is divided up into the following lines of operation		
Software revenue	427,063	395,115
Professional services	136,127	148,014
Hosting and infrastructure	17,690	38,441
Hardware and external Software revenue (transfer out revenue)*	15,981	24,950
Other revenue	7,563	7,775
Total	**604,424**	**614,295**
Net revenues is divided up into the following geographic markets		
Sweden	425,169	432,989
Norway	130,868	128,491
France	23,662	20,769
Finland	10,076	11,276
Denmark	5,962	10,878
Great Britain	6,054	6,827
Other countries	2,633	3,065
Total	**604,424**	**614,295**

**Revenue that will be phased out over time.*
Not included in how management tracks revenue.

Two customers each have more than 10% of the revenue.

Performance-Based Commitments

Estimates and assessments for accounting purposes: The timing of performance commitments may differ from the estimates when the agreements include functionality gaps or require customers to accept the features and functionality of the software. For Service Revenue projects where the input method is used to measure the progress of performance commitments, a number of judgments and estimates are made that may affect the actual timing of revenue recognition. For software revenue, performance-based commitments represent the Group's deferred subscription revenue.

The table below shows revenue expected to be recognized in the future relating to unfulfilled performance obligations as at December 31, 2021. The amounts are not discounted. Nominal amounts from contracts with customers are included in the amounts disclosed below. Unfulfilled performance obligations mainly comprise license agreements for which revenue is recognized over time.

Accrued revenue

SEK thousands	2021-12-31	2020-12-31
Accrued revenue within 1 year	59,002	48,398
Accrued revenue within 2 year	12,274	10,642
Accrued revenue within 3 year	5,340	3,483
Accrued revenue within 4 year	-	-
Accrued revenue within 5 year	-	-
Total accrued revenue	**76,616**	**62,523**

Our standard agreement has a 30 days payment time.

Contract balances

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31	2020 January 1
Receivables which are included in Trade receivables, note G20	102,824	93,585	146,908
Contract assets	14,310	6,486	9,723
Contract liabilities	76,616	62,523	40,144
Revenue recognized in the period from:			
Amounts included in contract liabilities at the beginning of the period	62,523	40,144	21,945

The timing of invoicing, cash collection and revenue recognition results in invoiced trade receivables, uninvoiced sales (contract assets), and advances from customers and deposits (contract liabilities) on the consolidated balance sheet. The Group's contract liabilities consist of advance payments from customers and relate mainly to recurring contracts for software licenses. For these contracts, customers are invoiced in advance on a quarterly or annual basis, while revenues are recognized over time.

Extenda Retail's contract assets arise primarily from service revenue and represent revenue that has been recognized but not yet invoiced for work performed. There was no depreciation of contract assets during the year. For trade receivables, expected credit losses amounted to SEK 419 (582) thousand at December 31, 2021, and confirmed credit losses of SEK 548 (700) thousand were recognized; for more information see Note G20, Trade receivables.

The Costs of Obtaining a Customer Contract

A commission expense incurred on new sales at the time of sale that is directly attributable to obtaining the customer contract is capitalized when it is directly attributable to obtaining the customer contract and is expected to be recoverable. Consequently, costs are recognized over the term of the contract, usually 36 months.

In 2021, the Group capitalized SEK 2,803 (1,530) thousand as capitalized costs. Depreciation during the year amounted to SEK -1,250 (-348) thousand, and the net balance at December 31, 2021 amounted to SEK 2,734 (1,181) thousand. During the year there was no impairment of customer acquisition costs. The capitalization of incremental costs to obtain a contract, as well as related amortization, is included in the category Customer relationships in Note G17, Intangible assets.

Note G4, Other Operating Income

Other operating income includes the following amounts:

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Settlement M&A insurance	52,325	-
Adjusted earn-out	-	74,000
Costs re-invoiced to partner	1,656	-
Exchange gains	2,139	3,855
Total other operating income	**56,120**	**77,855**

Note G5, Direct Costs

Direct costs refer to licensing costs directly attributable to a customer and time spent that is closely connected to the revenue.

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Software licenses, 3 party support and software	(18,017)	(22,052)
Own personnel	(74,544)	(112,722)
Consultants and partners	(70,581)	(65,981)
Hosting and technical services (transfer out)	(28,046)	(56,260)
Other	(2,664)	(5,314)
Total direct cost	**(193,852)**	**(262,330)**

Note G6, Other External Costs

Other external costs concern:

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Costs for premises	(8,947)	(27,670)
Telecom expenses	(26,060)	(15,740)
Expected credit losses	(1,225)	(1,047)
Travel and conferences	(959)	(2,247)
Consulting expenses	(80,456)	(99,357)
Other external expenses	(16,541)	(15,222)
Total other external expenses	**(134,187)**	**(161,283)**

Audit Fees

The following remuneration was paid to the Group's auditors and audit firms for audit, non-audit, tax advisory and other services. Other auditors refer to elected auditors, other than those of the parent company, of other group companies. The 2022 AGMs decided to elect EY as the Group's auditors for the coming year.

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
EY		
Auditing	(1,809)	(1,726)
Other assignments	(84)	(104)
Total	**(1,893)**	**(1,830)**

An audit assignment is an examination of the annual accounts and financial statements and the management of the board of directors and the chief executive officer, other tasks to be performed by the auditor of the company, and advice or other assistance resulting from the findings of the examination or the performance of other such tasks.

Note G7, Leases

Accounting and Valuation Principles

The Group has leases for offices and cars with contract periods ranging from one-year commitments up to 10 years. Agreements may contain both leasing and non-leasing components. If such a non-lease component forms part of a lease, the Group separates it from the lease component and allocates the purchase sum based on their relative stand-alone prices.

All leases are recognized as a right-of-use asset and a corresponding liability at the date when the leased asset becomes available for use by the Group.

Lease liabilities are initially recognized at the present value of future lease payments, including:

- Fixed payments net of any lease incentives to be received;
- Variable lease payments based on an index or rate, initially measured using that index or rate at the effective date;
- Payments of penalties for terminating the lease, if the lease terms reflect that the Group makes use of that option; and
- Lease payments subject to a renewal option that the Group is reasonably certain will be exercised.

The right-of-use asset is initially measured at cost, including:

- The initial valuation of the lease debt;
- Any lease payments made on or before the effective date, net of any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the life of the asset or the lease term.

Lease payments are discounted using the implicit interest rate implied by the agreement. If that interest rate cannot be easily determined, as is normally the case for leases within a group, the lessee's marginal borrowing rate, which is the interest rate that the individual lessee would have to pay to borrow the funds necessary to acquire an asset of similar in value to the right-of-use asset, in a similar economic environment under similar terms and with similar collateral, is used. There are no agreed non-commenced leases, and there are no covenants or restrictions attached to the leases.

Leases

All of Extenda Retail's lease assets are office and car leases. All other leases are accounted for as short-term or low-value leases. Some of the leases contain termination options and extension options of one to three years. Renewal options are included on leases that have been exercised or where we are reasonably certain that we will exercise options.

Leasing liabilities amounted to SEK 79,948 (87,212) thousand at the end of 2021. The current portion of lease liabilities amounted to SEK 11,829 (11,626) thousand and the non-current portion to SEK 68,119 (75,586) thousand.

Total leasing costs amounted to SEK 18,822 (17,211) thousand in 2021, depreciation SEK 14,684 (12,992) thousand, interest costs SEK 7,073 (7,912) thousand.

Expenses related to variable lease payments, mainly coffee machines, a few printers, a franking machine, that are not included in lease liabilities (included in other external charges) and are not material amounts.

The following amounts related to leases are recognized in the balance sheet:

Right-of-use assets

SEK thousands	2021 December 31	2020 December 31
Car lease	1,173	2,702
Office rent	72,146	80,817
Total	**73,319**	**83,519**

Lease obligations

SEK thousands	2021 December 31	2020 December 31
Short-term	11,829	11,626
Long-term	68,119	75,586
Total	**79,948**	**87,212**

Deprecation

SEK thousands	2021	2020
Car lease	(1,658)	(1,781)
Office rent	(13,025)	(11,211)
Total	**(14,684)**	**(12,992)**

Interest expense	**(7,073)**	**(7,911)**

Note G8 Employees, Personnel Expenses and Allowances

Accounting and Valuation Principles

Short-term compensation

Short-term employee benefits, such as salaries, vacation pay and bonuses, are employee benefits that fall due within 12 months of the balance sheet date of the year in which the employee earned the benefit. Short-term employee benefits are calculated without discounting and recognized as an expense when the related services are received.

A provision is recognized for the expected cost of bonus payments when the Group has a present legal or constructive obligation to make such payments as a result of services received from employees and the obligation can be measured reliably.

Variable remuneration

Some employees have agreements on variable remuneration, bonuses. The Group recognizes a liability and an expense for bonuses, based on a formula that takes into account a number of company-specific financial targets set by the Board of Directors. The Group recognizes a provision when there is a legal obligation or a constructive obligation as a result of past practice.

Sales commissions to employees are paid on recurring software sales and are based on the annual value of licenses sold. The commission is paid annually in arrears for gross sales and other sales targets achieved. Expenses for sales commissions on sales are recognized as an amortization expense over the period of the contract with the customer, usually 36 months. This means that the company pays the sales commission in the year after the sale is made, while the revenue and cost are recorded during the contract period. Reimbursement levels are adjusted annually.

Defined-contribution pension plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligation to pay additional contributions if the legal entity does not have sufficient assets to pay all employee benefits related to the employees' service in the current or prior periods. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

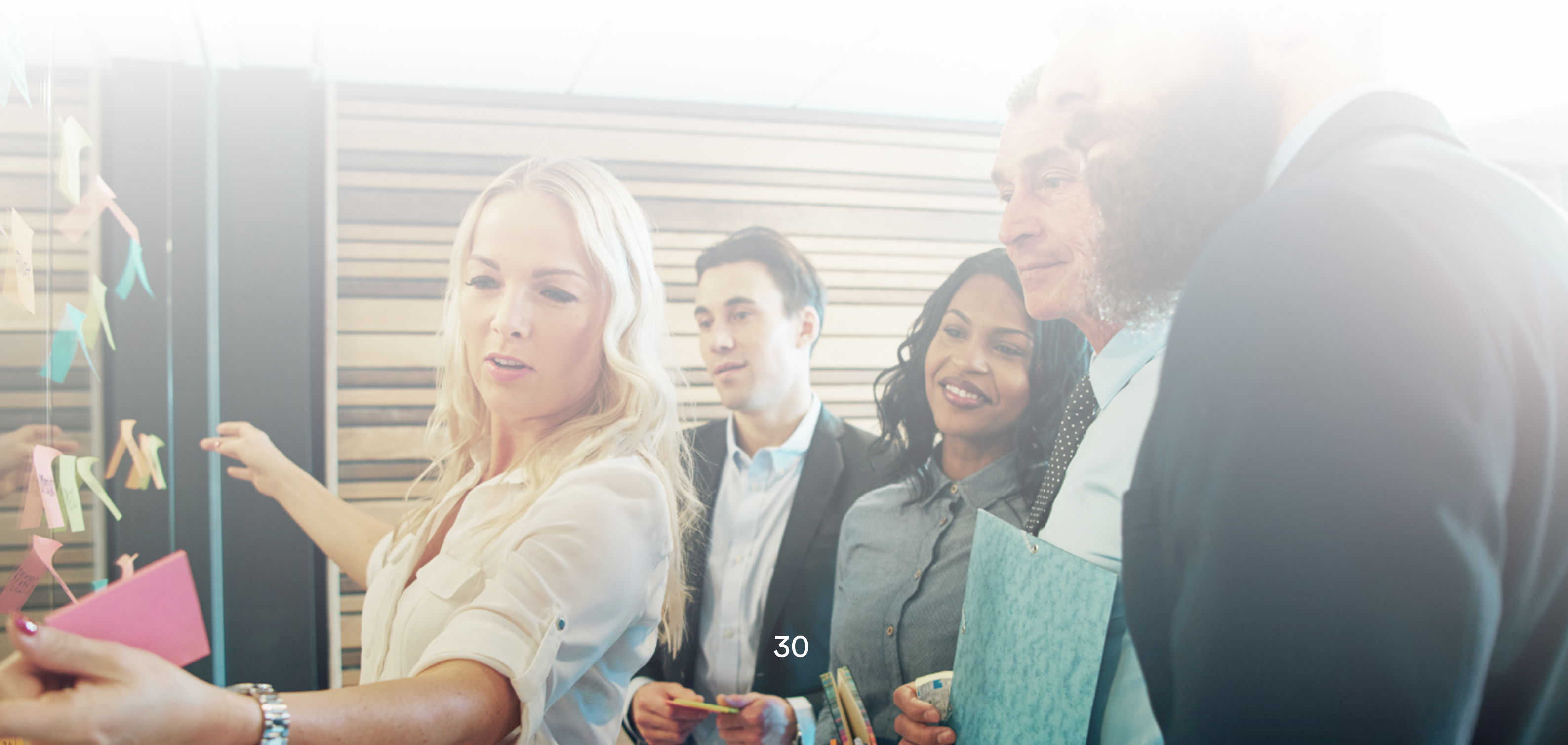
The Group has no further payment obligations once the contributions have been paid. The fees are recognized as personnel costs when they fall due. Prepaid expenses are recognized as an asset to the extent that the cash refund or reduction in future payments is available for the benefit of the Group.

The Group currently has no significant defined benefit pension plans, and there are a few individuals in the Group who have an ITP 2 pension through Collectum.

Compensation in the event of dismissal

Termination benefits are paid when an employee's employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary severance in exchange for such benefits. The Group recognizes severance benefits at the earliest of the following dates: when the Group is no longer able to withdraw the offer of benefits or when the entity recognizes expenditure on a restructuring that involves the payment of severance benefits.

Where an entity has made an offer to encourage voluntary severance, severance payments are calculated on the basis of the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.



Average number of employees

Extenda Retail started the year with 310 employees and ended 2021 with 239 employees. Extenda Retail has most employees based in Sweden (72%) and Norway (28%). The remaining 1% of staff are located in the UK.

The gender balance has improved over time and is currently 31% female, 69% male employees.

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Average number of employees		
Sweden	198	229
Norway	76	100
Other countries	1	9
Total	**275**	**338**
(of which men in Sweden)	144	168
(of which men in Norway)	53	77
(of which men in other countries)	1	5

Wages, salaries and social security costs

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Salaries and payments to employees		
The Board	(170)*	(170)
CEO	(5,808)	(5,632)
(of which variable salary)	(913)	(1,848)
(of which pension costs)	(1,130)	(828)
Leading officer holders	(20,977)	(17,637)
(of which variable salary)	(4,518)	(278)
(of which pension costs)	(3,300)	(2,774)
Other employees	(199,113)	(218,112)
(of which variable salary)	(2,968)	-
(of which pension costs)	(19,374)	(23,842)
Total	**(226,068)**	**(235,749)**
Social costs	(62,416)	(62,382)
Other personnel costs	(6,496)	(3,527)
Personnel costs moved to direct costs	75,397	112,532
Total personnel costs	**(219,582)**	**(189,126)**

**The Board fee of SEK 170 thousand is included in the profit and loss account as other external costs.*

Directors' fee or salary and other remuneration of the Executive Committee

As of December 31, 2021, Extenda Retail Holding 1 AB's Board of Directors consisted of 6 (6) men. A fee is paid to 1 (1) member of the Board of Directors and this fee is charged to Extenda Retail Holding 3 AB.

As of December 31, 2021, the Executive Committee consisted of ten persons, including CEO Leendert Venema, two of whom were women. One member of Group Management left during the year.

The Group has concluded an agreement with the CEO whereby the CEO receives 6 months' salary in the event of termination by the company. In the event of termination by the CEO, no severance pay will be paid. Pension to the CEO is 30% of the pensionable fixed monthly salary. Variable remuneration to management consists of bonuses. A plan is established annually and approved by the Board of Directors, clearly setting out the criteria.

Decision-making process and working method

The remuneration of the Board of Directors is decided by the Annual General Meeting. Decisions regarding the remuneration of the CEO and the management team are taken by the Board of Directors.

Note G9, Development expenditure

Of the total development expenditure for the fiscal year of SEK 149,673 (145,635) thousand, SEK 33,821 (17,870) thousand has been capitalized as expenditure on development work, which represents 22.6% (12.3%). The development work concerns the development of new products, mainly our cloud-based solution, to meet increased demands and known market needs. Amortization of capitalized development expenditure amounted to SEK -17,059 (-14,656) thousand; see Note G17, Intangible Assets. No impairment losses were recognized during the year.

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Capitalized development costs - own staff	10,697	3,304
Capitalized development costs - external consultants	23,124	14,566
Non-capitalized development costs	115,852	127,765
Total	**149,673**	**145,635**

Note G10, Depreciation and Amortization

Accounting and Valuation Principles

Scheduled depreciation is based on original cost less estimated residual value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

The estimated useful lives are:

- Capitalized expenditure on development and similar work, 5 year
- Licenses, 5 years
- Customer relations, 3–5 years
- Improvement on another's property, 3–6 years (over the contract period)
- Furniture & fixtures, 5 years
- Computer hardware 3–5 years

For more information on accounting policies, see Note G17, Intangible Assets and G18, Property, Plant and Equipment.

Depreciation and Amortization

The following depreciation is recognized in the consolidated income statement.

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Amortization and impairment of capitalized development costs	(43,490)	(40,047)
Amortization and impairment of other intangible assets*	(68,338)	(67,626)
Depreciation and impairment of property, plant and equipment	(4,288)	(2,693)
Depreciation and impairment of Right-of-use assets	(14,684)	(12,993)
Total amortization, depreciation and impairment	**(130,800)**	**(123,359)**

**No impairment was recognized in the current or previous year.*

Note G11, Other Operating Expenses

The item Other operating expenses includes exchange rate differences of an operating nature of SEK -1,888 (-3,680) thousand.

Note G12, Financial Income

Accounting and Valuation Principles

Financial income consists of interest income on invested funds, dividends, gains on disposal of available-for-sale financial assets and gains on revaluation of financial assets/liabilities.

Financial Income

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Interest income	493	272
Exchange rate gains	(0)	17,299
Other similar items	53	22
Total	**547**	**17,594**

Note G13, Financial Expenses

Accounting and Valuation Principles

Financial expenses consist of interest expenses on loans, the effects of reversals of provisions at present value, impairment of available-for-sale financial assets, loss on disposal of available-for-sale financial assets and loss on remeasurement of financial assets/liabilities.

Financial expenses

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Interest expenses	(30,775)	(33,495)
Exchange rate gains	(16,353)	0
Interest expenses leasing	(7,073)	(7,912)
Other similar items	(6,693)	(11,490)
Total	**(60,895)**	**(52,897)**

Note G14, Income Tax

Accounting and Valuation Principles

Tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is income tax for the current fiscal year relating to the taxable profit for the year and the unrecognized portion of income tax for previous fiscal years. Deferred tax is income tax relating to taxable profit for future fiscal years arising from past transactions or events.

Deferred tax liabilities are recognized for all taxable temporary differences, except for temporary differences arising from the initial recognition of goodwill. A deferred tax asset is recognized for deductible temporary differences and for the possibility of using tax-deductible deficiencies in the future. The valuation is based on how the carrying amount of the corresponding asset or liability is expected to be recovered or settled. The amounts are based on the tax rates and tax rules enacted before the balance sheet date and have not been discounted.

In the Group, deferred tax liabilities and deferred tax assets are recognized on a net basis where the Group's subsidiaries (in this case Swedish subsidiaries) have the possibility to offset profits and losses through Group contributions.

Deferred tax assets have been valued at no more than the amount that is likely to be recovered based on current and future taxable income. The valuation is reassessed at each balance sheet date.

In the consolidated balance sheet, untaxed reserves are divided into deferred tax and equity.

Estimates and Assessments

The Group has capitalized deferred tax assets to the sum of existing deferred tax liabilities on excess values. The Group has assessed that the tax-deductible deficiencies will be available for use against future taxable profits. The subsidiaries are expected to generate fiscal surpluses from 2022 onwards. The tax loss can be rolled over and has no expiry date.

Reported tax expense

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Income tax for the period	(80)	(2,507)
Income tax from previous periods	(298)	0
Total actual tax	**(378)**	**(2,507)**
Increase / decrease of deferred tax assets	6,014	56,863
Increase / decrease of deferred tax liabilities	2,388	21,483
Total deferred tax	**8,402**	**78,346**
Total reported tax cost	**8,024**	**75,839**
Reconciliation of effective tax		
Profit before tax	(69,246)	(79,627)
Tax according to current tax rate (20,6 %)	14,265	16,403
Tax effect from:		
Effect of other rates for foreigners subsidiary	836	1,076
Effect of non-taxable income	11,339	16,036
Effect of non-deductible costs	(6,358)	(6,768)
Increase in loss carryforwards without corresponding activation of deferred tax	(2,248)	(6,000)
Tax effect of unutilized loss carry forwards	4,518	1,205
Tax attributable to previous years	(298)	0
Standard rate on accrual fund	(7)	(4)
Capitalized deficits	(14,022)	53,891
Total reported tax cost	**8,024**	**75,839**
Effective tax rate	**-11.6%**	**-95.2%**

All changes in deferred tax have been recognized in the income statement. No items have been recognized directly in equity.

Non-deductible expenses refer mainly to non-deductible interest expenses in Sweden and do not take into account exchange rate effects in the UK. A deferred tax asset is recognized for loss carry-forwards if it is probable that the loss carry-forward will be utilized in the future. The Group has recognized a deductible deficiency value in the amount we have deferred tax liabilities on excess values. There are deductible deficiencies that have not been valued in the balance sheet. Total deductible deficiencies amount to SEK 252,457 (265,089) thousand, of which SEK 59,690 (4,269) thousand is not recognized in the balance sheet. SEK 1,660 thousand of these deductible deficiencies have a merger lock. The Group's tax-deductible deficiencies have an unlimited life.

In view of the fact that the Group's subsidiaries have not paid any dividends in the past and have no policy or intention to pay dividends, no deferred tax has been recognized for potential dividend withholding tax.

The reduction of the tax rate in Sweden from 22.0% to 21.4% for 2019 and 2020, and to 20.6% from 2021 has impacted the valuation of deferred tax in 2020, as the relevant deferred tax carrying amounts have been recalculated. Deferred tax has been measured at the tax rate that will apply when the tax is expected to be recovered.

Current tax assets and liabilities

Current tax receivables of SEK 6,845 (8,434) thousand consist mainly of preliminary taxes paid to cover special payroll taxes on pension costs, which are recognized in the line Other current liabilities in the balance sheet.

Deferred tax assets and liabilities

SEK thousands	Dec 31, 2020	Changes in P/L	Translation differences recognized in OCI	Changes in deferred tax recognized in OCI	Dec 31, 2021
Intangible Assets	(59,838)	20,128	-	-	(39,710)
Accrued expenses and prepaid income	6,756	1,712	-	-	8,467
Deferred tax on fair value adjustments	(1,369)	437	-	-	(932)
Untaxed reserves	(1,492)	144	-	-	(1,348)
Tax loss carry forward	53,729	(14,019)	-	-	39,710
Net deferred tax assets / (liabilities)	**(2,214)**	**8,402**	**-**	**-**	**6,187**

SEK thousands	Dec 31, 2019	Changes in P/L	Translation differences recognized in OCI	Changes in deferred tax recognized in OCI	Dec 31, 2020
Intangible Assets	(81,088)	21,250	-	-	(59,838)
Accrued expenses and prepaid income	3,784	2,972	-	-	6,756
Deferred tax on fair value adjustments	(3,256)	1,887	-	-	(1,369)
Untaxed reserves	-	(1,492)	-	-	(1,492)
Tax loss carry forward	-	53,729	-	-	53,729
Net deferred tax assets / (liabilities)	**(80,560)**	**78,346**	**-**	**-**	**(2,214)**

Note G15, Exchange Differences

Exchange differences in equity

The Group's equity includes a currency translation reserve. The translation reserve consists of all exchange differences arising from the translation of the financial statements of foreign operations, from the translation of intra-group receivables from or payables to foreign operations that are a substantial part of the net holdings in foreign operations, and from the translation of liabilities that hedge the Group's net investment in foreign operations.

The following table shows the change in the foreign exchange reserve:

SEK thousands	2021	2020
At the beginning of the period	(4,201)	(203)
Changes reported in other comprehensive income Interest expenses leasing	4,831	(3,998)
At the end of the period	**630**	**(4,201)**

Note G16, Assets by Geographical Market

Accounting and Valuation Principles

Fixed assets are valued in the same way in the financial statements. These assets are allocated based on the activity and physical location of the asset.

The Group's fixed assets are allocated by geographical market as follows:

SEK thousands	2021 Dec 31	2020 Dec 31	2020 Jan 31
Sweden	822,333	930,556	1,019,579
EMEA (excl Sweden)	42,871	21,749	25,368
Total	**865,204**	**952,305**	**1,044,947**

Refers to fixed assets, excluding deferred tax assets and financial fixed assets.

Note G17, Intangible Assets

The Group's intangible assets consist of goodwill, other intangible assets and capitalized development expenditure.

Accounting and Valuation Principles

Technology

The item Developed technology includes technology identified in the acquisition of Visma Retail and Extenda AB. The cost of these items is their fair value at the time of acquisition. Subsequently, the assets are valued at consolidated cost less accumulated depreciation and any impairment losses.

The acquired technology has a definite useful life and is amortized over its expected life. An impairment loss is recognized when events or changes in circumstances indicate that the carrying amount may not be recoverable. Technology has a straight-line depreciation over five years.

The item Developed technology also includes capitalized development expenditure. Software maintenance costs are expensed as incurred. Expenditure on the development of new products is capitalized and recognized as intangible assets in the Group only when it meets the following criteria:

- It is probable that the asset will generate future economic benefits for the Group,
- The acquisition cost can be calculated reliably,
- The company intends to complete the asset,
- The company has the technical, financial and other resources to complete the development, use or sale of the asset, and expenditure to complete the intangible asset can be measured reliably.

Other development expenditure that does not meet the above criteria is expensed as incurred. Development expenditure previously recognized as an expense is not recognized as an asset in subsequent periods. Essential documents to support capitalizations made may include business plans, budgets, outcomes and estimates of future outcomes.

The cost of an intangible asset is the sum of the expenditure incurred from the date on which the intangible asset first meets the criteria set out above, until the asset is completed and available for use. The directly attributable expenditure capitalized as part of the technology includes expenditure on employees and external consultancy services and a reasonable proportion of overheads, mainly depreciation costs on right-of-use assets.

These intangible assets are recorded under the heading Capitalized expenditure on development work. Internal work on assets capitalized as intangible assets is credited to Capitalized development costs in the consolidated income statement and statement of comprehensive income.

The Group's accumulated intangible assets are amortized on a straight-line basis over their useful life, 5 years, from the date the asset is available for use. Intangible assets are stated at cost less accumulated amortization and any impairment losses. An impairment loss is recognized when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Tax deductions for research and development

Research tax credits are public subsidies to support research and development. It is recognized as a reduction of capitalized development expenditure and reduces amortization over the useful life of related internally generated intangible assets.

The project concerns AI decision support for seamless commerce, where we are developing a new system for automated decision support for store operations with integrated solutions for channel-independent POS and AI-based analytics.

In addition to creating a comprehensive shopping experience for customers, the system will provide decision support for daily operations and identify long-term measures to increase revenue and reduce costs in the retail sector.

In 2021, the Group received SEK 2,547 thousand in grants, of which SEK 50 thousand has been recognized as a cost reduction, and SEK 2,497 thousand has been recognized as a reduction of intangible assets.

Licenses, trademarks and similar rights

The item Licenses, trademarks and similar rights includes trademarks identified at the time of the acquisition of Visma Retail and Extenda AB. The cost of these items is their fair value at the time of acquisition. Subsequently, the assets are valued at consolidated

Trademarks have a definite useful life and are amortized over their expected life. An impairment loss is recognized when events or changes in circumstances indicate that the carrying amount may not be recoverable. Trademarks have a straight-line depreciation over five years.

Licenses acquired by the Group are estimated to have a useful life of five years and are stated at cost less any accumulated impairment losses.

Customer relations

The item Customer relations includes customer relations identified in the acquisition of Visma Retail and Extenda AB. The cost of these items is their fair value at the time of acquisition. Subsequently, the assets are valued at consolidated cost less accumulated depreciation and any impairment losses. Customer relations have a definite useful life and are amortized over their expected life. An impairment loss is recognized when events or changes in circumstances indicate that the carrying amount may not be recoverable. Customer relations are amortized on a straight-line basis over 3–5 years.

Commission expenses incurred on new sales at the time of sale and directly attributable to the acquisition of customer contracts are recognized as intangible assets in the balance sheet. The costs are recognized over the term of the contract, usually 3 years, and are included in Depreciation and amortization.

Goodwill

The item Goodwill includes goodwill identified in the acquisition of Visma Retail and Extenda AB. The cost of these items is their fair value at the time of acquisition. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. The carrying amount of goodwill is compared to its recoverable amount, which is the higher of its value in use and its fair value less costs to sell. Any impairment loss is recognized immediately as an expense and is not reversed. Goodwill is included in the balance sheet under Intangible assets.

Estimates and Assessments

Impairments

To assess the need for impairment, the recoverable amount of each asset or cash-generating unit is calculated based on expected future cash flows and using an appropriate interest rate to discount the cash flows. Uncertainties lie in the assumptions about future cash flows and the determination of an appropriate discount rate.

Useful lives of depreciable assets

At each balance sheet date, the net realizable value of inventories is calculated using the most reliable information available. The future sales value may be affected by future technology and other market-driven changes that may reduce future sales prices.

Intangible Assets

SEK thousands	Technology	Licenses, trademarks and similar rights	Customer relationships	Goodwill	Total
Accumulated acquisition value:					
At the beginning of the period, 1 Jan 2021	208,947	42,990	314,102	592,174	1,158,213
- New acquisitions	21,896	-	2,803	-	24,699
- Assets developed internally	11,925	-	-	-	11,925
- Translation differences for the period	3,366	-	-	-	3,366
At the end of the period, 31 Dec 2021	246,134	42,990	316,905	592,174	1,198,203
Accumulated depreciation:					
At the beginning of the period, 1 Jan 2021	(81,827)	(18,508)	(134,915)	(71,689)	(306,939)
- Depreciation for the period	(43,253)	(8,218)	(60,357)	-	(111,828)
- Translation differences for the period	(1,343)	-	-	-	(1,343)
At the end of the period, 31 Dec 2021	(126,423)	(26,726)	(195,272)	(71,689)	(420,109)
Carrying amount as of Dec 31, 2021	**119,711**	**16,264**	**121,633**	**520,485**	**778,094**

SEK thousands	Technology	Licenses, trademarks and similar rights	Customer relationships	Goodwill	Total
Accumulated acquisition value:					
At the beginning of the period, 1 Jan 2020	194,208	46,898	312,572	592,174	1,145,852
- New acquisitions	15,894	-	1,530	-	17,424
- Assets developed internally	2,126	-	-	-	2,126
- Translation differences for the period	(343)	(3,908)	-	-	(4,251)
- Disposal and scrapping	(2,938)	-	-	-	(2,938)
At the end of the period, 31 Dec 2020	208,947	42,990	314,102	592,174	1,158,213
Accumulated depreciation:					
At the beginning of the period, 1 Jan 2020	(42,918)	(13,764)	(75,543)	(71,689)	(203,914)
- Depreciation for the period	(40,047)	(8,603)	(59,372)	-	(108,022)
- Reversed depreciation on divestments and scraps	343	3,859	-	-	4,202
- Translation differences for the period	795	-	-	-	795
At the end of the period, 31 Dec 2020	(81,827)	(18,508)	(134,915)	(71,689)	(306,939)
Carrying amount as of Dec 31, 2020	**127,120**	**24,482**	**179,187**	**520,485**	**851,274**

Customer relations include the cost of acquiring a customer contract.

All deferred tax liabilities are attributable to the excess values and have been calculated at the tax rate of the country to which the assets are allocated.

Assessment of the value of intangible assets attributable to acquisitions

The Group consists of one cash-generating unit, for which impairment testing is performed annually for assets with an indefinite useful life.

	Goodwill	
SEK thousands	**Dec 31, 2021**	**Dec 31, 2021**
Extenda Retail cash-generating unit	520 485	520 485

The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized directly in the consolidated income statement and statement of comprehensive income. The main assumptions used by management and approved by the Board of Directors for the Group's operations in establishing the impairment test for the intangible assets were EBITDA and revenues from the 2022 budget and the 2023 to 2026 strategic plan, and for the last period a perpetual growth factor of 2% was applied.

Future cash flows were discounted using a discount factor, weighted average cost of capital, of 7.31% (7.42%) before tax and 6.95% (7.05%) after tax. The discount factor was determined by taking into account the risk-free interest rate (10-year bond and average three-year rate) and the risk associated with the specific asset.

An increase of 7.3 percentage points in the annual discount rate used in the valuation of future discounted cash flows would result in an impairment of the cash-generating unit.

Note G18, Property, plant and equipment

The Group's tangible assets consist of Improvement expenditure on other property, Furniture & fixtures and Computer hardware.

Accounting and Valuation Principles

Tangible fixed assets are valued at cost less accumulated depreciation and any impairment losses. The cost includes expenditure directly attributable to the acquisition. Incremental expenditure is added to the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is removed from the balance sheet. All other repairs and maintenance are recognized as expenses in the consolidated income statement and statement of comprehensive income in the period in which they are incurred.

For tangible fixed assets, straight-line depreciation is applied. Estimated useful life in years is 3–5 years for Computer hardware, 3–10 years for Furniture & fixtures. Capitalized improvement costs on leased premises are amortized on a straight-line basis over the term of the lease.

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If so, the recoverable amount of the asset is calculated and written down to the recoverable amount. The depreciation method and useful life of property, plant and equipment are also reviewed each year. If a significant change has occurred, it is treated as a change in an accounting estimate and recognized in the consolidated income statement and statement of comprehensive income in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Gains and losses on disposal are determined by comparing the proceeds from the sale with the carrying amount and are recognized in the consolidated income statement and statement of comprehensive income on the line "Other income" or "Other external charges."

Property, plant and equipment

SEK thousands	Cost of improvement to leased property	Furniture and Equipment	Computer hardware	Total
Accumulated acquisition value:				
At the beginning of the period, 1 Jan 2021	2,708	17,144	3,927	23,780
- New acquisitions	50	203	220	473
- Translation differences for the period	-	292	-	292
At the end of the period, 31 Dec 2021	2,758	17,639	4,147	24,545
Accumulated depreciation:				
At the beginning of the period, 1 Jan 2021	(155)	(3,389)	(2,725)	(6,268)
- Depreciation for the period	(468)	(3,820)	333	(4,288)
- Translation differences for the period	0	(199)	1,000	(199)
At the end of the period, 31 Dec 2021	(623)	(7,408)	(1,392)	(10,755)
Carrying amount as of Dec 31, 2021	**2,135**	**10,231**	**2,755**	**13,790**

SEK thousands	Cost of improvement to leased property	Furniture and Equipment	Computer hardware	Total
Accumulated acquisition value:				
At the beginning of the period, 1 Jan 2020	4,011	12,055	2,417	18,483
- New acquisitions	2,272	10,625	1,135	14,032
- Translation differences for the period	(3,575)	(5,100)	375	(8,299)
- Disposal and scrapping	0	(436)	-	(436)
At the end of the period, 31 Dec 2020	2,708	17,144	3,927	23,780
Accumulated depreciation:				
At the beginning of the period, 1 Jan 2020	(3,594)	(6,258)	(2,132)	(11,984)
- Depreciation for the period	(138)	(2,002)	(218)	(2,357)
- Reversed depreciation on divestments and scraps	3,575	4,683	(375)	7,883
- Translation differences for the period	2	188	-	190
At the end of the period, 31 Dec 2020	(155)	(3,389)	(2,725)	(6,268)
Carrying amount as of Dec 31, 2020	**2,553**	**13,755**	**1,202**	**17,512**

Note G19, Other Financial Receivables

Accounting and Valuation Principles

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual terms of the instrument. Financial assets are derecognized when the contractual right to receive cash flows from the asset expires or is settled, or when the risks and rewards associated with the asset are transferred to another party. Financial liabilities are derecognized when the contractual obligation is discharged or terminated.

Financial instruments intended to be held permanently in the course of business are classified as fixed assets.

Other financial instruments are classified as current assets.

The Group's financial fixed assets consist of an endowment policy for a former employee. The capital insurance is valued at market value at the balance sheet date. Changes in value are recognized against provisions for pensions and similar obligations.

SEK thousands	2021 Dec 31	2020 Dec 31
Accumulated acquisition value:		
At the beginning of the period	521	917
- Loan for purchase of warrants for employees	211	(396)
At the end of the period	732	521
At the beginning of the period	460	460
- Settled receivables	(211)	-
At the end of the period	249	460
Carrying amount at the end of the period	**980**	**981**

**) Refers to employee warrants*

Note G20, Trade Receivables

Accounting and Valuation Principles

IFRS 9 contains simplification rules for the valuation of trade receivables. The simplification rule means that instead of assessing credit risk as of the first reporting date, companies can directly report a reserve corresponding to expected credit losses over the entire term. The valuation of expected credit losses should reflect an objective and probabilistic amount determined by evaluating a range of possible outcomes and taking into account the time value of capital.

The standard defines expected credit losses as the weighted average of credit losses whose weighting is the respective probability of payment. Expected credit losses on trade receivables are calculated using a matrix of a fixed percentage of the reserve used depending on the number of days a reserve is outstanding.

The expected maturity of the trade receivable is short and therefore the value is recorded at nominal amount without discounting.

Estimates and Assessments

Trade receivables are valued at the cash flow expected to be received by the company. This provides a detailed and objective review of all amounts outstanding at the balance sheet date. Customer losses are assumed to be realized and are removed from the accounts when they are followed up by debt collection.

Credit risks

In general, the Group's customers, which include large retail groups, represent a capital-rich group with a lower risk of expected credit losses than companies in general. Work to collect receivables and reduce payment times is a priority. Most customers pay in advance, quarterly or longer. Trade receivables in Extenda Group are defined as financial instruments as defined in IFRS 9. Trade receivables meet the requirement to be measured at amortized cost.

The Group applies the simplified method for the valuation of expected credit losses over their lifetime. Historical information uses credit loss experience to predict future credit losses. Furthermore, current and forward-looking information is used to reflect current and forward-looking conditions. In 2021, the Group had credit losses of SEK 548 (700) thousand. In the balance sheet, expected credit losses amount to SEK 419 (582) thousand as at December 31, 2021.

Trade Receivables

SEK thousands	2021 December 31	2020 December 31	2020 January 1
Outstanding trade receivables	103,242	94,149	160,531
Expected credit losses 31–90 days	(9)	(7)	57
Expected credit losses >90 days	(410)	(557)	(17,667)
Total accounts receivable	**102, 824**	**93, 585**	**142, 921**

Age Analysis

SEK thousands	2021 December 31	2020 December 31	2020 January 1
Not yet due	75,272	69,302	104,380
Due within 1–30 days	21,141	19,939	24,792
Due within 31–90 days	2,175	268	10,594
Due more than 90 days	4,654	4,640	20,764
Total	**103,242**	**94,149**	**160,531**

Top Ten Claims

Of the total trade receivables at December 31, 2021, 74% (77%) were in Swedish kronor, 16% (15%) in Norwegian kronor and 10% (8%) in other currencies.

SEK thousands	No. of customers	2021 December 31	No. of customers	2020 December 31	No. of customers	2020 January 1
Exposure in < 5 MSEK	5	43%	0	0%	2	4%
Exposure in 5-10 MSEK	2	15%	6	16%	5	24%
Exposure in > 10 MSEK	3	14%	4	55%	3	32%
Total	**10**	**72%**	**10**	**71%**	**10**	**60%**

Note G21, Other Current Assets

The following current assets are recognized in the Group:

SEK thousands	2021 December 31	2020 December 31	2020 January 1
Prepaid rent	3,365	2,156	6,318
Prepaid leasing fees	160	123	301
Prepaid insurance	1,792	844	1,322
Prepaid hosting fees	93	3,080	7,277
Prepaid system costs	2,737	1,122	1,196
Other items	9,028	9,136	7,837
Carrying amount at the end of the period	**17,175**	**16,461**	**24,251**

Note G22, Financial assets and liabilities by category

Accounting and Valuation Principles

Financial assets and liabilities are classified either at amortized cost or at fair value in accordance with IFRS 9.

Financial assets at amortized cost

Loans and receivables are classified as financial assets measured at amortized cost. Impairment of financial assets based on an expected credit loss ("ECL") model under IFRS 9, rather than the cumulative loss model under IAS 39. ECLs are probability-weighted estimates of credit losses. The Group has calculated the ECL based on consideration of customer-specific factors and actual credit losses in recent years.

Financial liabilities measured at amortized cost

Financial liabilities are measured at amortized cost. For borrowings, this corresponds to the amount received less any transaction costs. Non-current liabilities, Trade payables and Other current liabilities are included in this category.

Other accounting policies for financial instruments

Purchases and sales of financial instruments are recognized on the trade date, the date on which the Group commits to purchase or sell the asset or liability. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred substantially all the risks and rewards of ownership. Other financial liabilities are measured at amortized cost.

Non-current additional paid-in capital is recognized at present value, discounted at the Group's estimated cost of capital.

Valuation hierarchy

Fair value measurement includes a valuation hierarchy regarding the valuation input. This valuation hierarchy is divided into three levels, which correspond to the levels found in IFRS 13 Fair Value Measurement.

The three levels are:

- LEVEL 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities available to the company at the measurement date.
- LEVEL 2: Input other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability. It may also refer to input other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and multiples.
- LEVEL 3: Unobservable input for the asset or liability. At this level, assumptions that market participants would use in pricing the asset or liability, including risk assumptions, are considered.

Financial liabilities and assets by category

2021-12-31

Assets in the Balance sheet **SEK thousands**	**Amortized cost**	**Fair value through profit or loss**	**Fair value through OCI**	**Total**
Other financial assets	980	-	-	980
Trade receivables	102,824	-	-	102,824
Contract assets	14,310	-	-	14,310
Other current assets*	4,175	-	-	4,175
Cash and bank	148,024	-	-	148,024
Total Financial assets	**270,313**	**-**	**-**	**270,313**

Liabilities in the Balance sheet **SEK thousands**	**Amortized cost**	**Fair value through profit or loss**	**Fair value through OCI**	**Total**
Other non-current liabilities	72,181	61,098	-	133,279
Interest-bearing liabilities	306,018	-	-	306,018
Contract liabilities	76,616	-	-	76,616
Other current liabilities**	157,577	-	-	157,577
Trade payables	60,061	-	-	60,061
Total Financial liabilities	**672,453**	**61,098**	**-**	**733,551**

2020-12-31

Assets in the Balance sheet **SEK thousands**	**Amortized cost**	**Fair value through profit or loss**	**Fair value through OCI**	**Total**
Other financial assets	981	-	-	981
Trade receivables	93,585	-	-	93,585
Contract assets	6,486	-	-	6,486
Other current assets*	11,420	-	-	11,420
Cash and bank	49,407	-	-	49,407
Total Financial assets	**161,879**	**-**	**-**	**161,879**

Liabilities in the Balance sheet **SEK thousands**	**Amortized cost**	**Fair value through profit or loss**	**Fair value through OCI**	**Total**
Other non-current liabilities	94,518	51,938	-	146,456
Interest-bearing liabilities	289,362	-	-	289,362
Contract liabilities	31,946	-	-	31,946
Other current liabilities**	144,821	-	-	144,821
Trade payables	52,713	-	-	52,713
Total Financial liabilities	**613,360**	**51,938**	**-**	**665,298**

**Other current assets in the consolidated balance sheet amounting to SEK 24,021 (25,157) thousand include non-financial assets amounting to SEK 13,000 (13,737) thousand.*
***Other current liabilities in the consolidated balance sheet amounting to SEK 193,478 (187,513) include non-financial liabilities amounting to SEK 35,901 (42,692) thousand.*

For all of the above items, with the exception of borrowings and additional purchase consideration, the carrying amount is an approximation of the fair value and therefore these items are not categorized into levels according to the valuation hierarchy. The fair value of bank loans measured according to level 2 amounted to SEK 306,018 (289,362) thousand at December 31, 2021.

Liabilities valued according to level 3

SEK thousands	2021 December 31	2020 December 31
At the beginning of the period	58 975	149 020
Paid purchase price	-	(25 206)
Assessment of goals not achieved	-	(74 000)
Time value	2 123	9 160
Total outgoing additional purchase price	**61 098**	**58 975**

There is an additional purchase sum for the former owners of Extenda AB and Visma Retail AB. The additional purchase sum is dependent on the rollout of a number of major customers. In 2020, SEK 25,206 thousand was paid to Visma Retail AB's former owners, which was the last portion. There remains an amount due to the former owner of Extenda AB. The maximum amount to be paid is SEK 140,000 if all conditions are met. The basis for the assessment is the budget and forecast for customers in the coming years. A change in the pace of rollout may alter the assessment. The discount rate is 7.4%.

Note G23, Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and at banks and other financial institutions and other short-term liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Such investments have a maximum maturity of three months.

Note G24, Capital and Reserves

The following is the structure of the number of shares, share capital and share premium fund:

Equity	Number of shares	Share capital (TKR)	Share premium reserve (TKR)
Opening balance January, 1, 2021	50,000	50	868,441
Closing balance December 31, 2021	**50,000**	**50**	**868 441**

Equity	Number of shares	Share capital (TKR)	Share premium reserve (TKR)
Opening balance January, 1, 2020	50,000	50	845,931
Closing balance December 31, 2020	**50,000**	**50**	**845 931**

The average number of shares for the period is 50,000 (50,000). The quotient value of all shares is SEK 1.00. Shares have been issued in one round, ordinary shares. All shares carry one vote per share.

In 2021, the Group received a shareholder contribution of SEK 25,000 (99,998) thousand. The shareholder contribution was paid in cash.

Proposed dividend

A dividend of SEK 2,490 thousand was paid to Extenda Retail Sárl in 2021.

Note G25, Other Provisions

Accounting and Valuation Principles

At the end of the period, a provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources corresponding to economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the end of the period, taking into account the risks and uncertainties associated with the obligation.

Provisions for litigation (with employees, etc.) are recognized when the Group has an obligation to a third party at the end of the period. Provisions are valued on the basis of the best estimate of the forecast expenditure and discounted when the time value is significant.

When some or all of the economic benefits required to settle a provision are to be obtained from a third party, a receivable is recognized as an asset if it is virtually certain that consideration will be received and the amount of the receivable can be measured reliably.

Other Provisions

The following provisions are disclosed:

SEK thousands	2021 Dec 31	2020 Dec 31	2020 Jan 1
Additional purchase price	61,098	58,975	148,396
Other	10,250	9,821	5,228
Carrying amount at the end of the period	**71,348**	**68,796**	**153,624**

The additional purchase price to Extenda AB's previous owners is calculated at present value. The change in 2021 of SEK -2,123 thousand (-9,160 thousand) is recognized as an expense in the line Other operating expenses. The additional purchase price is expected to be paid at the end of Q1 2023.

Other provisions relate to loss contracts and a rent rebate that is amortized over the term of the lease and a provision for endowment insurance of SEK 407 (460) thousand for a former employee.

Note G26, Interest-Bearing Liabilities

Accounting and Valuation Principles

Financial liabilities are measured at amortized cost. For borrowings, this corresponds to the amount received less any transaction costs. Interest-bearing liabilities are included in this category

Interest-Bearing Liabilities

SEK thousands	2021 Dec 31	2020 Dec 31
Bank loan	306,018	289,667
Current interest-bearing liabilities	94,283	39,570
Leasing liabilities	79,948	87,212
Total	**480,248**	**416,449**

The current financing consists of two loan facilities and a revolving credit facility drawn in September 2018 and is denominated in SEK, NOK and USD. The loan in SEK, B1, is for SEK 114,704 thousand and has a maturity of 6 years. The loan in NOK, B2, is for NOK 141,504 thousand and has a maturity of 6 years and a credit facility of USD 5,000 thousand with a maturity of 6 years.

The loans are at floating rates with Facility B1 (SEK) linked to 3-month STIBOR +8.5%, Facility B2 (NOK) linked to 3-month NIBOR plus 8.5%, and the Liquidity Facility (USD) linked to 3-month LIBOR plus 8.5%. There are two covenants attached to the loan facilities.

The first covenant is reported monthly on the fifteenth and is conditional on the Group's cash balance not falling below SEK 35 million. The second covenant requires the Group to have adjusted debt above a predetermined value per quarter (5.86:1, 6:28:1, 5.96:1, 6.26:1). The Group has not reported any deviations from the covenants in 2021. As of Q4 2021, the adjusted debt-to-equity ratio was 5.78:1.

Changes in Liabilities Related to Financing Activities

SEK thousands	Dec 31, 2020	Cash Flow: new Financing	Cash Flow: amortizations	Acquisition of new lease contracts	Reclassification and other non-cash items	Currency effect	Dec 31, 2021
Non-current interest-bearing liabilities	295,154	-	-	-	1,330	14,498	310,982
Lease liabilities	87,212	-	(11,748)	4,485	-		79,948
Current interest-bearing liabilities	39,570	51,701	-	-	3,012	-	94,283
Prepaid loan expenses	(5,486)	(1,192)	1,714	-	-	-	(4,964)
Total interest-bearing liabilities	**416,450**	**50,509**	**(10,034)**	**4,485**	**4,342**	**14,498**	**480,248**

SEK thousands	Dec 31, 2019	Cash Flow: new Financing	Cash Flow: amortizations	Acquisition of new lease contracts	Reclassification and other non-cash items	Currency effect	Dec 31, 2020
Non-current interest-bearing liabilities	310,987	-	-	-	4,469	(20,302)	295,154
Lease liabilities	96,511	-	(9,299)	-	-		87,212
Current interest-bearing liabilities	-	39,570	-	-	-	-	39,570
Prepaid loan expenses	(5,457)	(2,073)	2,043	-	-	-	(5,487)
Total interest-bearing liabilities	**402,041**	**37,497**	**(7,256)**	**-**	**4,469**	**(20,302)**	**416,449**

Accrued interest on the loans at 12-31-2021 was SEK 731 (585) thousand. Prepaid expenses consist of fees paid in connection with the borrowing of the loan facilities in September 2018 and are amortized over the term of the loan contracts, in accordance with IFRS 9.

Maturity Structure of the Group's Interest-Bearing Liabilities, December 31, 2020

SEK thousands	Falling due 1 - 2 years from the balance sheet date	Falling due 2 -5 years from the balance sheet date	Falling due more than five years after the balance sheet date	Carrying amount at the end of the period
Interest-bearing liabilities	-	295,154	-	295,154
Lease obligations	11,774	34,142	29,671	75,586
Total interest-bearing liabilities	**11,774**	**329,296**	**29,671**	**370, 740**

Maturity Structure of the Group's Interest-Bearing Liabilities, December 31, 2021

SEK thousands	Falling due 1 - 2 years from the balance sheet date	Falling due 2 -5 years from the balance sheet date	Falling due more than five years after the balance sheet date	Carrying amount at the end of the period
Interest-bearing liabilities	-	310,982	-	310,982
Lease obligations	11,032	35,915	21,173	68,119
Total interest-bearing liabilities	**11,032**	**346,897**	**21,173**	**379,101**

**) See Note G31, Collateral and Contingent Liabilities.*

The carrying amounts of the long-term loans are at fair value, as the interest rates on the loans are within the market yield requirement for loans with similar terms at December 31, 2021.

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Note G27, Other Current Liabilities

The following other current liabilities are recognized in the Group:

SEK thousands	2021 December 31	2020 December 31	2020 January 1
VAT liability	12,342	9,662	3,472
Accrued personnel-related costs	57,482	55,686	94,257
Accrued consulting fees	6,967	1,842	1,141
Payroll taxes (corona support)	94,283	52,213	-
Other items	10,575	24,970	44,079
Carrying amount at the end of the period	**181,649**	**144,373**	**142,949**

Note G28, Other Disclosures to the Cash Flow Statement

Accounting and Valuation Principles

The cash flow statement shows the Group's cash inflows and outflows during the period, broken down into operating, investing and financing activities. This analysis can assist in assessing the Group's ability to generate cash. The cash flow statement is prepared using the indirect method, which means that the net cash receipts and payments from operating activities are adjusted for:

- The change in trade receivables and payables and other operating assets and liabilities during the period;
- Non-cash items such as depreciation, provisions and deferred taxes; and
- All other items whose cash flow effect is attributed to investing or financing activities.

Cash and cash equivalents include, both in the balance sheet and in the cash flow statement, investments that are readily convertible to a known amount, that are subject to an insignificant risk and that have a maturity of three months or less.

Other Disclosures to the Cash Flow Statement

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Adjustments for items not included in cash flow, etc.		
Amortizations & Depreciations	130,800	123,359
Unrealised exchange rate differences	54	(5,370)
Other provisions	269	(60,481)
Other items not impacting on cash flow	-	273
Total	**131,123**	**57,781**
Acquisition of subsidiaries/business, net of cash		
Goodwill	-	-
Total purchase price		
of which additional purchase price	(11,751)	(37,705)
Total impact on cash and cash equivalents	**(11,751)**	**(37,705)**

The additional purchase price paid consists of SEK 11,751 thousand paid to the former owners of Nyce Solutions AB. The price was fixed in 2019, and payment was made in installments. Extenda Retail Holding 3 AB now owns 100% of the shares in Nyce Solutions AB.

Note G29, Financial Risk Management and Financial Instruments

Accounting and Valuation Principles

Extenda Retail's main business is the sale of software revenue. The business is exposed to risks in financial instruments such as cash and cash equivalents and short-term investments. The Group also has other financial instruments such as trade receivables and trade payables arising from its operations. Risks related to these instruments are mainly:

- Currency risks related to foreign currency flows
- Interest rate risk on cash and cash equivalents and short-term investments
- Credit risks related to financial activities
- Liquidity risk

Currency risks

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in exchange rates. Extenda Retail Holding 1 AB's accounts are in Swedish kronor, but the Group has operations in several countries, mainly Norway. This exposes the Group to foreign exchange risk due to adverse changes in exchange rates, which may negatively affect profit or loss and capital. Currency risks arise both from flow exposure and from balance sheet exposure.

Currency risks – flow exposure

Operating income and expenses are affected by changes in exchange rates. These changes have a direct impact on the income and expense items themselves. The majority of the Group's invoicing to customers is done in Swedish kronor and Norwegian kroner, but invoicing is also done in euros, US dollars and British pounds. Overall, approximately 73% (71%) of operating income is in Swedish kroner, 20% (21%) in Norwegian kronor and 8% (8%) in other currencies.

Approximately 62% (66%) of operating expenses are in Swedish kronor, 29% (28%) in Norwegian kroner, 8% (6%) in euro and 1% (0%) in other currencies.

With the current income and cost ratio, this means that the combined effect of a 1% change in the value of the Swedish krona against all other currencies would have an impact on the operating profit of SEK 756 (865) thousand for the period. The Group's policy is not to hedge foreign currencies on an ongoing basis. This policy is reviewed on an ongoing basis and may be amended, as necessary.

Currency risks – balance sheet exposure

Assets and liabilities denominated in foreign currencies are revalued at each balance sheet date. Changes in value due to revaluations of operating balance sheet items are recognized in the consolidated income statement and other comprehensive income and have led to a profit effect of SEK 58 (-620) thousand during the period. The revaluation effect of the Group's external loans (described in Note G26, Interest-Bearing Liabilities) amounted to SEK -14,498 (20,302) thousand.

Interest Rate Risks

Interest rate risk is the risk that the value and interest income/expense of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates relates to the external loans that were taken out in September 2018 and are denominated in SEK, NOK and EUR. The loan in SEK, B1, is for SEK 114,704 thousand and has a maturity of 6 years. The loan in NOK, B2, is for NOK 141,504 thousand and has a maturity of 6 years and a credit facility of USD 5,000 thousand with a maturity of 6 years. These two currencies account for the majority of the company's turnover. The loans thus provide a certain natural hedge against exchange rate fluctuations in SEK and NOK.

The loans are at floating rates with Facility B1 (SEK) linked to 3-month STIBOR +8.5%, Facility B2 (NOK) linked to 3-month NIBOR plus 8.5%, and the Liquidity Facility (USD) linked to 3-month LIBOR plus 6.5%. The Company has defined a medium risk tolerance for interest rate risks in its financial policy regarding the risk management strategy, and the Board of Directors has decided not to hedge the interest rates on the loans. Shares in subsidiaries, cash, trade receivables and corporate guarantees are collateral for the loans, see more in Note G31, Collateral and Contingent Liabilities.

Credit risks (counterparty risks)

Credit risk is the risk that a counterparty in a transaction involving a financial instrument will fail to fulfill their obligation and thereby cause a loss to the other party. In general, the Group's customers, which include large Nordic retail companies, represent a capital-rich group with a lower risk of expected credit losses than companies in general (see also Note G20, Trade Receivables). Impairment losses are recognized in accordance with IFRS 9.

As a result of its well-funded customers, the Group's credit risk is limited, as evidenced by the relatively low cost of credit losses, which amounted to SEK -708 (7,377) thousand in the period, corresponding to -0.1% (1.14%) of operating income.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. The Group's business model, whereby customer invoicing is usually done annually and quarterly in advance, significantly reduces this risk.

Maturity Analysis

The table below analyses the Group's financial commitments at the balance sheet date, broken down by the time remaining until the contractual maturity date. The amounts shown in the table are the contractual, undiscounted cash flows.

As of December 31, 2021

SEK thousands	Within 1 year	2 - 3 years	4 - 5 years	> 5 years
Bank loans	30,510	362,249	-	-
Provisions	-	65,619	-	-
Trade payables	60,061	-	-	-
Leasing liabilities	11,829	22,287	24,660	21,172
Other current liabilities	41,682	52,601	-	-
Total	**144,081**	**502,755**	**24,660**	**21,172**

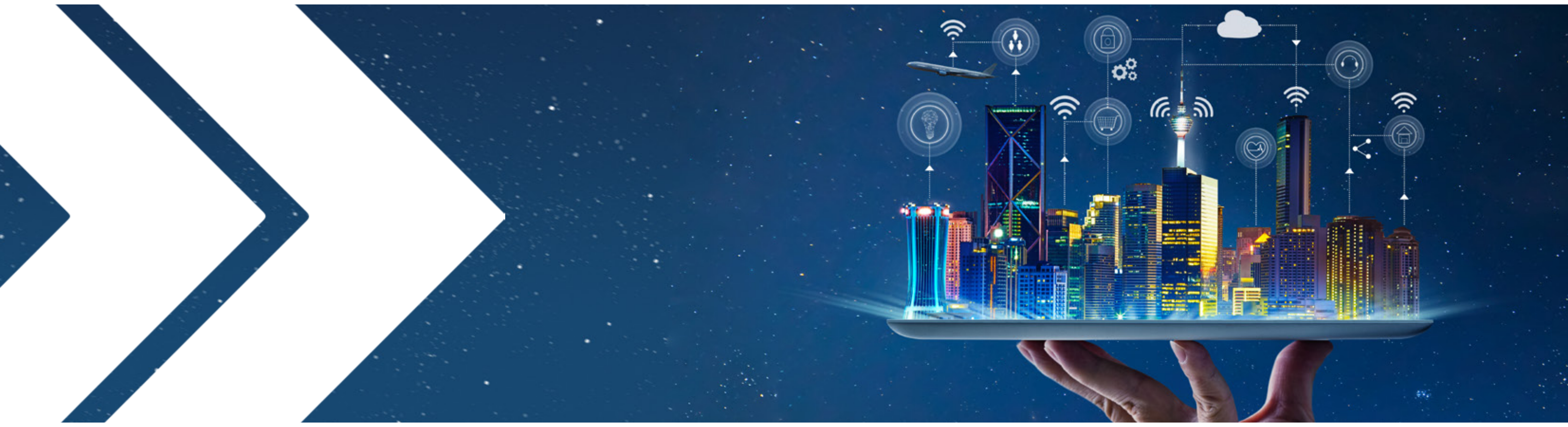
As of December 31, 2021

SEK thousands	Within 1 year	2 - 3 years	4 - 5 years	> 5 years
Bank loans	29,295	58,591	317,126	-
Provisions	-	65,619	-	-
Trade payables	52,713	-	-	-
Leasing liabilities	11,626	22,652	23,263	29,671
Other current liabilities	52,213	-	-	-
Total	**145,847**	**146,862**	**340,389**	**29,671**

The provisions in the note above consist of an additional purchase sum to the former owner of Extenda AB. This amount is part of the Provisions item on the balance sheet. Other current liabilities consist of deferred social security contributions and withholding taxes. The Covid pandemic allowed the Group to postpone these for 1–2 years. This amount is part of the item Other current liabilities in the balance sheet. Once one year has passed, the Group may apply to defer payments for another year. In February 2022, the Group was informed that it could defer a share for another year.

Objectives, policies and procedures for capital

The Group's objective is to maintain a sound equity and debt structure over time. The equity ratio at the end of 2021 is 33% (37%).



Note G30, Significant events after the end of the fiscal year

In April 2022, the Group acquired, the Dutch company Revision Holding BV through Extenda Retail AB. The purchase price amounted to EUR 23 million, and the company, including its subsidiaries, has annual revenue of approximately EUR 6 million. The acquisition is part of the company's strategy and provides opportunities for new business as we gain an expanded product offering and a larger customer base in countries where we have limited sales today.

In conjunction with the acquisition, the Group has put a new financing arrangement in place. The new financing consists of a corporate bond of SEK 550,000 thousands and a revolving credit facility of SEK 75,000 thousands. As a result, the Group has settled all bank loans with Barings.

Russia's invasion of Ukraine has had some impact on the Group since February 2022. We have a number of highly valued employees through our partners and through our subsidiary who are affected to varying degrees by the war. The Group has no customers in Russia or Ukraine.

The Swedish Tax Agency has decided and approved the possibility of repayment over a three-year period for the taxes and fees the company had the opportunity to defer payment for, as a result of the corona pandemic.

Note G31, Collateral and Contingent Liabilities

Accounting and Valuation Principles

Commitments

Regarding commitments arising from the performance of activities controlled by the Group in the ordinary course of business; the Group is obliged to meet a number of different types of obligations arising from customer contracts. Obligations may also arise from lease agreements and tax and customs settlements.

These commitments may be, but are not necessarily, guaranteed by bonds issued by banks or insurance companies. As the Group is in a position to control the implementation of these obligations, a liability arises only if a compelling event (such as a dispute or late performance) has occurred that makes it probable that an outflow of resources will result. When an outflow of resources is considered to be the only possible but not probable outflow, or when it is probable and cannot be measured reliably, it is recognized as a contingent liability.

When an outflow is considered probable and can be measured reliably, the impact on the financial statements is as follows: if the incremental liability is directly attributable to the performance of an ongoing customer contract; the estimated gross margin at completion of the contract is remeasured; the cumulative margin recognized to date based on a percentage of completion and provisions for future contract losses, if any, are adjusted accordingly; if the incremental liability is not directly related to an ongoing contract, a liability is recognized directly in the statement of financial position.

No contingent liability is recognized when the probability of an obligation to a third party remains remote or possible. A contingent liability is not recognized until the obligation becomes probable. Any additional revenue resulting from a commitment to a third party is recognized only when virtually certain.

Commitments arising from the performance of activities not wholly controlled by the Group

Liabilities to third parties may arise from ongoing legal proceedings. In the event of legal proceedings, a contingent liability is recognized when the liability is only considered possible but not probable, or if probable, it cannot be measured reliably. A provision is recognized if the obligation is considered probable and can be measured reliably. Contingent assets arising from legal proceedings or guarantees provided by third parties are recognized only when the inflow of resources becomes probable.

The following collateral and contingent liabilities are disclosed below:

SEK thousands	2021 Dec 31	2020 Dec 31
Shares in subsidiaries/net assets	192,477	308,383
Pledged cash and cash equivalents	148,025	49,407
Pledged trade receivables	37,050	16,296
Business mortgage	10,800	10,800
Contingent liabilities	None	None

Although the Group has an ongoing dialogue with individual customers, Visma EssCom and insurance companies in light of the global ransomware incident directed at Kaseya, software delivered by Extenda Retail's subcontractor Visma EssCom, the assessment is that any claims from customers can be referred to our subcontractor or insurance company and therefore contingent liabilities are recognized at nil.

Note G32, Items affecting comparability

Accounting and Valuation Principles

Items affecting comparability refer to material items and events related to changes in the Group's structure or industry, which are relevant to understanding the Group's performance on a like-for-like basis. Group EBITDA is adjusted for items affecting comparability to enable the reader to monitor and analyze underlying profitability adjusted for items that affect comparability between periods.

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Items affecting revenue		
Shares in subsidiaries/net assets	52,325	-
Pledged cash and cash equivalents	-	74,000
Pledged trade receivables	-	(3,452)
Total	**52,325**	**70,548**
Items affecting direct cost		
Onerous contracts (M&A insurance related)	(2,512)	(1,451)
Total	**(2,512)**	**(1,451)**
Items affecting external costs		
Financial Systems Standup & Harmonization	-	(1,835)
Other one-time Consultant Expenses	-	(8,844)
One offs auditors and lawyers (M&A insurance, carve-out)	(4,519)	(8,879)
Office Move & Telecom/IT Costs	-	(11,631)
New Delivery model - outsourcing	(6,979)	-
Policy framework & IT security	(1,538)	-
IFRS conversion & Go-to-Market	(1,603)	(1,035)
Offshoring Overlap	-	(8,116)
One-time Travel & Other	(714)	(3,750)
Cost regarding Kaseya incident & log4j	(1,720)	-
Total	**(17,072)**	**(44,090)**
Items affecting personnel cost		
Severance - Rightsizing and offshoring/outsourcing	(9,224)	(16,463)
Time spent Kaseya incident	(2,493)	-
Total	**(11,717)**	**(16,463)**
Total items affecting comparability in EBITDA	**21,024**	**8,544**

Note G33, Transactions with Related Parties

Accounting and Valuation Principles

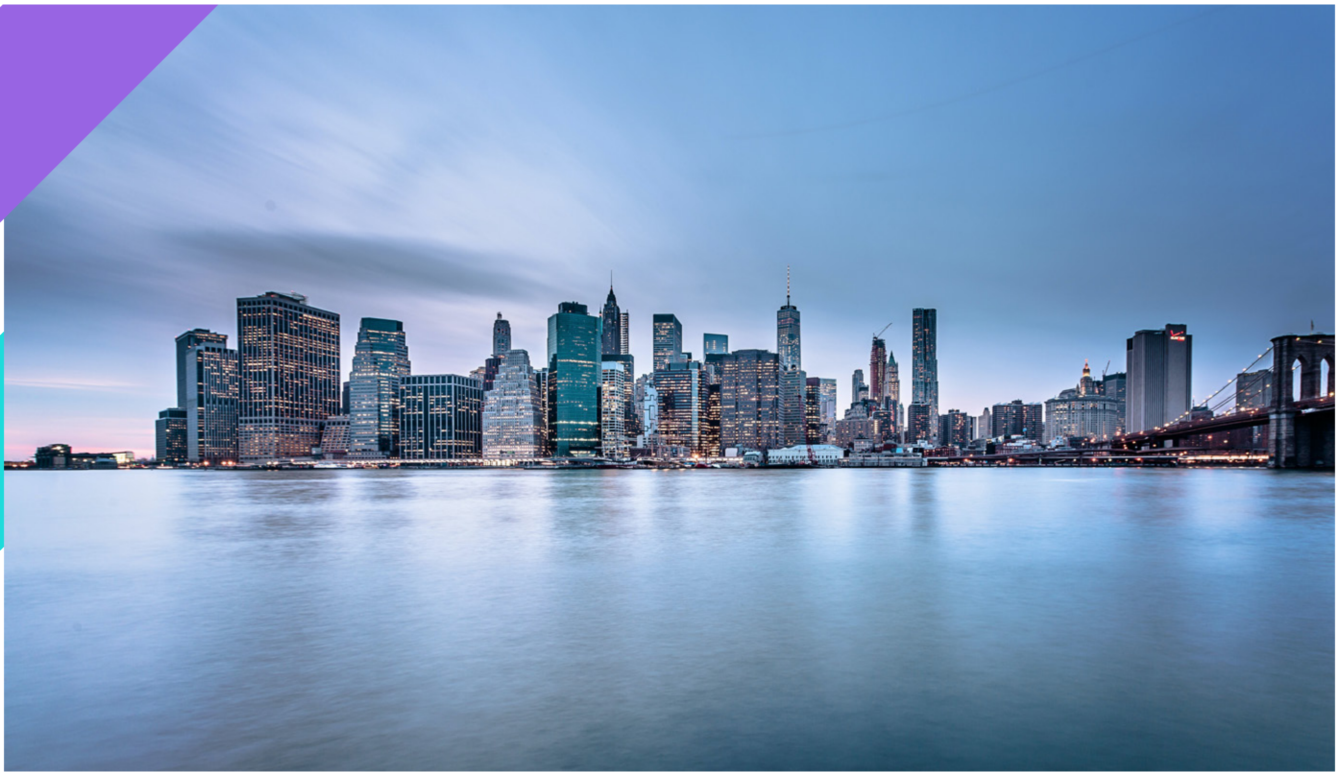
Related companies are companies that have a direct or indirect significant influence on Extenda Retail Holding 1 AB. Subsidiaries and associates are also defined as related parties, see also Note P3, Investments in Group Companies. Related natural persons are defined as directors, senior executives and close family members of such persons. Disclosure of related party transactions that involve the transfer of resources, services or obligations between related parties, whether or not payment is received.

The information includes a disclosure of the nature of the related party relationship and information about the effect of the relationship on the financial statements.

Information on fees and remuneration of the Board of Directors and senior executives is provided in Note G8, Employees, Personnel Costs and Remuneration. There have been no transactions with related parties on terms other than market terms.

Warrants

Management and a number of key employees participate in a program offered by the Group's majority shareholder, STG. The programs have given these individuals the opportunity to purchase warrants in Extenda Retail S.A.R.L, which in turn owns 100% of the shares in Extenda Retail Holding 1 AB. The warrants have been purchased on market terms.



Note G34, Explanatory notes on transition to IFRS

This is the first consolidated financial report prepared in accordance with IFRS, as explained in Note G2, Accounting Policies. The accounting policies set out have been applied in the preparation of the consolidated financial statements for the fiscal year 2021 and for the comparative year 2020 and for the opening balance sheet of the Group as of January 1, 2020. In preparing the Group's opening balance sheet, amounts recognized under previous GAAP have been restated in accordance with IFRS. Explanations of how the transition from previous GAAP to IFRS have affected the Group's financial position, financial performance, and cash flows are presented in the following tables and explanations.

The transition to IFRS is accounted for in accordance with IFRS 1 "First-Time Adoption of IFRS." The main rule is that all applicable IFRS and IAS standards that have entered into force and have been endorsed by the EU by December 31, 2021, shall be applied retrospectively.

IFRS 1 contains transitional provisions that give companies some choice in selecting one or more exemptions from retrospective application. The exceptions to the full retrospective application of IFRS that the Group has chosen in the transition from previous GAAP are set out below.

Effects on the consolidated income statement and statement of other comprehensive income, statement of financial position and changes in equity

The summaries below show the above effects on the income statement and statement of other comprehensive income, statement of financial position and changes in equity and cash flow as if IFRS had been applied in 2020.

IFRS 3, Business combinations

IFRS 1 provides an option to apply the principles of IFRS 3, Business Combinations, either prospectively from the date of transition to IFRS or from a specific date before the date of transition. This provides relief from a full retrospective application that would require the restatement of all business combinations prior to the date of transition. The Group has elected to apply IFRS 3 prospectively to business combinations that occur after the date of transition to IFRS. Business combinations that took place before the date prior to transition have therefore not been restated.

In the consolidated financial statements, IFRS 3 has been applied to all business combinations made on or after January 1, 2020, the date of transition to IFRS. From January 1, 2020, no amortization is applied to intangible assets with indefinite useful lives. Instead, these are tested annually, or when there is an indication of impairment, for possible impairment. This has not given rise to any adjustments. Business combinations that took place before the transition date have not been restated. The Group did not make any acquisitions in 2020 or 2021, apart from a couple of additional purchase price payments that have been settled.

IFRS 15, Revenue from contracts with customers

Extenda Retail Group has chosen to apply the specific transitional exemption in IFRS 15, whereby a company adopting IFRS for the first time may apply the provisions on transition and/or choose not to restate contracts that were completed before the earliest period reported.

IFRS 16, Leases

The Group has chosen to apply IFRS 16 from the transition date (January 1, 2020) and prospectively (IFRS D9B). The exception means that the lease liability is measured at the present value of the remaining lease payments at the date of transfer, discounted at the lessee's marginal lending rate.

The right-of-use asset is valued at an amount equal to the lease liability. IFRS 1 does not differentiate between a lease accounted for as an operating lease or a financial lease under previous accounting policy. Therefore, all leases should be treated in the same way on transition to IFRS regardless of their previous classification under local accounting policy (K3).

The Group has also elected to apply the following, based on IFRS 1, paragraph D9D, at the date of transition:

- The Group has chosen to use historical information, for example, to determine the lease term if the lease contains options to extend or terminate the lease or if the lease contains a purchase option that has been exercised.
- Short-term leases (leases where the initial lease term is long-term but the remaining lease term is less than 12 months) are not included in the calculation of the lease liability.
- A right of use or a lease liability is not recognized for leases of low-value assets.

Reconciliation between previous GAAP and IFRS

IFRS 1 requires the Group to present reconciliations between equity and total comprehensive income reported under previous GAAP and equity and total comprehensive income under IFRS. The Group's transition to IFRS has had some impact on total cash flows from operating, investing or financing activities.

The cash flow from financing activities has been reclassified to cash flow from operating activities. The repayment of the lease debt is now reported in financing activities following the transition to IFRS. Under previous GAAP, cash flows from leases classified as operating leases were recognized in operating activities. The tables below show reconciliations between equity and total comprehensive income for each period under previous GAAP and IFRS.

Group income statement and statement of other comprehensive income 2020

SEK thousands	Notes	According to earlier accounting principles	Changes due to IFRS	According to IFRS
Net revenues	c), h)	626,053	(11,758)	614,295
Other revenues		77,855	-	77,855
Total revenue		**703,908**	**(11,758)**	**692,150**
Direct cost	d), h)	(262,330)		(262,330)
Other external costs	g), h)	(178,378)	17,095	(161,283)
Personnel costs	e), h)	(190,656)	1,530	(189,126)
Capitalized work for own account		3,304	-	3,304
Depreciation of fixed assets	a), h)	(165,914)	42,556	(123,358)
Other expenses	b), h)	(3,680)	-	(3,680)
Total cost		**(797,654)**	**61,181**	**(736,473)**
Operating earnings		**(93,746)**	**49,422**	**(53,483)**
Interest income and similar items		17,594	-	17,594
Interest expenses and similar items	d), f), h)	(35,825)	(17,071)	(52,897)
Earnings before tax		**(111,977)**	**32,351**	**(79,627)**
Income tax	f), h)	70,979	4,860	75,839
Earnings for the period		**(40,998)**	**37,211**	**(3,788)**
Other comprehensive income				
Items that can be reclassified to profit or loss				
Translation differences from subsidiaries abroad		(3,998)	-	(3,998)
Total other comprehensive income		**(3,998)**	**-**	**(3,998)**
Total comprehensive income for the year		**(44,996)**	**37,211**	**(7,786)**
Earnings for the period attributable to:				
Parent Company shareholders		(40,998)	37,211	(3,788)
Total comprehensive income attributable to:				
Parent Company shareholders		(44,996)	37,211	(7,786)

Consolidated statement of financial position, January 1, 2020

SEK thousands	Notes	According to earlier accounting principles	Changes due to IFRS	According to IFRS
Long-term assets				
Intangible assets		941,937	-	941,937
Tangible assets		6,499	-	6,499
Right of use assets	d)	-	96,511	96,511
Other non-current receivables		1,377	-	1,377
Total long-term assets		**949,813**	**96,511**	**1,046,324**
Short-term assets				
Inventories		375	-	375
Accounts receivable	g)	142,467	454	142,921
Current tax assets		162	-	162
Contract assets		9,096	-	9,096
Other current assets		32,110	-	32,110
Cash and cash equivalents		42,487	-	42,487
Total short-term assets		**226,697**	**454**	**227,151**
Total assets		**1,176,510**	**96,965**	**1,273,475**
Equity				
Share capital		50	-	50
Other paid-in capital		745,933	-	745,933
Retained earnings including earnings for the period		(397,665)	(2,034)	(399,699)
Total equity attributable to owners of the parent		**348,318**	**(2,034)**	**346,284**
Non controlling interest		5,568	-	5,568
Total equity		**353,886**	**(2,034)**	**351,852**
Long-term liabilities				
Provisions		170,053	(15,804)	154,249
Interest-bearing liabilities		305,530	-	305,530
Operating lease obligations current	d)	-	87,212	87,212
Deferred tax liabilities	f)	81,088	(528)	80,560
Total long-term liabilities		**556,671**	**70,880**	**627,550**
Short-term liabilities				
Accounts payable		109,270	-	109,270
Current tax liabilities		8,622	-	8,622
Operating lease obligations non-current		-	9,299	9,299
Contract liabilities		23,932	-	23,932
Accrued expenses and deferred income	c)	124,129	18,820	142,949
Total short-term liabilities		**265,953**	**28,119**	**294,072**
Total equity and liabilities		**1,176,510**	**96,965**	**1,273,474**

Report on the Financial position of the Group, December 31, 2020

SEK thousands	Notes	According to earlier accounting principles	Changes due to IFRS	According to IFRS
Long-term assets				
Intangible assets	a)	794,197	57,077	851,274
Tangible assets		17,512	-	17,512
Right of use assets	d)	-	83,519	83,519
Other non-current receivables		981	-	981
Total long-term assets		**812,690**	**140,596**	**953,286**
Short-term assets				
Inventories		262	-	262
Accounts receivable	e)	93,247	338	93,585
Current tax assets		8,434	-	8,434
Contract assets		6,486	-	6,486
Other current assets		16,463	-	16,463
Cash and cash equivalents		49,407	-	49,407
Total short-term assets		**174,299**	**338**	**174,637**
Total assets		**986,989**	**140,934**	**1,127,923**
Equity				
Share capital		50	-	50
Other paid-in capital		845,931	-	845,931
Retained earnings including earnings for the period		(461,365)	35,176	(426,190)
Total equity attributable to owners of the parent		**384,616**	**35,176**	**419,791**
Total equity		**384,616**	**35,176**	**419,791**
Long-term liabilities				
Provisions	b)	75,440	(6,644)	68,796
Interest-bearing liabilities		289,668	-	289,668
Operating lease obligations current	d)	-	75,586	75,586
Deferred tax liabilities	f)	7,601	(5,387)	2,214
Total long-term liabilities		**372,709**	**63,555**	**436,264**
Short-term liabilities				
Accounts payable		52,712	-	52,712
Current tax liabilities		631	-	631
Operating lease obligations non-current		-	11,626	11,626
Contract liabilities		62,523	-	62,523
Other current liabilities	d)	113,798	30,577	144,375
Total short-term liabilities		**229,664**	**42,203**	**271,867**
Total equity and liabilities		**986,989**	**140,934**	**1,127,922**

Impact on the cash flow statement for the fiscal year 2020 already published under K3

The Group's cash flow was not affected by the transition to IFRS. However, the IFRS adjustments had the following effect on the presentation format:

- On transition to IFRS 16, cash flows for lease payments on leases classified as operating leases (previously recognized in operating activities – other external expenses) were reclassified to loan repayments of SEK 9,299 thousand and interest paid of SEK 7,912 thousand. Lease payments are recorded in financing activities, and interest paid in operating activities. Depreciation of right-of-use assets amounting to SEK 12,992 thousand has been returned to operating activities under Adjustments for items not included in cash flow. Short-term and low-value leases are recognized as cash flows from operating activities.

References

The Group's cash flow was not affected by the transition to IFRS. However, the IFRS adjustments had the following effect on the presentation format:

a) Reversal of amortization of goodwill

Under previous GAAP, goodwill was amortized over the period in which it was expected to generate economic benefits. Under IFRS, goodwill is not amortized, but instead is tested annually for impairment. As goodwill is not amortized under IFRS, the amortization of goodwill made under previous GAAP during the period is reversed.

SEK thousands	2020 December 31	2020 January 1
Goodwill according to K3	464,586	520,485
Reversal of goodwill amortizations	55,896	-
Goodwill according to IFRS	**520,482**	**520,485**

b) Present value adjustment of additional purchase consideration

Extenda Retail has an additional purchase sum to Extenda AB's previous owner. The additional purchase sum depends on a number of financial targets to be met. The additional purchase sum is discounted based on when the Group expects payments to be made, at an interest rate of 7.4%.

SEK thousands	2020 December 31	2020 January 1
Earn out according to K3	(65,620)	(164,200)
Present value adjustment of earn out	6,644	15,804
Earn out according to IFRS	**(58,976)**	**(148,396)**

c) Revenue recognition under IFRS 15

Most software license agreements are invoiced in advance on a quarterly or annual basis, but we also have a number of customers who prefer to be invoiced once for what we used to call one-off licenses. These one-off licenses are delivered in the same way as the software license agreements, and in practice cannot be used unless the customer purchases maintenance and support as an add-on. As a result, the promises to transfer software licenses and to provide the services related to the licenses are not distinct within the framework of the agreements, since the promises are, in practice, additions to a combined item promised to the customer in the agreement.

Thus, the related revenue is recognized over time as the customer simultaneously receives and consumes the service provided by Extenda Retail during the contract period (usually 36 months). The Group has chosen to use the simplification rule and goes back and adjusts open contracts from October 1, 2018, when the Group was formed. The change in accounting for non-recurring licenses will have the following impact on the Group's income statement and balance sheet:

SEK thousands	2020 December 31	2020 January 1
Deferred income according to K3	(31,946)	(54,744)
Adjustment of perpetual license and accelerated development	(30,577)	(18,820)
Deferred income according to IFRS	**(62,523)**	**(73,564)**

d) Leasing

At the date of transition to IFRS, the Group recognized a right-of-use asset and a lease liability in the statement of financial position for leases classified as operating and finance leases respectively under previous GAAP.

The lease liability has been measured at the present value of the remaining lease payments, discounted at the lessee's marginal lending rate at the date of transition to IFRS (January 1, 2020). The right-of-use asset has been valued at an amount equal to the lease liability. The Group amortizes the right-of-use asset on a straight-line basis over the term of the lease.

The statement of comprehensive income includes depreciation of right-of-use assets and an interest expense on the lease debt in net financial income. Charges for leases classified as short-term or low-value leases and charges for non-lease components are charged to the income statement on a straight-line basis over the lease term.

The weighted average borrowing rate used at the first date of application (January 1, 2020) was 9%. Under previous GAAP, leases were classified as either finance or operating leases. At the date of transition to IFRS, January 1, 2020 and December 31, 2020, assets and liabilities previously recognized in the statement of financial position and depreciation and interest previously recognized in the income statement were reversed.

SEK thousands	2020 December 31	2020 January 1
Operating lease obligations current	(11,626)	(9,299)
Operating lease obligations Non-current	(75,586)	(87,212)
Short- and Long-term liabilities according to IFRS	**(87,212)**	**(96,511)**

SEK thousands	2020 December 31	2020 January 1
Right of use assets	96,511	96,511
Right of use assets - depreciation	(12,992)	-
Right of use assets according to IFRS	**83,519**	**96,511**

e) Activation of incremental costs to obtain a contract

A commission expense incurred on new sales at the time of sale that is directly attributable to obtaining the customer contract is capitalized when it is directly attributable to obtaining the customer contract and is expected to be recoverable. Consequently, costs are recognized over the term of the contract, usually 36 months.

The following adjustments have been made to the balance sheet and profit and loss account:

SEK thousands	2020 December 31	2020 January 1
Customer Acquisition cost	1,529	-
Amortization of Customer Acquisition cost	(338)	-
Customer Acquisition cost according to IFRS	**1,191**	**-**

f) Deferred tax

At the date of transition to IFRS, deferred tax was recognized on all IFRS adjustments, except for the reversal of amortization of goodwill, which is not deductible for tax purposes.

The following types of deferred tax have been reversed as of the date of transition to IFRS.

SEK thousands	2020 December 31	2020 January 1
Deferred tax liabilities according to K3	**(7,601)**	**(81,088)**
Deferred tax on Earn out	(1,369)	(3,256)
Deferred tax on Deferred income	6,299	3,877
Deferred tax on Leasing	777	-
Deferred tax on Customer acquisition cost	(250)	(94)
Deferred tax on Accounts receivable	(70)	-
Deferred tax liabilities according to IFRS	**(2,214)**	**(80,560)**

g) Trade receivables measured at amortized cost

Trade receivables are measured in accordance with IFRS 9. The Group has adopted a simplification rule whereby, instead of making an individual assessment of each item that is more than 90 days past due, we use a ladder approach. This has had the following impact on the Group's results and balance sheet:

SEK thousands	2020 December 31	2020 January 1
Accounts receivable according to K3	93,247	142,467
Adjustment of bad debt	338	454
Accounts receivable to IFRS	**93,585**	**142,921**

h) Details of adjustments to net income

The detailed effect of all adjustments described under a–g) above on total comprehensive income is reconciled in the table below for the fiscal year 2020:

SEK thousands	2020 Jan 1 - Dec 31
Earnings for the period according to K3	(40,998)
Reversal of depreciation of Goodwill	55,896
Adjustment of Earn out	(9,160)
Adjustment of Perpetual license and Accelerated development	(11,758)
Adjustment of Customer acquisition cost	1,530
Depreciation of Customer acquisition cost	(348)
Reversal of Leasing cost	17,211
Depreciation of Leasing	(12,992)
Interest on Leasing	(7,912)
Adjustment of accounts receivable	(116)
Adjustment of Tax liabilities	4,860
Accounts receivable to IFRS	**(3,788)**

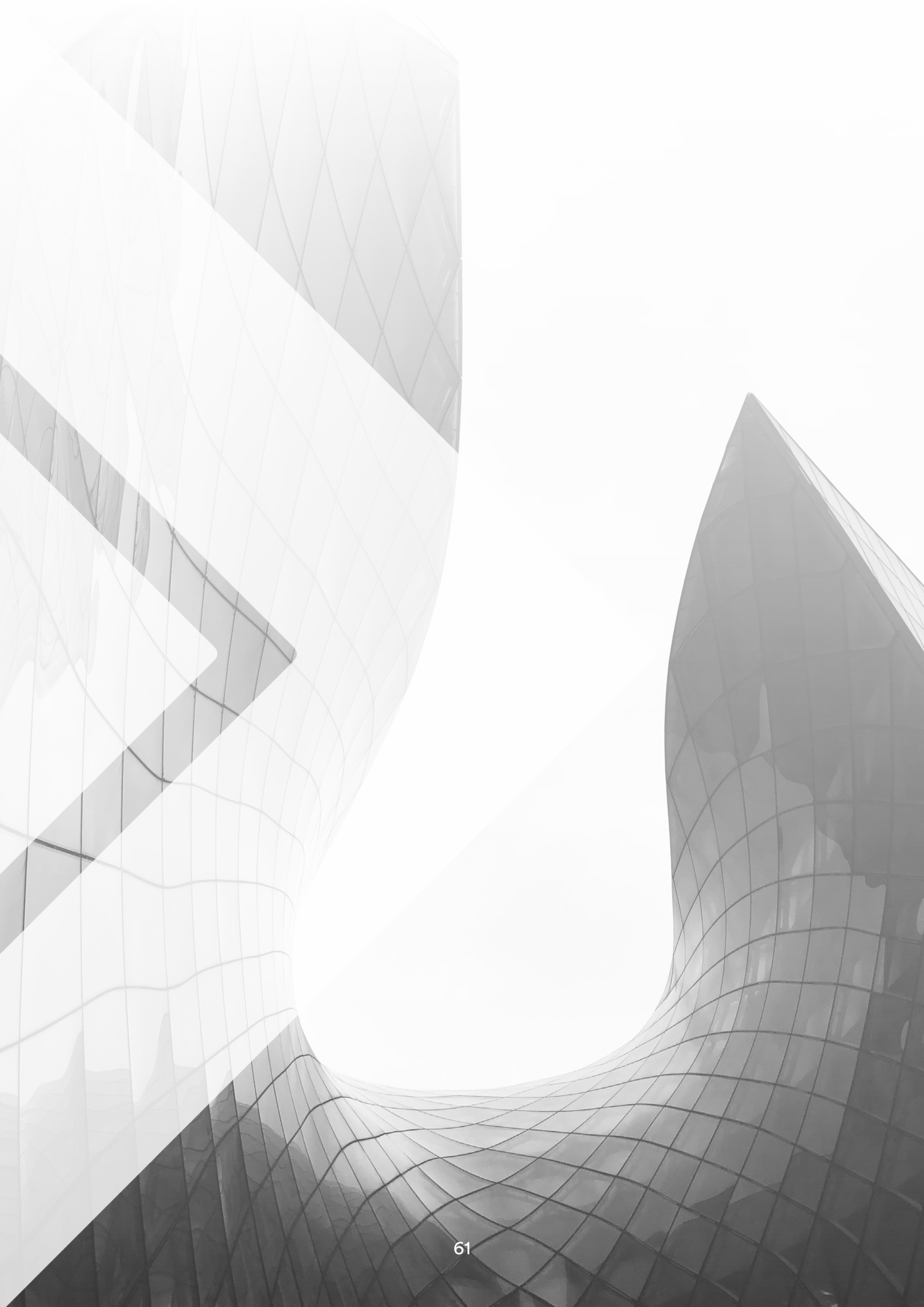
Exchange Differences on Translation of Foreign Operations

Under IFRS, exchange rate differences are recognized in other comprehensive income and capitalized under the translation reserve in equity. All IFRS adjustments affecting foreign operations will therefore affect exchange rate differences.

Report on Comprehensive Income

The following items have been reclassified in the statement of comprehensive income:

- Other interest receivable and similar income" is now "Financial income," and "Interest payable and similar income" is now "Financial charges."



Parent Company's Directors' Report

Parent Company

Extenda Retail Holding 1 AB, company registration number 559167-1507, which is the parent company of the Extenda Retail Group, is a Swedish limited liability company registered on August 1, 2018 with its registered office in Stockholm. The address of the head office is Gustav III's Boulevard 50A, 169 73 Solna, Sweden.

The object of the parent company's business is to acquire, hold and manage, directly or indirectly, securities and to engage in other activities compatible therewith.

Summary Financial Information

SEK thousands	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31	2019* Jan 1 - Dec 31	2018* Jan 1 - Dec 31
Net revenue	0	0	0	0
Operating earnings	0	(1)	(318)	(1)
Operating margin in%	neg	neg	neg	neg
EBITDA	0	1	(318)	(1)
Items affecting comparability	-	-	-	-
Adj. EBITDA	0	1	(318)	(1)
Net financial items	0	(1)	0	0
Earnings for the period	0	(2)	(318)	(1)
Profit margin, %	neg	neg	neg	neg
Total assets	871,252	845,931	745,854	745,982
Cash and cash equivalents	(2,761)	(270)	(79)	49
Interest-bearing liabilities	-	-	-	-
Equity	868,491	845,661	745,854	745,982
Net debt	(2,761)	(270)	(79)	49
Equity/assets ratio, %	100%	100%	100%	100%

In the parent company, turnover in 2021 amounted to SEK - (-) thousand. Operating profit amounted to SEK - (-1) thousand, Group contributions received to SEK 320 (-) thousand, and profit after tax to SEK 320 (-2) thousand. Cash flow from operating activities totaled SEK -113 (-) thousand and consists of exchange rate fluctuations. Cash flow from financing activities amounted to SEK - 2,409 (-) thousand as a result of a dividend paid. The Parent Company's cash and cash equivalents at the end of the period amounted to SEK -2,761 (-270) thousand and are recognized in the balance sheet as a liability to Group companies, as the cash is part of a cash pool owned by the subsidiary Extenda Retail Holding 3 AB.

Equity in the parent company at the end of the period amounted to SEK 868,491 (845,661) thousand. The equity ratio at the end of the fiscal year was 99.7% (99.9%). The parent company has not had any material transactions with related parties other than shareholder contributions and dividends to and from Group companies. All transactions with related parties are conducted in accordance with commercial principles.

Profit and loss account

At the disposal of the Annual General Meeting are the following profits in SEK:

SEK thousands	2021 December 31
Retained earnings	868,119,354
Earnings for the period	320,202
The Board of Directors and the CEO propose that the earnings be allocated so that they are carried forward to new accounts:	**868,439,556**

Parent company income statement

SEK thousands	Note	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Operating expenses		0	(1)
Operating earnings		**0**	**(1)**
Interest expenses and similar items		0	(1)
Earnings before tax		**0**	**(2)**
Appropriations		320	-
Income tax		0	0
Earnings for the period		**320**	**(2)**
Total comprehensive income for the period		**320**	**(2)**

Parent company balance Sheet

SEK thousands	Note	2021 December 31	2020 December 31
Long-term assets			
Shares in group companies	P1	870,932	845,931
Total long-term assets		**870,932**	**845,931**
Short-term assets			
Short term receivables from group companies		320	0
Total short-term assets		**320**	**0**
Total assets		**871,252**	**845,931**

SEK thousands	Note	2021 December 31	2020 December 31
Equity			
Restricted equity			
Share capital (50,000 shares)		50	50
Total restricted equity		**50**	**50**
Unrestricted equity			
Retained earnings		868,121	845,613
Earnings for the period		320	(2)
Total unrestricted equity		**868,441**	**845,611**
Total equity		**868,491**	**845,661**
Short-term liabilities			
Short-term liabilities to group companies		2,761	270
Total short-term liabilities		**2,761**	**270**
Total equity and liabilities		**871,252**	**845,931**

Parent company statement of changes in equity

SEK thousands	Restricted equity	Unrestricted equity		
	Share capital	Retained earnings	Earnings for the period	Total equity
Opening balance at January 1, 2021	**50**	**845,613**	**(2)**	**845,660**
Earnings for the period	-	-	320	320
Settlement balanced earnings	-	(2)	2	0
Shareholder contributions received	-	25,000	-	25,000
Share dividend	-	(2,490)	-	(2,490)
Ending balance at December 31, 2021	**50**	**868,121**	**320**	**868,491**
Earnings for the period			(2)	(2)
Settlement balanced earnings		(318)	318	0
Shareholder contributions received		99,998		99,998
Changes in ownership interest				0
Ending balance at December 31, 2020	**50**	**845,613**	**(2)**	**845,660**

Parent Company Cash Flow Statement

SEK thousands	Note	2021 Jan 1 - Dec 31	2020 Jan 1 - Dec 31
Operating earnings		**0**	
Adjustment for non-cash items, etc.		(113)	**(1)**
Interest paid		0	(1)
Cash flow from operations prior to changes in working capital		**(113)**	**(2)**
Cash flow from changes to working capital			
Change in current receivables		(320)	231
Change in current liabilities		351	(190)
Cash flow from current activities		**(82)**	**39**
Financing activities			
Paid dividend		(2,409)	-
Cash flow from financing activities		**(2,409)**	**0**
Cash flow for the period		**(2,491)**	**39**
Cash and cash equivalents at start of period		**(270)**	**(309)**
Translation difference on cash and cash equivalents		-	-
Cash and cash equivalents at end of period		**(2,761)**	**(270)**

Parent Company Notes

Note P1, Accounting and Valuation Principles

The parent company has prepared its annual accounts in accordance with the Annual Accounts Act and the standard RFR 2 "Accounting for Legal Entities", issued by the Financial Reporting Council. RFR 2 requires the parent company to apply all IFRS and IFRIC interpretations adopted by the EU to the extent permitted by RFR 2.

The main differences between the principles applied in the Group and in the parent company are described below.

Extenda Retail Holding 1 AB, with registration number 559167-1507, was registered on August 1, 2018, and has its registered office in Stockholm.

Untaxed Reserves and Deferred Taxes

Tax legislation in Sweden allows companies to defer the payment of taxes by making a provision for untaxed reserves in the balance sheet via the line item in the consolidated income statement and statement of comprehensive income "Disposals of financial statements." The parent company can therefore show untaxed reserves in the balance sheet and year-end disposals in the income statement. In Extenda Retail Holding 1 AB, year-end disposals are reported as part of net financial income.

In the consolidated balance sheet, these are treated as temporary differences, i.e., split between deferred tax liabilities and equity. In the consolidated income statement and statement of comprehensive income, the provision for or release of untaxed reserves is allocated between deferred tax and net income.

Group Companies

Investments in group companies are stated at cost less any impairment losses.

Leases

Leases are accounted for in accordance with the exemption allowed by RFR 2. For leases where the parent company is the lessor, this means that the right-of-use assets and liabilities are not recognized in the balance sheet. Costs under the lease are recognized on a straight-line basis in the consolidated income statement and statement of comprehensive income over the lease term. Lease incentives received are recognized as an integral part of the total lease expense over the lease term.

Group Contributions

Group contributions are accounted for in accordance with the alternative rule of RFR 2, which means that group contributions received by the parent company from subsidiaries are recognized as a provision in the financial statements and included in the consolidated income statement and statement of comprehensive income on the line Financial income. Group contributions made by the parent company to subsidiaries are recognized as a provision in the financial statements and included in the consolidated income statement and statement of comprehensive income on the line Financial expenses.

Presentation of the balance sheet and the consolidated income statement and statement of comprehensive income and terminology

The presentation of the consolidated income statement and statement of comprehensive income as well as the balance sheet including terminology differs between the Group and the parent company, as the Group follows IAS 1 and the parent company follows the Annual Accounts Act and RFR 2 – Accounting for Legal Entities.

Changes in Accounting Policies

There have been no changes to IFRS or RFR 2 in 2021 that are expected to have a material impact on the parent company's results and financial position. A number of published new standards, amendments to standards and interpretations are not yet effective for the fiscal year 2021 and have not been applied in the preparation of the parent company's financial statements.

Note P2, Transactions with Related Parties

Fees and remuneration to the Board of Directors and senior executives are paid from Extenda Retail Holding 3, and more information is provided in Note G8, Employees, Personnel Costs and Remuneration.

All transactions with related parties are conducted in accordance with commercial principles. Apart from transactions with subsidiaries, there have been no related party transactions in the parent company.

Purchases and Sales From the Parent Company to Group Companies

No purchases and sales from the parent company to Group companies for 2021 or 2020. Current receivables from group companies in the balance sheet relate to group contributions from 2021 of SEK 320 (-) thousand to Extenda Retail Holding 3 AB. Current liabilities to Extenda Retail Holding 3 AB of SEK 2,761 (270) thousand relate to the balance on the bank account included in a cash pool.

Note P3, Investments in Group Companies

Investments in subsidiaries are accounted for in the parent company using the cost method. This means that transaction costs are included in the carrying amount of the investment in Extenda Retail Holding 2 AB, 559167-1473, Stockholm; see Note G24 for more information.

SEK thousands	2021 December 31	2020 December 31
At the beginning of the period	845,931	745,933
- Shareholder contribution	25,000	99,998
Carrying amount at the end of the period	**870,931**	**845,931**

SEK thousands	Corporate registration number	Registered office	Proportion of shares %	Proportion of vote %	Number of shares	Carrying value
As per December 31, 2020						
Extenda Retail Holding 2 AB	559167-1473	Stockholm	100	100	50,000	845,931
As per December 31, 2021						
Extenda Retail Holding 2 AB	559167-1473	Stockholm	100	100	50,000	870,931

SEK thousands	Corporate registration number	Registered office	Share of capital & voting rights
Subsidiaries, 31 Dec 2021			
Extenda Retail Holding 1 AB	**559167-1507**	**Stockholm**	
Extenda Retail Holding 2 AB	559167-1473	Stockholm	100%
Extenda Retail Holding 3 AB	559169-9771	Stockholm	100%
Extenda Retail AB	556229-6326	Stockholm	100%
Extenda Retail AS	954 165 892	Barkåker	100%
Extenda Retail UK Ltd	12973252	Sutton	100%
NYCE Solutions AB	556557-4695	UK	100%
NYCE Logic Ukraine LLC	43021469	Kiev	100%
NYCE Solutions Ukraine LLC	35780234	Kiev	80%
Wallmob A/S	34624364	Vejle	100%

Note P4, Collateral and Contingent Liabilities

The following collateral is recognized in the parent company:

SEK thousands	2021 December 31	2020 December 31
Shares in subsidiaries	870,932	845,931
Contingent liabilities	None	None

Signatures and declaration of the Board of Directors and the CEO

The Board of Directors and the CEO declare that the consolidated financial statements have been prepared in accordance with the applicable accounting standards in Sweden and give a true and fair view of the Group's position and results. The financial statements have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the position and performance of the parent company.

The Directors' Report for the Group and the parent company gives a true and fair view of the development of the Group's and the parent company's business, position and performance, and describes the principal risks and uncertainties that the parent company and its Group companies face.

The Group's income statement and balance sheet and the parent company's income statement and balance sheet will be approved at the Annual General Meeting on April 28.

Stockholm, April 20, 2022

Johnie Tristan Treadwell
Chairman of the Board

Mahinder Mathrani Board member	Adam Hendricks Board member	Edoardo Bounous Board member	Håkan Valberg Board member

Leendert Venema
Board member and CEO

Our audit report was submitted on April 21, 2022
Ernst & Young AB

Johan Holmberg
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Extenda Retail Holding 1 AB, corporate identity number 559167-1507

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Extenda Retail Holding 1 AB for the year 2021 except for the statutory sustainability report on pages 10-13.

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 the parent company as of 31 December 2021 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 2021 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. Our opinions do not cover statutory sustainability report on pages 10-13.

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.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the CEO 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 CEO 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 CEO 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 CEO intend 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 skepticism 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 CEO].
- Conclude on the appropriateness of the Board of Directors' [and the CEO'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 CEO of Extenda Retail Holding 1 AB for the year 2021 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 CEO 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 CEO 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 CEO 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 skepticism 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.

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 10-13 and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 **The auditor´s opinion regarding the statutory sustainability report**. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Stockholm April 22, 2022

Ernst & Young AB

Johan Holmberg
Authorized Public Accountant

Definitions

Profit or loss

Operating profit – Profit before financial items and tax.

Operating profit % – Profit before financial items and tax as a percentage of revenue.

Profit before tax – Profit after net financial items.

Net financial income – Interest income and similar items less interest expense and similar items.

Margins

Operating margin – Operating profit as a percentage of turnover.

Profit margin – Profit for the year as a percentage of turnover.

Adjusted EBITDA – Operating profit before depreciation and amortization of goodwill arising on acquisitions, and items affecting comparability.

Adjusted EBITDA % – Operating profit before depreciation and amortization of goodwill related to acquisitions, and items affecting comparability and as a percentage of revenue.

EBITDA – Earnings before interest, taxes, depreciation and amortization.

EBITDA % – Operating profit before depreciation and amortization as a percentage of revenue.

Capital structure

Balance sheet total – Total assets.

Equity – Equity at the end of the year.

Interest-bearing debt – Long and short-term interest-bearing debt.

Equity ratio – Equity as a percentage of total assets.

Cash flow and liquidity

Cash and cash equivalents – Cash in hand and at banks and short-term investments.

Cash flow before investments – Cash flow from operating activities.

Cash flow after investments – Cash flow from operating activities minus capital expenditure.

Employees

Average number of employees – Average number of annual employees based on measurements at the end of each month.