ayfie

INNOVATE MODERNIZE GROW

ANNUAL REPORT 2022

20 highlights
22 key figures

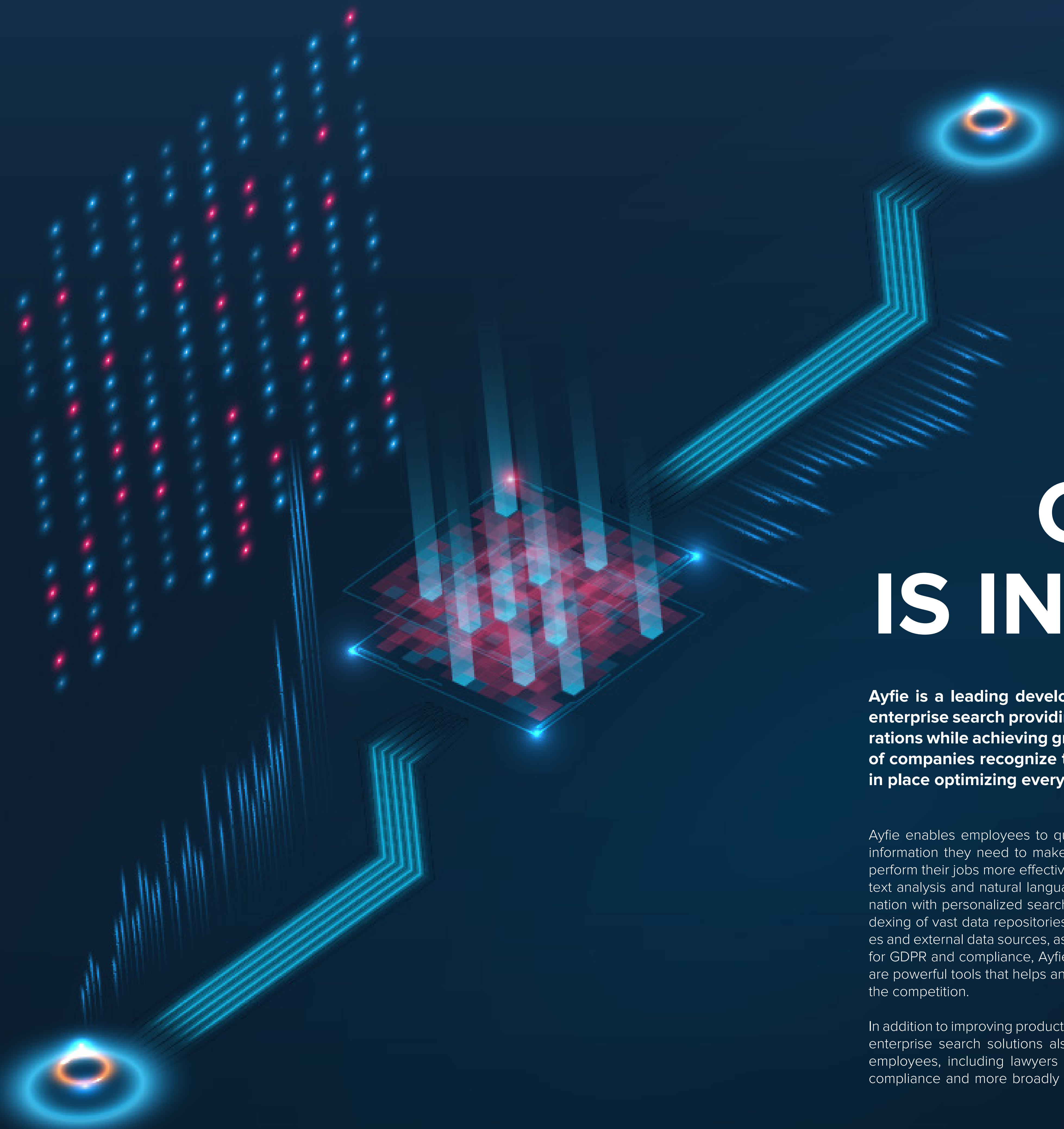
Table of content

TOTAL REVENUE
25.7 MNOK

CASH POSITION
18.7 MNOK

TOTAL EQUITY & LIABILITIES
28.6 MNOK

REVENUE FROM SUBSCRIPTION
25.0 MNOK



KEY MARKET TRENDS:

THE MOST IMPORTANT COMMODITY IS INFORMATION

Ayfie is a leading developer of cloud software solutions for information management and enterprise search providing important tools for modern companies that want to optimize operations while achieving greater efficiency and higher quality of service. An increasing number of companies recognize the value of having a robust and reliable enterprise search solution in place optimizing everyday tasks and operations both internally and externally.

Ayfie enables employees to quickly and easily find the information they need to make informed decisions and perform their jobs more effectively. With features such as text analysis and natural language processing in combination with personalized search results and real-time indexing of vast data repositories across internal databases and external data sources, as well as specific solutions for GDPR and compliance, Ayfie's solutions and services are powerful tools that helps any company stay ahead of the competition.

In addition to improving productivity and efficiency, Ayfie's enterprise search solutions also helps businesses and employees, including lawyers and others working with compliance and more broadly within legal, manage risk and ensure compliance with regulatory requirements. By providing the users with access to accurate and up-to-date information, it is possible to minimize the risk of errors and reduce the likelihood of compliance violations.

Overall, customers using Ayfie's solutions express that the investment has been a key factor in their success in creating a solid structure for information and document management as well as streamlining processes related to collaboration and workflow both internally and externally. For companies across the world, it provides benefits and cost-reductions, and we are now ready to further expand our already AI-driven solutions with smart features and additional functionality which will continue to make this technology even more impactful in the years ahead.


ayfie
ayfie
Boost Knowledge Discovery
Organize unstructured content to speed up research
Reveal key facts, PII, legal references and hidden insights

EXECUTIVE INTERVIEW

The future is AI-enabled:

Empowering users with Insight and Knowledge

In the rapidly evolving market for insight engines, cognitive search and enterprise search, Ayfie is a frontrunner with its innovative cloud solutions and AI-driven functionality. This approach changes the entire attitude towards making data accessible.

In the near future, Ayfie plans to roll out additional AI functionality built into the cloud solution, leveraging OpenAI's recent GPT-4 technology, the strongest AI functionality currently available.

"The introduction of ChatGPT is a market inflection point for data and analytics. This opens new possibilities for Ayfie and our customers, providing significant value in everyday life for all users. By combining our deep text analysis with ChatGPT's interpretation understanding, Ayfie will offer a unique platform and product in the market" says Ayfie's CEO, Herman Sjøberg.

According to Herman Sjøberg, the ChatGPT technology will evolve rapidly and competitors will introduce alternative services, meaning complementary solutions will emerge at a rapid pace. It is important for Ayfie to utilize the strength of new AI-driven technology, like GPT-4 from OpenAI, while at the same time taking advantage of its own AI capabilities:

The future is more flexible
"The future of information management and cognitive search is more flexible, thanks to AI and cloud solutions from Ayfie. We have built a platform which makes it easy to connect and utilize new technologies within this area going forward."

Data can be located almost anywhere and both structured and unstructured data from various sources can be meta-tagged and retrieved. With extended AI functionality, finding data or documents becomes even easier, as users can simply ask for their location and request help in finding them.

"These markets are projected to experience significant growth as organizations increasingly recognize the value of harnessing unstructured data, utilizing AI, and leveraging cloud technology to drive insights, efficiency, and competitiveness" says Ayfie's CFO, Lasse Ruud.

According to recent market research, the traditional enterprise search market is expected to grow at a compound annual growth rate (CAGR) of over 15% between 2021 and 2026 globally. This growth is fueled by the increasing volume of unstructured data and the need for businesses to quickly access relevant information to make informed decisions. Similarly, the cognitive search and analytics market is anticipated to grow at an CAGR of around 22% during the same period, reflecting the rising demand for AI-powered solutions to process and analyze vast amounts of data.

Cloud-first strategy
Ayfie's CEO, Herman Sjøberg, emphasizes the company's readiness to seize market opportunities: "As the market for insight engines, cognitive search and enterprise search continues to expand, Ayfie is uniquely positioned to capture the potential with our cloud-first strategy and advanced AI capabilities. By offering flexible and scalable solutions, we enable organizations to adapt to the ever-changing landscape and extract maximum value from their data."

"We have developed a SaaS delivery model that allows us, as an example, to gain 100 new customers overnight without spending more than 100 hours on each customer for implementation and installation. This also enables flexible pricing for our SaaS solution, while still generating profit. We have conducted various market tests and found solid willingness to pay for this solution, as it offers similar functionality to existing solutions but with new technology, including increasingly advanced AI features" says Herman Sjøberg.

New opportunities for growth and collaboration
Ayfie's CFO, Lasse Ruud, highlights the competitive edge Ayfie brings to the table: "Our expertise in AI-driven language analysis, combined with our commitment to cloud technology, empowers our customers to stay ahead of the curve in the rapidly evolving markets of insight engines and cognitive search. By investing in our cloud-based SaaS platform and expanding our partner ecosystem, we are opening up new opportunities for growth and collaboration."

"Historically, we have primarily served customers based on annual licenses for on-premise solutions. Many of these customers, as well as totally new customers which we have not talked to earlier, see the potential in our cloud solutions, as they make it easy to connect to new datasets and databases. We now support Microsoft Azure, SharePoint, OneDrive, Office 365, Google Drive, and Dropbox, allowing for seamless integration and effective search across various solutions and systems, generating better results and even higher value for businesses and users" says Lasse Ruud.

Ayfie's leadership is looking forward to expanding the company's foothold in the fast-growing markets of insight engines, cognitive search and enterprise search. By providing customers with cutting-edge solutions and making it easier to adopt their technology, Ayfie is delivering core value to its customers and users everyday. AI-powered solutions, paired with its cloud strategy, will place Ayfie's platform at the forefront of this dynamic industry.

The center of transformation

CEO Herman Sjøberg envisions a new era for the company: "As organizations across industries continue to adopt AI and cloud technologies, Ayfie will be at the center of this transformation, delivering value-added solutions and driving innovation. We are committed to helping our customers unlock the full potential of their data, and we believe our unique combination of AI expertise, language analysis capabilities, and cloud-first approach will propel us to new heights."

“With a new delivery model that streamlines customer recruitment and solution implementation, we can fine-tune our organizational model and more easily adapt to market trends. Our cloud solutions already create significant value for numerous businesses, and new customers can onboard themselves with our new platform” says Herman Sjøberg.

A new way of utilizing information

CFO Lasse Ruud echoes Sjøberg's aspirations: "Our dedication to creating seamless, user-friendly experiences for our customers and partners sets us apart in the market. By leveraging our strengths in AI, language analysis, and cloud technology, we are well-equipped to tap into the immense potential of the insight engine, cognitive search, and enterprise search markets, and ultimately, to revolutionize the way businesses access and utilize information."

“As a part of our onboarding strategy, we offer new customers a free trial of our cloud solution, demonstrating the value it generates across existing IT silos and a sea of unstructured data. At the same time, we see great potential among small and medium-sized businesses, as the path from implementation to full utilization is short and costs are clear. The key difference is that we used to allocate significant resources to sales and implementation, while with the new platform, we can focus on technology development and updates” says Lasse Ruud.

Herman Sjøberg says that one notable aspect is the utilization of ChatGPT, the strongest AI functionality currently available:

“For example, we are in close dialogue with law firms that have expressed strong interest in our new solution, as we connect our solution to their existing document management systems. This integration adds top-class search functionality and AI assistance in finding and creating new documents, which has great value for lawyers and others working within legal.”

The future is scalable

Looking ahead, Ayfie aims to offer a combination of premium and freemium options, making it easy for new customers, developers and others to test their services and process flow. The last few years, during the pandemic, many organizations have experienced the importance of systems resilience, agility, adaptability and scalability, and to a large extent, how this often is limited or enabled by an open, available and forward leaning IT strategy. Ayfie is well-positioned to deliver on these crucial attributes. As organizations increasingly recognize the value of cloud technology and AI-driven solutions, Ayfie's innovative approach is set to open up new opportunities for the company ahead in the enterprise search market.

REPORT FROM THE BOARD OF DIRECTORS

In 2022, we focused on modernizing our product platform and investing in product development. The previous year, we successfully regained control of the significant losses incurred during our early years. However, in 2022, we refocused on Ayfie's core business and made Locator our main product, with the focus on making it a fully SaaS (Software as a service) platform. We will be launching several new services throughout 2023. We experienced a loss of approximately 30 MNOK, of which 17.2 MNOK was due to write-downs of Goodwill and intangible assets related to Haive AS.

Locations, organization and operations

Ayfie Group AS ("the Company"), headquartered in Oslo, Norway, serves as the parent organization for the Ayfie Group ("the Group" or "Ayfie"). At the close of the year, the Company held complete ownership of shares in Ayfie AS and Haive AS, both based in Norway.

Looking back, the revitalization of Ayfie can be seen as a series of strategic phases:

- **In 2020, Ayfie underwent a restructuring process to recover from substantial losses.**
- **By 2021, Ayfie re-established control and concluded the year with positive financial results.**
- **In 2022, Ayfie revitalized its product line-up by investing significantly in product development.**

These initiatives enabled us to capitalize on emerging opportunities and maintain a competitive advantage in the rapidly evolving technology landscape. Our primary focus for improvement efforts has been on:

- **Strengthening the development team with the addition of talented new members.**
- **Refactoring essential code components to pave the way for a comprehensive SaaS product range.**

By recruiting skilled individuals with diverse backgrounds and industry experience, we have augmented our development team's capabilities. This infusion of fresh perspectives and expertise has bolstered our capacity to provide innovative and top-notch solutions to our clients.

Launching a SaaS product line is a strategic move for a technology company like Ayfie, as it aligns with current market trends and offers numerous benefits. Adopting a SaaS model allows us to deliver increased flexibility, scalability, and cost-effectiveness to our customers. Through a subscription model, users gain access to our services with reduced upfront investment, while also receiving ongoing updates and support.

A significant advantage of the SaaS model is that it allows potential customers to test our software without making a considerable upfront commitment, thereby lowering the barrier to entry. This encourages more businesses to explore the advantages of our solutions, ultimately leading to increased adoption.

By adopting the SaaS model, Ayfie is well-positioned to harness its robust and proven platform, capturing new opportunities and gaining a competitive edge in an ever-changing market.

BUSINESS MODEL, SOLUTIONS AND DEVELOPMENTS

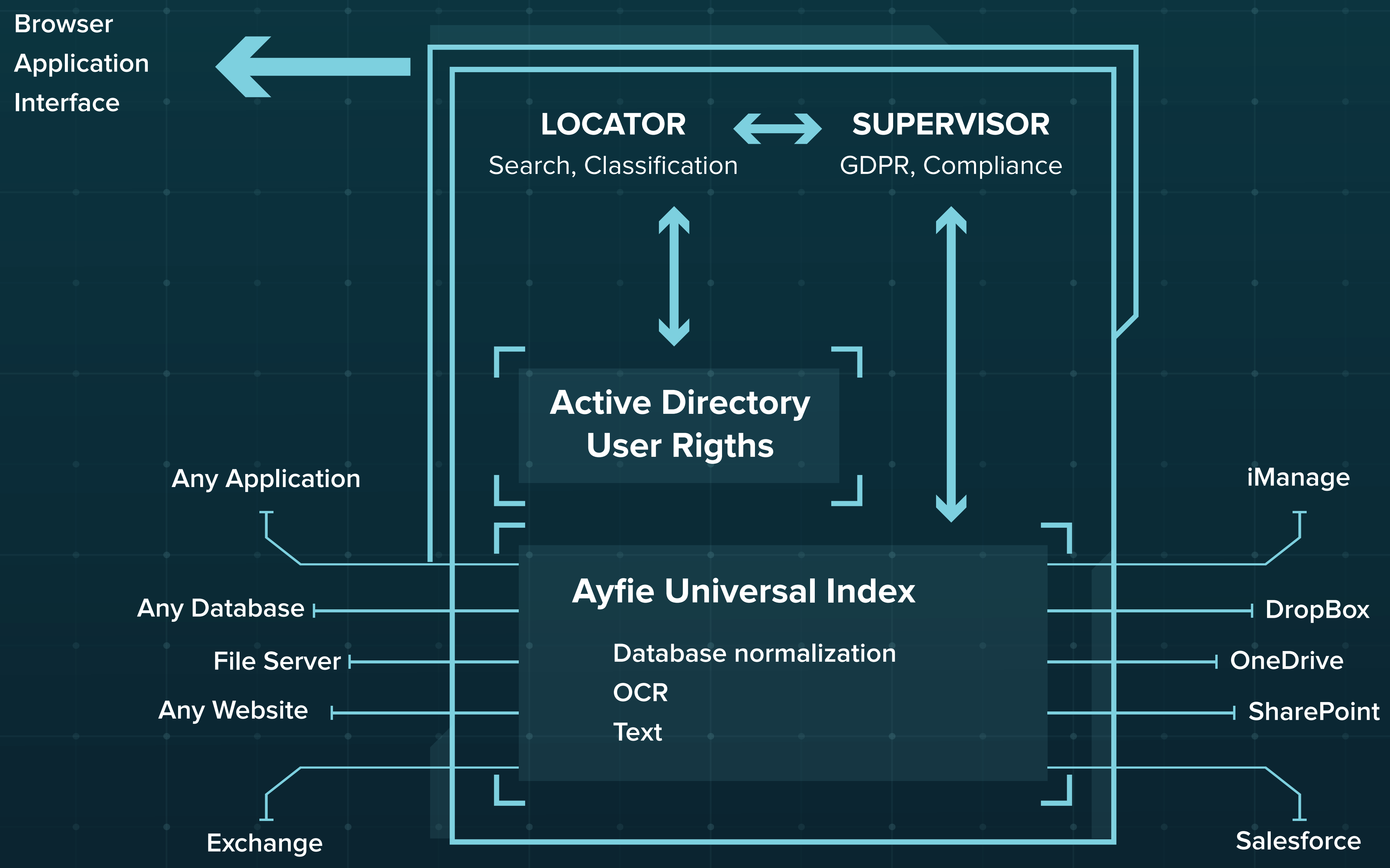
Ayfie's current revenue stream primarily comes from on-premises installations of our corporate search software 'Locator'. We are focused on maintaining and enhancing this product line, as well as strengthening our customer success and sales operations to drive revenue growth.

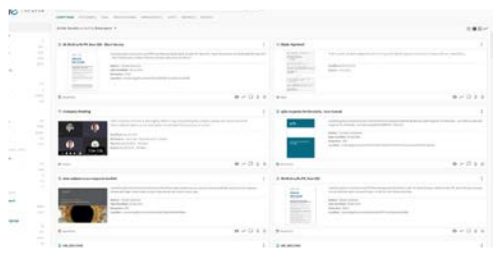
In 2022, we achieved two important milestones in our development. Firstly, we introduced a new AI-based API set, which can be modularized and utilized in upcoming services. This API set has been made available to the market, enabling us to expand our product offerings. Secondly, we are launching a fully self-serviced SaaS solution for personal, and company use this spring. This is a subset of our full-blown product that is designed to be easy to connect to sources such as Dropbox, OneDrive, Office 365, and Gmail, among others.

This new service will enable us to shift our business model towards a self-serviced approach, with the potential for a large number of personal users at a low price point. As a result, we are establishing a new business model based on pure SaaS products, with a version of our product line targeted at the B2C market. This change will have a significant impact on the scalability and usage of our product base, while also providing valuable insights into the intersection of B2B and B2C markets in this area.

The upcoming launch of our document classification functionality in the first half of 2023 is a significant milestone for our product line. This powerful machine learning classifying model has been developed to enable users to group and sort documents based on unstructured data. With this functionality, our clients will be able to easily find and extract specific information from large datasets, such as identifying all documents containing GDPR sensitive data or contracts. We are already piloting this with a couple of our existing clients in the legal sector.

This new capability will not only enhance the efficiency of document management and analysis but also increase the accuracy of data extraction. The machine-learning model will continuously learn and adapt to new data, making it easier for users to extract relevant information from large datasets over time. As a result , we will enable our clients to make data-driven decisions more quickly and accurately, ultimately improving their overall productivity and competitiveness.





Locator

Find and use your data

Connect all data across different repositories. Search and act on data using only one platform. Collaborate with your team.

Supervisor

Gain control over your data

Keep track of all sensitive data. Set automatic reports to monitor personal information. Stay compliant. In an instant.

AppSearch

A smart solution, ready to use

Plug and play for applications. Less coding and manual processes. Fastest way to search in an app. Fast return on investment.

MARKET

Ayfie is placed in the Insight Engines market, a sector that is seeing significant growth due to the exponential increase in data, particularly unstructured data. The global Insight Engines market is expected to reach USD 3,578.93 million by 2027, registering a CAGR of 25% according to Reportlinker.com. With the amount of data available rapidly growing, companies are continuously seeking better ways to gain business value from the information. Accenture estimates that there are now 44 zettabytes of data available, with 80% of it unstructured (text documents, audio, video, emails, social posts, etc.), and 20% held in structured systems.

The after effect of covid challenge has further accelerated the need for solutions that transform information into true knowledge and insight through AI and machine learning, which is where Ayfie's solutions come in. The growing compliance, data security, and data breach concerns will further drive the demand for Ayfie's solutions.

Ayfie has refocused its technology stack to create separate services that can work together as a whole or serve specific workflows, making it easier to reach different market areas. Although the growth has taken longer than expected, Ayfie believes that they are on the right track with the best feature set.

Furthermore, Ayfie deems that they have the potential to become a major provider due to the nature of their technology and solutions. Firstly, Ayfie offers a text analytics solution that can rapidly provide semantic understanding of words, phrases, and their relations. Unlike text analytics solutions based solely on machine learning, Ayfie's technology performs semantic analysis of phrases and expressions, providing higher quality analysis, and enabling analysis of smaller amounts of text without the need for extensive amounts of data to trace patterns. Secondly, by combining our unique language-based text analytics layer with statistical analysis, machine learning, and other advanced algorithms, Ayfie provides superior and faster processing solutions than their competitors. Lastly, Ayfie's solutions connect to a vast number of data systems, making them a better fit for many customers compared to the competition.

In summary, Ayfie is well-positioned to leverage the growing Insight Engines market due to their unique technology and solutions that can transform unstructured data into meaningful insights through AI and machine learning. The company's refocused technology stack will make it easier to reach different market areas and continue their growth trajectory in the years ahead.

OUTLOOK

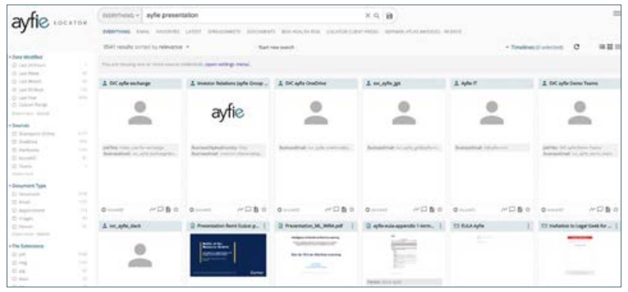
With the changes to our products and services, as well as our exploration of new markets, Ayfie sees great potential for 2023 and onwards. We operate in an exciting and rapidly growing market, with SaaS-based products and services that have a broader reach than our previous offerings. Our organization is well positioned for growth and scaling our products will not require significant investments in the company's infrastructure.

Looking at the latest news in the market regarding the rise of chatbots and virtual assistants we see huge potential for Ayfie as well. Ayfie's solutions can work alongside chatbot technologies like ChatGPT to provide even more powerful and comprehensive language-based insights and analysis. By leveraging the latest advances in NLP and chatbot technology, Ayfie's solutions are well positioned to provide valuable support to businesses across a wide range of industries.

Ayfie has local presence both in the Norwegian and UK market, as well as partner connections in Scandinavia and Europe.

Ayfie is actively seeking out strategic acquisition targets with complementary or comparable technologies to expand its market reach. The company is also on the lookout for partners and acquisition targets that can offer unique technologies that align with Ayfie's vision and customer base, giving it a competitive edge.

No need to wonder what you have stored in various locations. You can finally search and find exactly what you are looking for.

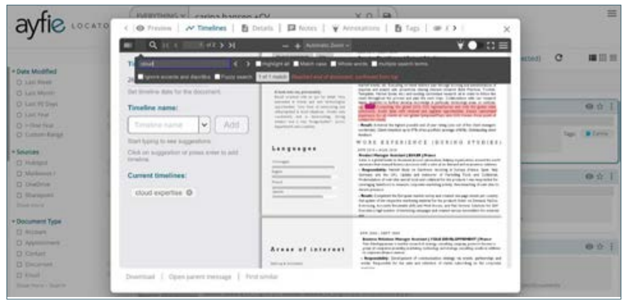


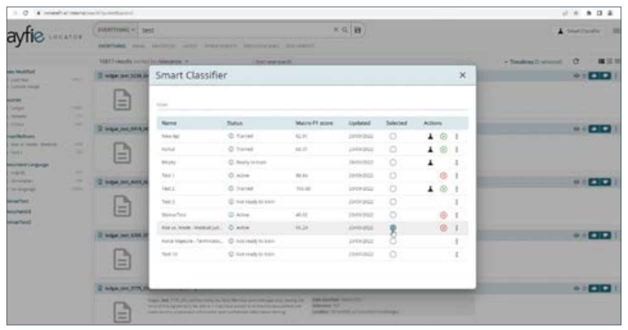
Smart Search

With more than 30+ years of experience in the field of Enterprise Search, Natural Language Processing (NLP) and now using Machine Learning (ML) we can be so bold to say that our search engine has it all: we OCR the information, we support more than 200+ different file formats and we make all your information searchable.

Smart Tools

We are strong believers in doing more than justing being a provider of Advance Search. We want our clients and users to re-use their data and collaborate on their data, in the same solution. With our Act On Data tools, we enable our users to make annotations and comments, tag documents, and put them on a timeline. And all is exportable afterwards.





Smart Classification

We know our users are dealing with an increasing amount of information and that the work load is already heavy when it comes to finding and sorting this. What if we could help you classify and sort your information? With the Ayfie Smart Classifier you will create your own Data Classification set and with the help of our built-in AI assistant this is pure fun.

2022 FINANCIAL SUMMARY

(All amounts in brackets are comparative figures for 2021 unless otherwise specifically stated)

The following financial summary is based on the consolidated financial statements of Ayfie Group AS and its subsidiaries. The consolidated statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors believe the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flow, consolidated statement of changes in equity and the accompanying notes provide satisfactory information about the operations, financial results and position of the Group and the parent company on 31 December 2022.

Consolidated statement of comprehensive income
Full year consolidated revenue amounted to NOK 25.7 million (NOK 38.7 million).

- Consolidated recurring revenue amounted to NOK 25.0 million (NOK 27.3 million)
- Non-recurring revenue amounted to NOK 0.7 million (NOK 5.9 million) Cost of sales of NOK 1.6 million (NOK 1.8 million) consisted of cost of third-party licences and partner provision.

In 2022, our company's total operating expenses (excl. depreciations and write downs) amounted to NOK 36.9 million (NOK 30.2 million), representing an increase from the previous year's expenses. The majority of this increase was attributed to our investment in product development, which we believe will drive future growth and success. Personnel expenses for the year amounted to NOK 26.8 million (NOK 25.3 million). While the number of employees remained stable at around 13 throughout the year, we moved the cost of more permanent contractors to personnel expenses. In total, we had close to 20 contracted laborers for parts of 2022.

Our other operating expenses for the year totaled NOK 10.1 million (NOK 4.9 million). This increase was partly because of higher company activity and marketing.

The company has established a liability insurance for the board and executive management.

Depreciation and amortization expenses amounted to NOK 18.6 million (NOK 1.5 million). 2022 included a write-off of goodwill and intangible assets of NOK 17.6 million.

Financial income of NOK 0.4 million (NOK 0.2 million) was related to foreign exchange gains and interest on bank deposits. Financial costs of NOK 0.6 million (NOK 0.6 million) consisted of costs related to foreign exchange losses and interest.

Net loss for the year amounted to NOK 31.3 million (net profit NOK 4.8 million). Total comprehensive income, adjusted for exchange differences on translation of foreign operations was 0 (negative NOK 0.1 million), gave a total comprehensive loss of NOK 31.3 million (income NOK 4.7 million).

Consolidated statement of financial position
Total assets amounted to NOK 28.6 million (NOK 60.8 million). The total non-current assets of NOK 1.0 million (NOK 19.7 million) consisted mainly of right-of-use-assets related to an office lease in Oslo of NOK 0.9 million (NOK 1.9 million). Goodwill and intangible assets from the acquisition of Haive AS in September 2020 was written off in 2022 – total NOK 17.6 million.

Total current assets of NOK 27.5 million (NOK 41.1 million) consisted of cash of NOK 18.7 million (NOK 36.4 million), trade receivables of NOK 3.8 million (NOK 1.2 million) and other current assets of NOK 4.9 million (NOK 3.6 million).

Total equity and liabilities amounted to NOK 28.6 million (NOK 60.8 million), where the total equity of NOK 12.9 million (NOK 41.9 million) consisted mainly of share capital of NOK 27.7 million (NOK 110.9 million) and uncovered losses of 27.6 (NOK 79.5 million).

Non-current liabilities was NOK 0 million (NOK 1.5 million). Current liabilities of NOK 15.6 million (NOK 17.4 million) consisted mainly of trade and other payables of NOK 4.5 million (NOK 3.8 million), contracted liabilities of NOK 7.4 million (NOK 10.2 million), current lease liabilities of NOK 1.0 million (NOK 1.0 million) and other current liabilities of NOK 2.7 million (NOK 2.4 million).

Ayfie had NOK 187.7 million of tax losses carried forward at year-end 2022. The Group has determined not to recognize deferred tax assets on the tax losses carried forward in the 2022 financial statements.

Consolidated statement of cash flow
Net cash flow from operating activities was negative NOK 17.7 million (negative NOK 6.6 million). Net cash flow from investing activities was NOK 0.0 (negative NOK 4.9 million). Net cash flow from financing activities was NOK 0.0 million (NOK 0.0 million). Cash and cash equivalents were NOK 18.7 million (NOK 36.4 million) at year end.

Equity, shares and shareholders
Equity decreased from NOK 41.9 million in 2021 to NOK 12.9 million in 2022 due to net effect of the 2022 loss of NOK 31.3 million (profit NOK 4.6 million), option program cost of NOK 2.3 million (NOK 2.2 million) and other comprehensive income of NOK 0.0 million (negative NOK 0.1 million).

At year-end 2022, there were approximately 813 shareholders (including estimates for number of shareholders behind nominee accounts).

Financial result of parent company
The parent company's net loss for the year amounted to NOK 21.2 million (net loss NOK 1.5 million). The increase in loss is due to an impairment charge in 2022 of shares in subsidiaries and the fact that the company has no revenues in 2022.

Financial risks
Ayfie is exposed to financial risk in different areas - mainly currency risk, liquidity risk and credit risk. The Group seeks to minimize potential adverse effects of such risks through sound business practice.

Currency risk
Ayfie has none of its financial assets or liabilities denominated in foreign currencies, and a small portion of the Group's revenues are denominated in foreign currencies. Therefore, currency fluctuations will have very limited impact on financial performance.

Liquidity risk
Liquidity risk is the risk that Ayfie will be unable to meet its obligations associated with operational and financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Ayfie owns its technology, as well the products and solutions it provides, and has a highly scalable business model. Customers typically pay subscription upfront – yearly or quarterly. The Group, therefore, has the potential to significantly increase cash flow from operations as sales increase.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its cash deposits with banks. It is the management's opinion that there is no material credit risk connected to the Group's current assets.

Events after 31 December 2022
No events have occurred after 31 December 2021 that would have a material effect on the Group's business or the reported financial figures.

Going concern
In accordance with the Accounting Act § 3-3a, the Board confirms that the financial statements have been prepared under the assumption of going concern and that this assumption is valid. The assumption is based on profit and cash flow forecasts for the year 2023 and Ayfie's long-term strategic forecasts.

Following Ayfie's development through 2023, and the result of launch of the new product range, the Board of Directors will be assessing the need for additional actions if required in order to ensure an equity that can be deemed sound, based on the extent of the company's activities and the risk involved.

Employees
Ayfie aims to be a workplace with equal opportunities and practices gender equality regarding salary, promotion and recruiting. As the Group is mainly recruiting sales and technology personnel, occupations typically dominated by males, a major portion of the staff is male. At year end 2022 Ayfie had 13 employees, of which 3 were female. Ayfie had 1 female executive manager, and there were no female Board members.

There was hardly any leave of absence due to illness recorded in 2022, and no incidences nor reports of work-related accidents resulting in significant material damage or personal injury.

The working environment is considered to be good and activities to secure a continued positive working environment are carried out on an ongoing basis.

Allocation of net loss for the year
The Board of Directors has proposed the net loss of Ayfie Group AS of NOK 21 209 thousand to be charged to uncovered losses.

The Board of Directors does not propose any dividend payments for 2022.

Oslo, 20 March 2023
The Board and CEO of Ayfie Group AS

Sign.
Lars Boilesen
Chairman

Sign.
Jostein Devold
Board member

Sign.
Martin Ness
Board member

Sign.
Lars Nilsen
Board member

Sign.
Jan Chr. Opsahl
Board member

Sign.
Øystein Stray Spetalen
Board member

Sign.
Herman Sjøberg
Chief Executive Officer

THE BOARD OF DIRECTORS

Lars Rahbæk Boilesen, Chairman
Lars Rahbæk Boilesen is CEO at Otello Corporation ASA. He has extensive experience in the software and tech industry and has held executive positions in various corporations within that industry. Prior to joining Otello Corporation, Boilesen was CEO at Opera Software ASA. He holds a bachelor's degree in Business Economics from Aarhus Business School, and postgraduate diploma from Kolding Business School.

Jostein Devold, Chair member
Jostein Devold is CEO of Mertoun Capital AS. He has been a chairman and/or board member of several companies, including Solvang ASA, Expert ASA and Leif Hubert AS. Devold has previously held the position of investments director at Rasmussengruppen AS. He received a graduate degree from the University of Manchester and an undergraduate degree from BI Norwegian School of Economics.

Martin Nes, Chair member
Martin Nes has been CEO in Ferncliff since 2010. Prior to joining Ferncliff, he spent several years with the Norwegian law firm Wikborg Rein, working in both the Oslo and London offices, and with the shipping law firm Evensen & Co. Nes has extensive corporate experience and is/has been chairman and/or a member of the boards of several listed companies. He holds a law degree from the University of Oslo, and also holds a Master of Laws degree from University of Southampton, England.

Lars Nilsen, Chair member
Lars Nilsen is owner and CEO of Lani Invest AS. He has been CEO of Block Watne AS which changed name to BWG Homes ASA, a company previously listed on Oslo Stock Exchange. Nilsen holds an MBA in finance and real estate from the University of Denver, USA.

Jan Christian Opsahl, Chair member
Jan Christian Opsahl is owner and CEO of Dallas Asset Management. He has been chairman and/or member of the boards of several companies, including REC Solar ASA, REC Silicon ASA, Storebrand ASA, NEL ASA, Tomra Systems ASA, Tandberg ASA and Tandberg Television ASA. Opsahl holds a degree in business as well as computer science from the University of Strathclyde in Glasgow, Scotland. He is also a Sloan Fellow from London Business School/M.I.T.

Øystein Stray Spetalen, Chair member
Øystein Stray Spetalen is Chairman and owner of investment firm Ferncliff TIH AS. He is an independent investor. He has worked in the Kistefos Group as an investment manager, as corporate advisor in different investment banks and as a portfolio manager in Gjensidige Forsikring. Spetalen is/has been chairman and/or a member of the boards of several companies, including Hiddn Solutions ASA. He is a chartered petroleum's engineer from NTNU.

THE MANAGEMENT TEAM

Herman Sjøberg, CEO / CTO
Herman joined Ayfie in September 2021. Before joining Ayfie, Herman was the Business Development Director at Capgemini. He also served as Community of Practice lead responsible for training consultants in best practices for digital transformation within the data analytics and insights area. Herman co-founded the investment advisory company Forvaltningshuset (now Söderberg & Partners Norway) serving as CTO and Partner. He holds a Master's Degree in Economics from BI Norwegian Business School.

Lasse Ruud, CFO
Lasse joined Ayfie in September 2020 through the acquisition of Haive AS, of which he was the CEO. Lasse has worked in the IT-industry since 1991. He has significant experience from management of both consulting and software companies. He was a co-founder of companies like Win.HLP, Tarantell and Questpoint. Lasse also has held other leading roles such as Sales Manager in Capgemini. Lasse is educated in IT, finance and marketing.

Egil Slavko Kvamme, CRO
Egil Kvamme has broad and solid experience from sales within the technology sector. Before joining Ayfie in February 2021, Egil worked as the Business Development Director in Northern Europe for ForgeRock, an international information technology service provider. Egil has also held leading sales positions in Gartner, Acer and Dale Carnegie Training.

Carina Hansen, CMO / CSM
Carina holds a Master in European Marketing and Management from IDRAC Business school as well as a Master of Science in International Business from Hult International Business School. Carina has worked several years as Executive Client Manager in Gartner and held the position of Key Account Manager in Telia from 2016 to 2021, during which she also was a core engine behind numerous Telia events in Norway.

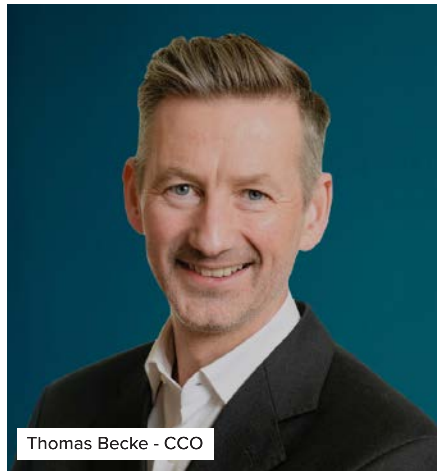
Thomas Becke, CCO
Thomas is a new member of the Ayfie Team, bringing with him over 20 years of experience in research, information- and knowledge management, and data analytics and insights. He has held leading roles in various organizations such as the Norwegian Intelligence Service, Capgemini, and the Norwegian State Housing Bank. Thomas has extensive experience in strategy and business development in both the public and private sectors across multiple industries. He graduated from the Norwegian Military Academy and holds an MBA in Strategic Management & Corporate Finance from BI Norwegian Business School.


Herman Sjøberg - CEO


Lasse Ruud - CFO


Egil Kvamme - CRO


Carina Hansen - CMO


Thomas Becke - CCO

Consolidated Financial Statements

Consolidated statement of comprehensive income

For the years ended 31 December

Amounts in NOK 1000	Notes	2022	2021
Revenue and other operating income			
Revenue	2.1	25 714	34 024
Sale of source code	2.1	-	4 701
Total revenue and other operating income		**25 714**	**38 725**
Cost of sales			
Cost of sales		1 585	1 806
Gross profits		**24 129**	**36 919**
Operating expenses			
Personnel expenses	2.2, 4.7	26 788	25 329
Other operating expenses	2.3	10 148	4 933
Depreciation and amortization	3.1, 3.2, 6.2	1 054	1 522
Write-down	3.2, 3.3	17 592	-
Total operating expenses		**55 582**	**31 784**
Operating profit or loss		**(31 452)**	**5 135**
Finance income and costs			
Finance income	4.4	381	224
Finance costs	4.4	641	644
Profit or loss before tax		**(31 711)**	**4 715**
Income tax expense	5.1	(451)	(75)
Net profit or loss for the year		**(31 260)**	**4 790**
Other comprehensive income			
Items that subsequently may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		-	(140)
Total items that subsequently may be reclassified to profit or loss		-	(140)
Other comprehensive income for the period		**-**	**(140)**
Total comprehensive income for the period		**(31 260)**	**4 650**
Earnings per share (basic and diluted)			
Earnings per share (NOK)		**(0.28)**	**0.04**
Earnings per share diluted		**(0.26)**	**0.04**

Consolidated statement of financial position

Amounts in NOK 1000	Notes	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	106	219
Right-of-use assets	6.2	942	1 883
Intangible assets	3.2	-	2 052
Goodwill	3.3	-	15 540
Total non-current assets		**1 048**	**19 694**
Current assets			
Trade receivables	2.4	3 843	1 164
Other current assets	2.5	4 938	3 585
Cash and cash equivalents	4.3	18 722	36 388
Total current assets		**27 504**	**41 137**
TOTAL ASSETS		**28 551**	**60 831**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	4.6	27 727	110 907
Share premium		-	-
Other capital reserves		6 968	4 682
Cumulative translation difference		5 841	5 841
Retained earnings		(27 598)	(79 519)
Total equity		**12 938**	**41 911**
Non-current liabilities			
Deferred tax liabilities	5.1	-	452
Non-current leases liabilities	6.2	-	1 039
Total non-current liabilities		**-**	**1 491**
Current liabilities			
Trade and other payables	2.6	4 529	3 835
Current lease liabilities	6.2	1 039	980
Contract liabilities	6.1	7 359	10 241
Other current liabilities	6.1	2 686	2 373
Total current liabilities		**15 613**	**17 429**
Total liabilities		**15 613**	**18 920**
TOTAL EQUITY AND LIABILITIES		**28 551**	**60 831**

Oslo, 20 March 2023
The Board and CEO of Ayfie Group AS

Sign.
Lars Boilesen
Chairman

Sign.
Jostein Devold
Board member

Sign.
Martin Ness
Board member

Sign.
Lars Nilsen
Board member

Sign.
Jan Chr. Opsahl
Board member

Sign.
Øystein Stray Spetalen
Board member

Sign.
Herman Sjøberg
Chief Executive Officer

Consolidated statement of cash flow

For the years ended 31 December

Amounts in NOK 1000	Notes	2022	2021
Cash flows from operating activities			
Loss before tax		(31 711)	4 715
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization	3.1, 3.2, 6.2	1 054	1 552
Write down	6.2	17 592	-
Leases interests		122	183
Net finance items included in financing and investing activities	4.4	-	-
Net foreign exchange differences		-	(140)
Share based payments	4.7	2 286	2 169
Working capital adjustment:			
Changes in trade receivables	2.4	(2 679)	2 865
Changes in other current assets	2.5	(1 353)	567
Changes in trade and other payables	2.6	694	(408)
Changes in provisions and other liabilities		(3 671)	(18 104)
Net cash flows from operating activities		**(17 666)**	**(6 632)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	-	(103)
Investment in intangible assets	3.2	-	-
Deferred purchase consideration paid (sellers' credit)	4.4	-	(4 761)
Purchase of shares in subsidiaries, net of cash acquired	3.3	-	-
Net cash flow from investing activities		**-**	**(4 864)**
Cash flow from financing activities			
Proceeds from issuance of equity		-	-
Interests paid	4.4	-	-
Net cash flow from financing activities		**-**	**-**
Net change in cash and cash equivalents		(17 666)	(11 497)
Cash and cash equivalents, beginning of period	4.3	36 388	47 885
Cash and cash equivalents, end of period		**18 722**	**36 388**

Consolidated statement of changes in equity

NOK 1000	Issued share capital	Share premium	Other capital reserves	Cumulative translation differences	Retained Earnings	Total equity
Balance as of 01.01.2021	**110 907**	**259 020**	**2 513**	**5 981**	**(343 329)**	**35 093**
Profit (loss) for the year					4 790	4 790
Other comprehensive income				(140)		(140)
Option program			2 169			2 169
Transfer from share premium		(259 020)			259 020	
Balance as of 31.12.2021	**110 907**	**-**	**4 682**	**5 841**	**(79 519)**	**41 911**
Profit (loss) for the year					(31 260)	(31 260)
Other comprehensive income						
Option program			2 286			2 286
Transfer from share capital	(83 180)				83 180	-
Balance as of 31.12.2022	**27 727**	**-**	**6 968**	**5 841**	**(27 598)**	**12 938**

The Extraordinary General Meeting 7 April 2022 gave the Board of Directors an authorization to increase the Company's share capital by up to NOK 55.4 million. The authorization is valid until the Company's annual general meeting in 2023, but no longer than to and including 30 June 2023.

The company's share capital is reduced from NOK 110,906,775 to NOK 27,726,693.75 by writing down the nominal value of the shares from NOK 1 to NOK 0.25. The share capital decrease was used to cover uncovered losses.

Notes to the consolidated financial statements

Notes 1 – Background Information

Note 1.1 – Corporate information

Corporate Information
The consolidated financial statements of Ayfie Group AS and its subsidiaries (collectively, "the Group" or "Ayfie") for the year ended 31 December 2022 were authorized for issue in accordance with a resolution of the Board of Directors 20. March 2023.

Ayfie Group AS ("the Company" or "the parent") is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Karenslyst Allé 10, 0278 Oslo. The shares of the Company were listed on Oslo Stock Exchange Euronext Growth 7 July 2020, with the ticker "AYFIE".

Basis of preparation
The consolidated financial statements of Ayfie Group AS are comprised of consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by The European Union (EU).

The consolidated financial statements have been prepared on a historical cost basis, except when IFRS requires recognition at fair value as further described below.

Presentation currency
The consolidated financial statements are presented in Norwegian kroner (NOK), which is also the functional currency of the parent company. All figures are rounded to the nearest thousand (000), except when otherwise indicated. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currencies
For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying average exchange rates. If currency rates are fluctuating significantly, daily exchange rates are applied for significant transactions.

Going concern
In accordance with the Accounting Act § 3-3a, the Board confirms that the financial statements have been prepared under the assumption of going concern and that this assumption is valid. The assumption is based on profit and cash flow forecasts for the year 2023 and Ayfie's long-term strategic forecasts.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as of 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its return. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Generally, Ayfie Group's presumption is that a majority of voting rights results in control. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent as the Group currently has no non-controlling interests. Uniform accounting policies are applied to all Group companies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group's interests in subsidiaries as of 31 December 2022 are presented below:

Consolidated entities	Office	CUR	Shareholding	Group's voting ownership share
Ayfie AS	Norway	NOK	100 %	100 %
Haive AS	Norway	NOK	100 %	100 %

All subsidiaries are included in the consolidated statement of financial position.

Note 1.2 – Estimates, judgments and assumptions

Significant accounting judgements, estimates and assumptions
In connection with the preparation of the Group's consolidated financial statements, the management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that the Group's management believes to be relevant at the time the consolidated financial statements are prepared. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, are described below:

Business combinations

Fair value
In a business combination, the assets acquired, and liabilities assumed are valued at fair value at the time of acquisition. The various assets and liabilities are valued on the basis of different models, requiring estimates and assumptions to be made. Goodwill is the residual in this type of purchase price allocation. Errors in estimates and assumptions can lead to an error in the split of the value between the various assets and liabilities, including goodwill, but the sum of the total excess values will always be consistent with the purchase price paid.

Useful life of intangible assets
The useful lives of the intangible assets are assessed as either finite or indefinite and may in some cases involve considerable judgements. Intangible assets with indefinite useful lives are initially measured at fair value and subsequently tested for impairment by assessing the recoverable amount of each cash generating unit (CGU) or Group of CGUs to which the intangible assets relate.

Note 1.3 – Significant accounting policies

Revenue recognition
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group received recurring revenue from sale of solutions such as subscriptions. The Group considers its performance obligation connected to subscriptions to be satisfied over the lifetime of the subscriptions. Such revenue is thus recognized over time over the contract period on a linear basis. The customers are invoiced on a yearly and quarterly basis, and payment is generally due within 14-30 days from delivery. In addition, the Group receives non-recurring revenue such as consulting services. Such revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognises revenue over time by measuring the progress towards complete satisfaction of the services. Stage of completion is normally measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for the consulting services being provided. The customers are invoiced on a monthly basis, and payment is generally due within 14-30 days from delivery.

There are no significant costs to obtain or fulfil the contracts that are recognized as an asset.

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables: A receivable represents the Group's right to an amount of consideration that is unconditional.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group fulfils the performance obligations under the contract.

Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combinations are accounted for according to IFRS 3 using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value according to IFRS 13, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units and tested subsequently for impairment.

Share based payment

Employees (including senior executives and Chairman of the Board) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. This program is measured at fair value at the date of the grant. The estimated cost at the grant date is recorded directly against equity over the vesting period. This estimate is based on the Company's assumptions of when and if the shares vest, adjusted for the effect of non-market based vesting conditions. The fair value share-based program is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group´s financial assets are trade receivables, other current assets and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Loans, borrowings and payables are recognised at fair value net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Payables are measured at their nominal amount when the effect of discounting is not material.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except: When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

VAT
Expenses and assets are recognized net of the amount of sales tax, except: When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. When receivables and payables are stated with the amount of VAT included the net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Property, plant and equipment
Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Research and development
Research costs are expensed as incurred. Development expenditures on an individual project, which represents new applications/technology, are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset and the ability to measure reliably the expenditure during development

Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The assessment of when product development is capitalized is highly subjective, as the outcome of these projects may be uncertain.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. Estimating recoverable amounts of assets must in part be based on management's evaluations, including determining appropriate cash-generating units, determining discounting rates, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. Reference is made to note 3.2 for an overview of capitalized development costs and expensed R&D.

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

Separating components in the lease contract
The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions
At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for short-term leases (defined as 12 months or less) and low value assets. For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities
The lease liability is recognised at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or interest rate.

Right-of-use assets
The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities, hence the cost of the right-of-use asset comprise of the amount of the initial measurement of the lease liability recognized and any lease payments made at or before the commencement date, less any incentives received.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized in the statement of Comprehensive income as a reduction in operating expenses on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Pensions and other post-employment benefits
The Group operates a defined contribution pension plan in Norway, which requires contributions to be made to a separately administered fund. Contributions have been made to the pension plan for full-time. The pension premiums are charged to expenses as they are incurred.

Cash and short-term deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Statement of cash flows
The Company presents the statement of cash flow using the indirect method. Cash inflows and cash outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash items. Value added tax and other similar taxes are regarded as collection of tax on behalf of authorities and are reported net.

Provisions
Provisions are 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 embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Segments
The Groups leading products are still in the development phase. For management purposes the Group is organised as one business units and the internal reporting is structured to reflect this. The Group has thus only one operating segment.

Note 1.4 – New standards in 2021

Changes in account principles and disclosure requirements
New and amended accounting standards and interpretations issued by the IASB may affect the Group's future financial reporting. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

Note 1.5 Standards issued but not yet effective

The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective. The preliminary review of the impacts of standards and interpretations that are not yet effective have not identified any material effect from these on the Group's financial statements.

Notes 2 - Operating performance

Note 2.1 – Revenues and other operating incoming

Revenue from contracts with customers *[NOK 1000]*	**2022**	**2021**
Subscription	25 006	24 700
Maintenance/support	-	2 602
Retainer Development Service	-	1 044
Professional services/consultancy fees	708	4 868
Total revenues recognised over time	**25 714**	**33 214**
Perpetual licenses[1]	-	5 511
Revenues recognised at a point in time	**-**	**5 511**
Total revenue from sales contracts with customers	**25 714**	**38 725**

[1] Includes sale of source code of NOK 4.7 million in 2021

Revenues recognised over time
Ayfie's business model is based on subscriptions, with contract lengths of typically 1-3 years. Customer specific development and onboarding of customers is charged at an hourly base and classified as professional services. The Group recognises revenue over time by measuring the progress towards complete satisfaction of the services.

Revenues recognised at a point in time
Revenue from resellers of Ayfie's solutions is classified as perpetual revenue and is recognised as revenues at the point in time when the sales occurs.

Geographic information *[NOK 1000]*	**2022**	**2021**
Revenues from businesses		
Norway	25 714	38 725
Total revenues	**25 714**	**38 725**

See note 2.4 for Trade Receivable

The Group has no Contract assets as subscriptions and services are billed in advance. Contract liabilities represent advances received related to billing in advance for subscriptions.

	31.12.2022	**31.12.2021**
Contract liabilities	7 359	10 241

The Group has decided not to disclose the amount of remaining performance obligations for contracts with expected duration less than one year.

Note 2.2 – Personnel expenses

Personnel expenses *[NOK 1000]*	**2022**	**2021**
Salaries	12 227	11 861
Social security tax	1 916	1 988
Pension costs - defined contribution plans	717	771
Contract labour	9 299	8 153
Cost of share-based payment	2 286	2 169
Other personnel costs	342	387
Total personnel expenses	**26 788**	**25 329**

	2022	**2021**
Full time equivalent employees as of 31.12	13	13
Contract labor as of 31.12	20	13
Total	**33**	**26**

Pensions
The Norwegian companies in the Group are obligated to keep an occupational pension scheme pursuant to the Norwegian Mandatory Occupational Pensions Act. The Group's pension scheme satisfies these requirements.

Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Management and Board remuneration

Management remuneration

Remuneration to executive management in 2022 *[NOK 1000]*	**Salary**	**Pension**	**Other remuneration**	**Total remuneration**
CEO Herman Sjøberg	1 410	169	10	1 589
CFO Lasse Ruud	1 691	72	8	1 771

There were no other members of the Executive Management. CEO and CFO held shares in the parent company. Reference is made to note 4.6 for disclosures on shareholdings. CEO is entitled to a termination amount of six months' base salary when the employment is terminated by the Company ("Severance Payment").

Board remuneration

Accrued remuneration to Board Members in 2022 *[NOK 1000]*	**Total** remuneration
Board of Directors	-

The Board Members are not subject to agreements for severance pay, bonuses or profit-sharing.

At the end of the financial year, Members of the Board held shares in the parent company. Reference is made to note 4.6 for disclosures on shareholdings.

Note 2.3 – Operating expenses

Other operating expenses *[NOK 1000]*	**2022**	**2021**
Sales and marketing	436	546
Professional services	4 970	291
Rental and leasing	153	61
IT	3 898	3 219
Travel	185	71
Other operating expenses	506	745
Total other operating expenses	**10 148**	**4 933**

Audit fee

Auditor related fees *[NOK 1000]*	**2022**	**2021**
Fees for audit	479	437
Fees for other services	177	190
Total remuneration to the auditor	**655**	**627**

Note 2.4 – Trade receivables

Trade receivables *[NOK 1000]*	**31.12.2022**	**31.12.2021**
Trade receivables at nominal value	3 843	1 164
Expected credit loss	-	-
Total trade receivables	**3 843**	**1 164**

As of 31 December, the ageing analysis of trade receivables is, as follows:

				Past due	
Ageing analysis *[NOK 1000]*	**Total**	**Not due**	**< 30 days**	**31-60 days**	**> 90 days**
Trade receivables 31.12.2021	1 164	239	537	236	152
Trade receivables 31.12.2022	3 843	2 176	1 129	380	158

For details regarding the Group's procedures on managing credit risk, reference is made to note 4.5.

Note 2.5 – Other current assets

Other current assets *[NOK 1000]*	**31.12.2022**	**31.12.2021**
Pre-payments	1 943	1 175
Deposits	674	674
Other receivables	2 320	1 739
Total other current assets	**4 938**	**3 585**

Note 2.6 – Trade and other payables

Trade and other payables *[NOK 1000]*	**31.12.2022**	**31.12.2021**
Trade payables	2 983	2 516
VAT payable	198	325
Withholding payroll taxes and social security	1 348	994
Total trade and other payables	**4 529**	**3 835**

Trade payables are non-interest bearing and are normally settled on 14–30 day terms. For an overview of the term date of trade and other payables, reference is made to note 4.2.

Notes 3 – Asset base

Note 3.1 – Property, plant and equipment

Property, plant and equipment *[NOK 1000]*	**Fixtures and fittings, tools, office machinery etc.**	**Total**
Acquisition cost 01.01.2021	2 473	2 473
Additions	39	39
Disposals	0	0
Acquisition cost 31.12.2021	**2 512**	**2 512**
Additions	0	0
Disposals	0	0
Acquisition cost 31.12.2022	**2 512**	**2 512**
Accumulated depreciation and impairment 01.01.2021	2 129	2 129
Depreciation for the year	164	164
Accumulated depreciation and impairment 31.12.2021	**2 294**	**2 294**
Depreciation for the year	113	113
Accumulated depreciation and impairment 31.12.2022	**2 406**	**2 407**
Carrying amount 31.12.2021	**219**	**219**
Carrying amount 31.12.2022	**106**	**106**

Economic life of 3-5 years
Depreciation plan: Straight line

Note 3.2 – Intangible assets

Intangible assets *[NOK 1000]*	**Other intangible assets**	**Total**
Acquisition cost 01.01.2021	17 636	17 635
Additions	0	0
Acquisition cost 31.12.2021	**17 636**	**17 636**
Additions	-	-
Acquisition cost 31.12.2022	**17 636**	**17 636**
Accumulated amortization & impairment 01.01.2021	15 242	15 242
Amortization for the year	342	342
Currency translation effects	0	0
Accumulated depreciation & impairment 31.12.2021	**15 584**	**15 584**
Amortization and Impairment for the year	2 052	342
Currency translation effects	-	-
Accumulated amortization & impairment 31.12.2022	**17 636**	**15 926**
Carrying amount 31.12.2021	**2 052**	**2 052**
Carrying amount 31.12.2022	**-**	**1 710**
Economic life	3-5 years	
Amortization plan	Straight line	

Intangible assets are mainly customer relationships originating from the acquisition of Haive AS in 2021. The rest value 31.12.21 are fully written off in 2022, see note 3.3.

Other intangible assets - research and development

There were no capitalization of research and development in 2022.

Note 3.3 – Goodwill

The Group recognized goodwill of NOK 15,540 thousand and customer relationships of NOK 2,662 thousands from the acquisition of Haive AS in September 2020.

The Group tests goodwill for impairment annually or more frequently if there are indications that goodwill is impaired.

The business of Haive has been integrated to Ayfie's business during 2022 and customers from Haive have been migrated to Ayfie. The recoverable amount of the Haive CGU is less than goodwill recognized in the acquisition and goodwill has therefore been written off in. Based on analysis of churn of customer relationships the book value of customer relationships has been written off by of NOK 2,052 thousand, see also note 3.2.

Notes 4 – Capital, equity and finance

Note 4.1 – Financial instruments

The following tables shows the various financial assets and liabilities, grouped in the different categories of financial instruments according to IFRS 9:

31.12.2022	Financial instruments at amortised cost
Assets	
Trade receivables (Note 2.4)	3 843
Other current assets (Note 2.5)	4 938
Cash and cash equivalents (Note 4.3)	18 722
Total financial assets	**27 504**
Liabilities	
Current liabilities (Note 6.1)	7 243
Non-current liabilities (Note 6.1)	-
Total financial liabilities	**7 243**

31.12.2021	Financial instruments at amortised cost
Assets	
Trade receivables (Note 2.4)	1 164
Other current assets (Note 2.5)	3 585
Cash and cash equivalents (Note 4.3)	36 388
Total financial assets	**41 137**
Liabilities	
Current liabilities (Note 6.1)	6 208
Non-current liabilities (Note 6.1)	1
Total financial liabilities	**6 209**

Financial assets

Management assessed that the fair values of cash and cash equivalents, trade receivables and other current assets approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial liabilities

The fair values of the Group's loans and borrowings are determined by using the DCF method using a discount rate that reflects the borrowing rate as at the end of the reporting period. The fair values of the Group's loans and borrowings are assessed to be in all material aspects similar to carrying amount.

Note 4.2 – Ageing of financial liabilities

31.12.2022	1 year	2-5 years	Over 5 years	Total
Current liabilities (Note 6.1)	15 613	-	-	15 613
Non-Current liabilities (Note 6.1)	-	-	-	-
Total	**15 613**	**-**	**-**	**15 613**

31.12.2021	1 year	2-5 years	Over 5 years	Total
Current liabilities (Note 6.1)	17 429	-	-	17 429
Non-Current liabilities (Note 6.1)	-	1 491	-	1 491
Total	**17 419**	**1 491**	**-**	**18 920**

Note 4.3 – Cash and cash equivalents

Cash and cash equivalents *[NOK 1000]*	31.12.2022	31.12.2021
Bank deposits, unrestricted	17 917	35 853
Bank deposits, restricted*	805	535
Total cash and cash equivalents	**18 722**	**36 388**

* Restricted bank deposits relate to cash for withholding taxes which may not be used for other purposes. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Note 4.4 – Financial income and expenses

Financial income and expenses *[NOK 1000]*	2022	2021
Financial income		
Interest income	218	29
Foreign exchange gains	163	145
Other financial expenses	-	150
Total finance income	**381**	**224**
Financial expenses		
Foreign exchange losses	319	288
Interest	7	186
Other financial expenses	314	169
Total finance cost	**641**	**644**

Note 4.5 – Financial risk

The Group is exposed to various risks affecting its financial performance, mainly foreign exchange risk, liquidity risk and credit risk. The Group seeks to minimize potential adverse effects of such risks through sound business practices.

Foreign currency risk

The Group is exposed to currency risk as of the balance sheet date. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency risk on financing

The Group has no financial liabilities denominated in foreign currency.

Foreign currency risk on operations

The Group's currency risk on operations is related to the Group's revenue and operating expenses in foreign currency. Sales, employee benefit expenses and other operating expenses are in NOK. Ayfie aims to minimize the risk of changes in the value of net cash flows arising from foreign currencies. The Group does not hedge foreign currency exposure with derivatives at the current time but monitors the net exposure and may choose to use financial derivatives to limit foreign currency risk in the future.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its obligations associated with financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. The future cash flow for the Group is constantly forecasted and monitored. Reference is made to note 4.2 for an overview of the maturity profile on the Group's financial liabilities.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and to a lesser degree from its cash deposits with its bank in Norway. For an overview of the ageing of trade receivables, reference is made to Note 2.4.

It is the management's opinion that there is no material credit risk connected to the Group's current assets.

Note 4.6 - Capital Management, equity debt and shareholders

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a healthy cash flow to cover ongoing operations and maximize shareholder's value over time.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or acquire debt. Within net debt, the Group includes interest-bearing loans and borrowings, less unrestricted cash and cash deposits. The Group has no interest-bearing loans as of 31 December 2022 and unrestricted cash was NOK 17.9 million.

Issued capital:

Issued share capital	Number of shares	Nominal Value	Balance Sheet
31.12.2018	**59 629 367**	**2 981**	**2 981**
Issue of share capital 08.02.2019	1 079 530	54	54
31.12.2019	**60 708 897**	**3 035**	**3 035**
Issue of share capital 27.03.2020	549 399 000	27 470	27 470
Reverse split 20:1	(579 602 502)	-	-
Issue of share capital 10.06.2020	50 703 996	50 704	50 704
Issue of share capital 01.07.2020	25 000 000	25 000	25 000
Issue of share capital 17.08.2020	697 386	697	697
Issue of share capital 11.09.2020	4 000 000	4 000	4 000
31.12.2020	**110 906 775**	**110 906**	**110 906**
31.12.2021	**110 906 775**	**110 906**	**110 906**
Share capital decrease		(83 180)	(83 180)
31.12.2022	**110 906 775**	**27 727**	**27 727**

The Extraordinary General Meeting 7 April 2022 gave the Board of Directors an authorization to increase the Company's share capital by up to NOK 55.4 million. The authorization is valid until the Company's annual general meeting in 2023, but no longer than to and including 30 June 2023.

The company's share capital is reduced from NOK 110,906,775 to NOK 27,726,693.75 by writing down the nominal value of the shares from NOK 1 to NOK 0.25.

Dividend distribution to shareholders

The company has not paid dividends in 2022.

Ownership structure

Shareholders as of 31 December 2022	Total shares	Ownership	Shareholding/ Voting
FERNCLIFF LISTED DAI AS	17 706 451	16%	16%
LANI INVEST AS	11 027 693	10%	10%
DALLAS ASSET MANAGEMENT AS	5 406 493	5%	5%
DATUM AS	5 341 000	5%	5%
STAFF HOLDING AS	5 035 922	5%	5%
MERTOUN CAPITAL AS	4 963 832	4%	4%
LEIJO AS	3 116 372	3%	3%
HØYLANDET BYGGUTLEIE AS	2 897 990	3%	3%
PER-ERIK BURUD AS	2 636 777	2%	2%
UFI AS	2 524 046	2%	2%
LEIF HÜBERT AS	2 356 252	2%	2%
NIGA AS	2 325 682	2%	2%
CAMACA AS	1 889 991	2%	2%
TERSUS AS	1 818 522	2%	2%
NORDNET LIVSFORSIKRING AS	1 647 093	1%	1%
BRUSKELAND	1 602 060	1%	1%
DELTA COMMERCE AS	1 525 000	1%	1%
MTB EIENDOMSUTVIKLING AS	1 447 543	1%	1%
THABO ENERGY AS	1 418 265	1%	1%
MP PENSJON PK	1 300 000	1%	1%
Other shareholders	32 919 791	30%	30%
Total	**110 906 775**	**100%**	**100%**

Reconciliation of equity is shown in the statement of changes in equity.

At the end of the financial year, members of the Board and executive employees held shares in the parent company, representing the following ownership:

Ownership interests held by Board Members and Executive Management:	Ownership
Øystein Stray Spetalen, Chairman (FERNCLIFF LISTED DAI AS)	15.9%
Lars Nilsen, Board member (Lani Invest AS/Last Invest AS)	9.9%
Jan Chr. Opsahl, Board member (Dallas Asset Management AS)	4.8%
Lasse Ruud, CFO (Delta Commerce AS)	1.4%
Herman Sjøberg, CEO	0.1%
Total	**44.7%**

Note 4.7 – Share based payments

The Chairman of Ayfie Group AS was in May 2022 entitled 3,000,000 options for share in the Company. 1,500,000 options that can be vested 1 June 2023 at strike price NOK 1.05 and 1,500,000 options that can be vested 1 June 2024 at strike price NOK 1.15.

A share option program for certain employees was resolved in May 2022. The program had the total amount of 9,750,000 options for shares in the Company. The following conditions apply to this program:

Options granted and terminated in 2022	2022
Number of options granted	9 750 000
Average contractual life	4.08
Average strike price	1.1
Number of options terminated	1 000 000

Options terminated are related to former CTO Ronny Hanssen.

Overview of outstanding options as of 31 December 2022:	Weighted average exercise price	Number of share options
Outstanding options 1 January 2022	2.15	10 500 000
Outstanding options 31 December 2022	**1.10**	**9 750 000**
Exercisable at 31 December 2022	1.10	9 750 000

Options granted by strike price	Number of share options	Strike price
	9 750 000	1.05
	9 750 000	

Share options held by Executive Management and the Board	Number of share options	% of total
Chairman	3 000 000	28.5%
CEO	3 000 000	28.5%
CFO	1 500 000	14.2%
Total	**8 500 000**	**100%**

Each option gives the right to acquire one share in the Company. Options are measured at fair value at the date of the grant. The estimated cost at the grant date is recorded directly against equity over the vesting period. The fair value share-based program is measured using the Black-Scholes pricing model.

Pricing model
The fair value of the options has been calculated using the Black-Scholes option-pricing model for European options.

Share price on the grant date
The share price is set to the last traded price on the grant date.

The strike price per option
The strike price is the share price on the grant date.

Volatility
The expected volatility is set to 53 percent based on a peer group analysis.

The term of the option
The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. It is assumed that 100 percent of the employees will exercise the options.

Dividend
The estimated dividend per share is NOK 0 per annum.

Interest rate
Weighted average risk free interest rate at grant is set at 0.6%.

Notes 5 – Taxes

Note 5.1 – Taxes

NOK 1000	2022	2021
Current income tax expense:		
Tax payable	-	-
Change deferred tax/deferred tax assets	(451)	(75)
Total income tax expense	**-**	**(75)**

Tax payable	2022	2021
Profit before taxes	**(31 711)**	**4 715**
Permanent differences*	16 162	(951)
Change in temporary differences	(811)	(778)
Tax basis	**(16 360)**	**3 061**
Use of tax-loss carryforward	-	3 061
Current taxes according to statutory tax rate 22%	-	-

Deferred tax liabilities/Assets	31.12.2022	31.12.2021
Property, plant and equipment	(470)	(1 291)
Other current assets	0	0
Other temporary differences	37	46
Losses carried forward	(187 731)	(666 972)
Basis for deferred tax liabilities (assets):	**(188 164)**	**(668 216)**
Calculated deferred tax	(41 396)	(171 076)
- Deferred tax assets not recognized	41 399	171 076
Deferred tax liability in the balance sheet	**0**	**452**
Deferred tax asset in the balance sheet	**-**	**-**

Reconciliation of income tax expense	2022	2021
Profit before taxes	(31 711)	4 790
Expected tax expense (Norway tax rate)	(6 976)	1 054
Permanent differences[1]	3 556	(209)
Effects of foreign tax rates	0	0
Effect of deferred tax asset not recognized	3 420	(845)
Recognized income tax expense	**-**	**-**

[1] Permanent difference are related to SkatteFUNN and non-deductible cost.

The Group has NOK 187 731 thousand (NOK 666 972 thousand) of tax losses carried forward in Norway. No parts of the tax losses carried forward do expire. No deferred tax assets have been recognised as it is uncertain if the losses can be utilised.The tax loss carried forward 31.12.2021 includes NOK 481 855 thousand related to losses in the US subsidiary which has been closed down in 2022.

Notes 6 - Other disclosures

Note 6.1 – Provisions and other liabilities

Current liabilities *[NOK 1000]*	Note	31.12.2022	31.12.2021
Contract liabilities	4.1, 4.2	7 359	10 241
Salaries and other personnel related costs	4.1, 4.2	2 755	3 200
Other short-term liabilities	4.1, 4.2	5 497	3 988
Total Current liabilities		**15 613**	**17 429**

Non-Current liabilities	Note	31.12.2022	31.12.2021
Non-current lease liabilities		-	1 039
Deferred tax liabilities		-	452
Total Non-Current liabilities		**-**	**1 491**

Note 6.2 – Commitments and contingencies

Lease commitments - Group as lessee

The Group has 31 December one lease agreement related to the rent of its head office in Oslo. The lease is for the period 01.07.2020 - 31.12.2023. The Group assesses at lease commencement, and subsequently when facts and circumstances which under the control of the Group require it, whether it is reasonably certain to exercise these options and reflects this in the lease term. There are no restrictions placed upon the Group as a result of entering into the leases.

The Group has applied the recognition exemption for short term leases (lease term of 12 months and less) and leases of assets with low value.

Right-of-use assets	Buildings	Total
01.01.2021	12 700	12 700
Addition of right-of-use assets	-	-
Terminated contracts	(203)	(203)
Currency exchange differences	-	-
31.12.2021	**12 497**	**12 497**
Addition of right-of-use assets	-	-
Terminated contracts	-	-
Currency exchange differences	-	-
31.12.2022	**12 497**	**12 497**
Accumulated depreciation and impairment 01.01.2021	9 663	9 663
Depreciation	951	951
Currency exchange differences	-	-
Accumulated depreciation and impairment 31.12.2021	**10 614**	**10 614**
Depreciation	942	942
Currency exchange differences	-	-
Accumulated depreciation and impairment 31.12.2022	**11 556**	**11 556**
Carrying amount of right-of-use assets 31.12.2021	1 883	1 883
Carrying amount of right-of-use assets 31.12.2022	942	942

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	1 039
1-2 years	-
2-3 years	-
Total undiscounted lease liabilities at 31.12.2022	**1 039**

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	1 039
1-2 years	-
2-3 years	-
Total undiscounted lease liabilities at 31.12.2021	**1 039**

Contingent assets and liabilities

The Group has no contingent assets or liabilities that meet the criteria for disclosure.

Note 6.3 – Related party transactions

Related parties are shareholders, Board Members and Executive Management in the parent company and the Group subsidiaries. Note 1.1 provides information about the Group's structure, including details of the subsidiaries and the Parent company. The agreements on remuneration for Executive Management appear in note 2.2.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties (outside the Group) for the relevant financial year:

Related party transactions and balances for 2022 *[NOK 1000]*	Executive Management	Shareholders	Board of Directors	Total 2021
Non-current liabilities to related parties 31.12.2022	0	0	0	0
Current liabilities to related parties 31.12.2022	0	0	0	0

Related party transactions and balances for 2021 *[NOK 1000]*	Executive Management	Shareholders	Board of Directors	Total 2020
Non-current liabilities to related parties 31.12.2021	0	0	0	0
Current liability to relates parties 31.12.2021	0	0	0	0

Note 6.4 – Events after the reporting period

Ayfie did a reverse split in March 2023. This resulted in the share having a nominal value of NOK 2, after the 8:1 reverse share split in March 2023. All issued shares have equal voting rights and the right to receive dividend.

Parent
Financial Statements

Statement of income parent company

For the years ended 31 December

Amounts in NOK 1000	Notes	2022	2021
Revenue and other operating income			
Revenue		-	4 701
Total revenue and other operating income		**-**	**4 701**
Cost of sales			
Cost of Sales		-	-
Gross Profits		**-**	**4 701**
Operating Expenses			
Personnel expenses	3,4	4 351	4 976
Other operating expenses	5.1	1 899	1 225
Depreciation and amortization	7	-	121
Total operating expenses		**6 250**	**6 322**
Operating profit or loss		**(6 250)**	**(1 621)**
Finance income and costs			
Income on investment in subsidiaries	8	-	-
Interest income from Group companies		-	-
Other finance income	5.2	235	1 552
Interest paid to Group companies	9	15 000	-
Other finance expenses	5.2	194	1 409
Profit or loss before tax		**(21 209)**	**(1 478)**
Income tax expense	6	-	-
Net loss for the year		**(21 209)**	**(1 478)**
Allocated as follows			
Charged to uncovered loss		**(21 209)**	**1 478**

Statement of financial position parent company

Amounts in NOK 1000	Notes	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Property, plant and equipment		-	-
Total non-current assets		**-**	**-**
Financial assets			
Investment in subsidiaries	9	372	15 372
Loan to Group companies	8	-	-
Total financial assets		**372**	**15 372**
Total non-current assets		**372**	**15 372**
Current assets			
Trade receivables			
Other current assets		776	1 123
Receivables in Subsidiaries	8	-	38
Cash and cash equivalents	2	13 786	17 669
Total current assets		**14 562**	**18 830**
TOTAL ASSETS		**14 934**	**34 202**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	11	27 727	110 906
Other capital reserves		6 968	4 682
Uncovered loss		(21 248)	(83 219)
Total equity		**13 447**	**32 369**
Non-current liabilities			
Total non-current liabilities		-	-
Current liabilities			
Trade and other payables		657	739
Current liabilities to related parties		78	-
Other current liabilities		752	1 094
Total current liabilities		**1 487**	**1 833**
Total liabilities		**1 487**	**1 833**
TOTAL EQUITY AND LIABILITIES		**14 934**	**34 202**

Oslo, 20 March 2023
The Board and CEO of Ayfie Group AS

Sign.
Lars Boilesen
Chairman

Sign.
Jostein Devold
Board member

Sign.
Martin Ness
Board member

Sign.
Lars Nilsen
Board member

Sign.
Jan Chr. Opsahl
Board member

Sign.
Øystein Stray Spetalen
Board member

Sign.
Herman Sjøberg
Chief Executive Officer

Notes to the financial statements - Parent company

Note 1 - Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for small enterprises.

Subsidiaries

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

Dividends and other distributions are recognized in the same year as appropriated in the subsidiary accounts. If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

Balance sheet classification

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long-term creditors.

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

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

Foreign currency translation

Foreign currency transactions are translated using the year end exchange rates.

Pensions

The pension contributions are charged to expenses as they are incurred.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences, both positive and negative, are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

To the extent Group contribution is not registered in the profit and loss, the tax effect of Group contribution is posted directly against the investment in the balance.

Share based payment

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. This program is measured at fair value at the date of the grant. The estimated cost at the grant date is recorded directly against equity over the vesting period. This estimate is based on the Company's assumptions of when and if the shares vest, adjusted for the effect of non-market based vesting conditions. The fair value share-based program is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Intangible assets

For assessment of intangible assets, reference is made to note 1.3 in the consolidated financial statements.

Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the income statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date.

Contingent losses that are probable and quantifiable is expensed as occurred.

Note 2 - Bank deposit

The company have the following restricted cash:

Restricted cash *[NOK 1000]*	**2022**	**2021**
Withholding tax account	90	68
Deposit	300	300
Total restricted cash	**390**	**368**

Note 3 - Personnel expenses and auditor fee

Personnel expenses *[NOK 1000]*	**2022**	**2021**
Salaries[1]	3 884	4 314
Social security tax	251	398
Pension costs - defined contribution plans	169	154
Other personnel costs	47	111
Total personnel expenses	**4 351**	**4 976**
Full time equivalent employees as of 31.12.2020	1	2

[1] Including cost of share option program for the Board of NOK 2 286 thousand (NOK 2 169 thousand). Reference is made to note 2.2 in the consolidated financial statements.

Benefits to the CEO

Reference is made to note 2.2 in the consolidated financial statements.

Audit Fee

Auditor related fees *[NOK 1000]*	**2022**	**2021**
Fees for audit	304	290
Fees for other services	164	108
Total remuneration to the auditor	**468**	**398**

Note 4 – Pensions

The Company is required to have an occupational pension scheme in accordance with Norwegian legislation ("Lov om Obligatorisk Tjenestepensjon"). The Company's pension arrangements fulfil the requirements of this legislation.

Note 5.1 – Other operating expenses

Other operating expenses *[NOK 1000]*	**2022**	**2021**
Professional services	833	957
IT expenses	232	27
Other operating expenses	834	241
Total other operating expenses	**1 899**	**1 225**

Note 5.2 – Financial income and expenses

Financial income and expenses *[NOK 1000]*	**2022**	**2021**
Financial income		
Interest income	215	26
Foreign exchange gains	20	1 477
Other financial income	-	49
Total finance income	**235**	**1 552**
Financial expenses		
Interest	-	1
Write-down of loan to subsidiaries	-	-
Write-down of investment in subsidiaries	-	-
Other financial expenses	192	169
Foreign exchange loss	2	1 239
Total finance cost	**194**	**1 409**

Note 6 – Taxes

Tax base estimation *[NOK 1000]*	**2022**	**2021**
Ordinary result before tax	(21 209)	(1 478)
Permanent differences	15 000	(49)
Change in temporary differences	(25)	85
Tax base	**(6 233)**	**(1 442)**

Temporary differences outlines	**2022**	**2021**
Fixed assets	(58)	(82)
Net losses carried forward	(73 590)	(67 358)
Total after net losses carried forward	(73 648)	(67 440)
Differences not included in deferred tax base	(73 648)	(67 440)
Total	**-**	**-**
Calculated deferred tax	(16 202)	(14 837)
Deferred tax assets not recognized	16 202	14 837
Deferred tax asset (-) / Liability (+)	**-**	**-**

Note 7 – Investment in subsidiaries

Company and location *[NOK 1000]*	**Acquisition date**	**Ownership share/ Voting rights**	**Net loss 2022**	**Equity 31.12.2022**	**Book value 31.12.2022**
Ayfie AS (Norway)	01.03.2017	100%	(7 849)	2 144	372
Haive AS (Norway)	11.09.2020	100%	(1 358)	(2 183)	0
Total			**(9 207)**	**(39)**	**372**

Note 8 - Equity and shareholders

	Issued share capital	**Share premium**	**Other capital reserves**	**Retained earnings**	**Total equity**
Opening balance 01.01.2021	**110 906**	**259 020**	**2 513**	**(340 761)**	**31 678**
Loss for the year				(1 478)	(1 478)
Option program			2 169		2 169
Transfer from share premium		(259 020)		259 020	-
Balance as of 31 December 2021	**110 906**	**0**	**4 682**	**(83 219)**	**32 369**

	Issued share capital	**Share premium**	**Other capital reserves**	**Retained earnings**	**Total equity**
Opening balance 01.01.2022	**110 906**	**0**	**4 682**	**(83 219)**	**32 369**
Loss for the year				(21 209)	(21 209)
Option program			2 286		2 286
Transfer from share premium	(83 180)			83 180	-
Balance as of 31 December 2022	**27 727**	**0**	**6 968**	**(21 248)**	**13 447**

Reference is made to note 4.6 in the consolidated financial statements for information on the Company's share capital and shareholders including Executive Management and the Board's equity interests.

Note 9 – Events after the reporting period

Reference is made to note 6.4 in the consolidated financial statements.

Statement of responsibility by the Board of Directors and CEO

We confirm to the best of our knowledge that:

The consolidated financial statements for 2022 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that the financial statements for the parent company for 2022 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the Company's and the Group's assets, liabilities, financial position and results for the period viewed in their entirety, and that the Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and the Group, and includes a description of the material risks that the Board of Directors, at the time of this report, deem might have a significant impact on the financial performance of the Group.

Oslo, 20 March 2023
The Board and CEO of Ayfie Group AS

Sign.
Lars Boilesen
Chairman

Sign.
Jostein Devold
Board member

Sign.
Martin Ness
Board member

Sign.
Lars Nilsen
Board member

Sign.
Jan Chr. Opsahl
Board member

Sign.
Øystein Stray Spetalen
Board member

Sign.
Herman Sjøberg
Chief Executive Officer

Auditor’s report

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Ayfie Group AS

Opinion

We have audited the financial statements of Ayfie Group AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise statement of financial position as at 31 December 2022 and the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor’s report thereon. Management (the board of directors and CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors’ report and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 21 March 2023
ERNST & YOUNG AS

Tore Sørlie
State Authorised Public Accountant (Norway)

Ayfie Group AS
Karenslyst Allé 10
0278 Oslo, Norway

ayfie.com

CONSEPT, DESIGN, PHOTO, ILLUSTRATIONS, TEXT, PROJECT MANAGEMENT: **COXIT.NO**