ayfie

THE Future IS HERE

ANNUAL REPORT 2021

20 highlights
21 key figures

TOTAL REVENUE OF

38.7 MNOK

CASH POSITION OF

36.4 MNOK

RECURRING REVENUE OF

30.5 MNOK

NET PROFIT OF

4.8 MNOK

Table of content

KEY MARKET TRENDS:

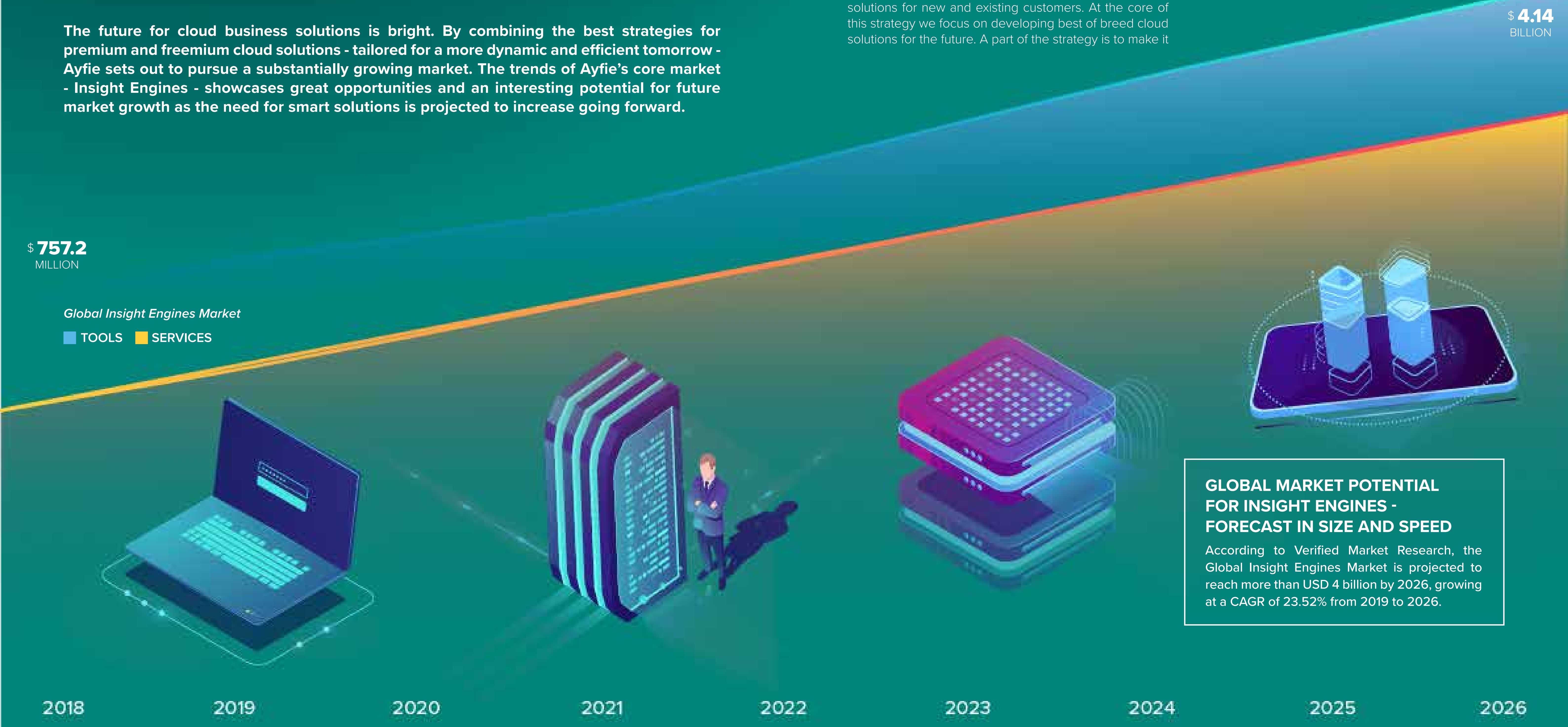
PREMIUM AND FREEMIUM STRATEGIES FOR FUTURE CLOUD GROWTH

The future for cloud business solutions is bright. By combining the best strategies for premium and freemium cloud solutions - tailored for a more dynamic and efficient tomorrow - Ayfie sets out to pursue a substantially growing market. The trends of Ayfie's core market - Insight Engines - showcases great opportunities and an interesting potential for future market growth as the need for smart solutions is projected to increase going forward.

Insight Engines is about combining search with AI in order to deliver actionable insights derived from the full spectrum of content and data sourced - on the inside and outside - of the enterprise. In a fast-moving world of cloud-based solutions and integrations across existing and new architecture it can be difficult for users, organizations and businesses to extract the information they know is right there - at their fingertips - without having implemented the right AI-driven technology and solutions. It is exactly this problem Ayfie solves across the value chain.

Going forward, Ayfie will make it even easier to utilize its solutions for new and existing customers. At the core of this strategy we focus on developing best of breed cloud solutions for the future. A part of the strategy is to make it even easier for new and existing customers to try out our portfolio of leading business and data gathering solutions.

Insight Engines are an evolution of search technologies that provide on-demand and proactive knowledge discovery and exploration augmented by semantic and machine learning (ML) technologies. They typically create a new index by crawling, indexing and mining both internal and external data sources, as well as structured and unstructured content, to ensure that a broad set of information is easily discoverable.



GLOBAL MARKET POTENTIAL FOR INSIGHT ENGINES - FORECAST IN SIZE AND SPEED

According to Verified Market Research, the Global Insight Engines Market is projected to reach more than USD 4 billion by 2026, growing at a CAGR of 23.52% from 2019 to 2026.

Are you ready to utilize the best of digital and hybrid workflows?

Let’s be frank. During the pandemic, almost everyone - working with information, data and insights - have worked remotely. It all happened almost overnight, and even though digitalization made it possible to keep going, many businesses were not ready to utilize the full strength of the digital future. Primarily from home. Going forward, the workforce will be a lot more flexible in terms of where and when the work is carried out.

Ayfie makes it possible for organizations and businesses to benefit from this trend as everyone is given access to the most valuable assets they have: Information. From where they are. Utilizing data which were not available before. Even in the office.

Going to work before the pandemic, could be an experience a bit like traveling back almost 20 years in time since the digital business solutions in many cases did not keep up with the experience of our everyday digital life. Now, two years later - as we are coming out of the pandemic - a lot has changed. To the better. The digital experience and solutions are more efficient, seamless and go way beyond what it felt like just a couple of years ago. It is a question of efficiency and motivation. If your business is going to stand out in the times to come, it is probably smart to invest in solutions that make it easier and smoother to work - from both the office as well as elsewhere - at least if you want the best people to be encouraged and stay on. In short, the pandemic has put the employees at the wheel of this journey - and we are all embarking on a future - which is becoming way more apparent and inspirational by the day. Ayfie let’s businesses and employees become the best digital version of themselves.

THE FUTURE IS HERE:

Don’t travel 20 (or two) years back in time

REMOTE WORKING IS THE NEW STANDARD

WORK WHEREVER YOU WANT.

UTILIZE WHATEVER SOLUTION YOU PREFER.

BE FLEXIBLE AND EFFICIENT WITHOUT LOSING TRACK.

FEEL THE ENERGY OF A NEW ERA WITH ACCESS TO ALL DATA.

AYFIE RECONNECTS DATA AND ADDS VALUE ACROSS THE VALUE CHAIN.

MAKE SURE TO UTILIZE THE MOST IMPORTANT COMMODITY FOR ALL - INFORMATION!

Along with a new era of working more flexible and differently - post pandemic - it is expected that many will continue to bring their own software and solutions into the digital and physical workplace. At the same time, the data which consists of the core information of an organisation, will likely be gathered in various systems, solutions and databases making it more difficult to access and identify when needed across the workforce and the value chain. Ayfie’s solutions make it possible to discover and access this information across platforms and solutions, creating value for users and employees as well as whole organisations and businesses in the post pandemic era.

The most important commodity is Information
On this basis, we say that Ayfie reconnects people and businesses with the most important commodity they have: Information. Making it possible to utilize the true power of data and insights, is really what Ayfie is all about. It comes down to data and information. The most important asset of any organisation.

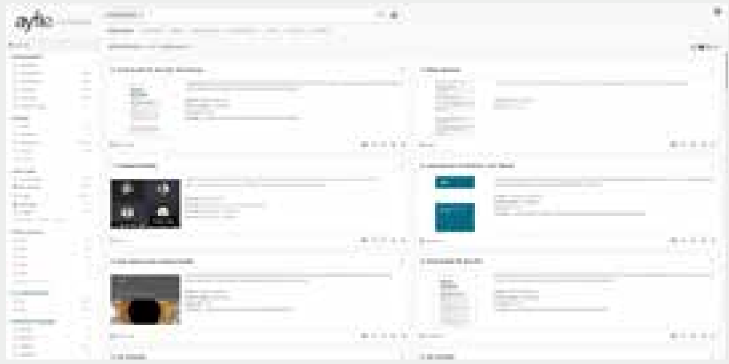
BUSINESS MODEL, SOLUTIONS AND DEVELOPMENTS

The business model is based on subscriptions, with contract lengths of typically 1-3 years. Almost all of Ayfie's current revenues come from on-premise installations of our software products for corporate search. We are maintaining and developing this product and have also strengthened our customer success and sales operations to increase revenues from this business line.

Ayfie has invested significant resources into developing Inspector, which unfortunately has been unsuccessful in penetrating the market, and we have no current revenue from this product. Although a copy of the code was sold to iCONECT Worldwide in October 2021 as presented in the market.

The go-to-market strategy for this product was primarily to sell it as a module to Relativity, a popular e-Discovery software, on a pay-as-you-go licensing model. We have identified a lot of use cases for using Inspector features for clients that are not using Relativity, and we will be re-launching the Inspector features as SaaS this year, which will introduce unprecedented flexibility and scalability. Features including:

- A powerful machine learning classifying model, making it possible to group and sort documents based on unstructured data. For example, finding all contracts or documents containing GPDR sensitive data in a huge dataset.
- Leveraging existing knowledge by connecting to all available information silos through one single interface.
- Uncovering hidden connections and relations between documents to make it possible to use similar documents or text when drafting new documents and running new workflows.
- Allowing groups of employees to work together on datasets and timelines, adding annotations and commenting on the content in all information silos, while also allowing export of the collective result of the process.
- Providing email thread functions with timelines and identification of duplicates.
- Identifying qualified experts by searching for enhanced meta-data e.g., author.
- Differentiating search-results based on advanced algorithms as well as user presets.



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.

EXECUTIVE INTERVIEW

Cloud solutions and services for the future:

How to maximize the value?

- Actually, it is quite obvious, as everyone knows the cloud is the place to be. The question is how to get there across all markets and solutions - which offers various levels of benefit - both short and long term.

Lasse Ruud, CFO

Herman Sjøberg, CEO

Both Herman Sjøberg (CEO of Ayfie) and Lasse Ruud (CFO of Ayfie and founder of Haive, which was acquired by Ayfie in 2020) are determined on what Ayfie has to do in order to gear up going forward. Based on their broad experience within technology and business solutions they know cloud offers greater flexibility, more agility and new opportunities for innovation. From the inside and out. Just like Ayfie offers to make data valuable again. Today and tomorrow.

- Our customers tell us that Ayfie's solutions create great value across their value chain. Still, we need to look into how we can create even more value while at the same time make it easier to use our solutions. As a part of this, we are working with a set of optimizations related to our delivery and implementation model. We need to be more agile and it has to be easier to utilize Ayfie's solutions, both for new and existing customers. This means we are gearing up our focus on establishing smooth and efficient ways of utilizing our portfolio of solutions, and to do this, we are determinedly pursuing a cloud strategy which will make it even easier and more convenient to test, implement and scale our solutions going forward, according to Herman Sjøberg.

What's the challenge?

- I have worked on very large IT and technology projects for a long time, and there are of course several reasons why it can be challenging - even for the largest and most experienced within IT consultancy - to really get everything flowing smoothly and swiftly. It is not a one way road. Many enterprise efforts to adopt and scale to cloud have slowed or stalled. That's a fact, in many cases. Some organizations gets stuck in an experimental mindset without a clear sense of where the cloud journey is heading. Others struggled to make a clear business case for scaling up the use of cloud. At Ayfie we want to make it easier to test, implement and grow with our solutions. That is why we are building our approach to the market based on a cloud strategy.

What's the core?

- We have a tremendously strong suite of solutions which we can build new business models upon while at the same time making it easier to utilize the full spectre of today's portfolio. I have been working with search trends and unstructured data for several decades now, and created a lot of value related to data and information that the customers know are there, but they cannot find it or utilize it. Going forward, data and information will be even more valuable as we need to access it across platforms and from various locations, not just in the office or at HQ, meaning that the cloud can create access to key insights for any organisation and business. We want to offer the existing solutions - both as cloud and on premise - while at the same time making it easier to take advantage of 'best of breed functionality' within a wider range of potential deliveries. In many cases, it can be tailored as a service, and not necessarily a full solution. The initial need might be quite specific and it could open up a broad range of opportunities ahead. This is what we are trying to solve at Ayfie and I believe we are about to unfold an untapped potential within this space, says Lasse Ruud.

What's the secret sauce?

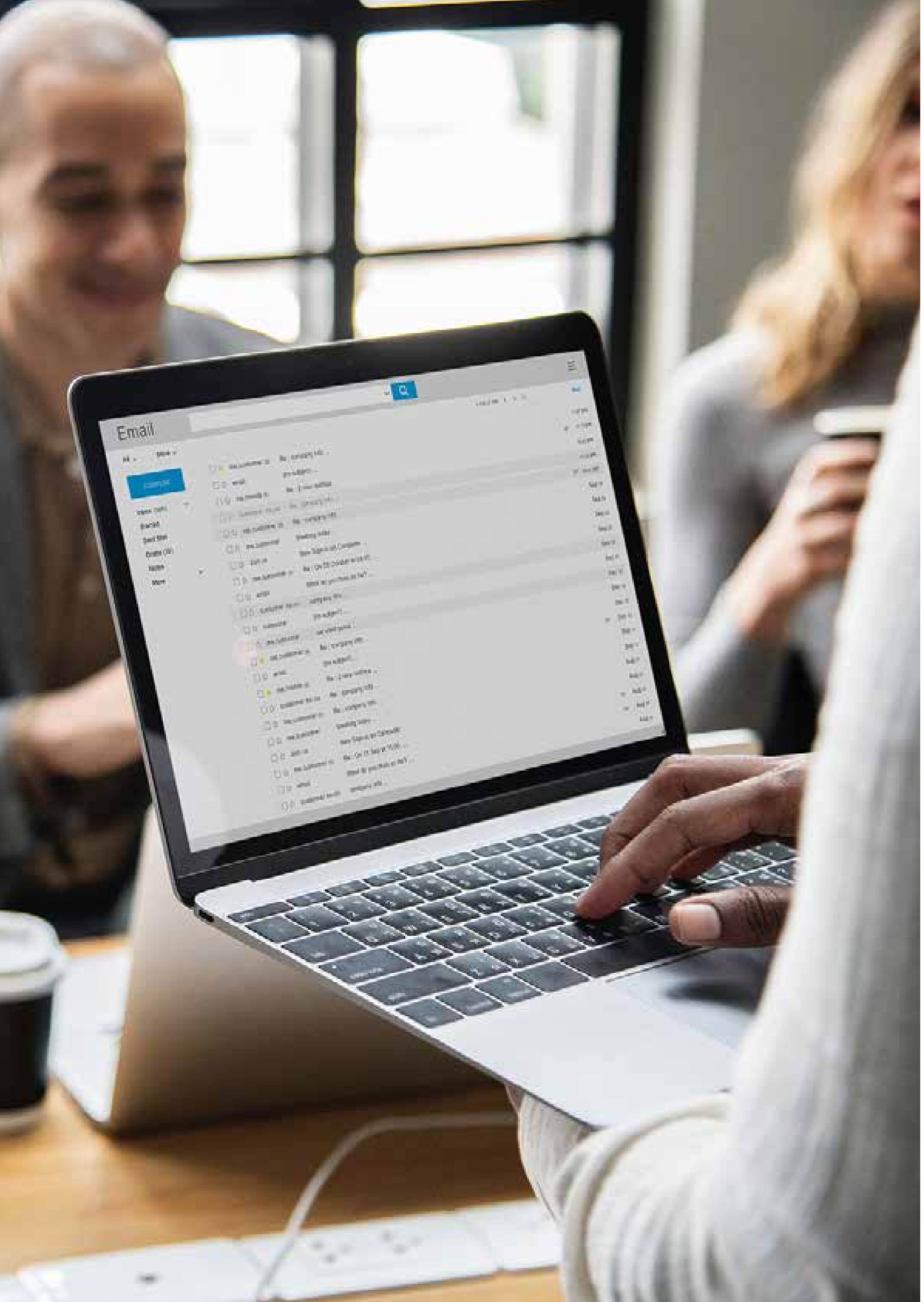
- We are also focusing on the basis of our solutions and services, in many cases including leading functionality for specific needs, and I believe we can make this kind of functionality available for new customers and users within new verticals. An example is Ayfie's unique functionality for specific classification of data and information. If you are conducting a due diligence related to an acquisition, and you need to identify all or specific memos, customer contracts or employee agreements, we can offer you an easy and clever way of identifying all documents by telling our AI solution what you are looking for by uploading a few documents or by indicating what kind of information you are looking for across various documents. Similar functionality can be utilized within healthcare in order to see if patients are treated in the best manner based on information which is made available in journals or other sources of documentation. This can also be utilized across how a municipality is operating with a focus on creating even better user experience and added-value through access to data and information. These are just a few examples of how our unique technology and functionality can create value, according to Herman Sjøberg.

What's the result?

- Ayfie has fantastic underlying insights and experience related to understanding data and information - making it possible to deliver on what you actually are looking for - even though the data is unstructured or gathered across several platforms, solutions and legacy systems. Going forward, we are making this unique insight and experience available as software solutions and services, while focusing on our core markets in Scandinavia and Europe. At the same time, we are expanding our partner reach. We are looking into a few very interesting partner collaborations which could open up new opportunities partly related to more complex IT projects. To some extent, it has been hard to get full access to the most complex and large IT projects, since Ayfie's solutions might have been considered to be just a limited part of the full complexity of data driven platforms. Now we are making it easier to utilize our technology and leading functionality. It could open up both opportunities which are quite complex as well as we are delivering a smooth way of addressing less complex needs, says Lasse Ruud.

What's the future?

We are leaping into a set of opportunities while at the same time acknowledging it takes time to create a leading software and services company within our market. The strategy now is to include premium and freemium - for a limited number of data sets or documents - in order to make it easy and convenient for developers and others to test our services and process flow. It is important to remember that most enterprises have, on average, only about 20-40 percent of their workloads in the cloud, most of which are the easier, less complex ones. At the same time, nearly 2/3 say they haven't achieved the results expected of their cloud initiatives so far. On top of this, the pandemic has created an unprecedented wake-up call for many enterprises with a need of understanding how they can access and utilize the data and information they know are there, but cannot access. Organizations in every industry have had a very powerful and direct reminder of the importance of systems resilience, agility, adaptability and scalability. That is something we will make it easier to deliver on going forward, says Herman Sjøberg.



REPORT FROM THE BOARD OF DIRECTORS

2021 was the first year with positive financial results for the Ayfie Group. After several years of great investments in several technology areas, offices and people, the organisation was taken down to its core focus and planning for a new strategy both in technology, sales, and people. The relatively stable customer base as well as dramatic cost reductions have set the company in a good financial situation.

A new senior management group with many years of experience is in place, focusing on products and sales.

Locations, organization and operations

Ayfie Group AS ("the company") is the parent company of the Ayfie Group ("the Group" or "Ayfie") and is located in Oslo, Norway. At year end the company owned 100 percent of the shares in Ayfie AS in Norway and Haive AS in Norway.

In 2021, Ayfie's focus was organisational changes, setting new management and strategy for new revenue streams and products, together with running the core business with positive numbers. The result of this was achieved by:

- Extreme cost focus, levelling the organisation for ongoing revenue streams
- Stabilizing the existing customer base, placing customer success activities in front
- Streamline the technology base, making separate services for better reach of different workflows and broadening the customer base

Several processes from the restructuring were still running through 2021. Some took more time than expected and affected planned activities for further growth.

Especially the closing of the German office was challenging because of legal processes.

With that in mind, Ayfie shows strength in still delivering positive financial results and keeping the cash balance.

MARKET

Ayfie is placed in the market of Insight Engines, touching the e-Discovery and BI market as well. Analyst reports show rapid growth in all these markets as the amount of data, especially unstructured data, continues to increase exponentially.

The global insight engines market was valued at USD 926. 01 million in 2021, and it is expected to reach USD 3,578. 93 million by 2027, registering a CAGR of 25. (Reportlinker.com)

Especially after the COVID-19 challenge, companies are continuously seeking better ways to gain more business value from the information. According to Accenture, the amount of data available is growing rapidly, amounting to 44 zettabytes. 80% of this data is unstructured (text documents, audio, video, emails, social posts, etc.), and 20% is held in structured systems of some kind.

As the amount of data increases, there will be a need for solutions that transform information into true knowledge and insights through AI and machine learning, like Ayfie's solutions. Growing compliance, data security and data breach concerns will further increase the market for Ayfie's solutions.

With Ayfie's refocus of the technology stack, creating separate services that both can work together as whole, or serve specific workflows, will make it easier to reach the different market areas.

Even though our growth has taken more time than expected, Ayfie still believes that we are on the right track with the best features set.

Ayfie believes the Group has the potential to become a major provider due to the nature of its technology and solutions: Firstly, Ayfie offers a text analytics solution capable of rapidly providing semantic understanding of words, phrases and their relations. Contrary to text analytics solutions based solely on machine learning, Ayfie's technology performs semantic analysis of phrases and expressions. Thus, on top of providing higher quality analyses, Ayfie's solution can analyse smaller amounts of text as there is no need for extensive amounts of data to trace patterns. Secondly, by combining its unique language-based text analytics layer with statistical analysis, machine learning and other advanced algorithms, Ayfie provides superior and faster processing solutions than its competitors. Lastly, the Ayfie solution connects to a vast number of data systems, thus being a better suit for a lot of customers than the competition.

Future perspective

With proven products, solid customer base, and stable financial position, Ayfie is well positioned for the investment in the ongoing product development with the result of new revenue streams.

Ayfie has local presence both in the Norwegian and UK(-Sales rep) market, as well as partner connections in Scandinavia and Europe.

Our partner connection with Konica Minolta is still strong, and development of new versions of both products sold by them is delivered during 2021.

Ayfie delivered profits in 2021 giving great opportunities both in investing in own technology and external. The organisation is now ready for scaling.

Ayfie will continue to look for strategic acquisition targets which have complementary or comparable technology, in order to expand market reach. In addition, Ayfie is looking for partners and acquisition targets which enable the Group to leapfrog our competition with unique technology that fits its vision and customer base.

20 FINANCIAL 21 SUMMARY

(All amounts in brackets are comparative figures for 2020 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 2021.

Consolidated statement of comprehensive income

Full year consolidated revenue amounted to NOK 38.7 million (NOK 40.9 million). Revenue from the Norwegian business increased by 34 percent compared to the previous year, whereas there were no revenues from the international businesses in 2021.

- Consolidated recurring revenue amounted to NOK 27.3 million (NOK 33.4 million)
- Non-recurring revenue amounted to NOK 5.9 million (NOK 6.5 million) Cost of sales of NOK 1.8 million (NOK 2.3 million) consisted of cost of third-party licences used in Ayfie's main products

Total operating expenses amounted to NOK 31.7 million (NOK 98.5 million). Personnel expenses amounted to NOK 25.3 million (NOK 62.0 million). The number of employees increased from 12 on 31 December 2020 to 13 on 31 December 2021, and the number of contracted labours was unchanged at 13 during 2021. The reduction in personnel expenses is due to a significant reduction in staff during 2020 as a result of the restructuring process. Other operating expenses amounted to NOK 4.9 million (NOK 19.4 million). The reduction is a result of restructuring in 2020, whereby NOK 6 million was related to close-down of international operations.

The company has not yet established a liability insurance for the board and executive management.

Depreciation and amortization expenses amounted to NOK 1.5 million (NOK 17.2 million). 2020 included a write-off of capitalized research and development costs of NOK 13.8 million.

Financial income of NOK 0.2 million (NOK 1.8 million) was related to foreign exchange gains and interest on bank deposits. Financial costs of NOK 0.6 million (NOK 4.9 million) consisted of costs related to foreign exchange losses of NOK 0.3 million (NOK 0.8 million) and interest of NOK 0.2 million (NOK 3.1 million).

Net profit for the year amounted to NOK 4.8 million (net loss NOK 63. million). Total comprehensive income, adjusted for exchange differences on translation of foreign operations of negative NOK 0.1 million (negative NOK 0.7 million), gave a total comprehensive income of NOK 4.7 million (negative NOK 63.7 million). The improvement in financial performance is mainly due to close-down of the German operation and general cost-cut.

Consolidated statement of financial position

Total assets amounted to NOK 60.8 million (NOK 77.4 million). The total non-current assets of NOK 19.7 million (NOK 21.3 million) consisted mainly of right-of-use-assets related to an office lease in Oslo of NOK 1.9 million (NOK 3.0 million) and goodwill from the acquisition of Haive AS in September 2020 of respectively NOK 2.1 million and NOK 15.5 million.

Total current assets of NOK 41.1 million (NOK 56.1 million) consisted of cash of NOK 36.4 million (NOK 47.9 million), trade receivables of NOK 1.2 million (NOK 4.0 million) and other current assets of NOK 3.6 million (NOK 4.2 million). Total equity and liabilities amounted to NOK 60.8 million (NOK 77.4 million), where the total equity of NOK 41.9 million (NOK 35.1 million) consisted mainly of share capital of NOK 110.9 million (NOK 110.9 million) and uncovered losses of NOK 79.5 million.

Non-current liabilities of NOK 1.5 million (NOK 2.7 million) consisted of lease liabilities (NOK 1.0 million) and deferred tax liabilities (NOK 0.5 million). Current liabilities of NOK 17.4 million (NOK 39.6 million) consisted mainly of trade and other payables of NOK 3.8 million (NOK 4.2 million), contracted liabilities of NOK 10.2 million (NOK 17.0 million), current lease liabilities of NOK 1.0 million (NOK 1.0 million) and other current liabilities of NOK 2.4 million (NOK 17.0 million) that mainly consists of other provisions of NOK 4.0 million.

Ayfie had NOK 665 million of tax losses carried forward at year-end 2021. The Group has determined not to recognize deferred tax assets on the tax losses carried forward in the 2021 financial statements.

Consolidated statement of cash flow

Net cash flow from operating activities was negative NOK 6.6 million (negative NOK 37.8 million). Net cash flow from investing activities was negative NOK 4.9 million (negative NOK 16.1 million). Net cash flow from financing activities was NOK 0.0 million (NOK 87.9 million). Cash and cash equivalents were NOK 36.4 million (NOK 47.9 million) at year end.

Equity, shares and shareholders

Equity increased from NOK 35.1 million in 2020 to NOK 41.9 million in 2021 due to net effect of the 2021 profit of NOK 4.6 million (loss NOK 63 million), option program cost of NOK 2.2 million (NOK 1.0 million) and other comprehensive income of negative NOK 0.1 million (negative NOK 0.7 million).

At year-end 2021, there were approximately 800 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 1.5 million (net loss NOK 84.6 million).

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 2021

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 2022 and Ayfie's long-term strategic forecasts.

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 2021 Ayfie had 26 employees (including contract labour), of which 3 were female. Ayfie had no female executive manager, and there were no female Board members.

There was hardly any leave of absence due to illness recorded in 2021, 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 1.5 million to be charged to uncovered losses.

The Board of Directors does not propose any dividend payments for 2021.

Oslo, 28 March 2022
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. Mr. Boilesen 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, he was CEO at Opera Software ASA. Mr. Boilesen holds a bachelor's degree in Business Economics from Aarhus Business School, and postgraduate diploma from Kolding Business School.

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

Jan Christian Opsahl, Board Member
Jan Christian Opsahl is owner and CEO of Dallas Asset Management. Mr. Opsahl has been chairman and/or member of the boards of several companies, including REC Solar ASA and REC Silicon ASA. In the period 2016-2019 he was a member of the board of directors in Storebrand ASA and he was a member of the board of directors in NEL ASA in the period 2014- 2017. In the period 1985-2008 he was president/CEO and chairman of the board in Tomra Systems ASA. During 1988-1997 he was president/CEO of Tandberg ASA and in the period 1997 – 2010 he was executive chairman of the Board in the company. Mr. Opsahl was chairman of the board in Tomra Systems ASA from 1985 to 2008. He was chairman of the board of Tandberg Television ASA from 1989 to 2007 and deputy chairman of the board of Komplett from 1999 to 2005. Mr. 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.

Martin Nes, Board Member
Martin Nes has been CEO in Ferncliff since 2010. He holds a law degree from the University of Oslo, and also holds a Master of Laws degree from Universityof Southampton, England. 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. Mr. Nes has extensive corporate experience and is/has been chairman and/or a member of the boards of several listed companies. He is chairman of the board of Arribatec Solutions ASA and Saga Pure ASA, both listed on Oslo Stock Exchange.

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

Øystein Stray Spetalen, Board Member
Mr. 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. Mr. Spetalen is a chartered petroleum's engineer from NTNU. He is/has been chairman and/or a member of the boards of several companies, including Arribatec Solutions ASA, Horisont Energi AS, Saga Pure ASA and Vistin Pharma ASA, all listed on Oslo Stock Exchange.

THE MANAGEMENT TEAM

Herman Sjøberg, Chief Executive Officer
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, Chief Financial Officer
Lasse joined Ayfie through the acquisition of Haive in September 2020. He was the CEO of Haive. Ruud has been active 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 og Questpoint. He has also had other leading roles as sales manager in CapGemini. Lasse has his education within IT, Finance and Marketing.

Ronny Hanssen, Chief Technology Officer
Ronny joined Ayfie through the acquisition of Haive (CTO). He has worked with software development for 30 years. Ronny started as project manager, designer and creative leader for several major game development projects for Funcom. He also led companies like Playbox and FairPlay by providing digitized entertainment products for the television industry and sports games. Ronny has 10 years of experience with search technology. He is an engineer with specialization in software development and systematization.

Egil Kvamme, Chief Relationships Officer
Egil Kvamme has broad and solid experience from sales within the technology sector. He comes from the position as Business Development Director for Northern Europe in ForgeRock, an international information technology service provider. Before ForgeRock, Egil held leading sales positions in Dale Carnegie Training, Gartner and Acer.

Freddy Mahler Frimann, Chief Sales Officer
Freddy has over 20 years experience in sales and management. Before joining Ayfie, he has held leadership roles in Eniro Norge, Proff.no, House of Control and Salesgarden AS where he worked as Commercial Director. He has also worked for Bring Norge with leadership development. Freddy holds a bachelor from NTNU in Media & Communication, and is also educated is in the fields of technology, HSE and finance.

Carina Hansen, Chief Marketing Officer
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.

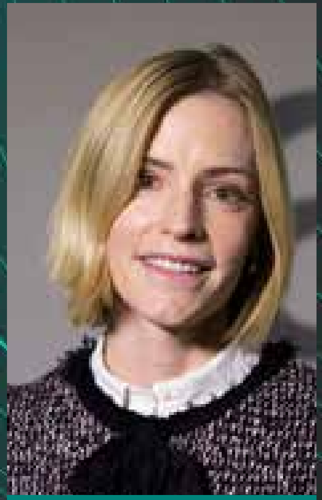

HERMAN SJØBERG - CEO


LASSE RUUD - CFO


EGIL KVAMME - CRO


RONNY HANSSEN - CTO


FREDDY M. FRIMANN - CSO


CARINA HANSEN - CMO

Consolidated Financial Statements

Consolidated statement of comprehensive income

For the years ended 31 December

Amounts in NOK 1000	**Notes**	**2021**	**2020**
Revenue			
Revenue	2.1	34 024	40 944
Sale of source code	2.1	4 701	-
Total revenue		**38 725**	**40 944**
Cost of sales			
Cost of sales		1 806	2 325
Gross profits		**36 919**	**38 619**
Operating expenses			
Personnel expenses	2.2, 4.7	25 329	61 966
Other operating expenses	2.3	4 933	19 357
Depreciation and amortization	3.1, 3.2, 6.2	1 522	3 409
Write-down	3.2, 3.3	-	13 806
Total operating expenses		**31 784**	**98 538**
Operating profit or loss		**5 135**	**(59 919)**
Finance income and costs			
Finance income	4.4	224	1 750
Finance costs	4.4	644	4 863
Profit or loss before tax		**4 715**	**(63 032)**
Income tax expense	5.1	**(75)**	-
Net profit or loss for the year		**4 790**	**(63 032)**
Other comprehensive income			
Items that subsequently may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(140)	(693)
Total items that subsequently may be reclassified to profit or loss		(140)	(693)
Other comprehensive income for the period		**(140)**	**(693)**
Total comprehensive income for the period		**4 650**	**(63 724)**
Earnings per share (basic and diluted)			
Earnings per share (NOK)		**0.04**	(0.57)

Consolidated statement of financial position

Amounts in NOK 1000	**Notes**	**31.12.2021**	**31.12.2020**
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	219	344
Right-of-use assets	6.2	1 883	3 038
Intangible assets	3.2	2 052	2 394
Goodwill	3.3	15 540	15 540
Total non-current assets		**19 694**	**21 316**
Current assets			
Trade receivables	2.4	1 164	4 029
Other current assets	2.5	3 585	4 152
Cash and cash equivalents	4.3	36 388	47 885
Total current assets		**41 137**	**56 066**
TOTAL ASSETS		**60 831**	**77 382**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	4.6	110 907	110 907
Share premium		-	259 020
Other capital reserves		4 682	2 513
Cumulative translation difference		5 841	5 981
Retained earnings		(79 519)	(343 328)
Total equity		**41 911**	**35 093**
Non-current liabilities			
Deferred tax liabilities	5.1	452	527
Non-current leases liabilities	6.2	1 039	2 177
Total non-current liabilities		**1 491**	**2 704**
Current liabilities			
Trade and other payables	2.6	3 835	4 242
Current lease liabilities	6.2	980	995
Contract liabilities	6.1	10 241	17 036
Other current liabilities	6.1	2 373	17 311
Total current liabilities		**17 429**	**39 584**
Total liabilities		**18 920**	**42 288**
TOTAL EQUITY AND LIABILITIES		**60 831**	**77 382**

Oslo, 28 March 2022
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	2021	2020
Cash flows from operating activities			
Loss before tax		4 715	(63 032)
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization	3.1, 3.2, 6.2	1 552	17 215
Leases interests	6.2	183	556
Net finance items included in financing and investing activities	4.4	-	2 479
Net foreign exchange differences		(140)	(1 287)
Share based payments	4.7	2 169	-
Working capital adjustment:			
Changes in trade receivables	2.4	2 865	(1 100)
Changes in other current assets	2.5	567	9 459
Changes in trade and other payables	2.6	(408)	(6 249)
Changes in provisions and other liabilities	6.1	(18 104)	4 095
Net cash flows from operating activities		**(6 632)**	**(37 864)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	(103)	(61)
Investment in intangible assets	3.2	-	(423)
Deferred purchase consideration paid (sellers' credit)	4.4	(4 761)	(10 714)
Purchase of shares in subsidiaries, net of cash acquired	3.3	-	(4 933)
Net cash flow from investing activities		**(4 864)**	**(16 131)**
Cash flow from financing activities			
Proceeds from issuance of equity		-	92 869
Interests paid	4.4	-	(4 984)
Net cash flow from financing activities		**-**	**87 885**
Net change in cash and cash equivalents		(11 497)	33 916
Cash and cash equivalents, beginning of period	4.3	47 885	13 970
Cash and cash equivalents, end of period		**36 388**	**47 886**

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 01.01.2020	**3 035**	**161 220**	**1 490**	**6 674**	**(280 297)**	**(107 878)**
Profit (loss) for the year					(63 032)	(63 032)
Other comprehensive income				(693)		(693)
Issue of share capital	107 871	97 800				205 671
Option program			1 023			1 023
Balance as of 31.12.2020	**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		(259 020)	2 169			2 169
Balance as of 31.12.2021	**110 907**	**-**	**4 682**	**5 841**	**(79 519)**	**41 911**

The Extraordinary General Meeting 4 May 2021 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 2022, but no longer than to and including 30 June 2022

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 2021 were authorized for issue in accordance with a resolution of the Board of Directors 28 March 2022.

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 2022 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 2021. 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 2021 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 %
Ayfie Inc.	USA	USD	100 %	100 %

All subsidiaries are included in the consolidated statement of financial position. The former subsidiary Ayfie GmbH was until 5 December 2020 controlled by Ayfie Group AS, and its financials per 5 December 2020 are thus included in the consolidated financial statements. Ayfie AB was disolved during 2021.

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]*	**2021**	**2020**
Subscription	24 700	30 886
Maintenance/support	2 602	2 630
Retainer Development Service	1 044	921
Professional services/consultancy fees	4 868	5 331
Total revenues recognised over time	**33 214**	**39 768**
Perpetual licenses[1]	5 511	1 176
Revenues recognised at a point in time	**5 511**	**1 176**
Total revenue from sales contracts with customers	**38 725**	**40 944**

[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]*	**2021**	**2020**
Revenues from businesses		
Norway	37 179	27 735
Germany	-	1 259
Sweden	-	5 132
USA	-	6 819
Total revenues	**37 179**	**40 944**

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.

	31.12.2021	**31.12.2020**
Contract liabilities	10 241	17 036

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]*	**2021**	**2020**
Salaries	11 861	44 568
Social security tax	1 988	5 291
Pension costs - defined contribution plans	771	648
Contract labour	8 153	9 432
Cost of share-based payment	2 169	1 023
Other personnel costs	387	1 004
Total personnel expenses	**25 329**	**61 966**

	2021	**2020**
Full time equivalent employees as of 31.12	13	12
Contract labor as of 31.12	13	13
Total	**26**	**25**

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
Ayfie had three CEOs during the financial year. There was no severance pay agreement for the CEOs who left the positions in 2021.

Remuneration to executive management in 2021 *[NOK 1000]*	**Salary**	**Pension**	**Other remuneration**	**Total remuneration**
CEO Siw Ødegaard (01.01-05.05)	1 720	102	4	1 826
CEO Lasse Ruud (05.05-13.09)[1]	1 516	9	7	1 532
CEO Herman Sjøberg (13.09-31.12)	456	53	2	511

[1] Reflects total remuneration for the year

Siw Ødegaard was also the CFO of the Group until 5 May. Lasse Ruud was also the CMO of the Group throughout 2021. Siw Ødegaard and Lasse Ruud held shares in the parent company. Reference is made to note 4.6 for disclosures on shareholdings. CEO, Herman Sjøberg is entitled to a termination amount of six months' base salary when the employment is terminated by the Company ("Severance Payment"). CEO also has a revenue-based bonus plan. There was no basis for the bonus in 2021.

Board remuneration

Accrued remuneration to Board Members in 2021 *[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.

No loans or collateral have been provided for the CEO, employees or members of the board or shareholders.

Note 2.3 – Operating expenses

Other operating expenses *[NOK 1000]*	2021	2020
Sales and marketing	546	945
Professional services	291	9 097
Rental and leasing	61	770
IT	3 219	6 009
Travel	71	689
Other operating expenses	745	1 847
Total other operating expenses	**4 933**	**19 357**

Audit fee

Auditor related fees	2021	2020
Fees for audit[1]	437	575
Fees for other services[2]	190	188
Total remuneration to the auditor	**627**	**763**

[1] Incl. audit of the subsidiaries Ayfie Inc. and Ayfie GmbH in 2020
[2] Other services in 2021 includes other attestation services (TNOK 36) and tax services (TNOK 12)

Note 2.4 – Trade receivables

Trade receivables *[NOK 1000]*	31.12.2021	31.12.2020
Trade receivables at nominal value	1 164	4 029
Expected credit loss	-	-
Total trade receivables	**1 164**	**4 029**

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 31.12.2020	4 029	2 930	1 050	49	-
Trade receivables 31.12.2021	1 164	239	537	239	152

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]*	31.12.2021	31.12.2020
Pre-payments	1 172	2 084
Deposits	674	727
Other receivables	1 739	1 340
Total other current assets	**3 585**	**4 151**

Note 2.6 – Trade and other payables

Trade and other payables *[NOK 1000]*	31.12.2021	31.12.2020
Trade payables	2 516	1 293
VAT payable	325	1 736
Withholding payroll taxes and social security	994	1 213
Total trade and other payables	**3 835**	**4 242**

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 01.01.2020	2 412	2 412
Additions	322	322
Disposals	(261)	(261)
Acquisition cost 31.12.2020	**2 473**	**2 473**
Additions	39	39
Disposals	0	0
Acquisition cost 31.12.2021	**2 512**	**2 512**
Accumulated depreciation and impairment 01.01.2020	1 711	1 711
Depreciation for the year	418	418
Accumulated depreciation and impairment 31.12.2020	**2 129**	**2 129**
Depreciation for the year	164	164
Accumulated depreciation and impairment 31.12.2021	**2 294**	**2 294**
Carrying amount 31.12.2020	**344**	**344**
Carrying amount 31.12.2021	**219**	**219**

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 01.01.2020	14 552	14 552
Additions	3 084	3 084
Acquisition cost 31.12.2020	**17 636**	**17 636**
Additions	-	-
Acquisition cost 31.12.2021	**17 636**	**17 636**
Accumulated amortization & impairment 01.01.2020	1 160	1 160
Amortization for the year	14 075	14 075
Currency translation effects	7	7
Accumulated depreciation & impairment 31.12.2020	**15 242**	**15 242**
Amortization and Impairment for the year	342	342
Currency translation effects	-	-
Accumulated amortization & impairment 31.12.2021	**15 584**	**15 584**
Carrying amount 31.12.2020	**2 394**	**2 394**
Carrying amount 31.12.2021	**2 052**	**2 052**
Economic life	3-5 years	
Amortization plan	Straight line	

Intangible assets are mainly customer relationships originating from the acquisition of Haive AS.

Other intangible assets - research and development

There were no capitalization of research and development in 2021. Furthermore, capitalized research and development prior to 2020 were fully written off with the total amount of NOK 13,806 thousand per 31 December 2020 as the Inspector business was closed down per 31 December 2020.

Note 3.3 – Goodwill

NOK 15,540 thousand in recognized goodwill per 31.12.2021 is from the acquisition of Haive AS in September 2020. See note 3.4.

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

The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2021, the market capitalization of the Group was above the book value of its equity, indicating no potential impairment of goodwill.

The business of Haive generates cash flows that are independent from the remaining operations in the Group and Haive is considered to be a cash generating unit. The Haive business has developed according to plan since the acquisition.

The recoverable amount of the Haive CGU of NOK 15,540 as at 31 December 2021 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 15.0 %. For cash flows beyond the five-year period growth rate of 0.0 % is applied.

Note 3.4 – Acquisitions and disposals

Acquisition of Haive AS

The company acquired 13 September 2020 all outstanding shares in Haive AS. Haive AS is a Norwegian company developing site search and knowledge discovery solutions targeted at Norwegian public and private entities.

The fair value of the total consideration transferred at the transaction date was NOK 15,000 thousand. The consideration consisted of NOK 5,000 thousands in cash and a sellers' credit of NOK 10,000 thousands. The sellers' credit was immediately converted to shares in Ayfie Group AS at a price per share of NOK 2.50 (fair value). There is no contingent considerations.

[NOK 1000]	
Assets	
Customer Relationships	2 662
Trade Receivables	1 610
Other Receivables	1 859
Cash	67
Liabilities	
Accounts Payable	144
Other current liabilities	6 006
Deferred tax liabilities	588
Goodwill on arising on acquisition	15 540
Purchase consideration transferred	**15 000**

Goodwill arised from expected synergies from combining operations of Ayfie and Haive AS. No parts of the goodwill will be tax deductible.

The company incurred NOK 218 thousand in transaction costs which was expensed as operating expenses.
From the date of the acquisition, Haive AS contributed NOK 2,134 thousand of revenue and NOK 1,985 thousand to profit before tax in 2020 after recognition of a government grant (SkatteFUNN) of NOK 795 thousand in Q4 2020. If the combination had taken place at the beginning of 2020, revenues in 2020 would have been NOK 44,373 thousand for the Group.

Disposals

2020

Central research and development activities were transferred from Germany to Norway in late 2020 to tie technology and product development closer to the core market. Resulting in close-down of German operations. Ayfie GmbH filed for insolvency 5 December 2020, and its financials per 5 December 2020 are included in the consolidated financial statements.

2021

Ayfie AB was liquidated during 2021.

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:

31.12.2021	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**

31.12.2020	Financial instruments at amortised cost
Assets	
Trade receivables (Note 2.4)	4 029
Other current assets (Note 2.5)	2 068
Cash and cash equivalents (Note 4.3)	47 885
Total financial assets	**53 982**
Liabilities	
Current liabilities (Note 6.1)	17 749
Non-current liabilities (Note 6.1)	1
Total financial liabilities	**17 750**

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.

Note 4.2 – Ageing of financial liabilities

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	**17 429**	**1 491**	-	**18 920**

31.12.2020	1 year	2-5 years	Over 5 years	Total
Current liabilities (Note 6.1)	39 585	-	-	39 585
Non-Current liabilities (Note 6.1)	-	2 704	-	2 704
Total	**39 585**	**2 704**	**-**	**42 289**

Note 4.3 – Cash and cash equivalents

Cash and cash equivalents *[NOK 1000]*	31.12.2021	31.12.2020
Bank deposits, unrestricted	35 853	47 219
Bank deposits, restricted*	535	666
Total cash and cash equivalents	**36 388**	**47 885**

* 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]*	2021	2020
Financial income		
Interest income	29	44
Foreign exchange gains	145	1 706
Other financial expenses	50	-
Total finance income	**224**	**1 750**
Financial expenses		
Foreign exchange losses	288	791
Interest	186	3 126
Other financial expenses	169	946
Total finance cost	**644**	**4 863**

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 operations

The Group's currency risk on operations is related to the Group's revenue and operating expenses in foreign currency. Employee benefit expenses and other operating expenses are in NOK, with sales incurring mainly in NOK and SEK. 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 2021 and unrestricted cash was NOK 35.9 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**	**110 907**	**110 907**
31.12.2021	**110 906 775**	**110 907**	**110 907**

Each share has a nominal value of NOK 1, after the 20:1 reverse share split in June 2020. All issued shares have equal voting rights and the right to receive dividend.

The Extraordinary General Meeting 4 May 2021 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 2022, but no longer than to and including 30 June 2022.

Dividend distribution to shareholders

The company has not paid dividends in 2021.

Ownership structure

Shareholders as of 31 December 2021	Total shares	Ownership	Shareholding/ Voting
TYCOON INDUSTRIER AS	17 706 451	16%	16%
LANI INVEST AS	11 027 693	9%	9%
DALLAS ASSET MANAGEMENT AS	5 406 493	5%	5%
DATUM AS	5 341 000	5%	5%
STAFF HOLDING AS	5 035 922	5%	4%
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%
K.A. FEM AS	2 500 000	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%
THABO ENERGY AS	1 672 346	2%	2%
BRUSKELAND	1 601 060	1%	1%
DELTA COMMERCE AS	1 525 000	1%	1%
MP PENSJON PK	1 300 000	1%	1%
SONGA CAPITAL AS	1 217 500	1%	1%
Other shareholders	32 043 846	29%	29%
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, Board member (Tycoon Industrier AS)	15.9%
Lars Nilsen, Board member (Lani Invest AS/Last Invest AS)	11.9%
Jan Chr. Opsahl, Board member (Dallas Asset Management AS)	4.8%
Herman Sjøberg, CEO	0.1%
Total	**30.7%**

Note 4.7 – Share based payments

The Chairman of Ayfie Group AS was in June 2020 entitled 5,000,000 options for share in the Company. 2,500,000 options that can be vested 1 June 2021 at strike price NOK 2.25 and 2,500,000 options that can be vested 1 June 2022 at strike price NOK 2.50.

A share option program for certain employees was resolved in January 2021. The program had the total amount of 7,750,000 options for shares in the Company. The following conditions apply to this program:

Options granted and terminated in 2021	2021
Number of options granted	7 750 000
Average contractual life	3.55
Average strike price	1.99
Number of options terminated	2 250 000

Options terminated are related to former CEO Siw Ødegaard.

Overview of outstanding options as of 31 December 2021:	Weighted average exercise price	Number of share options
Outstanding options 1 January 2021	2.38	5 000 000
Outstanding options 31 December 2021	**2.15**	**10 500 000**
Exercisable at 31 December 2021	2.25	2 500 000

Options granted by strike price	Number of share options	Strike price
	2 250 000	1.80
	2 750 000	2.00
	3 000 000	2.25
	2 500 000	2.50
	10 500 000	

Share options held by Executive Management and the Board	Number of share options	% of total
Chairman	5 000 000	58.8%
CEO	2 500 000	29.4%
CFO	1 000 000	11.8%
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 rateat grant is set at 0.6%.

Notes 5 – Taxes

Note 5.1 – Taxes

NOK 1000	2021	2020
Current income tax expense:		
Tax payable	-	-
Change deferred tax/deferred tax assets	(75)	-
Total income tax expense	**(75)**	**-**

Tax payable	**2021**	**2020**
Profit before taxes	**4 790**	**(63 031)**
Permanent differences*	(951)	184
Change in temporary differences	(778)	2 080
Tax basis	**3 061**	**(60 767)**
Use of tax-loss carryforward	3 061	-
Current taxes according to statutory tax rate 22%	-	-

Deferred tax liabilities/Assets	**31.12.2021**	**31.12.2020**
Property, plant and equipment	(1 291)	(2 251)
Other current assets	-	171
Other temporary differences	46	58
Losses carried forward	(666 972)	(668 125)
Basis for deferred tax liabilities (assets):	**(668 216)**	**(670 148)**
Calculated deferred tax	(171 076)	(171 501)
- Deferred tax assets not recognized	171 076	171 501
Deferred tax liability in the balance sheet	**452**	**527**
Deferred tax asset in the balance sheet	**-**	**-**

Deferred tax liabilities of NOK 527 thousands relates to recognised value of customer relations from the acquisition of Haive.

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 21 percent to 30 percent which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to the Group. The average tax rate for the Group's deferred tax assets are 25.6 percent for 2021. A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

Reconciliation of income tax expense	**2021**	**2020**
Profit before taxes	4 790	(63 031)
Expected tax expense (Norway tax rate)	1 054	(13 867)
Permanent differences[1]	(209)	41
Effects of foreign tax rates	-	2 950
Effect of deferred tax asset not recognized	(845)	10 876
Recognized income tax expense	**-**	**-**

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

The Group has NOK 666 972 thousand (NOK 668 125 thousand) of tax losses carried forward. These losses relate to companies that have a history of losses and may not be used to offset taxable income elsewhere in the Group. Of the tax losses carried forward NOK 183 440 thousand do not expire, while NOK 481 855 thousand related to losses in the US subsidiary begin to expire in 2030. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward.

Notes 6 - Other disclosures

Note 6.1 – Provisions and other liabilities

Current liabilities *[NOK 1000]*	**Note**	**31.12.2021**	**31.12.2020**
Contract liabilities	4.1, 4.2	10 241	17 036
Salaries and other personnel related costs	4.1, 4.2	3 200	5 114
Other short-term liabilities	4.1, 4.2	3 988	12 675
Deferred purchase consideration (seller's credit)1	4.1	-	4 761
Total Current liabilities		**17 429**	**39 585**

Non-Current liabilities	**Note**	**31.12.2021**	**31.12.2020**
Non-current lease liabilities		1 039	2 177
Deferred tax liabilities		452	527
Total Non-Current liabilities		**1 491**	**2 704**

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
01.01.2020	20 026	20 026
Addition of right-of-use assets	3 345	3 345
Terminated contracts	(12 108)	(12 108)
Currency exchange differences	1 438	1 438
31.12.2020	**12 700**	**12 700**
Addition of right-of-use assets	-	-
Terminated contracts	203	203
Currency exchange differences	-	-
31.12.2021	**12 497**	**12 497**
Accumulated depreciation and impairment 01.01.2020	5 704	5 704
Depreciation	2 780	2 780
Currency exchange differences	1 179	1 179
Accumulated depreciation and impairment 31.12.2020	**9 663**	**9 663**
Depreciation	951	951
Currency exchange differences	-	-
Accumulated depreciation and impairment 31.12.2021	**10 614**	**10 614**
Carrying amount of right-of-use assets 31.12.2020	3 038	3 038
Carrying amount of right-of-use assets 31.12.2021	1 883	1 883

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	980
1-2 years	1 039
2-3 years	-
Total undiscounted lease liabilities at 31.12.2021	2 019

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	995
1-2 years	1 056
2-3 years	1 121
Total undiscounted lease liabilities at 31.12.2020	3 172

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 2021 *[NOK 1000]*	Executive Management	Shareholders	Board of Directors	Total 2021
Non-current liabilities to related parties 31.12.2021	-	-	-	-
Current liabilities to related parties 31.12.2021	-	-	-	-

Related party transactions and balances for 2020 *[NOK 1000]*	Executive Management	Shareholders	Board of Directors	Total 2020
Non-current liabilities to related parties 31.12.2020	-	-	-	-
Current liability to relates parties 31.12.2020	-	-	-	-

Note 6.4 – Events after the reporting period

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

Parent Financial Statements

Statement of income parent company

For the years ended 31 December

Amounts in NOK 1000	Notes	2021	2020
Revenue and other operating income			
Revenue		4 701	1 626
Total revenue		**4 701**	**1 626**
Cost of sales			
Cost of Sales		-	-
Gross Profits		**4 701**	**1 626**
Operating Expenses			
Personnel expenses	3,4	4 976	4 700
Other operating expenses	5.1	1 225	3 442
Depreciation and amortization	7	121	13 907
Total operating expenses		**6 322**	**22 049**
Operating profit or loss		**(1 621)**	**(20 422)**
Finance income and costs			
Income on investment in subsidiaries	8	-	1 725
Interest income from Group companies		-	-
Other finance income	5.2	1 552	36
Interest paid to Group companies		-	-
Other finance expenses	5.2	1 409	65 890
Profit or loss before tax		**(1 478)**	**(84 552)**
Income tax expense	6	-	-
Net loss for the year		**(1 478)**	**(84 552)**
Allocated as follows			
Transferred from other equity		**1 478**	**84 552**

Statement of financial position parent company

Amounts in NOK 1000	Notes	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Property, plant and equipment		-	21
Ayfie technology	7	-	-
ERP system	7	-	100
Total non-current assets		**-**	**121**
Financial assets			
Investment in subsidiaries	9	15 372	18 372
Loan to Group companies	8	-	725
Total financial assets		**15 372**	**19 097**
Total non-current assets		**15 372**	**19 218**
Current assets			
Trade receivables			
Other current assets		1 123	574
Receivables in Subsidiaries	8	38	2 276
Cash and cash equivalents	2	17 669	36 616
Total current assets		**18 830**	**39 467**
TOTAL ASSETS		**34 202**	**58 685**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	11	110 906	110 907
Share premium		-	259 020
Other capital reserves		4 682	2 513
Other equity		(83 219)	(340 761)
Total equity		**32 369**	**31 678**
Non-current liabilities			
Liabilities to subsidiaries	8	.	12 339
Other non-current provisions and liabilities		-	-
Total non-current liabilities		**-**	**12 339**
Current liabilities			
Trade and other payables		739	629
Current liabilities to related parties		-	4 761
Other current liabilities		1 094	9 278
Total current liabilities		**1 833**	**14 668**
Total liabilities		**1 833**	**27 007**
TOTAL EQUITY AND LIABILITIES		**34 202**	**58 685**

Oslo, 28 March 2022
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]*	**2021**	**2020**
Withholding tax account	68	121
Deposit	300	300
Total restricted cash	**368**	**421**

Note 3 - Personnel expenses and auditor fee

Personnel expenses *[NOK 1000]*	**2021**	**2020**
Salaries[1]	4 314	4 067
Social security tax	398	438
Pension costs - defined contribution plans	154	142
Other personnel costs	111	53
Total personnel expenses	**4 976**	**4 700**
Full time equivalent employees as of 31.12.2020	2	2

[1] Including cost of share option program for the Board of NOK 2 169 thousand (NOK 1 023 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]*	**2021**	**2020**
Fees for audit[1]	290	420
Fees for other services	108	123
Total remuneration to the auditor	**398**	**543**

[1] Incl. services related to conversion of convertible loan in June-September 2020, listing on Oslo Stock Exchange Euronext Growth in July 2020 and the acquisition of Haive AS in September 2020.

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]*	**2021**	**2020**
Professional services	957	2 355
IT expenses	27	337
Other operating expenses	241	750
Total other operating expenses	**1 225**	**3 442**

Note 5.2 – Financial income and expenses

Financial income and expenses *[NOK 1000]*	**2021**	**2020**
Financial income		
Income on Investment in subsidiaries	-	1 725
Interest income from Group companies	-	-
Interest income	26	36
Foreign exchange gains	1 477	-
Other financial income	49	-
Total finance income	**1 552**	**1 761**
Financial expenses		
Interest paid to Group companies	-	-
Interest	1	2 341
Write-down of loan to subsidiaries	-	52 300
Write-down of investment in subsidiaries	-	4 970
Other financial expenses	169	946
Foreign exchange loss	1 239	5 333
Total finance cost	**1 409**	**65 890**

Note 6 – Taxes

Tax base estimation *[NOK 1000]*	**2021**	**2020**
Ordinary result before tax	(1 478)	(84 552)
Permanent differences	(49)	56 620
Change in temporary differences	85	50
Tax base	(1 442)	(27 882)

Temporary differences outlines	**2021**	**2020**
Fixed assets	(82)	3
Net losses carried forward	(67 358)	(65 977)
Total after net losses carried forward	(67 440)	(65 974)
Differences not included in deferred tax base	(67 440)	(65 974)
Total	**-**	**-**
Calculated deferred tax	(14 837)	(14 515)
Deferred tax assets not recognized	14 837	14 515
Deferred tax asset (-) / Liability (+)	**-**	**-**

Note 7 – Intangible assets

Intangible assets *[NOK 1000]*	**Other intangible assets**	**Total**
Acquisition cost 01.01.2020	**299**	**299**
Additions	-	-
Acquisition cost 31.12.2020	**299**	**299**
Additions	-	-
Acquisition cost 31.12.2021	**299**	**299**
Accumulated amortization & impairment 01.01.2020	100	100
Amortization for the year	100	100
Accumulated depreciation & impairment 31.12.2020	**200**	**200**
Amortization and impairment for the year	99	99
Accumulated amortization & impairment 31.12.2021	**299**	**299**
Carrying amount 31.12.2020	**-**	**-**
Carrying amount 31.12.2021	**-**	**-**
Economic life	3-5 years	
Amortization plan	Straight line	

Intangible assets consist of external research and development costs from the development of Ayfie products. Capitalized research and development prior to 2020 were fully written off with the total amount of NOK 13,806 thousand 31 December 2020 as the Inspector business was closed down 31 December 2020.

All internal research and development are recorded as costs.

Note 8 – Related party transactions

For information on related party transactions for the Group, reference is made to note 6.3 in the consolidated financial statements.

Related party transactions and balances *[NOK 1000]*	**2021**	**2020**
Intercompany loans	-	-
Dividend from Ayfie AB	-	-
Dividend from Haive AS	-	1 725
Other receivables	38	551
Total	**38**	**2 276**
Intercompany loans payable	-	12 339
Total	**-**	**12 339**

Note 9 – Investment in subsidiaries

Company and location *[NOK 1000]*	Acquisition date	Ownership share/ Voting rights	Net profit 2021	Equity 31.12.2021	Book value 31.12.2021
Ayfie AS (Norway)	01.03.2017	100%	4 101	8 447	372
Haive AS (Norway)	11.09.2020	100%	401	(825)	15 000
Ayfie Inc. (USA)	20.02.2017	100%	-	-	-
Total			**4 502**	**6 379**	**15 372**

Note 11 - Equity and shareholders

	Issued share capital	Share premium	Other capital reserves	Retained earnings	Total equity
Opening balance 01.01.2020	**3 035**	**161 220**	**1 490**	**(256 209)**	**(90 464)**
Loss for the year				(84 552)	(84 552)
Issue of shares	56 470	46 399			102 869
Conversion of shareholder loan	51 401	51 401			102 802
Option program			1 023		1 023
Balance as of 31 December 2020	**110 906**	**259 020**	**2 513**	**(340 761)**	**31 678**

	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		
Transfer from share premium		(259 020)		259 020	2 169
Balance as of 31 December 2021	**110 906**	**-**	**4 682**	**(83 219)**	**32 369**

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 12 – 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 2021 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 2021 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, 28 March 2022
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

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Ayfie Group AS

Report on the audit of the financial statements

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 the balance sheet as at 31 December 2021 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 balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of cash flows and 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 2021 and its financial performance 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 2021 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

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 contains 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 there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is 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, 29 March 2022
ERNST & YOUNG AS

Tore Sørlie
State Authorised Public Accountant (Norway)

ayfie

Ayfie Group AS
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0278 Oslo, Norway

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