ayfie

REPOSITIONED FOR GROWTH

ANNUAL REPORT 2020

20 highlights
20 key figures

CASH POSITION OF

47.9 MNOK

TOTAL REVENUE OF

40.9 MNOK

LISTING ON OSLO EURONEXT GROWTH

RECURRING REVENUE OF

33.4 MNOK

ACQUIRED HAIVE

NET LOSS OF

63.0 MNOK

- Revenue growth in the Norwegian business off set by decreasing revenue from US operations and fall in European partner sales
- Losses derived mainly from German & US operations
- Strengthening of the profitable Norwegian business
- Downscaling of lossmaking international operation
- **Successful 2020 restructuring and consolidation made Ayfie profitable in Q1 2021**

RECURRING REVENUE DEVELOPMENT
FOR AYFIE'S NORWEGIAN BUSINESS

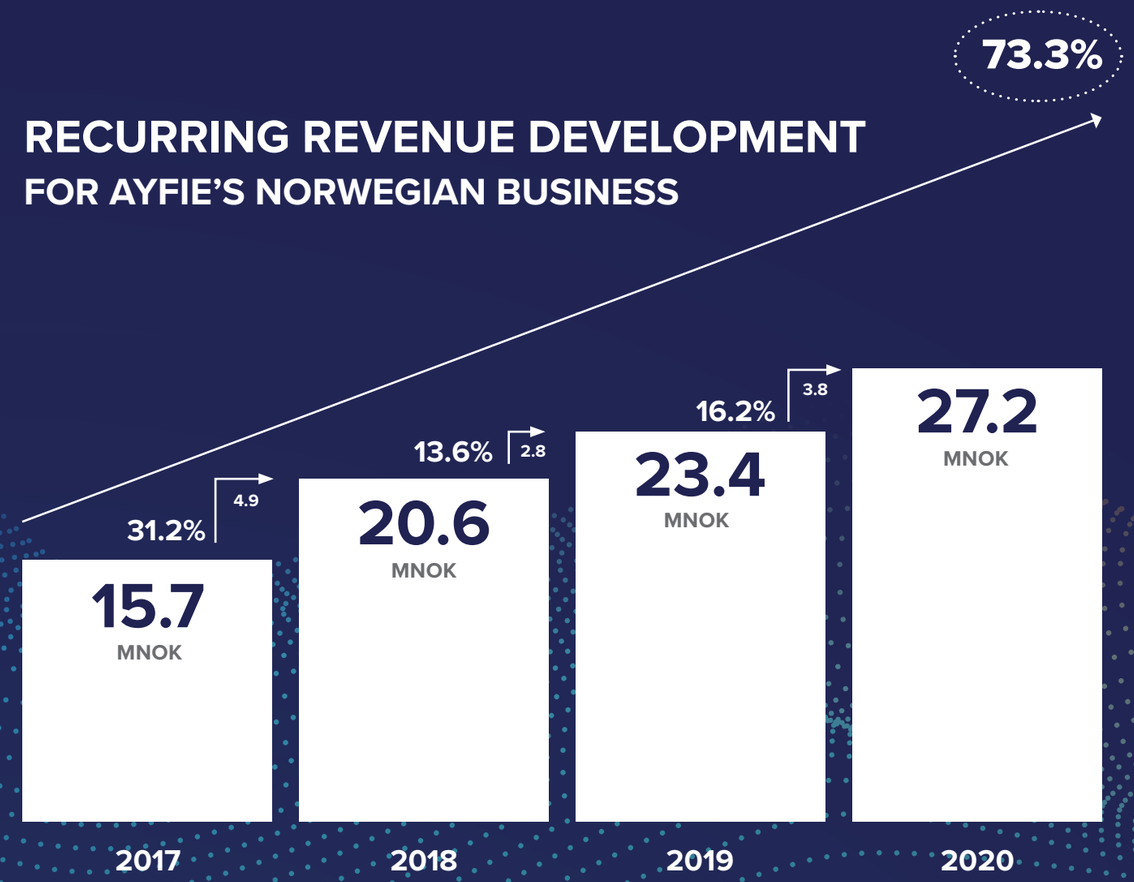


Table of content

TRENDS & MARKET GROWTH

The trends of Ayfie's core market - Insight Engines - showcases great opportunities and substantial 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.

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.

INSIGHT ENGINES MARKET SIZE AND FORECAST

According to Verified Market Research, the Global Insight Engines Market was valued at USD 757.20 Million in 2018 and is projected to reach USD 4.14 Billion by 2026, growing at a CAGR of 23.52% from 2019 to 2026.

$ **4.14**
BILLION

$ **757.2**
MILLION

Global Insight Engines Market

TOOLS SERVICES

2018 2019 2020 2021 2022 2023 2024 2025 2026

ARE YOU READY FOR A NEW NORMAL?

During the pandemic, almost everyone - working with information, data and insights - have worked remotely. Primarily from home. Going forward, the workforce is expected to be a lot more flexible in terms of where the work actually is carried out. A few days a week from the office, but also from home, and increasingly from other remote locations like the cabin, a cafe, outdoors or even in the boat. Ayfie is tailored to benefit from this trend as employees, organisations and businesses are given access to the most valuable assets they have: The Information.

Along with a new era of working more flexible and differently - post pandemic - it is expected that many will 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.

SOON. WE WILL BE BACK. TO A NEW NORMAL.

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!

REPORT FROM THE BOARD OF DIRECTORS

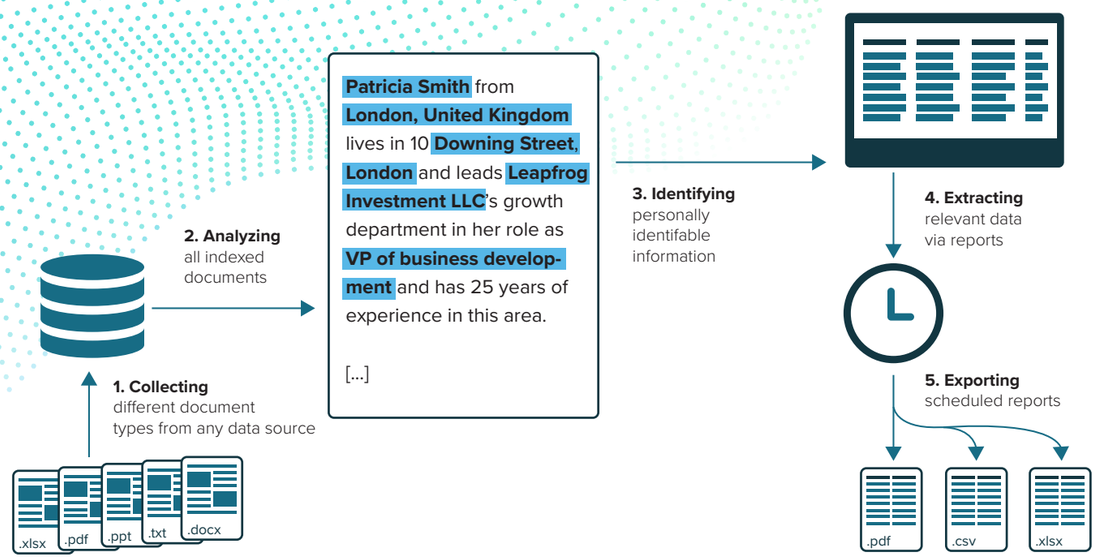
2020 was a transitional year for Ayfie Group with reinforced focus on the profitable Norwegian SaaS business. International lossmaking businesses were scaled down. These strategic and organizational developments combined with recapitalization secured that Ayfie at year beginning 2021 was running a profitable business well positioned for expansion.

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, Haive AS in Norway and Ayfie AB in Sweden.

In 2020, Ayfie's main focus was streamlining of operations in order to reach profitability while at the same time positioning the Group for expansion - which was achieved by year-end through the following:

- Strengthening and consolidation of the Norwegian business with emphasis on upgrading the sales and delivery organizations.
- Further strengthening of the Norwegian business through the acquisition of Haive AS in September 2020.
- Transfer of central research and development activities to Norway in November 2020 to tie technology and product development closer to the core market. Resulting in close down of German operations.
- US operations were gradually scaled down after the Covid-19 outbreak in March 2020. Lockdown of its main markets impacted reorganizational processes as well as sales activities, and US operations were closed down by year-end.

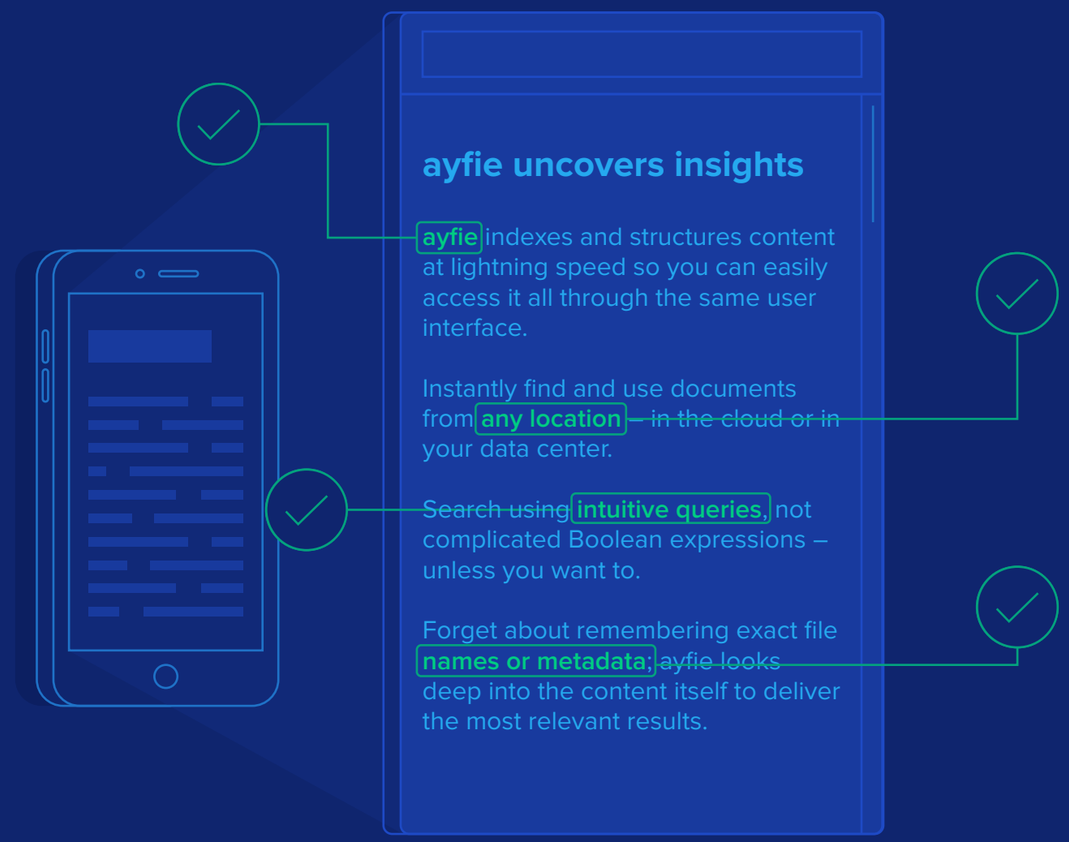


Business model, solutions and developments

Ayfie is running a B2B SaaS business. The business model is based on subscriptions, with contract lengths of typically 1-3 years.

Ayfie is providing on demand and proactive knowledge discovery and exploration solutions with the power to process large amounts of data while maintaining the need of security. Ayfie's solutions help corporate and public customers turn data into a true knowledge resource and create efficient workflows by:

- Classifying documents based on existing structures..
- 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 by annotating and commenting on the content in all information silos, while also allowing export of the collective result of the process.
- Providing email tread 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.



Market

Ayfie is placed in the market of Insight Engines. Ayfie believes this market will experience rapid growth as the amount of data, especially unstructured data, continues to increase exponentially - a view supported by current market trends and global surveys.

As the amount of data increases, there will also be a need for solutions that transform information into true knowledge and insight 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.

The legal, financial and construction sectors together with public services continue to represent major opportunities as they attempt to handle large amounts of unstructured data. Other sectors and businesses are about to face similar challenges as data within their respective areas continue to grow.

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 analysis, 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 solutions connects to a vast number of data systems thus being a better suit for a lot of customers than the competition.

Outlook

With proven products and a solid customer base, Ayfie is well positioned for expansion in Norway, as well as in other European markets - initially the Swedish and German markets.

Ayfie delivered profits in Q1 2021 - and is now in the process of building a profitable high margin, highly scalable recurring revenue business. The launch of the new version of Ayfie's main product, Locator in Q2 2021 is expected to fuel sales further.

The Covid-19 situation is however still having some impact on the Group's business development as hiring of sales resources are affected by the lock-down.

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 leap-frog our competition with unique technology that fits its vision and customer base.

20 FINANCIAL 20 SUMMARY

(All amounts in brackets are comparative figures for 2019 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 2020.

Consolidated statement of comprehensive income

Full year consolidated revenue amounted to NOK 40.9 million (NOK 45.9 million). Revenue from the Norwegian business increased by 3 percent compared to the previous year, whereas revenue from the international businesses fell by 30 percent compared to the previous year.

- Consolidated recurring revenue amounted to NOK 33.4 million (NOK 36.3 million), and consisted of the following revenues:
  - Subscription revenue of NOK 30.9 million (NOK 30.5 million). Subscription revenue from the Norwegian business increased by 20 percent compared to the previous year, mainly through the acquisition of Haive AS in September 2020. Whereas subscription revenue from US business decreased by 29 percent during the same period.
  - Maintenance/support of NOK 2.6 million (NOK 2.9 million). The decrease of 10 percent from the previous year is explained by reduced revenue from the US business.
  - Retainer development service of NOK 0.9 million (NOK 2.9 million).
- Non-recurring revenue amounted to NOK 6.5 million (NOK 9.6 million) and consisted of the following revenues:
  - Perpetual revenue of NOK 1.2 million (NOK 3.6 million). The decrease of 67 percent from the previous year is explained by lower European partner sales.
  - Professional services/consultancy fees of NOK 5.4 million (NOK 6.0 million). The decrease is mainly explained by lower US activities.

Cost of sales of NOK 2.3 million (NOK 4.2 million) consisted of cost of third-party licences used in Ayfie's main products.

Total operating expenses amounted to NOK 98.5 million (NOK 145.7 million). Personnel expenses amounted to NOK 62.0 million (NOK 77.6 million). The number of employees decreased from 66 on 31 December 2019 to 12 on 31 December 2020, and the number of contracted labours decreased from 15 to 13 during the same period. Personnel reduction is explained by streamlining of Norwegian operations throughout 2020 as well as downscaling of international operations. Other operating expenses amounted to NOK 19.4 million (NOK 20.6 million), where approximately NOK 6 million (NOK 0.0 million) was related to the close down of international operations.

Depreciation and amortization expenses amounted to NOK 17.2 million (NOK 47.5 million), whereof NOK 13.8 million (NOK 0.0 million) was related to an impairment charge of the Inspector technology triggered by the close down of the US business that was focusing on Inspector solutions.

Financial income of NOK 1.8 million (NOK 1.3 million) was related to foreign exchange gains and interest on bank deposits. Financial costs of NOK 4.9 million (NOK 9.0 million) consisted of costs related to the convertible loan of NOK 2.9 million (NOK 6.8 million), interest on office leases of NOK 0.6 million (NOK 1.4 million) and foreign exchange losses of NOK 0.8 million (NOK 0.8 million).

Net loss for the year amounted to NOK 61.9 million (NOK 111.4 million). Adjusted for other comprehensive income from exchange differences on translation of foreign operations of negative NOK 0.7 million (NOK 0.2 million), total comprehensive income was negative by NOK 63.7 million (negative NOK 111.3 million).

Consolidated statement of financial position

Total assets amounted to NOK 77.4 million (NOK 58.9 million). The total non-current assets of NOK 21.3 million (NOK 28.4 million) consisted mainly of right-of-use-assets related to an office lease in Oslo of NOK 3.0 million (NOK 14.3 million) and of customer relationship and goodwill from the acquisition of Haive AS in September 2020 of respectively NOK 2.4 million and NOK 15.6 million.

Total current assets of NOK 56.1 million (NOK 30.6 million) consisted of cash of NOK 47.9 million (NOK 14.0 million), trade receivables of NOK 4.0 million (NOK 2.9 million) and other current assets of NOK 4.2 million (NOK 13.6 million). NOK 2.9 million (NOK 1.5 million) of trade receivables were not due per 31 December 2020. Other current assets consisted mainly of prepayments from customers of NOK 2.0 million (NOK 8.5 million) and deposits of NOK 0.7 million (NOK 4.9 million).

Total equity and liabilities amounted to NOK 77.4 million (NOK 58.9 million), where the total equity of NOK 35.1 million (negative NOK 107.9 million) consisted mainly of share capital of NOK 110.9 million (NOK 3.0 million), share premium of NOK 259.0 million (NOK 161.2 million) and uncovered losses of NOK 343.2 million (NOK 280.5 million). Equity was increased through a NOK 54.9 million private placement in March 2020, a NOK 50.0 million private placement in June 2020, a NOK 102.8 million conversion of a convertible loan in June-September 2020 and a NOK 4.0 million share issue in September 2020 related to the acquisition of Haive AS.

Non-current liabilities of NOK 2.7 million (NOK 119.4 million) consisted mainly of non-current lease liabilities of NOK 2.2 million (NOK 10.0 million) and deferred tax liabilities of NOK 0.5 million (NOK 0.0 million). Current liabilities of NOK 39.6 million (NOK 47.4 million) consisted mainly of trade and other payables of NOK 4.2 million (NOK 10.5 million), contracted liabilities of NOK 17.0 million (NOK 14.9 million), current lease liabilities of NOK 1.0 million (NOK 4.8 million) and other current liabilities of NOK 17.3 million (NOK 6.8 million) that mainly consists of seller`s credit of NOK 4.8 million, other provisions of NOK 12.7 million.

Ayfie had NOK 668 million of tax losses carried forward. The Group has determined not to recognize deferred tax assets on the tax losses carried forward in the 2020 financial statements.

Consolidated statement of cash flow

Net cash flow from operating activities was negative NOK 37.8 million (negative NOK 61.9 million). Net cash flow from investing activities was negative NOK 16.2 million (negative NOK 9.2 million). Net cash flow from financing activities was NOK 87.9 million (NOK 82.9 million). Cash and cash equivalents were NOK 47.9 million (NOK 14.0 million) at year end.

Equity, shares and shareholders

Equity increased from negative NOK 107.9. million in 2019 to NOK 35.1 million in 2020 due to net effect of the 2020 loss of NOK 63.0 million (NOK 111.5 million), issue of share capital NOK 205.7 million (NOK 7.0 million), option program cost of NOK 1.0 (NOK 0.0 million) and other comprehensive income of negative NOK 0.7 million (NOK 0.2 million).

At year end 2020, there were approximately 950 shareholders (including estimates for number of shareholders behind nominee accounts).

Ayfie had no own shares in Ayfie Group AS.

Financial result of parent company

The parent company's net loss for the year amounted to NOK 84.6 million (NOK 164.4 million). The loss was mainly due to write down of loans to the German and US subsidiaries, write down of capitalized Inspector technology and cost related to the close down of the German and US subsidiaries.

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 some of its financial liabilities denominated in foreign currencies. There is an inherent risk that the liabilities to the Group may increase because of an appreciation of USD and SEK, while the Group's presentation currency is NOK.

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 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 2020

A share option program for executive management was resolved in January 2021. The program included the total amount of 4,750,000 options for share in the Company, 2,375,000 options that can be vested 31 January 2022 at strike price NOK 2.00 and 2,375,000 options that can be vested 31 January 2023 at strike price NOK 2.25. Each option gives the right to acquire one share in the Company.

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 2021 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 2020 Ayfie had 25 employees (including contract labour), of which 3 were female. Ayfie had 1 female executive manager, and there were no female Board members.

There was hardly any leave of absence due to illness recorded in 2020, 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 84.6 million to be charged to uncovered losses.

The Board of Directors does not propose any dividend payments for 2020.

Oslo, 19 April 2021
The Board and CEO of Ayfie Group AS

Sign.	Sign.
Lars Boilesen Chairman	Jostein Devold Board member
Sign.	Sign.
Martin Ness Board member	Lars Nilsen Board member
Sign.	Sign.
Jan Chr. Opsahl Board member	Øystein Stray Spetalen Board member
Sign.	
Siw Ødegaard CEO	

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

Siw Ødegaard, Acting CEO/CFO
Siw Ødegaard har served as acting CEO of the Ayfie Group since November 2020 and has served as CFO of the Group since 2017. Prior to joining Ayfie, she was CFO and EVP M&A and IR in Link Mobility Group ASA. Siw Ødegaard has broad operational as well as board experience from the tech sector, including from listed companies. She is currently serving on the board and heading the audit committee of Webstep ASA, a company listed at Oslo Stock Exhange. Siw holds an International Baccalaureate from the United World College of the Adriatic in Italy, a Bachelor of Arts degree from University of London in the UK and Master of Management Programs from BI Norwegian School of Economics.

Ronny Hanssen, Chief Technology Officer
Ronny joined Ayfie through the acquisition of Haive AS in September 2020, where he was the CTO. He has been doing software development for 30 years and started as project manager, designer and creative leader for several major game development projects for Funcom. He led companies like Playbox and FairPlay by providing digitized entertainment products for the television industry and sports games. Has 10 years of experience with search technology and is educated as an engineer with specialization in software development and systematization.

Lasse Ruud, Chief Marketing & Communications Officer
Lasse joined Ayfie through the acquisition of Haive AS 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.

Egil Kvamme, Chief Sales 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.


SIW ØDEGAARD - Acting CEO & CFO


RONNY HANSSEN - CTO


LASSE RUUD - CMO & CCO


EGIL KVAMME - CSO

Consolidated Financial Statements

Consolidated statement of comprehensive income

For the years ended 31 December

Amounts in NOK 1000	Notes	2020	2019
Revenue			
Revenue	2.1	40 944	45 891
Total revenue		**40 944**	**45 891**
Cost of sales			
Cost of sales		2 325	4151
Gross profits		**38 619**	**41 740**
Operating expenses			
Personnel expenses	2.2	61 966	77 587
Other operating expenses	2.3	19 357	20 645
Depreciation and amortization	3.1, 3.2, 6.2	3 409	5 193
Write-down	3.2, 3.3	13 806	42 302
Total operating expenses		**98 538**	**145 727**
Operating profit or loss		**(59 919)**	**(103 987)**
Finance income and costs			
Finance income	4.4	1 750	1 348
Finance costs	4.4	4 863	9 044
Profit or loss before tax		**(63 032)**	**(111 683)**
Income tax expense	5.1		233
Net loss for the year		**(63 032)**	**(111 450)**
Other comprehensive income			
Items that subsequently may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(693)	181
Total items that subsequently may be reclassified to profit or loss		(693)	181
Other comprehensive income for the period		**(693)**	**181**
Total comprehensive income for the period		**(63 724)**	**(111 269)**
Earnings per share (basic and diluted)			
Earnings per share (NOK)		(0.57)	(1.69)

Consolidated statement of financial position

Amounts in NOK 1000	Notes	12/31/2020	12/31/2019
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	344	701
Right-of-use assets	6.2	3 038	14 323
Intangible assets	3.2	2 394	13 392
Deferred tax assets		-	-
Goodwill	3.3	15 540	-
Total non-current assets		**21 316**	**28 416**
Current assets			
Trade receivables	2.4	4 029	2 929
Other current assets	2.5	4 152	13 621
Cash and cash equivalents	4.3	47 885	13 970
Total current assets		**56 066**	**30 520**
TOTAL ASSETS		**77 382**	**58 936**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	4.6	110 907	3 035
Share premium		259 020	161 220
Other capital reserves		2 513	1 490
Cumulative translation difference		5 981	6 674
Retained earnings		(343 328)	(280 469)
Total equity		**35 093**	**(107 878)**
Non-current liabilities			
Deferred tax liabilities	5.1	527	-
Non-current liabilities to related parties	6.3	-	6 543
Other non-current provisions and liabilities	6.1	-	102 803
Non-current leases liabilities	6.2	2 177	10 043
Total non-current liabilities		**2 704**	**119 389**
Current liabilities			
Trade and other payables	2.6	4 242	10 502
Current liabilities to related parties	6.3	-	10 495
Current lease liabilities	6.2	995	4 816
Contract liabilities	6.1	17 036	14 861
Other current liabilities	6.1	17 311	6 751
Total current liabilities		**39 584**	**47 425**
Total liabilities		**42 288**	**166 814**
TOTAL EQUITY AND LIABILITIES		**77 382**	**58 936**

Oslo, 19 April 2021
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.
Siw Ødegaard
CEO

Consolidated statement of cash flow

For the years ended 31 December

Amounts in NOK 1000	Notes	2020	2019
Cash flows from operating activities			
Loss before tax		(63 032)	(111 683)
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization	3.1, 3.2, 6.2	17 215	47 495
Leases interests	6.2	556	1 385
Net finance items included in financing and investing activities	4.4	2 479	4 074
Net foreign exchange differences		(1 287)	55
Share based payments	4.7	-	(657)
Working capital adjustment:			
Changes in trade receivables	2.4	(1 100)	8 680
Changes in other current assets	2.5	9 459	(7 580)
Changes in trade and other payables	2.6	(6 249)	(434)
Changes in provisions and other liabilities	6.1	4 095	(3 155)
Net cash flows from operating activities		**(37 864)**	**(61 930)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	(61)	(76)
Investment in intangible assets	3.2	(423)	(7 960)
Interests received	4.4	-	232
Deferred purchase consideration paid (sellers' credit)		(10 714)	(1 440)
Purchase of shares in subsidiaries, net of cash acquired	3.3	(4 933)	-
Net cash flow from investing activities		**(16 131)**	**(9 246)**
Cash flow from financing activities			
Proceeds from issuance of equity		92 869	-
Proceeds from/(repayment of) loan from shareholders	6.3	-	(15 588)
Proceeds from new convertible loan	4.2	-	102 803
Interests paid	4.4	(4 984)	(4 306)
Net cash flow from financing activities		**87 885**	**82 909**
Net change in cash and cash equivalents		33 916	11 734
Cash and cash equivalents, beginning of period	4.3	13 970	2 236
Cash and cash equivalents, end of period		**47 886**	**13 970**

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 01/01/2019	**2 981**	**154 257**	**1 490**	**6 260**	**(168 614)**	**(3 626)**
Profit (loss) for the year					(111 450)	(111 450)
Other comprehensive income				181		181
Issue of share capital	54	6 963				7 017
Balance as of 12/31/2019	**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 12/31/2020	**110 906**	**259 020**	**2 513**	**5 981**	**(343 328)**	**35 093**

There were following capital increases in 2020:

- NOK 54.9 million private placement (cash) in March 2020, at NOK 2 per share
- NOK 50 million private placement (cash) in June 2020, at NOK 2 per share
- Conversion of NOK 102.8 million convertible loan to equity in June-September 2020, at NOK 2 per share
- NOK 4 million shares were issue in September 2002 related to the acquisition of Haive AS, at NOK 2.5 per share

The Extraordinary General Meeting 29 September 2020 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 2021, but no longer than to and including 30 June 2021

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 2020 were authorized for issue in accordance with a resolution of the Board of Directors 19 April 2021.

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 liabilities that have been measured at fair value when applicable.

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 2021 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 2020. 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 2020 are presented below:

Consolidated entities	Office	CUR	Shareholding	Group's voting ownership share
Ayfie AS	Norway	NOK	100 %	100 %
Ayfie Inc.	USA	USD	100 %	100 %
Ayfie AB	Sweden	SEK	100 %	100 %
Haive AS	Norway	NOK	100 %	100 %

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

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 receives recurring revenue from sale of solutions such as subscriptions. The Group considers its performance obligation connected to subscriptions to be sat-

isfied 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 other 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) 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 Groups 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 Other operating income 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 2020

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

IASB has published certain new standards and interpretations and amendments to existing standards and interpretations that are not effective for the annual period ending 31 December 2020, and that are not applied when preparing these financial statements. New and amended standards and interpretations expected to be relevant the group's financial position, performance or disclosures are disclosed below.

No new standards in issue but not yet adopted that is expected to have material impact on the financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

A narrow-scope amendment to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly.

he amendments will have accounting effect from 1 January 2023. The implementation is not expected to have material impact on the financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2

Disclosure of Accounting policies Following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed, IASB has issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments will have accounting effect from 1 January 2023. The implementation is not expected to have material impact on the financial statements.

Amendments to IAS 8-Definition of Accounting Estimates

IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments will have accounting effect from 1 January 2023. The implementation is not expected to have material impact on the financial statements.

Notes 2 - Operating performance

Note 2.1 – Revenues

Revenue from contracts with customers *[NOK 1000]*	**2020**	**2019**
Subscription	30 886	30 530
Maintenance/support	2 630	2 934
Retainer Development Service	921	2 873
Professional services/consultancy fees	5 331	5 996
Total revenues recognised over time	**39 768**	**42 334**
Perpetual licenses	1 176	3 557
Revenues recognised at a point in time	**1 176**	**3 557**
Total revenue from sales contracts with customers	**40 944**	**45 891**

Revenues recognised over time

Ayfie's business model is based on subscriptions, with contract lengths of typically 1-3 years. Retainer development agreements of more than 12 months are classified as recurring revenue. Such revenue is recognized over time over the contract period on a linear basis. 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 sale occurs.

Geographic information *[NOK 1000]*	**2020**	**2019**
Revenues from businesses		
Norway	27 735	26 853
Germany	1 259	1 915
Sweden	5 132	5 122
USA	6 819	12 001
Total revenues	**40 944**	**45 891**

See note 2.4 for Trade Receivable

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

	12/31/2020	**12/31/2019**
Contract liabilities	17 036	14 681

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]*	**2020**	**2019**
Salaries	44 568	63 813
Social security tax	5 291	7 245
Pension costs - defined contribution plans	648	351
Contract labour	9 432	4 624
Cost of share-based payment	1 023	(327)
Other personnel costs	1 004	1 881
Total personnel expenses	**61 966**	**77 587**

	2020	**2019**
Full time equivalent employees as of 12/31	12	66
Contract labor as of 12/31	13	15
Total	**25**	**81**

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 2020

There were, due to several round of reorganizations of the Group in 2020, three CEOs during the financial year. There was no severance pay agreement for the CEOs that left the positions in 2020. The current CEO Siw Ødegaard has a severance pay agreement amounting to 6 months' salary.

Remuneration to executive management in 2020 *[NOK 1000]*	**Salary**	**Pension**	**Other remuneration**	**Total remuneration**
CEO Erik Baklid (01/01/20-03/19/20)	520		63	583
CEO Johannes Stiehler (03/19/20-11/13/20)	1 314		221	1 535
CEO Siw Ødegaard (11/13/20-12/31/20)	346	12	19	377

Siw Ødegaard was also the CFO of the Group throughout 2020. There were no other members of the Executive Management. Siw Ødegaard held shares in the parent company. Reference is made to note 4.6 for disclosures on shareholdings.

Board remuneration 2020

Accrued remuneration to Board Members in 2020 *[NOK 1000]*	**Total** remuneration
Board of Directors	-

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

The Chairman of the Board was in 2020 awarded options in the company, see note 4.7 for further information.

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.

Management remuneration 2019

The former CEO of the Group was employed by Ayfie Inc. in 2019 and was in 2019 entitled to regular employee benefits including health benefits as presented in the table below. There were no severance pay agreement.

Remuneration to executive management in 2019 *[NOK 1000]*	**Salary**	**Pension**	**Other remuneration**	**Total remuneration**
Erik Baklid – former CEO	2 415	0	297	2 712

Erik Baklid left the Group 19 March 2020.

Executive Management employed by the Norwegian entities were included in the pension scheme described above.

Board remuneration 2019

Accrued remuneration to Board Members in 2019 *[NOK 1000]*	**Total** remuneration
Board of Directors	300

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

Note 2.3 – Operating expenses

Other operating expenses *[NOK 1000]*	**2020**	**2019**
Sales and marketing	945	2 331
Professional services	9 097	4 620
Rental and leasing	770	494
IT	6 009	5 587
Travel	689	3 572
Losses on accounts receivables	-	1 696
Other operating expenses	1 847	2 346
Total other operating expenses	**19 357**	**20 645**

Audit fee

Auditor related fees	**2020**
Fees for audit	575
Fees for other services*	188
Total remuneration to the auditor	**763**

*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 2.4 – Trade receivables

Trade receivables *[NOK 1000]*	**12/31/2020**	**12/31/2019**
Trade receivables at nominal value	4 029	3 964
Expected credit loss	-	(1 034)
Total trade receivables	**4 029**	**2 929**

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

Ageing analysis *[NOK 1000]*	**Total**	**Not due**	**< 30 days**	**Past due 31-60 days**	**> 90 days**
Trade receivables 12/31/2019	2 929	1 461	1 123	270	75
Trade receivables 12/31/2020	4 029	2 930	1 050	49	-

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]*	**12/31/2020**	**12/31/2019**
Pre-payments	2 084	8 523
Deposits	727	4 860
Other current assets	1 340	238
Total other current assets	**4 151**	**13 621**

Note 2.6 – Trade and other payables

Trade and other payables *[NOK 1000]*	**12/31/2020**	**12/31/2019**
Trade payables	1 293	6 300
VAT payable	1 736	1 688
Withholding payroll taxes and social security	1 213	2 514
Total trade and other payables	**4 242**	**10 503**

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 01/01/2019	2 336	2 336
Additions	76	76
Acquisition cost 12/31/2019	**2 412**	**2 412**
Additions	322	322
Disposals	(261)	(261)
Acquisition cost 12/31/2020	**2 473**	**2 473**
Accumulated depreciation and impairment 01/01/2019	1 330	1 330
Depreciation for the year	381	381
Accumulated depreciation and impairment 12/31/2019	**1 711**	**1 711**
Depreciation for the year	418	418
Accumulated depreciation and impairment 12/31/2020	**2 129**	**2 129**
Carrying amount 12/31/2019	**701**	**701**
Carrying amount 12/31/2020	**344**	**344**

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

Note 3.2 – Intangible assets

Intangible assets *[NOK 1000]*	Acquired Technology	Other intangible assets	Total
Acquisition cost 01/01/2019	14 111	6 592	20 703
Additions	-	7 960	7 960
Acquisition cost 12/31/2019	**14 111**	**14 552**	**28 663**
Additions	-	3 084	3 084
Acquisition cost 12/31/2020	**14 111**	**17 636**	**31 747**
Accumulated amortization & impairment 01/01/2019	13 327	1 155	14 482
Amortization for the year	784	5	789
Accumulated depreciation & impairment 12/31/2019	**14 111**	**1 160**	**15 271**
Amortization and Impairment for the year	-	14 075	14 075
Currency translation effects	-	7	7
Accumulated amortization & impairment 12/31/2020	**14 111**	**15 242**	**29 353**
Carrying amount 12/31/2019	**-**	**13 392**	**13 392**
Carrying amount 12/31/2020	**-**	**2 394**	**2 394**
Economic life	3 years	3-5 years	
Amortization plan	Straight line	Straight line	

Other intangible assets - research and development

There were no capitalization of research and development in 2020. 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 31.12.2020 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. At year end 2020 the recoverable amounts are based on fair value less costs of disposal.

From Ayfie commenced the acquisition of Haive AS until the balance sheet date, there were no material changes affecting the fair value. Therefore, fair value at reporting date is measured using the transaction price for Ayfie's acquisition of Haive AS. See note 3.4. The assessment at year end 2020 is that fair value corresponds to carrying amounts, and no impairment loss is recognised in 2020.

Goodwill related to the acquisition of Language Tools GmbH in March 2016 was fully written off in 2019 by NOK 42,302 thousand and the Group had no recognised goodwill as of 31.12.2020 . The write-downn was based on impairment testing at year-end 2019 and triggered by the then weak performance in the US business.

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.

Assets acquired and liabilities assumed

The fair value of identifiable assets and liabilities of Haive AS as at the date of acquisition were (NOK 1,000):

[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 acquisition, Haive AS contributed NOK 2,134 thousand of revenue and NOK 1,985 thousand to profit before tax after recognition of a government grant (SkatteFUNN) of NOK 795 thousands in Q4. If the combination had taken place at the beginning of the year, revenues would have been 44,373 thousand for the Group.

Disposal of Ayfie GmbH

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 failed for insolvency 5 December 2020, and profit and loss items until 5 December 2020 are included in the consolidated financial statements.

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:

	2020	2019
Assets		
Trade receivables (Note 2.4)	4 029	2 929
Other current assets (Note 2.5)	2 068	4 860
Cash and cash equivalents	47 885	13 970
Total financial assets	**53 982**	**21 759**
Liabilities		
Current liabilities (Note 6.1)	17 749	22 764
Non-current liabilities (Note 6.1)	1	109 346
Total financial liabilities	**17 750**	**132 110**

Financial assets

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

Financial liabilities

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

Note 4.2 – Ageing of financial liabilities

12/31/2020	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**

12/31/2019	1 year	2-5 years	Over 5 years	Total
Current liabilities (Note 6.1)	47 425	-	-	47 425
Non-Current liabilities (Note 6.1)	-	117 745	1 644	119 389
Total	47 425	117 745	1 644	**166 814**

Note 4.3 – Cash and cash equivalents

Cash and cash equivalents *[NOK 1000]*	12/31/2020	12/31/2019
Bank deposits, unrestricted	47 219	13 185
Bank deposits, restricted*	666	785
Total cash and cash equivalents	**47 885**	**13 970**

* 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]*	2020	2019
Financial income		
Interest income	44	232
Foreign exchange gains	1 706	1 115
Total finance income	**1 750**	**1 348**
Financial expenses		
Foreign exchange losses	791	887
Interest	3 126	7 194
Other financial expenses	946	963
Total finance cost	**4 863**	**9 044**

Note 4.5 – Financial risk

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

Foreign currency risk

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

Foreign currency risk on financing

The Group has some of its financial liabilities denominated in foreign currency. There is an inherent risk that the liabilities to the Group may increase as a result of an appreciation of USD, while the Group's presentation currency is NOK.

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. Net debt is presented below;

The convertible loan of NOK 102 802 thousand was converted to equity in June-September 2020. New capital has been raised by cash issues during 2020 and as of 31.12.20 the Group has unrestricted cash of 47.2 million.

Issued capital:

Issued share capital	Number of shares	Nominal Value	Balance Sheet
12/31/2018	**59 629 367**	**2 981**	**2 981**
Issue of share capital 02/08/2019	1 079 530	54	54
12/31/2019	**60 708 897**	**3 035**	**3 035**
Issue of share capital 03/27/2020	549 399 000	27 470	27 470
Reverse split 20:1	(579 602 502)	-	-
Issue of share capital 06/10/2020	50 703 996	50 704	50 704
Issue of share capital 07/01/2020	25 000 000	25 000	25 000
Issue of share capital 08/17/2020	697 386	697	697
Issue of share capital 09/11/2020	4 000 000	4 000	4 000
12/31/2020	**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 29 September 2020 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 2021, but no longer than to and including 30 June 2021.

Dividend distribution to shareholders

The company has not paid dividends in 2020.

Changes in liabilities arising from financing activities	1 January 2020	Cash Flow	Foreign exchange movement	Leases	Other	31 December 2020
Current interest bearing loans	10 495	(10 714)	219		4 741	4 741
Convertible loans	102 803				(102 803)	-
Other Non-Current interest bearing loans	6 543		(301)		(6 242)	-
Current lease liabilities	4 816	(4 816)		995		995
Non-Current lease liabilities	10 043			(7 866)		2 177
Total liabilities from financing activities	134 700					7 913

The "Other" column includes the effect of conversions of a convertible loan and reclassification of non-current portion of other interest-bearing loans. The "Leases" column includes effects of new lease agreements and lease agreements that have been terminated during the year.

Ownership structure

Shareholders as of 31 December 2020	Total shares	Ownership	Shareholding/ Voting
TYCOON INDUSTRIER AS	17 573 117	16%	16%
LANI INVEST AS	10 894 360	9%	9%
DATUM AS	5 341 000	5%	5%
DALLAS ASSET MANAGEMENT AS	5 273 160	5%	5%
MERTOUN CAPITAL AS	4 963 832	4%	4%
STAFF HOLDING AS	4 732 755	4%	4%
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%
CAMACA AS	2 500 000	2%	2%
LEIF HÜBERT AS	2 356 252	2%	2%
NIGA AS	2 325 682	2%	2%
LAST INVEST AS	2 247 185	2%	2%
LEIJO AS	2 116 372	2%	2%
THABO ENERGY AS	1 938 636	2%	2%
BRUSKELAND	1 601 060	1%	1%
DELTA COMMERCE AS	1 520 000	1%	1%
ARCTIC SECURITIES AS	1 329 613	1%	1%
MP PENSJON PK	1 300 000	1%	1%
Other shareholders	32 335 938	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%
Siw Ødegaard, CEO and CFO (Kvinnesiden AS)	0.5%
Total	**33.1%**

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 Each option gives the right to acquire one share in the Company. No options have been cancelled, forfeited or exercised in 2020. Options that are not exercised on the day the Chairman gives notice of resignation or receives notice of termination from the Company. There are no cash settlement alternative.

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. Total expense (Personnel expenses) arising from share-based payment transactions in 2019 is NOK 1, 023,000.

Overview of outstanding options:	Weighted average exercise price	Number of share options
Outstanding options 1 January 2020		-
Outstanding options 31 December 2020	**2.375**	**5 000 000**
Exercisable at 31 December 2020		-

Share options held by Executive Management and the Board	Number of share options	% of total
Chairman	5 000 000	100%

Estimated fair value of options granted in 2020:	Fair value NOK	Number of share options
2020 Program - Tranche 1	0.44	2 500 000
2020 Program - Tranche 2	0.50	2 500 000

Assumptions used to determine fair value of grants in 2020:	Exercise price NOK	Number of share options
2020 Program - Tranche 1	2.25	2 500 000
2020 Program - Tranche 2	2.50	2 500 000
Average and total	**2.375**	**5 000 000**

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 48 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
Risk-free interest rate 0.1 %

A share option program for executive management was resolved in January 2021. The program had the total amount of 4,750,000 options for share in the Company, 2,375,000 options that can be vested 31 January 2022 at strike price NOK 2.00 and 2,375,000 options that can be vested 31 January 2023 at strike price NOK 2.25. Each option gives the right to acquire one share in the Company.

Notes 5 – Taxes

Note 5.1 – Taxes

NOK 1000	2020	2019
Current income tax expense:		
Tax payable	-	-
Change deferred tax/deferred tax assets	-	212
Total income tax expense	**-**	**212**

Tax payable	2020	2019
Profit before taxes	(63 031)	(111 683)
Permanent differences*	184	40 254
Change in temporary differences	2 080	879
Tax basis	**(60 767)**	**(70 550)**
Current taxes according to statutory tax rate 22%	-	-

Deferred tax liabilities/Assets	12/31/2020	12/31/2019
Property, plant and equipment	(2 251)	22
Other current assets	171	(1 654)
Other temporary differences	58	439
Losses carried forward	(668 125)	(665 695)
Basis for deferred tax liabilities (assets):	**(670 148)**	**(666 888)**
Calculated deferred tax	(171 501)	(174 474)
- Deferred tax assets not recognized	171 501	174 574
Deferred tax liability in the balance sheet	**527**	**-**
Deferred tax asset in the balance sheet	**-**	**-**

Deferred tax liabilites of NOK 527 thousands relates to regognised value of customer relations from the acquistion 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 and 26.2 percent for 2020. 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	2020	2019
Profit before taxes	(63 031)	(111 683)
Expected tax expense (Norway tax rate)	(13 867)	(24 570)
Permanent differences[1]	41	8 856
Effects of foreign tax rates	2 950	4 604
Effects of changes in tax rate[2]	-	1 393
Effect of deferred tax asset not recognized	10 876	9 930
Recognized income tax expense	**-**	**212**

[1] Permanent difference are related to SkatteFUNN and non-deductible cost. For 2019, permanent differences include write down of goodwill

[2] Norway changed the corporate tax rate from 23 percent to 22 percent in 2019.

The Group has NOK 668 125 thousand (NOK 665 695 thousand in 2020) 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 172 259 thousand do not expire, while NOK 495 866 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

[1] Deferred purchase consideration relates to the acquisition of Language Tools GmbH in March 2016

Current liabilities *[NOK 1000]*	Note	12/31/2020	12/31/2019
Contract liabilities		17 036	14 861
Salaries and other personnel related costs		5 114	2 471
Other short-term liabilities		12 675	19 598
Deferred purchase consideration (seller's credit)1	4.1	4 761	10 495
Total Current liabilities		**39 585**	**47 425**

Non-Current liabilities	Note	12/31/2020	12/31/2019
Convertible loan		-	102 803
Deferred purchase consideration (seller's credit)[1]	4.1	-	6 543
Non-current lease liabilities		2 177	10 043
Deferred tax liabilities		527	-
Total Non-Current liabilities		**2 704**	**119 389**

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
1/1/2019	18 726	18 726
Addition of right-of-use assets	991	991
Currency exchange differences	309	309
12/31/2019	**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
12/31/2020	**12 700**	**12 700**
Accumulated depreciation and impairment 01/01/2019	-	-
Depreciation	5 704	5 704
Accumulated depreciation and impairment 12/31/2019	**5 704**	**5 704**
Depreciation	2 780	2 780
Currency exchange differences	1 179	1 179
Accumulated depreciation and impairment 12/31/2020	**9 663**	**9 663**
Carrying amount of right-of-use assets 12/31/2019	14 322	14 322
Carrying amount of right-of-use assets 12/31/2020	3 038	3 038

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows 12/31/2020	Total
Less than 1 year	995
1-2 years	1 056
2-3 years	1 121
3-4 years	-
4-5 years	-
More than 5 years	-
Total undiscounted lease liabilities at 12/31/2020	3 172

Undiscounted lease liabilities and maturity of cash outflows 12/31/2019	Total
Less than 1 year	4 816
1-2 years	4 724
2-3 years	3 172
3-4 years	2 147
4-5 years	
More than 5 years	
Total undiscounted lease liabilities at 12/31/2019	14 859

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 2020 *[NOK 1000]*	Executive Management	Shareholders	Board of Directors	Total 2020
Non-current liabilities to related parties 12/31/2020				
Current liabilities to related parties 12/31/2020				

Related party transactions and balances for 2019 *[NOK 1000]*	Executive Management	Shareholders	Board of Directors	Total 2019
Non-current liabilities to related parties 12/31/2019		**6 543**		**6 543**
Current liability to relates parties 12/31/2019		**10 495**		**10 495**

Note 6.4 – Events after the reporting period

A share option program for executive management was resolved in January 2021. The program had the total amount of 4,750,000 options for share in the Company, 2,375,000 options that can be vested 31 January 2022 at strike price NOK 2.00 and 2,375,000 options that can be vested 31 January 2023 at strike price NOK 2.25. Each option gives the right to acquire one share in the Company.

The Covid-19 situation is still having some impact on the Group's business development as hiring of sales resources are affected by the lock-down.

Parent Financial Statements

Statement of income parent company

For the years ended 31 December

Amounts in NOK 1000	Notes	2020	2019
Revenue			
Revenue		1 626	1 471
Total revenue		**1 626**	**1 471**
Cost of sales			
Cost of Sales		-	-
Gross Profits		**1 626**	**1 471**
Operating Expenses			
Personnel expenses	3,4	4 700	3 810
Other operating expenses	5.1	3 442	5 494
Depreciation and amortization	7	13 907	100
Total operating expenses		**22 049**	**9 404**
Operating profit or loss		**(20 422)**	**(7 933)**
Finance income and costs			
Income on investment in subsidiaries	8	1 725	3 792
Interest income from Group companies		-	6 686
Other finance income	5.2	36	1 245
Interest paid to Group companies		-	464
Other finance expenses	5.2	65 890	167 718
Profit or loss before tax		**(84 552)**	**(164 392)**
Income tax expense	6	-	-
Net loss for the year		**(84 552)**	**(164 392)**
Allocated as follows			
Transferred from other equity		**84 552**	**164 392**

Statement of financial position parent company

Amounts in NOK 1000	Notes	12/31/2020	12/31/2019
ASSETS			
Non-current assets			
Property, plant and equipment		21	-
Ayfie technology	7	-	13 384
ERP system	7	100	200
Total non-current assets		**121**	**13 584**
Financial assets			
Investment in subsidiaries	9	18 372	8 341
Loan to Group companies	8	725	-
Total financial assets		**19 097**	**8 341**
Total non-current assets		**19 218**	**21 925**
Current assets			
Trade receivables			
Other current assets		574	5 904
Receivables in Subsidiaries	8	2 276	6 279
Cash and cash equivalents	2	36 616	2 176
Total current assets		**39 467**	**14 360**
TOTAL ASSETS		**58 685**	**36 285**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	11	110 907	3 035
Share premium		259 020	161 220
Other capital reserves		2 513	1 490
Other equity		(340 761)	(256 209)
Total equity		**31 678**	**(90 464)**
Non-current liabilities			
Liabilities to subsidiaries	8	12 339	9 957
Other non-current provisions and liabilities		-	102 803
Total non-current liabilities		**12 339**	**112 760**
Current liabilities			
Trade and other payables		629	3 307
Current liabilities to related parties		4 761	7 125
Other current liabilities		9 278	3 557
Total current liabilities		**14 668**	**13 989**
Total liabilities		**27 007**	**126 749**
TOTAL EQUITY AND LIABILITIES		**58 685**	**36 285**

Oslo, 19 April 2021

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.

Siw Ødegaard
CEO

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]*	**2020**	**2019**
Withholding tax account	121	169
Deposit	300	300
Total restricted cash	**421**	**469**

Note 3 - Personnel expenses and auditor fee

Personnel expenses *[NOK 1000]*	**2020**	**2019**
Salaries[1]	4 067	3 416
Social security tax	438	166
Pension costs - defined contribution plans	142	126
Other personnel costs	53	102
Total personnel expenses	**4 700**	**3 810**
Full time equivalent employees as of 31.12.2020	2	3

[1] Including cost of share option program for the Board of 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]*	**2020**
Fees for audit[1]	420
Fees for other services[2]	123
Total remuneration to the auditor	**543**

[1] Incl. audit of the subsidiaries Ayfie Inc. and Ayfie GmbH.
[2] 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]*	**2020**	**2019**
Professional services	2 355	850
IT expenses	337	3 084
Other operating expenses	750	1 560
Total other operating expenses	**3 442**	**5 494**

Note 5.2 – Financial income and expenses

Financial income and expenses *[NOK 1000]*	**2020**	**2019**
Financial income		
Income on Investment in subsidiaries	1 725	3 792
Interest income from Group companies	-	6 686
Interest income	36	196
Foreign exchange gains	-	1 049
Total finance income	**1 761**	**11 723**
Financial expenses		
Interest paid to Group companies	-	464
Interest	2 341	5078
Write-down of loan to subsidiaries	52 300	161 678
Write-down of investment in subsidiaries	4 970	-
Other financial expenses	946	963
Foreign exchange loss	5 333	-
Total finance cost	**65 890**	**168 183**

Note 6 – Taxes

Tax base estimation *[NOK 1000]*	**2020**	**2019**
Ordinary result before tax	(84 552)	(164 392)
Permanent differences	56 620	157 889
Change in temporary differences	50	37
Tax base	(27 882)	(6 466)

Temporary differences outlines	**2020**	**2019**
Fixed assets	3	37
Net losses carried forward	(65 977)	(38 095)
Total after net losses carried forward	(65 974)	(38 058)
Differences not included in deferred tax base	(65 974)	(38 058)
Total	**-**	**-**
Calculated deferred tax	(14 515)	(8 380)
Deferred tax assets not recognized	14 515	8 380
Deferred tax asset (-) / Liability (+)	**-**	**-**

Note 7 – Intangible assets

Intangible assets *[NOK 1000]*	**Acquired Technology**	**Other intangible assets**	**Total**
Acquisition cost 01.01.19	**5 423**	**299**	**5 722**
Additions	7 961	-	7 961
Acquisition cost 31.12.19	**13 384**	**299**	**13 683**
Additions	422		422
Acquisition cost 31.12.20	**13 806**	**299**	**14 105**
Accumulated amortization & impairment 01.01.19			
Amortization for the year	-	100	100
Accumulated depreciation & impairment 31.12.19	**-**	**100**	**100**
Amortization and impairment for the year	13 806	100	13 906
Accumulated amortization & impairment 31.12.20	**13 806**	**200**	**14 006**
Carrying amount 31.12.2019	**13 384**	**199**	**13 583**
Carrying amount 31.12.2020	**-**	**99**	**99**
Economic life	3 years	3-5 years	
Amortization plan	Straight line	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]*	**2020**	**2019**
Intercompany loans	-	-
Dividend from Ayfie AB	-	3 792
Dividend from Haive AS	1 725	-
Other receivables	551	2 487
Total	**2 276**	**6 279**
Intercompany loans payable	12 339	9 957
Total	**12 339**	**9 957**

Note 9 – Investment in subsidiaries

Company and location *[NOK 1000]*	Acquisition date	Ownership share/ Voting rights	Net profit 2020	Equity 12/31/2020	Book value 12/31/2020
Ayfie AS (Norway)	3/1/2017	100%	(1 791)	4 346	372
Ayfie Inc. (USA)	2/20/2017	100%	(14 011)	-	-
Ayfie AB (Sweden)	3/8/2018	100%	2 911	3 259	3 000
Haive AS (Norway)	9/11/2020	100%	1 991	(1 226)	15 000
Total			**(10 900)**	**6 379**	**18 372**

Note 11 - Equity and shareholders

	Issued share capital	Share premium	Other capital reserves	Retained earnings	Total equity
Opening balance 01.01.2019	2 981	154 257	1 490	(91 817)	66 911
Loss for the year				(164 392)	(164 392)
Conversion of shareholder loan	54	6 963			7 017
Balance as of 31 December 2019	**3 035**	**161 220**	**1 490**	**(256 209)**	**(90 464)**

	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**

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 2020 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 2020 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, 19 April 2021
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.
Siw Ødegaard
CEO

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 comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2020 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 comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of 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 present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 19 April 2021
ERNST & YOUNG AS

Tore Sørlie
State Authorised Public Accountant (Norway)

ayfie

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