AYIMA GROUP AB (PUBL)

CORP. ID NO. 559095-9291

ANNUAL REPORT &
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR 2022

Administration report

Highlights

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

The Group provides innovative digital marketing solutions to deliver real growth in online sales for clients all across the globe. Using our vast experience and knowledge of the industry, combined with technology-based solutions built by its in-house team of web developers, Ayima have been at the forefront of the digital marketing industry for over 15 years.

The group has seen some impact on operations in 2022 from the effects of high inflation on the global economy. This primarily affected wages and operating costs, and also resulted in reduced budges from clients leading to a reduction in revenue. The Board is confident that the Group remains well positioned to achieve growth in the coming year and to further develop its business.

Financial Highlights

- Total Revenue amounted to 149.9 MSEK (163.6), a decrease of 8% from the previous year
- Gross Margin was 54% (52%)
- Operating costs amounted to 78.8 MSEK (68.4), an increase of 15% from the previous year
- EBITDA was 2.6 MSEK (17.4), an 85% decrease from the previous year
- Net Profit after tax for the period was -5.7 MSEK (8.9)
- Total Comprehensive Income was -3.7 MSEK (14.8)
- Earnings per share (EPS) was -0.50 (2.01)

Operating highlights

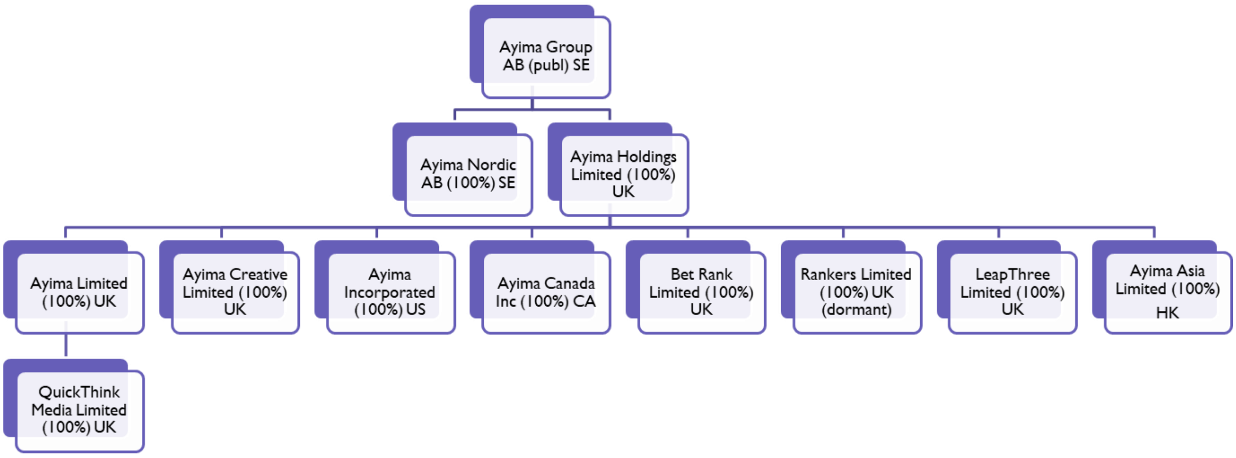
- Results show sales of higher margin services increased during the year, resulting in an increase in Gross Margin of 2%
- Administrative Expenses increased by 15% in 2022, this increase is as a result of external factors such as high inflation affecting the global economy.

Information on the business

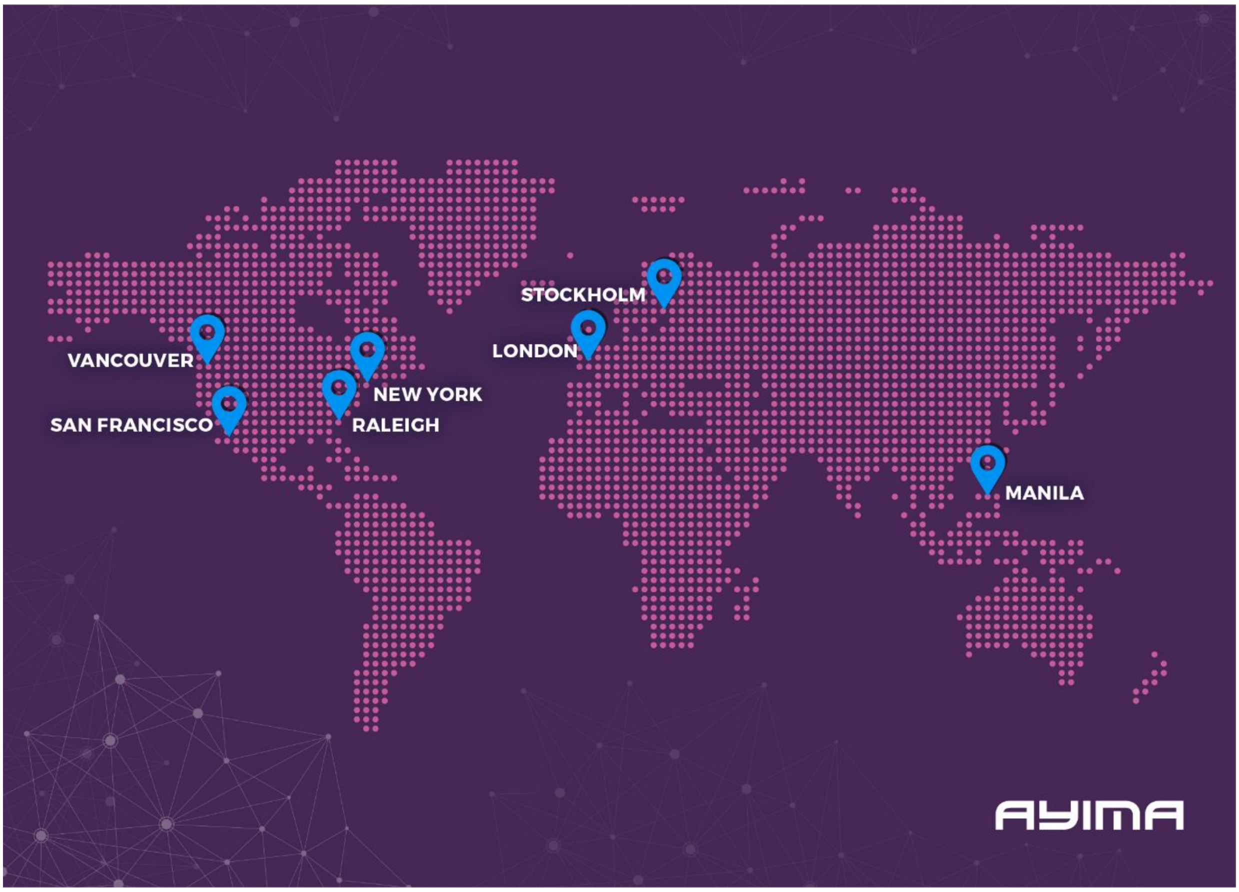
Ayima Group AB with org. no. 559095-9291 and registered office in Stockholm is the parent company of a group comprising the subsidiaries Ayima Holdings Limited with registration number 10353201 and the Swedish subsidiary Ayima Nordic AB with org. no. 556876-7510.

The subsidiary Ayima Holdings Ltd is active in London with the 100% owned subsidiaries Ayima Ltd, Ayima Creative Ltd, Rankers Ltd (dormant), Ayima Inc., Ayima Canada, LeapThree Limited and Bet Rank Limited and Ayima Asia Limited. Ayima Holdings Ltd and Ayima Nordic AB are wholly owned by the parent company. Ayima Limited owns QuickThink Media Limited which it acquired in 2016. LeapThree Limited owned two dormant subsidiaries AEP Convert Limited and L3 Analytics Limited, both were voluntarily dissolved in 2021 and have been removed from the org chart. The updated group structure is outlined below.

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



Ayima's offices



Services

SEO

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

Paid Media

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

Content/Creative

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

Data & Analytics

Data analysis is a process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusions, and supporting decision-making.
Data analytics refers to qualitative and quantitative techniques and processes used to enhance productivity and business gain. Data is extracted and categorised to identify and analyse behavioural data and patterns, and techniques vary according to organisational requirements.
Analytics is the discovery, interpretation, and communication of meaningful patterns in data; and the process of applying those patterns towards effective decision making. Organisations may apply analytics to business data to describe, predict, and improve business performance.

Multi-year summary

	Group			Parent company		
	2022-01-01 2022-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Amounts in KSEK						
Result						
Revenue	149 925	163 633	139 907	4 689	3 633	2 074
Operating profit/loss	-7 311	8 849	4 706	1 302	1 029	1 411
Profit/loss for the period	-5 675	8 876	4 046	642	4 712	11 025
Financial position						
Total assets	110 129	114 294	112 120	78 952	81 269	75 357
Equity	65 595	69 588	54 342	72 934	72 579	67 463
Equity ratio, %	50%	61%	48%	92%	89%	90%

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

Reconciliation of EBITDA to Operating profit
Amounts in MSEK

	2022	2021
Operating Profit (EBIT)	-7,3	8,8
Depreciation and Amortisation	8,7	8,3
Exceptional items and Impairment	1,2	0,3
EBITDA	2,6	17,4

Significant circumstances and events

Ayima faced some new challenges during 2022, along with the rest of the world. War in Ukraine resulted in economic shockwaves around the world, further increasing pressure on supply chains that were just beginning to recover from the effect of the Covid-19 pandemic in 2020 and 2021. This significantly increased inflation levels around the world, resulting in a global cost of living crisis. Political and economic instability in the UK also had an impact on Ayima's operations as the value of the British pound fell dramatically in a short space of time before eventually recovering somewhat by the end of the year. The table below outlines the 2022 inflation rates in the various territories in which Ayima operates.

Territory	Inflation rate 2022
United States	6.5%
Canada	6.3%
United Kingdom	10.5%
Hong Kong	2%
Sweden	12.3%

Ayima's management team took steps to mitigate the impact of cost increases on the financial results by restructuring some teams and reducing administrative costs where possible, this was mostly carried out in Q4, therefore costs going forward are expected to be lower.

AGM

The annual general meeting of shareholders ("AGM") in Ayima Group AB was held on 16 June 2022, in Stockholm. The AGM resolved unanimously in accordance with the board's proposals and a summary of the resolutions taken by the AGM follows.

- The AGM resolved to adopt the income statement and balance sheet and the consolidated income statement and consolidated balance sheet.
- The AGM resolved that the result for the year shall be balanced on a new account and that no dividend shall be paid.
- The AGM resolved to discharge all individuals who had served as Board members or CEO during 2021 from liability for the administration of the company in 2021.
- The AGM resolved in favour of re-election of the board members Michael Jacobson, Michael James Nott, Timothy Webb, and Björn Mannerqvist. Michael James Nott was appointed chairman of the board. No deputies was elected. The remuneration for the board members shall consist of a price base amount per year to each member who is not employed by the Company.
- BDO Sweden AB was re-elected as auditor. BDO Sweden AB has announced that it will appoint Authorised Public Accountant Niclas Nordström as chief auditor.
- The AGM resolved to amend article 8 of the Articles of Association.
- The AGM resolved to authorize the Board to decide on one or more occasions during the period ending at the next Annual General Meeting to issue new shares.

In October 2022 Ayima UK successfully completed the annual ISO27001 audit and has maintained the certification until November 2023. ISO/IEC 27001 provides requirements for an information security management system (ISMS). The Standard helps Ayima manage the security of assets such as financial information, intellectual property, employee details or information entrusted to Ayima by third parties.

Events after the period

To date in 2023, additional contracts amounting to 7,6 MSEK annually have been announced.

Future development

During Q4 Ayima undertook a market research project internally to assess the source of and quality of incoming leads, this resulted in the setup of an Ayima Growth Department, the aim of this department is to enhance Ayima's profile and reach new potential customers across North America and the UK through speaking engagements at conferences, leveraging existing relationships, and taking part in industry roundtable discussions and events. No additional costs were incurred in the establishment of this department. The company expects that over the next 12 months the work of the Growth department will result in an increase in the number of leads that Ayima attracts for new business development, and consequently the number of new business wins will increase, improving revenue figures.

Financial risk management

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

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

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

Operational risks and uncertainty factors

Client risks
If a customer makes up a high proportion of the group's revenue, there is a great risk that the business will be affected if the customer cancels the collaboration. Through review and risk assessment of long-term contracts, Ayima monitors revenue from many different customers of varying sizes to assess whether a customer represents more than 10% of total revenue for the group.

Respective teams hold regular meetings with customers to agree and prepare a plan for future work and report on completed work. Ayima communicates daily with most customers and provides updates and answers to questions. Through good communication, Ayima is constantly updated regarding the status of the customers and in this way ensures that the good relations are maintained and that any problems are dealt with and resolved with minimal delays.

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

Ayima's approach to the increased liquidity risks with regard to its clients has been to work closely with them to ensure that payments are not unduly delayed, and to agree extended credit terms in exceptional circumstances. Cash collection remains within expectations with no bad debts considered as doubtful as of balance sheet date.

Brexit
Ayima Group currently has established local operations in various territories including the US, Canada and Sweden. In the main, each Ayima entity engages with clients on a local level only and does not export goods or services. Ayima's clients in Europe are mainly based outside of the EU, therefore there is limited impact on operations from Brexit related matters. While Ayima UK is not immune to the effects of Brexit on the UK economy, so far Brexit has had little to no effect on Ayima directly.

Ayima is prepared should there be any need to change organisational structure in the future in order to adapt to changes to the regulatory environment.

Staff
At the end of the year, the group had approximately 175 employees, which includes both full-time employees, part-time employees and consultants on longer contracts (186 FTEs). In order to build a strong corporate culture, Ayima has developed strong management and evaluation systems for the company's employees. The company also has very low staff turnover for the industry, which means that Ayima maintains a lot of competence and knowledge.

Legislation
Operational risks are handled in a structured manner through well-established processes in line with ISO27001. Ayima Limited maintained its ISO 27001 certification in 2022 assuring clients and other external stakeholders of the highest standards of information control and security. Ayima has liability insurance for all subsidiaries. Ayima continues to ensure its compliance with EU and UK GDPR regulations and Data Protection Act of 2018.

World events
Although Ayima saw a reasonably limited impact from Covid 19 on its business, the long-term additional effects on the global economy of increased uncertainty and pressure on supply chains have caused inflation and the cost of living to rise at a faster rate than expected. The ongoing war in Ukraine and the shutdowns in China in 2022 pushed up prices and increased pressure on supply chains, further increasing inflation worldwide. Political and economic instability in the UK also has an impact on Ayima's operations. Ayima's management team monitors these events closely and continuously evaluates the potential impact on Ayima and takes action where necessary.

Environment and staff

The average number of employees in the Group during the financial year was 70 (72) persons.

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

Research and Development

Total capitalized costs for capitalized development expenses amounted to kSEK 837 (1 290) during the year. Research costs incurred that did not meet the criteria for capitalization were expensed totalled kSEK 1 941 (1 809) during the fiscal year.

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

Climate change

Ayima operates in the digital marketing industry, as the services they provide to their clients are only online services and are not necessarily affected by climate change. Nevertheless, Ayima recognizes that climate change is a risk that requires attention and consideration, not least in terms of what measures, if any, the company can take to mitigate its own impact on the environment, as well as the impact of its stakeholders both internally. and externally. Ayima's management team has built climate considerations into the way it does business with customers and suppliers, as well as engaging staff in environmentally friendly practices such as working from home and limiting business travel.

Ownership structure

Owner list with largest owners

Shareholding at 2022-12-31	No A Shares	No B Shares	Control (%)	Capital (%)
Timothy Webb	66 667	870 837	16,3	12,7
Michael Jacobson	66 666	810 097	15,7	11,9
Michael Nott	66 667	808 726	15,6	11,8
Aktiebolaget NeviSWE	-	795 400	8,4	10,8
Michael Feiner	15 000	390 731	5,7	5,5
Avanza Pension, Forsakringsaktiebolaget	-	370 106	3,9	5,0
Ayima EBT**	-	357 825	3,8	4,8
Jesper Bjerregaard	-	207 323	2,2	2,8
Jens Soderlund	-	101 786	1,1	1,4
Johan Fagerstrom	-	81 355	0,9	1,1
Others	11 800	2 372 686	26,4	32,3
Total	**226 800**	**7 166 872**	**100,00**	**100,00**

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

Ayima has an Enterprise Management Incentives Scheme (EMI), in which shares were issued to key personnel in the UK. The shares are managed by the trustees of the Ayima Employee Benefit Trust 2011 (EBT). A total of 357 825 shares are owned by the EBT as at 31 December 2022.

Of the 300 000 warrants issued as part of the staff incentive program in 2018, 272 547 were granted in 2018 and 23 085 were forfeit in the same year. A further 83 384 were forfeit during 2019 and during 2020 a further 30 421 share options were forfeit. In the year 2021 a further 8 918 options were forfeit and during 2022 a further 16 897 warrants were forfeited (total 162 705). The remaining warrants vested fully in May 2022.

An additional 82 180 warrants were granted to newly qualifying staff in May 2019. 9 387 of these were forfeit at the end of 2019 and during 2020 an additional 13 387 of these share options were forfeit. In 2021, 30 474 additional share options were forfeit (53 248 total). The remaining warrants will vest over the period to May 2023.

In June 2021 49 865 new share options were issued to newly qualifying staff, during 2022 31 910 were forfeited, the remaining options will vest over the next two years to May 2025. In July 2021 further new share options were issued to qualifying staff in Canada, these shares will have accelerated vesting up to May 2022.
A provision for these shares has been made in Equity and the accrued cost of these share based payments from 2018-05-01 to 2022-12-31 has been recognised in the financial statements.

Proposed appropriation of earnings at the 2023 AGM

The Board of Directors proposes that the unappropriated earnings as at 31 December 2022, SEK 65 540 156 be carried forward.

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

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

Consolidated income statement

Amounts in kSEK	Note	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Revenue	5	149 898	159 543
Other operating income		27	4 090
Total		**149 925**	**163 633**
Operating expenses			
Direct expenses		-68 506	-77 801
Other external expenses	6, 20	-12 202	-9 908
Employee benefits	7	-66 342	-58 885
Depreciation and amortization Tangible and Intangible assets	10,11	-10 176	-8 295
Other operating expenses		-9	106
Total operating expenses		**-157 236**	**-154 783**
Operating profit		**-7 311**	**8 849**
Financial income	8	1 341	1 362
Financial expenses	8	-2 284	-2 103
Result from financial items		**-943**	**-740**
Profit before tax		**-8 254**	**8 109**
Deferred tax	9	2 230	190
Income tax	9	349	577
Profit for the year		**-5 675**	**8 876**
Profit for the year attributable to:			
Shareholders of parent company		-5 675	8 876
Non-controlling interests		–	–

Consolidated statement of comprehensive income

Amounts in kSEK	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
Profit for the year	**-5 675**	**8 876**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Translation differences in translation of foreign operations	1 971	5 966
Other comprehensive income for the year, net of tax	**1 971**	**5 966**
Total comprehensive income for the year	**-3 704**	**14 842**
Total comprehensive income attributable to:		
Shareholders of parent company	-3 704	14 842
Non-controlling interests	–	–
Earnings per share before dilution, SEK	-0,77	1,20
Earnings per share after dilution, SEK	-0,77	1,20
No. of shares before dilution	7 393 672	7 393 672
No. of shares after dilution	7 393 672	7 393 672

Consolidated statement of financial position

Amounts in kSEK	Note	**2022-12-31**	**2022-12-31**
ASSETS			
Non-current assets			
Goodwill	10	42 893	41 622
Capitalised development expenditures	10	12 015	15 987
Customer contracts	10	8 063	9 979
Right of use assets	20	7 145	8 498
Other intangible assets	10	16	53
Tangible assets	11	811	733
Deferred tax assets	9	8 910	6 651
Total non-current assets		**79 853**	**83 523**
Current assets			
Trade receivables	12	15 316	18 303
Current tax assets	9	401	713
Other receivables	13	4 053	4 417
Prepaid expenses and accrued income	14	1 404	1 224
Cash and cash equivalents		9 102	6 114
Total current assets		**30 276**	**30 771**
TOTAL ASSETS		**110 129**	**114 294**

Consolidated statement of financial position, cont.

Amounts in kSEK	Note	**2022-12-31**	**2021-12-31**
Equity			
Share capital	15	7 394	7 394
Other paid in capital		48 982	49 270
Reserves		6 977	5 006
Retained earnings including result for the year		2 243	7 919
Total equity		**65 595**	**69 588**
LIABILITIES			
Non-current liabilities			
Borrowings	16	4 904	10 655
Liabilities for right of use assets	16	5 346	6 918
Deferred tax liabilities	9	1 205	1 374
Total non-current liabilities		**11 455**	**18 947**
Current liabilities			
Borrowings	16	8 329	1 657
Liabilities for right of use assets	16	3 089	2 525
Trade payables		12 707	10 513
Liabilities to related parties	16	171	171
Other short term liabilities, interest-bearing	16	–	–
Other liabilities	17	4 068	4 857
Deferred income and accrued expenses	18	4 714	6 035
Total current liabilities		**33 079**	**25 758**
TOTAL EQUITY AND LIABILITIES		**110 129**	**114 294**

Consolidated statement of changes in equity

	Share capital	Other paid in capital	Reserves	Retained earnings including profit or loss for the year	Total	Non-controlling interests	Total equity
Opening balance at 2021-01-01	**7 394**	**48 865**	**-961**	**-957**	**54 342**	**–**	**54 342**
Comprehensive income							
Profit for the year				8 876	**8 876**		**8 876**
Other comprehensive income							
Translation differences			5 966	0	**5 966**		**5 966**
Total comprehensive income	**–**	**–**	**5 966**	**8 876**	**14 841**	**–**	**14 841**
Transactions with shareholders							
Share option scheme		405			**405**		**405**
Total	**–**	**405**	**–**	**–**	**405**	–	**405**
Balance at 2021-12-31	**7 394**	**49 270**	**5 005**	**7 919**	**69 588**	**–**	**69 588**

Consolidated statement of changes in equity, cont.

	Share capital	Other paid in capital	Reserves	Retained earnings including profit or loss for the year	*Total*	Non-controlling interests	Total equity
Opening balance at 2022-01-01	**7 394**	**49 270**	**5 005**	**7 919**	**69 588**	**–**	**69 588**
Comprehensive income							
Profit for the year				-5 675	**-5 675**		**-5 675**
Other comprehensive income							
Translation differences			1 971	0	**1 971**		**1 971**
Total comprehensive income	**–**	**–**	**6 977**	**2 243**	**65 885**	**–**	**65 885**
Transactions with shareholders							
Share option scheme		-288			**-288**		**-288**
Total	–	**-288**	–	–	**-288**	–	**-288**
Balance at 2022-12-31	**7 394**	**48 982**	**6 977**	**2 243**	**65 595**	**–**	**69 595**

Consolidated statement of cash flows

Amounts in kSEK	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
Cash flow from operating activities		
Operating profit	-7 311	8 849
Adjustment for non-cash items		
- Depreciation and amortisation	10 176	8 295
- Other non-cash items	952	-3 897
Interest received	1	0
Interest paid	-1 497	-1 301
Tax paid	677	491
Cash flow from operating activities before change in working capital	**2 999**	**12 437**
Changes in working capital		
Increase/decrease in operating receivables	3 846	1 116
Increase/decrease in operating liabilities	-717	-13 658
Cash flow from operating activities	**6 128**	**-105**
Cash flow from investing activities		
Investments in intangible assets	589	-1 290
Investments in tangible assets	-1 866	-526
Sale of tangible fixed assets	–	–
Cash flow from investing activities	**-1 276**	**-1 815**
Cash flow from financing activities		
New share issue	–	–
Issue expenses	–	–
Borrowings (note 16)	4 198	9 000
Amortisation of borrowings	-6 278	-9 101
Cash flow from financing activities	**-2 079**	**-101**
Cash flow for the period	**2 772**	**-2 021**
Cash and cash equivalents at beginning of the period	6 114	7 593
Exchange-rate differences in cash and cash equivalents	216	542
Cash and cash equivalents at end of period	**9 102**	**6 114**

Parent Company income statement

Amounts in kSEK	Note	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Operating income			
Revenue		4 689	3 633
Total income		**4 689**	**3 633**
Operating expenses			
Other external expenses	6	-1 236	-1 213
Employee benefits	7	-2 151	-1 392
Total operating expenses		**-3 387**	**-2 605**
Operating profit		**1 302**	**1 029**
Profit from participations in group companies	16	–	4 875
Other interest income and similar profit items	8	–	–
Interest expense and similar profit (loss) items	8	-659	-1 192
Result from financial items		**-659**	**3 683**
Profit for the year		**642**	**4 712**

Parent Company balance sheet

Amounts in kSEK	Note	2022-12-31	2021-12-31
ASSETS			
Non-current assets			
Financial assets			
Participations in group companies	22	7 513	7 801
Total financial assets		**7 513**	**7 801**
Total non-current assets		**7 513**	**7 801**
Current assets			
Current receivables			
Receivables from Group companies		70 564	72 584
Other receivables	13	345	113
Prepaid expenses and accrued income	14	117	159
Total current receivables		**71 026**	**72 856**
Cash and cash equivalents		413	611
Total current assets		**71 439**	**73 467**
TOTAL ASSETS		**78 952**	**81 269**

Parent Company balance sheet, cont.

Amounts in kSEK	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	15	7 394	7 394
Total restricted equity		7 394	7 394
Non-restricted equity			
Share premium reserve		46 600	46 888
Profit brought forward		18 298	13 586
Profit for the year		642	4 712
Total non-restricted equity		65 540	65 186
Total equity		**72 934**	**72 579**
Non-current liabilities			
Borrowings	16	5 400	8 100
Total non-current liabilities		**5 400**	**8 100**
Current liabilities			
Trade payables		115	69
Liabilities to group companies		119	119
Liabilities to related parties		52	52
Other liabilities	17	84	84
Accrued expenses and deferred income	18	250	266
Total current liabilities		**619**	**589**
TOTAL EQUITY AND LIABILITIES		**78 952**	**81 269**

Parent Company statement of changes in equity

	Restricted equity	Non-restricted equity			
Amounts in kSEK	**Share capital**	**Share premium reserve**	**Retained earnings**	**Profit for the year**	**Total equity**
Equity at 2021-01-01	**7 394**	**43 717**	**5 327**	**11 025**	**67 463**
Comprehensive income					
AGM appropriation of earnings			11 025	-11 025	–
Profit for the year				4 712	4 712
Total	**–**	**–**	**11 025**	**-6 313**	**4 712**
Transactions with shareholders					
Share option scheme			405		405
New share issue		3 171	-3 171	–	–
Total		**3 171**	**-2 766**	**–**	**405**
Balance at 2021-12-31	**7 394**	**46 888**	**13 586**	**4 712**	**72 579**

Parent Company statement of changes in equity, cont.

Amounts in kSEK	Restricted equity	Non-restricted equity			
	Share capital	**Share premium reserve**	**Retained earnings**	**Profit for the year**	**Total equity**
Equity at 2022-01-01	**7 394**	**46 888**	**13 586**	**4 712**	**72 579**
AGM appropriation of earnings			4 712	-4 712	–
Profit for the year				642	642
Total	**–**	**–**	**18 299**	**642**	**73 221**
Transactions with shareholders					
Share option scheme		-288			-288
Total	**–**	**-288**	**–**	**–**	**405**
Balance at 2022-12-31	**7 394**	**46 600**	**18 299**	**642**	**72 933**

NOTES

Note 1 General information

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

The Group's head office is located in London.

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

On 24th of March 2023, these consolidated financial statements were approved by the Board for publication.

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

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

Note 2 Summary of important accounting principles

2.1 Basis of preparation of the financial statements

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

Assets and liabilities are recognised at historical cost.

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

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

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

New and revised standards to be applied by the Group in the current period
All standards that entered into effect in 2022 were applied in the consolidated financial statements.

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

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

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

2.2 Consolidated financial statements

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

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

Acquisition-related costs are expensed as they arise.

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

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

2.3 Segment reporting

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

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

2.4 Foreign currency translation

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

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

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

earnings in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

2.5 Intangible assets

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

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

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

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

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

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

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

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

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

2.6 Tangible assets

Tangible assets are initially recognised at cost.

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

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

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

Impairment of tangible assets

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

A tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

2.7 Impairment of non-financial assets

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

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

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

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

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

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

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

2.8 Financial instruments

Financial instruments reported in the balance sheet include on the asset side financial fixed assets, trade receivables, other receivables and cash and cash equivalents. On the liability side, there are accounts payable, other liabilities, debt to related parties and borrowing.

Financial instruments are initially reported at acquisition value corresponding to the instrument's fair value plus transaction costs for all financial instruments except those belonging to the categories of financial assets and liabilities valued at fair value via the income statement. Accounts receivable are reported in accordance with IFRS 9 initially at transaction price.

A financial asset or financial liability is included in the balance sheet when the company becomes a party to the contractual terms of the instrument. Accounts receivable are included in the balance sheet when the invoice is sent. Debt is taken up when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are taken up when the invoice is received.

A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire, or the company loses control over them. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled, or otherwise extinguished. The same applies to part of a financial debt.

The Group classifies financial assets and liabilities in the following categories:

a) financial assets and liabilities valued at fair value via the income statement,
b) financial assets valued at fair value via other comprehensive income,
c) financial assets valued at amortized cost,
d) financial liabilities valued at fair value via the income statement, as well as
e) other financial liabilities.

Financial assets acquired with the intention of collecting contractual cash flows are valued at amortized cost. Financial instruments where the intention is other than to collect contractual cash flows are classified as financial assets valued at fair value via the income statement or financial assets valued at fair value via other comprehensive income. The group has assets valued at amortized cost as well as other financial liabilities.

Furthermore, there are financial fixed assets that are valued at fair value via the income statement - however, these are currently valued at 0. Holdings refer to 15% ownership in Tootsa MacGinty Limited, an unlisted e-commerce company registered in Scotland. Due to the company's niche operations, no market value has currently been able to be determined and it is therefore instead reported at amortized cost and is continuously tested for impairment.

Financial assets are included in current assets with the exception of items with a maturity date more than 12 months after the balance sheet date, which are classified as fixed assets.

Accounts receivable
Accounts receivable are amounts attributable to customers regarding sold goods that are carried out in the day-to-day operations. Accounts receivable are generally due for payment within 30 days and all accounts receivable have therefore been classified as current assets. Accounts receivable are initially reported at the transaction price. The group holds the accounts receivable for the purpose of collecting contractual cash flows and therefore values them at subsequent accounting periods at amortized cost using the effective interest method.
The carrying value of accounts receivable, after any write-downs, is assumed to correspond to its fair value, as this item is short-term in nature. A write-down of accounts receivable is reported in the income statement as other external cost.

Liquid funds
Liquid assets include cash, bank balances, other short-term investments with a term of no more than twelve months from the date of acquisition. There are only bank balances in the group.

Impairment of financial assets
The group's trade receivables and cash and cash equivalents are within the scope of the model for expected credit losses. However, the write-down that could come into question for cash and cash equivalents is considered immaterial, which is why it is disregarded.

The group applies the simplified method for calculating expected credit losses. The method means that expected losses during the entire term of the receivable are used as a starting point for accounts receivable. Expected credit losses are primarily estimated based on historical data such as customers' payment history and loss history in recent years.

Other financial liabilities
The group's borrowing (includes the item borrowing from credit institutions), liabilities regarding right-of-use assets, other long-term liabilities, loans from related parties and trade payables are classified as other financial liabilities, see description below. Fair value of borrowing is calculated, for information purposes, by discounting the future contracted cash flow at the current market interest rate available to the group for similar financial liabilities.

Accounts payable
Trade payables are initially reported at fair value and then at amortized cost using the effective interest method. The carrying value of accounts payable is assumed to correspond to its fair value, as this item is short-term in nature.

Borrowing
Borrowing (borrowing from credit institutions) is initially reported at fair value, net of transaction costs. Borrowing is then reported at accrued acquisition value and any difference between the amount received (net of transaction costs) and the repayment amount is reported in the income statement distributed over the loan period, applying the effective interest method. Loan costs (interest costs and transaction costs) are reported in the income statement in the period to which they relate.

The group's current borrowing is mainly short-term in nature and the reported value is therefore assumed to correspond to its fair value. The part that is long-term certainly runs at fixed interest, but the difference between variable and fixed interest is considered to amount to an insignificant amount. Due to these two factors, the effective interest method has not been applied to the Group's borrowing.

2.9 Equity

Share capital represents the nominal (par) value of shares that have been issued.
Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

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

2.10 Taxation

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

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

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

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

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

2.11 Employee benefits

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

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

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value. Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

2.12 Revenue recognition

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

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

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

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

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

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

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

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

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

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

2.13 Leases

At inception, the group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

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

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

2.14 Government grants

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

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

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

2.15 Parent Company accounting principles

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

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

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

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

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

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

Note 3 Financial risk management

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

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

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

Market risk

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

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

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

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

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

The majority of the Group's purchases and sales take place in GBP, CAD and USD. In the final quarter of 2022, 19% (24%) of the sales were in GBP, 30% (30%) in CAD and 52% (46%) in USD. Of purchases, 62% (45%) were in GBP, 14% (35%) in CAD, and 20% (17%) in USD. The transaction exposure linked to exchange rate fluctuations on trade payables and trade receivables is limited, however, since invoicing mainly takes place in local currency for the companies in the Group. In addition the Group has factoring agreements for trade receivables in USD and GBP.

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

See Note 12 Trade receivables, and the following section, for a further description of the Group's exposure in trade receivables.

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

Group to interest rate risk relating to cash flow. Fixed rate borrowing exposes the Group to interest rate risk relating to fair value.
The Group's short-term borrowings in general run at a floating interest rate and are thus exposed to cash flow risk. The Group's long-term borrowings run at fixed interest rates and are thus exposed to interest rate risk relating to fair value. However, as most of the borrowing is short-term in its nature, the overall interest rate risk for the Group is low. Refer to Note 16 Borrowing for the description of essential terms for borrowing.

Liquidity risk/Financing risk
At 31 December 2022, the Group had available liquidity of kSEK 9 102. The liquidity consists of bank balances. The Group is revising the liquidity need by forecasting both future inflows and outflows from operating activities and from financing activities. The liquidity need is monitored weekly.

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

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

Group **Amounts in kSEK**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**
At 31 december 2022				
Borrowings	8 329	3 398	1 505	–
Liabilities for right of use assets	3 089	3 087	2 259	–
Liabilities to related parties	171	–	–	–
Other short-term liabilites, interest bearing	–	–	–	–
Trade and other payables	16 775	–	–	–
Total	**28 364**	**6 486**	**3 764**	**–**
At 31 december 2021				
Borrowings	3 241	1 558	4 520	–
Liabilities for right of use assets	2 575	2 446	5 189	–
Liabilities to related parties	195	–	–	–
Other short-term liabilites, interest bearing	–	–	–	–
Trade and other payables	15 371	–	–	–
Total	**21 381**	**4 004**	**9 708**	–

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

Level 1 – Quoted prices on active markets for identical assets or liabilities.
Level 2 – Input data other than listed prices that are observable for the asset or liability, either directly, such as by prices, or indirectly, such as derived prices.
Level 3 – Input data for the asset or liability not based on observable information. The applicable level is determined based on the lowest level of input data that is material to the measurement at fair value.

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

Management of capital risk
The objective regarding the capital structure is to safeguard the Group's ability to continue operations in order to go on generating a return for shareholders and benefits for other stakeholders as well as

maintaining an optimum capital structure to keep capital costs down.

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

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

	Group		**Parent company**	
	2022-12-31	**2021-12-31**	**2022-12-31**	**2021-12-31**
Other long term liabilities	–	–	–	8 100
Liabilities to credit institutions	13 232	12 312	5 400	–
Liabilities to related parties	171	171	171	52
Liabilities for right of use assets	8 436	9 443	–	–
Other short-term liabilites, interest-bearing	–	–	–	–
Less: cash and cash equivalents	-9 102	-6 114	-413	-611
Net debt	**12 737**	**15 811**	**5 158**	**7 541**
Total equity	65 595	69 588	72 934	72 579
Total capital	**78 332**	**85 400**	**78 092**	**80 120**
Debt/equity ratio	**16%**	**19%**	**7%**	**9%**

Financial Instruments per category

Group	Assets at fair value through the profit and loss	Loans and receivables	Total
2022-12-31			
Assets as per balance sheet			
Trade and other receivables	-	15 316	**15 316**
Other receivables	-	4 053	**4 053**
Cash and cash equivalents	-	9 102	**9 102**
Total	**-**	**28 471**	**28 471**

	Other financial liabilities	Total
2022-12-31		
Liabilities as per balance sheet		
Non-current liabilities to credit institutions	4 904	**4 904**
Liabilities for right of use assets	8 436	**8 436**
Current liabilities to credit institutions	8 329	**8 329**
Trade and other payables	12 707	**12 707**
Loans from related parties	171	**171**
Other liabilities	4 068	**4 068**
Total	**38 615**	**38 615**

Group	Assets at fair value through the profit and loss	Loans and receivables	Total
2022-12-31			
Assets as per balance sheet			
Trade and other receivables	-	18 303	**18 303**
Other receivables	-	4 417	**4 417**
Cash and cash equivalents	-	6 114	**6 114**
Total	**-**	**28 834**	**28 834**

	Other financial liabilities	Total
2021-12-31		
Liabilities as per balance sheet		
Non-current liabilities to credit institutions	10 655	**10 655**
Liabilities for right of use assets	9 443	**9 443**
Current liabilities to credit institutions	1 657	**1 657**
Trade and other payables	10 513	**10 513**
Loans from related parties	171	**171**
Other liabilities	4 857	**4 857**
Total	**37 297**	**37 297**

Note 4 Critical estimates, judgements and errors

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

Critical accounting estimates and assumptions

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

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

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

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

Accounting of deferred tax assets
Deferred tax assets relate to temporary differences and loss carry-forwards and are only recognised insofar as it is deemed that they will be able to be used against surpluses generated in operations in the future. The Group’s deferred tax assets largely consist of capitalised tax assets on loss carry-forwards. The carrying amount of this tax asset is reviewed at least once a year. In such a review, the tax asset is put in relation to future taxable profits, which is based on management’s estimates on the basis of, among other things, forecasts and strategic plans. See Note 9 for more information on deferred taxes.

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

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

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for a period of 12 months from the approval of the financial statements.

In the current financial year, the Group /company made a loss after tax of kSEK 5 675 (2021 Profit: kSEK 8 876). At the balance sheet date, the company reported current liabilities amounting to kSEK 30 379 (2021: kSEK 25 758), and current assets, which amounted to kSEK 30 276 (2021: kSEK 30 771).

Although Ayima has faced challenges caused by macro-economic factors during the year, the management team has taken appropriate action to reduce costs and increase operational efficiency. Administrative costs rose by 5% at a time when global inflation rates were much higher as outlined in the inflation rates for the territories in which Ayima operates in the strategic report on page 1. These improvements in operational efficiency are expected to continue to enhance the Group's ability to conserve cash and attract new custom over the coming years.

Management forecast financial statements have been prepared on a monthly basis up to December 2023 and on an annual basis up to December 2027.

The Group has ensured sufficient access to working capital through various facilities described below. Working capital requirements are met through the utilisation of the Invoice Discounting facility held with RBS Invoice Finance, in early 2023 the UK subsidiary Ayima Limited changed to a new facility provider with a more attractive offering including a higher advance rate of 85% of notified debts, as client billings increase in line with sales, so too does access to additional working capital.

The Directors have reviewed the forecast cash flows for the forthcoming 12 months from the date of approval of the financial statements and, having considered its performance in the new financial year, its newly contracted engagements and its pipeline of new work for the rest of the year, consider that the Group will have sufficient cash resources available for that period to meet its liabilities as they fall due. The current approved forecast for FY23 projects an increase in revenue by approximately 24% based upon the factors noted above. In arriving at their conclusion however, the Directors have considered both a reasonable downside scenario and a zero growth scenario; in both these scenarios the Group would continue to have available working capital and sufficient cash to settle its liabilities as they fall due.

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

Note 5 Segment information

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

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

Assets and liabilities are only monitored for the Group as a whole. The Group has one customers that represents more than 10% of the total revenue (69% in Paid Media,).

Revenue within the Group relate to sales of services

Segment information for 2022

	SEO	Paid	Content & Creative	Data & Analytics	Other	**Total**
Segments' total revenue	81 406	55 207	7 257	5 954	74	**149 898**
Selling expenses	-16 378	-47 461	-2 437	-2 156	-74	**-68 506**
Gross margin	**65 028**	**7 746**	**4 820**	**3 798**	**–**	**81 392**

Segment information for 2021

	SEO	Paid	Content & Creative	Data & Analytics	Other	**Total**
Segments' total revenue	76 596	65 692	10 634	6 621	–	**159 543**
Selling expenses	-14 182	-56 505	-5 025	-2 089	–	**-77 801**
Gross margin	**62 414**	**9 187**	**5 609**	**4 532**	**–**	**81 742**

Revenues by geographic market as follows

Group	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
United Kingdom	31 135	28 191
Europe	9 465	4 734
Rest of the world	109 299	126 617
Total revenues by geographic market	**149 898**	**159 543**

Note 6 Audit fees

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

Group	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
BDO - Audit assignments	1 114	1 045
Summa	**1 114**	**1 045**

Parent company	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
BDO - Audit assignments	120	151
Summa	**120**	**151**

Note 7 Employee benefits and disclosures on staff

Group	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
Salaries and benefits	58 127	51 827
Social security expenses	5 211	4 430
Share options granted to employees	-290	409
Pension expenses - defined benefit plan	1 926	1 284
Total	**64 974**	**57 950**

Parent company	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
Wages and salaries	1 715	1 101
Social security costs	436	286
Total	**2 151**	**1 387**

	2022-01-01 2022-12-31		**2021-01-01 2021-12-31**	
Group	**Salaries and other benefits**	**Social security expenses incl. Pension expenses**	**Salaries and other benefits**	**Social security expenses incl. Pension expenses**
Board members, CEO and other senior executives	4 866	1 016	4 420	754
Other employees	52 971	6 121	47 816	4 960
(of which share options)	*-290*	–	*409*	–
Total	**57 837**	**7 137**	**52 236**	**5 713**

Note 7 Employee benefits and disclosures on staff, cont.

	2022-01-01 2022-12-31 Average number of employees	Of which men:	2021-01-01 2021-12-31 Average number of employees	Of which men:
Parent company				
Sweden	1	1	–	–
Total	1	1	–	–
Subsidiaries				
United Kingdom	39	62%	42	67%
USA	14	36%	16	38%
Canada	17	53%	14	50%
Total in subsidiaries	70	**54%**	72	**57%**
Total in Group	**71**	**54%**	**73**	**57%**

Gender distribution of Board members and other senior executives

	2022-01-01 2022-12-31 Number on closing date	Of which men:	2021-01-01 2021-12-31 Number on closing date	Of which men:
Koncernen				
Styrelseledamöter	4	100,0%	4	100%
Verkställande direktör och övriga ledande befattningshavare	9	78%	8	75%
Koncernen totalt	**13**	**85%**	**12**	**83%**
Moderföretaget				
Styrelseledamöter	4	100%	4	100%
Verkställande direktör och övriga ledande befattningshavare	1	100%	1	100%
Moderföretaget totalt	**5**	**100%**	**5**	**100%**

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

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

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

Note 7 Employee benefits and disclosures on staff, cont.

Share options

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

On the balance sheet date, Ayima Group AB had 182 276 stock options outstanding (2021 – 233 083), representing 2,4% of shares and 1,9% of votes. The weighted average exercise price of outstanding stock options was SEK 1 (2021 - SEK 1). The weighted average remaining contractual life of share options outstanding at 31 December 2022 was 7 years & 1 month. The exercise price is set at SEK 1.

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

Note 8 Financial items

	Group		Parent Company	
	2022-01-01 2022-12-31	**2021-01-01 2021-12-31**	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
Financial income				
Exchange rate difference, net	1 340	–	–	–
Interest income	1	1 362	–	–
Total financial income	**1 341**	**1 362**	**–**	**–**
Financial expenses				
Exchange rate difference, loss	496	602	–	–
Interest expense	1 788	1 445	659	1 192
Unwind of discount, other liabilities (note 16)	–	56	–	–
Total financial expenses	**2 284**	**2 103**	**659**	**1 192**
Profit (loss) from financial items	**-943**	**-740**	**-659**	**-1 192**

Note 9 Tax

	Group		Parent Company	
	2022-01-01 2022-12-31	**2021-01-01 2021-12-31**	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
Current tax for the year	349	577	–	–
Deferred tax for temporary differences	2 230	190	–	–
Total tax on profit for the year	**2 579**	**767**	**–**	**–**

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

	Group		Parent Company	
	2022-01-01 2022-12-31	**2021-01-01 2021-12-31**	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
Profit before tax	-8 254	8 109	642	4 712
Income tax calculated at current tax rate*	1 700	-1 670	-132	-971
Non-taxable income	72	993	–	1 004
Non-deductible expenses	-1 277	-391	–	–
Deductible expenses, not booked	744	1 611	–	–
Tax loss carry-forwards for which no deferred tax asset was recognised	-702	250	-132	–
Tax attributable to previous years' reported results	2 230			
Utilisation of tax losses carry forwards not previously recognised	–	–	–	-34
Foreign tax	-188	-26	–	–
Income tax	**2 579**	**767**	–	**–**

* For financial year 2022 and 2021 the calculated tax rate for Sweden was 20,6%. Difference from tax rate in UK is disclosed as *Foreign tax*.

Note 9 Tax, cont.

Deductible expenses not booked for both 2021 and 2022 refer to items linked to R&D (‘*Research and development enhanced deduction*’ and *‘R&D tax credit’*) and depreciation on investments made (‘Capital allowances in excess of depreciation’) that are deductible under British tax rules but are not booked in profit or loss. *R&D tax credit,* a total amount of kSEK 401 (713) is booked as a current tax asset as the amount is expected to be recovered from the tax authorities within one year.

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

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

Group		**Parent Company**	
2022-01-01 2022-12-31	**2021-01-01 2021-12-31**	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
4 981	5 723	3 801	783

There are no time limitations on loss carry-forwards in 2022 or 2021.

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

Group	**2022-01-01 2022-12-31**	**2021-01-01 2021-12-31**
Deferred tax liabilities		
Customer contracts	1 205	1 374
Total deferred tax liabilities	**1 205**	**1 374**
Deferred tax assets		
Loss carry-forwards	8 997	6 659
Share option scheme	-75	-47
Other	-12	39
Total deferred tax assets	**8 910**	**6 651**
Deferred tax, net	**7 705**	**5 277**

Note 9 Tax, cont.

Deferred taxes are allocated as follows:

Group	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Deferred tax liabilities		
- Deferred tax liabilities to be used after more than 12 months	992	1 168
- Deferred tax liabilities to be used within 12 months	213	206
Total deferred tax liabilities	**1 205**	**1 374**
Deferred tax assets		
- deferred tax assets expected to be utilised after more than 12 months	5 414	6 651
- deferred tax assets expected to be utilised within 12 months	3 496	–
Total deferred tax assets	**8 910**	**6 651**
Net deferred tax	**7 705**	**5 277**

Change in net deferred tax:

Group	2022-01-01 2022-12-31	2021-01-01 2021-12-31
At the beginning of the year	5 277	4 659
Recognised in profit or loss	2 230	190
Exchange-rate differences	198	429
At year-end	**7 705**	**5 277**

Note 10 Intangible assets

Goodwill

	Group	
	2022-12-31	2021-12-31
Opening acquisition cost	42 195	38 769
Exchange-rate differences	1 290	3 426
Closing accumulated acquisition cost	**43 485**	**42 195**
Opening impairment losses	-573	-524
Exchange differences	-18	-49
Impairment losses/reversals for the year	–	–
Closing accumulated impairment losses	**-592**	**-573**
Closing book value	**42 893**	**41 622**

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

2022-12-31	
Growth rate 1)	2 %
Discount rate 2)	18 %

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

The underlying assumptions were as follows:

1. Revenue increase year 1 at 24%
2. Revenue increase year two onwards at 10% on average per year
3. Cost of sales in line with increase in revenue with margins of 52-54% which will be maintained in future years.
4. Operating expenses will increase by an average of 7% year on year.

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

Recoverable amount has been established through the calculation of value in use, which is based on discounted future cash flows. These calculations require the use of certain estimates. The discounted cash flows are based on the budget for 2023 and forecasts for 2024-2027. Beyond the forecast period, the starting point was a growth rate of 2 percent per year. No impairment requirement was identified.

Note 10 Intangible assets, cont.

Capitalised development expenditures

	Group	
	2022-12-31	2021-12-31
Opening cost	23 965	20 748
Capitalised assets for the year	850	1 345
Exchange-rate differences	746	1 872
Closing accumulated cost	**25 561**	**23 965**
Opening amortisation	-6 548	-2 574
Amortisation for the year	-3 800	-3 587
Exchange differences	-262	-387
Closing accumulated amortisation	**-10 610**	**-6 548**
Opening impairment	-1 431	-1 312
Impairment charge for the year	–1 488	–
Exchange differences	-18	-118
Closing accumulated impairment	**-2 936**	**-1 431**
Closing book value	**12 015**	**15 987**

Customer contracts

	Group	
	2022-12-31	2021-12-31
Opening cost	18 732	17 179
Exchange-rate differences	584	1 553
Closing accumulated cost	**19 316**	**18 732**
Opening amortisation	-8 752	-6 044
Amortisation for the year	-2 194	-2 071
Exchange differences	-307	-637
Closing accumulated amortisation	**-11 253**	**-8 752**
Closing book value	**8 063**	**9 979**

Other intangible assets

	Group	
	2022-12-31	2021-12-31
Opening cost	839	770
Purchases for the year	–	–
Exchange-rate differences	26	69
Closing accumulated cost	**865**	**839**
Opening amortisation	-786	-690
Amortisation for the year	-38	-34
Exchange differences	-25	-63
Closing accumulated amortisation	**-849**	**-786**
Closing book value	**16**	**53**

Note 11 Tangible assets

Equipment, tools, fixtures and fittings

	Group	
	2022-12-31	**2021-12-31**
Opening cost	8 099	6 946
Purchases	426	542
Sales and disposals	-136	-29
Exchange-rate differences	498	640
Closing accumulated cost	**8 887**	**8 099**
Opening depreciation	-7 366	-6 431
Sales and disposals	126	29
Depreciation for the year	-377	-357
Reclassifications	–	3
Exchange differences	-459	-609
Closing accumulated depreciation	**-8 076**	**-7 366**
Closing book value	**811**	**733**

Cost of improvements on external properties

	Group	
	2022-12-31	**2021-12-31**
Opening cost	485	448
Sales and disposals	–	-20
Exchange-rate differences	92	57
Closing accumulated cost	**577**	**485**
Opening depreciation	-485	-419
Sales and disposals	–	9
Depreciation for the year	–	-21
Exchange differences	-92	-55
Closing accumulated depreciation	**-577**	**-485**
Closing book value	**0**	**0**

Note 12 Trade receivables

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

Group	2022-12-31	2021-12-31
Trade receivables	15 756	18 826
Less: Reserve for doubtful receivables	-440	-524
Trade receivables - net	**15 316**	**18 303**

Trade receivables per currency

Group	2022-12-31	2021-12-31
SEK	–	–
USD	10 060	7 984
EUR	–	–
GBP	4 507	5 888
Other currencies	749	4 430
	15 316	**18 303**

Note 13 Other receivables

	Group		Parent company	
	2022-12-31	**2021-12-31**	**2022-12-31**	**2021-12-31**
Tax account	–	–	–	–
Receivable from employees	1 889	1 436	250	–
Deposits	2 059	1 318	–	–
VAT receivable	95	113	95	113
Other receivables	11	1 549	–	–
Total other receivables	**4 054**	**4 417**	**345**	**113**

Note 14 Prepaid expenses and accrued income

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Accrued income	43	939	–	–
Other	1 361	285	117	159
Total prepaid expenses and accrued income	**1 404**	**1 224**	**117**	**159**

Note 15 Share capital and other capital contributions

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

Parent Company	**Number of shares**	**Ordinary share capital**	**Other paid in capital**	**Total**
At 1 January 2020	**7 393 672**	**7 393 672**	**43 717 325**	**51 110 997**
New share issue, net after issue expenses	–	–	3 170 582	3 170 582
At 31 december 2020	**7 393 672**	**7 393 672**	**46 887 907**	**54 281 579**
Share option scheme	–	–	-287 912	-287 912
At 31 december 2021	**7 393 672**	**7 393 672**	**46 599 997**	**53 993 669**

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

Proposed appropriation of earnings at the 2023 AGM
The Board of Directors proposes that the unappropriated earnings as at 31 December 2022, SEK 65 540 156, be carried forward.

Note 16 Borrowings & Other long-term liabilities

Group	2022-12-31	2021-12-31
Non-current		
Borrowings, other	4 904	10 655
Liabilities for right-of-use assets	5 346	6 918
	12 950	**17 573**
Current		
Borrowings, factoring	4 931	711
Borrowings, other	3 398	947
Other interest-bearing liabilities	171	171
Liabilities for right-of-use assets	3 089	2 525
	8 889	**4 353**
Total borrowings	**21 839**	**21 926**

The Group's long-term borrowings are comprised of government loan schemes in the UK, repayable over 5-10 years and with an annual interest rate of 2.5% and a parent company loan in Sweden, repayable over 3.5 years with an annual interest rate of 9%. Other long-term liabilities at the beginning of the year has been reclassified to Other interest-bearing liabilities, see below. Long term liabilities for right-of-use assets are repayable over 2-4 years.

The Group's short-term borrowings are comprised of factoring of trade receivables. The Group's other borrowings kSEK 698 (kSEK 947) pertain to the current portion of the UK loans acquired in 2020 and the current portion of the loan acquired in Sweden in 2021.

Other interest-bearing liabilities amounting to kSEK 171 relates to short term liabilities from related parties. Also refer to Note 3 for the description of contractual undiscounted cash flows.

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

Group	2022-12-31	2021-12-31
Opening balance	21 926	24 157
Instalments	-6 669	-9 100
Change in invoice discounting	4 198	–
New loans for the year	–	9 836
Right-of-use assets, additions and disposals	–	-250
Convertible loan	–	-1 433
Unwind of discount, earn out	–	–
Revaluation earn out	–	-2 867
Accrued interest	749	1 648
Exchange-rate differences	1 635	-65
Closing balance	**21 839**	**21 926**

Note 16 Borrowings and Other long-term liabilities, cont.

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

	2022-12-31	2021-12-31
SEK	5 571	8 271
GBP	16 268	13 655
	21 839	**21 926**

The government loan schemes run with fixed interest rates of between 2.5% and 12%. The Swedish loan has a fixed interest rate of 9%. The fair value of the Group's borrowings is deemed to essentially match the book value as the borrowings from factoring are current by nature, and the effect of applying the effective interest method for the loans and short-term borrowings is considered insignificant.

Note 17 Other liabilities

	Group	
Group	**2022-12-31**	**2021-12-31**
VAT liabilities	2 263	2 316
Employee-related liabilities	909	906
Other	896	1 635
Total other liabilities	**4 068**	**4 857**

Parent company	**2022-12-31**	**2021-12-31**
VAT	–	–
Employee-related liabilities	84	84
Other	–	–
Total other liabilities	**84**	**84**

Note 18 Accrued expenses & Deferred income

	Group		Parent company	
	2022-12-31	**2021-12-31**	**2022-12-31**	**2021-12-31**
Deferred income	2 027	1 902	–	–
Other	2 687	4 133	250	266
Total accrued expenses and deferred income	**4 714**	**6 035**	**250**	**266**

Note 19 Pledged assets and contingent liabilities

	Group		Parent company	
Group	**2022-12-31**	**2021-12-31**	**2022-12-31**	**2021-12-31**
For own liabilities and provisions:				
Company mortgages	4 500	4 500	4 500	4 500
Total Pledged assets	**4 500**	**4 500**	**4 500**	**4 500**

Neither in the Group nor the Parent Company were there any contingent liabilities as at 31 December 2022 or 31 December 2021.

Note 20 Right of use assets

	Group	
	2022-12-31	**2021-12-31**
Opening cost	11 774	10 579
Addition right of use assets	–	2 253
Sales and disposals	–	-2 130
Exchange-rate differences	1 626	1 073
Closing accumulated cost	**13 400**	**11 774**
Opening amortisation	-3 277	-2 657
Sales and disposals		1 978
Amortisation for the year	-2 368	-2 229
Exchange differences	-611	-368
Closing accumulated amortisation	**-6 256**	**-3 277**
Closing book value	**7 145**	**8 498**

Interest expenses charged to the P&L amount to kSEK 788 (801). The Group’s right of use assets relate entirely to rental of premises. Instalments for the year amount to MSEK 2,8 (2,7). Lease expenses recognised through profit and loss amount to kSEK 252 (448).

Note 21 Related-party transactions

There are no related party transactions to report in the period

Note 22 Participations in Group companies

Parent company	2022-12-31	2021-12-31
Opening book value	7 801	7 351
Investments	-288	450
Closing book value	**7 513**	**7 801**

Parent Company holds participations in the following subsidiaries:

Name	Corp. ID. No.	Domicile	% Equity and votes	Numbers of participations	Carrying amount 31 dec 2022
Ayima Holdings Limited	10353201	Essex	100%	10 404	6 366
Ayima Nordic AB	556876-7510	Stockholm	100%	1 000	1 147
					7 513

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

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

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

Note 23 Subsequent events

So far in 2023, additional contracts amounting to SEK 7.6 million have been signed.

The group announced on 2023-03-17 that it expects the loss making position to continue for Q1 2023 due to delays in new contract execution and renewals of existing agreements. The position is expected to improve from Q2 onwards. The group has arranged additional financing through a new loan facility of 5 MSEK over 3 years with an interest rate of 10% + STIBOR. This new facility will ensure working capital availability during the loss making period.

Signatures

The consolidated income statement and balance sheet will be submitted to the Annual General Meeting on May 11, 2023 for adoption.

Stockholm, March 24, 2023

DocuSigned by:
Mike Nott
907F6AB24F7245A...
Michael Nott
Chairman of the Board

DocuSigned by:
B95DE2FF50E040A...
Michael Jacobson
Board Member and CEO

DocuSigned by:
Björn Mannerqvist
733CF8DA18A44A3...
Björn Mannerqvist
Board Member

DocuSigned by:
Timothy Webb
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Timothy Webb
Board Member

Our audit report was submitted on March 24, 2023

BDO Sweden AB

DocuSigned by:
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Niclas Nordström
Authorised Public Accountant

AUDITOR'S REPORT

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ayima Group AB (publ) for the year 2022.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

• Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

• Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ayima Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

• has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

• in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm March 24, 2023

BDO Sweden AB

DocuSigned by:

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Niclas Nordström

Authorized Public Accountant