

2022

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

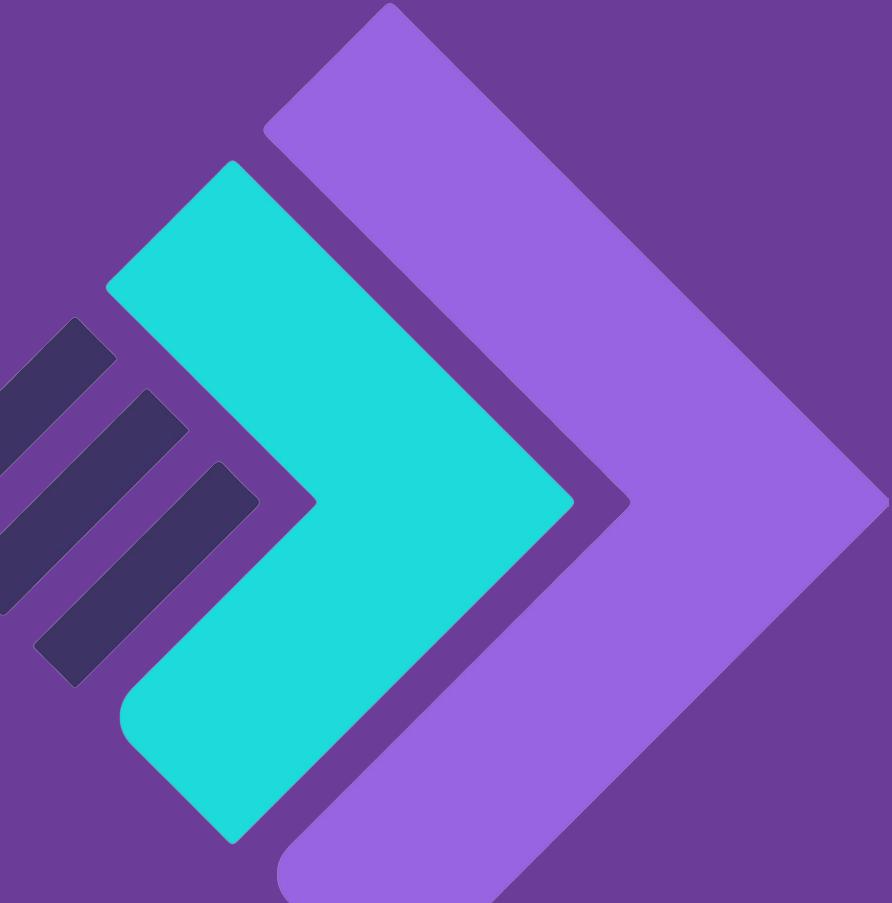


Table of contents

Directors' report	3
Sustainability report	12
Corporate governance report	16
Consolidated income statement and statement of other comprehensive income	20
Consolidated statement of financial position	21
Consolidated statement of changes in equity	22
Consolidated cash flow statement	23
Group notes	26
Parent Company income statement and statement of comprehensive income	61
Parent Company balance sheet	62
Parent Company changes in equity	63
Parent Company cash flow statement	63
Parent Company notes	64
Signatures	68
Auditor's report	69
Definitions	73



Directors' Report

The Board of Directors and the CEO of Extenda Retail Holding 1 AB org. no. 559167-1507, with its registered office in Stockholm, hereby present the annual report and consolidated accounts for the fiscal year 01/01/2022–12/31/2022. Extenda Retail Holding 1 AB and its subsidiaries form the Extenda Retail Group, which is referred to as Extenda Retail below.

Information on Extenda Retail

Extenda Retail was formed as a result of Symphony Technology Group's (STG) acquisition of business units focused on retail software from Visma and Extenda in September 2018. The acquisition was made through Extenda Retail Holding 3 AB, which is a subsidiary of Extenda Retail Holding 1 AB. STG is a well-established private equity firm based in Palo Alto, California, with a particularly successful track record of investing in innovative market-leading software, data and analytics companies, with a focus on the retail sector.

Extenda Retail develops and delivers innovative software for the retail sector. We have customers in over 38 countries and a strong position as a leading retail software company in Europe. Our vision is for the Extenda Retail Group to be the winning choice for leading distribution and retail companies in Europe. Our focus is on large and medium-sized chains in our areas of expertise, which include grocery, pharmacy, fashion, convenience and specialty retail.

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

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

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



Company History

Extenda's History

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

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

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

2013 | Global rollout with Tier 1 fashion retailers.

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

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

Extenda Retail's History

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

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

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

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

2022 | Acquired the Re-Vision Group with more than ten years of experience as a market leader in self-scanning and a broad customer base of Tier 1 and Tier 2 retailers mainly in the Netherlands, Germany and the UK. Rapid integration of the products into the Group's existing solutions resulted in new business. Hii Retail is being implemented by a leading sports chain in Spain and a major home and garden customer in three Nordic countries. Scan & Go is implemented by Sweden's largest grocery chain.



Market Position

Our cloud-based platform Hii Retail is built from the ground up in the cloud and gives us a strong market position compared to our competitors. As external factors and economic uncertainty shape the market and consumers cut back on purchases, retailers must respond by delivering even more value, excellent customer service and high availability. The future is being able to provide a solution that gives consumers a delightful shopping experience that can be used across all channels.

Extenda Retail has a clear growth strategy with significant growth potential for existing and new customers both in our home market, the Nordic region, as well as in the rest of Europe and beyond. The acquisition of the Re-Vision Group has given us greater opportunities for upsale on the European market. We currently operate 20 fiscal integrations in 38 countries as a result of serving our leading multinational brands that operate globally. In the first stage of our strategic expansion beyond our existing core markets, we have identified target markets in Europe, where we are implementing targeted initiatives. We believe there is particularly strong potential in three countries outside our core markets: The Netherlands, Spain and Portugal, where we now have a sales organization in place.

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

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

Significant Events during the Fiscal Year

The management team has remained unchanged in 2022 and consists of the following people:

Chief Executive Officer	Leendert Venema
Chief Financial Officer	Tony Falck
Chief Revenue Officer	Mohit Paul
Chief Product Officer	Thomas Staven
VP Client Services	Ann-Christine Hagberg

Future Developments

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

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

Research and Development

Research and development is an important and fundamental part of the business and accounts for 37% of the company's total workforce up from 35% previous year. In 2022, the company invested SEK 190,300 thousand in research and development versus 167,900 in 2021. We work with continuous maintenance, optimization, improvement and implementation of products, modules and processes. We have a UX Design Team, working with customers and our developers to build and improve the user experiences and systems of the future. The rollout of Hii Retail requires close collaboration with our pilot customers, working together to optimize the software. For our new products, we capitalize the work performed as an asset on the balance sheet. In 2022, SEK 81,276 thousand has been capitalized as an asset in the balance sheet compared to 33,821 in the previous year.

On April 1, 2022, Extenda Retail acquired the Dutch group Re-Vision, that helps retailers deliver extraordinary shopping experiences by integrating digital commerce opportunities into the physical store environment. Consumers can enjoy a digital in-store shopping experience on their own device or on a device provided by the retailer, and retailers can shape the consumer journey and deliver a unique brand experience. The solutions include features like Scan & Go and Self-Scan, which are connected to a Machine Learning platform to capture and identify patterns in the data. Use of Re-Vision's platform prevents theft and recommends product upsales. The focus since the acquisition has been to quickly integrate the products with Extenda Retail's products and to consolidate and integrate all internal systems and ways of working.

During the year, the following investments were made:

- ◆ Continued to build the framework for our new cloud-based solutions, including investments in a cloud-based POS solution and new analytical tools. Hii Retail is our biggest area of investment in product development in 2022, which is planned to continue at a similar pace for most of 2023.
- ◆ In 2021, the company implemented a new organizational model in service delivery and support, where we now have a large part of customer support and maintenance of certain products as a managed service. This service has been refined and developed in 2022. This allows Extenda Retail to effectively scale and adapt to changing business needs. Ultimately, this investment will help Extenda Retail deliver greater value more efficiently to our customers and employees.
- ◆ We are actively working to strengthen our corporate policies, specifically in the area of IT security.
- ◆ To make significant progress in the maturity and capability of our core products, enabling significant improvement in promoting large customer installations.
- ◆ To further strengthen our nearshore and offshore capabilities to accelerate our ability to deliver innovation. We now have partners in Romania, Moldova, Ukraine and India. By partners we mean a number of key suppliers of consultants with whom we work closely, for example to enter new markets where we do not currently have our own staff.
- ◆ Continue to expand our business by hiring sales representatives to focus on the German and Dutch markets.
- ◆ We are continuing our cooperation with Google and actively working on security and innovation of our platform.

Investments

Extenda Retail acquired 100% of the shares in Innovative Retail Solutions B.V., which in turn owned 100% of the shares in Re-Vision B.V. and Mobile Development Center B.V. (Re-Vision Group). The purchase price was SEK 241,449 thousand, and the companies were 100% consolidated in the accounts starting April 1, 2022.

Financing

At the end of March 2022, the Group finalized financing of SEK 550,000 thousand in the form of an external bond. As a result, the previous financing of SEK 319,234 thousand was repaid. The bond has an interest rate of 6.75% + 3M STIBOR. In 2022, no repayment was made, and the loans mature on March 28, 2027.

Interest expenses for the bond and the external credit facilities totaled SEK (40,891) thousand for the period, compared to SEK (30,775) in 2021 and interest for the shareholder loan to Extenda S.a.r.l. totaled SEK (1,637) thousand.



Major Contracts and Orders during the Fiscal Year

As a result of increasing momentum from the retail industry in 2022 to accelerate the digital, omni-channel shopping experience for consumers, Extenda Retail continued with the strategy to develop and launch the new cloud-based platform Hii Retail. Several Tier-1 customers are contracted to begin phased migrations in all sectors, with major contracts in both food and non-food sectors. Extenda Retail's Hii Retail platform was also selected by one of Europe's leading sportswear and equipment retailers to support their geographic expansion across both traditional retail and e-commerce channels.

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

Volumes continued to grow in the physical logistics supply chain, driven by increased consumer demand in the wake of the Covid pandemic. This resulted in a significant increase in our Warehouse Management (WMS) business, which delivered the highest revenues in its history for the second year in a row. Our existing retail and third-party logistics customers reduced their risk in existing solutions by investing in application management services from Extenda Retail.

Extenda Retail ended the year well positioned for continued growth, both through recurring software revenue and through services, which initially have a minimum commitment of over 12 months. Our pipeline is strong from both existing customers and potential new business opportunities. We have also received indications that deferred investments during the Covid pandemic will take place in the coming quarters.

Employees and Organization

The average number of own employees during the year was 266, compared to 388 the previous year. The number of team members (employees including nearshore staff, partners and external consultants) at the end of the year was 597, compared to last year of 548. A significant part of the reduction of our own staff combined with the increase in staff via our partners contributes to a more scalable organization, where we have a wider range of people with the right background and skills. By partners, we mean our resources from a couple of suppliers with whom we work closely, and whose people work in the teams in the same way as our employees. The future of retail applications is cloud-based, easily deployed, customer experience-centric applications. We are in an ongoing technology shift from legacy monolithic solutions to open API and microservices mobile application platforms with our Hii Retail products. A lot of work and focus has gone into building a world-class team, with an ecosystem of global partners around products and services to make this shift happen.

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

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

Our culture, brand and knowledge-sharing have strengthened our employer brand, and we were recognized for the fourth consecutive year as one of the 100 most attractive employers to work for in Sweden by "Karriärföretagen". About 1,000 companies are included in the evaluation. While there is more to do, we are continually improving and are proud of our team and our progress, serving our customers while doing meaningful work in a spirit of trust.

Our solutions

Hii Retail Cloud Solutions

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

Classic on-premise checkout

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

Customer Engagement

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

Warehouse Management

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

ExtendaGO

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

Retail Suite

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

Pharmacy

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

Summary of financial information

SEK thousand	2022	2021	2020	2019*
	Jan 1 - Dec 31			
Net Sales	666,544	604,424	614,295	954,551
Operating result	(45,066)	(8,898)	(44,324)	(307,046)
Operating margin (%)	(7%)	(1%)	(7%)	(32%)
EBITDA	126,651	123,405	79,035	(139,935)
Items affecting comparability	13,845	(21,024)	(8,544)	132,300
Adjusted EBITDA	140,496	102,381	70,491	(7,635)
Adjusted EBITDA margin (%)	21%	17%	11%	(1%)
Net financial items	(59,689)	(60,348)	(35,302)	(33,270)
Profit for the period	(103,806)	(61,222)	(3,788)	(338,578)
Profit margin (%)	(16%)	(10%)	(1%)	(35%)
Total assets	1,335,499	1,153,139	1,127,921	1,177,089
Cash and Cash Equivalents	106,337	148,024	49,407	42,487
Non-current loan liabilities	572,563	306,018	289,668	305,530
Equity	286,373	385,910	419,791	353,886
Net debt	466,266	157,994	240,261	263,043
Equity Ratio (%)	21%	33%	37%	23%

* 2019 is not IFRS-adjusted. 2019 income and expenditure includes a large amount of income and expenditure that was phased out in subsequent years. Revenue to be phased out in 2019 totaled SEK 242,200 thousand, and in 2022, SEK 10,966 thousand.

Financial Performance

Net Sales

Net Sales for the fiscal year totaled SEK 666,544 thousand up from 604,424 thousand in 2021. The future development of the Group's net sales looks positive, and expectations for growth in comparable areas are strong. The Group Executive Management monitors revenue by the following categories; see Note G3, where the categories are described.

SEK thousand	2022	2021
	Jan 1 - Dec 31	Jan 1 - Dec 31
Software revenue	524,251	427,063
Service revenue	115,510	136,127
Total core business	639,761	563,190
Hosting and infrastructure	12,850	17,690
Hardware and technical services*	13,933	23,543
Net sales	666,544	604,424

*Revenue that will be phased out over time

Recurring Software revenue increased during the year, both in total and as a percentage of revenue. The organic growth was 2.7% and is mainly due to the sale of Hii Retail, with the rest of the growth coming from the acquisition of Re-Vision. Recurring Software revenues are expected to grow significantly in the coming years and represent approximately 79% of the total sales in 2022 an increase year over year with 8%.

The market for retail software is expected to grow at a double-digit rate over the next five years, according to a reputable technology research firm. The company is focused on growing its recurring revenue base while continuing to improve efficiency and scalability to drive improved margins.

The transition of the business to recurring services and the shift to a more pure software company led to a decline in service revenues.

Sales of non-software related deliveries such as hosting including technical services and hardware decreased as these deliveries are phased out and will be continued by Visma outside Extenda Retail.

Approximately one fourth of the company's revenues are generated in the Norwegian company Extenda Retail AS and are invoiced in NOK. The weakening of the Swedish krona against the Norwegian krone has had a positive impact on the Group's revenue. 2021 income converted to the 2022 rate would have been SEK 8,239 thousand higher.

EBITDA

EBITDA, including items affecting comparability for the period, totaled SEK 126,651 thousand compared to SEK 123,405 thousands in the previous year.

Adjusted EBITDA

Adjusted EBITDA is the performance measure the Group uses to monitor the profitability of the Group.

SEK thousand	2022	2021
	Jan 1 - Dec 31	Jan 1 - Dec 31
EBITDA	126,651	123,405
Reversal of items affecting comparability*	13,845	(21,024)
Adjusted EBITDA	140,496	102,381

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

Direct costs refer to expenses that are directly related to revenues, such as license fees and labor costs (including own employees, partners and consultants). Increased efficiency and use of resources at a lower cost account for the reduction in direct costs of SEK 15,456 thousand in 2022 compared to 2021.

Other external costs consist of the time spent on maintaining and developing our products, fees for partners and other costs such as IT environment, marketing and office-related costs. The cost of other external expenditure has increased with the costs of the Re-Vision Group and the fact that the Group continues to deliver a higher proportion of software-as-a-service, which has resulted in increased development efforts and IT costs, especially information security. These investments have driven an increase in 2022 in other external costs of SEK 25,097 thousand, adjusted for items affecting comparability, compared to 2021. In the last two quarters, the restrictions on travel and face-to-face meetings due to the pandemic have eased, enabling participation in trade fairs and resulting in increased marketing and travel costs. Personnel costs have increased compared to the previous year mainly due to the Re-Vision acquisition, while underlying personnel costs have decreased as the number of own employees has decreased slightly.

Operating Result

Operating profit for the fiscal year totaled SEK (45,066) thousand including items affecting comparability of SEK (13,845) and depreciation and amortization of SEK (171,716) thousand. Operating profit for the previous year totaled SEK (8,898) thousand including items affecting comparability of SEK 21,024 thousand and depreciation and amortization of SEK (132,303) thousand. The increase in depreciation is mainly due to the acquisition of the ReVision Group and more new products and new functionality in our product suite.

Net Profit For the Period

Net profit for the period totaled SEK (103,806) thousand, including net financial items of SEK (59,689) thousand. Net profit for the previous period totaled SEK (61,222) thousand including net financial items of SEK (60,348) thousand.

Financial Position

Investments in Intangible Assets

Investments in intangible assets consist of capitalized development for internally developed software and development of new business systems. Investments in capitalized expenditure during the period totaled SEK 81,276 thousand, up from SEK 33,821 thousands in the previous period and consist mainly of our investment in cloud-based products, Hii Retail and investments in our IT platform. The Re-Vision Group added SEK 247,990 thousand in intangible assets.

Investments in Property, Plant and Equipment

Investments in property, plant and equipment during the period totaled SEK 1,389 thousand versus SEK 473 thousands in 2021 and consisted mainly of IT equipment and leasehold improvements. The Re-Vision Group added SEK 7,059 thousand in tangible assets.

Equity

Equity at the end of the period was SEK 286,373 thousand, previous year SEK 385,910 thousand. The change consists of the profit for the year and exchange rate losses.

Equity Ratio

The equity ratio at the end of the year was 21% versus 33% in 2021.

Cash and Cash Equivalents

Cash and cash equivalents at the end of the year totaled SEK 106,337 thousand, a decrease compared to 148,024 in the previous year.

Significant Events after the Fiscal Year

In March 2023, the company's bond was listed on Nasdaq OMX in Oslo, Norway.

The war in Ukraine continues in 2023. The Group has a small number of highly valued employees in Ukraine through our partners and through our subsidiary, who represent ~2% of Extenda Retail's workforce and are affected to varying degrees by the invasion. In financial terms, the Russian invasion of Ukraine may have a limited negative impact on the development of the Group's results and positions. Extenda Retail has relocated and hired those Ukrainian resources who were able to move to Sweden. At present, it is not possible to assess the direct impact of the conflict on Extenda Retail in the future, but it should be limited.

Inflation and interest rates continue to rise globally and in Sweden and will affect the Group in terms of higher interest costs. A continued high rate of inflation will have an impact on the Group's costs and future revenues.

There are no other events after the balance sheet date.

Significant Risks and Uncertainties

Market and Technological Development

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

Global change in retail continues, with digitalization and new ways of delivering customer service, creating powerful forces of change that affect the entire retail industry, including our customers. The changes brought about by digitalization, increased demand for customization, dynamic pricing, AI and mobile-first strategies require continued investment in development, to ensure Extenda Retail can remain at the forefront in the development of next-generation retail solutions.

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

Operational Risk

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



Parent Company

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

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

Summary Financial Information

SEK thousand	2022	2021	2020	2019
	Jan 1 - Dec 31			
Net Sales	-	-	-	-
Operating result	(2)	0	(1)	(318)
Operating margin (%)	neg	neg	neg	neg
EBITDA	(2)	0	1	(318)
Items affecting comparability	-	-	-	-
Adjusted EBITDA	(2)	0	1	(318)
Net financial items	(5,690)	0	(1)	0
Net profit for the period	(28,186)	320	(2)	(318)
Profit margin (%)	neg	neg	neg	neg
Total assets	1,441,048	871,252	845,931	745,854
Cash and Cash Equivalents	(49,878)	(2,761)	(270)	(79)
Interest-bearing liabilities	528,370	-	-	-
Equity	840,306	868,491	845,661	745,854
Net debt	578,248	2,761	270	79
Equity Ratio (%)	58%	100%	100%	100%

Paid Group contributions were SEK (22,494) thousand, compared to last year when we received SEK 320 thousand. Profit after tax amounted to SEK (28,186) thousand, last year SEK 320 thousands. Cash flow from financing activities totaled SEK 24,099 thousand as a result of a dividend paid, compared to last year's SEK 2,409 thousand. The Parent Company's cash and cash equivalents at the end of the period totaled SEK (49,878) thousand, compared to prior years cash and cash equivalents of SEK (2,761) thousand. The amounts are recognized in the balance sheet as a liability to Group companies, as the cash is part of a cash pool owned by the subsidiary Extenda Retail Holding 3 AB.

Equity in the Parent Company at the end of the period totaled SEK 840,306 thousand down from SEK 868,491 thousands in 2021. The equity ratio at the end of the fiscal year was 58%, previous end of the fiscal year was 100%. The Parent Company has not had any material transactions with related parties other than shareholder contributions and dividends to and from Group companies. All transactions with related parties are conducted in accordance with commercial principles.

Profit and Loss Account

At the disposal of the annual general meeting are the following profits in SEK:

SEK	2022 December 31
Retained earnings	867,991,237
Profit/loss for the year	(28,185,655)
The Following will be allocated in a new account	839,805,582

Sustainability Report

This is the Extenda Retail Group's ("Extenda Retail") Sustainability Report for the fiscal year 2022 whose purpose is to provide an overview of our sustainability work. The report contains non-financial information, such as environmental and social aspects of the business, as well as corporate governance and other sustainability-related information. The report has been prepared in accordance with the Sustainability Reporting Guidelines and covers the elements of Chapter 6, Section 12 of the Swedish Annual Accounts Act (1995:1554) (ÅRL).

Extenda Retail has started the work on sustainability reporting according to the EU Corporate Sustainability Reporting Directive (CSRD) which comes into force for Extenda on January 1, 2025.

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

Position and Priorities

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

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

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

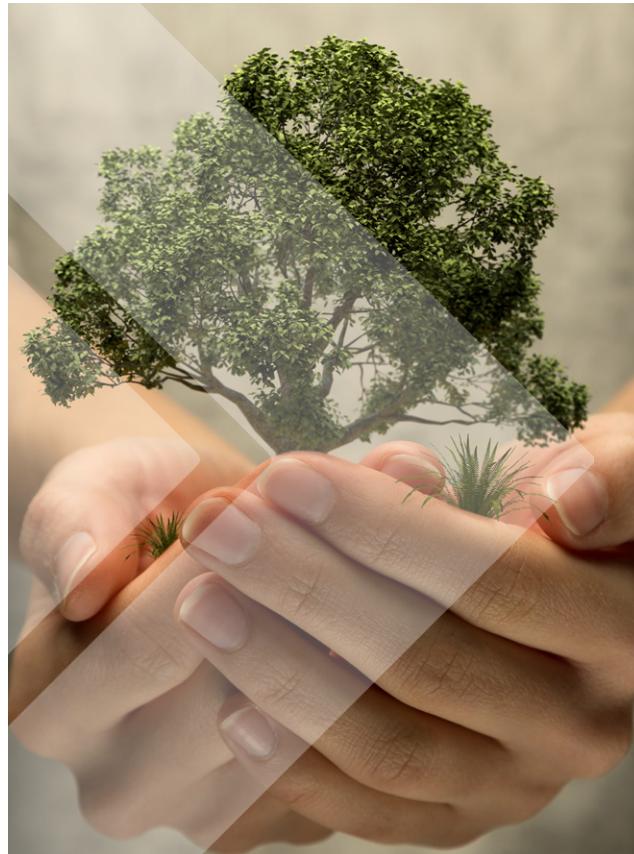
Business Model

Extenda Retail's business model is described above on pages 3-10.

Our Values

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

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



Significant Sustainability Risks

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

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

In 2021, Extenda Retail carried out a comprehensive update of our Corporate Compliance Framework, and in 2022 the work continued mainly with a focus on IT security whereby seven complementary policies were introduced.

To educate and minimize risk, a mandatory e-learning course such as the company's Corporate Compliance Framework is part of our onboarding process for all new employees.

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

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

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

IT Security

In addition to the changing international security situation, partly due to Russia's aggression against Ukraine, there has also been an increase in the number of advanced and state-sponsored cyber attacks. Several of our customers have been affected, mainly through denial-of-service attacks, but some were also targeted by ransomware. Our security efforts are continuously increasing as we roll out additional cloud-based SaaS applications to our customers. We work closely with our customers to support them in their efforts to achieve desired security levels and meet regulatory requirements such as GDPR, NIS/NIS 2.

During the year, extended cyber insurance was taken out to reduce the risk in the event of a major incident.

Compliance with our ISO 27000-based ISMS – Information Security Management System – continues to be a high priority. In 2022, we increased investments in our infrastructure and implemented tools for monitoring, vulnerability analysis, updates and penetration testing.

Ninety-seven percent of our employees have completed the annual GDPR and Information Security training in 2022.

Environment

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

Extenda Retail's main impact on the environment is through emissions from business travel and energy consumption. Another focus area is to create an overall sustainable consumption and general use of resources, while minimizing office waste. Extenda Retail has developed guidelines for its global environmental agenda that focus on these two areas. Specific risks identified relate to lack of team awareness and failure to implement a waste management and recycling system. Extenda Retail has implemented environmental awareness campaigns and additional internal measures. Moreover, Group-wide guidelines have been established to limit the use of plastics, and waste management has been implemented in 2022.

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

Extenda Retail has a centrally located office with good transportation connections, which means that most of the company's customers can easily get to the office and employees can commute by public transport. In addition, the company offers a Smart-Work Procedure which means that employees will continue to have the possibility to work from home during parts of the week. The company provides a limited number of company cars, 100% of which are environmentally classified.

As Extenda Retail's operations are based on standardized software with digital production and electronic distribution, paper consumption is minimal. The company is constantly striving to reduce its paper printing and thus reduce its impact on the environment. The company uses only recycled paper and has adopted double-sided printing as standard. Recycling stations are available in all offices.

Social conditions

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

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

Employees

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

Extenda Retail's operations primarily involve office work where the potential risks are mainly related to repetitive strain injury and psychosocial risk factors. To counteract and prevent injuries, the company makes ergonomic modifications, provides wellness benefits to all employees and encourages everyone to exercise and move. In 2022, employees have also been offered Group training during working hours in our offices. Employees can also proactively use their compulsory health insurance for health-related consultations. The Extenda Retail Group has an average sick leave rate of 2.74% of regular working hours. Sickness absence increased in 2022 by 0.07% percent compared to 2021.

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

The number of employees at Extenda Retail is approximately 265, of which 29% are women and 71% are men, compared to 2021 with 239 employees, of which 31% were women. It is worth noting that Extenda Retail acquired Re-Vision in 2022, which negatively affects the gender balance. The average percentage for the sector is 30% women and 70% men. For our partners, the gender balance is 32% women and 68% men, and for our nearshore consultants, the gender balance is 20% women and 80% men. Extenda Retail strives for gender equality, our goal is to reach 35% women by the end of 2025 for our own employees. We have seen a positive effect of our focus on increasing the share of female employees; of the 53 new recruitments made in 2022, 40% were women.

Extenda Retail strives to be an attractive workplace that promotes the development and the potential of all employees, and therefore employee engagement surveys are conducted regularly. Response rates have been good, with 84% participating in the pulse measurements in 2022, compared to 73% in 2021.

Extenda Retail believes that diversity and inclusion are crucial for the well-being of our employees and the long-term overall purpose of our organization. In 2022, a "Diversity and Inclusion Committee" consisting of staff from different backgrounds was established at Extenda Retail to foster an inclusive working environment for our employees without discrimination in terms of gender, racial or ethnic origin, religion, age, disability or sexual orientation.

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

Human rights

Extenda Retail has adopted a CSR policy that forms the basis for the Group's approach to human rights, which also includes ethical aspects.

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

All employees are required to understand and comply with the company's Code of Ethics. Managers must ensure that their subordinates understand and comply with the provisions of the Code of Ethics and that those who violate the Code may be subject to disciplinary action. Company employees are trained on our Code of Ethics through regular online training and common platforms across the Group.

Anti-corruption

Extenda Retail has adopted an anti-corruption policy and Code of Conduct that forms the basis of the Group's anti-corruption work. These policies take into account trade sanctions and embargoes to promote foreign policy, national security and human rights. If local laws or regulations have more stringent requirements, they supersede the above-mentioned policies. In order to prevent corruption, cash management has been centralized in Sweden. Much of the invoicing and payment process also takes place from Sweden and Norway. In addition, all employees must comply with Extenda Retail's internal guidelines on business gifts and independence. This means that if an employee wishes to give or receive goods of a value exceeding a predetermined amount, written approval from the Chief Compliance Officer is required. In accordance with these policies, Extenda Retail has had cases where it has refrained from entering into collaborations with business partners.

Other

Extenda Retail carries out an annual internal review of its sustainability agenda and conducts a CSR assessment provided by an independent third-party provider: EcoVadis. At Extenda Retail we improved our rating from "Silver Rating" in 2021 and were awarded the EcoVadis "Gold Rating" in 2022, placing Extenda Retail's CSR work among the top five percent of companies internationally of a comparable size and industry. The EcoVadis assessment is based on 21 criteria in the areas of environment, labor & human rights, ethics and sustainable procurement. The methodology is based on international CSR standards, including Global Reporting Initiative (GRI) standards, the UN Global Compact and ISO 26000 standard.

Corporate governance report

Corporate governance is the rules, procedures and processes by which a company is directed and controlled, ensuring its long-term growth.

Extenda Retail Holding 1 AB is a Swedish public limited company with headquarters in Stockholm. The company's basis for corporate governance consists of the Swedish Companies Act, the Annual Accounts Act, the Articles of Association, the Board of Directors and CEO instructions, the Euronext rules for companies listed on the Oslo Stock Exchange and other applicable laws and regulations. (Extenda Retail's bond has been listed on Oslo Børs, a regulated market after the closing date, but before the annual report has been published). The company does not apply the Swedish code for corporate governance, for the reason that the company's shares are not admitted to trading on a regulated market in Sweden.

Shares and Shareholders

The company's share capital totaled SEK 500,000 as of December 31, 2022, divided into 50,000 shares (one vote per share). Extenda Retail S.à r.l, owned by Symphony Technology Group (STG), owns all outstanding shares.

Decisions on bonus issues and new share issues are taken by the general meeting.

Articles of Association

According to the Articles of Association, the fiscal year covers the period from January 1 to December 31. The articles of association do not contain specific provisions on the appointment and dismissal of board members and on changes to the articles of association. Amendments to the Articles of Association are decided by the General Assembly. For the full text of the Articles of Association, which were adopted in their current form on February 21, 2023, see the company's website.

General Meeting of Shareholders

The general meeting is the highest decision-making body of Extenda Retail Holding 1 AB. A general meeting shall be held within six months of the end of the fiscal year. Notice of a general meeting shall be published in the national gazette, Post- och Inrikes Tidningar. The company shall advertise in Svenska Dagbladet that notice has been given. Each shareholder entitled to vote in the company may vote for the full number of shares owned and represented by the shareholder without limitation in the number of votes.

The general meeting appoints the board of directors and auditors and establishes principles for remuneration of the Board of Directors and auditors. The meeting also decides on the articles of association, dividends and any changes to the share capital. The annual general meeting shall also adopt the balance sheet and income statement and discharge the Board of Directors and the Chief Executive Officer from liability.

As the Company has only one listed bond and no listed shares, the requirement regarding the nomination committee does not apply.

Key Events in 2022/2023

An extraordinary general meeting was held on February 21, 2022 where the following was discussed:

- ◆ The proposal to amend the Articles of Association was adopted.
- ◆ A proposal to change the limits on the number of shares and share capital was adopted: bonus issue of 450,000 shares, resulting in an increase in share capital of SEK 450,000. The share capital shall be increased by contributing share capital from unrestricted equity. Each old share entitles you to new fund shares in proportion to your previous holdings. The new shares are entitled to dividends as from the date on which the shares have been entered in the share register.
- ◆ A proposal to change the company category from private limited company to public limited company was adopted.
- ◆ A proposal to issue an external bond of SEK 550,000,000 listed on the Frankfurt Open Market was adopted. (Note that the Board approved to list the same bond also on the Oslo Stock Exchange on March 5, 2023).

An extraordinary general meeting was held on March 6, 2023, at which the following was discussed:

- ◆ Laura Shesgreen was appointed as an independent board member with accounting and auditing competence on March 6, 2023.

The 2022 Annual General Meeting

The 2022 annual general meeting was held remotely on April 28, 2022. The shareholder representing 50,000 shares corresponding to 100% of the votes participated. Issues discussed at the meeting included the following:

- ◆ Decided to adopt the income statement and balance sheet and the consolidated income statement and balance sheet as set out in the annual report.
- ◆ Decided to allocate the profit of SEK 320,202 by carrying forward the balance.
- ◆ Decision to discharge the members of the Board of Directors and the Chief Executive Officer from liability for their management of the company's affairs during the previous fiscal year.
- ◆ Determination that board fees of SEK 170,000 shall be paid to Håkan Valberg. The meeting resolved that fees to the company's auditor shall be paid in accordance with current/approved invoices in accordance with customary charging standards.
- ◆ The meeting decided to re-elect the current auditor Ernst & Young AB.

Annual General Meeting 2023 and Annual Report 2022

Extenda Retail Holding 1 AB's 2023 annual general meeting will be held on April 27, 2023, and the annual report will be made available on the Group's website on April 28, 2023.

Board of Directors

The Board of Directors of Extenda Retail Holding 1 AB shall consist of a minimum of three members and a maximum of 10 members with a maximum of 10 deputies. The general meeting decides to discharge the members of the Board of Directors and the CEO from liability. Board members and, where applicable, deputy board members are generally elected annually at the AGM for the period until the end of the next AGM. The Board Chair may invite the Group CFO, and the Secretary of the Board.

In 2022, the Board has consisted of six members. The Board of Directors has overall responsibility for the company's organization, administration and the management of the company's affairs so that the owners' interest in a good long-term return on capital is met. The Board of Directors carries out the tasks of the Audit Committee as a whole, and its responsibilities include effective and efficient systems of governance, internal control and risk management.

Board Members in 2022/2023

Name	Role	Elected	Independence From the company and management	2022 Participation
Johnie Tristan Treadwell	Chairman of the Board	2018	Yes	14/14
Adam Hendricks	Member of the Board	2018	Yes	13/14
Mahinder Mathrani	Member of the Board	2018	Yes	10/14
Edoardo Bounous	Member of the Board	2018	Yes	14/14
Leendert Venema	Board Member, CEO	2020	No	14/14
Håkan Valberg	Member of the Board	2018	No	14/14
Laura Shesgreen	Member of the Board	2023	Yes	

Tasks of the Board of Directors

The Board of Directors annually adopts rules of procedure (including instructions for the CEO), instructions for financial reporting, business plans, budgets and policies. The Rules of Procedure regulate the working methods of the Board. The Board is responsible for continuously evaluating the company's and the Group's financial position and ensuring that applicable laws and regulations, procedures and instructions are followed and complied with. The Board shall primarily engage in overall and long-term objectives and issues of an unusual nature or of major importance for the Company and/or the Group.

The rules of procedure stipulate that, in addition to the statutory Board meeting, the Board must meet at least four times a year. The Board held 14 meetings during the year, including one statutory meeting.

The Board of Directors has an obligation to continuously evaluate the CEO's performance of the day-to-day management responsibilities and, if necessary, appoint or dismiss the CEO. If deemed necessary, the Board shall hold a separate meeting to evaluate the performance of the CEO, which shall not be attended by the company's top executives. In the event that the CEO also serves as a member of the Board of Directors, the duties and powers set forth herein shall be vested in the other members of the Board of Directors, and the CEO serving as a member of the Board of Directors shall be excluded from any discussion of the CEO position.

Chair of the Board of Directors

The Chair of the Board is responsible for ensuring that the work of the Board is well organized, effective and that the Board fulfills its obligations. The chair monitors operations in dialogue with the CEO. The Chair of the Board is mandated to negotiate employment conditions or equivalent with the CEO.

Audit Committee

The Board of Directors decided on March 21, 2023, that the Board of Directors shall fully carry out the tasks of the Audit Committee as an integral part of the work of the Board of Directors at regular Board meetings. Laura Shesgreen, who was elected as an independent Board member on March 6, 2023, has extensive accounting and auditing expertise. The audit committee's responsibility is to monitor the company's financial reporting, monitor the effectiveness of the company's internal control and risk management with regard to the financial reporting, keep itself informed about the audit of the annual report and the consolidated financial statements. It also reviews and monitors the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than auditing services, and assists in the preparation of proposals for the General Meeting's decision on the election of auditors.

Auditors

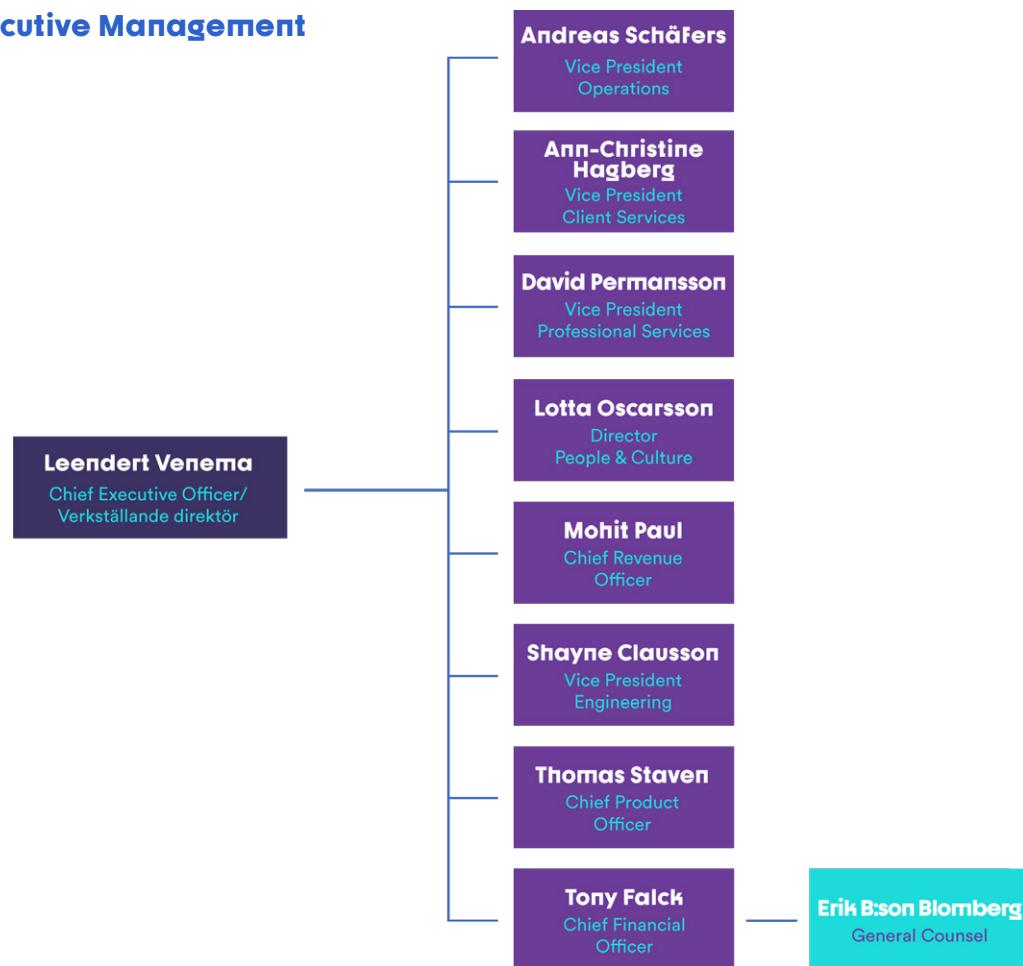
According to the Articles of Association, a registered audit firm must be elected as auditor. The audit firm Ernst & Young AB was elected at the 2022 AGM for the period until the end of the 2023 AGM. Authorized Public Accountant Johan Holmberg is the principal auditor, and Authorized Public Accountant Jan Langenskiöld is jointly responsible as auditor. The Company's auditor works using an audit plan that incorporates the views of the Board of Directors and reports its observations to the Group Executive Board and to the Company's Board of Directors, both during the audit and in connection with the adoption of the annual accounts. Ernst & Young AB conducts the audit of Extenda Retail Holding 1 AB and almost all of its subsidiaries.

Chief Executive Officer and Group Executive Management

The Chief Executive Officer, Leendert Hendrik Venema, manages the business in accordance with the framework established by the Board of Directors and in accordance with the Companies Act. The Chief Executive Officer, in consultation with the Chairman of the Board, prepares the necessary information and decision-making documents for Board meetings, presents matters and justifies proposed decisions during Board meetings.

The CEO leads the work of the Executive Management and makes decisions in consultation with the other members of the Executive Management. The Executive Management conducts regular reviews of operations under the leadership of the CEO. More detailed information on the Executive Management is available on the Company's website.

Summary of the Executive Management



Remuneration of senior executives, the Board of Directors and auditors

The Board of Directors decides on the remuneration of the CEO and senior executives.

Category	Jan 1-Dec 31, 2022	Jan 1-Dec 31, 2021
Compensation of employees	SEK thousand	
Leendert Venema, CEO	5,284	5,808
Including variable remuneration of	298	913
Including pension costs of	1,132	1,130
Senior executives	21,866	20,977
Including variable remuneration of	1,586	4,518
Including pension costs of	2,857	3,300
Board of Directors		
Håkan Valberg, Board Member	170	170
Audit Fees		
Ernst & Young AB	1,982	1,893

Systems For internal control and risk management in the Financial report

Internal Control

The Board of Directors has overall responsibility for ensuring that the Group has an effective system of management and internal control. This responsibility also includes annually evaluating the financial reporting received by the Board of Directors and setting requirements for its content and format to ensure the quality of the reporting. This requirement means that the financial reporting should be fit for purpose by applying the applicable accounting rules. The CFO reports annually to the Board of Directors on the Group's work.

Control Activities

The Group builds and organizes its operations based on a decentralized responsibility for profitability and performance. The basis for internal control in a decentralized operation is a well-established process aimed at defining objectives and strategies for each operation. Defined decision paths, authorization and delegation powers and responsibilities are communicated through internal instructions and policies established by the Board of Directors.

The Group's internal control system, which covers all corporate governance including policies, guidelines and processes, is communicated through management and organized according to the needs of the different units.

The Extenda Retail Accounting Manual contains instructions and guidance on accounting and financial reporting to be applied by all companies in the Group. The purpose of the manual is to provide guidance on the accounting policies to be applied in the consolidated accounts and in the preparation of the consolidated accounts.

A Group-wide reporting system with associated analytical tools is used for the Group's closing process. Overall, all activities within the Extenda Retail Group shall be conducted in accordance with the company's core values.

Risk Management

Risk assessment is continuously carried out in daily processes. Each year, the finance department and the respective subsidiaries evaluate the risks of material errors in the financial reporting and create plans of action to reduce identified risks. The focus is on material income statement and balance sheet items, which are higher risk due to their complexity and impact on performance. Risks of error in the financial statements are discussed with the Audit Committee and improvements are identified and implemented on an ongoing basis as needed.

Information and Communication

Governing guidelines, policies and instructions are available on the Group's intranet. The documents are regularly updated as needed. Changes are communicated separately via email, intranet and at meetings for those affected.

The availability of internal information in internal channels is controlled through permissions, and the Group's employees are divided into different groups and the different groups have different access to information.

Financial data for the Group is centrally controlled via permissions.

Follow-up

The Board of Directors and Executive Board monitor Extenda Retail's compliance with adopted policies and guidelines. The Group's financial position is reported to the Board of Directors on a monthly basis. Before publishing the interim and annual reports, the Board of Directors reviews the financial statements. The Executive Board carries out monthly monitoring of revenue and analyzes any deviations from the budget, forecasts and comparisons with the previous year.

The external auditor carries out an annual review of the Group's internal procedures and controls and reports once a year to the Board of Directors.

Consolidated Income Statement and Statement of Other Comprehensive Income

SEK thousand	Note	2022	2021
		Jan 1 - Dec 31	Jan 1 - Dec 31
Net Sales	G3	666,544	604,424
Other Operating Income	G4	32,971	56,120
Total revenue		699,515	660,544
Direct costs	G5	(178,396)	(193,852)
Other external costs	G6, G7	(196,156)	(132,684)
Other costs for employee compensation	G8	(230,648)	(219,412)
Development expenditure	G9	35,055	10,697
Depreciation and amortization	G10	(171,716)	(132,303)
Other operating expenses	G11	(2,719)	(1,888)
Total costs		(744,581)	(669,442)
Operating result		(45,066)	(8,898)
Financial Income	G12	10,645	547
Financial expenses	G13	(70,334)	(60,895)
Profit before tax		(104,754)	(69,246)
Corporate income tax	G14	948	8,024
Net profit for the period		(103,806)	(61,222)
Other comprehensive income			
<i>Items likely to be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	G15	4,269	4,831
Total other comprehensive income		4,269	4,831
Total comprehensive income for the year		(99,537)	(56,391)
Profit for the period attributable to:			
Shareholders of the Parent Company		(103,806)	(61,222)
Profit for the period attributable to:			
Shareholders of the Parent Company		(99,537)	(56,391)

Consolidated Statement of Financial Position

SEK thousand	Note	2022 December 31	2021 December 31
Non-current assets			
Intangible assets and goodwill	G16, G17	987,687	778,094
Property, plant and equipment	G16, G18	11,299	13,790
Right-of-use assets	G7	55,680	68,275
Deferred tax assets	G14	-	6,187
Other non-current receivables	G19	928	980
Total Non-current assets		1,055,594	867,326
Current assets			
Accounts receivable	G20	139,788	102,824
Deferred tax assets	G14	7,693	6,845
Contract assets	G3	14,480	14,310
Other receivables	G21	11,608	13,810
Cash and Cash Equivalents	G23	106,337	148,024
Total current assets		279,905	285,813
Total assets		1,335,499	1,153,139
Equity			
Share capital		500	50
Other contributed capital		867,991	868,441
Retained earnings, including profit for the period		(587,017)	(483,212)
Reserves		4,899	630
Total equity attributable to Parent Company shareholders	G24	286,373	385,910
Non-current liabilities			
Provisions	G25	8,259	66,303
Loan liabilities	G26, G29	572,563	306,018
Leasing liabilities	G7, G26	62,977	68,119
Deferred tax liabilities	G14	9,079	-
Other interest-bearing non-current liabilities	G26	66,833	73,106
Total non-current liabilities		719,712	513,546
Current liabilities			
Trade payables	G22	54,340	60,061
Other interest-bearing current liabilities	G26, G29	24,138	21,177
Leasing liabilities	G7, G26	10,770	8,464
Contract liabilities	G3	111,748	76,616
Other liabilities	G27	128,417	87,365
Total current liabilities		329,413	253,683
Total equity and liabilities		1,335,499	1,153,139

Consolidated statement of changes in equity

SEK thousand	Equity attributable to Parent Company shareholders					Total equity
	Share capital	Other contributed capital	Retained earnings, including profit/loss for the period	Reserves		
Opening balance at January 1, 2022	50	868,441	(483,211)	630	385,910	
Net profit for the period	-	-	(103,806)	-	(103,806)	
Stock dividend	450	(450)	-	-	0	
Other comprehensive income	-	-	-	4,269	4,269	
Total comprehensive income	-	-	(103,806)	4,269	(99,537)	
Closing balance at December 31, 2022	500	867,991	(587,017)	4,899	286,373	
Opening balance at January 1, 2021	50	845,931	(421,989)	(203)	419,791	
Net profit for the period	-	-	(61,222)	-	(61,222)	
Other comprehensive income	-	-	-	4,831	4,831	
Total comprehensive income	-	-	(61,222)	4,831	(56,391)	
<i>Transactions with owners</i>						
Shareholder contributions received	-	25,000	-	-	25,000	
Dividends paid	-	(2,490)	-	-	(2,490)	
Total transactions with owners	-	22,510	0	-	22,510	
Closing balance at December 31, 2021	50	868,441	(483,211)	630	385,910	

Consolidated cash Flow statement

SEK thousand	Note	2022	2021
		Jan 1 - Dec 31	Jan 1 - Dec 31
Operating result		(45,066)	(8,898)
Adjustments for non-cash items, etc.	G28	140,536	131,123
Interest received		0	547
Interest paid		(74,033)	(37,585)
Corporate income tax paid		(64)	(298)
Cash Flow From operating activities before changes in working capital		21,373	84,889
Cash Flow From changes in working capital			
Change in inventories		-	274
Change in operating receivables		(21,525)	(17,142)
Change in operating liabilities		(41,640)	64,410
Cash Flow From operating activities		(41,792)	132,431
Investment activities			
Acquisition of subsidiaries	G28, G32	(139,314)	(11,751)
Acquisition of intangible assets	G17	(81,275)	(36,624)
Acquisition of property, plant and equipment	G18	(1,389)	(473)
Acquisition of financial fixed assets		-	1
Cash Flow From investing activities		(221,978)	(48,847)
Financing activities			
Shareholder contributions received	G24	-	25,000
Dividends paid	G24	-	(2,409)
Leasing liabilities paid	G7	(14,601)	(11,749)
Borrowings raised	G29	550,000	-
Amortized loan liabilities	G29	(319,234)	-
Cash Flow From Financing activities		216,165	10,842
Cash Flow For the period		(47,604)	94,426
Cash and cash equivalents at start of period		148,024	49,407
Exchange rate difference in cash and cash equivalents		5,916	4,191
Cash and cash equivalents at end of period		106,336	148,024



List of Notes

Note G1, Company information	26
Note G2, Accounting and valuation principles	26
Note G3, Net sales	28
Note G4, Other operating income	31
Note G5, Direct costs	31
Note G6, Other external costs	32
Note G7, Leases	32
Note G8, Employee benefit costs	35
Note G9, Development expenditure	37
Note G10, Depreciation and amortization	37
Note G11, Other operating expenses	38
Note G12, Financial income	38
Note G13, Financial expenses	38
Note G14, Corporate income tax	38
Note G15, Exchange differences	40
Note G16, Assets by geographical market	40
Note G17, Intangible assets and goodwill	41
Note G18, Property, plant and equipment	45
Note G19, Other noncurrent receivables	46
Note G20, Accounts receivable	46
Note G21, Other receivables	48
Note G22, Financial assets and liabilities by category	48
Note G23, Cash and cash equivalents	50
Note G24, Capital and Reserves	50
Note G25, Provisions	51
Note G26, Interest-bearing liabilities	51
Note G27, Other liabilities	53
Note G28, Other disclosures to the cash flow statement	53
Note G29, Financial risk management and financial instruments	54
Note G30, Significant events after the end of the fiscal year	56
Note G31, Collateral and contingent liabilities	56
Note G32, Items affecting comparability	57
Note G33, Transactions with related parties	58
Note G34, Acquisitions	59

Group Notes

Note G1, Company Information

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

Extenda Retail Holding 1 AB, company registration number 559167-1507, is a limited liability company registered in Sweden and domiciled in Stockholm. The Group is headquartered in Stockholm and has offices in Oslo, Tønsberg, Gothenburg and a number of other locations in Sweden. From April 2022, we also have an office in Waardenburg, the Netherlands.

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

All amounts are expressed in thousands of Swedish kronor, SEK, unless otherwise stated.

Overview of Activities

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

Management monitors the Group's adjusted EBITDA less income and expenses to be phased out of the business. See more in the management report. Management has chosen not to divide the business into segments, but to track revenues broken down into Recurring Software Revenues and Service Revenues.



Note G2, Accounting and valuation principles

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

Basis For the Preparation of the Reports

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

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

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

Functional and Reporting Currency

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

Conversion of Foreign Currency

Transactions in Foreign currency

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate prevailing at the balance sheet date. Exchange differences arising from translation into the functional currency are recognized in profit or loss for the year.

Exchange differences on operating receivables and payables are included in operating profit, while exchange differences on financial items, such as cash and cash equivalents and loans, are included in net financial income. Non-monetary assets and liabilities carried at historical cost are translated at the exchange rate on the date of the transaction. Non-monetary assets and liabilities carried at fair value are translated to the functional currency at the rate prevailing at the date of the fair value measurement.

Principles of Consolidation and Business Acquisitions

Subsidiaries

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

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

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

Where the acquisition does not involve 100% of the subsidiary, non-controlling interests arise. There are two options for disclosing non-controlling interests. These two options are to recognize non-controlling interests' share of proportionate net assets or to recognize non-controlling interests at fair value, which implies that non-controlling interests have a share in goodwill. The choice between the different options for reporting non-controlling interests can be made on a case-by-case basis. In the case of step acquisitions, goodwill is determined on the date on which control is acquired.

Conversion by Foreign group companies

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

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

Previous holdings are valued at fair value, and the change in value is recognized in the income statement. Remaining holdings are measured at fair value, and the change in value is recognized in profit or loss when disposals result in the loss of control.

Acquisitions and disposals of non-controlling interests

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

Divestment of non-controlling interests are accounted for as equity transactions, i.e., between the owners of the parent (within retained earnings) and the non-controlling interests. The difference between the cash received and the non-controlling interest's proportionate share of the net assets acquired is recognized in retained earnings.

Transactions eliminated on consolidation

Intra-group receivables and payables, income and expenses and unrealized gains or losses arising from transactions among Group companies are eliminated in full. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication that an impairment loss is necessary.

The equity share of untaxed reserves is included in the item Retained earnings, including profit for the year.

Classification, etc

Non-current assets consist essentially of amounts expected to be recovered or paid after more than twelve months from the balance sheet date, while current assets consist essentially of amounts expected to be recovered or paid within twelve months from the balance sheet date. Non-current liabilities consist essentially of amounts that the Group has an unconditional right at the end of the reporting period to elect to pay beyond twelve months after the end of the reporting period. If the Group does not have such a right at the end of the reporting period, or if the liability is held for trading or is expected to be settled in the normal course of business, the amount of the liability is recognized as a current liability.

New and Amended Standards Applied by the Group

The Following new, amended or improved accounting standards were effective from January 1, 2022

The IASB has not published any new standards endorsed by the EU for application during the fiscal year.

New or amended accounting standards to be applied after 2022

Some new standards, interpretations and amendments have been published, but had not yet entered into force by December 31, 2022, and, in some cases, have not been adopted by the EU.

For amendments coming in 2024, there are some changes to IAS 1 regarding the definition of noncurrent/current debt, and disclosure of accounting policies. The Group has not adopted the new standards, interpretations or amendments early, and they are not expected to have a material impact on the Group when they become effective.

Note G3, Net Sales

Accounting and Valuation Principles

The Group generates revenue from the sale of annual software agreements that are continuously renewed. Our solutions are presented on page 7.

Annual software agreements that are continuously renewed

The products *Classic On-Premise Checkout, Warehouse Management, Retail Suite and Pharmacy* are our customer solutions that are highly customized and installed at the end customer. All products require ongoing maintenance and support to work as promised, which is always provided by Extenda Retail as part of the contract. The different parts of each contract, software and support & services, are thus not distinct services; all parts are required to fulfill the overall contract, and the customer cannot use one of the products/services separately or using other resources available outside the contract.

Extenda Retail has therefore identified a performance obligation in the contracts regarding software revenues, which is continuous delivery and functionality of the products during the contract period.

Because the end customer receives and consumes the products/services on an ongoing basis, software revenue is recognized over time.

The products *Hii Retail Cloud Solutions, ExtendaGO and Customer Engagement* are sold as a software-as-a-service ("SaaS") solution to customers. The service includes ensuring ongoing functionality, maintenance, continuous upgrades and availability in the cloud. Extenda has therefore identified a performance obligation in the contracts, which is continuous delivery and functionality of the products during the term of the contract. The products and services are delivered and consumed by the end customer on an ongoing basis, so revenue is recognized over time.

Invoicing for the above is done in advance on a monthly, quarterly or annual basis. The revenue from these solutions is included in the Income Statement on the line Net sales and in the table below in software revenue. The initial contract duration is normally 36 months, but current key customer relationships are significantly longer than that.

Service Revenue

Service revenue refers to services sold in addition to what is included in the software revenue contracts and consists of customer-specific projects and training, which are typically of a one-off nature. Depending on the nature of the contract, revenue can either be recognized at a specific point in time or, if the criteria for that are met, over time. When the outcome of a contract cannot be estimated reliably, revenue is recognized only to the extent that it represents the contract costs incurred that are likely to be reimbursed by the client. An expected loss on a contract is recognized immediately as an expense. Invoicing of service revenues differs from contract to contract, usually monthly invoicing based on hours worked, but there are also contracts where invoicing is based on pre-established delivery targets.

Hosting and Infrastructure

Revenue from customers who buy hosting services from Extenda that are delivered by a subcontractor. The service is not part of our strategic product offering and will be phased out over time. Revenue is recognized over time, the normal contract length was 24 months, and we will not enter into any new contracts.

Hardware and Technical Services

Sales of hardware and related external software are recognized upon delivery to the customer, i.e., at a specific point in time, in accordance with the terms of sale. This is not part of the Group's core business and will cease over time. These are currently carried out by an external supplier and re-invoiced to the customer with a small margin.

Contract Balances

When a contract is signed, Extenda Retail has the right to issue invoices in accordance with the terms of the contract (usually on a quarterly or annual basis in advance). The standard contract has a payment period of 30 days. If the invoice has not been paid, Extenda Retail cannot guarantee the functionality and will not fix errors or perform other maintenance tasks.

Revenue recognized in 2022 that was included in the contractual debt at the beginning of 2022 and 2021 totaled SEK 76,616 thousand and SEK 62,523 thousand respectively, representing the bulk of the opening balance.

Estimates and Assessments

Determining when to recognize revenue from fixed-price contracts in progress requires, among other things, an understanding of the progress of the work and historical experience from similar work. The recognition of revenue from fixed price contracts also requires significant judgement in determining the stage of completion and the estimated expenditure to complete the work and hence the assessment of any risk of loss. The loss risk reserve is reported in Note G25, Provisions.



Distribution of Income

SEK thousand	2022 Jan 1 - Dec 31	2021 Jan 1 - Dec 31
Net sales is distributed among the following activities		
Software revenue	524,251	427,063
Service revenue	115,510	136,127
Hosting and infrastructure*	12,850	17,690
Hardware and technical services*	13,933	23,543
Total	666,544	604,424
 Net sales is distributed among the following geographical markets		
Sweden	426,025	425,169
Norway	134,455	130,868
France	24,130	23,662
Finland	10,055	10,076
Denmark	4,438	5,962
UK	12,566	6,054
Germany	10,011	-
The Netherlands	34,098	-
Other countries	10,768	2,633
Total	666,544	604,424

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

The Group has one customer that represents 13% of its revenues and two customers that represent 9% each.

Performance-Based Commitments

The table below shows revenue that are contracted in the future and related to unfulfilled performance obligations as at December 31, 2022. The amounts are not discounted. Nominal amounts from contracts with customers are included in the amounts disclosed below. Unsatisfied performance obligations mainly comprise contractual future revenues.

Future performance commitments

SEK thousand	12/31/2022	12/31/2021
Future revenues within 1 year		
Future revenues within 2 years	75,425	59,002
Future revenues within 3 years	35,532	12,274
Future revenues within 4 years	791	5,340
Future revenues within 5 years	-	-
Total Future performance obligations	111,748	76,616

Our standard contracts have a 30-day payment period.

Contract balances

SEK thousand	2022 Jan 1 - Dec 31	2021 Jan 1 - Dec 31
Accounts receivable	139,788	102,824
Contract assets	14,480	14,310
Contract liabilities	111,748	76,616
Revenue is recognized in the period From:		
Amounts included in contract liabilities at the start of the period	76,616	62,523

The timing of invoicing, cash collection and revenue recognition results in invoiced accounts receivable, uninvited sales (contract assets), and advances from customers and deposits (contract liabilities) on the consolidated balance sheet. The Group's contractual liabilities consist of advance payments from customers and relate to future contractual obligations. For these contracts, customers are invoiced in advance on a quarterly or annual basis, while revenues are recognized over time. Extenda Retail's contract assets arise primarily from service revenue and represent revenue that has been recognized but not yet invoiced for work performed. Invoicing takes place when agreed milestones are reached, usually one part when the contract is signed and one part when user tests are accepted and the project is delivered. For accounts receivable, expected credit losses totaled SEK (95) thousand at December 21, 2022, versus (419) thousand at December 31, 2021. Recovered credit losses amounted to 30 thousands in 2022 and 795 thousand in 2021. For more information, please see Note G20, Accounts Receivables.

The Costs of Obtaining a Customer Contract

A commission expense incurred on new sales at the time of sale that is directly attributable to obtaining the customer contract is capitalized when it is directly attributable to obtaining the customer contract and is expected to be recoverable. Consequently, costs are recognized over the term of the contract, usually 36 months. In 2022, the Group capitalized SEK 5,412 thousand in costs to obtain a customer contract, previous year SEK 2,803 thousand. Depreciation during the year totaled SEK (2,132), previous year SEK (1,250) thousand, and the net balance at December 31, 2022 totaled SEK 5,409 thousand compared to last year of SEK 2,734 thousand. During the year there was no impairment of customer acquisition costs. The capitalization of incremental costs to obtain a contract, as well as related amortization, is included in the category Customer acquisition cost in Note G17, Intangible assets.

Note G4, Other Operating Income

Other operating income includes the following amounts:

SEK thousand	2022 Jan 1 - Dec 31	2021 Jan 1 - Dec 31
Indemnity M&A insurance	-	52,325
Resources re-invoiced to partners	-	1,656
Adjusted earnouts	28,550	-
Gain on disposal of plant, property and equipment	635	-
Exchange rate gains in operating activities	3,786	2,139
Total other operating income	32,971	56,120

Note G5, Direct Costs

Direct costs refer to expenses that are directly related to revenues, such as license fees and labor costs (including own employees, partners and consultants). Direct costs refer to licensing costs directly attributable to a customer and time spent that is closely connected to the revenue.

SEK thousand	2022 Jan 1 - Dec 31	2021 Jan 1 - Dec 31
Licenses, third party support and software	(23,566)	(18,017)
Own personnel costs	(51,263)	(74,544)
Consultants and partner costs	(82,902)	(70,581)
Hosting and technical services	(20,122)	(28,046)
Other	(543)	(2,664)
Total direct costs	(178,396)	(193,852)

Note G6, Other External Costs

Other external costs concern:

SEK thousand	2022	2021
	Jan 1 - Dec 31	Jan 1 - Dec 31
Premises costs	(9,739)	(7,444)
Telecommunication costs	(35,844)	(26,060)
Expected credit losses	(2,275)	(1,225)
Travel and conferences	(7,299)	(958)
Consultancy costs	(121,245)	(80,456)
Other external costs	(19,754)	(16,541)
Total other external costs	(196,156)	(132,684)

Audit Fees

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

SEK thousand	2022	2021
	Jan 1 - Dec 31	Jan 1 - Dec 31
EY		
Audit	(1,940)	(1,809)
Other assignments	(43)	(84)
Total	(1,982)	(1,893)
Other audit firms		
Other assignments	(446)	-
Total	(446)	-

An audit assignment is an examination of the annual accounts and financial statements and the management of the board of directors and the chief executive officer, other tasks to be performed by the auditor of the company, and advice or other assistance resulting from the findings of the examination or the performance of other such tasks. The audit fee is included in the profit and loss account on the line Other external costs.

Note G7, Leases

Accounting and Valuation Principles

The Group has leases for offices and cars with contract periods ranging from one-year commitments up to 10 years. Agreements may contain both leasing and non-leasing components. If such a non-lease component forms part of a lease, the Group separates it from the lease component and allocates the purchase sum based on their relative stand-alone prices. All leases are recognized as a right-of-use asset and a corresponding liability at the date when the leased asset becomes available for use by the Group.

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

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

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

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

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

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

Leases

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

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

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

Right-of-use assets

SEK thousand	2022 December 31	2021 December 31
Vehicles	3,461	2,238
Real estate	52,219	66,037
Total	55,680	68,275

Leasing liabilities

SEK thousand	2022 December 31	2021 December 31
Current	10,770	8,464
Noncurrent	62,977	68,119
Total	73,747	76,583

Depreciation and impairment of right-of-use assets

SEK thousand	2022	2021
Vehicles	(1,976)	(1,658)
Real estate	(24,441)	(14,528)
Total	(26,417)	(16,187)

Interest expenses and paid lease liabilities

Interest expenses (included in financial expenses)	(6,684)	(7,073)
Leasing liabilities paid	(14,601)	(11,749)

The Group's leasing portfolio includes leased buildings such as offices and vehicles. There are several lease contracts with extension options and variable lease payments. The carrying amounts and changes in right-of-use assets are presented in the tables below:

SEK thousand	Vehicles	Real estate	Total
<i>Accumulated acquisition values:</i>			
At start of period, January 1, 2021	4,483	92,028	96,511
- Supplement	-	3,542	3,542
- Translation differences for the period	130	(2,728)	(2,598)
At end of period, December 31, 2021	4,613	92,842	97,454
<i>Accumulated depreciation:</i>			
At start of period, January 1, 2021	(716)	(12,276)	(12,992)
- Depreciation for the period	(1,658)	(13,025)	(14,684)
At end of period, December 31, 2021	(2,374)	(25,302)	(27,676)
<i>Accumulated impairments:</i>			
- Impairments	-	(1,503)	(1,503)
At end of period	-	(1,503)	(1,503)
Book value on December 31, 2021	2,238	66,037	68,275

SEK thousand	Vehicles	Real estate	Total
<i>Accumulated acquisition values:</i>			
At start of period, January 1, 2022	4,613	92,842	97,454
- Business acquisitions	2,870	3,013	5,883
- Supplement	0	2,963	2,963
- Translation differences for the period	328	4,647	4,976
At end of period, December 31, 2022	7,811	103,465	111,276
<i>Accumulated depreciation:</i>			
At start of period, January 1, 2022	(2,374)	(25,302)	(27,676)
- Depreciation for the period	(1,976)	(14,315)	(16,291)
At end of period, December 31, 2022	(4,350)	(39,617)	(43,967)
<i>Accumulated impairments:</i>			
At start of period, January 1, 2022	-	(1,503)	(1,503)
- Impairments	-	(10,126)	(10,126)
At end of period	-	(11,629)	(11,629)
Book value on December 31, 2022	3,461	52,219	55,680

Note G8, Employee Benefit Expenses

Accounting and Valuation Principles

Short-term compensation

Short-term employee benefits, such as salaries, vacation pay and bonuses, are employee benefits that fall due within 12 months of the balance sheet date of the year in which the employee earned the benefit. Short-term employee benefits are calculated without discounting and recognized as an expense when the related services are received. A provision is recognized for the expected cost of bonus payments when the Group has a present legal or constructive obligation to make such payments as a result of services received from employees and the obligation can be measured reliably.

Variable remuneration

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

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

Defined-contribution pension plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligation to pay additional contributions if the legal entity does not have sufficient assets to pay all employee benefits related to the employees' service in the current or prior periods. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The fees are recognized as personnel costs when they fall due. Prepaid expenses are recognized as an asset to the extent that the cash refund or reduction in future payments is available for the benefit of the Group.

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

Compensation in the event of dismissal

Termination benefits are paid when an employee's employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary severance in exchange for such benefits. The Group recognizes severance benefits at the earliest of the following dates: when the Group is no longer able to withdraw the offer of benefits or when the entity recognizes expenditure on a restructuring that involves the payment of severance benefits. Where an entity has made an offer to encourage voluntary severance, severance payments are calculated on the basis of the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.



Average number of employees

Extenda Retail started the year with 239 employees and ended 2022 with 261 employees. Extenda Retail has most employees based in Sweden (69%), Norway (19%) and the Netherlands (11%). The remaining 1% of staff are located in the UK.

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

Number	2022	2021
	Jan 1 - Dec 31	Jan 1 - Dec 31
Average number of employees		
Sweden	183	198
Norway	52	76
Other countries	31	1
Total	266	338
(of which men in Sweden)	125	144
(of which men in Norway)	36	53
(of which men in other countries)	25	1

Salaries, other remuneration and social security costs

SEK thousand	2022	2021
	Jan 1 - Dec 31	Jan 1 - Dec 31
Salaries and remuneration of employees		
Board of Directors*	(170)	(170)
CEO	(5,284)	(5,808)
(including variable remuneration of)	(298)	(913)
(including pension costs of)	(1,132)	(1,130)
Senior executives	(21,866)	(20,977)
(including variable remuneration of)	(1,586)	(4,518)
(including pension costs of)	(2,857)	(3,300)
Other employees	(188,688)	(199,113)
(including variable remuneration of)	(5,900)	(2,968)
(including pension costs of)	(18,557)	(19,374)
Total salaries and remuneration of employees	(215,838)	(226,068)
Social costs	(57,056)	(62,416)
Other personnel costs	(9,528)	(6,496)
Personnel costs reported as direct costs	51,773	75,397
Total personnel costs	(230,648)	(219,582)

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

Directors' Fee of salary and other remuneration of the Executive Committee

As of December 31, 2022, Extenda Retail Holding 1 AB's Board of Directors consisted of 6 men. A fee is paid to 1 member of the Board of Directors and this fee is charged to Extenda Retail Holding 3 AB.

As of December 31, 2022, the Executive Committee consisted of ten persons, including CEO Leendert Venema, two of whom were women. The Group has concluded an agreement with the CEO whereby the CEO receives 6 months' salary in the event of termination by the Company. In the event of termination by the CEO, no severance pay will be paid. Pension to the CEO is 30% of the pensionable fixed monthly salary. Variable remuneration to management consists of bonuses. A plan is established annually and approved by the Board of Directors, clearly setting out the criteria.

Decision-making process and working method

The remuneration of the Board of Directors is decided by the annual general meeting. Decisions regarding the remuneration of the CEO and the management team are taken by the Board of Directors.

Note G9, Development Expenditure

Accounting and Valuation Principles

See Note G17, Intangible assets and goodwill for accounting policies. Capitalization of development expenditure is the cost of the work performed and deemed to meet the criteria for capitalization. The cost is calculated by taking reported hours multiplied by the cost per hour for that person. The costs per hour are rates calculated per person.

Non-capitalized development expenditure is expenditure on ongoing maintenance, bug fixes, administration, etc., carried out by the development department. These costs are included in the Profit and Loss Account on the line Employee benefits costs (for own staff) and Other external costs (for external consultants).

SEK thousand	2022		2021	
	Jan 1 - Dec 31		Jan 1 - Dec 31	
Capitalized development costs - own staff	35,055		10,697	
Capitalized development costs - external consultants	46,221		23,124	
Noncapitalized research and development expenditure	109,024		134,079	
Total	190,300		167,900	

The development work concerns the development of new products, mainly our cloud-based solution, to meet increased demands and known market needs. Amortization of capitalized development expenditure totaled SEK (58,981) thousand, previous year SEK (43,253) thousand; see Note G17, Intangible Assets. No impairment losses have been recognized during the year.

Note G10, Depreciation and Amortization

Accounting and Valuation Principles

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

The estimated useful lives are:

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

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

Depreciation and Amortization

The following depreciation is recognized in the consolidated income statement.

SEK thousand	2022		2021	
	Jan 1 - Dec 31		Jan 1 - Dec 31	
Amortization of capitalized development costs		(58,981)		(43,253)
Amortization of other intangible assets*		(81,511)		(68,575)
Depreciation of property, plant and equipment		(4,807)		(4,288)
Depreciation of right-of-use assets		(26,417)		(16,187)
Total depreciation and amortization		(171,716)		(132,303)

*including amortization of capitalized expenses for the acquisition of customer contracts in the amount of SEK (2,131) thousand, previous year (1,250) thousand.

No impairment was recognized in the current or previous year.

Note G11, Other Operating Expenses

The item Other operating expenses includes exchange rate differences of an operating nature of SEK (2,719) thousand, last year (1,888) thousand.

Note G12, Financial Income

Accounting and Valuation Principles

Financial income consists of interest income on cash and cash equivalents, dividends, and gains from changes in the value of financial assets/liabilities.

Financial Income

SEK thousand	2022	2021
	Jan 1 - Dec 31	Jan 1 - Dec 31
Interest income	3,174	493
Exchange rate gains	7,440	-
Other similar items	31	53
Total	10,645	547

Note G13, Financial Expenses

Accounting and Valuation Principles

Financial expenses consist of interest expenses on loans, the effects of reversals of provisions at present value, and losses on revaluation of financial assets/liabilities. Other financial expenses consist mainly of borrowing costs that are accrued over the term of the loan.

Financial expenses

SEK thousand	2022	2021
	Jan 1 - Dec 31	Jan 1 - Dec 31
Interest costs	(40,891)	(30,775)
Exchange rate losses	-	(16,353)
Interest expense on leases	(6,685)	(7,073)
Other financial expenses	(22,759)	(6,694)
Total	(70,334)	(60,895)

Note G14, Income Tax

Accounting and Valuation Principles

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

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

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

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

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

Estimates and Assessments

The Group has capitalized deferred tax assets to the sum of existing deferred tax liabilities on excess values. The Group has assessed that the tax deductible deficiencies will be available for use against future taxable profits. The subsidiary is expected to generate fiscal surpluses from 2023 onwards. The tax loss can be rolled over and has no expiry date.

Reported Tax Expense

SEK thousand	2022	2021
	Jan 1 - Dec 31	Jan 1 - Dec 31
Tax expense for the period	(44)	(80)
Tax expense from previous periods	114	(298)
Total current tax	71	(378)
Increase/decrease in deferred tax assets	(21,070)	6,014
Increase/decrease in deferred tax liability	21,947	2,388
Total deferred taxes	877	8,402
Total tax expense recognized in the income statement	948	8,024
Reconciliation of effective tax		
Profit before tax	(104,754)	(69,246)
Tax at the current rate of 20.6%	21,579	14,265
<i>Tax effect of:</i>		
Tax rate of foreign companies	1,545	836
Nontaxable income	6,456	11,339
Nondeductible expenses	(11,540)	(6,358)
Increase in loss carryforward without corresponding capitalization of deferred taxes	(25,434)	(2,248)
Utilization of previously not capitalized loss carryforwards	31,423	4,518
Change in deferred taxes	(2,591)	0
Tax attributable to previous years	114	(298)
Standard rate of interest on the tax allocation reserve	-	(7)
Capitalized deficits	(20,604)	(14,023)
Total reported tax	948	8,024
Effective tax rate	(0.9%)	(11.6%)

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

Non-deductible expenses refer mainly to non-deductible interest expenses in Sweden. A deferred tax asset is recognized for loss carry-forwards if it is probable that the loss carry-forward will be utilized in the future. The Group has recognized a deductible deficiency value in the amount we have deferred tax liabilities on excess values. There are deductible deficiencies that have not been valued in the balance sheet. Total deductible deficiencies total SEK 249,745 thousand, of which SEK 162,733 thousand is not recognized in the balance sheet.

Total deductible deficiencies previous year totaled SEK 252,457 of which SEK 59,690 thousand is not recognized in the balance sheet. SEK 1,660 thousand of these deductible deficiencies have a merger lock. The Group's loss carryforwards have an indefinite life.

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

Current Tax Assets and Liabilities

Current tax receivables of SEK 7,693 (6,845) thousand consist mainly of preliminary taxes paid to cover special payroll taxes on pension costs, which are recognized in the line Other current liabilities in the balance sheet.

Deferred Tax Assets and Liabilities

SEK thousand	01/01/2022	Changes in the income statement	Translation differences recognized in other comprehensive income	Changes in deferred taxes recognized in other comprehensive income	Changes in deferred tax attributable to acquisitions	12/31/2022
Intangible fixed assets	(39,710)	20,574	(1,558)	-	(22,214)	(42,907)
Accrued expenses and deferred income	8,467	(3,431)	-	-	7,627	12,663
Deferred tax on fair value adjustments	(932)	931	-	-	-	(1)
Untaxed reserves	(1,348)	442	-	-	-	(906)
Loss carryforward	39,710	(17,639)	-	-	-	22,071
Other temporary differences	0	-	-	-	-	0
Deferred tax assets, net / (liabilities)	6,187	877	(1,558)	-	(14,587)	(9,079)

SEK thousand	01/01/2021	Changes in the income statement	Translation differences recognized in other comprehensive income	Changes in deferred taxes recognized in other comprehensive income	Changes in deferred tax attributable to acquisitions	12/31/2021
Intangible fixed assets	(59,838)	20,128	-	-	-	(39,710)
Accrued expenses and deferred income	6,756	1,712	-	-	-	8,467
Deferred tax on fair value adjustments	(1,369)	437	-	-	-	(932)
Untaxed reserves	(1,492)	144	-	-	-	(1,348)
Loss carryforward	53,729	(14,019)	-	-	-	39,710
Deferred tax assets, net / (liabilities)	(2,214)	8,402	-	-	-	6,187

Note G15, Exchange Differences

Exchange Differences in Equity

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

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

SEK thousand	2022	2021
Opening balance	630	(4,201)
Changes recognized in other comprehensive income	4,269	4,831
At the end of the period	4,899	630

Note G16, Assets by Geographical Market

Accounting and Valuation Principles

Fixed assets are allocated based on the activity and physical location of the asset. The Group's fixed assets are allocated by geographical market as follows:

SEK thousand	2022	2021
	December 31	December 31
Sweden	931,894	822,333
Rest of the world	135,606	42,871
Total	1,067,500	865,204

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

Note G17, Intangible Assets and Goodwill

The Group's intangible assets consist of acquired technology, proprietary technology, brands, customer relationships and goodwill.

Accounting and Valuation Principles

Technology

The item acquired technology includes technology identified in the acquisition of Visma Retail and Extenda AB, as well as the Re-Vision Group. The cost of these items is their fair value at the time of acquisition. Subsequently, the assets are valued at consolidated cost less accumulated depreciation and any impairment losses. The acquired technology has a determinable useful life and is amortized over this period. An impairment loss is recognized when events or changes in circumstances indicate that the carrying amount may not be recoverable. The technology is amortized on a straight-line basis over five years, which is deemed to be the useful life.

The item proprietary technology includes capitalized development expenditure. The cost of an intangible asset is the sum of the expenditure incurred from the date on which the intangible asset first meets the criteria set out above, until the asset is completed and available for use. The directly attributable expenditure capitalized as part of the technology includes expenditure on employees and external consultancy services and a reasonable proportion of overheads. Internal work on assets capitalized as intangible assets is recognized as capitalized development expenses in the consolidated income statement. Software maintenance costs are expensed as incurred. Expenditure on the development of new products is capitalized and recognized as intangible assets in the Group only when it meets the following criteria:

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

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

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

Tax deductions for research and development

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

The project concerns AI decision support for seamless commerce, where we are developing a new system for automated decision support for store operations with integrated solutions for channel-independent POS and AI-based analytics. In addition to creating a comprehensive shopping experience for customers, the system will provide decision support for daily operations and identify long-term measures to increase revenue and reduce costs in the retail sector.

In 2022, the Group received SEK 2,470 thousand in grants, of which SEK 40 thousand has been recognized as a cost reduction, and SEK 2,430 thousand has been recognized as a reduction of intangible assets.

Trademarks

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

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

Customer relations

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

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

Goodwill

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

Deferred tax

All deferred tax liabilities attributable to the excess values have been calculated at the tax rate of the country to which the assets are allocated. Goodwill is not deductible for tax purposes.

Estimates and Assessments

Impairments

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



Intangible Assets and Goodwill

SEK thousand	Acquired technology	Proprietary technology	Trade-marks	Customer relations	Customer Acquisitions	Good-will	Total
Accumulated acquisition values:							
At start of period, January 1, 2022	137,030	109,104	42,990	312,573	4,332	592,174	1,198,203
- Business acquisitions	27,617	-	16,100	59,100	-	145,173	247,989
- New acquisitions	-	41,461	-	-	4,760	-	46,221
- Internally developed assets	-	35,055	-	-	-	-	35,055
- Translation differences for the period	7,029	4,281	1,297	2,353	45	4,967	19,973
At end of period, December 31, 2022	171,676	189,900	60,387	374,026	9,138	742,314	1,547,440
Accumulated depreciation:							
At start of period, January 1, 2022	(85,186)	(41,236)	(26,726)	(193,674)	(1,598)	(71,689)	(420,109)
- Depreciation for the period	(28,578)	(30,403)	(10,937)	(68,443)	(2,131)	0	(140,492)
- Translation differences for the period	-	154	-	65	2	641	845
At end of period, December 31, 2022	(113,764)	(71,485)	(37,663)	(282,066)	(3,729)	(71,048)	(559,755)
Book value on December 31, 2022	57,912	118,415	22,724	111,961	5,411	671,266	987,687

SEK thousand	Acquired technology	Proprietary technology	Trade-marks	Customer relations	Customer Acquisitions	Good-will	Total
Accumulated acquisition values:							
At start of period, January 1, 2021	137,030	71,917	42,990	312,573	1,529	592,174	1,158,213
- New acquisitions	-	23,124	-	-	2,803	-	24,699
- Internally developed assets	-	10,697	-	-	-	-	11,925
- Translation differences for the period	-	3,366	-	-	-	-	3,366
At end of period, December 31, 2021	137,030	109,104	42,990	312,573	4,332	592,174	1,198,203
Accumulated depreciation:							
At start of period, January 1, 2021	(58,993)	(22,834)	(18,508)	(134,567)	(348)	(71,689)	(306,939)
- Depreciation for the period	(26,193)	(17,060)	(8,218)	(59,107)	(1,250)	-	(111,828)
- Translation differences for the period	-	(1,342)	-	-	-	-	(1,342)
At end of period, December 31, 2021	(85,186)	(41,236)	(26,726)	(193,674)	(1,598)	(71,689)	(420,109)
Book value on December 31, 2021	51,844	67,868	16,264	118,899	2,734	520,485	778,094

*Customer relations include the cost of acquiring a customer contract or a new customer relation.

Assessment of the Value of Intangible Assets Attributable to Acquisitions

Goodwill is allocated to cash-generating units, which are the smallest identifiable groups of assets that give rise to cash inflows from continuing use that are largely independent of other assets or groups of assets. The Group has one cash-generating unit, i.e., the Group as a whole, which is also the level at which goodwill is monitored in the internal control system and for which impairment testing is performed annually for assets with an indefinite useful life.

SEK thousand	Goodwill	
	Dec 31, 2022	Dec 31, 2021
Extenda Retail cash-generating unit	671,266	520,485

The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized directly in the consolidated income statement and statement of comprehensive income. The main assumptions used by management and approved by the Board of Directors for the Group's operations in establishing the impairment test for the intangible assets were EBITDA and revenues from the 2023 budget and the 2024 to 2026 strategic plan, and for the last period a perpetual growth factor of 2% was applied. Future cash flows were discounted using a discount factor, weighted average cost of capital of 8.72 % before tax and 7.36% after tax, previous year 7.31% before tax and 6.95% after tax.

The discount factor was determined by taking into account the risk-free interest rate (10-year bond and average three-year rate) and the risk associated with the specific asset. Impairment test was conducted on December 31, 2022.

An increase of an additional 6.3 percentage points in the annual discount rate used in the valuation of future discounted cash flows would result in an impairment of the cash-generating unit. No reasonable changes in other key assumptions would result in impairment.

Note G18, Property, Plant and Equipment

The Group's tangible assets consist of improvement expenditure on other property, furniture & fixtures and computer hardware.

Accounting and Valuation Principles

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

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

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

Property, Plant and Equipment

SEK thousand	Improvement of another's property	Furniture and equipment	Computer hardware	Total
Accumulated acquisition values:				
At start of period, January 1, 2022	2,758	17,639	4,147	24,545
- Business acquisitions	466	709	-	1,175
- New acquisitions	58	899	432	1,389
At end of period, December 31, 2022	3,282	19,247	4,579	27,109
Accumulated depreciation:				
At start of period, January 1, 2022	(623)	(7,408)	(2,724)	(10,755)
- Depreciation for the period	(673)	(3,844)	(290)	(4,807)
- Translation differences for the period	-	(249)	-	(249)
At end of period, December 31, 2022	(1,296)	(11,501)	(3,014)	(15,810)
Book value on December 31, 2022	1,987	7,747	1,565	11,299

SEK thousand	Improvement of another's property	Furniture and equipment	Computer hardware	Total
Accumulated acquisition values:				
At start of period, January 1, 2021	2,708	17,144	3,927	23,780
- New acquisitions	50	203	220	473
- Translation differences for the period	-	292	-	292
At end of period, December 31, 2021	2,758	17,639	4,147	24,545
Accumulated depreciation:				
At start of period, January 1, 2021	(155)	(3,389)	(2,725)	(6,268)
- Depreciation for the period	(468)	(3,820)	-	(4,288)
- Translation differences for the period	-	(199)	1	(199)
At end of period, December 31, 2021	(623)	(7,408)	(2,724)	(10,755)
Book value on December 31, 2021	2,135	10,231	1,423	13,790

Note G19, Other Noncurrent Receivables

Accounting and Valuation Principles

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

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

The Group's financial assets consist of loans to employees for the purchase of warrants in Extenda Retail S.á.r.l. The warrants are acquired at fair value and the related loans are measured at amortized cost. See Note G22 for a description of valuation hierarchies. In the previous year there was also an endowment policy for a former employee. The endowment insurance was measured at fair value at the balance sheet date. Changes in value were recognized against provisions for pensions and similar obligations.

SEK thousand	2022 Dec 31	2021 Dec 31
<i>Accumulated acquisition values:</i>		
Loan for the purchase of warrants at the start of the period	732	521
- Loan for the purchase of warrants for employees	197	211
Loan for the purchase of warrants at the end of the period	928	732
Endowment insurance at the start of the period	249	460
- Regulated claims capital insurance	(249)	(211)
Endowment insurance at the end of the period	0	249
Carrying amount at the end of the period	928	980

Note G20, Accounts Receivable

Accounting and Valuation Principles

Accounts receivable in Extenda Group are defined as financial instruments as defined in IFRS 9. IFRS 9 contains simplification rules for the valuation of accounts receivable. The simplification rule means that instead of assessing credit risk as of the first reporting date, companies can directly report a reserve corresponding to expected credit losses over the entire term. The valuation of expected credit losses should reflect an objective and probabilistic amount determined by evaluating a range of possible outcomes and taking into account the time value of capital. Expected credit losses on accounts receivable are calculated using a matrix of a fixed percentage of the reserve used depending on the number of days a reserve is outstanding.

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

Accounts receivable meet the requirement to be measured at amortized cost. The Group applies the simplified method for the valuation of expected credit losses over their lifetime. Historical information uses credit loss experience to predict future credit losses. Furthermore, current and forward-looking information is used to reflect current and forward-looking conditions.

Estimates and Assessments

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

Credit risks

In general, the Group's customers, which include large retail groups, represent a capital-rich group with a lower risk of expected credit losses than companies in general. Work to collect receivables and reduce payment times is a priority. Most customers are invoiced in advance, quarterly or longer. In 2022, the Group recovered receivables of SEK 30 thousand, compared to SEK 794 thousand during 2021. In the balance sheet, expected credit losses total SEK (95) thousand on December 31, 2022, versus SEK (419) thousand in 2021.

Total Accounts Receivable

Of the total accounts receivable at December 31, 2022, 74% were in Swedish kronor, 17% in Norwegian kroner and 9% in other currencies, mainly euros. Of the total accounts receivable at December 31, 2021, 74% were in Swedish kronor, 16% in Norwegian kroner and 10% in other currencies, mainly euros.

SEK thousand	2022 December 31	2021 December 31
Outstanding accounts receivables	139,882	103,242
Expected credit losses within 31–90 days	(4)	(9)
Expected credit losses > 90 days	(91)	(410)
Total trade receivables	139,788	102,824

Age Analysis

SEK thousand	2022 December 31	2021 December 31
Not past due	108,797	75,272
Overdue by 1–30 days	12,733	21,141
Overdue by 31–90 days	3,020	2,175
Overdue by > 90 days	18,024	4,654
Total	142,574	103,242

Top Ten Claims

The exposure from the ten largest receivables in the Group as a percentage of total trade receivables is presented below.

Share of total accounts receivable	Number of customers	2022 December 31	Number of customers	2021 December 31
Exposure < 5 SEK million	5	49%	5	43%
Exposure 5–10 SEK million	2	16%	2	15%
Exposure > 10 SEK million	3	5%	3	14%
Total	10	70%	10	72%

Note G21, Other Current Assets

The following current assets are recognized in the Group:

SEK thousand	2022 December 31	2021 December 31
Prepaid insurance	3,486	1,792
Prepaid hosting fees	-	93
Prepaid system costs	3,920	2,737
Other items	4,203	9,188
Carrying amount at end of period	11,608	13,810

Note G22, Financial Assets and Liabilities by Category

Accounting and Valuation Principles

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

Financial Assets at Amortized Cost

Other noncurrent receivables, trade receivables, other receivables and cash and cash equivalents are classified as financial assets measured at amortized cost. Impairment of financial assets based on an expected credit loss (ECL) model under IFRS 9. ECLs are probability-weighted estimates of credit losses. The Group has calculated the ECL based on consideration of customer-specific factors and actual credit losses in recent years.

Financial liabilities measured at amortized cost

Financial liabilities are measured at amortized cost. For borrowings, this corresponds to the amount received less any transaction costs. Loan liabilities, other interest-bearing liabilities, lease liabilities, other liabilities and accounts payable are included in this category.

Other accounting policies For Financial instruments

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

Non-current earnouts are recognized at present value, discounted at the Group's estimated cost of capital.

Valuation hierarchy

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

The three levels are:

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

Financial Liabilities and Assets by Category

12/31/2022 Assets in the Balance Sheet

SEK thousand	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Other long-term receivables	928	-	-	928
Accounts receivable	139,788	-	-	139,788
Other receivables*	1,402	-	-	1,402
Cash and Cash Equivalents	106,336	-	-	106,336
Total Financial assets	248,454	-	-	248,454

*Other current assets in the consolidated balance sheet amounting to SEK 11,608 thousand include non-financial assets totaling SEK 10,205 thousand.

12/31/2022 Liabilities in the Balance sheet

SEK thousand	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Loan liabilities	572,563	-	-	572,563
Other interest-bearing liabilities	90,971	-	-	90,971
Earnouts	-	37,069	-	37,069
Leasing liabilities	73,747	-	-	73,747
Other liabilities**	54,601	-	-	54,601
Trade payables	54,340	-	-	54,340
Total Financial liabilities	846,223	37,069	-	883,292

**Other current liabilities in the consolidated balance sheet totaling SEK 128,417 include non-financial liabilities totaling SEK 36,747 thousand.

12/31/2021 Assets in the Balance sheet

SEK thousand	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Other long-term receivables	1,402	-	-	1,402
Accounts receivable	102,824	-	-	102,824
Other receivables*	4,175	-	-	4,175
Cash and Cash Equivalents	148,024	-	-	148,024
Total Financial assets	252,455	-	-	252,455

*Other current assets in the consolidated balance sheet amounting to SEK 13,810 thousand include non-financial assets totaling SEK 9,635 thousand.

12/31/2021 Liabilities in the Balance sheet

SEK thousand	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Loan liabilities	306,018	-	-	306,018
Other interest-bearing liabilities	94,283	-	-	94,283
Earnouts	-	61,098	-	61,098
Leasing liabilities	76,583	-	-	76,583
Other liabilities**	51,464	-	-	51,464
Trade payables	60,061	-	-	60,061
Total Financial liabilities	588,409	61,098	-	649,507

**Other current liabilities in the consolidated balance sheet totaling SEK 87,365 include non-financial liabilities totaling SEK 35,901 thousand.

For all of the above items, with the exception of borrowings and earnouts, the carrying amount is an approximation of the fair value and therefore these items are not categorized into levels according to the valuation hierarchy. The fair value of bank loans measured according to level 2 was SEK 572,563 thousand at December 31, 2022, and SEK 306,018 thousand at December 31, 2021.

Liabilities Measured at Fair Value

SEK thousand	2022 December 31	2021 December 31
Opening value	61,098	58,975
Purchase price paid	-	-
Revaluation	(28,550)	-
Time value	4,521	2,123
Total closing earnout	37,069	61,098

There is an earnout for Extenda AB's previous owner. The amount is included in the line item Other current liabilities in the Balance Sheet at 12/31/2022, and in Other provisions in the Balance Sheet at 12/31/2021. The earnout is dependent on the roll-out of a number of major customers. The maximum earnout was SEK 140,000 thousand in the acquisition agreement if all conditions were met. The basis for the assessment at 12/31/2022 is the actual outcome, of which the closing amount is the one expected to be paid in the beginning of April 2023, and it is the last earnout payment. A discount rate of 7.4% was applied until 12/31/2022. The amount due in early April 2023 is not discounted.

Note G23, Cash and Cash Equivalents

Accounting and Valuation Principles

Cash and cash equivalents consist of cash on hand and at banks and other financial institutions and other short-term liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Such investments have a maximum maturity of three months. The Group holds all cash and cash equivalents as bank deposits. The Group has balances in SEK, NOK, EUR, USD and GBP and is therefore exposed to some currency risk.

Note G24, Capital and Reserves

The following is the structure of the number of shares, share capital and share premium account in the Parent Company Extenda Retail Holding 1 AB:

Capital and reserves	Number of shares	Share capital (SEK thousand)	Share premium account (SEK thousand)
Opening balance at 01/01/2022	50,000	50	868,441
Stock dividend		450	(450)
Closing balance at 12/31/2022	50,000	500	867,991

Capital and reserves	Number of shares	Share capital (SEK thousand)	Share premium account (SEK thousand)
Opening balance at 01/01/2021	50,000	50	868,441
Closing balance at 12/31/2021	50,000	50	868,441

The average number of shares for the period is 50,000, previous year 50,000. The quotient value of all shares is SEK 10. Shares have been issued in one round, ordinary shares. All shares carry one vote per share.

In 2022, a bonus issue of SEK 450 thousand was carried out when the company went public. In 2021, the Group received a shareholder contribution of SEK 25,000 thousand. The shareholder contribution was paid in cash to Extenda Retail Holding 1 AB.

Proposed dividend

The Board of Directors has decided to propose to the Annual General Meeting that no dividend be paid for 2022. A dividend of SEK 2,490 thousand was paid to Extenda Retail S.árl in 2021.

Note G25, Other Provisions

Accounting and Valuation Principles

At the end of the period, a provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources corresponding to economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the end of the period, taking into account the risks and uncertainties associated with the obligation. Provisions for litigation (with employees, etc.) are recognized when the Group has an obligation to a third party at the end of the period. Provisions are valued on the basis of the best estimate of the forecast expenditure and discounted when the time value is significant.

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

Other Provisions

The following provisions are disclosed:

SEK thousand	2022 Dec 31	2021 Dec 31
Loss reserve	8,129	5,206
Earnouts	-	61,098
Other	130	-
Carrying amount at end of period	8,259	66,303

Other provisions refer to loss reserves on customer contracts where the Group has assessed that the remaining commitment exceeds the expected revenue.

The earnout at 12/31/2021 to Extenda AB's previous owners is calculated at present value. The change in 2022 of SEK (4,521) thousand is recognized as an expense in the line Other financial expenses. The earnout SEK 37,069 thousand is expected to be paid in the beginning of April 2023, and is therefore reported as another short-term liability as of 12/31/2022

Note G26, Interest-Bearing Liabilities

Accounting and Valuation Principles

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

Interest-Bearing Liabilities

SEK thousand	2022 Dec 31	2021 Dec 31
Bond loans	528,100	-
Shareholder loan from Extenda S.á.r.l	44,463	-
Credit facilities	-	306,018
Covid subsidy – noncurrent portion	66,833	73,106
Covid subsidy – current portion	24,138	21,177
Leasing liabilities	73,747	76,583
Total	737,281	476,884

The current financing consists of a bond loan with a framework of SEK 1,000,000,000, of which SEK 550,000,000 has been used. The bond was issued at the end of March 2022 and runs for five years with an interest rate of 3M STIBOR plus a 6.75% margin. There are no ongoing covenants attached to the bond loan. In case of an increase in the loan amount, the leverage ratio must not exceed 4.25.

The Group also has a shareholder loan from Extenda Retail Sárl, where Extenda Retail S.á.r.l took over a promissory note to Extenda Retail Holding B.V. Interest accrues at a fixed rate of 5% and is payable on demand. The loan has a five-year maturity.

The Covid pandemic allowed the Group to postpone these for 1–2 years. In 2022, the Group was granted a 36-month repayment plan for these debts. The deferral is currently subject to an interest rate of 3.75% and a deferral fee of 0.2% of the deferral amount. The amount is recognized as other interest-bearing liabilities. Repayments are recognized in the cash flow as changes in operating liabilities.

The previous year's financing consisted of two loan facilities and a revolving credit facility drawn in September 2018 and is denominated in SEK, NOK and USD. The loan in SEK, B1, is for SEK 114,704 thousand and has a maturity of 6 years. The loan in NOK, B2, is for NOK 141,504 thousand and has a maturity of 6 years and a credit facility of USD 5,000 thousand with a maturity of 6 years. The loans are at floating rates with Facility B1 (SEK) linked to 3-month STIBOR +8.5%, Facility B2 (NOK) linked to 3-Month NIBOR plus 8.5%, and the Liquidity Facility (USD) linked to 3-Month LIBOR plus 8.5%. There were two covenants attached to the loan facilities. The first covenant is reported monthly on the fifteenth and is conditional on the Group's cash balance not falling below SEK 35 million. The second covenant requires the Group to have adjusted debt above a predetermined value per quarter (5.86:1, 6:28:1, 5.96:1, 6.26:1). The Group has not reported any deviations from the covenants in 2021 or 2022. As of Q4 2021, the adjusted debt-to-equity ratio was 5.78:1.

Changes in Liabilities Related to Financing Activities

SEK thousand	Dec 31, 2021	Cash Flow:		Acquisition of new leases	Reclassification and other non-cash liabilities	Currency effect	Dec 31, 2022
		new financing	Cash Flow: payments				
Bond loans	-	550,000	-	-	-	-	550,000
Shareholder loan from Extenda Sàrl	-	42,827	-	-	1,636	-	44,463
Credit facilities	310,982	-	(319,234)	-	-	8,252	0
Covid subsidy – noncurrent portion	73,106	-	-	-	(6,273)	-	66,833
Covid subsidy – current portion	21,177	-	(6,272)	-	9,234	-	24,138
Leasing liabilities	76,583	-	(14,601)	6,683	3,365	1,717	73,747
Prepaid borrowing costs	(4,965)	(26,687)	-	-	9,752	-	(21,900)
Total interest-bearing liabilities	476,882	566,140	(340,107)	6,683	17,714	9,969	737,281

SEK thousand	Dec 31, 2020	Cash Flow:		Acquisition of new leases	Reclassification and other non-cash liabilities	Currency effect	Dec 31, 2021
		new financing	Cash Flow: payments				
Credit facilities	295,154	-	-	-	1,330	14,498	310,982
Covid subsidy – noncurrent portion	-	-	-	-	73,106	-	73,106
Covid subsidy – current portion	52,213	39,058	-	-	(70,094)	-	21,177
Leasing liabilities	87,212	-	(11,749)	4,485	(3,365)	-	76,583
Prepaid borrowing costs	(5,486)	(1,192)	-	-	1,714	-	(4,965)
Total interest-bearing liabilities	429,093	37,866	(11,749)	4,485	2,691	14,498	476,882

Accrued interest on the loans at 12-31-2022 was SEK 0 thousand, previous year SEK 731 thousand. Prepaid expenses consist of fees paid in connection with the borrowing of bond loans in March 2022 and are amortized over the term of the loan contracts, in accordance with IFRS 9.

Maturity Structure of the Group's Interest-Bearing Liabilities, December 31, 2022

SEK thousand	Maturity date, 1–2 years from balance sheet date	Maturity date, 2–5 years from balance sheet date	Maturity date, > 5 years from balance sheet date	Carrying amount at end of period
Noncurrent interest-bearing liabilities	54,340	631,094	-	685,434
Leasing liabilities	27,373	33,060	13,313	73,746
Total Financial liabilities	81,714	664,153	13,313	759,180

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

SEK thousand	Maturity date, 1–2 years from balance sheet date	Maturity date, 2–5 years from balance sheet date	Maturity date, > 5 years from balance sheet date	Carrying amount at end of period
Noncurrent interest-bearing liabilities	21,177	384,088	-	405,265
Leasing liabilities	22,862	32,549	21,172	76,582
Total Financial liabilities	44,039	416,637	21,172	481,847

^{*)} See Note G31, Collateral and Contingent Liabilities.

Note G27, Other Current Liabilities

The following other current liabilities are recognized in the Group:

SEK thousand	2022 December 31	2021 December 31
VAT liability	12,556	12,342
Earnouts	37,069	-
Special payroll tax and social security contributions	10,191	10,043
Accrued personnel-related costs	45,930	47,440
Accrued consultancy costs	16,182	6,967
Other accrued expenses	6,490	10,574
Carrying amount at end of period	128,417	87,365

Note G28, Other Disclosures to the Cash Flow Statement

Accounting and Valuation Principles

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

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

Other Disclosures to the Cash Flow Statement

SEK thousand	2022 Jan 1 - Dec 31	2021 Jan 1 - Dec 31
Adjustment For non-cash items, etc.		
Depreciation and amortization	171,716	130,800
Unrealized exchange rate differences	(3,266)	54
Other provisions	(28,550)	269
Other items not affecting cash flow	636	-
Total	140,536	131,123
Acquisition of subsidiaries/businesses, net cash impact		
Purchase price paid in cash	(198,621)	(11,751)
Acquired cash and cash equivalents	59,308	-
Total impact on cash and cash equivalents	(139,313)	(11,751)

The net impact on cash and cash equivalents in 2022 consists of a cash consideration of SEK 198,621 thousand paid to the former owner of the Re-Vision Group, less SEK 59,308 thousand in acquired cash. The Extenda Retail Group now owns 100% of the shares. The 2021 earnout consists of SEK 11,751 thousand paid to the former owners of Nyce Solutions AB. The price was fixed in 2019, and payment was made in installments. Extenda Retail Holding 3 AB now owns 100% of the shares in Nyce Solutions AB.

Note G29, Financial Risk Management and Financial Instruments

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

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

Currency risks

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

Currency Risks – Flow Exposure

Operating income and expenses are affected by changes in exchange rates. These changes have a direct impact on the income and expense items themselves. The majority of the Group's invoicing to customers is done in Swedish kronor and Norwegian kroner, but invoicing is also done in euros, US dollars and British pounds.

Overall, approximately 66% of operating income is in Swedish kronor, 19% in Norwegian kroner, 11% in euro and 4% in other currencies. Approximately 52% of operating expenses are in Swedish kronor, 26% in Norwegian kroner, 21% in euro and 1% in other currencies. For the previous year, approximately 73% of operating income was in Swedish kronor, 20% in Norwegian kroner, 5% in euro and 2% in other currencies. Approximately 62% of operating expenses are in Swedish kronor, 29% in Norwegian kroner, 8% in euro and 1% in other currencies.

With the current income and cost ratio, this means that the combined effect of a 1% change in the value of the Swedish krona against all other currencies would have an impact on the operating profit of SEK 1,499 thousand for the period, SEK 756 thousand in the previous period. The Group's policy is not to hedge foreign currencies on an ongoing basis. This policy is reviewed on an ongoing basis and may be amended, as necessary.

Currency Risks – Balance Sheet Exposure

Assets and liabilities denominated in foreign currencies are revalued at each balance sheet date. Changes in value due to revaluations of operating balance sheet items are recognized in the consolidated income statement and other comprehensive income and have led to a profit effect of SEK 1,067 thousand during the period, SEK 58 thousand in the previous period. The revaluation effect of the Group's external loans (as described in Note G26, Interest-Bearing Liabilities) totaled SEK (8,252) thousand in the period January to April 2022 when they were repaid, and SEK (14,498) thousand in 2021.

Interest Rate Risks

Interest rate risk is the risk that the value and interest income/expense of a financial instrument will fluctuate due to changes in market interest rates. The Group's risks from changes in interest costs relate to the external bond taken in connection with the acquisition of the Re-vision Group in early April 2022. The nominal amount is EUR 550,000 thousand, and the loan carries an interest rate of 3M STIBOR +6.75% margin. The Company has defined a medium risk tolerance for interest rate risks in its financial policy regarding the risk management strategy, and the Board of Directors has decided not to hedge the interest rates on the loans. Shares in subsidiaries, cash, trade receivables and corporate guarantees are collateral for the loans, see more in Note G31, Collateral and Contingent Liabilities.

Credit Risks (counterparty risks)

Credit risk is the risk that a counterparty in a transaction involving a financial instrument will fail to fulfill their obligation and thereby cause a loss to the other party. In general, the Group's customers, which include large Nordic retail companies, represent a capital-rich group with a lower risk of expected credit losses than companies in general (see also Note G20, Trade Receivables). Impairment losses are recognized in accordance with IFRS 9. As a result of its well-funded customers, the Group's credit risk is limited, as evidenced by the relatively low cost of credit losses, which totaled to recovered amounts of SEK 30 thousand in the period, corresponding to 0.0% of operating income. Previous year we recovered SEK 794 thousand. There are also credit risks in cash and cash equivalents. The Group uses two major banks, one in the Netherlands and one in Sweden, and the credit risk of these banks is considered to be limited.

Liquidity Risk

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



Maturity Analysis

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

At December 31, 2022

SEK thousand	Within 1 year	2 - 3 years	4 - 5 years	> 5 years	Total
Bond loans	49,500	99,000	649,000	-	797,500
Trade payables	54,340	-	-	-	54,340
Leasing liabilities	10,770	25,770	24,226	13,313	74,080
Other liabilities	61,207	63,580	10,056	-	134,843
Total	175,817	188,351	683,282	13,313	1,060,763

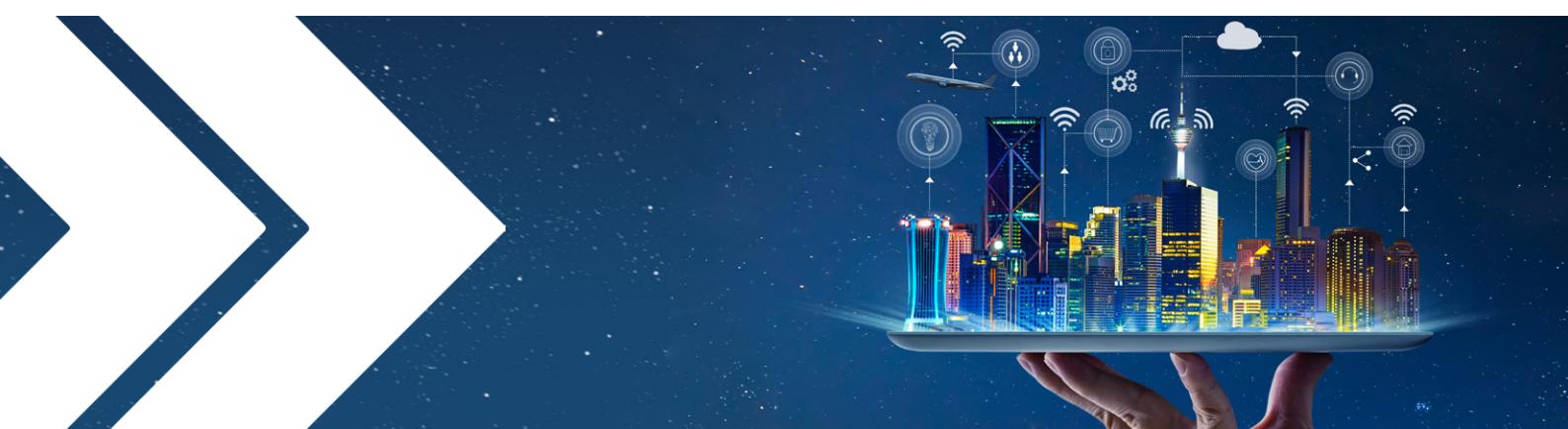
At December 31, 2021

SEK thousand	Within 1 year	2 - 3 years	4 - 5 years	> 5 years	Total
Bank loans	30,510	362,249	-	-	392,759
Provisions	-	65,619	-	-	65,619
Trade payables	60,061	-	-	-	60,061
Leasing liabilities	8,464	22,287	24,660	21,172	76,582
Other liabilities	41,682	52,601	-	-	94,283
Total	140,716	502,755	24,660	21,172	689,303

Other liabilities in 2022 consist of deferred social security contributions and withholding taxes (Covid subsidy) and an earnout to Extenda AB's former owner. These amounts are part of the item Other noncurrent liabilities and Other current liabilities in the Balance Sheet.

Objectives, Policies and Procedures For Capital

The Group's objective is to maintain a sound equity and debt structure over time. The equity ratio at the end of 2022 is 21% (33%).



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

In March 2023, the company's bond was listed on Nasdaq OMX in Oslo, Norway.

The war in Ukraine continues in 2023. The Group has a small number of highly valued employees in Ukraine through our partners and through our subsidiary, who represent ~2% of Extenda Retail's workforce and are affected to varying degrees by the invasion. In financial terms, the Russian invasion of Ukraine may have a negative impact on the development of the Group's results and positions. Extenda Retail has relocated and hired those Ukrainians who were able to move to Sweden. At present, it is impossible to assess the direct impact of the conflict on Extenda Retail in the future, but it should be limited.

Inflation and interest rates continue to rise globally and in Sweden and will affect the Group in terms of higher interest costs. A continued high rate of inflation will have an impact on the Group's costs and future revenues.

There are no other events after the balance sheet date.

Note G31, Collateral and Contingent Liabilities

Accounting and Valuation Principles

Commitments

When an outflow of resources is considered to be the only possible but not probable outflow, or when it is probable and cannot be measured reliably, it is recognized as a contingent liability.

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

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

Collateral and Contingent Liabilities

The following collateral and contingent liabilities are disclosed below:

SEK thousand	2022 Dec 31	2021 Dec 31
Pledged shares in subsidiaries/other net assets	275,574	192,477
Pledged cash and cash equivalents	-	148,025
Pledged accounts receivable	-	37,050
Chattel mortgages	10,800	10,800
Contingent liabilities	None	None



The shares are pledged as collateral for the bond loan.

Although the Group has an ongoing dialogue with individual customers, Visma EssCom and insurance companies, in light of the global ransomware incident directed at Kaseya, software delivered by Extenda Retail's subcontractor Visma EssCom, in the summer of 2021 the assessment is that any claims from customers can be referred to our subcontractor or insurance company. At present, the company's assessment is that no contingent liabilities or provisions need to be reported, and thus no corresponding claim on subcontractors or insurance companies.

Note G32, Items Affecting Comparability

Accounting and Valuation Principles

Items affecting comparability refer to material items related to changes in the Group's structure or industry, which are relevant to understanding the Group's performance on a like-for-like basis. Items affecting comparability are costs related to acquisitions, restructuring, impairment, option programs and other non-recurring events.

Group EBITDA is adjusted for items affecting comparability to enable the reader to monitor and analyze the profit/loss adjusted for items that affect comparability between periods.

Items Affecting Comparability

The table below presents the items that management has identified as affecting comparability.

SEK thousand	2022 Jan 1 - Dec 31	2021 Jan 1 - Dec 31
Items affecting revenue		
Damages received M&A insurance	-	52,325
Adjusted earnouts	28,550	-
Total items affecting revenue	28,550	52,325
Items affecting direct costs		
Loss contracts (M&A insurance-related)	-	(2,512)
Total items affecting direct costs	-	(2,512)
Items affecting other external costs		
Legal and other services (M&A, insurance, carve-out)	(18,623)	(4,519)
Outsourcing and offshoring of functions to India and Moldova	(4,442)	(6,979)
IT security & IT restructuring of the IT environment	(3,497)	(1,538)
Integration costs Re-Vision	(9,369)	-
Costs Kaseya incident & log4j	-	(1,719)
Other	(2,444)	(2,317)
Total items affecting other external costs	(38,375)	(17,072)
Items affecting personnel costs		
Outsourcing and offshoring of functions to India and Moldova	(328)	(9,224)
Integration costs Re-Vision	(3,692)	-
Costs Kaseya incident & log4j	-	(2,493)
Total items affecting personnel costs	(4,020)	(11,717)
Total items affecting comparability in EBITDA	(13,845)	21,024

Note G33, Transactions with Related Parties

Accounting and Valuation Principles

Affiliated companies are companies that have a direct or indirect significant influence on Extenda Retail Holding 1 AB. Subsidiaries and associates are also defined as affiliated companies; see also Note P3, Shares in Group Companies. Related natural persons are defined as directors, senior executives and close family members of such persons. Disclosure of related party transactions that involve the transfer of resources, services or obligations between related parties, whether or not payment is received. The information includes a disclosure of the nature of the related party relationship and information about the effect of the relationship on the financial statements.

Warrants

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

Information on fees and remuneration of the Board of Directors and senior executives is provided in Note G8, Employees, Personnel Costs and Remuneration.

The Group is affiliated with the Parent Company Extenda Retail S.á.r.l through a shareholder loan. There have been no transactions with related parties on terms other than market terms.



Note G34, Acquisitions

Accounting and Valuation Principles

Accounting and valuation principles for acquisitions are presented in Note G1.

Acquisition of the Re-Vision Group

On April 3, 2022, the Group acquired 100% of the shares of the Dutch group Re-Vision through its holding company Innovation Retail Solutions Holding B.V. Re-Vision helps retailers deliver shopping experiences by integrating digital commerce opportunities into the physical store environment. Consumers can enjoy a digital in-store shopping experience on their own or with a retailer-provided device. Retailers can shape the consumer journey and deliver a unique brand experience. The solutions include features like Scan & Go and Self-Scan, which are connected to a Machine Learning platform to capture and identify patterns in the data. The uses for this platform include prevention of customer losses and recommendations for product upsales. The acquisition is part of the Company's strategy to grow both organically and through acquisitions.

The Re-Vision Group provides opportunities for new business as we gain expanded product offerings and a larger customer base in countries where we have limited sales today, including Germany, the UK and the Netherlands.

The purchase price was SEK 241,449 thousand, including Re-Vision's SEK 59,308 thousand in cash received, SEK 42,827 thousand was paid by Extenda Retail S.á.r.l, ending with SEK 139,314 in cash. The Re-Vision Group contributes during a twelve-month period with net sales of approximately SEK 60,000 thousand, net profit of SEK 16,000 thousand and approximately 40 employees.

The preliminary effects of the acquisitions on the Group's assets and liabilities are presented below. The acquisition analysis may be adjusted over a 12-month period.

SEK thousand	Re-Vision
Cash payment	198,621
Letter of credit	42,827
Total purchase price	241,449
Recognized identifiable assets and liabilities	
Current assets	9,093
Cash and Cash Equivalents	59,308
Current liabilities	(67,409)
Deferred tax assets/liabilities	(14,592)
Property, plant and equipment & leasing	7,059
Intangible fixed assets	102,817
Net identifiable assets and liabilities	96,276
Goodwill	145,173
Total value	241,449
Cash purchase price	
SEK thousand	
Cash payment	198,621
Cash and cash equivalents in acquired companies	(59,308)
Cash purchase price	139,314

The intangible assets of SEK 102,817 thousand consist of acquired technology of SEK 27,617 thousand, acquired trademarks of SEK 16,100 thousand and acquired customer relations of SEK 59,100 thousand. Acquired goodwill consists of expected synergies and totals SEK 145,173 thousand.



Parent Company Income Statement and Statement of Comprehensive Income

SEK thousand	Note	2022		2021	
		Jan 1 - Dec 31	2022	Jan 1 - Dec 31	2021
Operating expenses			(2)	0	0
Operating result			(2)	0	0
Interest income and similar items	P3		31,649	0	0
Interest expenses and similar items	P4		(37,339)	0	0
Profit before tax			(5,692)	0	0
Appropriations	P5		(22,493)	320	
Net profit for the period			(28,186)	320	0

The Parent Company's comprehensive income is the same as the profit for the period.



Parent company balance Sheet

SEK thousand	Note	2022 December 31	2021 December 31
Property, plant and equipment			
Shares in Group Companies	P6	870,932	870,932
Noncurrent receivables from Group companies	P7	541,258	-
Total property, plant and equipment		1,412,189	870,932
Current assets			
Current receivables from Group companies	P8	28,760	320
Total current assets		28,859	320
Total assets		1,441,048	871,252

SEK thousand	Note	2022 December 31	2021 December 31
Equity			
Restricted equity			
Share capital (50,000 shares)		500	50
Total restricted equity		500	50
Unrestricted equity			
Retained earnings		867,991	868,121
Net profit for the period		(28,186)	320
Total unrestricted equity		839,806	868,441
Total equity		840,306	868,491
Long-term liabilities			
Interest-bearing liabilities	P9	528,370	-
Total noncurrent liabilities		528,370	-
Current liabilities			
Current liabilities to Group companies	P10	72,372	2,761
Total current liabilities		72,372	2,761
Total equity and liabilities		1,441,048	871,252

Parent Company Changes in Equity

SEK thousands	Restricted equity	Unrestricted equity			Total equity
	Share capital	Retained profit or loss	Net profit for the period		
Opening balance at January 1, 2022	50	868,121	320	868,490	
Net profit for the period	-	-	(28,185)	(28,185)	
Stock dividend	450	(450)	-	0	
Appropriation of profits	-	320	(320)	0	
Closing balance at December 31, 2022	500	867,991	(28,186)	868,491	
Opening balance at January 1, 2021	50	845,613	(2)	840,306	
Net profit for the period	-	-	320	320	
Settlement of retained earnings	-	(2)	2	0	
Shareholder contributions received	-	25,000	-	25,000	
Dividends	-	(2,490)	-	(2,490)	
Closing balance at December 31, 2021	50	868,121	320	868,490	

Parent Company Cash Flow Statement

SEK thousand	Note	2022	2021
		Jan 1 - Dec 31	Jan 1 - Dec 31
Operating result		(2)	0
Adjustments for non-cash items, etc.		-	(113)
Interest received		15,938	-
Paid financial expenses		(57,178)	-
Corporate income tax paid			
Cash Flow From operating activities before changes in working capital		(41,242)	(113)
Cash Flow From changes in working capital			
Change in operating receivables		(52,468)	(320)
Change in operating liabilities		22,493	351
Cash Flow From operating activities		(71,216)	(82)
Financing activities			
Dividends paid		-	(2,409)
Borrowings raised		550,000	-
New lending		(525,901)	-
Cash Flow From Financing activities		24,099	(2,409)
Cash Flow For the period		(47,117)	(2,491)
Cash and cash equivalents at start of period		(2,761)	(270)
Exchange rate difference in cash and cash equivalents		-	-
Cash and cash equivalents at end of period		(49,878)	(2,761)

Parent Company Notes

Note P1, Accounting and Valuation Principles

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

The main differences between the principles applied in the Group and in the Parent Company are described below.

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

Untaxed Reserves and Deferred Taxes

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

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

Group Companies

Investments in group companies are stated at cost less any impairment losses. The value is tested when there are indications of impairment.

Leases

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

Group Contributions

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

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

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

Changes in Accounting Policies

There have been no changes to IFRS or RFR 2 in 2022 that are expected to have a material impact on the Parent Company's results and financial position. A number of published new standards, amendments to standards and interpretations are not yet effective for the fiscal year 2022 and have not been applied in the preparation of the Parent Company's financial statements.

Note P2, Transactions with Affiliated Companies

Fees and remuneration to the Board of Directors and senior executives are paid from Extenda Retail Holding 3, and more information is provided in Note G8, Employees, Personnel Costs and Remuneration. All transactions with related parties are conducted in accordance with commercial principles. Apart from transactions with subsidiaries, there have been no related party transactions in the Parent Company.

Purchases and Sales From the Parent Company to Group Companies

No purchases and sales from the Parent Company to Group companies for 2022 or 2021.

Current receivables from group companies in the balance sheet relate to group contributions from 2022 of SEK (22,493) thousand, previous year SEK 320 thousand, to Extenda Retail Holding 3 AB. Current liabilities to Extenda Retail Holding 3 AB of SEK 72,372 thousand relate to the balance in the bank account included in a cash pool as well as the group contribution paid, previous year the amount was SEK 2,761 thousand.



Note P3, Financial Income

Accounting and Valuation Principles

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

Financial Income

SEK thousand	2022 Jan 1 - Dec 31	2021 Jan 1 - Dec 31
Interest income	31,295	-
Exchange rate gains	51	-
Total	31,346	-

Note P4, Financial Expenses

Accounting and Valuation Principles

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

Financial Income

SEK thousand	2022 Jan 1 - Dec 31	2021 Jan 1 - Dec 31
Interest costs	(32,663)	-
Other financial expenses	(4,374)	-
Total	(37,037)	-

Note P5, Appropriations

Appropriations refer to Group contributions paid to the subsidiary Extenda Retail Holding 3 AB.

Note P6, Shares in Group Companies

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

SEK thousand	2022 December 31	2021 December 31
At start of period	870,931	845,931
- Shareholder contributions	-	25,000
Carrying amount at end of period	870,931	870,931

Name	Company registration no.	Registered office	Equity share %	Voting rights share %	Number shares	Book value
<i>At December 31, 2021</i>						
Extenda Retail Holding 2 AB	559167-1473	Stockholm	100	100	50,000	870,931,173
<i>At December 31, 2022</i>						
Extenda Retail Holding 2 AB	559167-1473	Stockholm	100	100	50,000	870,931,173

SEK thousand	Company reg. no.	Registered office	Shareholding & voting rights	Activities
<i>Subsidiaries, December 31, 2022</i>				
Extenda Retail Holding 1 AB	559167-1507	Stockholm		Holding company
Extenda Retail Holding 2 AB	559167-1473	Stockholm	100%	Holding company
Extenda Retail Holding 3 AB	559169-9771	Stockholm	100%	Holding company
Extenda Retail AB	556229-6326	Stockholm	100%	Product and service company
Extenda Retail AS	954 165 892	Barkåker	100%	Product and service company
Extenda Retail UK Ltd	12973252	Sutton	100%	Sales company
		Västra Götaland County, Tranemo Municipality		
NYCE Solutions AB	556557-4695	Kyiv	100%	Product and service company
NYCE Logic Ukraine LLC	43021469	Amsterdam	100%	Development company
Extenda Retail Holding NL B.V.	85614726	Amsterdam	100%	Holding company
Mobile Development Center B.V	11029212	Amsterdam	100%	Development company
Re-Vision B.V	34294874	Amsterdam	100%	Product and service company

Note P7, Noncurrent Receivables From Group Companies

SEK thousand	2022 Jan 1 - Dec 31	2021 Jan 1 - Dec 31
Loan Extenda Retail Holding 2 AB	525,901	-
Interest	15,357	-
Total	541,258	-

Note P8, Current Receivables From Group Companies

Current receivables from Group companies in the Balance Sheet relate to SEK 4,227 thousand Extenda Retail Holding 2 AB and SEK 24,533 thousand Extenda Retail Holding 3 AB. The receivables mainly relate to the acquisition of Re-Vision.

Note P9, Interest-Bearing Liabilities

SEK thousand	2022 Dec. 31	2021 Dec. 31
Bond loans	550,000	-
Prepaid loan fees	(18,700)	-
Prepaid borrowing costs	(2,930)	-
Total	528,370	-

Note P10, Current Liabilities to Group Companies

The amount in the Balance Sheet includes SEK (49,878) thousand in cash pool balance and SEK (22,493) thousand in Group contribution to Extenda Retail Holding 3 AB.

Extenda Retail Holding 3 AB owns the cash pool and thus all cash and bank are classified as intra-group liabilities.

Note P11, Collateral and Contingent Liabilities

The following collateral is recognized in the Parent Company:

SEK thousand	2022 December 31	2021 December 31
Pledged shares in subsidiaries	870,932	870,932
Contingent liabilities	None	None



Signatures and Declaration of the Board of Directors and the CEO

The Board of Directors and the Chief Executive Officer certify that the consolidated accounts have been prepared in accordance with applicable accounting standards in Sweden and give a true and fair view of the Group's financial position and results, and that the statutory sustainability report has been prepared in accordance with the Swedish Annual Accounts Act. The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the Parent Company's position and results.

The Directors' Report for the Group and the Parent Company provides a true and fair view of the development of the Group's and the Parent Company's operations, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies in the Group.

The Group's income statement and balance sheet and the Parent Company's income statement and balance sheet will be approved at the annual general meeting on April 28.

Johnie Tristan Treadwell
Chairman of the Board
Menlo Park, April 2023

Mahinder Mathrani
Board member

Adam Hendricks
Board member

Edoardo Bounous
Board member

Håkan Valberg
Board member

Laura Sheesgreen
Board member

Leendert Venema
Board member and CEO

Our audit report was submitted on April 2x, 2023
Ernst & Young AB

Johan Holmberg
Certified Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Extenda Retail Holding 1 AB except for the corporate governance statement on pages 15-19 and the statutory sustainability report on pages 11-14 for the financial year 2022. The annual accounts and consolidated accounts of the company are included on pages 2-10 and 20-70 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 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. Our opinions do not cover the corporate governance statement on pages 15-19 and the statutory sustainability report on pages 11-14. 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and shares in subsidiaries

Description

Goodwill amounts to SEK 671 million in the statement of financial position for the group and shares in subsidiaries amount to SEK 871 million in the parent company's balance sheet as of the balance sheet date.

As described in note G2 and note G17, impairment test of goodwill is performed annually, and as soon as there are indications that an impairment may exist, by calculating the recoverable amounts and comparing it to the carrying values. Shares in subsidiaries are tested for impairment when there are indications of a decline in value. The impairment tests for 2022 did not result in any impairment. Note G17 describes that the recoverable amount has been calculated based on the value in use. In order to calculate the value in use, significant assumptions are required regarding, among other things, turnover growth, margins, discount rate and terminal growth.

As a result of the significant assumptions made in connection with the impairment test and the size of reported amounts, we have assessed the valuation of goodwill for the group and shares in subsidiaries for the parent company as key audit matters.

How our audit addressed this key audit matter

In our audit of the financial year 2022, we have evaluated the group's and the parent company's process for establishing impairment tests and for identifying cash-generating units. We have reviewed the significant assumptions underlying the impairment tests through, among other things, comparisons against historical results and future forecasts. Furthermore, we have carried out sensitivity analyzes for changes in significant assumptions.

We have involved internal valuation specialists in our review of significant assumptions and to evaluate the valuation models used.

Finally, we have examined the information disclosed in the Annual Report.

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 skepticism throughout the audit. We also:

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

Obtain an understanding of the company's internal

- ◆ control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the 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.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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 Extenda Retail Holding 1AB for the financial 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 skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 15-19 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 **The auditor's examination of the corporate governance statement**. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared.

Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 11-14, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

Ernst & Young AB, Hamngatan 26, 111 47 Stockholm, was appointed auditor of Extenda Retail Holding 1 AB by the general meeting of the shareholders on 28th of April 2022 and has been the company's auditor since 2018.

Stockholm den 26 April 2023

Ernst & Young AB

Johan Holmberg
Authorized Public Accountant

Definitions

The Group makes some use of alternative performance measures. These are used to give a true and fair view of the underlying performance. The alternative measures are presented below and start with the word "Adjusted."

Items affecting comparability – Costs related to acquisitions, restructuring, impairment, option programs and other nonrecurring events.

Annual software agreements that are continuously renewed - Extenda Retail defines recurring revenue as revenue from customers for the provision of goods or services during the term of a contract where the customer cannot continue to benefit from the full functionality of the goods or services without ongoing payments and revenue streams that are expected to recur for more than 12 months. Recurring revenues are mainly revenues from software, support and maintenance contracts. Revenue from, e.g., system implementation and migration is not recognized as recurring revenue.

Profit or loss

Operating profit – Profit before financial items and tax.

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

Profit before tax – Profit after net financial items.

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

Margins

Operating margin – Operating profit as a percentage of turnover.

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

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

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

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

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

Capital structure

Balance sheet total – Total assets.

Equity – Equity at the end of the year.

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

Equity ratio – Equity as a percentage of total assets.

Cash Flow and liquidity

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

Cash flow before investments – Cash flow from operating activities.

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

Employees

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

