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ÅRSREDOVISNING

2021-01-01 -- 2021-12-31

för

EPiServer Group AB
556733-2506

Årsredovisningen omfattar:	**Sida**
Förvaltningsberättelse	1
Resultaträkning	3
Balansräkning	4
Tilläggsupplysningar	6

FASTSTÄLLELSEINTYG

Undertecknad styrelseledamot intygar härmed, dels att denna kopia av årsredovisningen och revisionsberättelsen överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på ordinarie bolagsstämma den 30:e juni 2022. Stämman beslöt tillika godkänna styrelsens förslag till resultatdisposition.

Stockholm den 30:e juni 2022

Myles Johnson
Styrelseordförande

20220719113581

EPIServer Group AB
556733-2506

ÅRSREDOVISNING FÖR EPISERVER GROUP AB

Belopp är angivna i tkr

Styrelsen för EPIServer Group AB avger härmed årsredovisning för räkenskapsåret 2021-01-01 -- 2021-12-31.

FÖRVALTNINGSBERÄTTELSE

Verksamhetens art och inriktning

Episerver är en ledande leverantör av plattformar inom digital marknadsföring och e-handel. Episervers plattform kombinerar innehåll, e-handel och marknadsföring i flera kanaler för att stödja strategisk kommunikation och försäljning online. Mer än 6 000 kunder världen över använder våra Episervers plattformar. Episervers CMS-plattform är grunden för fler än 30 000 webbplatser och används dagligen av fler än 130 000 webbredaktörer. Episerver kombinerar stabiliteten och support av kommersiella produkter med Episerver World, ett aktivt socialt nätverk som används av fler än 40 000 utvecklare.

All försäljning sker genom ett omfattande nätverk med fler än 880 partners i över 30 länder. Den partnerbaserade affärsmodellen innebär att Episerver fokuserar på att utveckla och förbättra plattformens kärnfunktioner, medan kundspecifika anpassningar eller anpassningar till följd av specifika branschmässiga eller geografiska behov hanteras av Episervers partnerföretag.

Episerver tillhandahåller även en bred tjänsteportfölj med "Cloud" lösningar där allt ingår utan att kund behöver köpa servrar, licenser eller hosting. Episervers hostingtjänster säljs under varumärket Everweb med fokus på webbplatser baserade på Episervers olika produkter och lösningar. Everweb och Cloud tjänsterna är speciellt riktade till företag med hög trafikbelastning och höga krav på tillgänglighet och till företag som snabbt vill komma igång med mindre webbplatser/kampanjer. Episerver erbjuder också utbildningar för utvecklare och redaktörer hos partners och kunder.

Väsentliga händelser

Medan den initiala effekten av COVID-19 innebar vissa potentiella försenade köpbeslut, har koncernen fortsatt sett tillväxt i pipeline för nya affärer jämfört med föregående år, särskilt i de branscher som påverkas mindre av pandemin. Medan de bredare ekonomiska konsekvenserna av COVID-19 är oklara, förutser styrelsen och ledningen att koncernens slutmarknad kommer att få en attraktiv tillväxt på medellång sikt med tanke på den snabbare digitaliseringen och den ökande efterfrågan på kraftfullt plattformar för digitalt innehåll och handel.

Effekterna av den geopolitiska situationen till följd av det ryska kriget på Ukraina har diskuterats av styrelsen och ledningen. Koncernen har ingen direkt verksamhet i vare sig Ukraina eller Ryssland och endast ett mycket litet antal kunder baserade i båda länderna. Koncernen tror inte att det blir någon väsentlig effekt på verksamheten till följd av konflikten. Därför har strukturen på koncernens verksamhet och övergripande strategi inte förändrats till följd av dessa händelser. Styrelsen kommer fortsätta att noggrant följa situationen.

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EPiServer Group AB
556733-2506

Koncernöversikt

Ägarförhållanden:
EPiServer Group AB 556733-2506, med säte i Stockholm ägs till 100% av Revres AB 556822-4686, säte i Stockholm. Moderföretaget i koncernen är Episerver Sweden Holdings AB, 559172-2904, med säte i Stockholm

Omsättning, resultat och ställning

TKR	2021	2020	2019	2018
Nettoomsättning	0	0	0	0
Rörelseresultat	81	0	0	0
Resultat e. finansiella poster	6,225	1,706	31,087	-5869
Balansomslutning	349,651	402,846	389,939	343,097
Soliditet (1)	51.7%	50.6%	49.4%	41.7%
Avkastning på eget kapital (2)	3.2%	0.9%	18.5%	-4.1%
Avkastning på totalt kapital (3)	1.7%	0.7%	8.5%	0.0%
Medelantal anställda	0	0	0	0

(1) Justerat eget kapital / Balansomslutning
(2) Nettoresultat före bokslutsdispositioner / Genomsnittligt justerat eget kapital
(3) (Resultat efter finansiella intäkter och kostnader + räntekostnader) / Genomsnittlig balansomslutning

Förändring i eget kapital

	Aktie-kapital	Överkurs-fond	Balanserad vinst	Årets resultat
Belopp vid årets ingång	3,199	138,519	62,018	0
Aktieägartillskott			8,606	
Fusionsresultat			-31,720	
Resultatdisposition enligt beslut vid årets bolagsstämma			0	0
Årets resultat				0
Utgående balans	3,199	138,518	38,904	0

Förslag till vinstdisposition (kronor)

Till årsstämmans förfogande står följande vinstmedel

Balanserade vinstmedel	209,141,502
Fusionsresultat	-31,720,542
Årets resultat	0
	177,420,960

Styrelsen föreslår att

I ny räkning balanseras	177,420,960
	177,420,960

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar samt tilläggsupplysningar. Alla belopp uttrycks i svenska kronor där ej annat anges.

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EPiServer Group AB
556733-2506

RESULTATRÄKNING
(TKR)

	Not	1/1/2021 12/31/2021	1/1/2020 12/31/2020
Rörelsens intäkter mm			
Rörelsens kostnader			
Övriga externa kostnader		81	0
Rörelseresultat		**81**	**0**
Resultat från finansiella investeringar			
Övriga ränteintäkter och liknande resultatposter		3,833	0
Övriga ränteintäkter från koncernföretag	2	2,311	2,753
Räntekostnader och liknande resultatposter	3	0	-1,047
Resultat efter finansiella poster		**6,225**	**1,706**
Övriga skatter		-6,225	-1,706
ÅRETS RESULTAT		**0**	**0**

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EPiServer Group AB
556733-2506

BALANSRÄKNING	**Not**	**12/31/2021**	**12/31/2020**
(TKR)			
TILLGÅNGAR			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	4	304,039	363,770
		304,039	**363,770**
Summa anläggningstillgångar		**304,039**	**363,770**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		45,199	39,054
Övriga fordringar		22	22
		45,221	**39,076**
Kassa och bank		391	0
Summa omsättningstillgångar		**45,612**	**39,076**
SUMMA TILLGÅNGAR		**349,651**	**402,846**

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EPiServer Group AB
556733-2506

BALANSRÄKNING	Not	12/31/2021	12/31/2020
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	5	3,199	3,199
		3,199	**3,199**
Fritt eget kapital			
Balanserade vinstmedel		62,018	50,816
Överkursfond		138,519	138,519
Fusionsresultat		-31,721	0
Övrigt tillskjutet kapital		8,606	11,202
Årets resultat		0	0
		177,422	**200,537**
Summa eget kapital		**180,621**	**203,736**
Kortfristiga skulder			
Leverantörsskulder		0	81
Skulder till koncernföretag		167,690	198,953
Upplupna kostnader och förutbetalda intäkter		1,340	76
		169,030	**199,110**
SUMMA EGET KAPITAL OCH SKULDER		**349,651**	**402,846**

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EPIServer Group AB
556733-2506

TILLÄGGSUPPLYSNINGAR

Redovisnings- och värderingsprinciper

Årsredovisningen upprättas med tillämpning av årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3). Principerna är oförändrade sedan föregående år.

Följande värderings- och omräkningsprinciper är tillämpade i årsredovisningen:

Skatter

Periodens skattekostnad eller skatteintäkt består av aktuell och uppskjuten skatt. Aktuell skatt är den skatt som beräknas på det skattepliktiga resultatet för en period. Uppskjuten skatt beräknas utifrån den s.k. balansansatsen, vilket innebär att en jämförelse görs mellan redovisade och skattemässiga värden på bolagets tillgångar respektive skulder. Skillnaden mellan dessa värden multipliceras med aktuell skattesats, vilket ger beloppet för den uppskjutna skattefordringen/-skulden. Uppskjutna skattefordringar redovisas i balansräkningen i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga resultat.

Fordringar

Fordringar är redovisade till det belopp varmed de beräknas inflyta.

Fordringar och skulder i utländsk valuta

Fordringar och skulder i utländsk valuta redovisas och omräknas till bokslutsdagens valutakurs. Kursdifferenser på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursdifferenser på finansiella fordringar och skulder redovisas i finansnettot.

Koncernbidrag

Koncernbidrag redovisas som bokslutsdispositioner.

Uppskattningar och bedömningar

Vid upprättandet av årsredovisning enligt K3 krävs att antaganden görs om framtiden och andra viktiga källor till osäkerhet i uppskattningar på balansdagen, som innebär en betydande risk för en väsentlig justering av de redovisade värdena för tillgångar och skulder under nästa räkenskapsår. Det görs även bedömningar som har betydande effekt på de redovisade beloppen i denna årsredovisning.

De uppskattningar och bedömningar som görs ses över årligen och baseras på tidigare erfarenheter men även andra faktorer som anses vara rimliga att beakta. Det slutliga utfallet av uppskattningar och bedömningar kan komma att avvika från nuvarande uppskattningar och bedömningar och effekterna av ändringar i dessa redovisas i resultaträkningen under det räkenskapsår som ändringen görs, samt under framtida räkenskapsår om ändringen påverkar både aktuellt och kommande räkenskapsår. Bedömda väsentliga områden med uppskattningar och bedömningar beskrivs nedan.

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EPiServer Group AB
556733-2506

Noter

Not 1 Antal anställda, löner, andra ersättningar, sociala kostnader och sjukfrånvaro

	12/31/2021	12/31/2020
Fördelning ledande befattningshavare per balansdagen		
Kvinnor:		
styrelseledamöter	0	0
Män:		
styrelseledamöter	2	2
Totalt	**2**	**2**

Not 2 Övriga ränteintäkter och liknande resultatposter

	12/31/2021	12/31/2020
Ränteintäkter	3,833	0
Summa	**3,833**	**0**

Not 3 Räntekostnader och liknande resultatposter

	12/31/2021	12/31/2020
Räntekostnader	0	-1,047
Övriga poster	0	0
Summa	**0**	**-1,047**

Not 4 Andelar i koncernföretag

	12/31/2021	12/31/2020
Ingående anskaffningsvärde	363,770	352,568
Lämnade aktieägartillskott	8,606	11,202
Fusion	-68,337	0
Utgående anskaffningsvärde	**304,039**	**363,770**

Företagets namn	Antal andelar	Kapital-andel	Bokfört
EPiServer AB	3,000	100	211,703
EPiServer Finland OY	25	100	4,174
Netstar AB	1,094	100	0
EPiServer Benelux B.V	18,000	100	171
EPiServer UK Ltd	1,833,518	100	87,799
EPiServer Denmark ApS	125,000	100	192
Summa			**304,039**

Företagets namn	Org.nr	Säte	Eget kapital	Resultat
EPiServer AB	556208-3435	Stockholm	1,379,609	-320
EPiServer Finland OY	2168676-9	Helsingfors, Finland	-2,737	225
EPiServer Benelux B.V	34304195	Amsterdam, Holland	-2,501	359
EPiServer UK Ltd	6060169	London, Storbritannien	-107,983	-27,963
EPiServer Denmark ApS	32761747	Köpenhamn, Danmark	739	263

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EPIServer Group AB
556733-2506

Not 5 Antal aktier

Antal aktier 10 633 810 stycken.

Not 6 Uppgift om moderbolag

Moderföretag i den koncernen som EPIServer Group AB är dotterföretag i är Episerver Sweden Holdings AB, 559172-2904, med säte i Bolaget upprättar inte koncernredovisning med hänvisning till Årsredovisningslagen kap 7 § 2. Koncernredovisningen upprättas av moderföretaget Epsilon Group New Holdings Ltd, 130265, säte i Jersey.

Not 7 Eventualförpliktelser

Borgensåtagande till förmån för dotterbolag. Bolaget har borgat för Episerver ABs köp av Endeavour Acquisition GmbH (fd Optivo GmbH).

Not 8 Väsentliga händelser efter räkenskapsårets slut

Effekterna av den geopolitiska situationen till följd av det ryska kriget på Ukraina har diskuterats av styrelsen och ledningen. Koncernen har ingen direkt verksamhet i vare sig Ukraina eller Ryssland och endast ett mycket litet antal kunder baserade i båda länderna. Koncernen tror inte att det blir någon väsentlig effekt på verksamheten till följd av konflikten. Därför har strukturen på koncernens verksamhet och övergripande strategi inte förändrats till följd av dessa händelser. Styrelsen kommer fortsätta att noggrant följa situationen.

Stockholm den 30 juni 2022

Myles Johnson
Styrelseordförande

Peter Yeung
Styrelseledamot

Alex Atzberger
Styrelseledamot

Vår revisionsberättelse har avgivits den 30 juni 2022
Deloitte AB

Alexandros Kouvalsos
Auktoriserad revisor

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EPiServer Group AB
556733-2506

Not 5 Antal aktier

Antal aktier 10 633 810 stycken.

Not 6 Uppgift om moderbolag

Moderföretag i den koncernen som EPiServer Group AB är dotterföretag i är Episerver Sweden Holdings AB, 559172-2904, med säte i Bolaget upprättar inte koncernredovisning med hänvisning till Årsredovisningslagen kap 7 § 2. Koncernredovisningen upprättas av moderföretaget Epsilon Group New Holdings Ltd, 130265, säte i Jersey.

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Stockholm den 2022-06-30

Myles Johnson
Styrelseordförande

Peter Yeung
Styrelseledamot

Alex Atzberger
Styrelseledamot

Vår revisionsberättelse har avgivits den
Deloitte AB

Alexandros Kouvatsos
Auktoriserad revisor

20220719115900

Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i Episerver Group AB
organisationsnummer 556733-2506

Rapport om årsredovisningen och koncernredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Episerver Group AB för räkenskapsåret 2021-01-01 - 2021-12-31.

Enligt vår uppfattning har årsredovisningen och koncernredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets och koncernens finansiella ställning per den 31 december 2021 och av dessas finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och koncernen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen och koncernredovisningen upprättas och att de ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

Identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen och koncernredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets och koncernens förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på

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upplysningarna i årsredovisningen och koncernredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen och koncernredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag och en koncern inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen och koncernredovisningen, däribland upplysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.
- inhämtar vi tillräckliga och ändamålsenliga revisionsbevis avseende den finansiella informationen för enheterna eller affärsaktiviteterna inom koncernen för att göra ett uttalande avseende koncernredovisningen. Vi ansvarar för styrning, övervakning och utförande av koncernrevisionen. Vi är ensamt ansvariga för våra uttalanden.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens förvaltning för Episerver Group AB för räkenskapsåret 2021-01-01 - 2021-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av moderbolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets och koncernens ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm 2022-06-30

Deloitte AB

Alexandros Kouvatsos
Auktoriserad revisor

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Epsilon Group New Holdings Limited

Annual Report and Accounts
For the year ending 31 December 2021

Company number: 130265

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Epsilon Group New Holdings Limited

Country of incorporation of parent company: Jersey
Legal form: Epsilon Group New Holdings Limited is a private limited company
Registered office: PO Box 536, 13 - 14 Esplanade, St. Helier, JE4 5UR, Jersey

Directors
Adam Berger
Alex Atzberger
Ryan Hinkle
Deven Parekh (Resigned on 8 June 2021)
Anika Agarwal (Resigned on 16 February 2022)
Donna Wilczek (Appointed on 8 June 2021)
Boris Treskunov (Appointed on 16 February 2022)

Auditor
Deloitte LLP
Statutory Auditor
2 New St Square
London, EC4A 3BZ
United Kingdom

Bankers
Golub Capital Markets LLC
666 Fifth Avenue
18th Floor
New York, NY 10103
United States of America

Solicitors
Brodies LLP
15 Atholl Crescent
Edinburgh, EH3 8HA
United Kingdom

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019-6099
United States of America

Company Secretary
Appleby Global Services (Jersey) Limited
PO Box 536
13 - 14 Esplanade
St Helier, Jersey, JE4 5UR

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Strategic Report

The Directors present their strategic report for the year ended 31 December 2021. This strategic report has been prepared for Epsilon Group New Holdings Limited and its subsidiaries (the 'Group') as a whole and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiary undertakings when viewed as a whole.

Review of the business activities

Epsilon Group New Holdings Limited ('Epsilon') is a holding company incorporated in Jersey on 12 November 2019. It is the parent company of Epsilon US Holdings Inc and Epsilon Sweden Holdings AB which were established to acquire the Episerver Group operations from Endeavour Acquisition UK Limited on 9 October 2018. There has been no change in the ultimate controlling party, Insight Venture Partners X LP ('Insight Partners'). Episerver was the generic name for the whole Group of companies and the brand name under which the Group traded and operated. On 27 January 2021, Episerver rebranded to Optimizely, following its acquisition of the business on 19 October 2020. On 18 March 2021 and 21 December 2021, the Group acquired Zaius Inc ('Zaius') and Newscred Inc (trading as 'Welcome') respectively. In this report below, Optimizely is the generic name for the whole Group of companies and the brand name under which the Group trades and operates.

Optimizely provides the industry's leading Digital Experience Platform, combining content and commerce management with patented AI-powered experimentation, personalization and customer data management. More than 9,000 brands worldwide use Optimizely's solutions to deliver more than 1 billion digital experiences every day.

Sales are made through a combination of direct sales and marketing activities across North America, EMEA, APJ and MEA; alongside an extensive network of more than 900 solution partners in over 30 countries. The Digital Experience Platform service is targeted at both digitally mature enterprise organizations with large-scale customer bases looking to drive continuous experimentation and optimization of their digital experiences, as well as mid-market organizations looking to get started quickly with smaller digital experiences and leverage AI to scale faster. Optimizely's solutions can be delivered through the cloud via Software-as-a-Service ('SaaS') or on premises to best suit customer requirements.

Optimizely's Digital Experience Platform is a single subscription service that includes everything the customer needs without having to purchase servers, licences, support or hosting separately. Optimizely's solution can be easily integrated into an organization's existing technology environment, leveraging our marketplace of more than 120 pre-built third-party integrations.

Optimizely combines stability and scalability of commercial products with proactive guidance and support through our dedicated customer success teams, in-person and online training & certification, and our active online community with more than 40,000 developer members.

Business review and future developments

The Group's key performance indicators (KPIs) and growth measures are as follows

KPIs	Pro forma 31 December 2021 (unaudited) [3] $000	Year ended 31 December 2021 $000	Year ended 31 December 2020 $000
Revenue	355,799	341,821	206,774
Recurring revenue (note 6)	320,766	309,597	184,290
Gross profit	249,690	237,286	145,090
Administration expenses (excluding exceptional items of $52,495k (2020: $11,107k))	287,241	224,716	97,961
Adjusted EBITDA before exceptional items and foreign exchange gain/(loss) [1]	76,506	88,160	58,090
Net debt (excluding preference shares of $202,461k as at 31 December 2021 (2020: $178,010k)) [2]	596,517		509,590

[1] A reconciliation from Gross Profit, the most directly comparable IFRS measure, to Adjusted EBITDA before exceptional items and foreign exchange gain/(loss) is shown on page 3.

[2] A reconciliation from total loans and borrowings, the most directly comparable IFRS measure, to Net Debt is shown on page 38.

[3] The unaudited pro form data shown the performance of the Group if the acquisitions of Zaius & Welcome occurred on 1 January 2021.

Strategic Report continued

The Group made a loss before tax of $105,536,000. This was due to finance costs of $69,675,000 and exceptional costs of $52,495,000.

Following the acquisition of Zaius in March 2021 and Welcome in December 2021, the Directors are pleased with both the business and the financial results and believe the Group is in a good position to achieve its growth strategy and is able to build on the achievements delivered in 2021.

The Directors will continue to look for acquisitions that are complementary to the Group's product portfolio or that would allow geographic or industry expansion.

The Group's revenues are primarily recurring in nature and consist of software delivered through a cloud based service. Recurring revenue from maintenance and support services form a small and decreasing share of revenue following the discontinuation of the sale of perpetual licences during 2019. This gives the Group increased visibility and certainty over future revenue. The KPIs above show this continued recurring revenue growth from 2020 to 2021. The gross margin percentage remained consistent between current and prior year.

The Group's admininstration expenses increase is explained by the impact of the business acquired in 2020 and trademarks impairment during the year.

The Group will continue to invest in significant research and development in order to ensure that the products and software are kept at the leading edge of their market in order to allow our customers to derive significant benefits from their deployment.

The effects of geopolitical situation arising from the Russian war on Ukraine have been discussed by the board and management. The Group has no direct operations in either the Ukraine or Russia and only a very small number of customers based in either country. The Group does not believe that there would be a material effect on the business as a result of the conflict. Therefore, the structure of the Group's operations and overall strategy has not changed as a result of these events. The Board will continue to monitor the situation closely.

On 5 March 2021 the UK Financial Conduct Authority announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative. LIBOR, which appeared as a base benchmark rate in many corporate loans has ceased at the end of 2021 for Sterling and will stop by June 2023 for the US dollar. Most UK lenders are transitioning to a new "risk free rate" known as SONIA, the "sterling overnight index average" and this transition was reflected in the revised financing arrangements entered into on 26 May 2021. No other financing arrangements in place at the balance sheet date use LIBOR as a benchmark.

The impact of COVID-19 remained under close and regular review by the Board and management during 2021. The Group continued to successfully adopt work-from-home policies across the group, where required, with no impact on the services provided to customers. Being a cloud company, the Group's resources and infrastructure are planned to be available under any condition. This ethos extends to how the Group's internal systems, processes, and personnel are deployed, using cloud technologies throughout, enabling an ability to support customers regardless of the location of employees or customers. The Group re-opened offices as local conditions allowed during 2021.

Exceptional items (Note 8) of $52,495,000 (2020: $11,107,000) within adminstrative expenses relate to:

- $5,423,000 of acquisition related costs (2020: $6,012,000)
- $7,817,000 of costs relating to restructuring and implementations projects (2020: $4,326,000)
- $36,298,000 impairment of Episerver trademarks as a result of rebranding (2020 $nil)

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A reconciliation from Gross Profit, the most directly comparable IFRS measure, to Adjusted EBITDA before exceptional items and foreign exchange gain/(loss) is shown below:

	Year ended 31 December 2021 $000	Year ended 31 December 2020 $000
Gross profit	237,286	145,090
Less administrative expenses excluding exceptional items	(224,716)	(97,961)
Add depreciation and amortisation	64,882	44,365
Add other income	4,054	15
Add foreign exchange loss/(gain)	6,654	(33,419)
Adjusted EBITDA before exceptional items and foreign exchange gain/(loss)	88,160	58,090

A reconciliation from total revenue, the most directly comparable IFRS measure, to recurring revenue is shown in Note 6.

Adjusted EBITDA removes exceptional expenses to reflect earnings from the underlying trading of the Group. This measure is used for assessing management remuneration and forms part of bank covenant calculations.

Dividends

Dividends accrue on the preference shares issued on 9 October 2018. For the year ending 31 December 2021 $24,452,000 (2020: $23,102,000) has been recorded as a finance charge.

No dividends on ordinary shares were paid during the period and the Directors do not recommend the payment of a final dividend.

Principal risks and uncertainties

The principal risks facing the Group are the retention of skilled employees and the financial risks explained below.

The business must maintain a high level of technical expertise within its staff. The risk is mitigated by trying to maintain low staff turnover through investment in training and ensuring staff compensation and benefits are commensurate with the markets in the locations where employed.

The Group must continue to offer products at the forefront of its technology and mitigate this risk by continuing investment in research and development.

Whilst the impact is easing, the ongoing impact of COVID-19 is under regular review by the Board and management. COVID-19 inevitably increases uncertainty to the business, including the risk regarding the ability to win new business, cash collection and ensuring financial obligations including lender covenants are maintained.

Economic uncertainty is expected to be high as a result of the geopolitical risks arising from the Russian war on Ukraine. Management will continue to monitor the situation closely.

Strategic Report continued

Regulation of data collection, data security and user privacy continue to evolve globally, which may impact the ability to collect data and optimize the performance of digital experiences. The Directors and management are confident that the impacts of data regulation are manageable by the Group, and given our software relies on the use of 1st party collected rather than 3rd party collected user data, Optimizely aligns positively to the market direction of consent-driven digital experiences.

In addition to the specific risks above, the impact of inflation and rising interest rates globally may impact the discretionary spent of customers and management will continue to monitor it closely.

Credit risk
The Directors operate a credit approval policy that seeks to prevent shipment of software to resellers or customers whose accounts are high risk. Credit control regularly reports to management and reviews are undertaken to ensure risks are minimised. The majority of bank deposits are held with Silicon Valley Bank, Bridge Bank and Swedbank.

Currency risk
The Group is exposed to currency risk with 36% (2020: 54%) of revenues being generated in currencies other than USD. The Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. Therefore the Group's exposure has not been subject to any hedging.

Liquidity risk
The Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Group has sufficient cash reserves to meet its liabilities when they become due.

Interest rate cash flow risk
Optimizely has exposure to interest rate cash flow risk. Loan interest is subject to risk in movement of the SONIA and Eurocurrency rates. Cash deposits earn interest at a variable rate.

Approved by the Board and signed on its behalf by:

DocuSigned by:
Alex Atzberger
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Alex Atzberger
Chief Executive Officer
Epsilon Group New Holdings Limited
29 June 2022

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Directors' Report

The Directors present their annual report together with the financial statements and auditor's report for Epsilon Group New Holdings Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021.

The preparation of financial statements is in compliance with IFRS. The Group financial statements consolidate the financial statements of the Company and its subsidiaries. The parent company financial statements present information about the Company as a separate entity and not about its Group.

Principal activities

Epsilon Group New Holdings Limited (Epsilon) is a holding company. It is the parent company of Epsilon Group Holdings Limited which was established to acquire the Episerver Group operations in October 2018. On 27 January 2021, Episerver rebranded to Optimizely, following its acquisition of the business on 19 October 2020. The financial results for the year ended 31 December 2021 include full year's impact of the acquired business (2020: 3 months impact). The impact of the acquisitions should be considered when comparing the financial results.

Optimizely provides the industry's leading digital experience optimization platform including AI-powered personalization and experimentation, which encompasses A/B testing, multivariate testing, and server-side testing.

A detailed review of the business activities of the Group is contained in the Strategic Report.

Business review and future developments

The review of the period's operations, future developments and key risks is contained in the Strategic Report.

Directors

The Directors who held office during the financial period and up to the date of this report are set out below:

Adam Berger
Alex Atzberger
Ryan Hinkle
Deven Parekh (Resigned on 8 June 2021)
Anika Agarwal (Resigned on 16 February 2022)
Donna Wilczek (Appointed on 8 June 2021)
Boris Treskunov (Appointed on 16 February 2022)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Research and development activities

Optimizely continues to invest in research and development and is focused on developing the existing product portfolio together with additional functionality that will compliment and expand the product offering.

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The total expenditure in the period was $35.9m (2020: $26.2m) before capitalisation of $1.9m (2020: $2.3m) and amortisation of capitalised development costs of $6.3m (2020: $3.4m). This expenditure was incurred on product development and enhancement.

Financial Risk management

Details of financial risk management are provided in the strategic report in these accounts.

Political and charitable contributions

The Group made charitable contributions of $11,000 (2020: $10,000) and no political contributions during the period.

Group policy on employment of disabled persons

Through its diversity policy, the Group seeks to ensure that every employee, without exception, is treated equally and fairly and that all employees are aware of their responsibilities.

Our policies and procedures fully support our disabled colleagues. We take active measures to do so via a robust reasonable adjustment policy and processes to ensure colleagues are fully supported.

The Group is responsive to the needs of its employees. As such, should any employee of the Group become disabled during their time with us, we will actively retrain that employee and make reasonable adjustments to their environment where possible, in order to keep the employee with the Group. It is the policy of the Group that the recruitment, placement, promotion, termination, retirement, layoff, transfer, discipline, benefits, leaves of absence, compensation, and training of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement

The Group recognises the importance of engaging with its employees and therefore strives to maintain a dialogue between management and the workforce. Employees are encouraged to share their feedback on a regular basis. Regular employee engagement surveys generate feedback on employees' level of motivation, involvement and commitment and findings are reported to the board. Management regularly communicates with the employees through a range of formal and informal channels, including via emails from the Chief Executive Officer and other senior executives, webcasts, townhalls and team meetings.

Environmental matters

Although the Group's principal activity has minimal environmental impact, the board believes that good environmental practices support the broader strategy of enhancing the reputation of the Group as well as fostering staff and Services Users morale.

The Group is committed to minimising carbon and other greenhouse gases emitted from the operations of the business. The Group seeks to encourage energy and waste saving initiatives wherever possible whilst ensuring delivery of the highest quality of care in the communities that we serve.

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Going Concern

The Board and management have closely monitored and reviewed the current and potential future impact of COVID-19 on the Group as part of the considerations regarding going concern. This has involved modelling a range of downside scenarios throughout FY21 and for FY22, such as declines to bookings, deterioration of cash collection and the resulting impact on the Group's covenants obligations. At the conclusion of this exercise, the Directors were satisfied that there were reasonable mitigations available within management's control, including cost savings initiatives, to ensure the Group has sufficient headroom on covenants over the forecast period.

On the 26 May 2021 the Group concluded a refinancing exercise. All third party debt was consolidated under a single agreement. The going concern assessment was performed based on the new agreement. Please refer to Note 20 for further details.

The Directors, having made appropriate enquiries, consider that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

Statement of Disclosure to the Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

DocuSigned by:
Alex Atzberger
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By order of the Board

Alex Atzberger
Chief Executive Officer
29 June 2022

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Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. However, the directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Independent Auditor's Report to members of Epsilon Group New Holdings Limited

Opinion

In our opinion:

•the financial statements of Epsilon Group New Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;

•the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);

•the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and

•the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements which comprise:

•the consolidated statement of profit or loss and other comprehensive income;

•the consolidated and parent company statements of financial position;

•the consolidated and parent company statements of changes in equity;

•the consolidated statement of cash flows; and

•the related notes 1 to 29 and the parent company notes 1 to 14.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the consolidated annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

•had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies (Jersey) Law 1991, tax legislation; and

•do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, discount rate valuation specialists and Information Technology regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

•We have pinpointed the fraud risk within Episerver AB to the existence of deferred revenue and occurrence of revenue on new contracts, while considering the most appropriate financial period for each operating entity:
We evaluated the design and implementation of the relevant controls of the contract bookings and hence the controls around the recognition of revenue and deferred revenue. We tested the additions to deferred revenue for existence and revenue recognized for occurrence on a sample basis by agreeing the inputs to the calculation to underlying contract terms and further supporting evidence in order to independently recalculate the deferred revenue and revenue.

•We have pinpointed the fraud risk within Optimizely Inc. and Episerver Inc. to the accuracy of subscription revenue for customers with revenue greater than identified thersholds:
We evaluated the design and implementation of the relevant controls of the contract bookings and hence the controls around the recognition of revenue. We tested the revenue recognized for occurrence on a sample basis by agreeing the inputs of the calculation to underlying contract terms and further supporting evidence in order to independently recalculate revenue.

Independent Auditor's Report to members of Epsilon Group Holdings Limited continued

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:
•reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
•performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
•enquiring of management, in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
•reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies (Jersey) Law 1991

In our opinion, based on the work undertaken in the course of the audit:
•the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
•the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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Matters on which we are required to report by exception

Under the Companies (Jersey) Law 1991 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Ward FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 June 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2021

	Notes	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000*
Revenue	6	341,821	206,774
Cost of sales		(104,535)	(61,684)
Gross profit		237,286	145,090
Other income	7	4,054	15
Administrative expenses		(224,716)	(97,961)
Exceptional items	8	(52,495)	(11,107)
Analysed as			
Intangible impairment	8	(36,298)	-
Acquisition, restructuring & implementations	8	(16,197)	(11,107)
Total exceptional items		(52,495)	(11,107)
(Loss) / profit from operations	9	(35,871)	36,037
Finance income	11	10	133
Finance expense	11	(69,675)	(56,681)
Analysed as:			
Finance expense on loans and borrowings	11	(45,223)	(33,579)
Finance expense on 12.5% preference shares dividends	11	(24,452)	(23,102)
Total finance expense		(69,675)	(56,681)
Loss before tax		**(105,536)**	**(20,511)**
Income tax (charge) / credit	12	755	55
Loss for the period attributable to equity holders of the parent company		**(104,781)**	**(20,456)**
Total other comprehensive income:			
Exchange (loss) / gain arising on the translation of foreign subsidiaries that will not be reclassified subsequently to profit or		(61,629)	58,497
Income tax relating to foreign exchange differences that will not be reclassified subsequently to profit or loss	12	-	3,715
Income tax relating to items that may be reclassified subsequently to profit or loss		-	(27)
Total comprehensive profit or loss attributable to equity holders of the parent company		**(166,410)**	**41,729**

The results reflected above relate to continuing activities.

The accompanying notes are an integral part of these financial statements.

* The comparative information has been restated as a result of the change in accounting policy as discussed in note 2.

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Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	31 December 2021 US$'000	31 December 2020 US$'000*
Non-current assets			
Property, plant and equipment	13	5,054	5,499
Intangible assets	14	1,455,645	1,503,442
Right-of-use assets	15	8,770	8,129
Deferred tax assets	21	46,266	42,814
Other receivables	16	24,547	13,250
Total non-current assets		**1,540,282**	**1,573,134**
Current assets			
Trade and other receivables	16	109,100	105,084
Current tax receivable		4,947	6,279
Cash and cash equivalents	18	40,712	63,616
Total current assets		**154,759**	**174,979**
Total assets		**1,695,041**	**1,748,113**
Current liabilities			
Trade and other payables	19	188,005	164,370
Lease liability	15	4,669	3,071
Current tax payable		17,054	11,960
Loans and borrowings	20	6,782	104,040
Total current liabilities		**216,510**	**283,441**
Net current liabilities		**(61,751)**	**(108,462)**
Non-current liabilities			
Trade and other payables	19	5,742	1,402
Lease liability	15	6,836	6,025
Loans and borrowings	20	833,717	655,608
Deferred tax liabilities	21	111,062	124,482
Total non-current liabilities		**957,357**	**787,517**
Total liabilities		**1,173,867**	**1,070,958**
Net assets		**521,174**	**677,155**
Issued capital and reserves attributable to owners of parents			
Share capital	22	8,847	8,798
Share premium	22	218,697	211,810
Merger reserve	25	673,086	673,086
Foreign exchange reserve	25	(15,910)	45,719
Share based payment reserve	29	9,843	6,350
Retained losses	25	(373,389)	(268,608)
Total equity		**521,174**	**677,155**

* The comparative information has been restated as a result of the change in accounting policy as discussed in note 2.

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2022 and were signed on its behalf by:

DocuSigned by:
Alex Atzberger
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Alex Atzberger

Chief Executive Officer

Company Registration Number: 130265

The accompanying notes are an integral part of these financial statements.

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Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2021

	Share capital	Share premium	Merger reserve	Foreign exchange reserve	Share based payment reserve	Retained losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Equity as at 1 January 2020	**6,854**	**3,754**	**673,086**	**(16,493)**	**2,878**	**(247,145)**	**422,934**
Effect of change in accounting policy for property, plant and equipment	-	-	-	-	-	**(841)**	**(841)**
Equity as at 1 January 2020 - As restated*	**6,854**	**3,754**	**673,086**	**(16,493)**	**2,878**	**(247,986)**	**422,093**
Loss for the year *	-	-	-	-	-	(20,456)	(20,456)
Exchange gain arising on the translation of foreign subsidiaries	-	-	-	58,497	-	-	58,497
Income tax relating to foreign exchange differences	-	-	-	3,715	-	-	3,715
Income tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	(27)	(27)
Total comprehensive Income	**-**	**-**	**-**	**62,212**	**-**	**(20,483)**	**41,729**
Issue of Share Capital	1,944	208,056	-	-		-	210,000
Credit to equity for equity-settled share-based payments	-	-	-	-	3,472	-	3,472
Deferred tax on share-based payment transactions	-	-	-	-	-	(139)	(139)
Equity as at 31 December 2020	**8,798**	**211,810**	**673,086**	**45,719**	**6,350**	**(268,608)**	**677,155**

* The comparative information has been restated as a result of the change in accounting policy as discussed in note 2.

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2021

	Share capital	Share premium	Merger reserve	Foreign exchange reserve	Share based payment reserve	Retained losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Equity as at 1 January 2021	**8,798**	**211,810**	**673,086**	**45,719**	**6,350**	**(268,608)**	**677,155**
Loss for the year	-	-	-	-	-	(104,781)	(104,781)
Exchange gain arising on the translation of foreign subsidiaries	-	-	-	(61,629)	-	-	(61,629)
Total comprehensive Income	-	-	-	**(61,629)**	-	**(104,781)**	**(166,410)**
Issue of Share Capital (note 22)	49	6,887	-	-		-	6,936
Credit to equity for equity-settled share-based payments	-	-	-	-	3,493	-	3,493
Equity as at 31 December 2021	**8,847**	**218,697**	**673,086**	**(15,910)**	**9,843**	**(373,389)**	**521,174**

Note 25 describes the nature and purpose of each reserve within equity.

The accompanying notes are an integral part of these financial statements.

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Consolidated Statement of Cashflows
for the Year Ended 31 December 2021

	Notes	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000*
Operating activities			
Loss before taxation		(105,536)	(20,511)
Adjusted by:			
Amortisation of intangible assets	14	58,880	39,718
Depreciation on property, plant and equipment	13	3,034	1,859
Depreciation of right-of-use assets	15	2,968	2,788
Loss on derecognition of right-of-use assets		429	-
Intangible impairment	14	36,298	-
Exceptionals (excluding intangible impairment)	8	16,197	11,107
Amortisation of contract costs	17	18,095	5,648
Finance income	11	(10)	(133)
Finance expense	11	69,675	56,681
Gain on loans amortisation	7	(4,054)	-
Increase in loss allowance provision	16	2,248	932
Loss on disposal of property, plant and equipment		24	405
Share based payment expense		3,493	3,472
Foreign exchange loss / (gain)		6,654	(33,419)
Operating profit before working capital changes		**108,395**	**68,547**
Decrease / (increase) in trade and other receivables		2,552	(5,286)
Increase / (decrease) in trade and other payables		5,669	(4,663)
Payments for contract costs	17	(31,025)	(9,135)
Cash generated from operations before exceptional items		85,591	49,463
Exceptional items (excluding intangible impairment)		(16,197)	(11,107)
Cash inflow generated from operations		**69,394**	**38,356**
Income tax paid		(4,682)	(1,136)
Net cash inflow from operating activities		**64,712**	**37,220**
Investing activities			
Purchase of property, plant and equipment	13	(2,890)	(2,003)
Acquisition of subsidiaries, net of cash acquired	24	(113,127)	(122,807)
Investment in intangible assets	14	(2,579)	(2,376)
Interest received		10	133
Net cash used in investing activities		**(118,586)**	**(127,053)**
Financing activities			
Proceeds from loans and borrowings		295,083	106,338
Transaction costs related to loans and borrowings		(6,952)	(2,629)
Payment of principal on bank loans		(212,619)	(4,064)
Payment of interest on bank loans		(42,177)	(30,033)
Movement on capital element of finance lease		(88)	91
Payments for lease obligation liabilities (IFRS 16)	15	(3,827)	(3,412)
Proceeds on issue of shares		167	70,000
Net cash generated in financing activities		**29,587**	**136,291**
Net (decrease) / increase in cash and cash equivalents		**(24,287)**	**46,458**
Cash and cash equivalents at beginning of period		**63,616**	**16,939**
Effect of foreign exchange translation on cash and equivalents		1,383	219
Cash and cash equivalents at end of period		**40,712**	**63,616**

* The comparative information has been restated as a result of the change in accounting policy as discussed in note 2.

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Notes to the consolidated financial statements

1 General information

Epsilon Group New Holdings Limited (the "Company") is a company limited by shares incorporated and registered in Jersey. Its ultimate controlling party is Insight Venture Partners X LP (Insight Partners). The address of the Company's registered office is shown after the title page. The Company was incorporated on 12 November 2019 as the immediate parent entity and holding company of Epsilon Group Holdings Limited ("Epsilon") with 100% of the shares. Under the common control approach, the financial statements of the Company and Epsilon are consolidated, and the comparative period results are presented retrospectively. Under the common control approach, the financial statements of the Company and Epsilon are consolidated, and the comparative period results are presented retrospectively.

The principal activities of the Company and its subsidiaries (the 'Group') and the nature of the Group's operations are set out in the Strategic Report on page 1.

The functional currency of the Group is US Dollar (US$) and its main subsidiaries have functional currencies of Swedish Krona (SEK) and US$. The presentational currency of the Group is the US$ because its transactions and loans are predominantly in US$.

2 Adoption of new and revised Standards

Implementation of IFRIC agenda decision and new accounting policy

During the year, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software as a Service ("SaaS") arrangements in response to the Internationanl Financial Reporting Standards ("IFRS") Interpretations Committee agenda decision clarifying how IFRS apply to these types of arrangements. The new accounting policy is presented below and the following table summarises the impact of the change in policy on the financial statements of the Group.

	31 December 2021 US$'000	31 December 2020 US$'000
Consolidated Statement of Profit or Loss		
Increase in exceptional items	2,957	769
Decrease in administrative expenses	(935)	(274)
Consolidated Statement of Financial Position		
Decrease in property, plant and equipment	(798)	(1,336)
Consolidated Statement of Cashflows		
Decrease in net cash inflow from operating activities	(2,957)	(769)
Decrease in net cash used in investing activities	2,957	769

Software as a Service arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of the costs incurred relate to the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of, and recognition criteria for, an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

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3 Accounting policies

a. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except as noted in the following accounting policies. The accounting policies have been consistently applied to the periods presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the IASB.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 4.

New and amended standards that are effective for the current year

In the current year, the Group has applied the below standards and amendments that are effective for annual periods that begin on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

In prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform-Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform. In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform-Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These amendments have no material effect on the Group's financial statements.

Amendments to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

In March 2021, the IASB issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reductions in lease payments originally due on or before 30 June 2022. In the current financial year, the Group did not receive any rent concessions as a result of Covid-19 pandemic.

New standards, interpretations and amendments not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1 Classification of Liabilities as Current or Non-current
Amendments to IFRS 3 Reference to the Conceptual Framework
Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies
Amendments to IAS 8 Definition of Accounting Estimates
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group does not expect any of the amendments listed above to have a material impact on the financial statements in future periods.

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The Group financial statements consolidate the financial statements of the Company and its subsidiaries (together referred to as "the Group"). The parent Company financial statements present information about the Company as a separate entity and not about its Group.

Separate financial statements are not required for the parent Company under IAS 27 as the Company has not elected to account for its investments in subsidiaries, joint ventures and associates either at cost, in accordance with IFRS 9 Financial Instruments, or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. Under Article 105(11) of the Companies (Jersey) Law 1991, the Directors of a holding company need not prepare separate financial statements if consolidated accounts for the Company are prepared, unless required to do so by the member of the Company by ordinary resolution. The members of the Company had not passed a resolution requiring separate financial statements and in the Directors' opinion, the Company meets the definition of a holding Company. As permitted by law, the Company's board of Directors have elected not to prepare separate financial statements for the Company.

b. Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquirees's identifiable assets, liabilities, and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Inter-company transactions, balances and unrealised gains and losses (where they do not provide evidence of impairment of the asset transferred) on transactions between Group companies are eliminated.

With the acquisition of Epsilon Group Holdings Limited by Epsilon Group New Holdings Limited on 12 November 2019, management has applied the requirements of FRS 102 to determine that this occurred under common control given the combining businesses are ultimately controlled by the same party both before and after the business combination. The requirements of FRS 102 were applied as the most relevant authoritative guidance in the UK given transactions under common control are scoped out of IFRS 3 Business Combinations. The resulting impact on the consolidated financial statements is to present results retrospectively in the comparative period and the shares issued by Epsilon Group New Holdings Limited as if the transaction had occurred at the beginning of the earliest reporting period presented.

***c.* Going concern**

The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of signing these financial statements.

The forecast contains certain assumptions about the performance of the business including growth in future revenue, the cost model and margins; and importantly the level of cash recovery from trading. The Directors are aware of the risks and uncertainties facing the business but the assumptions used are the Directors' best estimate of the future development of the business.

The Board and management have closely monitored and reviewed the current and potential future impact of COVID-19 on the company as part of the considerations regarding going concern. This has involved modelling a range of downside scenarios throughout FY21 and for FY22, such as declines to bookings, deterioration of cash collection and the resulting impact on the Group's covenants obligations. At the conclusion of this exercise, the Directors were satisfied that there were reasonable mitigations available within management's control, including cost savings initiatives, to ensure the Group has sufficient headroom on covenants over the forecast period.

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After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

d. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes value added tax, returns, rebates, discounts and amounts collected on behalf of third parties and after eliminating inter-company revenue within the Group. The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Separate performance obligations are identified by the below revenue streams.

Sale of software and related services

1. Software as a Service (SaaS)

Sale of SaaS is for terms that can vary from one to five years. SaaS can then be renewed annually consistent with the terms of the contract. Under the SaaS model, the customer purchases the cost of infrastructure through an arrangement with Amazon and Azure cloud services, the right to use the software, hosting, maintenance and support through a subscription fee.

The performance obligation is satisfied over the contract period and revenue in respect of SaaS subscription fee is recognised on a straight-line basis.

2. Software licensing

Sale of software licences (perpetual and term)

Revenue from the sale of software licences is recognised on delivery, when there are no significant performance obligations remaining.

3. Maintenance and support (M&S)

Maintenance and support (M&S) is typically sold for a one-year term when a perpetual or term software licence contract is signed, which can then be renewed annually consistent with the terms of the contract. The performance obligation is to stand ready to provide technical product support and standard software updates, upgrades and enhancements pursuant to the particular service offering. Customers simultaneously receive and consume the benefits of these support services as they are performed.

4. Subscription licences

Subscription licences is a hybrid product that delivers a licence along with maintenance services over a term length. Revenue is allocated to the licence and maintenance elements. The revenue related to the licence is recognised up front when the obligation to deliver the licence key is satisfied and the maintenance element is recognised on a straight-line basis over the contract period.

5. Managed services

Managed services are sold for terms that can vary from one to three years. Under a managed services agreement, the Company provides the required infrastructure and technical support to manage the software of its customers. This involves providing the customer with technical oversight of its websites, ensuring that these sites are available pursuant to the contract terms and conditions. The customer will have already licenced perpetual rights to use the software.

Revenue from managed services fees is recognised on a straight-line basis over the contract period.

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6. Professional services

Professional services and education services consist of software implementation services and training services applicable to both the on premises and SaaS licensing models. Professional services do not generally involve customising or modifying the licenced software, but rather assisting customer deployment of the software to their specific business processes. Education services provide customers with training solutions relating to the operation of the Company licenced software.

These services are billed on a time and materials or fixed price basis. Generally, implementation and consulting services are sold on a time and materials basis. Training services are billed on a fixed-price basis. Subscription based training is also available and customers are able to utilise training over the period of the contract. Customers are provided with e-learning material and instructor led training. Revenue is recognised evenly over the contract period as the customer is able to utilise the resource at any point during that period.

Revenue from professional services is recognised as the service is performed at the rate contracted on a time and materials basis or on a percentage completion basis over the life of the contract.

7. Hosting services

The Company provides hosting services to the customer in the form of hardware and connectivity infrastructure where the customer can deploy the Company licenced software through an arrangement with Amazon and Azure cloud services where the customer maintains ownership of the licenced software.

Revenue from hosting services is recognised on a straight-line basis over the contract period.

8. Multiple element arrangements

When a sales contract contains multiple elements, such as a perpetual software licence and M&S, each element is treated as a single performance obligation, and is allocated a selling price using the residual method. Under the residual method, the fair value of the delivered elements is recognised as revenue according to the revenue recognition criteria for that element. The remaining portion of the contract fee is allocated to the undelivered elements and deferred over on a straight-line basis over the contract period.

Fair value is based on its vendor specific objective evidence ("VSOE") if available, third party evidence ("TPE") if VSOE is not available, or best estimated selling price ("BESP") if neither VSOE nor TPE is available.

When customers are offered discounts on multiple-element sales arrangements, the combined discount is allocated to the constituent elements of the arrangement, based upon their relative selling prices.

Deferred income and reimbursement of expenses

Invoices that have been recorded before the services have been performed are recognised as deferred income in the consolidated statement of financial position.

Reimbursement received for out-of-pocket expenses is recorded as revenue with the corresponding costs recorded as cost of revenue.

Incremental costs of obtaining contracts

Incremental costs of obtaining contacts, such as sales commissions, are capitalised and amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates (i.e. over the estimated period of benefit). If the expected amortisation period is one year or less, then the costs are expensed when incurred.

e. Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group operates several defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Profit or Loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

f. Exceptional items

The identification of adjusting items is a judgement in terms of which costs or credits are not associated with the underlying trading of the business or otherwise impact the comparability of the Group's results year on year. Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation and is stated before any charges or credits relating to non-recurring items including impairment and transformational, board approved projects such as restructuring, integration costs and acquisition-related costs. This is consistent with prior year. Adjusted EBITDA is a non-statutory reporting measure and, as such, is not presented in the primary financial statements of the Group, however it is an important element of the Group's internal reporting and impacts certain performance-related remuneration costs, as reported in the financial statements.

Note 8 contains further details on exceptional items.

g. Finance costs

Finance costs are charged to the Income Statement over the term of the loans and approximate as if the effective interest method was used so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

h. Foreign currency

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The exchange rates used for translating the consolidated financial statements for the Group's entities at 31 December 2021 are shown in the table below:

	31 December 2021		31 December 2020	
	Financial Position – closing rate US$	Comprehensive income – average rate US$	Financial Position – closing rate US$	Comprehensive income – average rate US$
Swedish Krona	0.11	0.12	0.12	0.11
British £	1.35	1.38	1.37	1.28
Euro	1.13	1.18	1.23	1.15
Danish Krona	0.15	0.16	0.17	0.15
Australian $	0.73	0.75	0.77	0.69
Singapore $	0.74	0.74	0.76	0.73

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Foreign currency translation

a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

b) Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- Income and expenses for each income statement are translated at the rate of exchange at the transaction date. Where this is not possible, the average rate for the period is used but only if there is no significant fluctuation in the rate; and
- Share capital, share premium, brought forward earnings are translated using the exchange rates prevailing at the dates of the transactions.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

i. IFRS 16 Leases

As a lessee, the Group leases a portfolio of assets including properties, motor vehicles and other equipment. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise :

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentive received. The Group has assessed its right-of-use assets for impairment and has concluded that there is no indication that the right-of-use assets are impaired.

The Group has lease contracts for properties used in its operations. Leases of properties generally have lease terms between two and ten years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. The Group also has certain property leases with lease terms of twelve months or less and leases of other equipment with low-value underlying assets. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following recognition exemptions and practical expedients are expected to be applied:

- application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- exclusion of low value leases – leases for which the underlying assets is below the Group's capitalisation threshold;
- exclusion of short-term leases – leases with lease term ending within twelve months of the date of initial application.

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j. Property, plant and equipment

Property, plant and equipment are held under the cost model and are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Equipment	- 3 years
Furniture, fixtures and fittings	- 5 years
Purchased software	- 3 years
Leasehold improvement	- shorter of life of lease or estimated useful life
Right-of-use assets	- shorter of life of lease or estimated useful life

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

k. Intangible Assets

(i) Goodwill

Goodwill is recognised to the extent that it arises through a business combination. It represents the difference between the cost of the acquisition and the fair value of net identifiable assets and liabilities acquired. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Any contingent consideration payable in shares is classified as 'shares to be issued' in equity and remeasured subsequently through to this account if its not issued yet. When the shares are issued, they will transferred from 'shares to be issued' to share capital and share premium. Acquisition-related costs are expensed as incurred.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination). Goodwill is not amortised but is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Negative goodwill (bargain purchase) is written back to the income statement in the period it is incurred.

(ii) Externally acquired intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. The cost of such intangible assets is their fair value at the acquisition date. All intangible assets acquired through business combination are amortised over their useful lives.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of the intangibles acquired in a business combination are as follows:

Intangible asset	Useful	Valuation method
Trademarks	1 to 10 years	Relief from royalty
Non-competition agreement	5 years	With or without method
Customer relationships	14 to 20 years	Excess earnings
Developed technology	7 years	Relief from royalty

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(iii) Research and development

Expenditure on research activities as defined in IFRS is recognised in the income statement as an expense as incurred.
Expenditure on internally developed software products and substantial enhancements to existing software product is recognised as intangible assets only when the following criteria are met:

1. it is technically feasible to develop the product to be used or sold;
2. there is an intention to complete and use or sell the product;
3. the Group is able to use or sell the product;
4. use or sale of the product will generate future economic benefits;
5. adequate resources are available to complete the development; and
6. expenditure on the development of the product can be measured reliably.

The capitalised expenditure represents costs directly attributable to the development of the asset from the point at which the above criteria are met up to the point at which the product is ready to use. If the qualifying conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred.

Amortisation is charged on a straight-line basis over the useful life of the related asset which management estimate to be three years.

l. Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Those intangible assets including goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment charge is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

m. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows, bank overdrafts is included.

n. Taxation

Income tax expense represents the sum of the current tax and deferred tax charge for the year.

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of relevant temporary differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

• where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and

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• in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

• where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects either the accounting profit or loss nor taxable profit or loss; and

• in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

o. Share-based payment

In accordance with IFRS 2 'Share-based payments', the Group reflects the economic cost of awarding shares and share options to employees and Directors by recording an expense in the statement of comprehensive income equal to the fair value of the benefit awarded. The expense is recognised in the statement of comprehensive income over the vesting period of the award.

Fair value is measured by the use of a Black-Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

An expense is recognised for awards that ultimately vest, as long as the option holder remains in employment with the Group.

p. Financial assets

In accordance with IFRS 9, the Group's financial assets are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, all financial assets are measured at amortised cost. The Group's financial assets are primarily loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables financial assets comprise all trade and other receivables (excluding prepayments) and cash and cash equivalents included in the Consolidated Statement of Financial Position.

Short term trade receivables are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, including transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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Impairment of financial assets

The Group assesses, at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables; see Note 4 (Credit Risk) for further details.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

q. Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contracts which give rise to them and are classified as financial liabilities at fair value through profit or loss or loans and payables as appropriate.

Loans and payables

The Group's loans and payables comprise all trade and other payables (excluding other taxes and social security costs and deferred income) and loans. Short term payables are measured at the transaction price. Other financial liabilities, including bank loans are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

r. Fair value hierarchy

All financial instruments measured at fair value must be classified into of the levels below:

- Level 1: Quoted prices, in active markets.
- Level 2: Fair Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are not based on observable market data.

s. Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group has several classes of ordinary shares, denominated as US$ ordinary shares, as set out in Note 22.

The Company's different classes of ordinary shares are classified as equity instruments.

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t. Dividends
Dividend distributions to shareholders are recognised as financial liabilities upon declaration.

u. Events after the reporting date
Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

4 Critical accounting estimates and judgements

In preparing the financial statements, the Directors make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period are discussed below.

Judgements and accounting estimates and assumptions

The preparation of financial information in conformity to IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key judgements and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(a) Transactions between entities under common control
In November 2019, Insight Venture Partners X LP, the ultimate owner of the Group, established Epsilon Group New Holdings Limited (Company) which is the immediate parent entity and holds 100% of the shares of Epsilon Group Holdings Limited (previously known as Epsilon Topco Limited and the former parent company for the consolidation of the Group). As a result of the accounting policy regarding entities under common control per Note 3, because the ultimate controlling party before and after the establishment of the Company in November 2019 is still Insight Venture Partners X LP, that owns 52% of shares of the Company, and the rights of all existing shareholders remained the same, the Company has been included in the consolidation in accordance with entities under common control method of consolidation.

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The accounting estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(b) Amortisation period of capitalised contract costs
Sales commissions are contract costs which are capitalised under IFRS 15 (Note 17). Management has estimated the amortisation period of between three to five years, reflecting the average customer retention period by using the initial customer value life cycle of the products. A decrease of amortisation period by one year results in capitalised contract costs to reduce by 27% ($xm), and an increase by one year results in capitalised contract cost to increase by 18% ($xm).

(c) Impairment of intangible assets and property, plant and equipment
The Group tests goodwill at least annually for impairment, and whenever there is an indication that the asset may be impaired. All other intangible assets and property, plant and equipment are tested for impairment when indicators of impairment exist. Impairment is determined with reference to the higher of fair value less costs to sell and for future periods, value in use. Value in use is estimated using discounted future cashflow. Significant assumptions are made in estimating future cashflows about future events including future market conditions, future growth rates and appropriate discount rates. Changes in these assumptions could affect the outcome of impairment reviews. The key assumptions used and the sensitivities in the assessment of the carrying value of the Group's cash generating unit are set out in Note 14.

(d) Impairment of investments and intercompany balances (applies to the Company Financial Statements only)
The Directors have reviewed the carrying value of cost of investments in subsidiaries of the Company with reference to current and future trading conditions. The investments have been reviewed with reference to a valuation based on a discounted free cash flow which the Directors consider to be an appropriate valuation methodology, in conjunction with the goodwill impairment review. The key assumptions used and the sensitivities in the assessment of the carrying value of the Company's investments and intercompany balances are set out in Note 14.

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5 Financial risk management

General objectives, policies and processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group reports in US$. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below and also set out in the Strategic Report.

(i) Financial instruments by category - financial assets and liabilities

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings, finance leases and preference shares.

Trade and other receivables are initially measured at fair value and subsequently at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Trade and other payables are measured at book value. The book value of financial assets and liabilities equates to their fair value.

A summary of the financial instruments held by category is provided below:

Financial assets	31 December 2021 US$'000	31 December 2020 US$'000
Cash and cash equivalents	40,712	63,616
Trade receivables – due at reporting date	33,263	30,413
Trade receivables – not due at reporting date	61,661	52,589
Gross trade receivables	94,924	83,002
Less: bad debt provision	(6,452)	(4,094)
Trade receivables – net of provision	88,472	78,908
Accrued income - not due at reporting date	66	1,457
Other receivables	3,495	315
Financial assets	**132,745**	**144,296**

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Trade receivables principally comprise amounts outstanding for sales to customers and are net of provision for doubtful recoverability. An impairment review of outstanding trade receivables is carried out at the period end and a specific amount provided for.

Financial liabilities

	31 December 2021 US$'000	31 December 2020 US$'000
Trade payables	8,242	17,609
Accruals	32,818	28,841
Trade and other payables	41,060	46,450
Bank loans	637,902	581,414
12.5% preference shares	202,461	178,010
Finance lease and hire purchases	136	224
Loans and borrowings	840,499	759,648
Lease incentive accruals	93	378
Financial liabilities at amortised cost	**881,652**	**806,476**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Financial instruments not measured at fair value includes all of items above. The carrying value of these items approximates their fair value. The fair values of these items are based on their carrying values and the Directors consider that there were no material differences between the book values and fair values of these items at period-end.

Cash and cash equivalents

Cash and cash equivalents are mainly held in SEK and US dollars with others in Euro and other currencies for offices based in Asia Pacific region.

The Group's activities expose it to a variety of financial risks, mainly credit risk, interest rate risk, liquidity risk and foreign exchange risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 December 2021 the Group has net trade receivables of US$88,472,000 (2020: US$78,908,000).

The Group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms. In addition, for new customers only, a time-limited licence is offered which will be withdrawn unless payment is received.

Customer credit risk is subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Group's exposure to credit risk on its cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

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The Group's trade receivables arising from all revenue are subject to the expected credit loss model. While cash and cash equivalents and other contract assets are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The average credit period on sales of goods is 30 days. The expected loss rates are based on the payment profiles of trade receivables over a period of 12 months to 31 December 2021, and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on economic factors affecting the ability of the customers to settle the receivables.

The credit risk and recoverability of the trade receivables balances as at 31 December 2021 were not affected by the COVID-19 outbreak. The Group are satisfied that the balances have been materially recovered prior to the outbreak affecting customers, and therefore have continued IFRS9's simplified approach as outlined above.
The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

		Trade receivables – days past due					
	Not past due	< 30	31 - 60	61-90	91-120	>120	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate (ECL)	3.7%	4.1%	12.4%	18.2%	26.0%	21.6%	6.8%
Estimated total gross carrying amount at default	61,692	12,885	7,665	3,300	2,063	7,319	94,924
Lifetime ECL allowance	2,254	531	948	602	536	1,581	6,452

The reconciliation of the closing loss allowance on trade receivables to the opening loss allowance is shown in Note 16.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 12 months past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate. The Group's bank borrowings and other borrowings at 31 December 2021 were US$638,038,000 (2020: $581,638,000). The Group's exposure to interest rate risk on the finance leases is considered low as the outstanding balance at year end is not significant.

The following table demonstrates the sensitivity to a 1 percent change (lower/higher) to the interest rates of the following borrowings at 31 December 2021 to the profit before tax and net assets for the period:

	Year ended 31 December 2021	Year ended 31 December 2020
	Increase/(decrease) of profit before tax and net assets	
	US$000	US$000
US$-denominated bank borrowings	+/- 2,614	+/- 2,442
GBP-denominated bank borrowings	+/- 610	+/- 573
EUR-denominated bank borrowings	+/- 1,991	+/- 742

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(ii) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days. The table below analyses the Group's financial liabilities by contractual maturities. All amounts disclosed in the table are the undiscounted contractual cash flows as at 31 December 2021:

31 December 2021	Within 1 year US$'000	1-2 years US$'000	2-5 years US$'000	More than 5 years US$'000
Trade and other payables and accruals	45,466	543	-	-
Bank loans (secured)	5,296	5,296	631,337	-
Other loans	4,725	-	-	-
Finance leases and hire purchases	3,249	1,026	1,301	526
Other long term liability	17	988	-	-
Total	58,753	7,853	632,638	526

31 December 2020	Within 1 year US$'000	1-2 years US$'000	2-5 years US$'000	More than 5 years US$'000
Trade and other payables and accruals	35,768	502	-	-
Bank loans (secured)	4,063	4,063	385,220	-
Other loans	1,319	-	-	-
Finance leases and hire purchases	2,543	1,866	935	-
Other long term liability	-	252	-	-
Total	43,693	6,683	386,155	-

Foreign exchange risk

Functional and presentational currency

Items included in the financial statements are measured using the currencies of the primary economic environment in which the Company and its subsidiaries operate ("the functional currency") which are considered by the Directors to be the Swedish Krona (SEK) and US Dollars (US$). The financial statements have been presented in US Dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Transactions in the accounts of individual Group companies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the year end. All differences are taken to the statement of comprehensive income.

Foreign exchange risk arises when Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow customers to settle liabilities denominated in the customer's functional currency, being primarily US$ or SEK.

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The Group is predominantly exposed to currency risk on sales and purchases made from customers and service providers based in the USA and the Euro-zone and Sweden. Sales and purchases from customers, service providers and suppliers are made on a central basis and the risk is monitored centrally. Apart from these particular cash-flows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

The Group has not entered into any forward exchange contracts for the current period but are looking into this type of derivative for the next financial year to manage its foreign exchange risk.

As at 31 December 2021, the Group's net exposure to foreign exchange risk was as follows for those entities with Pound Sterling, Swedish Krona, Euro and other functional currencies:

As at 31 December 2021	SEK US$'000	GBP US$'000	EURO US$'000	Other Currencies US$'000	Total US$'000
Trade and other receivables	26,227	10,101	6,662	6,479	49,469
Cash and cash equivalents	2,953	16,589	21,196	5,680	46,418
Trade and other payables	(11,899)	(2,159)	(3,916)	(892)	(18,866)
Loans & borrowings	(6,204)	(54,077)	(185,307)	-	(245,588)
Financial assets/(liabilities)	11,077	(29,546)	(161,365)	11,267	(168,567)

As at 31 December 2020	SEK US$'000	GBP US$'000	EURO US$'000	Other Currencies US$'000	Total US$'000
Trade and other receivables	28,942	1,580	3,184	3,430	37,136
Cash and cash equivalents	5,533	5,870	20,006	7,674	39,083
Trade and other payables	(21,290)	(2,245)	(2,467)	(1,031)	(27,033)
Loans & borrowings	19,398	(83,400)	(210,009)	(3)	(274,014)
Financial assets/(liabilities)	32,583	(78,195)	(189,286)	10,070	(224,828)

The impact of 10% movement in foreign exchange rate of US$ will result in an increase/(decrease) of profit after tax and financial assets/(liabilities) by US$16,857,000 for 2021 (2020: $22,483,000).

The average exchange rate and closing rate used for the year to 31 December 2021 are as follow:

	31 December 2021		31 December 2020	
	$ Average rate	$ Closing rate	$ Average rate	$ Closing rate
SEK	0.12	0.11	0.11	0.12
GBP	1.38	1.35	1.28	1.37
EUR	1.18	1.13	1.15	1.23

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Capital risk management

The Group's capital is made up of share capital, foreign currency reserve and retained losses.

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk; and
- To minimise the cost of capital and attempt to optimise the capital structure, which currently means maintaining equity funding and keeping debt levels to a manageable level.

To meet these objectives, the Group reviews the budgets and forecasts on a quarterly basis to ensure there is sufficient capital to meet the needs of the Group through to profitability and positive cash flow.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources.

Whilst the Group does not currently pay dividends it is part of the capital strategy to provide returns for shareholders and benefits for other members in the future. However, the Group is planning growth and it will continue to be important to maintain the Group's credit rating and ability to borrow should acquisition targets become available.

Capital for further development of the Group's activities will, where possible, be achieved by share issues or other finance as appropriate.

The Group also monitors capital on the basis of gearing ratio. The gearing ratio is based on the net debt as a percentage of total capital. The gearing ratios are as follows:

	31 December 2021	31 December 2020
	$'000	$'000
Total interest bearing bank borrowings and finance leases	638,038	581,638
12.5% preference shares	202,461	178,010
Total loans and borrowings	840,499	759,648
Less: cash and cash equivalents (Note 18)	(40,712)	(63,616)
Less: cash restricted for interest payments (Note 16)	(809)	(8,433)
Net debt	**798,978**	**687,599**
Total equity	521,174	677,155
Total capital	1,320,152	1,364,754
Gearing ratio	61%	50%
Gearing ratio excluding preference shares	45%	37%

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An analysis of changes in net debt is shown below:

	Total Loans and Borrowings	Obligations under finance leases	Less: cash and cash equivalents	Less: cash restricted for interest payments	Net Debt
	$'000	$'000	$'000	$'000	$'000
At 1 January 2021	**759,424**	**224**	**(63,616)**	**(8,433)**	**687,599**
Cashflow from operations	-	-	(64,712)	-	(64,712)
Cash restricted for interest payments	-	-	-	7,624	7,624
Cash outflow due to investing activities	-	-	118,586	-	118,586
Foreign exchange movements	(19,025)	-	(1,383)	-	(20,408)
Proceeds from loans and borrowings	295,083	-	(295,083)	-	-
Cash outflow on principal and interest payments	(261,748)	-	261,748	-	-
Preference shares dividend accrual	24,452	-	-	-	24,452
Finance expense	42,177	-	-	-	42,177
Finance leases	-	(88)	3,915	-	3,827
Payment of bank loans of acquired subsidiaries	-	-	-	-	-
Proceeds on issue of ordinary shares	-	-	(167)	-	(167)
At 31 December 2021	**840,363**	**136**	**(40,712)**	**(809)**	**798,978**

	Total Loans and Borrowings	Obligations under finance leases	Less: cash and cash equivalents	Less: cash restricted for interest payments	Net Debt
	$'000	$'000	$'000	$'000	$'000
At 1 January 2020	**612,879**	**133**	**(16,939)**	**(5,128)**	**590,945**
Cashflow from operations	-	-	(37,220)	-	(37,220)
Cash restricted for interest payments	-	-	-	(3,305)	(3,305)
Cash outflow due to investing activities	-	-	127,053	-	127,053
Foreign exchange movements	21,170	-	(219)	-	20,951
Proceeds from loans and borrowings	103,709	-	(103,709)	-	-
Cash outflow on principal and interest payments	(34,097)	-	34,097	-	-
Preference shares dividend accrual	23,102	-	-	-	23,102
Finance expense	32,661	-	-	-	32,661
Finance leases	-	91	3,321	-	3,412
Payment of bank loans of acquired subsidiaries	-	-	-	-	-
Proceeds on issue of ordinary shares	-	-	(70,000)	-	(70,000)
At 31 December 2020	**759,424**	**224**	**(63,616)**	**(8,433)**	**687,599**

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6 Segmental analysis

(a) Revenue from operations

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Non-recurring software licence revenue	506	1,358
Recurring software licence revenue (including maintenance and support)	309,597	184,290
Professional services and training	31,718	21,126
Total revenue	341,821	206,774

(b) Geographic segment – secondary basis

The Group operates in four main geographic areas: the Nordic region, United Kingdom and Ireland, Continental Europe, the Americas, and the rest of the world. The following analysis of the Group's revenue is based on the geographic location of customers irrespective of the origin of the goods or services.

	Year ended 31 December 2021 Revenue US$'000	Year ended 31 December 2020 Revenue US$'000
Nordic region	67,174	57,900
United Kingdom and Ireland	38,855	22,809
Continental Europe	45,991	30,897
The Americas	171,532	84,514
Rest of World	18,269	10,654
Total	341,821	206,774

7 Other income

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Release of historic provisions	-	15
Gain on modification of loans	4,054	-
Total	4,054	15

8 Exceptional items

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Exceptional items incurred in the period:		
Intangible impairment (note 14)	36,298	-
Acquisition expenses	5,423	6,012
Restructuring & implementation costs	7,817	4,326
System implementation and integration costs *	2,957	769
Total	52,495	11,107

* The comparative information has been restated as a result of the change in accounting policy as discussed in note 2.

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Intangible impairment expenses of $36,298,000 relates to the write off of all assets relating to the Episerver brand which ceased to be used shortly after the Group rebranded to Optimizely detailed in Note 14. The full carrying value of those assets were written off in the period.
Acquisition expenses of $5,423,000 relates to professional and legal fees incurred on the acquisition detailed in Note 24. IFRS 3 acquisition accounting requires any acquisition related costs that are not specifically related to issuing debt or an entity's own equity shares to be expensed as incurred.

Restructuring & implementation costs of $7,817,000 were incurred in relation to severence payments, rebranding and implementation of new ERP and CRM systems.
System implementation and integration costs are related to Success Factors $938,000 (2020: Nil), NetSuite $626,000 (2020: $351,000), Salesforce $1,090,000 (2020: $369,000) and other systems $303,000 (2020:$49,000).
System implementation and integration costs include Success Factors, which is a new system added during the year. NetSuite costs are related to initial implementation and rollout to additional subsidiaries. Salesforce costs are incurred in relation to merging multiple intances into a single instance.

These expenses are labelled as exceptional items on the basis that they do not relate to the underlying trading of the Group.

9 (Loss) / profit from operations

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
The profit/(loss) from operations as at 31 December 2021 is stated after charging/(crediting):		
Audit fees – Company	381	170
– Company's subsidiaries	577	283
Non-audit fees - tax advisory, compliance and other assurance services	129	303
Net increase in bad debt provision	2,248	932
Bad debt written off	-	1,674
Depreciation of property, plant and equipment * (Note 13)	3,034	1,859
Depreciation of right-of-use asset (Note 15)	2,968	2,788
Amortisation of intangible assets included in administrative expenses (Note 14)	58,880	39,718
Intangibles impairment (Note 14)	36,298	-
Exceptional items excluding intangibles impairment * (Note 8)	16,197	11,107
Research and development expenses (after R&D capitalisation and amortisation)	33,984	23,846
Staff costs (Note 10)	145,937	92,470
Foreign exchange losses / (gains)	6,654	(33,419)

Research and development expenses include $1,946,000 (2020: $2,325,000) of capitalised development costs.

* The comparative information has been restated as a result of the change in accounting policy as discussed in note 2.

10 Staff costs

Staff costs (including Directors' emoluments) incurred in the period included in cost of sales and administrative expenses were as follows:

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Wages and salaries	123,579	76,899
Social security costs	15,053	10,101
Defined contribution pension cost	3,812	1,998
Share based payment expense	3,493	3,472
Gross staff costs	145,937	92,470

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Included in wages and salaries

The average number of employees (including Directors) during the period was made up as follows:

	31 December 2021 Number	31 December 2020 Number
Management	11	11
Operations and administration	1,170	865
Total staff	1,181	876

Key management personnel (comprising Directors) compensation was made up as follows:

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Salaries	563	341
Short-term benefits	13	10
Share based payments	515	1,051
Total	1,091	1,402

Information regarding the highest paid Director is as follows:

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Salaries	563	341
Short-term benefits	13	10
Share based payments	338	1,051
Total	914	1,402

11 Finance income and expense

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Finance income		
Interest on tax related deposits	-	133
Interest income from customers	4	-
Bank interest income	3	-
Unwinding of interest on lease receivable	3	-
Total	10	133

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	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Finance expenses		
Interest on bank loans and overdrafts	39,903	31,163
Accretion of interest on lease obligation liability (note 15)	882	917
Dividends on 12.5% preference shares	24,452	23,102
Amortisation of debt issue costs	4,438	1,499
Total	69,675	56,681

12 Income tax

Analysis of the tax charge

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Current tax		
Current period	-	-
Adjustments in respect of prior years	1,894	-
Overseas tax	10,111	10,130
Total current tax charge	12,005	10,130

The standard rate of corporation tax applied to the UK reported profit is 19%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax		
Origination and reversal of timing differences	(11,165)	(10,185)
Adjustments in respect of prior years	(4,126)	-
Tax rate change relating to future periods	2,531	-
Total deferred tax credit	(12,760)	(10,185)
Total tax credit	(755)	(55)

Finance Act 2021 increases the UK corporation tax rate from 19% to 25% effective 1 April 2023. Deferred tax for temporary/timing differences that are forecast to unwind in the UK on or after 1 April 2023 has been re-measured and recognised at 25%.

Notes to the consolidated financial statements continued

In addition to the amount charged to profit or loss, the following amount relating to tax has been recognised in other comprehensive income as items that may be reclassified subsequently to profit or loss:

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Income tax		
Income tax relating to foreign exchange differences that will not be reclassified subsequently to profit or loss	-	(3,715)
Deferred tax		
Exchange loss on translation of foreign operations	(4,112)	(7,171)
Deferred tax asset on share-based payment transactions	-	(139)

Factors affecting the tax charge

The reasons for the difference between the actual tax charge for the period and the applicable rate of corporation tax applied to the result for the period are as follows:

	Year ended 31 December 2021 US$'000	Year ended 31 December 2020 US$'000
Loss before tax	(105,536)	(20,016)
Applicable rate of corporation tax	20.6%	21.4%
Loss before tax multiplied by the applicable rate of corporation tax	(21,740)	(4,283)
Tax effects of:		
Non-deductible expenses and non-taxable income	(1,209)	4,309
Non-deductible interest	11,230	-
Movement on unrecognised current year losses	3,542	251
Adjustments in respect of prior years	(2,154)	-
Different tax rates of subsidiaries operating in other jurisdictions, current and future tax rates	9,576	(332)
Total tax credit	(755)	(55)

The applicable rate of corporation tax is 20.6% (2020: 21.4%) being the tax rate for Sweden which is considered the most representative rate for the group given the relative levels of operations across the jurisdictions.

The Group has carried forward losses, research and development and accelerated timing differences amounting to $108,877,000 as of 31 December 2021 (2020: $72,742,000).

None has been recognised in the financial statements as the timing and extent of taxable profits are uncertain.

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13 Property, plant and equipment

	Equipment including motor vehicles US$'000	Furniture and fixtures US$'000	Leasehold improvements US$'000	Software US$'000	Total US$'000
Cost					
At 1 January 2021	3,031	2,261	1,923	3,446	10,661
Change in accounting policies	-	-	-	(1,866)	(1,866)
At 1 January 2021 (restated)*	3,031	2,261	1,923	1,580	8,795
Additions	1,825	109	11	945	2,890
Acquisition of subsidiaries	191	-	-	-	191
Disposals	(489)	(315)	(110)	-	(914)
Foreign exchange movement	(667)	(134)	(123)	(85)	(1,009)
At 31 December 2021	3,891	1,921	1,701	2,440	9,953
Depreciation					
At 1 January 2021	1,687	880	545	714	3,826
Change in accounting policies	-	-	-	(530)	(530)
At 1 January 2021 (restated)*	1,687	880	545	184	3,296
Charge for the period	1,389	144	888	613	3,034
Disposals	(471)	(310)	(109)	-	(890)
Foreign exchange movement	(384)	(77)	(59)	(21)	(541)
At 31 December 2021	2,221	637	1,265	776	4,899
Net book value					
At 1 January 2021 (restated)*	1,344	1,381	1,378	1,396	5,499
At 31 December 2021	1,670	1,284	436	1,664	5,054

* The comparative information has been restated as a result of the change in accounting policy as discussed in note 2.

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14 Intangible assets

	Customer relationships	Developed technology	Trademarks	Non Competition Agreements	Capitalised R&D	Goodwill	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
COST							
At 1 January 2021	428,990	151,348	69,297	500	18,075	1,095,620	1,763,830
Additions	-	-	-	-	1,946	633	2,579
Acquisition of subsidiary	33,300	17,200	300	-	-	85,678	136,478
Foreign exchange movement	(16,067)	(4,966)	(3,392)	-	(1,457)	(66,042)	(91,924)
At 31 December 2021	446,223	163,582	66,205	500	18,564	1,115,889	1,810,963
AMORTISATION							
At 1 January 2021	32,605	29,022	11,944	20	5,560	181,237	260,388
Charge for the period	22,730	22,169	7,547	100	6,334	-	58,880
Impairment (Note 8)	-	-	36,298	-	-	-	36,298
Foreign exchange movement	(297)	(604)	(2,174)	-	(891)	3,718	(248)
At 31 December 2021	55,038	50,587	53,615	120	11,003	184,955	355,318
NET BOOK VALUE							
At 1 January 2021	396,385	122,326	57,353	480	12,514	914,383	1,503,442
At 31 December 2021	391,185	112,995	12,590	380	7,561	930,934	1,455,645

See note 24 for balances acquired as part of the acquisitions for the year ended 31 December 2021.

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The Directors have performed a review following an acquisition to identify any intangible assets acquired as part of a business combination. Customer relationships were identified as an intangible asset as there is an inherent life of the relationship for the customers of the acquired businesses. Additionally, the developed technology and trademark were identified as intangible assets acquired as part of the acquisitions made during the year.

Customer relationships, developed technology and trademarks have been recognised as intangible assets on the balance sheet as they meet the criteria of an intangible asset - the asset is separable from the acquired entity, arises from contractual or legal rights, it is controlled by the acquired entity, it provides a probable source of future economic benefits and the fair value can be measured reliably.

The identification and initial recognition of these intangibles are arrived at by using appropriate valuation techniques, as described in Note 4 under accounting judgements – (b) intangible assets.

These intangible assets are amortised on a straight line basis over their useful economic lives, which are re-assessed annually.

Trademarks at balance sheet date include Optimizely trademarks of $12,348,000 with remaining useful economic life of 69 months, Zaius trademarks of $148,000 with remaining useful economic life of 15 months and Welcome trademarks of $94,000 with remaining useful economic life of 6 months.

At the balance sheet date, the following amounts are included in customer relationships:

Recognised on acquisition of the Episerver group	$ 230,244,000	with remainig useful economic life of 201 months
Recognised on acquisition of Optimizely	$ 116,928,000	with remainig useful economic life of 189 months
Recognised on other acquisitions	$ 44,013,000	with remainig useful economic life of 142 to 227 months

At the balance sheet date, the following amounts are included in developed technology:

Recognised on acquisition of the Episerver group	$ 43,211,000	with remainig useful economic life of 45 months
Recognised on acquisition of Optimizely	$ 44,005,000	with remainig useful economic life of 69 months
Recognised on other acquisitions	$ 25,779,000	with remainig useful economic life of 58 to 83 months

Notes to the consolidated financial statements continued

Goodwill and impairment review

The Group has goodwill that has been acquired through business combinations but does not hold any intangible assets that have indefinite lives.

The approach of the Group is to test impairment annually on the carrying value of goodwill, based on the estimated recoverable amount of the cash generating unit ('CGU') to which goodwill has been allocated. All of the Group's goodwill is tested at an aggregate level reflective of the business.

Fair value less cost of disposal is used to estimate the recoverable amount of newly acquired CGUs and the value in use is used to estimate the recoverable amount of all other CGUs. Value in use is calculated as the present value of future cashflows using a discounted cash flow.

The assumptions applied in the fair value less cost of disposal is a level 3 hierarchy based on unobservable market rate. Please refer to sensitivities performed below.

Sensitivity to changes in assumptions - Zaius and Welcome

These CGUs consist of the group acquired in the year, Zaius Inc and Welcome Inc. There are distinct business operations with their own product lines. Carrying value of goodwill at year end for these CGUs is $85,678,000 (2020: $105,124,000).
Management has identified two key assumptions, for which if any of the following changes were made to these key assumptions individually, this would cause the carrying amount to equal to the recoverable amount.

	Zaius	Welcome
Forecast Revenue - decrease	45%	50%
Revenue multiple - decrease	45%	50%

As a result of the impairment analysis performed above it was determined that the fair value less cost of disposal was higher than the carrying value of Goodwill. As such the group recognised no impairment in the period.

Sensitivity to changes in assumptions - value in use (brought forward Goodwill)

This CGU consists of all subsidiaries not covered above. This is a distinct business operation with its own product lines. Carrying value of goodwill at year end for this CGU is $ 845,256,000 (2020: $809,259,000).
The key assumptions used by mangagment are operating cash flows, discount rate of 11.9% and terminal growth rate of 1.8%. The impacts of changes to these assumptions are:

Assumption	**Change in assumption (base points)**	**Change in recoverable amount**
Discount rate	+/- 0.5%	- 5% /+ 6%
Terminal growth rate	+/- 0.5%	+ 4%/- 3%

If the following changes were made to these assumptions the carrying amount would equal the recoverable amount:

Discount rate - increase	4%
Terminal growth rate - decrease	2.6% (base points)

As a result of the impairment analysis performed above it was determined that the value in use was higher than the carrying value of Goodwill. As such the group recognised no impairment in the period (2020: Nil).

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15 Right-of-use assets and lease liabilities

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Properties US$'000
COST	
At 1 January 2020	9,407
Additions	5,558
Lease modifications	(91)
Foreign exchange movement	193
At 31 December 2020	15,067
Additions	2,392
Lease modifications	1,786
Derecognition of right-of-use assets	(1,868)
Foreign exchange movement	(2,953)
At 31 December 2021	14,424
AMORTISATION	
At 1 January 2020	4,235
Charge for the period	2,788
Foreign exchange movement	(85)
At 31 December 2020	6,938
Charge for the period	2,968
Derecognition of right-of-use assets	(1,650)
Foreign exchange movement	(2,602)
At 31 December 2021	5,654
CARRYING AMOUNT	
At 31 December 2020	8,129
At 31 December 2021	8,770

Notes to the consolidated financial statements continued

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Total US$'000
At 1 January 2020	5,870
Additions	5,467
Accretion of Interest	926
Payments	(3,412)
Foreign exchange movement	245
At 31 December 2020	9,096
Additions	4,082
Lease modifications	1,786
Accretion of Interest	882
Payments	(3,827)
Foreign exchange movement	(514)
At 31 December 2021	11,505
Current	4,669
Non-Current	6,836

The discount rate used is the Group's incremental borrowing rate of 10%, as the interest rate implicit in the leases cannot readily be determined.

During the year, the Group extended office leases and added additional office space. A number of leases were subjected to an increase in consideration. The Group accounted for these changes as lease modifications.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2021 US$'000	31 December 2020 US$'000
Maturity analysis:		
Year 1	5,521	3,572
Year 2	4,630	3,158
Year 3	1,804	2,016
Year 4	1,065	1,469
Year 5	230	387
Onwards	597	828
Total	13,847	11,430

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16 Trade and other receivables

	2021 US$'000	2020 US$'000
Current		
Trade receivables	94,924	83,002
Provision for doubtful debt	(6,452)	(4,094)
Trade receivables	88,472	78,908
Prepayments	7,228	10,124
Restricted cash	809	8,433
Accrued income	66	1,457
Other receivables	3,495	1,503
Contract costs capitalised (note 17)	9,030	4,659
Total	109,100	105,084
Non-current		
Long term prepaid assets	2,706	1,637
Other long term receivables	3,025	1,528
Contract costs capitalised (note 17)	18,816	10,085
Total	24,547	13,250

Trade receivables comprise amounts outstanding for trade sales. The average credit period taken for trade sales is 65 days (2020: 69 days). For most customers no interest is charged on the trade receivables for the first five days from the due date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all receivables are paid within the pre-agreed credit terms.

Amounts reclassified out of cash and cash equivalents are shown above in restricted cash. These are amounts received as part of the 2019 loan (note 20) that are only to be used for payments of interest on the 2019 loan, and are therefore not available for general use by the other entities within the group.

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The reconciliation of the closing loss allowance on trade receivables to the opening loss allowance is shown below.

Bad debt provision

	2021 US$'000
At 1 January 2021	4,094
Increase in loss allowance	2,248
Acquisition of Subsidiary	110
At 31 December 2021	6,452

17 Contract costs

Incremental costs of obtaining contacts, such as sales commissions, are capitalised and amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates (i.e. over the estimated period of benefit). Applying the practical expedient in paragraph 94 of IFRS 15, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less. Capitalised incremental costs are amortised over the period the related revenues are recognised. Movements on the contract costs balance are as follows:

	2021 US$'000	2020 US$'000
Opening balance as at 1 January 2021	14,744	10,893
Capitalisation during the period	31,025	9,135
Amortisation during the period	(18,095)	(5,648)
Exchange differences	172	364
At 31 December 2021	27,846	14,744
Current	9,030	4,659
Non-Current	18,816	10,085
At 31 December 2021	27,846	14,744

18 Cash and cash equivalents

	2021 US$'000	2020 US$'000
Current		
Cash at bank and in hand	40,712	63,616

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

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19 Trade and other payables

	2021 US$'000	2020 US$'000
Current		
Trade payables	8,242	17,609
Other taxes and social security costs	4,135	4,035
Accruals	32,818	28,841
Deferred income	142,810	113,885
	188,005	164,370
Non-current		
Deferred income	5,649	1,024
Lease incentive accruals	93	378
	5,742	1,402

Deferred income relates to the remaining performance obligation that are unsatisfied at the period end. The Group expects to recognise this amount as revenue in line with the revenue recognition policy in Note 3d.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 18 days. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20 Loans and borrowings

	2021 US$'000	2020 US$'000
Current		
Syndicate bank loans	6,646	6,690
Bank loans 2019	-	88,100
Bank loans 2020	-	9,026
Obligations under finance lease and hire purchase contracts	136	224
	6,782	104,040
Non-current		
Syndicate bank loans	631,256	387,448
Bank loans 2020	-	90,150
Non-redeemable 12.5% preference shares	202,461	178,010
	833,717	655,608
Total	840,499	759,648

The loans and borrowings are initially recognised at fair value and subsequently measured at amortised cost. The carrying value of the loans and borrowings approximates to their fair value at balance sheet date.

The syndicated bank loans are secured by a charge over certain assets of the Group.

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

The Group's outstanding bank term loans at 31 December 2021 were $638.0m (2020: $586.5m). The Group has two principal bank loans which is split into the respective currency tranches:

Notes to the consolidated financial statements continued

2018 loan - USD Tranche

A loan of $136.5m was taken out on 9 October 2018 as part of the funding of the acquisition of the Episerver Group of companies. Repayments commenced on 31 March 2019 and continue quarterly at an amount of 0.25% ($0.341m) of the principal amount. To the extent not previously paid, the loan shall be due and payable on the Term Maturity Date, being 9 October 2024. On 26 May 2021, the Group refinanced the loan and extended the Term Maturity Date to 9 April 2026.

The loan carries an interest rate of 6.00% above Alternate Base Rate and interest is paid on a monthly basis, and quarterly from August 2020.

2018 loan - GBP Tranche

A loan of £44.8m was taken out on 9 October 2018 as part of the funding of the acquisition of the Episerver Group of companies. Repayments commenced on 31 March 2019 and continue quarterly at an amount of 0.25% (£0.112m) of the principal amount. To the extent not previously paid, the loan shall be due and payable on the Term Maturity Date, being 9 October 2024. On 26 May 2021, the Group refinanced the loan and extended the Term Maturity Date to 9 April 2026.

The loan carries an interest rate of 6.5326% above Alternate Base Rate and interest is paid on a monthly basis, and quarterly from August 2020.

2018 loan - EUR Tranche

A loan of €170.0m was taken out on 9 October 2018 as part of the funding of the acquisition of the Episerver Group of companies. Repayments commenced on 31 March 2019 and continue quarterly at an amount of 0.25% (€0.425m) of the principal amount. To the extent not previously paid, the loan shall be due and payable on the Term Maturity Date, being 9 October 2024. On 26 May 2021, the Group refinanced the loan and extended the Term Maturity Date to 9 April 2026.

The loan carries an interest rate of 6.0% above Alternate Base Rate and interest is paid on a monthly basis, and quarterly from August 2020.

2019 loan

As part of the funding of the acquisitions of Idio and Insite in 2019, Episerver Group drew down on a Revolving Credit and Security Agreement held with Silicon Valley Bank and Citibank (as part of a group of borrowers under the Insight Partners portfolio). Funds of $22.5m and $58.0m were drawn down on 13 November 2019 and 11 December 2019.

The loan carries an interest rate of 1.35% below WSJ US Prime Rates and interest is paid on a monthly basis.

On 26 May 2021 the Group concluded a refinancing exercise, detailed in Note 28, resulting in the full repayment of the 2019 loan.

2020 Loan

A loan of $100.0m was taken out on 19 October 2020 as part of the funding of the acquisition of the Optimizely group of companies. Repayments commenced on 31 March 2021 and continue quarterly at an amount of 1.00% ($1.0m) of the principal amount.

The loan carries an interest rate of 7.50% above a 1% LIBOR floor and interest is paid on a quarterly basis.

On 26 May 2021 the Group concluded a refinancing exercise, detailed in Note 28, resulting in the full repayment of the 2020 loan.

2021 Loan

A loan of $205.0m was taken out on 26 May 2021 after the refinancing exercise and used for repayment of 2019 loan and 2020 loan. Repayments commenced on 30 June 2021 and continue quarterly at an amount of 0.25% ($0.513m) of the principal amount. To the extent not previously paid, the loan shall be due and payable on the Term Maturity Date, being 9 April 2026.

A loan of $70.0m was taken out on 21 December 2021 as part of the funding of Welcome. Repayments commenced on 31 March 2022 and continue quarterly at an amount of 0.25% ($0.175m) of the principal amount. To the extent not previously paid, the loan shall be due and payable on the Term Maturity Date, being 9 April 2026.

The loans carry an interest rate of 6.0% above Alternate Base Rate and interest is paid on a monthly basis.

Other facilities

The Group has a committed revolving credit facility agreement of $50m and which expires on the earliest of (a) 9 April 2026 and (b) date when the term loans are fully paid. The amount of undrawn facilities at 31 December 2021 was $50m. A fee of 0.5% is charged on the undrawn funds.

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The preference shares principal liability of US$132,813,000 which bear a dividend payable of 12.5% are classified as liabilities for accounting purposes as the terms of these loans provides the Group with a legal requirement to ultimately settle these instruments in cash. The liability at year end includes accrued dividends for the year of US$23,527,000 (2020: US$23,102,000) which are disclosed in finance expenses.

The total of the principal and cumulative dividend accrual liability at year end is $202,461,000 (2020: $178,010,000).

Capitalised Issue costs

Fees amounting to $7.63m relating to the issuance of the debt were capitalised on 9 October 2018. The outstanding issue costs netted off against the above bank loans at 31 December 2021 were US$2.85m (2020: US$4.64m) and are being amortised over the life of the loans. Amount amortised and expensed for the period was US$1.79m (2020: $1.4m).

Fees amounting to $0.68m relating to the issuance of the revolving credit facility were capitalised on 9 October 2018. The outstanding issue costs netted off against the above bank loans at 31 December 2020 were US$0.27m (2020: US$0.44m) and are being amortised over the life of the loans. Amount amortised and expensed for the period was US$0.17m (2020: US$0.1m).

Fees amounting to $4.69m relating to the issuance of the debt were capitalised on 26 May 2021. The outstanding issue costs netted off against the above bank loans at 31 December 2021 were US$4.12m (2020: US$Nil) and are being amortised over the life of the loans. Amount amortised and expensed for the period was US$0.58m (2020: US$Nil).

Fees amounting to $0.38m relating to the issuance of the revolving credit facility were capitalised on 26 May 2021. The outstanding issue costs netted off against the above bank loans at 31 December 2021 were US$0.32m (2020: US$Nil) and are being amortised over the life of the loans. Amount amortised and expensed for the period was US$0.06m (2020: US$Nil).

Fees amounting to $1.89m relating to the issuance of the debt were capitalised on 21 December 2021. The outstanding issue costs netted off against the above bank loans at 31 December 2021 were US$1.87m (2020: US$Nil) and are being amortised over the life of the loans. Amount amortised and expensed for the period was US$0.01m (2020: US$Nil).

Modification gains

On 26 May 2021, the refinancing exercise was completed by the Group for 2018 loans. Under IFRS 9, modification gains of $4,054,000 had been recogised at the date of modification.

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21 Deferred tax liability

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current period

	Capitalised development costs	Other Intangible assets	Losses[2]	Other timing differences[1]	Total
	US$'000	US$'000	US$'001	US$'000	US$'000
At 1 January 2021	2,241	119,260	(42,814)	2,981	81,668
Arising on business combinations	-	10,668	(10,668)	-	-
(Credit)/charge to profit and loss	(1,243)	(15,882)	4,229	4,262	(8,634)
(Credit)/charge directly to OCI	529	(4,641)	-	-	(4,112)
Adjustments in respect of prior years	-	-	2,987	(7,113)	(4,126)
At 31 December 2021	1,527	109,405	(46,266)	130	64,796

[1] Other timing differences relate to deferred tax assets arising on capitalised contract costs (Note 17), lease obligations (Note 15) and other timing differences. For further information on tax see Note 12.

[2] Relates to deferred tax assets arising on historical losses on acquired entities.

The deferred tax assets includes an amount of $10,668,000 which relates to carried-forward tax losses of Zaius and Welcome that were acquired in the year. Deferred tax assets have been recognised based upon the taxable temporary differences arising on the intangible assets relating to those acquired entities.

22 Share capital and share premium

Share capital allotted and fully paid up

The shares are denominated in US$. The table below shows the movements in share capital for the period:

	Number of shares	US$'000
Authorised:		
'A' Ordinary of $0.10 each	75,000,000	7,500
'B' Ordinary of $0.10 each	10,000,000	1,000
'A' Preference of $10 each	136,500	1,365
Balance at 1 January 2021	87,971,853	8,798
Issued and fully paid during the year:		
'A' Ordinary of $0.10 each	487,516	49
Balance at 31 December 2021	**88,459,369**	**8,847**

The 12.5% cumulative non-redeemable preference shares including accrued dividends was US$$202,461,000 (2020: US$178,010,000).

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Share premium, allotted and fully paid:

	US$'000
Balance as at 1 January 2021	211,810
Premium arising on issue of equity shares	6,887
Balance at 31 December 2021	218,697

23 Subsidiaries

The following are subsidiaries of the Company, all of which have been included in the consolidated financial information:

Name	Principal activity	Parent company	Proportion of shares directly held by parent[14]	Country of incorporation
Episerver Group Holdings Limited	Holding company	Epsilon Group New Holdings Limited	100%	Jersey[15]
Epsilon Holdco 1 Limited	Holding company	Epsilon Group Holdings Limited	100%	Jersey[15]
Epsilon Holdco 2 Limited	Holding company	Epsilon Group Holdings Limited	100%	Jersey[15]
Endeavour Acquisition AB	Holding company	Episerver Sweden Holdings AB	100%	Sweden[1]
Revres Holding AB	Holding company	Endeavour Acquisition AB	100%	Sweden[1]
Revres AB	Holding company	Revres Holding AB	100%	Sweden[1]
EPiServer Group AB	Holding company	Revres AB	100%	Sweden[1]
EPiServer AB	Digital Experience Management ("DXM")	EPiServer Group AB	100%	Sweden[1]
Episerver Sweden Holdings AB	Holding company	Epsilon Group Holdings Limited	99%	Sweden[1]
EPiServer UK Limited	DXM	EPiServer Group AB	100%	UK[2]
EPiServer Benelux BV	DXM	EPiServer Group AB	100%	Netherlands[3]

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Name	Principal activity	Parent company	Proportion of shares directly held by parent[14]	Country of incorporation
EPiServer Denmark	DXM	EPiServer Group AB	100%	Denmark[4]
EPiServer Finland OY	DXM	EPiServer Group AB	100%	Finland[5]
Episerver Research and Development One Member Limited Company	DXM	EPiServer AB	100%	Vietnam[6]
EPiServer Inc	DXM	Epsilon US Holdings, Inc.	100%	USA[7]
Epsilon US Holdings, Inc.	Holding company	Epsilon Group Holdings Limited	100%	USA[13]
Delaware Epsilon Midco, LLC	Holding company	Epsilon Group Holdings Limited	100%	USA[12]
Episerver Pty Limited	Dormant	EPiServer Inc	100%	Australia[8]
Ektron Singapore Pte.	DXM	EPiServer Inc	100%	Singapore[9]
Insite Software Solutions Inc	B2B e-commerce platform	EPiServer Inc	100%	USA[16]
Insite Hosting Services Inc	B2B e-commerce platform	Insite Software Solutions Inc	100%	USA[16]
Endeavour Acquisition GmbH	Holding company	EPiServer AB	100%	Germany[11]
Episerver GmbH	Email Marketing Solutions	Endeavour Acquisition GmbH	100%	Germany[10]
Optimizely Holdco, Inc.	Holding company	Epsilon Group New Holdings Limited	100%	USA[17]
Optimizely, Inc.	Customer experience optimization	Optimizely HoldCo, Inc.	100%	USA[18]
Optimizely B.V.	Marketing and Sales	Optimizely, Inc.	100%	Netherlands[19]
Optimizely GmbH	Marketing and Sales	Optimizely, Inc.	100%	Germany[10]
Optimizely Australia PTY Ltd.	Marketing and Sales	Optimizely, Inc.	100%	Australia[8]

Notes to the consolidated financial statements continued

Name	Principal activity	Parent company	Proportion of shares directly held by parent[14]	Country of incorporation
Optimizely International Holdings Ltd.	Holding company	Optimizely, Inc.	100%	Cayman Islands[20]
Optimizely UK LTD	Marketing and Sales	Optimizely, Inc.	100%	UK[2]
Zauis Inc.	Customer Data Platforms ("CDP")	EPiServer Inc	100%	USA[21]
Newscred Inc.	Marketing Orchestration	EPiServer Inc	100%	USA[22]
Newscred Limited	Marketing and Sales	Newscred Inc.	100%	UK[23]
Episerver Pte. Limited	DXM	EPiServer Inc	100%	Singapore[24]

Registered address of the entities:

1 Sweden: Box 7007, 103 86 Stockholm

2 UK 3rd Floor, Cargo Works, Enterprise House, 1-2 Hatfields , London, SE1 9PG

3 Netherlands: Leidseveer 2, 3511 SB Utrecht, Netherlands

4 Denmark: Njalsgade 23, 1, 2300 Kobenhavn S, Denmark

5 Finland: Backasgranden 7, 01510 Vantaa, Finland

6 Vietnam: Floor 7, Song Hong Land Office Building, 165 Thai Ha, Dong Da district, Hanoi

7 USA: 542 Amherst Street (Route 101A), Nashua, NH 03063, USA

8 Australia: Suite 703, Level 7, No 1 Pacific Highway, North Sydney, NSW, 2060 Australia

9 Singapore: 9 Battery Road #15-01 MYP Centre, Singapore 0449910

10 Germany: Wallstrasse 16, 10179 Berlin

11 Germany: SKW Schwarz Rechtsanwälte, Wittelsbacherplatz 1, 80333, München

12 USA: Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle, DE 19801, USA

13 USA: 1114 Avenue of the Americas, 36th floor, New York, NY 10036, USA

14 All shares directly held by the parent are 'A' ordinary shares

15 Jersey: 3rd Floor, 37 Esplanade, St Helier, Jersey, JE1 1AD

16 USA: 110 N 5th Street, Suite 800, Minneapolis, MN 55403

17 USA: 1114 Avenue of the Americas, 36th floor, New York, NY 10036, USA

18 USA: 631 Howard Street, Suite 100. San Francisco, CA 94105

19 Netherlands: Nes 76, 1012 KE Amsterdam

20 Cayman Islands: Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

21 USA: 1 Washington Mall, #1170, Boston, MA 02108, USA

22 USA: 1209 Orange Street, Wilmington DE 19801, USA

23 UK: Batchworth House, Batchworth Place, Church Street, Rickmansworth, Hertfordshire, WD3 1JE

24 Singapore: 8 Craig Road, #03-00, Singapore 089668

Notes to the consolidated financial statements continued

24 Acquisitions

(a) The Group acquired 100% of the issued share capital of Zaius, Inc. ("Zaius") on 18 March 2021. The principal activity of Zaius is the provision of customer data platforms ("CDP"). The main reason for this acquisition was to facilitate the continued growth of the underlying trading companies.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill for the Zaius acquisition are as follows:

	Book value	Fair value adjustment	Fair value
	US$'000	US$'000	US$'000
Trademarks	-	200	200
Customer Relationships	-	8,200	8,200
Developed Technology	-	5,000	5,000
Property, Plant and Equipment	12	-	12
Trade Receivables	648	-	648
Other Receivables	358	-	358
Cash and Cash Equivalents	2,050	-	2,050
Trade Payables	(130)	-	(130)
Other Payables	(5,567)	-	(5,567)
Loans	(4,562)	-	(4,562)
Deferred Revenue	(939)	-	(939)
Deferred Tax Liabilities	-	(2,814)	(2,814)
Deferred Tax Assets	-	2,814	2,814
Net Assets	(8,130)	13,400	5,270
Goodwill			12,347
Total consideration			17,617
Satisfied by:			
Cash			10,848
Shares			6,769
Total consideration transferred			17,617
Net cash outflow arising on acquisition:			
Cash consideration			10,848
Less: cash and cash equivalent balances acquired			(2,050)
Cash outflow on acquisition (net of cash acquired)			8,798

The fair value of the financial assets includes receivables with a fair value and gross contractual value of $648,000. All contractual cash flows are expected to be collected.

The goodwill of $12,347,000 arising from the acquisition consists of the excess of consideration paid over the fair value of net assets and represents the growth and development opportunities of the Group. None of the goodwill is expected to be deductible for income tax purposes.

The fair value of the ordinary shares issued as part of the consideration paid ($6,769,000) was determined on the basis of market value determined as part of the acquisition.

Notes to the consolidated financial statements continued

Acquisition-related costs (included in administrative expenses) amount to $5,423,000.

Since the acquisition date, Zaius has contributed $7,685,000 to Group revenue and loss before tax of $2,145,000 to Group loss before tax for the year ended 31 December 2021.

If the acquisition of Zaius had been completed on the first day of the financial year, contribution to Group revenues for the year would have been $9,854,000 and contributing a loss before tax of $5,862,000 to Group loss before tax for the year ended 31 December 2021.

A reconciliation from goodwill arising on acquisition to goodwill as at 31 December 2021 is shown below:

	US$'000
Goodwill as at 18 March 2021 and 31 December 2021	12,347

(b) The Group acquired 100% of the issued share capital of Welcome, Inc. ("Welcome") on 21 December 2021. The principal activity of Welcome is provision of marketing platform. The main reason for this acquisition was to combine Welcome's campaign planning, content production, and asset management capabilities with Optimizely's existing digital experience solutions and to extend core offerings to customers.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill for the Welcome

	Book value	Fair value adjustment	Fair value
	US$'000	US$'000	US$'000
Trademarks	-	100	100
Customer Relationships	-	25,100	25,100
Developed Technology	-	12,200	12,200
Property, Plant and Equipment	179	-	179
Trade Receivables	2,225	-	2,225
Other Receivables	2,744	-	2,744
Cash and Cash Equivalents	13,448	-	13,448
Trade Payables	(1,936)	-	(1,936)
Other Payables	(6,039)	-	(6,039)
Deferred Revenue	(3,575)	-	(3,575)
Deferred Tax Liabilities	-	(7,854)	(7,854)
Deferred Tax Assets	-	7,854	7,854
Net Assets	7,046	37,400	44,446
Goodwill			73,331
Total consideration			117,777

Satisfied by:	
Cash	117,777
Total consideration transferred	117,777

Net cash outflow arising on acquisition:	
Cash consideration	117,777
Less: cash and cash equivalent balances acquired	(13,448)
Cash outflow on acquisition (net of cash acquired)	104,329

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The fair value of the financial assets includes receivables with a fair value and gross contractual value of $2,225,000. All contractual cash flows are expected to be collected.

The goodwill of $73,331,000 arising from the acquisition consists of the excess of consideration paid over the fair value of net assets and represents the growth and development opportunities of the Group. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs (included in administrative expenses) amount to $5,298,000.

Since the acquisition date, Welcome has contributed $317,000 to Group revenue and loss before tax of $6,166,000 to Group loss before tax for the year ended 31 December 2021.

If the acquisition of Welcome had been completed on the first day of the financial year, contribution to Group revenues for the year would have been $12,257,000 and contributing a loss before tax of $25,175,000 to Group loss before tax for the year ended 31 December 2021.

A reconciliation from goodwill arising on acquisition to goodwill as at 31 December 2021 is shown below:

	US$'000
Goodwill as at 21 December 2021 and 31 December 2021	73,331

25 Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium - The amount of capital contributed in excess of the nominal value of each ordinary share, being $218,697,000 (2020: $211,810,000) at 31 December 2021.

The merger reserve of $673,086,000 (2020: $673,086,000) represents the premium arising on shares issued as part of Epsilon Group New Holding's acquisition of subsidiaries accounted for under the common control transaction method.

Foreign exchange reserve - Foreign exchange translation gains and losses arising on the translation of the financial statements from the functional to the presentation currency.

Share based payment reserve of $9,843,000 (2020: $6,350,000) at 31 December 2021 representing the fair value of share entitlements granted, recognised as an employee expense in the income statement with a corresponding increase in equity, which are transferred to retained earnings when vested options are exercised, forfeited or lapsed.

Retained losses - All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere being $379,683,000 (2020: $268,608,000) at 31 December 2021. Retained losses are distributable subject to legal restriction. There are cumulative rights attached to preference shares where these and related interest will be paid out first on approval of dividends.

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26 Contingent liabilities

At 31 December 2021 there was an outstanding litigation involving the Group relating to a dispute with a former employee.

At the date of the accounts, the outcome is still uncertain. As such no provision has been made in these financial statements.

27 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of the directors, who are the key management personnel of the Group, is set out in Note 10 in aggregate for each of the categories specified in IAS 24.

28 Share based payments

Epsilon Group Holdings Limited acquired the Episerver Group of companies from Endeavour Acquisition UK Limited (EAUK) on 9th October 2018. As part of this acquisition certain employees of EAUK rolled over an element of their shareholding into a new share based payment plan in the Epsilon Group Holdings Limited. These A Ordinary shares were purchased at a subscription price of $10 per share. The shares are deemed to have a grant date fair value of nil. Therefore under IFRS 2, no share based payment expense was recognised for the year ended 31 December 2021 (2020: nil).

The Company has 3 types of share option plans for management and other key employees of the Group.

Plan 1 - Share incentive plan ("SIP")

This scheme was introduced on 21 March 2019. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, certain employees may be granted options to buy ordinary B shares.

Each employee share option converts into one ordinary B share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Notes to the consolidated financial statements continued

The number of options granted is fixed, that is to say not calculated using a performance-based formula, although additional options can be granted to any employee at a later date.

Options are exercisable at a price of $10-$15 per share. All options granted vest in 5 equal tranches on each anniversary of the grant date.

If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of share options outstanding during the year are as follows :

	31 December 2021		31 December 2020	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	4,824,135	$10	2,880,502	$10
Granted during the year	2,162,657	$10.72	2,000,192	$10
Forfeited during the year	(335,089)	$10	(56,559)	$10
Exercised during the year	(15,000)	$10	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	6,636,703		4,824,135	

In 2021, options were granted on 6, 21 & 26 January, 25 July, 27 October and 3 November.

The aggregate of the estimated fair values of the options granted on those dates is $5,695,000 (2020: $2,000,000). The inputs into the Black-Scholes model are as follows:

	2021	2020
Weighted average share price	$5.24	$3.84
Weighted average exercise price	10.72	$10
Expected volatility	57.5%	57.5%
Expected life	3 years	2 years
Risk-free rate	0.5%	1.30%

Volatility was determined based on the historic volatility of comparable listed companies.

The Group recognised total expenses of $2,560,000 and $1,748,000 related to Share Incentive Plan share-based payment transactions in 2021 and 2020 respectively.

The number of shares exercisable at 31 December 2021 was 1,961,080 (2020: 631,747).

Notes to the consolidated financial statements continued

Plan 2 - Performance share plan

This scheme was introduced on 21 March 2019. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, if certain performance conditions are met, then certain employees may be granted ordinary B Bonus shares.

Each employee share option converts into one ordinary B Bonus share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of shares granted is fixed, and the grant of all shares is triggered once all performance measures approved by the shareholders at a previous annual general meeting are met. These performance measures include continued service and improvements in share price.

The shares are subscribed at a price of $0.71 per share. All shares granted vest in 5 equal tranches on each anniversary of the grant date.

If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of shares outstanding during the year are as follows :

	31 December 2021		31 December 2020	
	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	1,161,774	$0.71	1,161,774	$0.71
Granted during the year	50,000	$10.00	-	-
Outstanding at the end of the year	1,211,774		1,161,774	

The aggregate of the estimated fair values of the options granted in 2021 is $225,000. No shares were granted in 2020. The inputs into the Black-Scholes model are as follows:

	2021	2020
Weighted average share price	$1.12	$1.12
Weighted average exercise price	$0.71	$0.71
Expected volatility	57.5%	58%
Expected life	3 years	2 years
Risk-free rate	0.50%	1.30%

Volatility was determined based on the historic volatility of comparable listed companies.

The Group recognised total expenses of $351,000 and $445,000 related to Performance Share Plan share-based payment transactions in 2021 and 2020 respectively.

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Plan 3 - Loan funded share purchase

This scheme was introduced on 21 March 2019. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, certain employees may be purchase shares using limited recourse loans.

Under the terms of the loans the Group only has recourse to shares purchased by the employee, as such the loans are accounted for under IFRS 2.

The loans are deemed to be options and are exercisable at a price based on the market value of the share at grant date plus interest accrued to exercise date. All shares granted vest in 5 equal tranches on each anniversary of the grant date.

Details of shares outstanding during the year are as follows :

	31 December 2021		31 December 2020	
	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	2,919,196	$2.62	3,014,673	$2.62
Forfeited during the year	(14,898)	$2.62	(95,477)	$2.62
Outstanding at the end of the year	2,904,298		2,919,196	

No shares were granted in 2021 or 2020. The inputs into the Monte Carlo model are as follows:

	2021
Weighted average share price	$5.24
Weighted average exercise price	$2.99
Expected volatility	58%
Expected life	2 years
Risk-free rate	1.30%

Volatility was determined based on the historic volatility of comparable listed companies.

The Group recognised total expenses of $582,000 and $1,265,000 related to equity-settled share-based payment transactions in 2021 and 2020 respectively.

29 Control

The parent and ultimate controlling party is Insight Venture Partners X, L.P., as the general partner of Insight funds holding a majority shareholding in the Group.

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Epsilon Group New Holdings Limited
Company Statement of Financial Position
At 31 December 2021

	Note	31 December 2021 US$'000	31 December 2020 US$'000
Non-current assets			
Investment in subsidiaries	6	965,520	960,981
Deferred tax asset		-	43
Intercompany receivables	8	8,914	-
Other receivables	7	2,829	2,746
Total non-current assets		**977,263**	**963,770**
Current assets			
Intercompany receivables	8	-	70,264
Other receivables	7	-	8,433
Cash and cash Equivalents		-	1,596
Total current assets		**-**	**80,293**
Total assets		**977,263**	**1,044,063**
Current liabilities			
Loans and borrowings	9	-	88,100
Intercompany payables	8	16,045	84,004
Other payables		436	2,746
Total current liabilities		**16,481**	**174,850**
Net current liabilities		**(16,481)**	**(94,557)**
Non-current liabilities			
Intercompany payables	8	87,626	-
Total non-current liabilities		**87,626**	**-**
Total liabilities		**104,107**	**174,850**
Net assets		**873,156**	**869,213**
Equity attributable to equity holders of the company			
Share capital	11	8,846	8,797
Share premium	11	218,697	211,810
Merger reserve		653,495	653,495
Share based payment reserve	10	7,000	3,507
Retained losses		(14,882)	(8,396)
Total equity		**873,156**	**869,213**

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2021 and were signed on its behalf by:

Alex Atzberger DocuSigned by: Alex Atzberger 5DFA2AD1D81146B...
Chief Executive Officer
Company Registration Number: 130265
The accompanying notes are an integral part of these financial statements.

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Epsilon Group New Holdings Limited
Company Statement of Changes in Equity
for the Year Ended 31 December 2021

	Share capital	Share Premium	Merger reserve	Share based payment reserve	Retained losses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Equity as at 1 January 2020	**6,854**	**3,754**	**653,495**	**633**	**(808)**	**663,928**
Loss for the year	-	-	-	-	(7,588)	**(7,588)**
Total comprehensive Income	**-**	**-**	**-**	**-**	**(7,588)**	**(7,588)**
Issue of ordinary shares	1,943	208,056	-	-	-	**209,999**
Credit to equity for equity-settled share-based payments	-	-	-	2,874	-	**2,874**
Equity as at 31 December 2020	**8,797**	**211,810**	**653,495**	**3,507**	**(8,396)**	**869,213**
Equity as at 1 January 2021	**8,797**	**211,810**	**653,495**	**3,507**	**(8,396)**	**869,213**
Loss for the year	-	-	-	-	(6,486)	**(6,486)**
Total comprehensive Income	**-**	**-**	**-**	**-**	**(6,486)**	**(6,486)**
Issue of ordinary shares	49	6,887	-	-	-	**6,936**
Credit to equity for equity-settled share-based payments	-	-	-	3,493	-	**3,493**
Equity as at 31 December 2021	**8,846**	**218,697**	**653,495**	**7,000**	**(14,882)**	**873,156**

The accompanying notes are an integral part of these financial statements.

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Notes to the company financial statements
At 31 December 2021

1 Company statement of total comprehensive income and cashflow

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of total comprehensive income in the financial statements. There are no other recognised gains or losses other than the loss for the year 31 December 2021 of US$6,486,000 (2020: US$7,588,000).

2 Description of business

As part of a restructuring, Epsilon Group New Holdings Limited (the 'Company') was incorporated in Jersey on 12 November 2019 to act as the immediate parent entity and holding company with 100% of the shares of Epsilon Group Holdings Limited ('Epsilon') (previously known as Epsilon Topco Limited and the former parent company for the consolidation of the Group). Epsilon is a holding company incorporated in Jersey on 9 October 2018. It is the parent company of Epsilon US Holdings Inc and Epsilon Sweden Holdings AB which were established to acquire the Episerver Group operations from Endeavour Acquisition UK Limited on 9 October 2018. There has been no change in the ultimate controlling party, Insight Venture Partners X LP.

Due to the restructuring, ordinary shareholders in Epsilon contribute their ordinary shares to the Company in exchange for newly issued A ordinary shares of the Company.

3 Accounting policies

The accounting policies as set out in note 1 to the consolidated financial statements have been applied in the preparation of these Company financial statements together with the following accounting policies that have been consistently applied in arriving at the financial information:

Basis of preparation
These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB).

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements contain information about Epsilon Group New Holdings Limited as an individual company and do not contain consolidated financial information as the parent of the group.

Due to the incorporation of the Company as a new parent entity of Epsilon and its wholly owned subsidiaries as part of the reorganisation, the Company has recognised the net assets in the separate financial statements of Epsilon at the date of the restructuring of 12 November 2019 in a merger reserve.

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Foreign currencies

The company's functional currency is US Dollars and the presentational currency is US Dollars. Transactions entered into by the Company in a currency other than the functional currency of the Company are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the income statement.

Investments in subsidiaries

The Company's investment in its subsidiaries is carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. The Board review the subsidiary forecasts to determine whether any provision impairment is required and where the forecasts indicate future profitability, no impairment provision is made.

4 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period are discussed in note 4 of the group accounts.

The accounting estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below:

(a) Impairment of investments and intercompany balances

The Directors have reviewed the carrying value of cost of investments in subsidiaries of the Company with reference to current and future trading conditions. The investments have been reviewed with reference to a valuation based on a discounted free cash flow which the Directors consider to be an appropriate valuation methodology, in conjunction with the goodwill impairment review. The key assumptions used by mangagment are operating cash flows, discount rate of 11.9% and terminal growth rate of 1.8%. The impacts of changes to these assumptions are:

	Change in assumption	Change in recoverable amount
Discount rate	+/- 0.5% (base points)	-/+ 5%
Terminal growth rate	+/- 0.5% (base points)	+ 4%/- 3%

A +2% base point movement in discount rate or a -2.5% base point movement in terminal growth rate would result in the carrying amount being equal to the recoverable amount.

5 Financial instruments – risk management

Foreign exchange risk

Foreign exchange risk arises when the company enter into transactions denominated in a currency other than their functional currency. The Group's policy including the company is, where possible, to allow customers or transactions with its subsidiaries to settle liabilities denominated in the customer's or subsidiary's functional currency, being primarily US Dollar or Swedish Krona. Group foreign currency risk is discussed in note 5 to the consolidated financial statements.

Notes to the company financial statements continued

Capital management

The Company's capital is made up of share capital and retained losses totalling US$873,156,000 at 31 December 2021.

The Company's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of shareholders' equity as set out in the statement of changes in equity. All working capital requirements are financed from its subsidiaries.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables

To the extent financial instruments are not carried at fair value in the company statement of financial position, book value approximates to fair value as at 31 December 2021.

6 Investments in subsidiaries

Cost	Equity interest in subsidiaries 2021 US$'000	Equity interest in subsidiaries 2020 US$'000
At 1 January	960,981	664,103
Issuance of ordinary shares	3,906	212,874
Acquisition of subsidiary	633	84,004
At 31 December	965,520	960,981

Details of the investments which the Company holds are given in note 23 to the Group financial statements.
Details of the subsidiaries acquired in the period are given in note 24 to the Group financial statements.

7 Other receivables

	31 December 2021 US$'000	31 December 2020 US$'000
Non-Current		
Other long term receivables	2,829	2,746

Other long term receivables are amounts reclaimable from the UK tax authorities in relation to a S455 tax charge on the loan funded share purchase (Note 28, Plan 3) where certain employees may be purchase shares using limited recourse loans.

Current		
Restricted cash	-	8,433

Restricted cash are amounts received as part of the 2019 loan (note 20 of consolidated financial statements) that are only to be used for payments of interest on the 2019 loan, and are therefore not available for general use by the other entities within the group.

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8 Intercompany receivables and payables

	31 December 2021 US$'000	31 December 2020 US$'000
Intercompany receivables	8,914	70,264

Intercompany receivables relate to amounts due from subsidiary companies in relation to the acquisition of Zaius (2020: 2019 loan (note 20 of consolidated financial statements)). The intercompany receivable is non-interest bearing.

	31 December 2021 US$'000	31 December 2020 US$'000
Intercompany payables	103,671	84,004

Intercompany payables are the amounts due to subsidiary companies in relation to trade transactions and the 2020 loan (note 20 of consolidated financial statements). The intercompany payable is non-interest bearing.

9 Loans and borrowings

Current	31 December 2021 US$'000	31 December 2020 US$'000
Bank Loans 2019	-	88,100
Total	-	88,100

Details of the loans are shown in note 20 of consolidated financial statements.

10 Share based payment reserve

Share based payment reserve of $7,000,000 at 31 December 2021 (2020:$3,507,000) represents the fair value of share entitlements granted, recognised as an employee expense in the income statement with a corresponding increase in equity, which are transfered to retained earnings when vested options are exercised, forfeited or lapsed. Details of the share based payments can be found in note 29 of the consolidated financial statements.

11 Share capital and share premium

The movements on share capital and share premium are disclosed in note 22 to the consolidated financial statements.

12 Related party transactions

There were no related party transactions during the period. All directors were remunerated for their services within the Group. Directors remuneration for qualifying services to the Company is $nil.

13 Contingent liabilities

The Company has no contingent liabilities.

14 Control

The ultimate parent and controlling party is Insight Venture Partners X, L.P., as the general partner of Insight funds holding a majority shareholding in the Group.

From: "arsredovisning@bolagsverket.se" <arsredovisning@bolagsverket.se>
Date: 17 Nov 2022 10:54:44 +0100
To: "PD-DelarDatumDFARAB" <PDDelarDatumDFARAB@bolagsverket.se>
Subject: VB: Ärende 9464389/2022
Attachments: Signed - EGNH Group accounts 2021.pdf

Annica Paro
Konsult

Bolagsverket, 851 81 Sundsvall, Telefon: 0771-670 670
bolagsverket@bolagsverket.se – http://www.bolagsverket.se

Tänk på miljön innan du skriver ut det här e-postmeddelandet!
Förenkla ditt företagande – använd våra e-tjänster!

Från: Marielle Ringqvist <Marielle.Ringqvist@optimizely.com>
Skickat: den 17 november 2022 10:51
Till: arsredovisning@bolagsverket.se
Ämne: Ärende 9464389/2022

Hej,

Bifogat är moderföretagets koncernredovisning för Episerver Group AB, 556733-2506.

Best regards/Med vänlig hälsning

Marielle Ringqvist
Director of Accounting

Mobile: +46 70 99 27 085
Email: marielle.ringqvist@optimizely.com
Web: www.optimizely.com