

2021110203224

Årsredovisning

Episerver AB

Organisationsnummer: 556208-3435
Räkenskapsår: 2020-01-01 - 2020-12-31

Styrelsen avger följande årsredovisning.

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Om inte annat särskilt anges, redovisas alla belopp i tusental kronor. Uppgifter inom parentes avser föregående år.

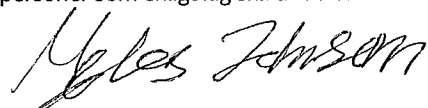
Företagets säte: Stockholm

Fastställelseintyg

Jag intygar att resultaträkningen och balansräkningen har fastställts på årsstämma *den 15:e juli 2021*.

Årsstämman beslöt att godkänna styrelsens förslag till vinstdisposition.

Jag intygar att innehållet i dessa handlingar överensstämmer med originalen och att originalen undertecknats av samtliga personer som enligt lag ska underteckna dessa.



Mylles Johnson
Styrelseledamot

Förvaltningsberättelse

Verksamheten

Viktiga förhållanden och väsentliga händelser

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 EpiserverWorld, 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 helhetslösning säljs under varumärket Digital Experience Cloud med fokus på webbplatser baserade på Episervers olika produkter och lösningar. Digital Experience Cloud 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.

Koncernöversikt

Ägarförhållanden:

Episerver AB 556208-3435 med säte i Stockholm ägs till 100% av Episerver Group AB 556733-2506, säte i Stockholm. Svenska moderföretaget är Episerver Sweden Holdings AB, 559172-2904, säte Stockholm. Moderföretaget i koncernen är sedan den 12 november 2019 Epsilon Group New Holdings Ltd, 130265, säte i Jersey.

Bolaget är ett moderföretag men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning. Övergripande koncernredovisning upprättas av Episerver ABs moderföretag Episerver Sweden Holdings ABs, 559172-2904, säte i Stockholm moderföretag Epsilon Group Holdings Ltd, 127388, säte i Jersey.

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Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer

Episerver verkar på en marknad med goda förutsättningar för långsiktig tillväxt, en marknad på vilken Episerver har etablerat starka positioner inom snabbväxande segment.

Marknaden inom digital marknadsföring förväntas växa med över 10 procent årligen och marknaden för e-handel bedöms växa ännu mer.

Baserat på Episervers starka finansiella utveckling, bolagets ledande position på marknaden och den skalbara affärsmodellen där försäljning sker direkt via partners, förväntas bolaget att fortsätta växa starkt även framgent.

Effekterna av COVID-19 granskas löpande av styrelsen och ledningen. Koncernen antog framgångsrikt en arbeta-hemifrån policy i hela gruppen från mitten av mars 2020, utan någon inverkan på tjänsterna till kunderna. Som ett cloudföretag planeras koncernens resurser och infrastruktur vara tillgängliga under alla förhållanden.

COVID-19 ökar oundvikligen osäkerheten för verksamheten, inklusive risken för förmågan att vinna nya affärer, indrivning av betalningar och att säkerställa finansiella åtaganden inklusive kreditgivare.

Styrelseledamöterna utvärderade dessa risker i samband med upprättandet av förra årets årsredovisning och kom fram till att koncernens återkommande cloud baserade intäktsmodell ger hög motståndskraft mot eventuella negativa effekter från COVID -19. Vidare har styrelseledamöterna vidtagit lämpliga åtgärder för att säkerställa att eventuella ekonomiska effekter från COVID-19 ytterligare mildras genom en noggrann granskning av kostnadsstrukturen. Nu när koncernen upplevt snart ett och ett halvt år av COVID-19 kan styrelsen och ledningen konstatera att de eventuella förväntade negativa effekter från COVID-19 inte uppkommit och bedöms även framledes påverka koncernen minimalt.

Forskning och utveckling

Produktutveckling är avgörande för företag inom webbpubliceringsbranschen. Episervers primära programvaruutveckling hanteras i Stockholm av utvecklingsteam som för närvarande består av cirka 43 heltidsanställda. Dessutom finns ett utvecklingsteam och testteam i Vietnam bestående av 66 heltidsanställda. Produktchefer ansvarar för vissa av Episervers produkter och beslutar, tillsammans med teamen, om releasedatum, produktspecifikationer med mera.

Hållbarhetsrapport

I enlighet med ÅRL 6 kap 11§ har Episerver valt att upprätta hållbarhetsrapporten som en från årsredovisningen avskild rapport. Hållbarhetsrapporten har överlämnats till revisorn samtidigt som årsredovisningen. Hållbarhetsrapporten finns tillgänglig på: <https://www.episerver.com/legal/sustainability-report>

Flerårsöversikt

	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31	2018-01-01 -2018-12-31	2017-01-01 -2017-12-31
Nettoomsättning (tkr)	818 289	729 545	627 730	531 977
Rörelseresultat (tkr)	292 024	257 655	164 826	157 104
Resultat efter finansiella poster (tkr)	251 861	310 953	159 092	160 758
Rörelsemarginal (%)	35,7	42,6	25,3	30,2
Avkastning på totalt kapital (%)	16,6	32,6	17,8	22,6
Avkastning på eget kapital (%)	98,0	119,0	70,5	99,6
Balansomslutning (tkr)	1 138 126	953 881	964 956	717 923
Soliditet (%)	22,6	27,4	23,4	22,5
Medelantal anställda	149	146	142	131

Nyckeltalsdefinitioner**Rörelsemarginal (%)**

Rörelseresultat i procent av omsättning

Avkastning på totalt kapital (%)

Resultat efter finansiella poster plus räntekostnader och valutaeffekt i procent av balansomslutning

Avkastning på eget kapital (%)

Nettoresultat före bokslutsdispositioner i procent av justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt)

Soliditet (%)

Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Förändringar i eget kapital

	Aktie- kapital	Reservfond	Balanserat resultat	Årets resultat	Summa
Belopp vid årets ingång	3 000	600	226 932	30 834	261 366
Balanseras i ny räkning			30 834	-30 834	0
Aktierelaterade ersättningar			2 860		2 860
Årets resultat				-7 101	-7 101
Belopp vid årets utgång	3 000	600	260 626	-7 101	257 125

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Resultatdisposition

Till årsstämmans förfogande står följande medel (kr):

Balanserat resultat	260 625 497
Årets resultat	-7 100 458
Summa	253 525 039

Styrelsen föreslår att medlen disponeras enligt följande (kr):

Balanseras i ny räkning	253 525 039
Summa	253 525 039

Resultaträkning

	Not	2020-01-01	2019-01-01
	1	2020-12-31	2019-12-31
<i>Rörelseintäkter, lagerförändringar m.m.</i>			
Nettoomsättning	2	818 289	729 545
Övriga rörelseintäkter		120 530	124 689
Summa rörelseintäkter, lagerförändringar m.m.		938 819	854 234
<i>Rörelsekostnader</i>	3		
Råvaror och förnödenheter		-231 560	-179 176
Övriga externa kostnader	4 5	-273 175	-281 539
Personalkostnader	6	-139 375	-133 880
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-2 685	-1 984
Summa rörelsekostnader		-646 795	-596 579
Rörelseresultat		292 024	257 655
<i>Resultat från finansiella poster</i>			
Resultat från andelar i koncernföretag		0	37 536
Övriga ränteintäkter och liknande resultatposter	7	1 138	16 079
Räntekostnader och liknande resultatposter	8	-41 301	-317
Summa resultat från finansiella poster		-40 163	53 298
Resultat efter finansiella poster		251 861	310 953
<i>Bokslutsdispositioner</i>			
Lämnade koncernbidrag		-258 911	-280 118
Summa bokslutsdispositioner		-258 911	-280 118
Resultat före skatt		-7 050	30 835
Skatt på årets resultat	9	-51	0
Årets resultat	10	-7 101	30 835

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Balansräkning

	Not	2020-12-31	2019-12-31
TILLGÅNGAR	1		
Anläggningstillgångar			
<i>Immateriella anläggningstillgångar</i>			
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	11	0	5 048
Summa immateriella anläggningstillgångar		0	5 048
<i>Materiella anläggningstillgångar</i>			
Inventarier, verktyg och installationer	12	6 393	6 908
Summa materiella anläggningstillgångar		6 393	6 908
<i>Finansiella anläggningstillgångar</i>			
Andelar i koncernföretag	13	239 680	239 481
Summa finansiella anläggningstillgångar		239 680	239 481
Summa anläggningstillgångar		246 073	251 437
Omsättningstillgångar			
<i>Kortfristiga fordringar</i>			
Kundfordringar		258 076	176 638
Fordringar hos koncernföretag		474 179	365 186
Aktuell skattefordran		23 175	23 361
Övriga fordringar		23 953	1 865
Förutbetalda kostnader och upplupna intäkter	14	35 984	46 268
Summa kortfristiga fordringar		815 367	613 318
<i>Kassa och bank</i>			
Kassa och bank		76 686	89 125
Summa kassa och bank		76 686	89 125
Summa omsättningstillgångar		892 053	702 443
SUMMA TILLGÅNGAR		1 138 126	953 880

Balansräkning

	Not	2020-12-31	2019-12-31
EGET KAPITAL OCH SKULDER	1		
Eget kapital			
<i>Bundet eget kapital</i>			
Aktiekapital	15	3 000	3 000
Reservfond		600	600
Summa bundet eget kapital		3 600	3 600
<i>Fritt eget kapital</i>			
Balanserat resultat	16	260 626	226 932
Årets resultat		-7 101	30 834
Summa fritt eget kapital		253 525	257 766
Summa eget kapital		257 125	261 366
Avsättningar			
Övriga avsättningar		0	6 266
Summa avsättningar		0	6 266
Kortfristiga skulder			
Leverantörsskulder		104 851	47 284
Skulder till koncernföretag		409 990	291 774
Övriga skulder		9 586	13 165
Upplupna kostnader och förutbetalda intäkter	17	356 574	334 025
Summa kortfristiga skulder		881 001	686 248
SUMMA EGET KAPITAL OCH SKULDER		1 138 126	953 880

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Kassaflödesanalys

	Not	2020-01-01 2020-12-31	2019-01-01 2019-12-31
Den löpande verksamheten			
Rörelseresultat		292 024	257 655
Justering för poster som inte ingår i kassaflödet	18	10 593	11 264
Erhållen ränta		1 138	16 079
Erlagd ränta		-2	-318
Betald inkomstskatt		135	-54 188
Kursdifferenser		-41 298	0
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		262 590	230 492
<i>Kassaflöde från förändringar i rörelsekapital</i>			
Ökning/minskning av rörelsefordringar		-202 434	36 148
Ökning/minskning av rörelseskulder		-70 424	-296 639
Kassaflöde från den löpande verksamheten		-10 268	-29 999
Investeringsverksamheten			
Förvärv av immateriella anläggningstillgångar		0	-5 048
Förvärv av materiella anläggningstillgångar		-2 171	-1 207
Kassaflöde från investeringsverksamheten		-2 171	-6 255
Finansieringsverksamheten			
Erhållen utdelning		0	37 536
Kassaflöde från finansieringsverksamheten		0	37 536
Årets kassaflöde		-12 439	1 282
Likvida medel vid årets början		89 126	87 844
Likvida medel vid årets slut		76 687	89 126

Noter

Not 1. Redovisnings- och värderingsprinciper

Redovisnings- och värderingsprinciper

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

Följande värderings- och omräkningsprinciper är tillämpade i årsredovisningen:

Omräkning till redovisningsvaluta

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Intäkter

Intäkterna (nettoomsättning) omfattar främst intäkter från:

- Licensförsäljning
- *Subscription licenser*
- Cloud/Saas (Software as a Service)
- Expert service och Utbildning

Intäktsredovisning - Licensförsäljning

Försäljning av licenser för programvaror intäktsförs när beställning föreligger och leverans av licensnyckel har fullgjorts. Försäljning av abonnemangsavtal tillhörande licensen periodiseras ut på 12 månader från startdatum. Vid förnyelse av avtalet sker ny periodisering på 12 månader.

Episervers licensförsäljning sker till övervägande del genom partnernätverk. Intäkterna redovisas netto av de rabatter som partners har rätt till. I enstaka fall sker försäljning direkt till slutkund då redovisas förmedlingskommissionen till partners som direkt kostnad.

Intäktsredovisning - Subscription licenser

Subscription licenser är en hybrid produkt som leverar en licens tillsammans med en abonnemangstjänst över en överenskommen period. Intäkterna allokeras till licens och abonnemangselementen. Intäkterna relaterade till licens nyckeln intäktsförs när leverans fullgjorts och abonnemangsdelen intäktsförs linjärt över abonnemangsperioden.

Intäktsredovisning - Cloud/Saas intäkter

Intäkter relaterade till drifttjänster (Cloud) faktureras månadsvis, kvartalsvis eller årligen och kontraktstiden kan variera från ett år till fem år. Intäkterna redovisas i den månad under vilken tjänsterna har utförts. Vid kvartals och års fakturering periodiseras intäkterna över den period som tjänsterna avser. Startavgiften intäktsredovisas i den månad som drifttjänsterna börjar levereras. I Saas modellen köper kunden rätten att använda Software, hosting, abonnemang och support genom en abonnemangskostnad.

Intäktsredovisning - Expert Service och Utbildningsintäkter

Professionella tjänster och utbildnings tjänster består av software implementerings tjänster och utbildningstjänster applicerbara på all våra produkter. Våra professionella tjänster involverar generellt inte modifiering av licens software utan snarare assistans vid kunders anpassning av vår software för deras specifika affärs processer. Utbildningstjänster består av att utforma utbildningslösningar relaterade till kunders användning av vår licensierade software. Dessa tjänster faktureras enligt på en tid och materiell basis eller en fast kostnad. Generellt säljs implementation och konsult tjänster på en tids och materiell bas. Utbildningstjänster faktureras på en fast pris bas. Abonnemangs utbildning erbjuds också och kunder kan använda utbildningstjänster över kontraktperioden. Här intäktsförs intäkten jämt över kontraktperioden. Intäkten får professionella tjänsterna intäktsförs när tjänsten utförs till kontrakterade summan på en tids och material bas eller på en procent upfylld bas över tiden för kontraktet.

Ersättningar till anställda

Ersättningar till anställda i form av löner, bonus, betald semester, betald sjukfrånvaro mm samt pensioner redovisas i takt med intjänandet. Beträffande pensioner och andra ersättningar efter avslutad anställning klassificeras dessa som avgiftsbestämda pensionsplaner. Det finns inga långfristiga ersättningar till anställda eller ersättningar efter avslutad anställning. Koncernen har optionsprogram för ledande befattningshavare.

För avgiftsbestämda planer betalar företaget fastställda avgifter till ett annat företag, normalt ett försäkringsföretag och har ingen förpliktelse att betala ytterligare avgifter. Företagets resultat belastas för kostnader i takt med att förmånerna intjänas vilket normalt sammanfaller med tidpunkten för när premier erläggs.

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.

Leasing

Samtliga leasingavtal redovisas som operationella leasingavtal, vilket innebär att leasingavgiften fördelas linjärt över leasingperioden.

Redovisningsprinciper immateriella anläggningstillgångar

Episerver använder kostnadsföringsmodellen gällande internt utvecklingsarbete och därmed kostnadsför alla utvecklingskostnader hänförliga till egenupparbetade immateriella anläggningstillgångar. De immateriella anläggningstillgångar som kapitaliseras avser tillgångar anskaffade genom separata förvärv.

- Redovisningsprinciper för avskrivningar materiella anläggningstillgångar

Anläggningstillgångarna är redovisade till anskaffningskostnad med avdrag för planmässiga avskrivningar baserade på en bedömning av tillgångarnas ekonomiska livslängd.

- Tillämpade avskrivningstider:

Inventarier, verktyg och installationer	3-5 år
Övriga materiella anläggningstillgångar	3 år

Skillnaden mellan avskrivningar enligt plan och bokförda avskrivningar är redovisade som bokslutsdisposition.

Nedskrivningar av anläggningstillgångar

Vid varje balansdag analyserar företaget de redovisade värdena för materiella anläggningstillgångar och immateriella tillgångar för att fastställa om det finns någon indikation på att dessa tillgångar har minskat i värde. Om så är fallet, beräknas tillgångens återvinningsvärde för att kunna fastställa värdet av en eventuell nedskrivning. Om återvinningsvärdet för en tillgång fastställs till ett lägre värde än redovisat värde, skrivs det redovisade värdet på tillgången ned till återvinningsvärdet. Vid varje balansdag gör företaget en bedömning om den tidigare nedskrivningen inte längre är motiverad. Om så är fallet, återförs nedskrivningen delvis eller helt. En återföring av nedskrivningen redovisas direkt i resultaträkningen.

Andelar i koncernföretag, intresseföretag, gemensamt styrda företag och företag som det finns ägarintresse i

Andelar i dotterföretag redovisas i enlighet med kapitel 9 BFAR 2012:1 (4 kap. 3 § första stycket Årsredovisningslagen). Aktieägartillskott redovisas enligt kapitel 6 BFAR 2012:1. Lämnade aktieägartillskott redovisas som en ökning av andelens redovisade värde. Återbetalning av lämnat tillskott redovisas som en minskning av andelens redovisade värde. Nedskrivning av värdet på andelar i dotterföretag sker enligt 4 kap. 5 § första, andra och fjärde styckena Årsredovisningslagen via resultaträkningen om det kan antas att värdene gången är bestående. Andelar i intresseföretag redovisas i enlighet med kapitel 14 BFAR 2012:1 (4 kap. 3 a § Årsredovisningslagen). Aktieägartillskott redovisas enligt kapitel 6 BFAR 2012:1. Lämnade aktieägartillskott redovisas som en ökning av andelens redovisade värde. Återbetalning av lämnat tillskott redovisas som en minskning av andelens redovisade värde. Nedskrivning av värdet på andelar i intresseföretag sker enligt 4 kap. 5 § första, andra och fjärde styckena Årsredovisningslagen via resultaträkningen om det kan antas att värdene gången är bestående.

Koncernbidrag och aktieägartillskott

Erhållna och lämnade koncernbidrag redovisas som bokslutsdisposition.

Finansiella instrument

Finansiella tillgångar och skulder redovisas i enlighet kapitel 11 (Finansiella instrument värderade utifrån anskaffningsvärdet) i BFAR 2012:1.

Redovisning i och borttagning från balansräkningen

En finansiell tillgång eller finansiell skuld tas upp i balansräkningen när företaget blir part i instrumentets avtalsmässiga villkor. En finansiell tillgång tas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången har upphört eller reglerats. Detsamma gäller när de risker och fördelar som är förknippade med innehavet i allt väsentligt överförs till annan part och företaget inte längre har kontroll över den finansiella tillgången. En finansiell skuld tas bort från balansräkningen när den avtalade förpliktelsen fullgjorts eller upphört.

Värdering av finansiella tillgångar

Finansiella tillgångar värderas vid första redovisningstillfället till anskaffningsvärde, inklusive eventuella transaktionsutgifter som är direkt hänförliga till förvärvet av tillgången.

Finansiella omsättningstillgångar värderas efter första redovisningstillfället till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen.

Kundfordringar och övriga fordringar som utgör omsättningstillgångar värderas individuellt till det belopp som beräknas inflyta.

Finansiella anläggningstillgångar värderas efter första redovisningstillfället till anskaffningsvärdet med avdrag för eventuella nedskrivningar och med tillägg för eventuella uppskrivningar:

- Räntebärande finansiella tillgångar värderas enligt upplupet anskaffningsvärde med tillämpning av effektivräntemetoden.

- Andelar i dotterföretag, intresseföretag och gemensamt styrda företag redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Värdering av finansiella skulder

Finansiella skulder värderas till upplupet anskaffningsvärde. Utgifter som är direkt hänförliga till upptagande av lån korrigerar lånets anskaffningsvärde och periodiseras enligt effektivräntemetoden.

Kassaflödesanalys

Kassaflödesanalysen upprättas enligt indirekt metod i enlighet med K3. Det redovisade kassaflödet omfattar endast transaktioner som medför in- eller utbetalningar.

Not 2. Nettoomsättningens fördelning

Nettoomsättning per verksamhetsgren

	2020-12-31	2019-12-31
Cloud intäkter	569 449	493 485
Licensförsäljning	160 224	172 140
Subscription licenser	21 050	7 980
Expert service och utbildningsintäkter	67 566	55 940
Summa	818 289	729 545

Nettoomsättning per geografisk marknad

	2020-12-31	2019-12-31
Norden	515 912	450 480
UK	139 108	180 303
Kontinentala Europa	92 666	47 155
Amerika	35 231	24 062
Övriga världen	35 372	27 545
Summa	818 289	729 545

Not 3. Inköp och försäljning mellan koncernföretag

	2020-12-31	2019-12-31
Årets inköp från koncernföretag (%)	41,3	50,2
Årets försäljning till koncernföretag	120 530	124 689

Not 4. Arvode till revisorer

	2020-12-31	2019-12-31
<i>Deloitte AB</i>		
Revisionsuppdrag	1 450	1 054
Delsumma	1 450	1 054
Summa	1 450	1 054

Not 5. Leasingavtal

	2020-12-31	2019-12-31
<i>Operationell leasing - leasetagare</i>		
Räkenskapsårets kostnadsförda leasingavgifter	10 079	11 672
Framtida minimileaseavgifter - Inom ett år	8 688	8 523
Framtida minimileaseavgifter - Senare än ett år men inom fem år	25 041	33 278
Summa	33 729	41 801

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Not 6. Personal

	2020-12-31	2019-12-31
<i>Medelantalet anställda</i>		
Män	113	112
Kvinnor	36	34
Medelantalet anställda	149	146

	2020-12-31	2019-12-31
<i>Styrelseledamöter och övriga ledande befattningshavare</i>		
Män	3	0
Antal styrelseledamöter	3	0

	2020-12-31	2019-12-31
<i>Löner och andra ersättningar</i>		
Styrelsen och verkställande direktören	0	448
<i>Akterelaterad ersättning</i>	<i>2 860</i>	<i>4 473</i>
Övriga anställda	93 798	88 473
Summa	93 798	88 921

Sociala kostnader inklusive pensionskostnader

	2020-12-31	2019-12-31
<i>Pensionskostnader</i>		
Övriga anställda	10 420	10 239
Summa pensionskostnader	10 420	10 239
Övriga sociala avgifter enligt lag och avtal	32 496	30 247
Summa	42 916	40 486

Aktierelaterad ersättning

I enlighet med K3 redovisning reflekteras ekonomiska kostnaden av tilldelningen av aktier och optioner till ledande befattningar. Kostnaden har fördelats på basis av de erhållna eget kapitalinstrument i koncernplanen som tillhör anställda i det svenska bolaget. Verkligt värde fastställs genom Black-Scholes modellen som beräknas utefter förhållanden förknippade med intjänande och utlösta kapitalinstrumentet. Förväntade livstiden som används i modellen justeras baserad på ledningens bästa estimat, för effekten av icke-överförbarhet, begränsning att lösa in och beaktat beteende. Kostnaden redovisas för instrument som slutligen intjänats så länge som ägaren av optionen är anställd av bolaget.

Not 7. Övriga ränteintäkter och liknande resultatposter exkl. nedskrivningar

	2020-12-31	2019-12-31
Ränteintäkter och liknande resultatposter avseende koncernföretag	460	0
Ränteintäkter avseende andra företag än koncernföretag	678	719
Kursdifferenser	0	15 360
Summa	1 138	16 079

Not 8. Räntekostnader och liknande resultatposter

	2020-12-31	2019-12-31
Räntekostnader och liknande resultatposter som avser skulder till koncernföretag	-2	0
Räntekostnader och liknande resultatposter avseende finansiella skulder till andra företag än koncernföretag	0	-317
Kursdifferenser avseende finansiella skulder	-41 299	0
Summa	-41 301	-317

Not 9. Skatt på årets resultat

	2020-12-31	2019-12-31
Aktuell skatt	51	0
Summa	51	0

	2020-12-31	2019-12-31
<i>Avstämning av effektiv skattesats</i>		
Resultat före skatt	-7 050	30 834
Gällande skattesats (%)	21,4	21,4
Skatt enligt gällande skattesats	-1 508	6 598
<i>Väsentlig post som har påverkat sambandet mellan räkenskapsårets skattekostnad/intäkt</i>		
Skatteeffekt av ej avdragsgilla kostnader	1 802	1 431
Skatteeffekt av ej skattepliktiga intäkter	-243	-8 033
Underskott	0	4
Redovisad effektiv skatt	51	0

Not 10. Övriga upplysningar till resultaträkningen

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,

Andelar i dotterföretag värderas, vid bokslutstillfället, till de belopp företagets analyser visar. Bedömning av risk i andelar grundar sig i tidigare erfarenheter och aktuella överenskommelser med koncernföretagen.

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Not 11. Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2020-12-31	2019-12-31
Ingående anskaffningsvärden	5 048	0
Inköp	0	5 048
Omklassificeringar	-5 048	0
Utgående anskaffningsvärden	0	5 048
Redovisat värde	0	5 048

Not 12. Inventarier, verktyg och installationer

	2020-12-31	2019-12-31
Ingående anskaffningsvärden	46 292	40 036
Inköp	2 171	6 256
Försäljningar/utrangeringar	-36 558	0
Utgående anskaffningsvärden	11 905	46 292
Ingående avskrivningar	-39 384	-37 400
Försäljningar/utrangeringar	36 557	0
Årets avskrivningar	-2 685	-1 984
Utgående avskrivningar	-5 512	-39 384
Redovisat värde	6 393	6 908

Not 13. Andelar i koncernföretag

	2020-12-31	2019-12-31
Ingående anskaffningsvärden	239 481	239 184
Lämnade aktieägartillskott	199	297
Utgående anskaffningsvärden	239 680	239 481
Redovisat värde	239 680	239 481

	Org.nr.	Säte	Antal andelar	Eget kapital (tkr)	Årets resultat (tkr)	Kapitalandel (%)	Rösträttsandel (%)	Redovisat värde (tkr)
Endeavour Acquisition GmbH	22677990	Berlin, Tyskland	25 000	258 320	0	100,0	100,0	237 979
EPiServer R&D Co. Ltd	106218905	Hanoi, Vietnam	1	8 718	0	100,0	100,0	2 288

Not 14. Förutbetalda kostnader och upplupna intäkter

	2020-12-31	2019-12-31
Förutbetalda hyreskostnader	3 303	3 697
Upplupna intäkter	-5 683	1 002
Förutbetalda referral fees	6 258	12 044
Förutbetalda datakostnader	27 309	18 550
Övriga poster	4 797	10 975
Summa	35 984	46 268

Not 15. Upplysningar om aktiekapital m.m.

	2020-12-31	2019-12-31
Kvotvärde per aktieslag	1 000,00	1 000,00
Antal aktier	3 000	3 000

Not 16. Vinstdisposition

Till årsstämman förfogande står följande medel (kr):

Balanserat resultat 260 625 497

Årets resultat -7 100 458

Summa 253 525 039

Styrelsen föreslår att medlen disponeras enligt följande (kr):

Balanseras i ny räkning **253 525 039**

Not 17. Upplupna kostnader och förutbetalda intäkter

	2020-12-31	2019-12-31
Upplupna löner	3 665	3 018
Upplupna semesterlöner	15 257	13 346
Upplupna sociala avgifter	7 334	6 677
Förutbetalda intäkter	291 365	267 092
Övriga poster	16 478	43 892
Upplupna datakostnader	22 475	0
Summa	356 574	334 025

Not 18. Justering för poster som inte ingår i kassaflödet m.m.

	2020-12-31	2019-12-31
Avskrivningar och nedskrivningar	2 685	1 984
Realisationsresultat	0	4 510
Aktierelaterad ersättning	2 860	4 770
Omklassificering immateriella anläggningstillgångar	5 048	0
Summa	10 593	11 264

Episerver AB
556208-3435

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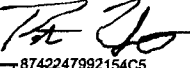
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Styrelseordförande

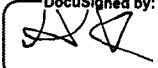
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Alex Atzberger

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Peter Teuring

Vår revisionsberättelse har lämnats . den 15 juli

Deloitte AB

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Alexandros Kouvatso
Auktoriserad revisor

REVISIONSBERÄTTELSE

Till bolagsstämman i Episerver AB
organisationsnummer 556208-3435

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Episerver AB för räkenskapsåret 2020-01-01 - 2020-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Episerver ABs finansiella ställning per den 31 december 2020 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

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 Episerver AB 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 och verkställande direktörens ansvar

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

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De 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 och verkställande direktören 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 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.

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, 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. Risker 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, förfälskning, 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 och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. 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 förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

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 har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Episerver AB för räkenskapsåret 2020-01-01 - 2020-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören 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 Episerver AB 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 och verkställande direktörens 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 verksamhetsart, omfattning och risker ställer på storleken av bolagets 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 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. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas 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 eller verkställande direktören 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 överträdelse 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.

Anmärkning

Årsredovisningen har inte upprättats i sådan tid att det varit möjligt att, enligt 7 kap. 10 aktiebolagslagen, hålla årsstämma inom sex månader efter räkenskapsårets utgång.

Stockholm 2021

Deloitte AB

Alexandros Kouvatso
Auktoriserad revisor

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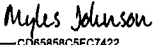
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Peter.Yeung@episerver.com
General Counsel & CIO
Episerver Inc.
Security Level: Email, Account Authentication
(None)

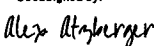
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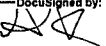
Alex Atzberger
Alex.Atzberger@episerver.com
CEO
Security Level: Email, Account Authentication
(None)

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Kouvatsos, Alexandros
akouvatsos@deloitte.se
Security Level: Email, Account Authentication
(None)

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Envelope Summary Events	Status	Timestamps
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Signing Complete	Security Checked	7/15/2021 1:56:18 PM
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Epsilon Group New Holdings Limited

Annual Report and Accounts

For the year ending 31 December 2020

Company number: 130265

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

Directors

Alex Atzberger

Adam Berger

Deven Parekh

Ryan Hinkle

Anika Agarwal

Auditor

Deloitte LLP

Statutory Auditor

Abbots House

Abbey Street

Reading, RG1 3BD

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

Alter Domus (Jersey) Limited

3rd Floor

37 Esplanade

St Helier, Jersey, JE1 1AD

Channel Islands

202110203240

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Strategic Report

The Directors present their strategic report for the year ended 31 December 2020. 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. 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 and APJ; 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

	Pro forma 31 December 2020 (unaudited) ¹	Year ended 31 December 2020	Year ended 31 December 2019
KPIs	\$000	\$000	\$000
Revenue	310,348	206,774	144,959
Recurring revenue (note 5)	281,766	184,290	130,031
Gross profit	225,322	145,090	101,705
Administration expenses (excluding exceptional items of \$10,338k (2019: \$185,575k))		98,235	107,999
Adjusted EBITDA before exceptional items and foreign exchange gain/(loss) ¹		58,090	37,409
Net debt (excluding preference shares of \$178,009k as at 31 December 2020 (2019: \$154,907k)) ²		509,590	436,038

¹ The unaudited pro forma data shows the performance of the Group if the acquisition of Optimizely occurred on 1 January 2020.

² 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.

³ A reconciliation from total loans and borrowings, the most directly comparable IFRS measure, to Net Debt is shown on page 37.

Strategic Report continued

Following the acquisition of the Optimizely group of companies in the final quarter of 2020, 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 2020.

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 has continued its movement towards recurring revenue away from non-recurring revenue from perpetual licences. Recurring revenue consists of software delivered through a cloud based service alongside maintenance and support services. Where licences are sold the Group has phased out the sale of perpetual licences during 2019 and moved to selling licences on a subscription basis. This gives the Group increased visibility and certainty over future revenue. The KPIs above show this continued growth from 2019 to 2020.

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 Brexit have been discussed by the board and management. Key Group European operations are based in Sweden, which is within the European Union (EU), and the USA. There are no significant transactions between subsidiaries based in the UK and parties within the EU. Due to this and the dispersed global nature of the Group's staff, developers, partners and customers the Group does not believe that there would be a material effect on the business from the UK leaving the EU. Therefore the structure of the Group's operations and overall strategy has not changed due to Brexit.

The impact of COVID-19 is under close and regular review by the Board and management. The Group successfully adopted work-from-home policies across the group from mid-March 2020 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 will gradually seek to re-open offices as local conditions allow.

Exceptional items (Note 7) of \$10,338,000 (2019: \$185,575,000) within administrative expenses relate to:

- \$6,012,000 of acquisition related costs (2019: \$3,336,000)
- \$4,326,000 of costs relating to restructuring projects (2019: \$1,002,000)
- \$Nil impairment against goodwill (2019: \$181,237,000)

Strategic Report continued

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 2020 \$000	Year ended 31 December 2019 \$000
Gross profit	145,090	101,705
Less administrative expenses excluding exceptional items	(98,235)	(107,999)
Add depreciation and amortisation	44,639	35,536
Add other income	15	34
Add foreign exchange (gain)/loss	(33,419)	8,134
Adjusted EBITDA before exceptional items and foreign exchange gain/(loss)	58,090	37,409

A reconciliation from total revenue, the most directly comparable IFRS measure, to recurring revenue is shown in Note 5. 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 2020, \$23,102,000 (2019: \$17,984,000) 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.

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.

The Directors have evaluated these risks and concluded that the Group's recurring subscription based revenue model provides high levels of resilience to any adverse impact from COVID-19, and the Directors and management are confident that the adverse continued economic impact of COVID-19 within management's forecast period are manageable and can be withstood by the Group.

Strategic Report continued

COVID-19 has increased the risk and uncertainty associated with credit but the Group has, to date, recovered over 94% of the debtor balance shown on the balance sheet and feels that there are adequate provisions in place against any irrecoverable amounts.

Whilst the initial impact of COVID-19 saw some prospects delay purchase decisions, the Group continues to benefit from the broader economic impact of the accelerated pace of digitisation and growing demand for powerful digital content and commerce platforms.

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.

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 54% (2019: 72%) 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. While COVID-19 may present a risk to recoverability of debtors, 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 EURIBOR and LIBOR rates. Cash deposits earn interest at a variable rate.

Approved by the Board and signed on its behalf by:

DocuSigned by:

 25CCAA60F125487...
 Alex Atzberger
 Chief Executive Officer
 Epsilon Group Holdings Limited
 14 June 2021

Directors' Report

The Directors present their report and the audited financial statements for Epsilon Group New Holdings Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020.

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.

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:

Alex Atzberger
Adam Berger
Deven Parekh
Ryan Hinkle
Anika Agarwal

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.

Post balance sheet events

On the 26 May 2021 the Group concluded a refinancing exercise. The Bank loans 2019, Bank loans 2020 (as disclosed in note 19) were repaid in full. This was funded by increasing the amount borrowed under the Loans 2018 agreement on terms in line with the 2018 loan – USD Tranche, details of which can be found in note 19. As a result total Loans and borrowings increased from \$759,648,000 to \$777,148,000.

On 18 March 2021, the Group acquired Zaius, a company that provides customer data platforms (CDP).

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.

Directors' Report continued

The total expenditure in the period was \$26.2m (2019: \$18.1m) before capitalisation of \$2.3m (2019: \$3.1m) and amortisation of capitalised development costs of \$3.4m (2019: \$1.4m). 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 no charitable or 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. Annual employee engagement survey generates 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.

Directors' Report continued

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 for FY21 and 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 28 for further details.

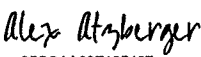
The Directors, having made appropriate enquiries, consider that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

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:

25CCAA60F125487...
By order of the Board

Alex Atzberger
Chief Executive Officer
14 June 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and 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 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.

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 2020 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.

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

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.

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

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 area, and our specific procedures performed to address it are described below:

- We have pinpointed the fraud risk within the legacy Epsilon entities to the Deferred Revenue and Revenue on new contracts, pinpointed to the financial period deemed most appropriate to each operating entity, while existence and occurrence are deemed as the relevant assertions:

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. to revenue on significant new contracts while occurrence is deemed as the relevant assertion:

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 New 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.

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

Matters on which we are required to report by exception

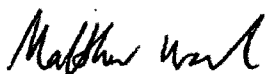
Under the Companies (Jersey) Law 1991 we are required to report in respect of the following matters if, in our opinion:

- 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 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

Reading, United Kingdom

14 June 2021

2021110203247

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Revenue	5	206,774	144,959
Cost of sales		(61,684)	(43,254)
Gross profit		145,090	101,705
Other income	6	15	34
Administrative expenses		(98,235)	(107,999)
Exceptional items	7	(10,338)	(185,575)
Analysed as:			
Goodwill impairment	7	-	(181,237)
Acquisition and restructuring	7	(10,338)	(4,338)
Total exceptional items		(10,338)	(185,575)
Profit / (loss) from operations	8	36,532	(191,835)
Finance income	10	133	81
Finance expense	10	(56,681)	(46,624)
Analysed as:			
Finance expense on loans and borrowings	10	(33,579)	(28,640)
Finance expense on 12.5% preference shares dividends	10	(23,102)	(17,984)
Total finance expense		(56,681)	(46,624)
Loss before tax		(20,016)	(238,378)
Income tax	11	55	3,411
Loss for the period attributable to equity holders of the parent company		(19,961)	(234,967)
Total other comprehensive income / (expense):			
Exchange gain / (loss) arising on the translation of foreign subsidiaries that will not be reclassified subsequently to profit or loss		54,782	(23,913)
Income tax relating to foreign exchange differences that will not be reclassified subsequently to profit or loss	11	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		38,509	(258,880)

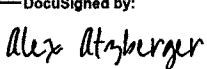
The results reflected above relate to continuing activities.

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

Consolidated Statement of Financial Position
At 31 December 2020

		31 December 2020	31 December 2019
	Notes	US\$'000	US\$'000
Non-current assets			
Property, plant and equipment	12	6,835	4,780
Intangible assets	13	1,503,442	1,122,318
Right-of-use assets	14	8,129	5,172
Deferred tax assets	20	42,814	139
Other receivables	15	13,250	11,327
Total non-current assets		1,574,470	1,143,736
Current assets			
Trade and other receivables	15	105,084	55,071
Current tax receivable		6,279	670
Cash and cash equivalents	17	63,616	16,939
Total current assets		174,979	72,680
Total assets		1,749,449	1,216,416
Current liabilities			
Trade and other payables	18	164,370	88,163
Lease liability	14	3,071	2,058
Current tax payable		11,960	1,333
Loans and borrowings	19	104,040	85,198
Total current liabilities		283,441	176,752
Net current liabilities		(108,462)	(104,072)
Non-current liabilities			
Trade and other payables	18	1,402	1,887
Lease liability	14	6,025	3,812
Loans and borrowings	19	655,608	527,814
Deferred tax liabilities	20	124,482	83,217
Total non-current liabilities		787,517	616,730
Total liabilities		1,070,958	793,482
Net assets		678,491	422,934
Issued capital and reserves attributable to owners of parents			
Share capital	21	8,798	6,854
Share premium	21	211,810	3,754
Merger reserve	24	673,086	673,086
Foreign exchange reserve	24	45,719	(16,493)
Share based payment reserve	27	6,350	2,878
Retained losses	24	(267,272)	(247,145)
Total equity		678,491	422,934

The financial statements were approved and authorised for issue by the Board of Directors on 14 June 2021 and were signed on its behalf by:

DocuSigned by:

Alex Atzberger
 25CCAA60F125487...
 Chief Executive Officer

Company Registration Number: 130265

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

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020**

	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 2019	6,816	673,086	-	7,420	-	(12,317)	675,005
Loss for the year	-	-	-	-	-	(234,967)	(234,967)
Exchange loss arising on the translation of foreign subsidiaries	-	-	-	(23,913)	-	-	(23,913)
Total comprehensive Income	-	-	-	(23,913)	-	(234,967)	(258,880)
Issue of Share Capital (note 21)	38	3,754	-	-	-	-	3,792
Share exchange (note 21)	-	(673,086)	673,086	-	-	-	-
Credit to equity for equity-settled share-based payments	-	-	-	-	2,878	-	2,878
Deferred tax on share-based payment transactions	-	-	-	-	-	139	139
Equity as at 31 December 2019	6,854	3,754	673,086	(16,493)	2,878	(247,145)	422,934
Equity as at 1 January 2020	6,854	3,754	673,086	(16,493)	2,878	(247,145)	422,934
Loss for the year	-	-	-	-	-	(19,961)	(19,961)
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	-	(19,988)	42,224
Issue of Share Capital (note 21)	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	(267,272)	678,491

Note 24 describes the nature and purpose of each reserve within equity.

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

Consolidated Statement of Cashflows
for the Year Ended 31 December 2020

		Year ended 31 December 2020	Year ended 31 December 2019
	Notes	US\$'000	US\$'000
Operating activities			
Loss before taxation		(20,016)	(238,378)
Adjusted by:			
Amortisation of intangible assets	13	39,718	32,043
Depreciation on property, plant and equipment	12	2,133	1,838
Depreciation of right-of-use assets	14	2,788	1,655
Goodwill impairment	13	-	181,237
Exceptionals (excluding goodwill impairment)	7	10,338	4,338
Amortisation of contract costs	16	5,648	5,689
Finance income	10	(133)	(81)
Finance expense	10	56,681	46,624
Increase in loss allowance provision	15	932	19
Loss on disposal of property, plant and equipment		405	-
Share based payment expense		3,472	2,878
Foreign exchange (gain) / loss		(33,419)	8,134
Operating profit before working capital changes		68,547	45,996
(Increase) / decrease in trade and other receivables		(5,286)	763
(Decrease) / increase in trade and other payables		(4,663)	5,251
Payments for contract costs		(9,135)	(6,458)
Cash generated from operations before exceptional items		49,463	45,552
Exceptional items		(10,338)	(4,338)
Cash inflow generated from operations		39,125	41,213
Income tax paid		(1,136)	(4,340)
Net cash inflow from operating activities		37,989	36,874
Investing activities			
Purchase of property, plant and equipment		(2,772)	(3,139)
Acquisition of subsidiaries, net of cash acquired	23	(122,807)	(75,756)
Investment in intangible assets	13	(2,376)	(4,760)
Sale of property, plant and equipment		-	74
Interest received		133	81
Net cash used in investing activities		(127,822)	(83,500)
Financing activities			
Proceeds from loans and borrowings		106,338	80,500
Transaction costs related to loans and borrowings		(2,629)	-
Payment of principal on bank loans		(4,064)	(3,862)
Payment of bank loans of acquired subsidiaries		-	(9,730)
Payment of interest on bank loans		(30,033)	(26,802)
Movement on capital element of finance lease		91	(291)
Payments for lease obligation liabilities (IFRS 16)		(3,412)	(2,022)
Proceeds on issue of shares		70,000	-
Net cash generated in financing activities		136,291	37,793
Net increase in cash and cash equivalents		46,458	(8,832)
Cash and cash equivalents at beginning of period		16,939	25,312
Effect of foreign exchange translation on cash and equivalents		219	459
Cash and cash equivalents at end of period		63,616	16,939

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.

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 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 3.

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 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Definition of a business

The amendments clarify the definition of a business and also permit a simplified assessment of whether an acquired set of activities and assets is merely a group of assets rather than a business. The Group has applied the revised definition of a business for acquisitions occurring on or after 1 January 2020. See Note 23 for disclosures relating to the Group's business combination occurring during the year ended 31 December 2020.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. These amendments will assist the Group in making material judgments going forward.

Amendments to References to the Conceptual Framework in IFRS

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework.

Notes to the consolidated financial statements continued

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

In September 2019, the IASB issued 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 affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The Group does not currently hold any hedge relationships that refer to IBOR and these amendments have no material effect on the Group's financial statements.

Amendments to IFRS 16 Covid-19-related Rent Concessions

In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. 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 IAS 1 Classification of Liabilities as Current or Non-current

Amendments to IFRS 3 Reference to the Conceptual Framework

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

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

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.

Notes to the consolidated financial statements continued**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 for FY21 and 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 28 for further details.

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.

Notes to the consolidated financial statements continued

d. Changes in accounting policies and disclosures

No changes in accounting policies and disclosures were applicable in the year.

e. 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.

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, 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.

Notes to the consolidated financial statements continued**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 contracts, 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.

Notes to the consolidated financial statements continued**f. 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 Income Statement 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.

g. 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 7 contains further details on exceptional items.

h. 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.

i. 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 2020 are shown in the table below:

	31 December 2020		31 December 2019	
	Financial Position – closing rate	Comprehensive income – average rate	Financial Position – closing rate	Comprehensive income – average rate
	US\$	US\$	US\$	US\$
Swedish Krona	0.12	0.11	0.11	0.11
British £	1.37	1.28	1.32	1.28
Euro	1.23	1.15	1.12	1.12
Danish Krona	0.17	0.15	0.15	0.15
Australian \$	0.77	0.69	0.70	0.70
Singapore \$	0.76	0.73	0.74	0.73

Notes to the consolidated financial statements continued*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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

j. 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;

Notes to the consolidated financial statements continued**k. 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.

l. 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 economic	Valuation
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

Notes to the consolidated financial statements continued**(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.

m. 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.

n. 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.

o. 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

Notes to the consolidated financial statements continued

- 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.

p. 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.

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

q. 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 Combined 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.

Notes to the consolidated financial statements continued*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.

r. 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.

Fixed rate cumulative preference shares previously classified as loans and borrowings has been reclassified to equity following an amendment to the articles of association. See note 18 for further detail.

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.

s. 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.

t. 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 20.

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

u. Dividends

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

v. 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.

Notes to the consolidated financial statements continued**3 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) Revenue recognition

An area of judgement is the recognition and deferral of revenue on multiple element sales arrangements, for example the sale of a perpetual licence with an annual maintenance and support contract. When products are bundled together for the purpose of sale, the associated revenue, net of all applicable discounts, is allocated between the constituent parts of the bundle on a relative fair value basis. The Group has a systematic basis for allocating relative fair values in these situation, as described in Note 2.

The revenue and profit of fixed price contracts is recognised on a percentage of completion basis when the outcome of a contract can be estimated reliably. Management exercises judgement in determining whether a contract's outcome can be estimated reliably. Management also makes estimates of the total cost of services, or in some instances total contract costs, which are used in determining the value of amounts recoverable on contracts and any related provisions required for onerous contracts. Estimates are continually revised based on changes in the facts relating to each contract.

(b) Identification and valuation of acquired intangible assets

As part of the acquisition accounting under IFRS 3, the Group must identify and value the intangibles it has acquired. The identification of these assets, such as customer relationships, intellectual property and trademarks, requires judgement following an assessment of the acquired business. This involves reviewing the past performance of the acquiree and future forecasts to ascertain the intangible assets which the purchase price should be allocated to.

Notes to the consolidated financial statements continued**(c) 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 2, 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.

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

(d) Amortisation period of capitalised contract costs

Sales commissions are contract costs which are capitalised under IFRS 15 (Note 15). 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 from five years to four years results in capitalised contract costs to reduce by 4%, and an increase from five to six years results in capitalised contract cost to increase by 5%.

(e) 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 13.

(f) 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 13.

Notes to the consolidated financial statements continued

(h) Subscription licences - allocated of licence and maintenance elements

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 key delivery is recognised up front and the maintenance element is recognised on a straight-line basis over the contract period.

Management have estimated that the licence key delivery is one-third of the total contract value, with the remaining two-thirds being the maintenance element. This ratio is applied consistently across all subscription licences. The key inputs to this ratio are maintenance fees being 20% of the license fee, and an average customer life of 10 years, resulting in a 1:2 ratio for the licence and maintenance element. A decrease of average customer life to 7 years results in a 43:100 ratio, and an increase in the average customer life to 20 years results in a 1:5 ratio.

4 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.

Notes to the consolidated financial statements continued

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

Financial assets	31 December 2020	31 December 2019
	US\$'000	US\$'000
Cash and cash equivalents	63,616	16,939
Trade receivables – due at reporting date	30,413	11,551
Trade receivables – not due at reporting date	52,589	27,589
Gross trade receivables	83,002	39,140
Less: bad debt provision	(4,094)	(1,312)
Trade receivables – net of provision	78,908	37,828
Accrued income - not due at reporting date	1,457	184
Other receivables	315	333
Financial assets	144,297	55,285

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 2020	31 December 2019
	US\$'000	US\$'000
Trade payables	17,609	8,691
Accruals	28,823	14,072
Trade and other payables	46,432	22,763
Bank loans	581,415	457,971
12.5% preference shares	178,009	154,907
Finance lease and hire purchases	224	134
Loans and borrowings	759,648	613,012
Lease incentive accruals	379	214
Financial liabilities at amortised cost	806,458	635,990

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, 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.

Notes to the consolidated financial statements continued**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 2020 the Group has net trade receivables of US\$78,908,000 (2019: US\$37,828,000.)

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 with banks with high credit ratings.

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 2020, 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 2020 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						Total
	Not past due	< 30	31 - 60	61-90	91-120	>120	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate (ECL)	1.8%	1.8%	5.8%	9.7%	13.6%	23.4%	4.9%
Estimated total gross carrying amount at default	52,589	10,474	6,135	3,771	1,298	8,925	83,192
Lifetime ECL allowance	921	187	357	365	176	2,088	4,094

The reconciliation of the closing loss allowance on trade receivables to the opening loss allowance is shown in Note 14.

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.

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Notes to the consolidated financial statements continued**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 2020 were US\$581,639,000 (2019: \$457,971,000). 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 2020 to the profit before tax and net assets for the period:

	Year ended 31 December 2020	Year ended 31 December 2019
	Increase/(decrease) of profit before tax and net assets	
	US\$000	US\$000
US\$-denominated bank borrowings	+/- 2,442	+/- 1,465
GBP-denominated bank borrowings	+/- 573	+/- 569
EUR-denominated bank borrowings	+/- 742	+/- 1,902

Notes to the consolidated financial statements continued**(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 2020:

31 December 2020	Within 1 year	1-2 years	2-5 years	More than 5 years
	US\$'000	US\$'000	US\$'000	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	-

31 December 2019	Within 1 year	1-2 years	2-5 years	More than 5 years
	US\$'000	US\$'000	US\$'000	US\$'000
Trade and other payables and accruals	24,799	-	-	-
Bank loans (secured)	6,507	6,507	377,309	80,500
Other loans	700	-	-	-
Finance leases and hire purchases	1,865	1,536	1,498	1,054
Total	33,871	8,043	378,807	81,554

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.

Notes to the consolidated financial statements continued

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 2020, 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:

	SEK US\$'000	GBP US\$'000	EURO US\$'000	Other Currencies US\$'000	Total US\$'000
As at 31 December 2020					
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)	(27,034)
Loans & borrowings	19,398	(83,400)	(210,009)	(3)	(274,014)
Financial assets/(liabilities)	32,583	(78,196)	(189,286)	10,070	(224,828)

	SEK US\$'000	GBP US\$'000	EURO US\$'000	Other Currencies US\$'000	Total US\$'000
As at 31 December 2019					
Trade and other receivables	12,894	4,950	8,434	5,501	31,779
Cash and cash equivalents	3,011	1,102	4,712	4,984	13,809
Trade and other payables	(9,583)	(1,416)	(3,059)	(1,389)	(15,447)
Loans & borrowings	(313)	(58,307)	(189,304)	-	(247,924)
Financial assets/(liabilities)	6,009	(53,671)	(179,217)	9,096	(217,783)

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\$22,483,000 for 2020 (2019: \$21,778,000).

The average exchange rate and closing rate used for the year to 31 December 2020 are as follow:

	31 December 2020		31 December 2019	
	\$ Average rate	\$ Closing rate	\$ Average rate	\$ Closing rate
SEK	0.11	0.12	0.11	0.11
GBP	1.28	1.37	1.28	1.32
EUR	1.15	1.23	1.12	1.12

Notes to the consolidated financial statements continued**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 2020 \$'000	31 December 2019 \$'000
Total interest bearing bank borrowings and finance leases	581,639	458,105
12.5% preference shares	178,009	154,907
Total loans and borrowings	759,648	613,012
Less: cash and cash equivalents (Note 17)	(63,616)	(16,939)
Less: cash restricted for interest payments (Note 15)	(8,433)	(5,128)
Net debt	687,599	590,945
Total equity	678,491	422,934
Total capital	1,366,090	1,013,879
Gearing ratio	50%	58%
Gearing ratio excluding preference shares	37%	43%

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Notes to the consolidated financial statements continued

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 2020	612,879	133	(16,939)	(5,128)	590,945
Cashflow from operations	-	-	(37,989)	-	(37,989)
Cash restricted for interest payments	-	-	-	(3,305)	(3,305)
Cash outflow due to investing activities	-	-	127,822	-	127,822
Foreign exchange movements	21,170	-	(218)	-	20,952
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	32,662	-	-	-	32,662
Finance leases	-	91	3,322	-	3,412
Payment of bank loans of acquired subsidiaries	-	-	-	-	-
Proceeds on issue of ordinary shares	-	-	(70,000)	-	(70,000)
At 31 December 2020	759,426	224	(63,615)	(8,433)	687,601

	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 2019	518,444	424	(25,312)	-	493,556
Cashflow from operations	-	-	(39,981)	-	(39,981)
Cash restricted for interest payments	-	-	5,128	(5,128)	-
Cash outflow due to investing activities	-	-	83,500	-	83,500
Foreign exchange movements	(1,465)	-	(459)	-	(1,924)
Proceeds from loans and borrowings	80,500	-	(80,500)	-	-
Cash outflow on principal and interest payments	(30,664)	-	30,664	-	-
Preference shares dividend	17,984	-	-	-	17,984
Finance expense	28,080	-	-	-	28,080
Finance leases	-	(291)	291	-	-
Payment of bank loans of acquired subsidiaries	-	-	9,730	-	9,730
At 31 December 2019	612,879	133	(16,939)	(5,128)	590,945

Notes to the consolidated financial statements continued**5 Segmental analysis****(a) Revenue from operations**

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Non-recurring software licence revenue	1,358	2,368
Recurring software licence revenue (including maintenance and support)	184,290	130,031
Professional services and training	21,126	12,560
Total revenue	206,774	144,959

(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 2020 Revenue US\$'000	Year ended 31 December 2019 Revenue US\$'000
Nordic region	57,900	47,870
United Kingdom and Ireland	22,809	24,404
Continental Europe	30,897	25,057
The Americas	84,514	39,556
Rest of World	10,654	8,073
Total	206,774	144,959

6 Other income

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Release of historic provisions	15	34
Total	15	34

7 Exceptional items

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Exceptional items incurred in the period:		
Goodwill impairment (note 13)	-	181,237
Acquisition expenses	6,012	3,336
Restructuring costs	4,326	1,002
Total	10,338	185,575

Notes to the consolidated financial statements continued

Acquisition expenses of \$6,012,000 relates to professional and legal fees incurred on the acquisition detailed in Note 23. 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 costs of \$4,326,000 were incurred in relation to severance payments, rebranding and implementation of new ERP and CRM systems.

These expenses are exceptional items as these costs are directly attributable to the acquisition and are labelled as exceptional items on the basis that they do not relate to the underlying trading of the Group.

8 Profit/(loss) from operations

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
The profit/(loss) from operations as at 31 December 2020 is stated after charging/(crediting):		
Audit fees – Company	170	127
– Company's subsidiaries	283	257
Non-audit fees - tax advisory, compliance and other assurance services	303	155
Net decrease in bad debt provision	932	19
Bad debt written off	1,674	374
Depreciation of property, plant and equipment (Note 12)	2,133	1,838
Depreciation of right-of-use asset (Note 14)	2,788	1,655
Amortisation of intangible assets included in administrative expenses (Note 13)	39,718	32,043
Goodwill impairment	-	181,237
Exceptional items excluding goodwill impairment (Note 7)	10,338	4,337
Research and development expenses (after R&D capitalisation and amortisation)	23,846	14,945
Staff costs (Note 9)	92,470	64,484
Foreign exchange (gains) / losses	(33,419)	8,134

Research and development expenses include \$2,325,000 (2019: \$3,116,000) of capitalised development costs.

9 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 2020 US\$'000	Year ended 31 December 2019 US\$'000
Wages and salaries	76,899	52,393
Social security costs	10,101	7,555
Defined contribution pension cost	1,998	1,657
Share based payment expense	3,472	2,878
Gross staff costs	92,470	64,484

Notes to the consolidated financial statements continued**Included in wages and salaries**

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

	31 December 2020 Number	31 December 2019 Number
Management	11	8
Operations and administration	865	683
Total staff	876	691

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

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Salaries	341	363
Defined contribution pension cost	-	19
Short-term benefits	10	12
Share based payments	1,051	87
Total	1,402	481

Information regarding the highest paid Director is as follows:

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Salaries	341	331
Defined contribution pension cost	-	19
Short-term benefits	10	12
Share based payments	1,051	87
Total	1,402	450

10 Finance income and expense

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Finance income		
Interest on tax related deposits	133	81
Total	133	81
Finance expenses		
Interest on bank loans and overdrafts	31,163	26,949
Accretion of interest on lease obligation liability (note 14)	917	560
Dividends on 12.5% preference shares	23,102	17,984
Amortisation of debt issue costs	1,499	1,131
Total	56,681	46,625

Notes to the consolidated financial statements continued**11 Income tax****Analysis of the tax charge**

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Current tax		
Current period	-	68
Adjustments in respect of prior years	-	(86)
Overseas tax	10,130	2,568
Total current tax charge	10,130	2,550

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	(10,185)	(5,961)
Total deferred tax credit	(10,185)	(5,961)
Total tax credit	(55)	(3,411)

In the March 2021 Budget the UK Government announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As the changes had not been substantively enacted at the balance sheet date, the UK deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%.

If the 25% tax rate had been used at the balance sheet date, the deferred tax liability would have been \$1,938,000 higher.

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 2020 US\$'000	Year ended 31 December 2019 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 gain / (loss) on translation of foreign operations	(7,171)	2,231
Change in accounting policy (IFRS 16 Note 14)	-	109
Deferred tax asset on tax rate change relating to future periods	-	-
Deferred tax asset on share-based payment transactions	(139)	139

Notes to the consolidated financial statements continued**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 2020 US\$'000	Year ended 31 December 2019 US\$'000
Loss before tax	(20,016)	(238,378)
Applicable rate of corporation tax	21.4%	21.4%
Loss before tax multiplied by the applicable rate of corporation tax	(4,283)	(51,013)
Tax effects of:		
Non-deductible expenses and non-taxable income (2019 includes non-deductibility of goodwill impairment of \$38,785,000)	4,309	48,462
Utilisation of unrecognised losses brought forward	-	148
Movement on unrecognised current year losses	251	314
Adjustments in respect of prior years	-	(86)
Different tax rates of subsidiaries operating in other jurisdictions, current and future tax rates	(332)	(1,236)
Total tax credit	(55)	(3,411)

The applicable rate of corporation tax is 21.4% (2019: 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 US \$72,742,000 as of 31 December 2020 (2019: \$55,344,000).

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

Notes to the consolidated financial statements continued

12 Property, plant and equipment

	Equipment including motor vehicles	Furniture and fixtures	Leasehold improvements	Software	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost					
At 1 January 2020	2,618	1,620	919	1,742	6,899
Additions	51	482	222	2,017	2,772
Acquisition of subsidiaries	505	126	972	-	1,603
Disposals	(452)	(54)	(194)	(391)	(1,091)
Foreign exchange movement	309	87	4	78	478
At 31 December 2020	3,031	2,261	1,923	3,446	10,661
Depreciation					
At 1 January 2020	1,109	499	249	262	2,119
Charge for the period	839	353	489	452	2,133
Disposals	(452)	(40)	(194)	-	(686)
Foreign exchange movement	191	68	1	-	260
At 31 December 2020	1,687	880	545	714	3,826
Net book value					
At 1 January 2020	1,509	1,121	670	1,480	4,780
At 31 December 2020	1,344	1,381	1,378	2,732	6,835

Notes to the consolidated financial statements continued**13 Intangible assets**

	Customer relationships US\$'000	Developed technology US\$'000	Trademarks US\$'000	Non Competition Agreements US\$'000	Capitalised R&D US\$'000	Goodwill US\$'000	Total US\$'000
COST							
At 1 January 2020	280,162	91,394	50,115	-	14,554	906,763	1,342,988
Additions					2,376		2,376
Acquisition of subsidiary	125,800	53,100	14,900	500	-	105,124	299,424
Foreign exchange movement	23,028	6,854	4,282	-	1,145	83,733	119,042
At 31 December 2020	428,990	151,348	69,297	500	18,075	1,095,620	1,763,830
AMORTISATION							
At 1 January 2020	16,801	14,227	6,258	-	2,147	181,237	220,670
Charge for the period	15,804	14,795	5,686	20	3,413	-	39,718
Impairment	-	-	-	-	-	-	-
Foreign exchange movement	-	-	-	-	-	-	-
At 31 December 2020	32,605	29,022	11,944	20	5,560	181,237	260,388
NET BOOK VALUE							
At 1 January 2020	263,361	77,167	43,857	-	12,407	725,526	1,122,318
At 31 December 2020	396,385	122,326	57,353	480	12,515	914,383	1,503,442

See note 23 for balances acquired as part of the acquisition on 19 October 2020.

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, trademarks and non-competition agreements 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 3 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.

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 - Optimizely

This CGU consists of the group acquired in the year, Optimizely Inc and its subsidiaries. This is a distinct business operation with its own product line. Carrying value of goodwill at year end for this CGU is \$105,124,000 (2019: nil).

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.

Forecast Revenue - decrease	60%
Revenue multiple - decrease	100%

The assumptions applied in the value in use are a level 3 hierarchy based on unobservable market rate. Please refer to sensitivities performed below.

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 \$809,259,000 (2019: \$809,259,000).

Management has identified two key assumptions, the impacts of changes to these assumptions are:

Assumption	Change in assumption (base points)	Change in recoverable amount
Discount rate	+/- 0.5%	-/+ 5%
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	12%
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 (2019: \$181,237,000, recognised in profit or loss).

Notes to the consolidated financial statements continued**14 Right-of-use asset 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	Total US\$'000
COST		
At 1 January 2019	8,012	8,012
Additions	1,358	1,358
Foreign exchange movement	37	37
At 31 December 2019	9,407	9,407
Additions	5,558	5,558
Lease modifications	(91)	(91)
Foreign exchange movement	193	193
At 31 December 2020	15,067	15,067
AMORTISATION		
At 1 January 2019	2,555	2,555
Charge for the period	1,655	1,655
Foreign exchange movement	25	25
At 31 December 2019	4,235	4,235
Charge for the period	2,788	2,788
Foreign exchange movement	(85)	(85)
At 31 December 2020	6,938	6,938
CARRYING AMOUNT		
At 31 December 2019	5,172	5,172
At 31 December 2020	8,129	8,129

Notes to the consolidated financial statements continued

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

	Properties US\$'000	Total US\$'000
At 1 January 2019	5,951	5,951
Additions	1,358	1,358
Accretion of Interest	560	560
Payments	(2,022)	(2,022)
Foreign exchange movement	23	23
At 31 December 2019	5,870	5,870
Additions	5,467	5,467
Accretion of Interest	926	926
Payments	(3,412)	(3,412)
Foreign exchange movement	245	245
At 31 December 2020	9,096	9,096
Current	3,071	3,071
Non-Current	6,026	6,026

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.

Notes to the consolidated financial statements continued**15 Trade and other receivables**

	2020 US\$'000	2019 US\$'000
Current		
Trade receivables	83,002	39,140
Provision for doubtful debt	(4,094)	(1,312)
Trade receivables	78,908	37,828
Prepayments	10,124	7,007
Restricted cash	8,433	5,211
Accrued income	1,457	447
Other receivables	1,503	333
Contract costs capitalised (note 16)	4,659	4,245
Total	105,084	55,071
Non-current		
Long term prepaid assets	1,637	1,933
Other long term receivables	1,528	2,746
Contract costs capitalised (note 16)	10,085	6,648
Total	13,250	11,327

Trade receivables comprise amounts outstanding for trade sales. The average credit period taken for trade sales is 51 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 19) 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.

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

Bad debt provision

	2020 US\$'000
At 1 January 2020	1,312
Increase in loss allowance	932
Acquisition of Subsidiary	1,850
At 31 December 2020	4,094

Notes to the consolidated financial statements continued**16 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:

	2020 US\$'000	2019 US\$'000
Opening balance as at 1 January 2020	10,893	10,291
Capitalisation during the period	9,135	6,458
Amortisation during the period	(5,648)	(5,689)
Exchange differences	364	(166)
At 31 December 2020	14,744	10,893
Current	4,659	4,245
Non-Current	10,085	6,648
At 31 December 2020	14,744	10,893

17 Cash and cash equivalents

	2020 US\$'000	2019 US\$'000
Current		
Cash at bank and in hand	63,616	16,939

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.

Notes to the consolidated financial statements continued**18 Trade and other payables**

	2020 US\$'000	2019 US\$'000
Current		
Trade payables	17,609	8,691
Other taxes and social security costs	4,035	5,698
Accruals	28,841	14,072
Deferred income	113,885	59,702
	164,370	88,163
Non-current		
Deferred income	1,024	1,673
Lease incentive accruals	378	214
	1,402	1,887

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 2e.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 63 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.

19 Loans and borrowings

	2020 US\$'000	2019 US\$'000
Current		
Bank loans 2018	6,690	3,879
Bank loans 2019	88,100	81,186
Bank loans 2020	9,026	-
Obligations under finance lease and hire purchase contracts	224	134
	104,040	85,198
Non-current		
Bank loans 2018	387,448	372,906
Bank loans 2020	90,150	-
Non-redeemable 12.5% preference shares	178,010	154,907
	655,608	527,814
Total	759,648	613,012

The carrying value of the loans and borrowings approximates to their fair value at initial recognition and at amortised costs. The 2019 bank loan is classified as current to reflect the contractual maturity date of 12 November 2021. However it is the intention of the lender to extend the maturity date beyond that date into 2022 within the coming year. The 2019 bank loan was also classified as current in 2019, however it was the intention of the lender to extend the maturity date beyond 12 November 2020 into 2021.

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 2020 were \$586.5m (2019: \$463.8m). 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.

The loan carries an interest rate of 6.00% above US LIBOR 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.

The loan carries an interest rate of 6.50% above LIBOR 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.

The loan carries an interest rate of 6.0% above EURIBOR 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 Revolving Credit and Security Agreement that exists between Insight Partners and Silicon Valley Bank and Citibank was entered into on 14 November 2017. This was originally entered into based on the credit quality of Insight Partners as a Borrower and has subsequently been joined by a number of Insight Partners portfolio companies via Joinder Agreements. The loans are also guaranteed by, and secured by the capital commitments of, the Insight Partners vehicles. Epsilon Group New Holdings Ltd joined the agreement to fund the acquisition of Idio and Insite.

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

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

Other facilities

The Group has a committed revolving credit facility agreement of US\$30m and which expires on the earliest of (a) 9 October 2024 and (b) date when the term loans are fully paid. The amount of undrawn facilities at 31 December 2018 was US\$30m. A fee of 0.5% is charged on the undrawn funds.

Notes to the consolidated financial statements continued

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\$22,180,000 (2019: US\$17,684,000) which are disclosed in finance expenses.

The total of the principal and cumulative dividend accrual liability at year end is \$178,009,000 (2019: \$154,907,000).

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 2020 were US\$4.64m (2019: US\$6.04m) and are being amortised over the life of the loans. Amount amortised and expensed for the period was US\$1.4m (2019: \$1.3m).

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\$0.44m (2019: US\$0.54m) and are being amortised over the life of the loans. Amount amortised and expensed for the period was US\$0.1m (2019: US\$0.1m).

Notes to the consolidated financial statements continued**20 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 US\$'000	Other Intangible assets US\$'000	Losses ² US\$'001	Other timing differences ¹ US\$'000	Share based payments US\$'000	Total US\$'000
At 1 January 2020	1,980	79,756	-	1,481	(139)	83,078
Arising on business combinations	-	40,803	(39,338)	-	-	1,465
(Credit)/charge to profit and loss	261	(8,470)	(3,476)	1,500	-	(10,185)
(Credit)/Charged directly to OCI	-	7,171	-	-	139	7,310
At 31 December 2020	2,241	119,260	(42,814)	2,981	0	81,668

¹ Other timing differences relate to deferred tax assets arising on capitalised contract costs (Note 15) and lease obligations (Note 14). For further information on tax see Note 11.

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

The deferred tax assets include an amount of \$39,338,000 which relates to carried-forward tax losses of Optimizely and \$3,476,000 relating to carried-forward tax losses of Insite Software Solutions Inc. Deferred tax assets have been recognised based upon the taxable temporary differences arising on the intangible assets relating to those acquired entities.

21 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 2020	68,536,560	6,854
Issued and fully paid during the year:		
'A' Ordinary of \$0.10 each	19,435,293	1,944
Balance at 31 December 2020	87,971,853	8,798

The 12.5% cumulative non-redeemable preference shares including accrued dividends was US\$178,009,000 (2019: US\$154,907,000).

Notes to the consolidated financial statements continued**Share premium, allotted and fully paid:**

	US\$'000
Balance as at 1 January 2020	3,754
Premium arising on issue of equity shares	208,056
Balance at 31 December 2020	211,810

22 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
Euroling AB	DXM	EPiServer Group AB	100%	Sweden ¹
Netstar AB	Dormant	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
Idio Limited	Content personalisation and analytics	EPiServer UK Limited	100%	UK ²
Idio Inc	Content personalisation and analytics	Idio Limited	100%	USA ¹⁶
EPiServer Benelux	DXM	EPiServer Group AB	100%	Netherlands ³

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Notes to the consolidated financial statements continued

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	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	DXM	EPiServer Inc	100%	Australia ⁸
Ektron Singapore	DXM	EPiServer Inc	100%	Singapore ⁹
Insite Software Solutions Inc	B2B e-commerce platform	EPiServer Inc	100%	USA ¹⁷
Insite Hosting Services Inc	B2B e-commerce platform	Insite Software Solutions Inc	100%	USA ¹⁷
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 ¹⁸
Optimizely, Inc.	Customer experience optimization	Optimizely HoldCo, Inc.	100%	USA ¹⁹
Optimizely B.V.	Marketing and Sales	Optimizely, Inc.	100%	Netherlands ²⁰
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 ²¹
Optimizely UK LTD	Marketing and Sales	Optimizely, Inc.	100%	UK ²

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: 214 W 39th St, RM 603A, New York, NY 10018-5582

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

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

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

20 Netherlands: Nes 76, 1012 KE Amsterdam

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

Notes to the consolidated financial statements continued**23 Acquisitions**

(a) The Group acquired 100% of the issued share capital of Optimizely, Inc. ("Optimizely") on 19 October 2020. The principal activity of Optimizely is the provision of customer experience optimization software. 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 Optimizely acquisition are as follows:

	Book value	Fair value adjustment	Fair value
	US\$'000	US\$'000	US\$'000
Trademarks	-	14,900	14,900
Non-competition agreement	-	500	500
Customer Relationships	-	125,800	125,800
Developed Technology	-	53,100	53,100
Property, Plant and Equipment	1,603	-	1,603
Intangible Assets	3,030	(3,030)	-
Trade Receivables	25,940	-	25,940
Other Receivables	31,195	(13,505)	17,690
Cash and Cash Equivalents	31,197	-	31,197
Trade Payables	(1,841)	-	(1,841)
Other Payables	(37,916)	(4,500)	(42,416)
Loans	-	-	-
Deferred Revenue	(51,919)	15,791	(36,128)
Deferred Tax Liabilities	-	(40,803)	(40,803)
Deferred Tax Assets		39,338	39,338
Net Assets	1,289	187,591	188,880
Goodwill			105,124
Total consideration			294,004
Satisfied by:			
Cash			154,004
Shares			140,000
Total consideration transferred			294,004
Net cash outflow arising on acquisition:			
Cash consideration			154,004
Less: cash and cash equivalent balances acquired			(31,197)
Cash outflow on acquisition (net of cash acquired)			122,807

Notes to the consolidated financial statements continued

The fair value of the financial assets includes receivables with a fair value and gross contractual value of \$25,940,000. All contractual cash flows are expected to be collected.

The goodwill of \$105,124,000 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 (\$140,000,000) was determined on the basis of market value determined as part of the acquisition.

Acquisition-related costs (included in administrative expenses) amount to \$6,012,000.

Since the acquisition date, Optimizely has contributed \$27,010,000 to Group revenue and \$9,184,000 to Group loss before tax for the year ended 31 December 2020.

If the acquisition of Optimizely had been completed on the first day of the financial year, contribution to Group revenues for the year would have been \$130,584,000 and contributing a loss before tax of \$4,941,000 to Group loss before tax for the year ended 31 December 2020.

A reconciliation from goodwill arising on acquisition to goodwill as at 31 December 2020 is shown below:

	US\$'000
Goodwill as at 19 October 2020	105,124
Foreign exchange movements in the period	-
Goodwill as at 31 December 2020	105,124

Notes to the consolidated financial statements continued**24 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 \$211,810,000 at 31 December 2020.

The merger reserve of \$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 \$6,350,000 at 31 December 2020 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 \$267,272,000 at 31 December 2020. 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.

25 Lease liabilities

The Group leases certain land and buildings. Some of the rents payable under these leases are subject to review at intervals specified in the lease. The total commitments under non-cancellable leases are set to mature as below:

	31 December 2020 US\$'000
Maturity analysis:	
Year 1	3,572
Year 2	3,158
Year 3	2,016
Year 4	1,469
Year 5	387
Onwards	828
Total	11,430

26 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 9 in aggregate for each of the categories specified in IAS 24.

Notes to the consolidated financial statements continued**27 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 2020 (2019: 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.

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 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 2020		31 December 2019	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	2,880,502	\$10	-	-
Granted during the year	2,000,192	\$10	3,027,378	\$10
Forfeited during the year	(56,559)	\$10	(146,876)	\$10
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	<u>4,824,135</u>		<u>2,880,502</u>	

No options were exercised in the year

Notes to the consolidated financial statements continued

In 2020, options were granted on 9 January, 5 and 16 March.

The aggregate of the estimated fair values of the options granted on those dates is \$2,000,000 (2019: \$3,027,000). The weighted average remaining contractual life is 9.36 years (2019: 9.76 years). The inputs into the Black-Scholes model are as follows:

	2020	2019
Weighted average share price	\$3.84	\$3.84
Weighted average exercise price	\$10	\$10
Expected volatility	57.5%	55%
Expected life	2 years	2 years
Risk-free rate	1.30%	2.88%

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

The Group recognised total expenses of \$1,748,000 and \$256,000 related to Share Incentive Plan share-based payment transactions in 2020 and 2019 respectively.

The number of shares exercisable at 31 December 2020 was 631,747 (2019: 57,712).

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.

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.

Details of shares outstanding during the year are as follows :

	31 December 2020		31 December 2019	
	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	1,161,774	\$0.71	-	-
Granted during the year	-	-	1,197,542	\$0.71
Forfeited during the year	-	-	(35,768)	\$0.71
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	<u>1,161,774</u>		<u>1,161,774</u>	

Notes to the consolidated financial statements continued

No shares were granted in 2020. The aggregate of the estimated fair values of the options granted in 2019 is \$1,410,000. The weighted average remaining contractual life is 8.53 years (2019: 9.53 years) The inputs into the Black-Scholes model are as follows:

	2020	2019
Weighted average share price	\$1.12	\$1.12
Weighted average exercise price	\$0.71	\$0.71
Expected volatility	57.5%	55%
Expected life	2 years	2 years
Risk-free rate	1.30%	2.88%

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

The Group recognised total expenses of \$445,000 and \$460,000 related to Performance Share Plan share-based payment transactions in 2020 and 2019 respectively.

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 2020		31 December 2019	
	Number of shares	Weighted average price	Number of shares	Weighted average price
Outstanding at the beginning of the year	3,014,673	\$2.62	-	-
Granted during the year	-	-	3,441,948	\$2.62
Forfeited during the year	(95,477)	\$2.62	(427,275)	\$2.62
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	<u>2,919,196</u>		<u>3,014,673</u>	

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Notes to the consolidated financial statements continued

No shares were granted in 2020. The aggregate of the estimated fair values of the options granted on 2019 is \$4,995,000. The weighted average remaining contractual life is 8.28 years (2019: 9.28).

The inputs into the Monte Carlo model are as follows:

	2020	2019
Weighted average share price	\$3.84	\$3.84
Weighted average exercise price	\$2.99	\$2.99
Expected volatility	57.5%	55%
Expected life	2 years	2 years
Risk-free rate	1.30%	2.88%

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

The Group recognised total expenses of \$1,265,000 and \$2,162,000 related to equity-settled share-based payment transactions in 2020 and 2019 respectively.

No options were exercisable at 31 December 2020.

28 Post balance sheet events

On the 26 May 2021 the Group concluded a refinancing exercise. The Bank loans 2019, Bank loans 2020 (as disclosed in note 19) were repaid in full. This was funded by increasing the amount borrowed under the Loans 2018 agreement on terms in line with the 2018 loan – USD Tranche, details of which can be found in note 19. As a result total Loans and borrowings increased from \$759,648,000 to \$777,148,000.

On 18 March 2021, the Group acquired Zaius, a company that provides customer data platforms (CDP).

29 Control

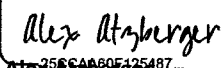
The parent and ultimate controlling party is Insight Venture Partners X, L.P., as the general partner of Insight funds holding a majority shareholding in the Group.

Epsilon Group New Holdings Limited
Company Statement of Financial Position
At 31 December 2020

	Note	31 December 2020 US\$'000	31 December 2019 US\$'000
Non-current assets			
Investment in subsidiaries	6	960,981	664,103
Deferred tax asset		43	43
Other receivables	7	2,746	2,746
Total non-current assets		963,770	666,891
Current assets			
Intercompany receivables	8	70,264	75,841
Other receivables	7	8,433	5,128
Cash and cash Equivalents		1,596	-
Total current assets		80,293	80,969
Total assets		1,044,063	747,860
Current liabilities			
Loans and borrowings	9	88,100	81,186
Intercompany payables	8	84,004	-
Other payables		2,746	2,746
Total current liabilities		174,850	83,931
Net current liabilities		(94,557)	(2,963)
Total liabilities		174,850	83,931
Net assets		869,213	663,928
Equity attributable to equity holders of the company			
Share capital	11	8,797	6,854
Share premium	11	211,810	3,754
Merger reserve		653,495	653,495
Share based payment reserve	10	3,507	633
Retained losses		(8,396)	(808)
Total equity		869,213	663,928

The financial statements were approved and authorised for issue by the Board of Directors on 14 June 2021 and were signed on its behalf by:

DocuSigned by:


 Alex Atzberger

Director

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 2020

	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 12 November 2019	-	-	-	-	-	-
Loss for the period	-	-	-	-	(851)	(851)
Total comprehensive loss	-	-	-	-	(851)	(851)
Restructuring of new parent entity	6,816	-	653,495	-	-	660,311
Issue of ordinary shares	38	3,754	-	-	-	3,792
Credit to equity for equity-settled share-based payments	-	-	-	633	-	633
Deferred tax on share-based payment transactions	-	-	-	-	43	43
Equity as at 31 December 2019	6,854	3,754	653,495	633	(808)	663,928
Equity as at 1 January 2020	6,854	3,754	653,495	633	(808)	663,928
Loss for the year	-	-	-	-	(7,587)	(7,587)
Total comprehensive income	-	-	-	-	(7,587)	(7,587)
Issue of ordinary shares	1,943	208,056	-	-	-	209,999
Credit to equity for equity-settled share-based payments	-	-	-	2,874	-	2,874
Deferred tax on share-based payment transactions	-	-	-	-	-	-
Equity as at 31 December 2020	8,797	211,810	653,495	3,507	(8,396)	869,213

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

Notes to the company financial statements
At 31 December 2020

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 2020 of US\$7,587,000 (2019: US\$851,000).

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'.

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.

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.

Notes to the company financial information continued**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 2 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. Management has identified two key assumptions, 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%

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 4 to the consolidated financial statements.

Capital management

The Company's capital is made up of share capital and retained losses totalling US\$869,213,000 at 31 December 2020.

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 2020.

Notes to the company financial statements continued**6 Investments in subsidiaries**

Cost	Equity interest in subsidiaries	Equity interest in subsidiaries
	US\$'000	US\$'000
	2020	2019
At 1 January	664,103	-
Restructuring of new parent entity	-	660,311
Issuance of ordinary shares	212,874	3,792
Acquisition of subsidiary	84,004	-
At 31 December	960,981	664,103

Details of the investments which the Company holds are given in note 22 of the Group financial statements.

Details of the subsidiaries acquired in the period are given in note 22 of the Group financial statements.

7 Other receivables

	31 December 2020	31 December 2019
	US\$'000	US\$'000
Non-Current		
Other long term receivables	2,746	2,746
Total	2,746	2,746

Other long term receivables are amounts reclaimable from the UK tax authorities in relation to a \$455 tax charge on the loan funded share purchase (Note 27, Plan 3) where certain employees may be purchase shares using limited recourse loans.

Current

Restricted cash	8,433	5,128
Total	8,433	5,128

Restricted cash are amounts received as part of the 2019 loan (note 19 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.

8 Intercompany receivables and payables

	31 December 2020	31 December 2019
	US\$'000	US\$'000
Intercompany receivables	70,264	75,841

Intercompany receivables relate to amounts due from subsidiary companies in relation to the 2019 loan (note 19 of consolidated financial statements). The intercompany receivable is non-interest bearing.

	31 December 2020	31 December 2019
	US\$'000	US\$'000
Intercompany payables	84,004	-

Intercompany payable relate to amounts due to subsidiary companies in relation to the 2020 loan (note 19 of consolidated financial statements). The intercompany payable is non-interest bearing.

Notes to the company financial statements continued**9 Loans and borrowings**

	31 December 2020	31 December 2019
	US\$'000	US\$'000
Current		
Bank Loans 2019	88,100	81,186
Total	88,100	81,186

Details of the loans are shown in note 19 of consolidated financial statements.

10 Share based payment reserve

Share based payment reserve of \$3,507,000 at 31 December 2020 (2019:\$633,000) 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 transferred to retained earnings when vested options are exercised, forfeited or lapsed. Details of the share based payments can be found in note 27 of the consolidated financial statements.

11 Share capital and share premium

The movements on share capital and share premium are disclosed in note 21 to the consolidated financial statements.

12 Related party transactions

There were no related party transactions during the period (2019: nil). 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.