# Annual report 2019

## Lime Technologies AB (publ)

# This is Lime

**Ever since day one, our overall goal has been to deliver exceptionally user-friendly CRM systems that simplify everyday life for our customers. The balanced mix of commitment and technology has made us one of the market leaders in the Nordic region. Our focus is now on turning all companies into customer magnets who retain their customers and attract new ones.**

Lime's organisation is comprehensive and covers development, sales, implementation and support, allowing for a turnkey offering facilitating efficient and value-creating CRM solutions for the customer. The head office is located in Lund and in addition to this we have six offices in Sweden, Norway, Denmark and Finland. Lime was founded in 1990 and has demonstrated an average growth rate of 19 percent since the year 2000.

## Our products

lime crm

**Lime CRM** is a flexible and powerful SaaS CRM platform. One of the strengths of Lime CRM lies in the combination of the company's expert services and the flexibility of the software. In a very short time, the customer can have a solution with automated flows, support for key demands and a clear overview of the entire business. Combined with integrated systems, an ecosystem is created, providing significant customer benefits.

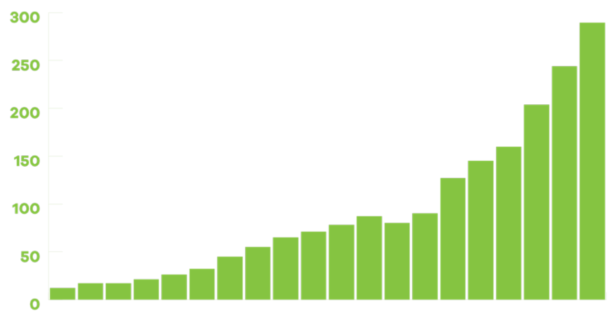
lime go

**Lime Go** has been developed to maximise sales in sales organisations. The typical customer has a great need for new business opportunities and a constant flow of new customers. The software can be described as being streamlined with good control of upcoming business deals. Lime Go comes with a large library of company and contact information for nearly all companies in the Nordic region.

## Lime in numbers

~70 000 users
~5 000 customers
~250 employees
1990 founded
4 countries
6 offices

net sales
**289,7**
MSEK




Net sales year 2000 - 2019, MSEK

# Index



*N.B. This is an unaudited translation of the Swedish annual report. Should there be any disparities between the Swedish and the English version, the Swedish version shall prevail.*

# 2019 in brief

- Net sales amounted to MSEK 289.7 (244.3) rendering a net sales growth of 19 % (20 %)
- Organic net sales growth was 16 % (16 %)
- Recurring revenue amounted to MSEK 167.2 MSEK (138.5)
- On 19 June 2019, 58% of the shares in More intenz AB, and 30% of the shares in janjoo AB were acquired with the purpose of broadening our offerings to new and existing customers
- 70 new stars were recruited to the company
- A decision was made to expand Lime's operations outside the Nordic region, by establishing a new office in The Netherlands during 2020

adjusted EBITA
**23 %**

## Key figures

| | 2019 | 2018 |
|---|---|---|
| Net sales (MSEK) | 289.7 | 244.3 |
| Net sales growth (%) | 19 % | 20 % |
| Organic net sales growth (%) | 16 % | 16 % |
| Recurring revenue (MSEK) | 167.2 | 138.5 |
| Adjusted EBITA (MSEK) | 66.8 | 54.3 |
| Adjusted EBITA (%) | 23 % | 22 % |
| Operating income, EBIT (MSEK) | 52.1 | 31.8 |
| Operating income, EBIT (%) | 18 % | 13 % |
| Earnings per share, basic (SEK) | 2.94 | 1.94 |
| Earnings per share, diluted (SEK) | 2.94 | 1.83 |
| Cash flow from current operations (MSEK) | 74.2 | 38.7 |
| Average number of employees | 223 | 195 |

CEO's comments

# Long-term profitable growth is always our focus

**Another eventful and successful year has passed for Lime Technologies. In 2019, our first year as a listed company, Lime achieved all its financial objectives. Growth was 19 % compared to the previous year, and profitability – adjusted EBITA – was 23 %. Lime has a long track record of profitable growth. It is a key focus for us, and we are confident we will be able to deliver profitable growth in the future as well. The combination of growth and profitability provides a strong building block for further progression.**

## Lime is ready to expand into new markets

We strive to achieve our vision – to become a leading CRM supplier – by simplifying our users' workday and making it more fun. We have long held a market-leading position in Sweden, not least among small and medium-sized companies.

We are a market challenger in other Nordic countries. We grew by 50% outside Sweden in 2019 compared to last year. We are becoming increasingly stronger as the market's awareness of our offerings is increasing. We signed several mayor deals during 2019, not least within our focus verticals: utility, real estate, wholesale and consulting.

Our achievements within other Nordic countries make us confident that our model also can be applied outside the Nordic region. Therefore, a decision was made in late 2019 to establish Lime in the Netherlands during 2020. Focus during the first year will be on hiring staff members, as well as establishing both an office and the brand. We know, based on experience from our earlier establishments, that this is a process that takes time and must run its course. We are building our operations in the Netherlands with a long-term focus, much as we have done, and do, in all our markets.

## A record number of new staff members were recruited in 2019

Hiring and training new staff members are two of Lime's key business processes. The ability to attract and recruit driven, committed and motivated staff members is of utmost importance to us.

We believe our attractiveness as an employer has improved during 2019, to some degree thanks to being listed on Nasdaq. The ability to attract talent has resulted in over seventy

> Our achievements within other Nordic countries make us confident that our model also can be applied outside the Nordic region. Therefore, a decision was made in late 2019 to establish Lime in the Netherlands during 2020.
>
> **Erik Syrén, CEO & President**

new colleagues – more than ever before during a single year. In 2020 we plan to continue recruiting salespeople, consultants and developers.

## Lime will be a sustainable company that we are proud of

Conscious and long-term sustainability work is necessary in order to achieve our objective of creating a company that is good for society and those who live in our local environment. We think Lime should be a company that our customers, employees and owners are proud of, which in turn will enhance our attractiveness.

In 2019, Lime invested in Sweden's largest solar cell park in order to neutralise our climate impact. Further, we have established a reverse mentoring program, under which all executive management team members have been allocated a newly employed female colleague as a mentor. The objective is to provide management with new insights into gender equality, and to achieve a higher degree of diversity.

## Acquisitions that strengthens our offerings

More intenz and Janjoo were acquired last year, to enhance Lime's offerings in line with our mission to create customer magnets. Lime continues to search for acquisitions to supplement our main products: Lime CRM and Lime Go. We are also looking for CRM companies in markets where we are not yet established. An acquisition could be an alternative way to establish Lime in new markets.

## Looking ahead

The market's transition from installed software to SaaS, increased digitalisation, and an obligation to comply with GDPR are all factors that lead to market growth. We believe the CRM market in the Nordic region will grow by 10 - 12 % per annum under normal circumstances.

An increase in subscription sales means all our costs are covered by recurring licence revenues, and that current personnel expenses in relation to net sales are falling. This means our revenues become more predictable and that profitability, under normal circumstances, increases.

The economy has showed continued robustness during 2019. The economic trends are uncertain, however, following the spread of COVID-19 in early 2020. It is difficult to assess the severity of the virus and the political measures taken. Despite this situation, our customers must be able to rely on our services and we have therefore implemented action plans to secure our operations even under changed working conditions and the risk of increased absence due to illness.

The increased proportion of recurring revenue, combined with low customer concentration and four focus verticals, have made us better equipped to handle an economic downturn. As previously mentioned, Lime's subscription model means revenue is relatively predictable. This builds stability, although the revenue from Expert Services may, to a greater extent, be impacted by the economic cycles.

Thus, notwithstanding these uncertainties, our efforts to become the leading CRM supplier in the Nordic region continue. We will, as always, have a strong emphasis on sales to new customers. Having said that, we also want to further develop the over 5,000 companies that already have established contracts with us. Therefore, we will gradually offer some of our customers that use installed CRM systems to convert to our SaaS offering. With operations, upgrades and proactive security services being included, the value of our offering increases while we also simplify its delivery.

### Finally – Thank you!

We wish to extend our gratitude to customers, employees and shareholders for all collaborations during 2019. Our focus is now on 2020 and our efforts to deliver long-term, profitable growth.

/Erik Syrén, CEO & President, Lime

# The Lime share

*The Lime Technologies share has been listed and traded in the Technology sector on Nasdaq Stockholm, Small Cap List, since December 6, 2018. The ticker symbol is LIME and the ISIN code is SE0011870195.*

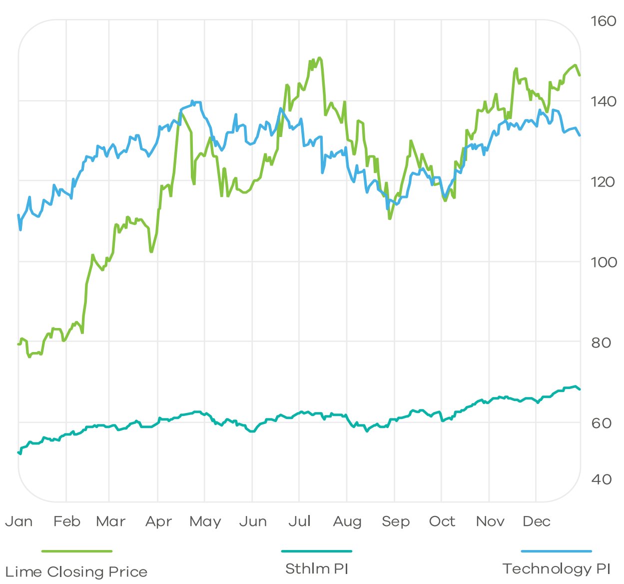
## Turnover and share price performance

Total turnover in 2019 was 5 931 784 shares (568 th shares) with a total value of MSEK 719.4 (43.1). The average daily turnover amounted to 23,727 shares (40,532), corresponding to a daily value of MSEK 2.9 (3.1). At the end of the year the share price was SEK 146.4 (79.0), representing a total market capitalization for Lime Technologies of MSEK 1,944.7 (987.5). The highest paid price during the year was SEK 150,6 (July 15) and the lowest price was SEK 76.2 (January 9). To follow the current share price performance, go to www.investors.lime-technologies.com.

## Share capital

On December 31, 2019 Lime Technologies' share capital amounted to SEK 531,339 (500,000). The number of shares amounted to 13,283,481 (12,500,000), whereof none were owned by the company. The quota (par) value per share was SEK 0.04. Each share entitles the holder to one vote. All shares carry equal rights to dividend and to the company's assets. Lime Technologies does not own any of its own shares and has not owned any of its own shares during the 2019 financial year.

## Share price development




## Ownership structure

As of December 31, 2019, the company had a total of 2 099 (557) shareholders. The total share capital was owned to 72.4 percent (72.7) by Swedish and foreign institutions, to 16.9 percent (17.4) by the company's management and to 10.7 percent (9.9) by others, including employees. At the end of the period, 76.6 percent (83.7) and percent 23.4 (16.3) of the total share capital was owned by Swedish and foreign shareholders respectively.

**The largest shareholders as of December 31, 2019**

| | | Shares | % |
|---|---|---|---|
| 1 | Syringa Capital AB | 1 347 222 | 10,14% |
| 2 | Monterro 1 AB | 1 334 555 | 10,05% |
| 3 | Swedbank Robur | 1 264 416 | 9,52% |
| 4 | Grenspecialisten förvaltning AB | 1 153 515 | 8,68% |
| 5 | Svolder aktiebolag | 720 000 | 5,4% |
| 6 | Cliens småbolag | 605 781 | 4,6% |
| 7 | Keel capital AB | 580 379 | 4,4% |
| 8 | Berenberg funds | 428 442 | 3,2% |
| 9 | Core ny teknik | 378 294 | 2,8% |
| 10 | LMK | 321 984 | 2,4% |
| | | 8 134 588 | 61,2% |

## Dividend policy

The board of directors has adopted a dividend policy in accordance with Lime Technologies' financial targets. According to the policy, the target for the board of directors is to pay dividends corresponding to available cash flow after consideration of Lime Technologies' debt ratio and future growth opportunities, including business acquisitions. Dividend is expected to correspond to at least 50 percent of the Group's net profit.

### Ordinary dividend

Lime Technologies' board of directors proposes a dividend of SEK 1.5 per share (1.0), corresponding to MSEK 19.9 and 50% of the net profit for year 2019. Following the uncertainties brought about by the spread of the novel coronavirus COVID-19, Lime's board of directors is continuously monitoring the situation, and the proposed disposition of earnings may change prior to the annual general meeting.

## Share capital development

| Date | Event | Change in number of shares | Total number of shares | Change in share capital (SEK) | Share capital (SEK) | Quota (par) value (SEK) |
|---|---|---|---|---|---|---|
| Dec 10, 2013 | Incorporation | - | 50 000 | - | 50 000 | 1 |
| Mar 28, 2018 | Bonus issue | - | 50 000 | 450 000 | 500 000 | 10 |
| Oct 16, 2018 | Split 250:1 | 12 450 000 | 12 500 000 | - | 500 000 | 0.04 |
| Mar 25, 2019 | New share issue | 783 481 | 13 283 481 | 31 339 | 531 339 | 0.04 |

## Incentive programs

At general meetings in 2014 and 2015, the company resolved to introduce incentive programs by issue stock options to certain employees, including senior executives.

As of 31 December 2018, Lime Technologies had issued a total of 2,724 stock options in two series – 2014/2019 and 2015/2019 – to certain key individuals in the Group. Each stock option of series 2014/2019 entitled the holder to subscribe to approximately 288 shares in the Company at a price of SEK 5.48 per share, from 1-31 March 2019. Each stock option of series 2015/2019 entitled the holder to subscribe to approximately 288 shares in the Company at a price of SEK 21.08 per share, from 1-31 March 2019. Following a repurchase from former employees in the Group, 985 of the stock options were held by Monterro 1 AB. The number of shares that each stock option entitled the holder to acquire was restated based on dividend paid and the share split (250:1) that was registered at the Swedish Company Registry (Sw. *Bolagsverket*) on 24 October 2018.

All stock options were exercised in March 2019

## Investor Relations (IR) at Lime Technologies

Lime Technologies' goal is for the share to be valued on the basis of relevant, correct, and current information. This involves a clear financial communication strategy, reliable information and regular contacts with various stakeholders in the financial markets. Contacts with the financial markets take place through presentations of quarterly reports and meetings with analysts, investors and the media at various events, seminars, and during visits to Lime Technologies' offices. Interested parties can download presentation materials and listen to audio recordings from presentations of quarterly reports on Lime Technologies' website.

## Analysts

SEB – Sebastian Olsson

Carnegie – Predrag Savinovic

Financial information regarding Lime Technologies is available to download from www.investors.lime-technologies.com. This includes financial reports, press releases and other presentations. The company's press releases are distributed via Cision and are also available on the company's website.

Management can be reached at:

Phone: +46 46 270 48 00

E-mail: ir@lime.tech

## Shareholder contacts

Erik Syrén, CEO, Magnus Hansson, CFO, and Lars Andersson, Head of Investor Relations, at Lime Technologies.

Lime Technologies' management has an explicit target to keep an ongoing dialog with the media and the capital market.

# Lime’s business

# Our position in the CRM market

## Lime's comprehensive offering

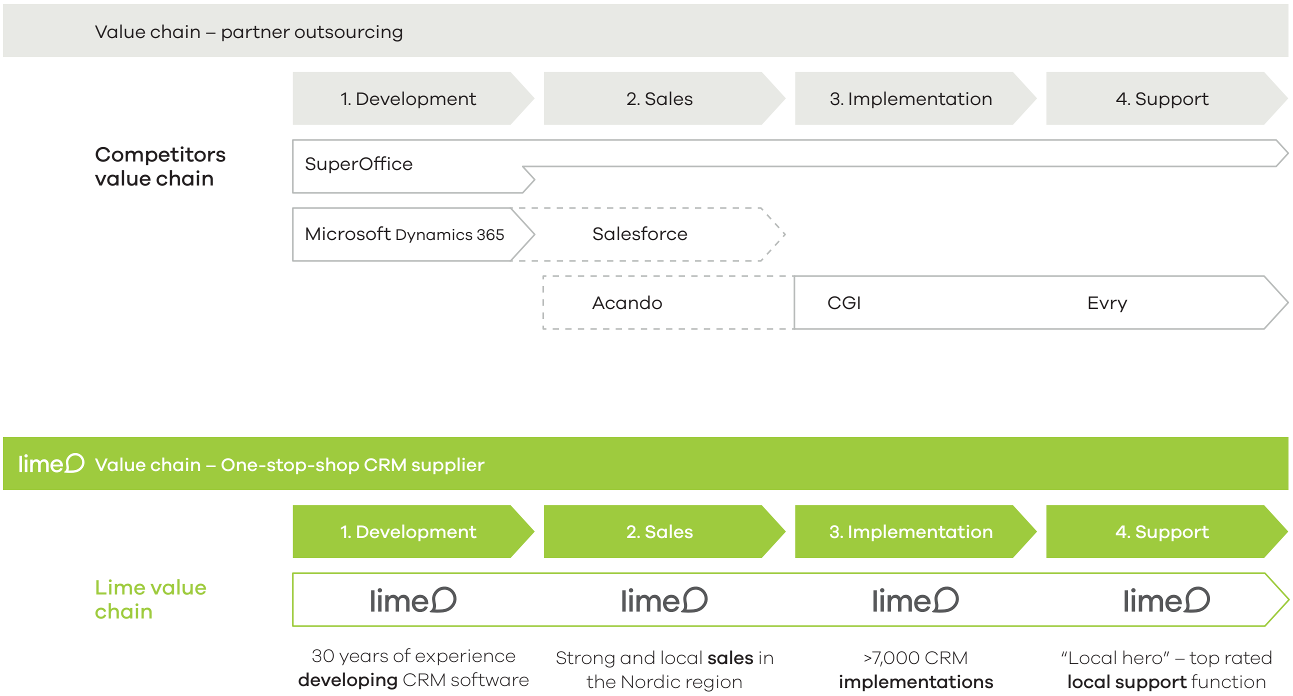
In Lime's view, the Nordic CRM market has a four-step value chain:

*Development -> sales -> implementation -> software support*

Lime's offering is comprehensive with local development, sales, consultancy services and project management during implementation, as well as local language support functions.

Unlike Lime's main competitors – where sales from Microsoft and Salesforce are carried out through both direct and indirect channels – Lime only sells its offerings directly and thus covers the entire value chain. This creates a competitive advantage thanks to close and strong relationships with the customers.

The image below illustrates Lime's view of the CRM market's value chain in the Nordic region, where Lime offers a comprehensive solution.




Source: Market report from CapGemini / the company's assessment.

# Business model & growth strategy

## Lime is a comprehensive CRM expert

Lime is the Nordic CRM expert, delivering everything from development to support. We are the only supplier with a clearly defined strategy to work locally in our markets, through direct channels – and we carry out hundreds of implementations every year. Therefore, we know what it takes to implement CRM systems successfully. We are now bringing this knowledge to other markets as we establish operations outside the Nordic region.

## Lime has a powerful and scalable SaaS platform with a local customer base

We offer a strong product portfolio (Lime CRM and Lime Go) to SMEs and larger corporations within our four verticals (real estate, utility, wholesale and consulting). We are constantly increasing investments in our products to ensure we remain competitive at all times.

Today, Lime's most important source of new customers is recommendations from existing customers. We have a positive "revenue churn", meaning our existing customers buy more licences and modules than we lose.

## Lime's business model is scalable and profitable and generates a strong cash flow

We have grown with a positive cash flow since the business was first set up, and the majority of our revenue is repetitive. Our prices are subscription-based, and we receive payments in advance, meaning our cash flow is positive.

### Lime has a clearly defined growth strategy in a market with high growth potential and business acquisition opportunities

Our strategy is to grow in the Nordic region through sales of licences and add-on modules to both new and existing customers.

We are actively looking for business acquisition opportunities that will supplement the product portfolio to both new and existing customer, while at the same time taking steps to enter new markets outside the Nordic region.

### The Nordic CRM market is extensive and growing strongly

Lime is one of the leading CRM suppliers in the Nordic region. The market was worth BSEK 4 in 2019 and is expected to grow by about 10-12% per annum to approximately BSEK 7 in 2023. We will establish operations in the Netherlands during 2020 – a CRM market that shows similar growth to the Nordic region.

Growth is primarily driven by digitalisation of sales and marketing activities, as well as a shift to SaaS and GDPR.

### Lime has a strong value-driven corporate culture

Our recruitment and introduction processes are well-tested. Our dedicated executive managers have extensive experience and demonstrate their commitment by being major shareholders in the company.

# Lime's products & industry expertise

*Lime is offering two different CRM platforms: Lime CRM and Lime Go. Customers can also add several add-on modules, e.g. Lime Forms, Lime Portal Lime Engage, Lime Field and Lime Newsletter. In addition, the product portfolio also includes Lime Easy, a product that is no longer actively promoted.*

*In 2019, Lime CRM accounted for 79%, Lime Go for 5% and add-on modules for 8% of total net sales, while Lime Easy accounted for 5%.*

## Products

CRM stands for Customer Relationship Management and involves active work with customer relationships. A CRM system is an IT tool that gives you better control of customer relationships, helps you with customer prospecting, sales and marketing strategies, and creates flexible solutions for customer support and analysis.

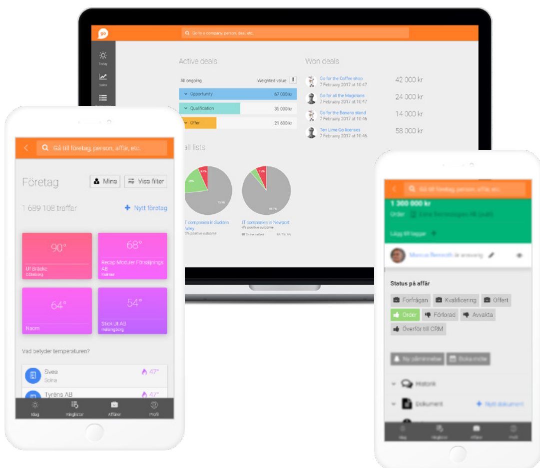
The purpose of CRM and a CRM system is to ensure that satisfied customers stay with you and have good things to say about your company. In short, CRM is a profitable philosophy combined with very smart technology.

## Lime Go

Lime Go is designed to maximise sales within the sales organisation. The software is developed based on more than 20 years of sales experience and helps companies streamline their sales process. The typical customer has 3-20 users, a great need of new business opportunities and a constant flow of new customers.

Lime Go is a cloud-based SaaS service, including an extensive library of company information and contact details to nearly all companies in the Nordic region. Administrative work is significantly reduced, as the software comes with information that otherwise would take needlessly long time to register and be hard to find.

The available information also forms a critical tool during sales efforts, as the user easily can follow the potential customer's progress in a simple way. Information such as growth, turnover and number of employees is accessible in the sales rep's own qualification of potential customers. All in all, the access to information about potential new customers simplifies the sales process as users can learn about the customer's organisation in a much more effective way.



## Lime CRM

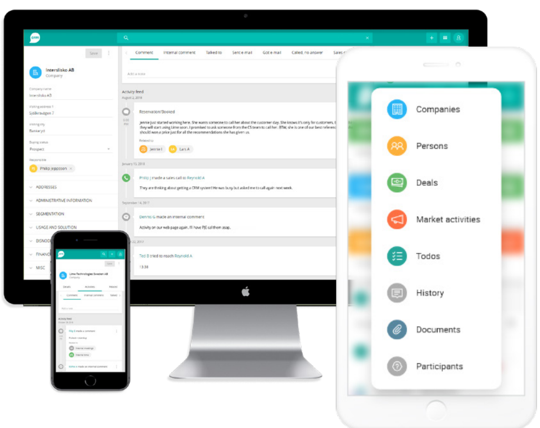
Lime CRM is a flexible and powerful SaaS CRM platform, based on a number of standardised and reusable components.

In addition to basic features, Lime CRM offers good adaptability, a simplistic user experience and great possibilities for integration to other IT systems. For example, customers can easily add membership management, customer administration, facility management, or set up an assets register.

The power of CRM lies in the flexibility of the system in combination with the company's expert services. In a very short time, the customer will have a solution with automated flows, support for key requirements and a clear overview of the entire business.

Lime CRM can either be cloud-based or installed locally at the customer (on-premise). The user interface is either a web client or an installed PC client. The software is built on components that are linked together via APIs to communicate with Lime CRM in a standardised way.

Thanks to the flexibility of the software's basic structure, Lime can be delivered both as pre-packaged expert solutions and as flexible customisations, depending on the customer's preferences.




## Add-ons, integrations, customisations & packet solutions

Combinations of related systems (i.e. ERP, eSigning etc) and add-ons for different needs creates an eco-system with great customer benefits. The combinations can be tailored and packaged for unique and industry-specific challenges.

## Add-ons

Lime supplies a large number of add-on modules. To mention a few:

- Lime Newsletter, which helps organisations take control of their mailings, communicate with prospects and strengthen customer relations, e.g. by easily creating relevant marketing campaigns based on data from the CRM system.
- Lime Forms - a forms tool, making it possible to design different dynamic web forms for case management, leads management and contract signing. The forms can be signed using BankID and all information is stored in Lime CRM.
- Lime Enagage - a gamification platform linked to Lime CRM to set up fun and result-oriented campaigns. The competitions are based on CRM-usage and participants are rewarded after having completed certain selected activities.

## Industry verticals

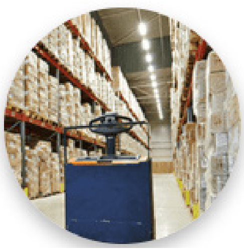
Lime is focused on sales of CRM systems to companies who need to strengthen their customer relations and/or to streamline their internal processes.

We have customers in several different industries and a distinct focus and specific know-how within four industry verticals:

- Real estate
- Utility
- Consultancy
- Wholesale

Thanks to many years of experience with industry specific implementations, Lime has a particularly strong position within the above verticals. The industry competens in combination with pre-packaged solutions for each vertical, leads to advantages for the customer in terms of customised solutions and time and cost savings. Sales to the four verticals represented 48 percent of total net sales in 2019.



### Real estate

Lime CRM provides a comprehensive view of tenants, apartments and premises, properties and contracts. The customer can gather workorders and cases in one common, easy-to-use flow. In addition, this makes it easy to publish vacant apartments/premises online, straight from the software.

### Utility

Lime CRM offers efficient case management with support for the energy industry's different business areas and processes. The customer gets control over fieldwork through smart and well thought through workorder management and a complete customer view. The system is often integrated to the client's charging system and NIS system (network information system).

### Consultancy

The customer can create a comprehensive competency database in Lime CRM, including scheduling to ensure fast staffing. All customer and project information is collected in one place. A comprehensive overview of projects provides a great opportunity for proactive actions that increase average prices and staffing.

### Wholesale

Lime CRM provides a holistic view of the customers with links to the ERP system. When all customer data is gathered together with campaign management, mailings and other marketing activities, this creates the right conditions for efficiencies. Lime CRM makes it possible to apply smart sales controls with customer potential and customer classification in one single view.

| Real estate | Utility | Consultancy | Wholesale |
| --- | --- | --- | --- |
| Castellum | Skellefteå Kraft | Etteplan | Atoy Automotive |
| Smedvig | Energi Danmark | Sigma | Indra navia |
| Hemsö | Entelios | RISE | Würth |
| Diös | Eskilstuna Strängnäs Energi & Miljö | Prevas | Luna Group |
| Familjebostäder | Gävle Energi | Rejlers | Mercamer Oy |
| skandia: fastigheter | Ohmia Charging | Unilabs | NewWave Group |
| usbl | Helgeland Kraft | Sweco | swedol |
| | Skanderborg-Hørning Fjernvarme | Tyréns | Meltex |
| | Öresunds Kraft | randstad | |

Some of Lime's customers within the company's focused industry verticals.

# Our history

As long as we can remember Lime has been growing profitably. Below are some of the important milestones that have been critical for our success.

## 1990

Once upon a time in a basement in the small town of Lund... Three math geniuses, who got to know each other at the Faculty of Engineering, founded the company "Lundalogik". Initially they took on programming assignments.

LUNDA LOGIK

### Why did we get involved in CRM?

The company did well, many new customers appeared on the doorstep and the founders were a bit lost as to how to handle all the customers (to be honest, they were happy to just be coding).

The solution? They developed a software to manage the customers – no surprise!

One visiting customer had a quick peak at the software and bursted out, "That's EXACTLY what we need!" Well, that's how it all started.

WE ♥ CRM

## 2000

The basement was deserted long ago. We are now spread across Sweden and the business is 100% focused on CRM-software.

## 2002

The brand Lime is born. We launched our new CRM-software Lime PRO. Lime stands for "Lund Intelligent Magnets Experts", rumours has it that someone came up with that explanation after the brand was already established – at least that's what some people claim.

LIME PRO

## 2006

We launch our very own trainee program, a program that today has thousands of applicants each year.

# 2010

Hello Oslo & Helsinki! With two new markets, we are more than 75 employees and can brag about having installed thousands of CRM systems.

# 2013

A new product enters the market. Let us introduce our new web-based sales tool: Lime Go!

# 2014

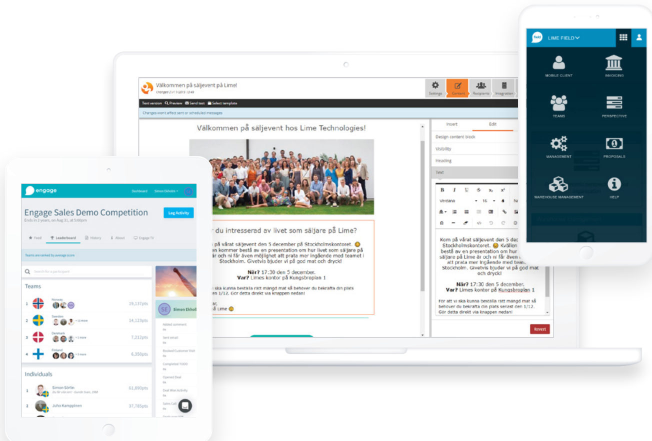
Copenhagen now offers not only hygge, but also a CRM system, as we opened up the doors to our new office.

# 2015

#1 in CRM & sales support! We overtake Microsoft and are now the most common CRM-supplier on the Swedish market.

# 2017

We welcome RemoteX and Netoptions to the Lime family. The following year we also acquire Sparta. With mobile field management, e-marketing and gamification, we are now able to create CRM-magic for even more of our customers!




CRM with a twist

# 2018

To ensure that our profile reflects our ambitions for the future, we now leave the Lundalogik company name behind us. We are making it easy by naming ourselves after our most treasured asset: Lime! The 6th of December we ring the opening bell at Nasdaq Stockholm as a public company.

# 2019

We acquire shares in the companies More intenz and janjoo. They both strengthens our offering significantly. We also announce our plans to open an office in the Netherlands during 2020.

# 30 years of experience of long-term profitable growth

## 1. The entrepreneurial phase 2000 - 2007

- Founded in Lund in 1990. Launch of the first sales tool two years later
- Transition from assignment-based programming to 100 % CRM focus in year 2000
- Lime CRM is launched in 2002
- Offices are established in Stockholm & Gothenburg

## 2. The expansion phase 2008 - 2013

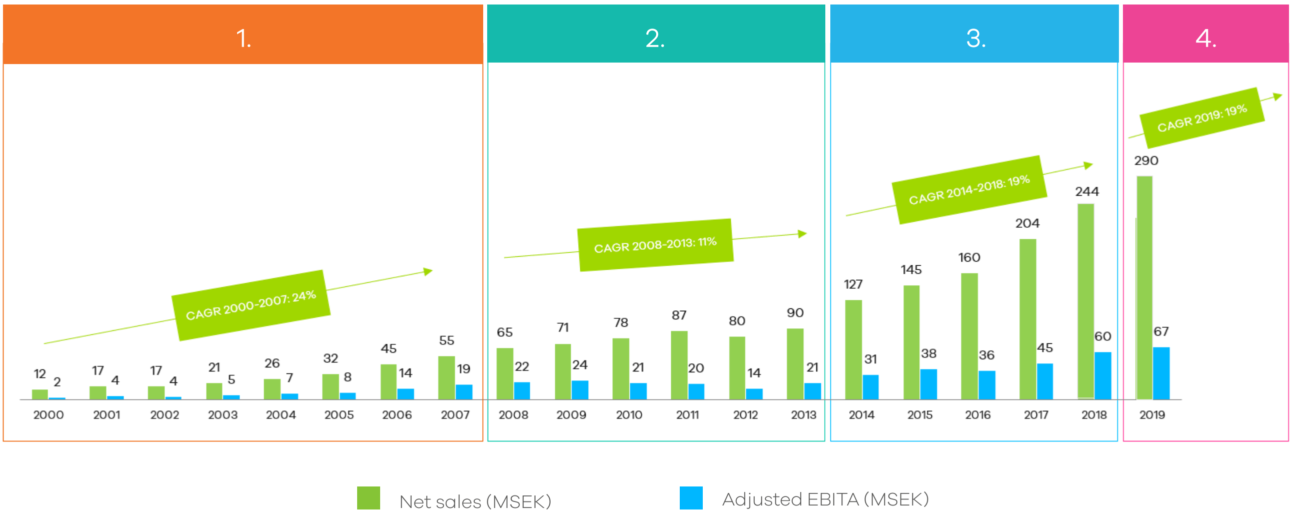
- Subsidiary of Bisnode from 2008
- Expansion into Finland & Norway in 2010
- Investments in product development by making the platform more cloud-compatible and customised for SMEs
- Launch of the new platform Lime Go

## 3. The transformation phase 2014 - 2018

- Monterro and Lime's executive managers become owners in 2014
- New pricing model by changing from up-front payments to subscriptions
- Strengthened organisation and product development to bolster further growth
- Focus on upscaling of operations in Norway and Finland, as well as expansion in Denmark
- Name change from Lundalogik to Lime
- Acquisition of companies RemoteX, Netoptions and Sparta

## 4. The public phase 2019 -

- Public listing of the company on Nasdaq Stockholm in December 2018
- Focus on growth in Finland, Norway and Denmark
- Hiring of more than 70 new employees in 2019
- Acquisition of companies janjoo & More Intenz
- Expansion to the Netherlands during 2020




1) Net sales financial years 2000–2013 is taken from Lundalogik AB's (Lime Technologies Sweden AB) audited financial reports for these years. Net sales for the financial years 2014–2017 is taken from the company's audited consolidated financial reports.

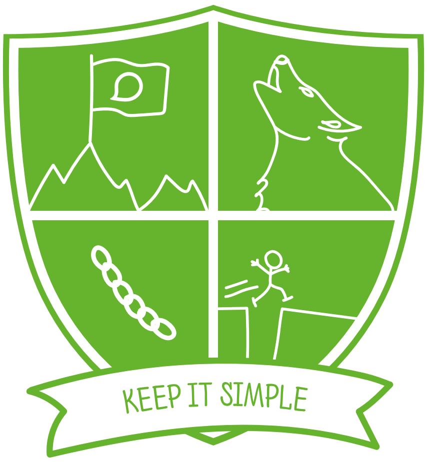
2) During the period 2010–2013, when the company was owned by Bisnode, the company conducted its Finnish and Norwegian operations through other companies in the Bisnode group. Sales and EBITA from the Finnish and Norwegian operations have consequently not been included in the historical financial development.

# Lime's corporate culture and our employees

## Culture and core values

Our employees are the key to Lime's growth and continued success. We are a culture- and business-driven organisation, with clearly defined core values that form the basis for both our daily and long-term work. We are characterised by an aspiration to keep things simple, which permeates both products and processes, as well as all types of communication.

Lime's core values are summarised in our coat of arms, and all employees are recruited in light of these.




### Core values

- Keep it simple
  Communicate and act in a simple way that is easily understood.
- Just do it
  Don't wait for someone else to solve the problems you encounter.
- Don't break the chain
  We are ONE company, not a number of departments.
- Spend resources wisely
  Money, time – whether that of customers, colleagues or your own – and Earth's limited resources, must be utilised in a smart way and with great care.
- Make a mark
  Don't be like everyone else – make a difference.

## Recruitment for growth

### Traineeprogram

We feel very proud of our successful trainee programs, attracting thousands of applicants every year, and among which 40 were employed during 2019. During one year, new graduates are employed and get a unique opportunity to kick-start their career at Lime. The program is an investment from the company's perspective. That's how we build future talent within software development, sales, project management and technical consultancy.

All trainees from all markets start their training together at the head office in Lund. Strong ties are built here from day one. The training covers culture, values and Lime's identity, in parallel with how we jointly run the company. By involving more senior colleagues, our trainees get involved in practical work after a few weeks only. We believe in "learning by doing", which is why senior colleagues are always there to provide support to new staff members.

### Other recruitment

In parallel with the trainee program, we are highly focused on training staff, recruiting senior employees and developing our existing staff members to become experts within CRM, sales and other areas requiring a high level of expertise. We recruited about 70 employees during 2019 and our growth journey continues

## We are there for our customers through the entire journey

### Developers

As a tech company, our development team is the backbone of our business. Our work is agile, and we use new technology to design user-friendly core products, highly appreciated by our customers. We constantly develop our competences and we amuse ourselves by running hachatons, that encourages creativity and innovation within product development.

### Account Management & Customer Success

Being a salesperson at Lime means you have a long-term focus. Rather than sending an email, we prefer to meet our customers, to build trust and create good relationships. Complex sales activities require knowledge within business development, technology and a large dose of curiosity. We are not satisfied until our customers feel they get enduring returns from their investments in our products and services. Our objective is to make their work easier and more fun.

### Project Managers

We often say that our project managers are like Swiss army knives. That's because they are an amazing mix of management consultants and technical project managers. The success builds on being result-oriented and having a strong commitment to our customers. Having a deep understanding of the customer's needs means we can create unique solutions, completely customised to optimise the customer's workflows and outcomes.

### Application consultants

On a daily basis, our application consultants ("appers") transform our customers' problems and needs into creative technical solutions. They do programming in close collaboration with the customer, including everything from interfaces to other IT systems, to customer specific customisations in our own systems.

### Customer Support

We cannot boast enough about our support team and how they stick with our customers in all weathers. When you call us, our customer service team picks up within two to three signals and provides support to you in your local language. That's probably why 98.7% of 4,297 respondents in our latest customer survey said they would recommend others to contact our support team.

### Support functions

Where would we be without our support functions? It is absolutely critical for a growth company to have well-oiled teams within marketing, communication, HR and finance. We are proud that we can do most things in-house.

### Number of employees

At the end of the financial year, the number of employees amounted to 247 (220), split between six offices: Lund (head office), Stockholm, Gothenburg, Copenhagen, Oslo and Helsinki.

The table below shows average employees per office as of 31 December 2019, 2018, 2017 and 2016.

| Office | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Lund (head office) | 108 | 89 | 89 | 84 |
| Stockholm | 53 | 48 | 42 | 25 |
| Gothenburg | 27 | 25 | 22 | 21 |
| Oslo | 13 | 11 | 11 | 10 |
| Helsinki | 14 | 14 | 13 | 10 |
| Copenhagen | 7 | 8 | 8 | 6 |
| **Total** | **223** | **195** | **185** | **156** |

The table below shows average employees per function as of 31 December 2019, 2018, 2017 and 2016.

| Function | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Development | 31 | 32 | 28 | 21 |
| Product & marketing | 13 | 13 | 10 | 10 |
| Sales | 53 | 48 | 49 | 43 |
| Expert Services | 98 | 79 | 74 | 62 |
| Customer Support | 18 | 13 | 15 | 12 |
| Finance, IT & Management | 11 | 10 | 9 | 8 |
| **Total** | **223** | **195** | **185** | **156** |

### "Don't break the chain"

Most importantly, we are ONE Lime. The combination of all our colleagues' daily efforts is what builds customer magnets, delivers quality and outcomes. Our pace is fast, we work as one team and – first and foremost – we have a lot of fun together.

# Lime & sustainability

**Ever since the start, Lime has been built on a long-term and profitable perspective. This has resulted in an average of 19 percent profitability per annum, for more than 20 years. Our intention is to use the same methodical and long-term approach to be an attractive and long-term sustainable employer, both within the company and in society as a whole.**

Lime conducts its business based on clear and sound values, which encourage sustainable, ethical and socially responsible behaviours. The company's sustainability efforts rely on the employees and are therefore addressed already during the recruitment process. It is our belief that long-term sustainable operations only can be achieved once both employer and employees aim for the same goals.

In 2019, Lime has worked with a clear focus to improve the company's overall sustainability work. Project groups with representatives from all our offices have been set up within all of Lime's focused sustainability areas. Worth mentioning is that Lime has invested in a solar cell park, which makes the company climate positive. Further, a mindful choice of not allowing aluminium beverage cans has meant 13,104 fewer cans at the head office in Lund alone. This corresponds to the emissions from sixteen round trips by flight between Stockholm and Berlin!

Another initiative that we are proud of is the introduction of Lime's reversed mentoring program, meaning each member of the executive management team has been allocated a newly employed female staff member as a mentor. The purpose is to create better conditions for career and competence development for females within the company and the IT sector. Female entrepreneurs and young people are also supported through investments in Young Entrepreneur companies and Venture Cup, as well as in a collaboration with the DataTjej association, which aims at improving women's interest in programming.

All the sustainability activities that have been performed during the year have resulted in a more sustainable company, more engaged employees and a positive contribution to our society. Having said that, we can still improve! In 2020, Lime will determine how to measure the impact of its sustainability work. This started already in 2019, but much work remains to be done to be able to measure what is relevant. The idea is to use robust base information to prioritise which efforts will make the biggest difference – both within the company and in society as a whole.

## Focus areas

Lime's sustainability work is based on UN's global sustainability goals, with certain adaptations and additions for our business and our view on how the company best can contribute to the development of society, better business operations and more satisfied customers.

Lime's management has selected four sustainability areas within which we can make the biggest difference in order to achieve sustainable business operations and a basis for how Lime can actively contribute to sound developments of society.

To achieve sustainable business operations, particular importance is placed on the following areas:

- Gender equality & diversity
- Good health & wellness
- Responsible consumption & production
- Quality education


## Sustainability report

This sustainability report relates to Lime's 2019 financial year. The report covers the parent company Lime Technologies AB (publ) and all units that are consolidated in Lime Technologies AB (publ)'s consolidated financial statements for the same period.

The sustainability report has been prepared with the purpose of demonstrating Lime's view on sustainability and how important sustainability is to our business. There are no legal requirements for us to provide a sustainability report.

# Gender equality & diversity

*We strongly believe that inclusivity in society and within companies forms the basis for better business operations and sustainable business transactions. Therefore, Lime works actively to make both women and men feel included, regardless of their origin, religion or sexual orientation.*

*At present, more than 30 percent of the company's employees are women, a relatively high percentage for a company in the IT sector. Lime's employees are made up of more than 20 nationalities, and we search both locally and internationally when we are recruiting new talent.*

## Considerations

- Lime strives for equality in relation to total employees in general, and among staff management positions in particular
- Lime's executive management team consists of eight men and one woman. The company has a clear ambition to correct this imbalance over time.
- Each employee should have awareness and skills to permanently dissociate themselves from discrimination, harassment and abuse.
- Each employee should feel recognised and be respected as they are, and be approached with trust and regard based on everyone's equal rights
- The company strongly condemns any type of discrimination and offensive bias. All managers must address the issue of discrimination during annual individual performance reviews. Should discrimination or offensive behaviour be detected at any time, staff is encouraged to report this to their manager, to HR or via the Whistleblower tool on Lime's intranet

## Actions

- Lime shall create a corporate culture and work environment that clearly defines the meaning of equal treatment, offensive behaviour, discrimination and harassment.
- Lime shall investigate and take action on all breaches of any guidelines in Lime's work environment policy.
- Lime shall establish a clear and inclusive recruitment process under which the company attracts a wide and diverse base of candidates.
- Lime has an equality team made up of representatives from different offices that continuously work to highlight or implement actions to improve gender equality and diversity within Lime, as well as in society as a whole.

### Summary of actions taken in 2019:

- A reversed mentoring program was imitated under which all executive managers were assigned a newly recruited female employee as a mentor. The program will initially run for a period of six months and then be evaluated in 2020.
- A new recruiter has been employed with responsibility to search for potential employees from a wider base of candidates. This involves an active search for female candidates. All recruitment processes must have female candidates represented in the final selection group.
- Lime's position on equality matters is highlighted and addressed during the onboarding process of each new employee.
- Time is allocated during all employee performance reviews to discuss the employee's own experience of, or observation of other employees' exposure to, discriminating or other offensive treatment.
- An anonymous message, addressing equal treatment considerations, is distributed to all employees every week.
- Lime has initiated a Whistleblower function by means of a mailbox. Employees can submit information about discriminating and offensive treatment to people in independent positions via this mailbox.

### Equality objectives in 2020:

- Lime's objective is for the gender split within the executive management team to at least same opportunity to personal development as their male peers, which gets measured during anonymous staff surveys.
- Lime shall review and develop the existing recruitment process to ensure it becomes a more inclusive process.
- Lime shall highlight and clarify the company's position in relation to inclusion and equality, both internally and externally. All Lime's employees shall be well aware of the company's position on this matter.
- Lime shall continue to develop and support internal initiatives to strengthen and develop existing female staff members ("Women in Sales", "Women in Consulting" etc.)
- Lime shall educate staff members involved in the recruitment process to, for example, raise awareness about confirmation biases and clarify what type of candidates the company is looking for.
- Lime shall remind and make all employees aware of existing policies and reports in the area of equality.
- The reversed mentoring program continues and shall be evaluated together with all participants after six months, with the aim of gathering insights, ideas and suggestions for further activities.

> Lime wants to make a mark and be an inspiration for equality and inclusiveness within the tech industry. By doing so we will continue to attract and retain a wide range of talent and customers – a basis for becoming more innovative and continue creating growth.


# Good health & wellness

*Lime is focused on work life balance to ensure its staff members are healthy and happy. Apart from the health-positive benefits for the company, many job seekers are attracted to Lime thanks to its attitude to health and exercise.*

## Considerations

- Lime shall establish clear goals and core values to create the right conditions for staff members, which in turn leads to reduced stress.
- Lime shall encourage a healthy lifestyle with focus on wellness.
- Lime shall provide a wellness subsidy that aims to make exercising affordable for everyone.
- The company and its employees shall act responsibly both socially and ethically. People should feel content doing business with Lime
- Lime shall continuously evaluate how staff turnover, sick leave and work injuries are followed up, in order to, when necessary, take action to improve wellbeing and safety at Lime.
- Lime shall systematically plan, lead and control its operations in a way that ensures compliance with the Work Environment Act and its regulations.

## Actions

- Lime continuously measures staff satisfaction.
- Each office arranges activities throughout the year that aims at boosting wellness, both physically and mentally.
- Wellness is included as a specific area to be addressed during all employee performance reviews.
- Managers must respond to comments provided by employees via anonymous surveys.
- Lime has a Wellness Group in place, with representatives from all offices. The group works continuously to highlight areas and actions that can improve the level of wellbeing among Lime's employees.

### Summary of actions taken in 2019:

- Regular one-on-one meetings between manager and employee where workload levels are discussed.
- Working in smaller teams within our large departments.
- To establish clearer expectations on job positions when staff start their employments at Lime.
- Guidelines for the trainee program, which will provide participants with reasonable expectations in relation to what they will learn during the first year (so-called self-evaluations)
- A higher degree of support to the trainees, by extending the time they have access to a mentor/ coach.
- Activities at the different offices that aim at improved wellness and closer cooperation.
- At each management meeting, present and discuss the aspects of Wellness that we measure on a regular basis. This will allow us to capture and make visible any problems at an early stage.

### Health and wellness objectives in 2020:

- Increase the percentage of employees that participate in the continuous (anonymous) measuring of health and wellness to 80%
- Maintain a general wellness level of at least 7.3 (on a 10-point scale) throughout the organisation (in 2019 the target and outcome were 7.0 and 7.3, respectively)
- Establish local wellness targets for each office and thus take local conditions and challenges into consideration. Consequently, the results will, to a higher degree, be analysed on the basis of the individual office and team
- Continue to plan and implement a variety of activities that are likely to attract a large percentage of our employees at all our offices, and thus improve the level of cooperation and wellness


# Responsible production & consumption

*Lime has an overall ambition to work actively to minimise the company's climate footprint. As a service producing company, the focus will be on Lime's consumption and how the company places demands on its suppliers.*

*There is a great desire from both management and employees within Lime, to foster sustainable business operations that Lime, and its employees are proud of and can identify with.*

## Considerations

- Lime shall strive to be climate positive
- Lime aims to provide all employees with the information and awareness required to keep up sustainable developments and lifestyles
- Lime aims for sustainable travel and consumption
- Lime shall strive to contribute to a sustainable society

## Actions

- Lime shall establish a report showing the company's climate impact in numbers.
- Lime invests in long-term climate smart electricity production.
- Lime has established a team with representatives from its different offices that continuously work to highlight areas or actions that can minimise the company's climate footprint.

### Summary of actions taken in 2019:

- Lime has invested in Sweden's largest solar park in Sjöbo, producing 300 MWh/year, which saves the world about 18 tons of carbon dioxide/year. The investment has made Lime a climate positive company.
- Lime has replaced bottled/caned water with tap beverages in all its offices. Fun fact: The office in Lund has reduced its consumption by 13,104 canned beverages during 2019.
- Lime is no longer buying plastic disposable products.
- Organic fruit is provided in all offices.
- Lime has increased the level of waste sorting at its offices.
- Employees are encouraged to travel by train rather than plane, or to hold online meetings, which has reduced the the total number of flights.

### Responsible production & consumption objectives in 2020:

- Lime allows first class tickets and sleeping carri-age on trains, but only economy class on flights.
- Vegetarian options shall be the first choice at customer and employee events. Local produce shall be promoted when possible.
- Lime intends to continue to invest in climate smart electricity production.
- Lime shall encourage its employees to a higher degree of recycling, for example, product swap schemes, collections and lectures about reuse and sustainability.

# Quality education

*Lime's most important asset is its employees. Having well-educated employees is absolutely essential. As a rapidly growing company, the access to highly educated job applicants is critical. Lime is actively searching for employees within areas where there is a shortage of candidates, not least developers. Therefore, we work with a long-term perspective to secure good quality educations in society as a whole, and particularly within the competence areas that are important to the company.*

## Considerations

- Lime shall act with a long-term view to secure access to well-educated employees.
- Lime shall actively contribute with different initiatives that benefit society when it comes to education.
- Lime shall act to attract more female employees to technical-oriented professions.
- Lime shall act to increase the interest in programming among children and youth.
- Lime shall take an active role in the debate relating to educational matters within our competence areas, for example by participating in debates in media and social channels.

## Actions

- Management shall ensure that there is a long-term resource plan. The plan shall be designed to create benefits to both the company and society as a whole, by attracting more people to technical-oriented professions.
- Lime's People & Culture Manager has a clear responsibility to continuously work with the company's internal training matters.
- Lime has a training group in place, with representatives from different offices, that continuously highlights areas and actions that contribute positively to the area of quality training.

### Summary of actions taken in 2019:

- **Guest lectures:** Lime has given a number of guest lectures at the University of Lund, Gothenburg School of Business, Malmö University and IHM Business School. The agenda has covered programming (including focus on API calls), project management and sales.
- **Student projects:** Lime has set up a project under which students are invited to configure their own CRM system.
- **Workshop for female entrepreneurs:** Networking and knowledge sharing among about eighty women within the start-up sector. The aim was to create awareness and contribute to a positive trend in relation to the falling level of female entrepreneurship.
- **Collaboration with Young Entrepreneurs (UF) and Venture Cup:** Lime has supported entrepreneurships, partly at a collage level through Young Entrepreneurs, and also generally by supporting Venture Cup.
- **Programming evenings with DataTjej:** Programming evenings have been organised in collaboration with the DataTjej association. Participants have been tasked to program an elevator. DataTjej encourages women to take an interest in IT and programming.
- **Tutoring at the University**: In 2019, Lime has been assisting lectures during master classes at universities. Theses have included sprint planning, Python, TypeScript and technology strategies.
- **Internal training:** The development of LCA (Lime Consultant Academy) continues with focus on e.g. Python, UX and project management. NGL (Next Generation Leaders) is being implemented and the content is evaluated to take into account improvement suggestions for the future.
- **Further development of the trainee program:** Lime's own trainee program has been further developed to better prepare new employees to the reality they face. This is partly done through role play.

### Quality training objectives in 2020:

- Lime will continue to support Young Entrepreneurs and Venture Cup to assist and train mainly young entrepreneurs within sales and entrepreneurship.
- Lime will lecture at schools and universities.
- Lime will collaborate with external organisations aiming at an increased focus on technology and programming among women.
- Lime will take the initiative to arrange events that increase the knowledge and interest in programming among children and youth

# Corporate Governance

# Corporate governance report

## Introduction

The Corporate Governance Report is submitted in accordance with the regulations set out in The Swedish Annual Accounts Act and The Swedish Corporate Governance Code (the "Code").

The Code applies to all Swedish companies whose shares are listed on a regulated market. The Code defines a norm for good corporate governance on a higher level of ambition than the Swedish Companies Act and the minimum requirements of other regulations. The Code is based on the principle of "comply or explain". This means that Lime is not required to apply every rule of the Code at all occasions but may choose alternative solutions deemed to better respond to particular circumstances, provided the company openly discloses all such deviations, describes the alternative solution and states the reason for the deviation.

The Corporate Governance Report has been reviewed by the company's auditor in accordance with statutory auditing. Effective and clear corporate governance contributes to ensuring confidence from Lime's stakeholder groups and also increases focus on business purpose and shareholder value in the company. With a high level of transparency, Lime's board of directors and management aim to facilitate the individual shareholder's understanding of the company's decision paths, and to clarify where powers and responsibilities lie in the organization.

The board of directors and management aim for the company to comply with requirements set on the company by Nasdaq Stockholm, shareholders and other stakeholders. Further, the board of directors follows the general debate on the subject and recommendations issued by various bodies.

Lime's corporate governance is mainly based on Swedish law, primarily the Swedish Companies Act (Sw. *aktiebolagslagen*), Lime's articles of association, and internal policies and instructions. Lime further complies with rules under the Code and the Nasdaq Stockholm rulebook for issuers.

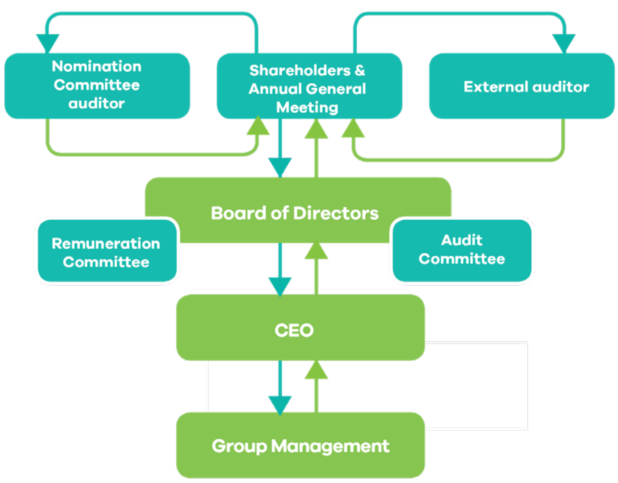
Corporate governance within Lime is primarily exercised through the annual general meeting and the board of directors. In a wider perspective, it also includes management, its responsibilities and the control and reporting functions within the Group.

## Governance structure

Lime's shareholders are the ultimate decision-makers in respect of the Group's governance. At the annual general meeting, the shareholders appoint the board of directors, the chairman of the board and the auditor, and resolve how to appoint the nomination committee.

The board of directors is responsible to the shareholders for the Group's organization and management of the Group's affairs.

The auditor reports on their review to the annual general meeting.



# Shareholders & general meeting

## General

According to the Swedish Companies Act (Sw. *aktiebolagslagen*), the general meeting is the company's ultimate decision-making body. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and the auditors and remuneration to the board of directors and the auditors. Members of the board of directors are appointed and dismissed in accordance with the Swedish Companies Act and the articles of association contain no special rules for this.

The annual general meeting must be held within six months from the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to Lime's articles of association, general meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on Lime's website. At the time of the notice, information regarding the notice shall be published in Dagens Industri.

The company's articles of association contain no restrictions on how many votes each shareholder can cast at a general meeting.

Amendments to the articles of association are decided in the manner that follows from the Swedish Companies Act and the articles of association contain no special rules for this.

## Right to participate in general meetings

Shareholders who wish to participate in a general meeting must be included in the shareholders' register maintained by Euroclear Sweden AB on the date occurring five business days prior to the meeting and notify Lime of their intention to participate not later than the date indicated in the notice convening the meeting.

Typically, it is possible for a shareholder to register for the general meeting in several different ways, as indicated in the notice of the meeting. To participate in the general meeting, shareholders who have nominee-registered their shares must, in addition to registering their intention to participate, register the shares in their own name so that the person concerned is registered as a shareholder in the register kept by Euroclear Sweden AB five weekdays before the general meeting.

Shareholders who are not personally present at the general meeting may exercise their right to attend the meeting by proxy. Shareholders who are personally present at the general meeting, or proxies for absentee shareholders, may bring no more than two assistants.

## Shareholder initiatives

Shareholders who wish to have a matter discussed at a general meeting must submit a written request in that regard to Lime's board of directors. Matters shall be discussed at the general meeting if the request has been received by the board of directors at least seven weekdays prior to the time when the convening notice according to the Swedish Companies Act may be submitted at the earliest, or thereafter but within such time that the matter can be included in the convening notice to the general meeting.

# 2019 annual general meeting

The annual general meeting was held on 29 April 2019 at Grev Turegatan 30, Stockholm. 56% of the shares and voting rights were represented at the meeting. The chairman of the board, Peter Larsson, and board members Marlene Forsell, Anders Fransson and Anders Nilsson were present at the meeting. Auditor Ola Bjärhäll from PwC was also present.

Decisions by the shareholders at the annual general meeting included:

- payment of dividend of SEK 1.00 per share. Payment of dividend amounted to MSEK 13.3 in total.
- the board of directors shall consist of six members and no deputy members.
- re-election of Peter Larsson as chairman of the board.
- re-election of Anders Nilsson, Anders Fransson and Marlene Forsell
- election of Martin Henricson and Malin Ruijsenaars
- approval of board of directors fees until the next annual general meeting of SEK 200,000 to the chairman of the board and, SEK 125,000 to each of the other board members. It was also resolved that, in the event the board implements an audit committee, compensation of SEK 40,000 be paid to the chairman of the audit committee and SEK 25,000 to each of the other audit commitment members.
- election of Öhrlings PricewaterhouseCoopers AB (PwC) as auditors, with Ola Bjärehäll as the auditor in charge.
- authorisation of the board of directors to decide – at one or more occasions during the period exten-

ding until the next annual general meeting in 2020 – with or without deviation from the shareholders' preferential rights and with or without provisions regarding payment in kind or by set-off – to issue new shares in the company. The number of shares issued under the authorisation is restricted to ten percent (10%) of the total number of shares outstanding on the occasion of the decision of authorisation. If deviating from shareholders' preferential rights, then the issue under this authorisation must be made on market terms.

## Nomination committee

The annual general meeting resolves how the nomination committee will be appointed. The nomination committee's task is to prepare and propose a chairman and other members of the board of directors, including remuneration to the chairman and other members. The nomination committee's task is furthermore to evaluate the work of the board, primarily based on the report provided by the chairman to the nomination committee. The nomination committee applies Lime's diversity policy in its proposal for election of board members. On 29 April 2019, the annual general meeting of Lime Technologies AB (publ) adopted the following instructions for the nomination committee.

The chairman of the board shall contact the three largest shareholders, in terms of voting rights, listed in the shareholders' register maintained by Euroclear Sweden AB as of the last business day in August the year prior to the annual general meeting will be held. The three largest shareholders shall each be offered an opportunity to appoint a member who together will constitute the nomination committee for the term that extends until such time that a new nomination committee has been appointed. Should any of these shareholders decline to exercise their right to appoint a member, the right will be extended to the next largest shareholder. The nomination committee may adjunct the chairman of the board to the nomination committee.

The chairman of the nomination committee shall be the member representing the largest shareholder in terms of voting rights, unless the members unanimously agree on another chairman. However, the chairman of the nomination committee may not be a director of the board.

The majority of the members of the nomination committee shall be independent in relation to the company and its management. Neither the CEO nor any other member of the company's management may be a member of the nomination committee. At least one of the members of the nomination committee must be independent in relation to the company's largest shareholder in terms of voting rights, or group of shareholders who cooperates in terms of the company's management. The board of directors must not represent a majority of the members of the nomination committee. If more than one member of the board of directors is a member of the nomination committee, only one of them may be dependent in relation to the company's largest shareholder.

The members of the nomination committee shall receive no fee. If necessary, the company shall cover reasonable costs for the retention of external consultants to enable the nomination committee to perform its duties.

The composition of the nomination committee shall be announced by separate press release as soon as the nomination committee has been appointed and no later than six months before the annual general meeting. The information shall also be available on the company's website, where it shall also be explained how shareholders may submit proposals to the nomination committee.

A member of the nomination committee shall step down if the shareholder by whom they were appointed is no longer one of the three largest shareholders, after which a new shareholder in size order shall be offered the opportunity to appoint a member. Such an offer only needs to be extended to the next three shareholders in order of size.
In the absence of special reasons, however, no changes shall be made to the composition of the nomination committee if only minor changes in voting numbers have occurred or if the changes occur later than three months before the annual general meeting. In the event a member resigns from the nomination committee before its work is completed, such shareholder who appointed the member shall be entitled to appoint a new member to the nomination committee, provided the shareholder is still one of the three largest shareholders in terms of voting rights who are represented in the nomination committee.

The nomination committee is entitled, if it is deemed appropriate, to adjunct a member who is appointed by a shareholder who, after the constitution of the nomination committee, has become one of the company's three largest shareholders and who is not already represented on the nomination committee. Such an adjunct member does not take part in decisions made by the nomination committee.

The nomination committee shall also propose candidates for election of and remuneration to external auditors.

### Nomination commitee ahead of the 2020 annual general meeting

| Name/representing | Percentage of voting rights, 31 December 2019 |
|---|---|
| Thomas Bill, Monterro 1 AB | 10.05 % |
| Emil Hjalmarsson, Grenspecialisten Förvaltning AB | 8.68 % |
| Marianne Flink, Swedbank Robur Fonder | 9.52 % |
| Adjunct member, Peter Larsson, chairman of the board | |

Apart from Monterro 1 AB and Syringa Capital AB – who represent 10.05% and 10.14% of the shares respectively – there are no other shareholders who represent more than 10% of the voting rights on 31 December 2019.

As of 19 February 2020, does not own any shares in the company.

## External auditor

The auditor reviews Lime's annual report and accounts, as well as the management by the board of directors and the CEO. Since Lime is parent company in a Group, Lime's auditor shall also review the consolidated accounts and the Group companies' interrelationships. The auditor submits an audit report and a Group audit report to the annual general meeting following each financial year.

Öhrlings PricewaterhouseCoopers AB is Lime's auditor, with Ola Bjärehäll as auditor in charge. The company's auditor is presented in more detail under section "Board of directors, senior executives & auditor" in the annual report published on Lime's website.

During the 2019 financial year, the total fees paid to the company's auditors amounted to TSEK 1,255 whereof TSEK 287 related to 2018 and the public listing of the company's shares (TSEK 1,831 in 2018 whereof TSEK 873 related to the parent company). In 2019, TSEK 898 related to audit services (whereof TSEK 325 to the parent company). Of the total fees paid in 2018, TSEK 1,172 related to the public listing of Lime's shares on Nasdaq Stockholm and TSEK 474 related to audit services (whereof TSEK 51 related to the parent company).

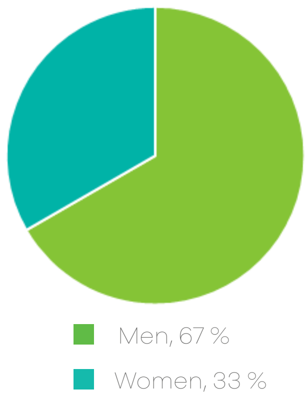
## The board of directors

### Composition of the board of directors

Members of the board of directors are normally appointed by the annual general meeting for the term until the next annual general meeting. According to Lime's articles of association, the members of the board of directors shall not be fewer than three and not more than eight members with no deputy members. According to the Code, the chairman of the board of directors shall be elected at the annual general meeting.

Not more than one of the members of the board of directors – insofar as elected by the general meeting - shall be a member of Lime's management or its subsidiaries' management. The majority of the board of directors – insofar as elected by the general meeting – shall be independent of Lime and its management. At least two of the members of the board of directors who are independent in relation to Lime and its management shall also be independent in relation to Lime's major shareholders. For more information about the members of Lime's board of directors, and a description of their independence in relation to the company and its management, as well as in relation to Lime's largest shareholders, see section "Board of directors, senior executives and auditor" in the annual report published on Lime's website.

**Gender distribution, board of directors**




### Work and responsibilities of the board of directors

Lime's board of directors is the second-highest decision-making body, after the general meeting. The Swedish Companies Act prescribes that the board of directors be responsible for Lime's organization and the management of Lime's business. The board of directors shall continuously assess Lime's and the Group's financial position. The board of directors shall ensure that Lime's organization is structured such as the accounting, asset management and Lime's financial conditions are otherwise controlled in a secure manner.

Under the Code, the board of directors is responsible for, among other things, setting the company's targets and strategies, appointing, evaluating and, if necessary, removing the CEO, defining appropriate guidelines to govern the company's conduct in society, with the aim of ensuring the company's long-term capability for value creation, ensuring there are appropriate systems in place for follow-up and control of the company's operations and for the risks to which the company and its operations are associated, ensuring there are satisfactory controls in place of the company's compliance with laws and other regulations applicable to the company's operation, as well as the company's compliance with internal guidelines, and ensuring that the company's disclosure of information is characterized by transparency and is accurate, relevant, and reliable.

Should responsibilities be delegated to one or more of the board's members or to others, the board of directors shall, in compliance with the Swedish Companies Act, act responsibly and continuously ensure that the delegation is maintained. The chairman of the board shall ensure that the work of the board of directors is effective and that the board of directors complies with its obligations.

The work of the board of directors is regulated by written rules of procedures. The rules of procedure include regulations of the functions and distribution of work and responsibilities between the board members and the CEO, as well as between the board of directors and the various committees and certain procedural issues relating to the convening of board meetings. The board of directors convenes according to an annual determined schedule. In addition to these meetings, the board meetings can be convened if the chairman of the board considers it necessary or if a member of the board of directors or the CEO so requests. In accordance with the Swedish Companies Act, the board of directors has adopted an instruction for the CEO, including instructions for both internal reporting to the board of directors and the company's external reporting to the market.

## Diversity

Lime has a policy in place that governs the principles for diversity among its board of directors.

Lime's board of directors shall, as a whole, have appropriate comprehensive competence and experience in relation to Lime's business operations, and be able to identify and understand the risks the company is exposed to. The aim is for the board to consist of members of varying ages, with balanced gender composition and from varied geographical origins, as well as from varied educational and professional backgrounds, which together lead to independent and critical scrutiny from the board.

## Remuneration committee

The board of directors has decided it shall manage matters in their entirety, which, according to the Code, otherwise would have been the responsibility of a separate remuneration committee. This means the board of directors shall:

- make decisions on issues concerning remuneration principles, remuneration and other terms of
- employment for the executive management,
- monitor and evaluate, both ongoing and during the year finalized, programs for variable remuneration
- monitor and evaluate the application of the guidelines for remuneration to senior executives, which, according to law, the annual general meeting is required to adopt, as well as applicable remuneration structures and remuneration levels in the company, and
- the remuneration committee prepares matters for the board of directors, which has the right of decision.

### Attendance remuneration committee

| Member | Attendance (out of 1) |
|---|---|
| Peter Larsson | 1 |
| Marlene Forsell | 1 |
| Anders Fransson | 1 |
| Anders Nilsson | 1 |
| Martin Henricson | 1 |
| Malin Ruijsenaars | 1 |

## Audit committee

The board of directors has decided to constitute a separate audit committee. The audit committee shall:

- monitor the company's financial reporting and provide recommendations and proposals for ensuring the reliability of the reporting,
- with respect to the financial reporting, monitor the efficiency in the company's internal controls, internal audit and risk management,
- keep itself informed of the audit of the annual report and consolidated financial statements and the conclusions of the Audit Council's (Sw. *Revisionsinspektionen*) quality control,
- keep itself informed regarding the results of the audit and the manner in which the audit contributed to the reliability of the financial reporting and the function played by the committee,
- review and monitor the auditor's impartiality and independence and thereupon to note in particular whether the auditor provides the company with services other than audit services,
- assist in the preparation of proposals regarding the resolutions from the general meeting concer-

ning the election of auditor, and

- The audit committee prepares matters for the board of directors, which has the right of decision.

In 2019, the audit committee consisted of Marlene Forsell and Anders Fransson.

Lime's CEO and CFO participate in the committee's meetings, by presenting to the committee and taking minutes from the meetings.

### Attendance audit committee

| Member | Attendance (out of 6) |
|---|---|
| Peter Larsson | 1 |
| Marlene Forsell | 6 |
| Maria Wasing | 1 |
| Anders Fransson | 6 |
| Anders Nilsson | 1 |

Up until the annual general meeting on 29 April 2019, the audit committee was made up of all board members. Anders Fransson and Marlene Forsell make up the audit committee thereafter.

## Remuneration to the board of directors

The 2019 annual general meeting resolved to pay compensation to the board of directors for the period until the next annual general meeting of SEK 200,000 to the chairman of the board and SEK 125,000 to each of the other board members. It was also resolved that, in the event the board implements an audit committee, compensation of SEK 40,000 be paid to the chairman of the audit committee and SEK 25,000 to each of the other audit commitment members. A total of SEK 890,000 shall thus be paid as compensation to the board of directors for the period until the end of the 2020 annual general meeting. The amount is distributed among the board members as shown in the table below.

| Name | Function | Board Fee (SEK) |
|---|---|---|
| Peter Larsson | Chairman | 200 000 |
| Malin Ruijsenaars | Board member | 125 000 |
| Martin Henricson | Board member | 125 000 |
| Anders Fransson | Board member/ audit committee | 150 000 |
| Anders Nilsson | Board member | 125 000 |
| Marlene Forsell | Board member/ chairman audit committee | 165 000 |
| **Total** | | **890 000** |

## The chairman of the board

The board's rule of procedure states, among other things, that the chairman of the board shall ensure the work of the board is performed in an efficient manner and that the board of directors fulfils its obligations. This involves organizing and leading the work of the board of directors and creating the best possible conditions for its work. In addition, the chair- man of the board shall ensure the members of the board of directors continuously update and deepen their knowledge about the company and that new members receive appropriate induction and education. The chairman shall be available as an advisor and discussion partner to the CEO, but also evaluate the CEO's work and report the evaluation to the board of directors. Further, it is the chairman of the board's responsibility to ensure the board of directors' work is evaluated annually and to provide such evaluation to the nomination committee. Peter Larsson was elected chairman of the board at the annual general meeting on April 29, 2019. The chairman does not participate in the operational management of the company.

## The work of the board of directors 2019

Since the annual general meeting on April 29, 2019, and until the adoption of this annual report, the board of directors has conducted 8 minuted meetings. At the board meetings, Lime's CEO and COO participates and reports on business matters and Lime's CFO participate and takes the minutes of the meeting. At the meetings, the board of directors addressed standard business issues that, as stated in the board's rule of procedure, were presented at each board meeting. These include the business environment, budget, interim reports and annual accounts. Otherwise, work was focused on further development of the previously developed market and acquisition strategies.

In addition to the scheduled meetings, the board's work is made up of ongoing financial reviews, strategic product development, recommendations regarding remuneration levels, acquisition matters, and issues relating to accounting and auditing.

The board's work has been reviewed in a systematic way since the constituent board meeting on 29 April, 2019. The review showed that the board's work was well-functioning.

### Attendance board meetings

| Member | Attendance (out of 8) |
|---|---|
| Peter Larsson | 8 |
| Marlene Forsell | 6 |
| Anders Fransson | 8 |
| Anders Nilsson | 7 |
| Martin Henricson | 8 |
| Malin Ruijsenaars | 7 |

## The CEO and other senior executives

### The senior executives' work and responsibilities

The CEO is tasked with the handling of the ongoing management and daily operations of the company in accordance with the guidelines and instructions from the board of directors. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the board's instructions to the CEO.

The CEO leads the work in the Group's management and makes decisions after consultation with its members. The CEO is also responsible for the presentation of reports and information at the board meetings and must continuously keep the board of directors informed about matters necessary to evaluate the company's and the Group's financial position.

The CEO and other senior executives are presented in section "Board of directors, senior executives & auditor" in the annual report published on Lime's website.

### Remuneration to senior executives

The table below shows the remuneration received from the company and its subsidiaries by the CEO and other senior executives during the 2019 financial year.

Total average number of senior executives, including the CEO, was 10 (10) in 2019.

| January 1 - December 31, 2019 (TSEK) | Base salary | Variable remuneration | Pension costs | Other benefits | Total |
|---|---|---|---|---|---|
| CEO | 1 833 | 197 | 465 | 66 | 2 561 |
| Other senior executives | 7 255 | 706 | 1 227 | 241 | 9 429 |
| **Group total** | **9 088** | **902** | **1 692** | **307** | **11 989** |

### Incentive program to senior executives

An extra general meeting on 25 April 2014 resolved to introduce an incentive program, under which certain employees and key persons in the Group were offered to purchase stock options of the 2014/2019 series, and further, an extra general meeting on October 23 2015 resolved to introduce an incentive program under which the Company's CFO – Magnus Hansson – was offered to purchase stock option of the 2015/2019 series. A total of 2,545 and 179 stock options were issued under series 2014/2019 and series 2015/2019 respectively. Each stock option of series 2014/2019 entitled the holder to subscribe to approximately 288 shares in the Company at a price of SEK 5.48 per share during 1-31 March 2019. Each stock option of series 2015/2019 entitled the holder to subscribe to approximately 288 shares in the Company at a price of SEK 21.09 per share during 1-31 March 2019. All stock options under both programs were exercised in March 2019 and 783,481 shares were thus issued.

### Terms of employment for the CEO and other senior executives

#### Remuneration and pensions

According to his employment contract, the CEO is entitled to a monthly compensation of SEK 150,000 and pension benefits according to the company's prevailing pension policy. However, pension benefits shall never exceed an amount for which the company can make tax deductions. Provided that certain predefined targets are met, the CEO may also receive a company bonus of not more than four months' salary. The bonus is based on the performance of the Group, whereby 50 percent of the bonus is based on how well the company performs in relation to the net sales target and 50 percent is based on how well the company performs in relation to its profitability target. The CEO is also entitled to other normal employment benefits.

Other senior executives are entitled to a fixed base salary, company bonus and, if applicable, individual bonuses, pensions and other benefits, as well as other common terms of employment. The senior executive Johan Holmqvist (Head of Investor Relations), with final employment date on 6 December 2019, is however not entitled to a bonus, according to applicable temporary employment agreement (see further below).

#### Termination and severance pay

In case of termination of the CEO's employment contract, a notice period of nine months applies upon termination by the company and a notice period of six months in the case of termination by the CEO. The CEO is not entitled to severance pay in connection with termination of employment.
A mutual notice period of three months applies to other senior executives (or the period otherwise applicable under law or collective agreement) and they are not entitled to severance pay in connection with termination of their employment.

Senior executive Johan Holmqvist (Head of Investor Relations) was employed under a general temporary employment during the period August 31, 2018 - December 6, 2019, corresponding to a normal 50% part-time position (i.e. approximately 20 hours per week). The temporary employment was terminated on December 6, 2019.

## Guidelines for remuneration to senior executi-ves

The annual general meeting on April 29, 2019, resol-ved on the following guidelines for remuneration to senior executives until the end of the 2020 annual general meeting. The board of directors' proposal of guidelines for remuneration to senior executives that is presented at the annual general meeting in June 2020, is to be found in the annual report and on the webpage.

### General principles for remuneration and other terms

In these guidelines, senior executives refer to the CEO and the management of the company and the group. Information about the composition of the manage-ment can be found on investors.lime-technologies.com.

The purpose of these guidelines is to ensure the company can attract, inspire and retain senior execu-tives with the competence and experience required to achieve the company's goals. The remuneration shall be on terms which are competitive and at the same time in line with shareholders' interests. Remuneration to senior executives consists of a fixed and, for some senior executives, variable remuneration and poten-tial incentive programs. The company's senior execu-tives are also entitled to pension benefits (according to ITP1), and the company makes pension provisions for its senior executives. These components are inten-ded to ensure a balanced remuneration package, which reflects individual competence, responsibilities and performance, in both the short and long term, and the company's overall results.

### Fixed remuneration

The senior executives' fixed remuneration shall be competitive and based on the individual senior executive's competence, responsibility and perfor-mance. A revision of the fixed remuneration shall be performed on an annual basis every calendar year.

### Variable remuneration

Senior executives can receive variable remuneration in addition to the fixed remuneration.

The yearly variable remuneration shall be cash based and be based on predetermined and measurable performance criteria for each respective senior executive which aim to promote the company's long-term value creation. The performance criteria shall be determined and documented on a yearly basis.

The yearly variable remuneration shall be cash-based and be based on predetermined and measu-rable performance criteria for each respective senior executive which aim to promote the company's long-term value creation. The performance criteria shall be determined and documented on a yearly basis. The yearly variable remuneration varies depending on performance, from no variable remuneration to a remuneration equivalent to four month's salary (applies to all senior executives except one senior executive whose main role is individually generated sales subject to sales commission of up to 10 months' salary as set out in the contract of employment). Fixed remuneration refers to fixed cash salary earned during the year, excluding pensions, benefits and similar.

The company is entitled to recover variable remune-ration, should the accounts contain material errors.

### Incentive programs

The general meeting can resolve to implement long-term share and share price related incentive programs directed to, among others, senior executi-ves. Such incentive programs shall be designed to promote common interests between the participants and the company's shareholders, and further to promote individual shareholdings in the company.

### Other benefits

The company provides other benefits to senior execu-tives. Such benefits may include health subsidies, mobile phones, company cars and travel allowances.

### Termination and severance pay

The maximum notice period for senior executives during which salary is paid is nine months. No seve-rance pay applies.

### Deviations from the guidelines

The board of directors can decide to deviate from these guidelines, subject to specific reasons and in exceptional cases. The reasons for such deviations shall be presented at the next annual general meeting.

# The board of directors' report on internal control

## General

Lime has established an internal control system aimed at achieving an efficient organization that achieves the targets set by the board of directors. The internal control of financial reporting is an integrated part of the corporate governance. This system includes work to ensure Lime's operations are conducted correctly and efficiently, that laws and regulations are complied with and that financial reporting is accurate and reliable and in accordance with applicable laws and regulations. Lime has chosen to structure internal control work in accordance with the so-called COSO framework, which includes the following elements: control environment, risk assessment, control activities, information and communication as well as monitoring and follow-up.

The control activities carried out shall cover the key risks identified within the Group. Powers and responsibilities are defined in instructions for power of authority, manuals, policies and routines, for example Lime's accounting and reporting instruction, finance and credit policy, communications policy, IT security policy and HR policy. These guidelines constitute, together with laws and other external regulations, the so-called control environment.

In order to provide the board of directors with a basis for determining the level of internal governance and control, Lime continued its review of existing internal controls in 2019, in accordance with established guidelines. The work results in an evaluation and verification of the governing documents and guidelines that form the basis of the Group's operational control.

## Control environment

Lime's control environment is based on the distribution of work among the board of directors, the committees and the CEO, and the corporate values on which the board of directors and the Group management communicate and base their work. The control environment is based on an organization with clear decision paths in which responsibilities and powers are defined in clear instructions, as well as a corporate culture with shared values and the individual's awareness of their responsibilities in maintaining good internal control. The Group's ambition is that its corporate values will permeate the organization.

In order to maintain and develop a well-functioning control environment, to comply with applicable laws and regulations, and to ensure compliance within the entire Group with the Group's desired business practices, the board of directors, as the ultimately responsible body, has established a number of basic documents relevant to risk management and the internal control which consists of operational control documents, policies, procedures and instructions. Among these documents are the board's rules of procedure, instructions for the CEO, instructions for financial reporting, the Group's code of conduct, communications policy, and insider policy.

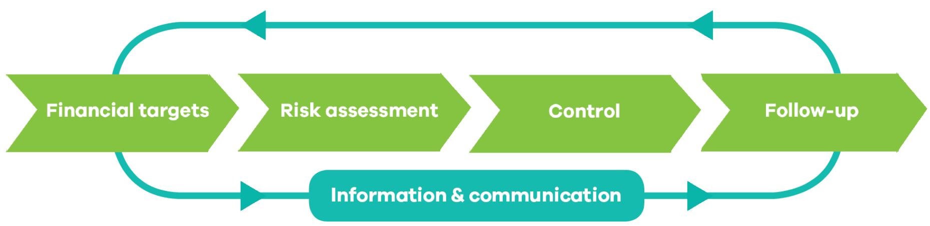
Policies, routine descriptions and instructions are distributed to and signed by all relevant employees within Lime through Lime's compliance portal. The Group's employees are obliged to comply with Lime's code of conduct and insider policy. The code of conduct describes expected behaviors in various situations. Lime's employees regularly perform relevant tests to ensure they are aware of the content of relevant policies, routine descriptions and instructions.

The board of directors is responsible for the internal control of the financial reporting. The responsibility to maintain an effective control environment and the continuous internal control work is delegated to the CEO who, in turn, has delegated function specific responsibilities to managers on various levels within the Group.

## Risk assessment

Lime has established a risk assessment procedure, meaning the company conducts annual risk analysis and risk assessment. Based on this procedure, risks are identified and categorized according to the following four areas:

- Strategic risks
- Operational risks
- Financial risks
- Compliance risks



Lime's objective with the risk analysis is to identify the most significant risks that may prevent Lime from achieving its targets or realizing its strategy. The objective is further to evaluate these risks based on the probability that they will arise in the future and to what extent the risks may affect the company's targets if they were to occur.

Each individual risk is assigned a so-called risk owner. The risk owner has a mandate and responsibility to ensure actions and controls are established and implemented. The risk owner is also responsible for monitoring, follow-up and reporting of changes in the Group's risk exposure to identified risks.

Identified risks are reported by the Group management to the board of directors. The board of directors evaluates Lime's risk management system, including risk assessments, in an annual risk report in which the ten most significant risks are examined in detail. The purpose of this procedure is to ensure that signi- ficant risks are managed and that controls that counteract identified risks are implemented.

The overall financial risks are identified as liquidity risk, currency risk, interest risk and customer credit risk. The risks are mainly managed by the accounting and finance functions, in accordance with the Group's finance policy. The risk assessment includes identifying the risks that may arise if the fundamental requirements for the financial reporting (completeness, accuracy, valuation and reporting) are not met within the Group. Focus is placed on risks in the financial reporting related to significant income statement and balance sheet items, which are relatively higher due to the complexity of the process or where the effects of possible errors are likely to be substantial, as the value of the transactions are significant. The outcome of the reviews may lead to actions such as improved control routines to further safeguard accurate financial reporting

## Control activities

Lime has established a risk management process that includes a number of key controls pertaining to matters that must be in place and function in the risk management processes. The control requirement is an important tool that enables Lime's board of directors to lead and evaluate information from Group management and to take responsibility for identified risks.

Lime focuses on documenting and evaluating the major risks related to financial reporting to ensure that the Group's reporting is accurate and reliable. An example of such control is that Lime makes a yearly impairment test of intangible assets with the purpose of assessing returns and potential depreciation requirements.

The control activities limit identified risks and ensure correct and reliable financial reporting, as well as process efficiency. The control activities include both high level and detailed controls and they aim to prevent, detect, and correct errors and deviations. The central accounting and finance department is responsible for the consolidated accounts and statements, as well as for financial and administrative control systems. The department's responsibilities further include ensuring instructions that are critical for the financial reporting, are made known and available to relevant personnel. Within the accounting and control functions, reconciliations and checks of reported amounts are performed continuously, in addition to analysis of the income and balance sheet statements. The financial controller function conducts control activities on all levels within the company. The function analyses and follow-up on budget deviations, prepares forecasts, follow-up on significant fluctuations across reporting periods and report their findings back into the company, which reduces the risks for errors in the financial reporting.

High IT security is a necessity for good internal control of financial reporting. Therefore, there are rules and guidelines in place to ensure accessibility, accuracy, confidentiality, and traceability of the information in the business system. In order to prevent both accidental and intentional incorrect registration, access to the business system is limited based on authority, responsibility and job position based on Segregation of Duties.

As a step forward in the work to quality assure the financial reporting, the board of directors has established an audit committee. Issues examined by the committee include critical accounting matters and monitoring of the effectiveness of the internal control and risk management related to financial reporting.

## Information and communication

Internal communication to employees is carried out through newsletters and formal policies and instructions are communicated to management and employees through a compliance portal, through which it is possible to monitor that all employees receive and acknowledge the policies and instructions relevant to their particular role within Lime. Such policies include, inter alia, the policies established by Lime for the purpose of informing employees and other persons within Lime of the laws and regulations applicable to the company's distribution of information and the specific requirements imposed on persons active in a listed company regarding, for example, insider information. In view of this, Lime has also established procedures for effective management and restriction of distribution of information not yet available to the public. The board of directors has delegated to the CEO the overall responsibility for dealing with matters relating to insider information and the board of directors has appointed Lime's CFO as the person responsible for the handling of insider lists.

Lime's IR function is led and supervised by Lime's Head of Communications and IR and Lime's CFO. The main responsibilities of the IR function are to support the CEO and senior executives in relation to the capital markets. The IR function also works with the CEO in preparing Lime's financial reports, general meetings, capital market presentations and other regular reporting of IR- activities.

The board of directors has established a communication policy that specifies what is to be communicated, by whom and in what way the information shall be disclosed in order to ensure the external information is accurate and complete. In addition, there are instructions in place on how financial information shall be communicated between management and other employees. A precondition for accurate disclosure of information is further to have solid procedures for information security. Lime's routines and system for disclosure of information aim to provide the market with relevant, reliable, accurate and up-to-date information about the Group's development and financial position. Lime has a communication policy in place that meets the requirements of a listed company.

Financial information provided are:

- Interim reports and the year-end report published as press releases.
- Annual report.
- Press releases that Lime are obliged to publish in accordance with applicable law or Nasdaq Stockholm's regulations
- Presentations and telephone conferences for financial analysts, investors and media in connection with the publication of annual and interim reports, as well as the publication of other important information.
- Meetings with financial analysts and investors. All reports, presentations and press releases are published simultaneously on the Group's website: investors.lime-technologies.com

## Monitoring and follow-up

A self-assessment of the effectiveness of key controls is carried out annually and a risk report is prepared summarizing the completed self-assessments and explains any deviations that need to be addressed. The risk report is presented to the board of directors every year. The follow-up covers both formal and informal routines applied by managers and process owners as well as those performing the internal controls. The routines include follow-up of outcomes against budget and plans, analyses and key ratios. Controls that fail are actioned, meaning measures are taken and implemented to tackle the deviations.

The board of directors receives reports on the Group's revenue, earnings and financial position each month.

Lime's interim reports, other financial reports and the annual report are always considered by the board of directors prior to being published.

Furthermore, Lime's policies are subject to annual review by the board of directors. The financial reporting is analyzed in detail by the finance department and management on a monthly basis.

Furthermore, the forecasting process is an essential part of the internal control. Sales are fore- casted per segment and income stream by responsible sales organization. The sales fore- casts are consolidated and validated when the forecast is prepared for the entire organization. Complete forecasts are prepared monthly. In addition to the complete forecast, a budget is prepared that forms the basis for the board's approval in the fourth quarter of the financial year.

In addition to forecasts and budgets, Group management also work with comprehensive strategic plans.

The audit committee monitors the financial reporting and receives the audit report, which includes observations and recommendations, from the company auditor. The effectiveness of the internal control activities is regularly monito- red at different levels within the Group and findings are reported back to the board of directors.
Based on the scope of the operations and existing control activities, the board of directors has decided there is currently no need to establish a special audit function (internal audit function).

Stockholm, 26 mars 2020

| | |
|---|---|
| Peter Larsson | Malin Ruijsenaars |
| Anders Nilsson | Marlene Forsell |
| Anders Fransson | Martin Henricson |

# The auditors' examination of the corporate governance report

## The auditors' examination of the corporate governance report

To the general meeting of the shareholders of Lime Technologies AB (publ), corporate identity number 556953-2616

### Engagement and responsibility

The Board of Directors is responsible for the Corporate Governance Report for the year 2019 on pages 30-41 of the printed version of this document having been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

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

### Opinions

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, the second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, the second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 26, 2020

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized public accountant
Auditor in charge

# Board, executive management & auditor

## Board of directors

According to Lime's articles of association, the board shall consist of three to eight directors. The board currently consists of six directors. The directors were elected at the annual general meeting on 29 April 2019, for the time up till the annual general meeting 2020.

## Executive management team

Lime has an experienced and committed executive management team, the members of which hold significant shareholdings in the company. Erik Syrén, CEO since 2012, has worked in the company since 2001, and the executive managers' average employment in Lime is ten years. The team's collective industry knowledge and leadership competence safeguards the company to successfully drive Lime's growth strategy.

## Individual information about the company's board of directors

### Peter Larsson

*Chairman since 2014, re-elected 2019*

**Born:** 1964
**Education:** Computer and System Sciences at Stockholm University
**Other ongoing assignments:** Chairman of the board of directors of Monterro 1 AB (and several of its group companies), Monterro Technology Investment AB (and several of its group companies), Monterro Software Investment AB (and several of its group companies), Itello AB, Outpost 24 AB and PCG Solutions AB. Board member of Next One Technology AB, Palette Software AB, PKL Holdings AB, Oplontis Investment AB and Herculaneum Holdings AB. Deputy board member of Topeca Invest AB
**Previous assignments (last five years):** Chairman of the board of directors of I.A.R. Systems AB, EPiServer Group AB, Monterro TDB Intressenter AB, Q-MATIC Group AB, Revres AB (and several subsidiaries) and TradeDoubler AB. Board member in Axiomatics AB, I.A.R. Systems Group AB, Nornor Holding AB, Northern Parklife AB and Pricer Explorative Research (PER) AB
**Shareholding in the Company:** –
**Independence:** Independent in relation to the Company and its management

### Marlene Forsell

*Board member since 2018, re-elected 2019*, chariman of audit committee

**Born:** 1976
**Education:** Master of Science in Business and Economics at Stockholm School of Economics
**Other ongoing assignments:** Board member of Nobia Group, STG och Kambi Group
**Previous assignments (last five years):** Group CFO of Swedish Match AB (and several board member and executive management assignments of the Swedish Match group). Board member of Scandinavian Tobacco Group AS and Arnold André GmbH & Co. KG
**Shareholding in the Company**: 3 150 shares
**Independence:** Independent in relation to the Company and its management and the Company's major shareholders

## Anders Fransson

*Board member since 2014, re-elected 2019*

**Born:** 1967
**Education:** Master of science in mechanical engineering at the Institute of Technology at Lund University
**Other ongoing assignments:** Chairman of the board of directors of Billmate AB, CR Competence AB and Invoice Finance AB. Board member of Logisk Resursutveckling (i Malmö) AB and Prorenata AB
**Previous assignments (last five years):** Chairman of the board of directors of Aivo AB, Grade AB and Mashie FoodTech Solutions AB
**Shareholding in the Company:** 110 000 shares
**Independence:** Independent in relation to the Company and its management and the Company's major shareholders

## Anders Nilsson

*Board member since 2015, re-elected 2019*

**Born:** 1951
**Education:** Master of science in electrical engineering at the Royal Institute of Technology, Business administration at Stockholm University
**Other ongoing assignments:** Chairman of the board of directors of Adviceu AB, NP3 Fastigheter AB, Specialistläkarhuset i Sundsvall AB and SSG Standard Solutions Group AB. Board member of ABEA Invest AB, Bergövallen Invest AB, BKN Invest AB, Castanum Förvaltning AB (several of its group companies), Eurocon Consulting AB, Eurocon Engineering AB, Frontit AB, Implementeringssystem i Sundsvall AB, InCoax Networks AB, Investvänner AB samt Polskenet Holding AB (and several of its group companies). Deputy board member of Fiberstaden AB.
**Previous assignments (last five years):** Chairman of the board of directors of Almi Invest Mitt AB, Castanum Förvaltning AB (and several subsidiaries), Ecru Consulting AB, NP3 Vänner i Sundsvall AB and Mästarna Vision AB. Board member of Aven Forsa Aktiebolag, Idea2Innovation Sweden AB, Nacksta Mark i Sundsvall AB and Softronic AB
**Shareholding in the Company:** 100 000 shares (via Implementeringssystem i Sundsvall AB)
**Independence:** Independent in relation to the Company and its management and the Company's major shareholders

## Malin Ruijsenaars

*Board member since 2019*

**Born:** 1971
**Education:** Bachelor of Arts (Human Resource Management/Business Administration) at Lund University, master studies in Science in Business and Economics at UC Berkeley, USA, Master of European Studies Brygge, Belgien
**Other ongoing assignments:** Board member of IDL Biotech, responsible for Talent Management and business development at AB Grenspecialisten Förvaltning
**Previous assignments (last five years):** Board member of Arcam AB, board member of Auranest AB, Chief Personnel Officer Axis Communications AB
**Shareholding in the Company:** 2 000 shares
**Independence:** Independent in relation to the Company and its management

## Martin Henricson

*Board member since 2019*

**Born:** 1961
**Education:** Bachelor of Arts (Behavioral Sciences/Economics) and postgraduate studies at Stockholm University
**Other ongoing assignments:** CEO of Outpost 24 AB, board member of Formpipe AB, Consafe Logistics AB and BBG AB
**Previous assignments (last five years):** Board member of Episerver Group AB, Tradedoubler Group AB and Tacton AB
**Shareholding in the Company:** 5000 shares
**Independence:** Independent in relation to the Company and its management

## Individual information about the company's senior executives

### Erik Syrén
*President & Chief Executive Officer since 2012*

**Born:** 1978
**Employed:** 2001
**Education:** Master of Science in Business and Economics at Lund University
**Other ongoing assignments (aside from assignments within the Lime Group):** Board member of Formpipe Software AB, Wiraya Solutions AB, Syringa Capital and Syringa Consulting AB
**Previous assignments (last five years):** Board member of Aivo Norge AS
**Shareholding in the Company:** 1 347 222 shares

### Magnus Hansson
*Chief Financial Officer since 2015*

**Born:** 1973
**Employed:** 2015
**Education:** Master of Science in Business and Economics at Jönköping International Business School.
**Other ongoing assignments (aside from assignments within the Lime Group)**: Board member of Östersjövägen Invest AB and Östersjövägen Konsult AB
**Previous assignments (last five years):** Board member and Chief Executive Officer of European House of Beds AB (and several of its group companies). Board member of Ingenius Aktiebolag. Deputy board member of Air Ionic Products AB. Chief Executive Officer of Wondland AS Norge Filial.
**Shareholding in the Company:** 75 894 shares

### Lars Andersson
*Head of Investor Relations & Chief Experience Officer since 2019.*

**Born:** 1972
**Employed:** 1999
**Education:** Bachelor of Business and Economics and Master's studies at Lund University
**Other ongoing assignments:** Board member of AdRapid AB, Swedma AB, E-Space Communication AB and group companies.
**Previous assignments (last five years):** Board member of Office Team AS.
**Shareholding in the Company:** 214 560 shares

### Nils Olsson
*Chief Operating Officer since 2019.*

**Born:** 1983
**Employed:** 2006
**Education:** Masters of Scinece in Business at Linköping University.
**Other ongoing assignments:** –
**Previous assignments (last five years)**: –
**Shareholding in the Company:** 206 951 shares

## Martin Berg
*Chief Technology Officer since 2016*

**Born:** 1980
**Employed:** 2008
**Education:** Master of science in computer engineering at the Institute of Technology at Linköping University
**Other ongoing assignments:** –
**Previous assignments (last five years):** –
**Shareholding in the Company:** 103 010 shares

## Anna Johansson
*Head of Support since 2006*

**Born:** 1976
**Employed:** 1999
**Education:** –
**Other ongoing assignments:** Deputy board member of Stig Johansson Utveckling AB.
**Previous assignments (last five years):** –
**Shareholding in the Company:** 102 800 shares

## Martin Nilsson
*Head of Development since 2017*

**Born:** 1973
**Employed:** 2017
**Education:** Master of science in computer engineering at Gothenburg University
**Other ongoing assignments:** –
**Previous assignments (last five years):** CTO at Benify AB
**Shareholding in the Company:** 13 888 shares

## Tommas Davoust
*Head of Expert Services since 2020*

**Born:** 1983
**Employed:** 2017
**Education:** Master of science in engineering at the Institute of Technology at Lund University
**Other ongoing assignments:** –
**Previous assignments (last five years):** Chairman of Balltravels Sweden AB
**Shareholding in the Company:** 666 shares

Svante Holm

*Head of Utility since 2014*

**Born:** 1968
**Employed:** 2003
**Education:** Master of science in engineering at the Institute of Technology at Lund University
**Other ongoing assignments:** –
**Previous assignments (last five years):** –
**Shareholding in the Company:** 123 000 shares

## Auditor

At the annual general meeting held on April 29, 2019. Öhrlings PricewaterhouseCoopers AB, reg.no. 556029-6740, ("PwC") was re-elected as the company's auditor until the closing of the next annual general meeting.

Since May 2018, Ola Bjärehäll has been auditor-in-charge for the company. Ola is an authorised public accountant and member of FAR (the Swedish industry organisation for accounting consultants, auditors and advisors).

# Financial reports

# Index

# Directors' report

*The board of directors and the CEO of Lime Technologies AB (publ), org.nr. 556953-2616, hereby presents its Directors' report for the 2019 financial year.*

## Group structure

Lime Technologies AB (publ) is the Parent company in a Group with one wholly owned subsidiary: Lime Technologies Sweden AB, org no. 556397-0465, Lund, which in turn has six wholly owned subsidiaries: Lundalogik AS, org no. 989 711 393, Oslo, Norway, Lundalogik A/S, org no. 360 532 91, Copenhagen, Denmark, Lundalogik OY, org no. 232 081 11, Helsinki, Finland, Remotex Technologies AB, org no. 556571-4127, Stockholm, Netoptions Sweden AB, org no. 556634-2530, Gothenburg and Hysminai AB, org no. 556948-5831, Stockholm. In addition, Lime has a partly owned subsidiary – More intenz AB, org no. 556661-4714 – and an associated company – janjoo AB, org no. 559022-0298. The Group, in which Lime Technologies AB (publ) is the Parent company, is hereinafter referred to as Lime.

Lime Technologies AB (publ) is listed on Nasdaq Stockholm, Small Cap.

## About Lime

The Lime Group develops, sells and implements flexible, user-friendly CRM and customer management systems.

The Lime Group primarily addresses the markets in Sweden and the other Nordic countries.

The Lime Group's mission is to create customer magnets.

The Group's vision is: To become the leading Nordic CRM supplier, by creating a simpler and more enjoyable working day for the users.

## Products

Lime sells the following products:

### Lime CRM

Lime CRM is a flexible platform with CRM as its basic functionality. The platform is always tailored to the customer's needs, and can be modified to match exactly what the customer wants. The product is sold in all markets and is the key engine in Lime's business.

### Lime Go

Lime Go is a unique sales and exploration tool. The product contains essential functionality required to best support and serve a sales representative and sales manager. The product is preloaded with information about all companies and decision makers in the relevant market. The product is sold in Sweden, Norway and Denmark.

### Lime Easy

Lime Easy is a standardised CRM System, for small businesses with simple CRM needs. The system is at the end of its life cycle. By using a proven technical solution, LIME Easy keeps track of customers, business opportunities, contacts, business deals, projects and what has been said, done and promised.

Lime offers three add-on modules in addition to the above:

Lime Field is a mobile work order and case management system, Field Service Management.

Lime Newsletter is a software program for marketing, sales and communications via e-mail, mobile phone, social media and websites.

Lime Engage is a gamification platform that helps businesses engage their employees via competitions.

## Business model

The Group's business model is based on signing long-term licensing and maintenance agreements, as well as assisting customers in implementing and adapting the Group's software to the customer's specific needs. A growing part of Lime's revenue comes from the sale of so-called SaaS services, reported as subscription fees, meaning the customer pays a periodic fee covering both the license right and the maintenance agreement. Lime reports its revenue in four categories: subscription revenue, license rights, support and maintenance revenue, and consulting services. The subscription fee is paid annually or quarterly in advance. The license, which is paid by the customer upon signing of the contract, and the maintenance agreement, which entitles the customer to upgrades and software support, are both paid annually in advance. Consultant revenue is reported on a continuous basis throughout the progression of the project.

## Financial Year 2019

On 1 July 2019, 58% of the share capital and voting rights in More Intenz AB were acquired. More Intenz AB sells and delivers services that helps companies improve their performances within sales and customer services.

Further, on 1 July 2019, 30% of the share capital and voting rights in janjoo AB were acquired. Janjoo AB develops and sells e-services, including form management and case management portals, that simplify and streamline communications between energy and real estate companies and their customers.

Net sales growth during the 2019 financial year was 19 % compared to last year. Growth in sales of subscriptions and consulting services were the prime contributors to the positive result. SaaS revenue is thus continuing to develop positively.

The development of our platforms continues with increased intensity, not the least when it comes to the web-based Lime CRM platform.

Recruitment of competent personnel is a critical process within Lime and 2019 saw 62 successful recruitments into the sales, consulting, and development departments, in particular.

Further development of our four focus verticals – Energy, Real Estate, Consulting and Wholesales – has taken place in 2019. The four verticals are overrepresented in our customer base, and Lime has decided to develop pre-packaged industry solutions based on the unique competences and skills we have in these areas. This makes it easier and more efficient for Lime to reach these industries through its marketing efforts, to present references and to deliver Lime to customers. These industries will continue to form the basis for our product developments in the future, without limiting flexibility which is the strength in Lime's products.

## Sweden

81% of revenue within the Group comes from the Swedish operations, which thus, largely, mirrors the Group's overall business.

## Other Nordic countries

Operations in the other Nordic countries continue to progress according to plan, with focus on continuous development of the local organizations and managements.

The Group's net sales in the other Nordic countries amounted to MSEK 55 in 2019, a growth of 50 % compared to 2018.

## The Market

The Lime Group addresses the markets in Sweden and the Nordic region, with focus on B2B within the industry verticals mentioned above.

Growth is largely driven by the prevalent need within organizations and companies to streamline their sales organizations and to ensure systematic and effective prospecting of new customers. These drivers are continuously becoming stronger during periods of growth.

## Sustainability

In accordance with the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen*), chapter 6 section 11, Lime is not obligated to provide a sustainability report. However, as part of the official annual report, but separate from the directors' report, Lime reports on the sustainability work it performs. (See page 20-29.)

## Significant events during the year

On 19 June, Lime signed agreements to acquire shares in companies janjoo AB and More intenz AB. Both acquisitions were financed by a combination of cash and bank loans. The acquisitions were finalised on 1 July 2019. For more information about the acquisitions, see note 27. Lime obtained a bank loan of MSEK 8 on 1 July 2019, for the purpose of financing the acquisition of janjoo AB and More Intenz AB. The loan falls under the same terms and conditions and remaining credit period as the existing bank loan.

The company had two stock option programs at the beginning of the year. Both programs expired in March 2019 and 783,481 shares were issued under the programs.

## Events after the reporting period

Janjoo has progressed well and we are now even more confident that their product strengthens Lime's offering to new and existing customers. Lime has exercised the option to acquire another 35% of the shares in jannoo. Acquisition of this additional tranche was completed on 13 January 2020. For more information, see note 27.

The widespread crisis that has arisen due to the global spread of COVID-19 is expected to have impact on economic trends and developments. It is too early to estimate how big these impacts will be.

## Five years in summary, The Group (MSEK)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Net sales | 289.7 | 244,3 | 203,9 | 160,4 | 144,8 |
| Recurring revenues | 167.2 | 138,5 | 110,2 | 73,7 | 54,0 |
| Ajusted EBITA | 66.8 | 54,3 | 45,3 | 35,9 | 38,0 |
| Total assets | 313.6 | 269,4 | 257,5 | 217,2 | 206,4 |
| Avarage number of employees | 223 | 195 | 185 | 156 | 124 |

## Comments on the income statement

### Revenue

Net sales for the period amounted to MSEK 289.7 (244.3), rendering a growth of 19 (20) percent. Growth is primarily related to increased revenues from subscriptions and Expert Services.

Organic net sales growth in 2019 reached 16 (16) percent.

Subscription revenue increased by 30 (44) percent from the previous year and amounted to MSEK 122.6 (94.1). Lime's business model is focused on SaaS since 2015.

Revenue from Expert Services increased by 18 (25) percent from the previous year and amounted to MSEK 110.5 (93.7). The major part of Expert Service revenues come from existing customers. As the customer base expands, growth is generated in the Expert Service revenues.

Total recurring revenue for the period increased by 21 (26) percent from the previous year and amounted to MSEK 167.2 (138.5), corresponding to 58 (57) percent of total net sales.

### Annual Recurring Revenue

The trailing twelve-month value of recurring revenue, Annual Recurring Revenue, amounted to MSEK 181 (152) at the end of 2019. The Annual Recurring Revenue increased by 19 (20) percent from the previous year.

### Expenses

Operating expenses for the year increased by 11 percent from the previous year and amounted to MSEK 256.4 (230.3). The increase in expenses during 2019 is mainly related to an increase in the number of employees.

In 2019, Operating income has been impacted by MSEK 0.3 (9.4) in expenses relating to the listing of Lime's shares on Nasdaq Stockholm, Small Cap. Acquisition-related expenses for the year amounted to MSEK 0.6 (0.2). Acquisition-related expenses and expenses relating to the listing are regarded as one-off expenses affecting comparison.

The major part of the Group's operating expenses relates to personnel, and personnel expenses for the year amounted to MSEK 169.9 (149.0), rendering an increase of 14 (20) percent. The number of employees at the end of the year was 247 (219) and the average number of employees for the year was 223 (195). Staff distribution and salaries and compensations are shown in note 8.

Other expenses amounted to MSEK 54.9 (62.5). Lime applies IFRS 16 Leases as of 1 January 2019 and has elected to use the simplified transition approach, meaning comparative information from previous periods are not restated. The application of IFRS 16 has impacted other expenses positively by MSEK 9.4 in 2019. Other expenses would have amounted to MSEK 64.3 in 2019, had IFRS 16 not been applied

Capitalised development work of own account amounted to MSEK 18.5 (17.3).

In 2019, depreciations amounted to MSEK 31.6 (18.9). Depreciations have increased compared to 2018 as a result of both increased investments in own development work and intangible non-current assets relating to acquired subsidiaries. In addition, the application of IFRS 16 has resulted in depreciations of MSEK 9.1 (0.0) in 2019.

Financial net amounted to MSEK -2.1 (-1.8) and consists mainly of interest expenses.

Taxes for the year amounted to MSEK 10.8 (5.8).

### Income

Operating income before depreciation and one-off items affecting comparison (Adjusted EBITDA) for the year amounted to MSEK 84.6 (60.2), rendering an EBITDA margin of 29 (25) percent. The transition to IFRS 16 has impacted EIBTDA by MSEK 9.4 in a positive direction during 2019. See note 33 for definitions of performance measures.

Operating income before depreciation of acquired intangible non-current assets and one-off items affecting comparison (Adjusted EBITA), amounted to

MSEK 66.8 (54.3) for the year, rendering an EBITA margin of 23 (22) percent. See note 33 for definitions of performance measures.

Operating income amounted to MSEK 52.1 (31.8) for the year, rendering an EBIT margin of 18 (13) percent.

Income before tax amounted to MSEK 49.9 (30.1), rendering a margin of 17 (12) percent.

Net income for the year amounted to MSEK 39.0 (24.3), rendering a profit margin of 13 (10) percent and divided per share according to the table below.

### The Parent company

Income after financial items for the Parent company amounted to MSEK -4.0 (-7.6). The parent company has received group contributions, reported as transfer of untaxed reserves, amounting to MSEK 43.5 (27.5).

## Earnings per share

| **Basic** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
|---|---|---|
| The Group's earnings attributable to shareholders of the Parent Company | 39 040 | 24 306 |
| Weighted average number of ordinary shares outstanding (thousands)*) | 13 283 | 12 500 |
| **Earnings per share** | **2.94** | **1.94** |

| **Diluted** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
|---|---|---|
| The Group's earnings attributable to shareholders of the Parent Company | 39 040 | 24 306 |
| Weighted average number of ordinary shares outstanding (thousands)*) | 13 283 | 12 500 |
| Adjustments for stock options | | |
| - stock options 2014-2019*) | 0 | 783 |
| Weighted average number of ordinary shares outstanding (thousands)*) | 13 283 | 13 283 |
| **Earnings per share, diluted** | **2.94** | **1.83** |

## Comments on the balance sheet

### Investments and acquisitions

Total investments for the January – December period amounted to MSEK 26.9 (20.4), including intangible non-current assets but excluding changes to right-to-use assets and leased vehicles.

Further, cash flow from investments in subsidiaries and associated companies amounted to MSEK -5.5 (-2.4) and MSEK -3.0 (0.0), respectively.

### Intangible assets

The Lime Group continuously invests resources in the development of new and existing applications and platforms. A total of MSEK 18.5 (17.3) was invested in capitalized development expenses during the year.

### Tangible assets

Investments in tangible assets amounted to MSEK 0.3 (1.2) and mainly related to computer equipment.

## Financial position & liquidity

### Cash and cash equivalent

Cash and cash equivalent amounted to MSEK 31.3 (21.2) at the end of the year. At the end of the year the Lime Group had interest-bearing liabilities of MSEK 112.2 (107.1), meaning the Group's net debt amounted to MSEK -80.3 (-85.4). Of the interest-bearing liabilities, MSEK 18.7 are leasing liabilities.

The Group's cash flow is strong, and management does not currently see any need for further external financing of current operations. Strong negative impact on orders booked can affect cash flow from operations, meaning a short-term financing need should never be ruled out.

### Deferred tax asset

The Group's deferred tax asset relating to accumulated tax losses carried forward amounted to MSEK 0.0 (0.0) at the end of the year. The Group has not yet utilized accumulated tax losses carried forward of MEK 9.7 (9.2) at the end of the year.

### Equity

Equity at the end of the year amounted to MSEK 68.6 (37.7), corresponding to SEK 5.17 (3.01) per outstanding share.

### Interest-bearing liabilities

In February 2018, Lime Technologies AB entered into an interest-bearing loan agreement of MSEK 130.0 with a tenor of 5 years. In July 2019, Lime obtained a loan of MSEK 8.0 with the same terms and conditions and tenor, as the above-mentioned loan. At the end of the year, the Group's interest- bearing liabilities amounted to MSEK 112.2 (107.1), including liabilities to leasing companies.

### Comments on the consolidated cash flow analysis

Cash flow from current operations amounted to MSEK 74.2 (38.7).

Cash flow from investment activities amounted to MSEK -26.9 (-20.4), investment in intangible assets amounted to MSEK -18.5 (-17.6) and investments in tangible assets amounted to MSEK -0.3 (-1.2). In addition, acquisition of subsidiaries and associated companies came to MSEK -5.5 (-2.4) and MSKE -3.0 (0.0), respectively.

Cash flow from financing activities amounted to MSEK -37.4 (-21.9) and consists of the rights issue related to redemption of stock options, MSEK 5.1 (0.0), repayment of interest-bearing borrowings MSEK -37.2 (-76.9), dividend MSEK -13.3 (-75.0) and proceeds from borrowings MSEK 8.0 (130.0).

The Group's net cash flow for the year amounted to MSEK 9.9 (-3.5).

## Significant risks & uncertainties

The most significant uncertainties in the Lime Group's operations relate to the Group's sales, establishments in the Nordic region and the ability to retain and attract competent personnel.

The Group's net sales of MSEK 289.7 (244.3) was to 58 (57) percent made up of recurring revenue, support and maintenance income, and subscription revenue. Recurring revenue has increased over time and forms a stable foundation for the Group's earning capabilities in the short to medium term. Other revenue is made up of new license sales and consultancy services, and subject to higher uncertainty, as they are more directly impacted by changes in demands. The sensitivity in sales of consultancy services is somewhat reduced, as these services relate to Lime's own products and mostly to existing customers.

The group is well-established on the Swedish market, where Lime has been operating since it was first founded. The Group has seen a boost to its sales and presence on other Nordic markets, but is still not as well recognised there as on the Swedish market. This suggests that more activities to achieve new sales are required. The sensitivity to falling sales is also higher as these operations are smaller in size. Operations were established in Norway and Finland in 2010 and have developed according to plan in 2018 and 2019. Operations in Denmark started in 2014 and are now focused on reaching critical mass. The company's strategy for establishments on new markets is to align its investments with sales growth. This strategy ensures certain risk limitation of new business establishments.

Human capital is vital to the Lime Group and access to competent employees is a critical success factor. The Group is managing this by offering employees marketable and compatible employment terms. The Group is running annual trainee programs to underpin an increasing inflow of competent resources. However, the access to the right resources may vary over time, which can lead to increased costs and a fall in operational standards and strategic execution.

As a consequence of the spread of COVID-19, the global and Nordic economic trends are affected. It is difficult to foresee how severe and lasting these effects will be. However, the combination of, on one hand, Lime's focused subscription sales with a high percentage of recurring revenue, and on the other hand, its large customer base, means Lime is fairly well equipped to face a recession. Nevertheless, it cannot be ruled out that the Group will be impacted by the political actions taken against the spread of the virus, and the impact this will have on the economy.

The sensitivity analysis below highlights the effect on the Lime Group's income before tax in 2019, which amounted to MSEK 49.9, of changes to a number of conditions:

| Sensitivity analysis | Change | Income on income before tax (MSEK) |
|---|---|---|
| Demand for licenses / subscriptions | +/– 5 % | +/– 6,5 (5,2) |
| Demand for Expert Services | +/– 5 % | +/– 5,5 (4,7) |
| Personnel expenses | +/– 5 % | –/+ 8,5 (7,4) |
| STIBOR* | +/– 10 bps | –/+ 0,1 (0,1) |
| EUR/SEK* | +/– 10% | +/– 0,1 (0,1) |

* The change in the reference interest rate for the loans (STIBOR) is calculated as the full-year effect based on average interest-bearing liabilities during the year. Comparative figures in brackets.

Further disclosure of risks and uncertainties to which the company is exposed to is found in notes 3 and 4.

## Research & development

The Lime Group develops software for sales and customer management. This work involves surveying, program development and testing. During the year, a total of MSEK 18.5 (17.3) was invested in capitalized development expenses. The capitalization principle is described in note 2.6 to the accounts.

The Lime Group bases its development on existing research and develops and applies this in new applications.

## The board's proposal for guidelines for remuneration to senior executives

The Lime Technologies AB (publ) (the "Company") board of directors proposes that the annual general meeting will resolve the following guidelines on remuneration to the Company's senior executives. Compensation approved by the shareholders at a general meeting is not covered by these guidelines. Consequently, share-based incentive programs offered to the senior executives, or compensation to the board of directors for their board work, are not covered by these guidelines.

### Senior executives

In these guideline, senior executives mean the Company's CEO and managers who are members of the Group's executive management team and report directly to the CEO.

### Basic principles for remuneration etc.

In short, the Company's business strategy is to be a comprehensive CRM expert, offering a powerful and scalable SaaS platform. This leads to a loyal customer base, a profitable business model, strong cash flow and long-term profitable growth.

More information is available in the Company's annual financial report and on its website investors.lime-technologies.com.

Successful implemention the Company's business strategy and protection of its long-term interests – including sustainability – are subject to the Company being able to recruit and retain qualified personnel. Therefore, the Company shall offer employment conditions, including remunerations, that enable access to senior managers who have the skills and competences required by the Company. Marketability and competitiveness shall be guiding principles for remuneration to the Company's senior executives.

Salary and employment conditions for the Company's employees have been taken into account in the preparation of the board's proposal to these guidelines. In doing so – total remuneration, remuneration components, and the increase and growth rate over time – have formed part of the basis for the Remuneration Committee's and the Board Director's decision when evaluating whether the guidelines and the limitations set out therein are reasonable.

### Principles for fixed and flexible remuneration

Remuneration to the senior executives can consist of fixed base salary, variable cash remuneration, pensions and other benefits. In addition, the annual general meeting may, for example, make decisions relating to share-based incentive programs.

### Principles for fixed base salary

Each senior executive shall receive a fixed base salary based on the individual senior executive's competence, responsibility and performance, and be on marketable and competitive terms.

Subject to full variable remuneration, pension benefits and other benefits being paid, the fixed base salary can correspond to a maximum of 85 percent of total remuneration (if no variable remuneration, pension benefit or other benefits are paid, then the fixed base salary makes up the entire total remuneration).

## Principles for variable remuneration

Variable cash remuneration to management shall be linked to the Company's achievement of its financial objectives relating to organic growth and EBITDA, which means the criteria for variable remuneration promote the Company's business strategy, long-term interests and sustainability. At the end of the performance period, an assessment shall be done of performance versus criteria for variable cash remuneration. The assessment shall be performed and documented on a yearly basis.

For each senior executive (except senior executives whose main responsibility is to achieve their individual sales targets) for whom full variable remuneration, pension benefits and other benefits are paid, the variable cash remuneration may amount to a maximum of 25 percent of the total remuneration amount. For senior executives whose main responsibility is to achieve their individual sales targets, and for whom full variable remuneration, pension benefits and other benefits apply, the variable remuneration may amount to a maximum of 80 per cent of the total remuneration.

The Company has the right to recover variable remuneration if it becomes evident that the accounts contain material errors.

## Pensions

The senior executives shall be offered pension benefits at market terms and market levels. Pension benefits shall be defined contributions. Variable cash remuneration shall qualify for pension benefits only to the extent required by applicable collective agreement provisions. Pension premiums may amount to not more than 30 percent of each senior executive's fixed base salary, unless higher premiums are stipulated under applicable collective pension schemes, and – if full variable remuneration, pension benefits and other benefits are paid – not more than 20 percent of total remuneration, unless higher premiums are stipulated under applicable pension schemes.

## Other benefits

Senior executives may be provided other benefits, including company car and health insurance. The benefits shall be on market terms, and the costs relating to such benefit may amount to not more than 8% of the individual senior executive's fixed base salary, or – if full variable remuneration, pension benefits and other benefits are paid – not more than 5% of total remuneration.

## Termination and severance pay

Employment contracts between the Company and senior executives shall, as a general rule, be permanent. In the event the Company terminates the employment of a senior executive, the notice period may not exceed twelve (12) months. Severance pay shall only apply to terminations by the Company and shall not exceed an amount corresponding to the contracted fixed basic salary during the notice period. In the event a senior executive terminates their employment, the notice period may not exceed six (6) months and no severance pay shall be paid.

## Decision-making process

The Company's board of directors has appointed a Remuneration Committee who is responsible to prepare the board's proposal to guidelines. Based on recommendations from the Remuneration Committee, the board shall prepare proposals for new guidelines when a need for material changes arise, or at least every four years, and submit the proposal to the annual general meeting for resolution. The guidelines shall apply to any remuneration obligation to senior executives, and to any change in such obligation, which is agreed after the annual general meeting at which the guidelines were adopted. The guidelines thus have no impact on previously binding contractual obligations. Resolved guidelines may be amended by resolution by a general meeting other than the annual general meeting.

The Remuneration Committee shall also monitor and evaluate the application of these guidelines, ongoing and during the year completed programs for variable remuneration to senior executives, as well as the applicable remuneration structures and remuneration levels in the Company.

Within the framework of the guidelines and based on these, the board of directors shall, based on the Remuneration Committee's preparation and recommendations, annually resolve specific changes to the remuneration terms for each individual senior executive, and resolve other remuneration matters to senior executives that may be required. The CEO and other members of the Executive Management shall not participate in the board's processing of and resolutions regarding remuneration matters in so far as they are affected by such matters.

## Deviations from the guidelines

The board of directors may resolve to temporary deviate from these guidelines, in whole or part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the Company's long-term interests, including sustainability, or to ensure the Company's financial viability. As noted above, it is the responsibility of the Remuneration Committee to prepare the boards resolutions in

Directors' report

remuneration-related matters, which includes deviations from the guidelines. Deviations shall be reported and justified in the annual remuneration report.

For resolved guidelines, see note 8.

## Forward-looking statement

Economic trends are bound to be adversely impacted by the spread of the coronavirus. Lime has taken a number of measures to limit the risks from changed economic trends. The Company has a growing percentage of recurring revenue from an increasing customer base. In the short-term, we expect limited direct impacts, however indirect impacts such as prolonged sales processes and customers facing financial difficulties, will most likely adversely impact demands in the medium term.

Measures taken to generally strengthen the operations in the other Nordic countries are showing anticipated effect and are expected to continue to develop in the right direction.

The Lime Group will continue to develop its operations for profitable growth in 2020. Projects to be implemented include:

- Establishing operations in the Netherlands
- Launch of new versions of the web-interface for Lime CRM
- Launch of new versions of Lime Go
- Continuing to upgrade Lime Easy customer to Lime CRM
- Recruiting new employees to the sales, consulting and development departments in particular
- Continuing to focus on our segments and verticals

## Financial objectives

Lime has a medium-term objective to achieve organic annual net sales growth exceeding 15 percent and an annual EBITA margin exceeding 23 percent.

The capital structure objective is that net debt relative to EBITDA shall be less than 2.5.

Lime intends to distribute available cash flow after consideration of the company's indebtedness and future growth opportunities, including acquisitions. Dividend is expected to correspond to at least 50 percent of net profit.

Lime's financial objectives constitute forward-looking information. The financial objectives are based upon a number of assumptions relating to, among other factors, the development of Lime's industry, business, results of operation, and financial position. This, as well as the macroeconomic environment in which Lime operates, may differ materially from, and be more negative than assumed by Lime when the financial objectives were established. As a result, Lime's ability to reach these financial objectives is subject to uncertainties and contingencies, some of which are beyond the company's control, and no assurance can be given that Lime will be able to reach the financial objectives or that Lime's financial position or results from operations will not be materially different from these financial objectives.

## Share structure

At the end of 2019, the share capital of Lime Technologies AB (publ) amounted to SEK 531,339.24 kronor divided on 13,283,481 shares.

As of December 31, 2018, Lime Technologies AB had 2,724 stock options registered, which entitle the holders to a total of 783,481 shares. The stock option programs expired in March 2019. All options were exercised during March 2019 and shares corresponding to the program were issued. This rights issue covered an additional 783,481 shares and led to an increase in the share capital of SEK 31,339.

All options were exercised during March 2019.

Lime Technologies AB did not own any of its own shares at the end of 2019.

Apart from the mentioned loan agreement, there are no significant agreements in place to which the company is party and which will have affect, change or cease to apply if control over the company changes or as a result of a public takeover offer or similar agreement, that is of such character that publishing thereof could seriously harm the company.

The loan agreement with SEB can, under certain conditions, be terminated prematurely. For example, the lender is entitled to terminate the loan agreement for immediate repayment if a party other than Monterro 1 AB assumes control of shares representing at least 30 percent of all shares in Lime, or if Lime's shares are delisted from Nasdaq Stockholm.

## Corporate Governance Report

The board of directors provides the corporate governance report in a separate document.

## Proposed disposition of earnings

The following retained earnings are at the disposal of the annual general meeting:

| | |
|---|---|
| Retained earnings | 8 832 993 |
| Net income for the year | 30 993 500 |
| **Total** | **39 826 493** |

The board proposes:

| | |
|---|---|
| dividend to be paid | 19 925 222 |
| to be retained | 19 901 271 |
| **Total** | **39 826 493** |

The board proposes a dividend of SEK 19,925,222, the equivalent of SEK 1.50 per share, and retained earnings of SEK 19,901,271.

At the end of the year, consolidated equity amounted to MSEK 68.6 (37.7) and net assets/liabilities amounted to MSEK -80.3 (-85.4).

## The statement of the board in accordance with chapter 18, section 4 of the Swedish Companies Act

The 2019 annual report shows the company's and the group's financial position as at December 31, 2019. On December 31, 2019 restricted equity in the parent company totaled SEK 531,339 and non-restricted equity totaled SEK 39,826,493. On the same date, the group's total equity totaled SEK 68,627,334.

The proposed dividend reduces the group's solidity from 22 percent to 16 percent.

The nature and scope of the group's business are described in the articles of association and the annual report. The business in which the group engages involves no other risks than those associated with or which may be assumed to be associated with the industry or the risks normally associated with business operations. The board has taken into account the company's and the group's consolidation needs by making a general assessment of the company's and the group's financial position and expectations to meet its obligations in both the short and the long term. It is the board's opinion that the proposed dividend does not affect the company's and the group's ability to meet known as well as unforeseen payment obligations or jeopardize investments that may be deemed necessary or investments in the group's continued development. The group's financial position does not give rise to any other assessment than that the group can continue its operations and that the company can be expected to fulfil its obligations in the short and long term.

With reference to the above and otherwise to the best knowledge of the board of directors, the board is of the opinion that the proposed distribution of profits is justified with regard to the requirements that the nature, scope and risks of the company's business place on the size of the equity in the company and the group, and on the company's and the group's consolidation needs, liquidity, and position in general.

Following the uncertainties brought about by the spread of the novel coronavirus COVID-19, Lime's board of directors is continuously monitoring the situation, and the proposed disposition of earnings may change prior to the annual general meeting.

# Consolidated income statement

| | Note | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 |
|---|---|---|---|
| Net sales | 6 | 289 696 | 244 307 |
| Other revenue | 11 | 576 | 492 |
| **Gross income** | | **290 272** | **244 799** |
| *Operating expenses* | | | |
| Compensation to employees | 8 | -169 935 | -148 984 |
| Capitalised development work done by own employees | | 18 451 | 17 334 |
| Depreciation | | -31 606 | -18 865 |
| Other expenses | 7, 11 | -54 882 | -62 457 |
| Share in earnings of associated companies | | -247 | 0 |
| **Total operating expenses** | | **-238 219** | **-212 972** |
| **Operating income** | **6** | **52 053** | **31 827** |
| Financial income | 9 | 522 | 511 |
| Financial expenses | 9 | -2 710 | -2 269 |
| **Income after financial net** | | **49 865** | **30 069** |
| Taxes | 10 | -10 825 | -5 763 |
| **Net income** | | **39 040** | **24 306** |
| **Income attributable to:** | | | |
| Shareholders of the Parent Company | | 39 040 | 24 306 |
| | | **39 040** | **24 306** |
| **Consolidated statement of other comprehensive income** | | | |
| **Other comprehensive income** | | | |
| Items that may be reclassified to the income statement | | | |
| Translation adjustments | | 98 | 252 |
| Other comprehensive income for the period, net of tax | | 98 | 252 |
| **Other comprehensive income for the year** | | **39 138** | **24 558** |
| **Other comprehensive income for the year, attributable to:** | | | |
| Shareholders of the Parent Company | | 39 138 | 24 558 |
| | | **39 138** | **24 558** |
| **Earnings per share, based on income attributed to shareholders of the Parent Company during the year (SEK / share)** | 12 | | |
| **Earnings per share** | | | |
| - basic | | 2,94 | 1,94 |
| - diluted | | 2,94 | 1,83 |
| Average number of shares, basic | | 13 283 481 | 12 500 000 |
| Average number of shares, diluted | | 13 283 481 | 13 283 481 |

Other Comprehensive Income refers in its entirety to foreign exchange differences without tax effect.
The following notes form an integral part of this consolidated financial statement.

# Consolidated balance sheet

| | Note | Dec 31, 2019 | Dec 31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| **Intangible assets** | 14 | | |
| Capitalised development expenses | | 53 492 | 42 713 |
| Software | | 28 556 | 39 139 |
| Trademarks | | 33 478 | 33 478 |
| Customer relationships | | 16 665 | 13 657 |
| Goodwill | | 69 763 | 59 391 |
| **Total intangible assets** | | **201 954** | **188 378** |
| | | | |
| **Tangible non-current assets** | 15 | | |
| Vehicles | | 2 570 | 3 178 |
| Machinery and equipment | | 591 | 704 |
| Right-to-use assets | | 16 189 | 0 |
| **Total tangible non-current assets** | | **19 350** | **3 882** |
| | | | |
| **Financial non-current assets** | | | |
| Associated companies | | 2 705 | 0 |
| Other financial non-current assets | 16 | 537 | 538 |
| **Total financial non-current assets** | | **3 242** | **538** |
| | | | |
| Deferred tax asset | 23 | 58 | 59 |
| | | | |
| **Total non-current assets** | | **224 604** | **192 857** |
| | | | |
| **Current assets** | | | |
| Trade receivables | 17 | 52 763 | 51 573 |
| Current tax assets | | 631 | 0 |
| Other current receivables | | 435 | 1 080 |
| Prepaid expenses and accrued revenue | 18 | 3 792 | 2 724 |
| **Total current assets** | | **57 621** | **55 377** |
| | | | |
| Cash and cash equivalent | 19 | 31 342 | 21 152 |
| **Total current assets** | | **88 963** | **76 529** |
| **Total assets** | | **313 567** | **269 386** |

# Consolidated balance sheet

| | Note | Dec 31, 2019 | Dec 31, 2018 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to the Parent Company's shareholders** | | | |
| Share capital | 20 | 531 | 500 |
| Additional paid in capital | 21 | 58 100 | 53 034 |
| Reserves | | 363 | 264 |
| Retained earnings including net income for the year | | 9 633 | -16 124 |
| **Total equity** | | **68 627** | **37 675** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 22 | 74 492 | 79 815 |
| Deferred tax liabilities | 23 | 24 964 | 23 005 |
| **Total non-current liabilities** | | **99 456** | **102 820** |
| **Current liabilities** | | | |
| Borrowings | 22 | 37 688 | 27 298 |
| Trade payables | | 3 591 | 4 552 |
| Current tax liabilities | | 7 517 | 9 702 |
| Other liabilities | 24 | 16 894 | 13 424 |
| Accrued expenses and prepaid revenue | 25 | 79 794 | 73 915 |
| **Total current liabilities** | | **145 484** | **128 891** |
| **Total liabilities** | | **244 940** | **231 711** |
| **Total equity and liabilities** | | **313 567** | **269 386** |

The following notes form an integral part of this consolidated financial statement.

# Consolidated statement of changes in equity

| | | Attributable to the parent Company's shareholders | | | | |
|---|---|---|---|---|---|---|
| | Note | Share capital | Additional paid in capital | Reserves | Retained earnings | Total equity |
| **Opening balance January 1, 2018 according to adopted balance sheet** | | **50** | **53 034** | **13** | **35 020** | **88 117** |
| Net income for the year | | | | | 24 306 | 24 306 |
| Other comprehensive income for the year | | | | 252 | | 252 |
| **Total other comprehensive income** | | **0** | **0** | **252** | **24 306** | **24 557** |
| **Transactions with owners** | | | | | | |
| Bonus issue | | 450 | | | -450 | 0 |
| Dividend | | | | 0 | -75 000 | -75 000 |
| **Total transactions with owners** | | **450** | **0** | **0** | **-75 450** | **-75 000** |
| **Closing balance December 31, 2018** | | **500** | **53 034** | **265** | **-16 124** | **37 675** |
| | | | | | | |
| **Opening balance January 1, 2019 according to adopted balance sheet** | | **500** | **53 034** | **265** | **-16 124** | **37 675** |
| Net income for the year | | | | | 39 040 | 39 040 |
| Other comprehensive income for the year | | | | 98 | | 98 |
| **Total other comprehensive income** | | **0** | **0** | **98** | **39 040** | **39 138** |
| **Transactions with owners** | | | | | | |
| New share issue | | 31 | 5 066 | | 0 | 5 097 |
| Dividend | | | | | -13 283 | -13 283 |
| **Total transactions with owners** | | **31** | **5 066** | **0** | **-13 283** | **-8 186** |
| **Closing balance December 31, 2019** | | **531** | **58 100** | **363** | **9 633** | **68 627** |

The following notes form an integral part of this consolidated financial statement.

# Consolidated statement of cash flows

| | Note | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 |
|---|---|---|---|
| **Cash flow from current operations** | | | |
| Cash flow from operating activities*) | 31 | 89 294 | 48 461 |
| Interest paid | | -2 710 | -2 269 |
| Income taxes paid*) | | -12 416 | -7 444 |
| **Cash flow from current operations** | | **74 168** | **38 748** |
| | | | |
| **Cash flow from investing activities** | | | |
| Investment in intangible assets | 14 | -18 451 | -17 633 |
| Investment in tangible non-current assets | 15 | -300 | -1 244 |
| Sales of tangible non-current assets | | 207 | 463 |
| Acquisition of subsidiaries | | -5 504 | -2 435 |
| Acquisition of associated companies | | -2 952 | - |
| Investment in financial non-current assets | 16 | -29 | -24 |
| Interest received | | 99 | 511 |
| **Cash flow from investing activities** | | **-26 931** | **-20 362** |
| | | | |
| **Cash flow from financing activities** | 32 | | |
| Dividend paid | | -13 283 | -75 000 |
| New share issue | | 5 096 | - |
| Proceeds from borrowings | | 8 040 | 130 000 |
| Repayment of borrowings | | -37 217 | -76 884 |
| **Cash flow from financing activities** | | **-37 364** | **-21 884** |
| | | | |
| **Net cash flow** | | **9 873** | **-3 498** |
| | | | |
| **Net change in cash flow** | | | |
| Cash and cash equivalent, beginning of year | 19 | 21 152 | 24 249 |
| Exchange rate differences in cash | | 317 | 401 |
| **Cash and cash equivalent, end of year** | **19** | **31 342** | **21 152** |

*) Figures for 2018 have been restated to allow for comparison.

The following notes form an integral part of this consolidated financial statement.

# Parent company income statement

| | Note | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 |
|---|---|---|---|
| Net sales | | 0 | 0 |
| Other income | | 7 050 | 6 196 |
| **Gross income** | | **7 050** | **6 196** |
| | | | |
| *Operating expenses* | | | |
| Compensation to employees | | -6 714 | -5 016 |
| Other expenses | | -1 816 | -6 665 |
| **Total operating expenses** | | **-8 530** | **-11 681** |
| | | | |
| **Operating income** | | **-1 480** | **-5 485** |
| | | | |
| Financial income*) | 9 | 135 | 178 |
| Financial expenses | 9 | -2 688 | -2 302 |
| **Income after financial items** | | **-4 033** | **-7 609** |
| | | | |
| Transfer to/from untaxed reserves*) | | 43 500 | 27 500 |
| Taxes | 10 | -8 474 | -4 396 |
| **Net income for the year** | | **30 993** | **15 495** |

## Parent company statement of other comprehensive income

| | | | |
|---|---|---|---|
| **Other comprehensive income** | | | |
| Items that may be reclassified to the income statement: | | | |
| - | | 0 | 0 |
| | | | |
| Other comprehensive income for the period, net of tax | | 0 | 0 |
| **Other comprehensive income for the year** | | **30 993** | **15 495** |

*) Figures for 2018 have been restated to allow for comparison.

The following notes form an integral part of this consolidated financial statement.

# Parent company balance sheet

| ASSETS | Note | Dec 31, 2019 | Dec 31, 2018 |
|---|---|---|---|
| **Financial non-current assets** | | | |
| Shares in subsidiaries | 16 | 133 360 | 133 360 |
| **Total financial non-current assets** | | **133 360** | **133 360** |
| **Current assets** | | | |
| Other receivables | | 79 | 0 |
| Receivables from Group companies | | 2 123 | 2 373 |
| Prepaid expenses and accrued revenues | 18 | 158 | 206 |
| **Total current assets** | | **2 360** | **2 579** |
| Cash and cash equivalent | 19 | 782 | 997 |
| **Total current assets** | | **3 142** | **3 576** |
| **Total assets** | | **136 502** | **136 936** |
| **EQUITY AND LIABILITIES** | | | |
| *Restricted equity* | | | |
| Share capital | 20 | 531 | 500 |
| *Shareholders' surplus* | | | |
| *Share premium reserve* | | 5 065 | 0 |
| Retained earnings | | 3 769 | 1 555 |
| Net income for the year | | 30 993 | 15 495 |
| **Total equity** | | **40 358** | **17 551** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 22 | 56 617 | 78 000 |
| **Total non-current liabilities** | | **56 617** | **78 000** |
| **Current liabilities** | | | |
| Borrowings | 22 | 28 240 | 26 000 |
| Trade payables | | 16 | 645 |
| Current tax liabilities | | 7 072 | 10 488 |
| Liabilities to Group companies*) | | 1 445 | 282 |
| Other liabilities*) | | 1 366 | 705 |
| Accrued expenses and prepaid revenue | 25 | 1 388 | 3 265 |
| **Total current liabilities** | | **39 527** | **41 385** |
| **Total liabilities** | | **96 144** | **119 385** |
| **Total equity and liabilities** | | **136 502** | **136 936** |

*) Figures for 2018 have been restated to allow for comparison.

# Parent company statement of change in equity

| | Note | Share capital | Share premium reserve | Retained earnings | Net income for the year | Total equity |
|---|---|---|---|---|---|---|
| **Opening balance January 1, 2018 according to adopted balance sheet** | | **50** | **0** | **50 766** | **26 239** | **77 055** |
| Results brought forward | | 0 | | 26 239 | -26 239 | **0** |
| Net income for the year | | | | | 15 495 | **15 495** |
| **Total other comprehensive income** | | **0** | **0** | **0** | **15 495** | **15 495** |
| | | | | | | |
| **Transactions with owners** | | | | | | |
| Bonus issue | | 450 | | -450 | | **0** |
| Dividend | | | | -75 000 | | **-75 000** |
| **Total transactions with owners** | | **450** | **0** | **-75 450** | **0** | **-75 000** |
| **Closing balance December 31, 2018** | | **500** | **0** | **1 556** | **15 495** | **17 551** |
| | | | | | | |
| **Opening balance January 1, 2019 according to adopted balance sheet** | | **500** | **0** | **1 556** | **15 495** | **17 551** |
| Results brought forward | | | | 15 495 | -15 495 | **0** |
| Net income for the year | | | | | 30 993 | **30 993** |
| **Total other comprehensive income** | | **0** | **0** | **0** | **30 993** | **30 993** |
| | | | | | | |
| **Transactions with owners** | | | | | | |
| New share issue | | 31 | 5 066 | 0 | | **5 097** |
| Dividend | | | | -13 283 | | **-13 283** |
| **Total transactions with owners** | | **31** | **5 066** | **-13 283** | **0** | **-8 186** |
| **Closing balance December 31, 2019** | | **531** | **5 066** | **3 768** | **30 993** | **40 358** |

# Parent company statement of cash flow

| | Note | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 |
|---|---|---|---|
| **Cash flow from current operations** | | | |
| Cash flow from operating activities*) | 31 | -1 943 | -3 953 |
| Interest paid | | -2 688 | -2 302 |
| Income taxes paid*) | | -11 890 | -5 042 |
| **Cash flow from current operations** | | **-16 521** | **-11 297** |
| | | | |
| **Cash flow from investing activities** | | | |
| Dividend / group contributions received | | 43 500 | 27 500 |
| Interest received | | 135 | 178 |
| **Cash flow from investing activities** | | **43 635** | **27 678** |
| | | | |
| **Cash flow from financing activities** | | | |
| Dividend | | -13 283 | -75 000 |
| New share issue | | 5 096 | 0 |
| Proceeds from borrowings | | 8 000 | 130 000 |
| Repayment of borrowings | | -27 142 | -70 511 |
| **Cash flow from financing activities** | | **-27 329** | **-15 511** |
| | | | |
| **Net cash flow** | | **-215** | **870** |
| | | | |
| **Net change in cash** | | | |
| Cash and cash equivalent, beginning of year | 19 | 997 | 127 |
| **Cash and cash equivalent, end of year** | **19** | **782** | **997** |

*) Figures for 2018 have been restated to allow for comparison.

# Notes

## 1. General information

Lime Technologies AB (publ), Parent company, and its subsidiaries (jointly the Group) develop, distribute and sell software, so-called CRM systems, and provide consultancy services. The Group has sales offices in Sweden, Denmark, Finland and Norway.

The Parent company is a public liability company incorporated in Sweden with its registered office in Stockholm. The address of the head office is S:t Lars väg 46, 222 70 Lund.

On March 26, 2020, the board of directors approved these consolidated financial statements for publication.

## 2. Summary of significant accounting principles

Significant accounting principles applied in the preparation of the financial statements for this Group and Parent company are listed below. These principles have been applied consistently for all years presented, unless otherwise stated.

### 2.1 Basis for preparation

The Group

The consolidated financial statements for the Lime Technologies AB (publ) Group have been prepared in accordance with the Swedish Annual Accounts Act (Årsredovisningslagen), RFR1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC) as endorsed by EU. The consolidated statements are prepared in accordance with the purchase method.

The preparation of statements in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, it requires management to apply certain assessments when applying the Group's accounting principles. Areas that include a high degree of assessment and which are complex, or areas where assumptions and estimates are essential for the consolidated accounts, are presented in note 5.

Parent company

The Parent company applies the Annual Accounts Act and the recommendation RFR 2 Accounting for Legal Entities. The recommendation requires the Parent company to use the same accounting principles as for the Group, except in cases where the Annual Accounts Act or current tax rules limit the possibility of using IFRS. The deviations between accounting policies adopted for the Parent company and accounting policies for the Group are described below. The Parent Company does not lease any assets.

*Investments in subsidiaries*

Investments in subsidiaries are accounted for at the purchase value less any write-downs. The purchase value for shares in subsidiaries includes the transaction costs and conditional purchase prices.

*Financial instruments*

The Parent company does not apply IFRS 9. Financial non-current assets in the Parent company are valued at acquisition value less any write-offs, and financial current assets are valued at the lowest of acquisition value and fair value, less transaction costs.

New standards and interpretations not yet applied by the Group

A number of new standards and interpretations came into effect for financial years starting on or after January 1, 2019.

Apart from IFRS 16 Leasing below, no other IFRS standards or IFRIC interpretations that have taken effect since 1 January 2019 have had any significant impact on the Group.

*IFRS 16 Leases*

As of January 1, 2019, IFRS 16 Leases replaced the standard IAS 17 Leases and thereto related interpretations.

As of the time the standard came into effect, Lime has elected to use the simplified transition approach, meaning comparative information from previous periods is not restated. The leasing liability is comprised of the discounted remaining leasing fees as of January 1, 2019. The right-to-use asset is measured as the value of the leasing liability adjusted for any prepaid or accrued leasing fees. In the event the right-to-use asset has been recognized in the balance sheet already under application of IAS 17, the asset is recognized at remaining right-to-use value. The transition to IFRS 16 does not impact on equity.

Lime applied the simplified transition approach in relation to leases in which the underlying asset has a low value, as well of for short-term leases, which also include leases ending during 2019. Leases with underlying assets of low value include, for example, office equipment.

Lime's more significant lease agreements are mainly agreements relating to office space, but other agreements exist to a limited extent, e.g. vehicles. Following the application of IFRS 16, the Group's total assets have increased through the inclusion of the right-to-use assets and leasing liabilities. Leasing fees that, under IAS 17, were recognized as other external expenses in the income statement, have been replaced by depreciation on the right-to-use assets and recognized as an expense in the operating income, as well as interest on the lease liability, which is recognized as a financial expense. Non-lease components are excluded from the calculation of the leasing liability.

In the cash flow analysis, the leasing fee is divided into amortisation of the leasing liability and interest paid.

During transitioning to IFRS 16, all remaining leasing fees have been discounted using Lime's incremental borrowing rate. The average borrowing rate was 1.9% as of January 1, 2019.

As of January 1, 2019, the right-to-use asset has been estimated at MSEK 19.7 and the leasing liability at MSEK 19.7. The change in accounting principles will affect the balance sheet and income statement, and a number of key ratios. In 2019, depreciations have increased by MSEK 9.1, financial costs have increased by MSEK 0.2 and net income has increased by MSEK 0.0. As a result of IFRS 16, EBITDA increased by MSEK 9.4 in 2019 and EBITA increased by MSEK 0.2.

Contracts have been signed during the year in relation to both additional leased office space and extension of existing office leases in Lund.

**Reconciliation between operating lease obligations according to IAS 17 and leasing liabilities according to IFRS 16**

| | |
|---|---|
| Operating lease obligations as per December 31, 2018 | 16 660 |
| Extension options that reasonably probable will be used | 283 |
| Effect of discounting as per January 1, 2019 | -379 |
| Leasing liabilities previously recognised in accordance with IAS 17 | 3 113 |
| **Leasing leability January 1, 2019** | **19 677** |
| Extension options that reasonably certain will be utilised | 7 303 |
| Accrued leasing liabilities | 2 203 |
| Amortisations | -10 503 |
| **Leasing liability 31 December 2019** | **18 680** |

New standards and interpretations not yet applied by the Group
No other IFRS or IFRIC interpretations which have not yet come into effect are expected to have any significant impact on the group.

## 2.2 Consolidation of the Group

(a) Subsidiaries
Subsidiaries are all companies for which the Group has control. The Group controls a company when it is exposed to, or has the right to, variable returns from its holding in the company and has the ability to influence the returns through its power over that other company. Subsidiaries are included in the consolidated financial statements from the date that control is transferred to the Group. They are excluded from the consolidated financial statements from the date such control ceases.

The purchase method is applied for the Group's business acquisitions. The purchase price for an acquired subsidiary is the fair value of the assets given, liabilities assumed by the Group to the previous owners of the acquired company, and the shares issued by the Group. The purchase price also includes the fair value of any assets or liabilities arising from a conditional purchase price. Identifiable acquired assets and assumed liabilities in a business acquisition are initially measured at fair value on the day of the acquisition. At acquisition, the Group will decide on an acquisition-by-acquisition basis if the measuring of the holding in a non-controlling interest will be made at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Transaction costs attributable to the acquisition are expensed as incurred.

Intra-Group transactions, balance sheet items, and unrealised gains and losses on transactions between Group companies are eliminated. The accounting principles for subsidiaries are amended, if necessary, to ensure consistent application of the Group's principles.

## 2.3 Segment reporting

Operating segments are presented in a manner that complies with the internal management reporting submitted to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing the operating segments' performances. In the Group, this function has been identified as the CEO.

See also note 6.

## 2.4 Foreign currency transactions

(a) Functional currency and presentation currency
Items included in the financial statements of each entity of the Group are measured using the currency of the economic environment in which the entity mainly operates (the functional currency). The consolidated financial statements are presented in Swedish Kronor (SEK), which is the Group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of each respective transaction or on the date the items are translated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses resulting from borrowings and cash or cash equivalents are reported in the income statement as financial income or expenses. All other foreign exchange gains and losses are reported in Other income or Other expenses in the income statement.
Transaction differences related to changes in the accrued acquisition value are recognized in the income statement, and other changes in the carrying amount are recognized in Other Comprehensive Income.

(c) Group companies
The results and financial position of all Group companies (of which none has a high inflation currency as its functional currency) that have a functional currency other than the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the closing rate on the date of the balance sheet;

(ii) income and expenses for each income statement are translated at period average exchange rate (as long as this average rate represents a reasonable approximation of the cumulative effect of the rates applying on the transaction date; otherwise revenues and expenses are translated at the transaction date rate); and

(iii) all resulting net exchange differences are recognized in Other Comprehensive Income.
Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange rate differences are recognized in Other Comprehensive Income.

## 2.5 Tangible non-current assets

Tangible non-current assets are stated at purchase value less accumulated depreciation. The purchase value includes costs directly attributable to the acquisition of the asset.

Additional expenses are added to the asset's carrying value or reported as a separate asset, whichever is appropriate, only when it is likely that the future economic benefits associated with the asset will be allocated to the Group and the asset's acquisition value can be measured reliably. The reported value of the replaced part is removed from the balance sheet. All other kinds of repairs and maintenance are reported as expenses in the income statement during the period they arise.

Depreciation of tangible non-current assets, to allocate their acquisition value or translated value down to the estimated residual value over the estimated useful life, is made linearly as follows:

| | |
|---|---|
| Vehicles | 5 years |
| Machinery and equipment | 3-8 years |

The assets' residual value and estimated useful life is tested at the end of each reporting period and adjusted if necessary.

An asset's carrying value is written down immediately to its recovering value if the asset's carrying value exceeds its estimated recovery value (note 2.7).

Gains and losses on disposals are determined by comparing the selling proceeds and the carrying value and are recognized within Other income or Other expenses in the income statement.

## 2.6 Intangible assets

(a) Goodwill
Goodwill arises from the acquisition of subsidiaries and refers to the amount by which the purchase price, and any non-controlling interest in the acquired company and the fair value on the acquisition date on a previous equity interest in the acquired company, exceeds the fair value of the identifiable acquired net assets. If the amount is lower than the fair value of the acquired subsidiary's net assets, which is the case in a low-cost acquisition, the difference is reported directly in the income statement. Goodwill that has been reported by the acquired company is eliminated in the acquisition analysis. In order to test impairment requirements, goodwill

acquired in a business acquisition is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each entity or group of entities to which goodwill has been allocated corresponds to the lowest level in the Group on which the goodwill in question is monitored in the internal control. Goodwill is monitored at the operating segment level. The goodwill acquired through the acquisition of Lime Technologies Sweden AB, has in Lime been allocated to the Group as a whole.
Goodwill is impairment tested annually or more often if there is an indication of impairment. The carrying value of the cash-generating unit to which the goodwill is attributed is compared to the recoverable value, which is the highest of the value use and the fair value less costs to sell. Any impairment loss is recognized immediately as a cost and is not reversed.

(b) Trademarks
Trademarks acquired through a business acquisition are recognized at fair value on the acquisition date. Trademarks are deemed to have an indefinite useful life.

The trademark acquired through the acquisition of Lime Technologies Sweden AB, has in Lime been allocated to the Group as a whole.

Trademarks are impairment tested annually or more often if there are indications of impairment. The carrying value of the cash-generating unit to which the trademark is attributed is compared to the recoverable value, which is the highest of the value use and the fair value less costs to sell. Any impairment loss is recognized immediately as a cost and is not reversed.

(c) Software
Software acquired through a business acquisition is recognized at fair value on the acquisition date. Software recognized as an asset is depreciated over its estimated useful life, 5-10 years.
The software acquired through business acquisitions has in Lime been allocated to the Group as a whole.

(d) Customer relations
Customer relations acquired through a business acquisition are recognized at fair value on the acquisition date. Customer relations recognized as assets are depreciated over their estimated useful life, 5-10 years.
The customer relations acquired through business acquisitions, has in Lime been allocated to the Group as a whole.

(e) Capitalised development expenses
Expenses for software maintenance are charged to income as incurred. Development costs directly attributable to the development and testing of identifiable and unique software products controlled by the Group are reported as intangible assets when the following criteria are met:

- it is technically possible to complete the software so that it can be used,
- the company intends to complete the software and to use or sell it,
- prerequisites for using or selling the software exist,
- it can be shown how the software is likely to generate future economic benefits,
- adequate technical, financial and other resources to complete the development and use or sale of the software are available, and
- the expenses related to the software during its development can be calculated reliably.

Directly attributable expenses that are capitalised as part of the software include staff expenses and other direct costs.

Other development costs which do not meet these criteria are expensed when incurred. Development costs previously expensed are not reported as assets in subsequent periods.

Capitalised work of own account is reported as a cost reduction in the consolidated income statement.

Development expenses for software recognized as assets are depreciated over their estimated useful life, 5 - 7 years.

## 2.7 Impairment of non-financial assets
Intangible assets that have an indefinite useful life or intangible assets that are not ready for use are not subject to depreciation but are tested annually for any impairment loss. Written-off assets are assessed for impairment whenever events or changes in circumstances indicate that the reported value may not be recoverable. An impairment loss is made by the amount at which the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less costs to sell, and its value in use. When assessing impairment requirements, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) that have previously been written down, a test is made on each balance sheet date as to whether reversals should be made.

## 2.8 Financial instruments

The group applies IFRS 9 Financial Instruments as of January 1, 2018. IFRS 9 deals with the classification, measuring, and recognition of financial assets and liabilities and introduces new regulations for hedge accounting. IFRS 9 replaces the sections of IAS 39 that deal with the classification and measuring of financial instruments and introduces a new loss impairment model. The full version of IFRS 9 was issued in July 2014 and is applicable for financial years commencing on or after January 1, 2018. The standard is adopted by the EU.

The application of IFRS 9 has not had any significant impact on the classification and measuring of the Group's financial assets and liabilities in 2018.

### 2.8.1 Classifications

The Group classifies its financial assets in the following categories: financial assets at fair value through the income statement, loans, and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*Loans and trade receivables*

Loans and trade receivables are non-derivative financial assets that have fixed or determinable payments and are not quoted on a trading market. They are included in current assets with the exception of due dates more than 12 months after the end of the reporting period, which are classified as non-current assets.

### 2.8.2 Reporting and valuation

Loans and trade receivables are after the acquisition date reported at accrued acquisition value using the effective interest rate method.

## 2.9 Impairment of financial assets

### (a) Assets recorded at accrued acquisition value

At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset, or a group of financial assets, are impaired. A financial asset, or group of financial assets, requires impairment only if there is objective evidence of impairment as a consequence of one or several events occurring after the asset was first recorded (a "loss event") and that this event (or events) has an impact on the estimated future cash flow of the financial asset or group of financial assets that can be estimated as reliable.

Objective evidence of impairment includes indications that the debtor or group of debtors has significant financial difficulties, that payments of interest or capital amounts have not been paid or are overdue, that it is probable that the debtor or group of debtors will enter bankruptcy or other financial reorganisation, or that there is observable information indicating a measurable reduction of estimated future cash flow, such as changes to due liabilities or other financial conditions that correlate with credit losses.

Impairment of loans and receivables is estimated as the difference between the asset's carrying value and the present value of estimated future cash flow (excluding future credit losses not incurred), discounted at the financial asset's original effective interest rate. The carrying value of the asset is reduced and the amount of the loss is recognised in the Consolidated Income Statement.

If the impairment loss is recovered in a subsequent period and the recovery can objectively be attributed to an event that occurred after the impairment was reported (such as an improvement in the debtor's creditworthiness), the reversal of the previously reported impairment loss is reported in the Consolidated Income Statement.

## 2.10 Derivatives and hedges

The Group has no derivatives on the balance sheet date and has not used any during the reporting period.

## 2.11 Trade receivables

Trade receivables are amounts to be paid by customers for goods sold or services rendered in the current business operations. If payments are expected within one year or earlier (or during normal business cycle if this is longer), they are classified as current assets. If not, they are recorded as non-current assets.

Trade receivables are initially recorded at fair value and subsequently measured at amortised value using the effective interest rate method, less allowances for impairment charges.

## 2.12 Cash and cash equivalent

Cash and cash equivalents, as reported in the balance sheet as well as in the cash flow statement, include cash, bank balances and other short-term investments with maturity within three months from the date of investment.

## 2.13 Share capital

Ordinary shares are classified as equity.

### 2.14 Trade payables
Trade payables are liabilities to pay for goods and services purchased in the current business operations from suppliers. If payments are due within 12 months or earlier (or during normal business cycle if this is longer), they are classified as current liabilities. If not, they are recorded as non-current liabilities.

Trade payables are initially recorded at fair value and subsequently measured at amortised value using the effective interest rate method.

### 2.15 Borrowings
Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

### 2.16 Current and deferred income tax
Income taxes for the period include both current and deferred tax. Income taxes are reported in the income statement unless the underlying item is reported in Other Comprehensive Income or directly in equity. For those items, the related income tax is also reported in other Comprehensive Income or directly in equity.

The current tax is measured based on the tax laws that have been enacted or practically enacted by the reporting date in the countries where the Parent company and its subsidiaries have operations and are earning taxable income. Management regularly evaluates the claims made in tax returns regarding situations where applicable tax rules are subject to interpretation, and when deemed appropriate, makes allowances for amounts that are likely to be paid to the tax authorities.

Deferred tax is recognized for temporary differences between the tax value of assets and liabilities and their book value in the Consolidated Income Statement. However, deferred tax is not recognized if it arises as a result of the initial recognition of goodwill. Deferred tax is measured at the tax rates (and laws) that have been enacted or announced on the reporting date, and that are expected to be applied to the deferred tax asset when it is realised or the deferred tax liability when it is settled.

Deferred tax assets are recognized to the extent it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred tax liabilities are calculated on taxable temporary differences arising on holdings in subsidiaries except for deferred tax liabilities where the Group can control the timing of reversal of the temporary difference and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets in relation to deductible temporary differences relating to holdings in subsidiaries are reported only to the extent it is likely that the temporary difference will be reversed in the future and there will be taxable surpluses for which the deduction may be utilised.

Deferred tax assets and tax liabilities are offset when there is a legal right to offset current tax assets and tax liabilities, and when deferred tax assets and tax liabilities relate to taxes charged by one and the same tax authority and concern either the same tax subject or different tax subjects, where there is an intention to settle balances through net payments.

### 2.17 Compensation to employees
Liabilities relating to salaries and compensations, including paid absenteeism, which are expected to be settled within 12 months after the end of the financial year, are reported as current liabilities to the undiscounted amount that is expected to be paid when the liabilities are settled. The cost is reported in line with the services being performed by the employees. The liability is reported as an obligation for employee compensation in the balance sheet.

The Group companies have different plans for post-employment benefits, including defined-benefit and defined-contribution pension plans and health benefits after termination of employment.

#### (a) Pension obligations
The Group has defined-contribution pension plans. A defined-contribution plan is a pension plan under which the Group pays fixed fees to a separate legal entity. The Group has no legal or informal obligations to pay additional fees if this legal entity does not have sufficient assets to pay all employee benefits related to employee services during current or previous periods.

For defined-contribution plans, the Group pays contributions to publicly or privately managed pension plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the fees have been paid. The contributions are reported as personnel costs when paid. Prepaid contributions are reported as assets to the extent that repayment or reduction of future payments may be granted to the Group.

For employees in Sweden, the ITP 2 plan's defined-benefit pension commitments for retirement and family pensions are secured through insurance with Alecta. According to a statement from the Financial Reporting Board, UFR 10 Reporting of the Pension Plan ITP 2, this is a defined benefit plan that includes several employers. For the 2019 or 2018 financial year, the company has not had access to information in order to be able to account for its proportional share of plan liabilities, plan assets and expenses, which meant it was not possible to recognizethe plan as a defined benefit plan. The ITP 2 pension plan, secured by insurance with Alecta, is therefore recognized as a defined contribution plan. At the end of 2019, Alecta's surplus in the collective consolidation level was 148 percent (142).

(b) Severance pay

Severance pay applies when an employment is terminated by the Group prior to normal retirement or when an employee accepts voluntary resignation in exchange for such compensation. The Group recognises severance pay at the earliest of the following: (a) the date the Group is no longer able to withdraw the offer of severance pay; and (b) when the company recognises expenses in relation to restructuring within the scope of IAS 37, which involves payment of severance pay. In case the company has provided an offer to encourage voluntary resignation, the severance pay is calculated based on the number of employees estimated to accept the offer. Compensations due more than 12 months after the closing date are discounted at present value.

(c) Bonus programs

The Group reports a liability and a cost for bonuses. The Group makes a provision when there is a legal obligation or an informal obligation due to past practice.

## 2.18 Stock options plans

At the end 2018, the Group had two share-based compensation plans in which the benefit was provided as stock (options). The employee paid a premium corresponding to the fair value of options at the awarding date. The premium was credited to Additional paid in capital. Received payments for the shares, after deduction of any directly attributable transaction costs, are credited to the share capital (nominal value) and Additional paid in capital when the options are exercised.

For all outstanding options, the contribution from the employees is based on market price, determined on the basis of the Black-Scholes valuation model. No benefit or compensation is paid to employees; hence no personnel costs are reported in the income statement, in accordance with IFRS 2.

## 2.19 Revenue recognition

The group develops and sells software. The major part of the group's revenues relates to sales of license rights, subscription revenue and consultant revenue.

IFRS 15 is, since 2015, the new standard for revenue recognition. IFRS 15 replaced IAS 18 Revenue and IAS 11 Construction Contracts and all related interpretations (IFRIC and SIC). Revenue shall be recognized when the customer assumes control over the sold goods or services, a principle that supersedes the former principle that revenue is recognized when the risks and rewards have passed to the buyer. The basic principle of IFRS 15 is that the group recognises revenue in the manner that best reflects the transfer of control of the product and service sold to the customer. Revenue recognition is reported in the group based on a five-step model applied to all customer contracts:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognize revenue as the performance obligations are fulfilled

Based on the above five-step model, the Group's customer contracts may include various performance obligations identified as License Revenue, Subscription Revenue (Software as a Service), Support Agreements and Service Revenue. Revenue is recognized once control over the sold service or product is deemed to have been transferred to the customer for each type of revenue/performance obligation.

Revenue is the fair value of what has been or will be received for goods and services sold in the Group's current operations. Revenues are recognized excluding VAT, returns and discounts, and after elimination of sales between Group companies.
Below are the accounting principles applied by the Group for these performance obligations.

IFRS 15 transitional implications

The Group has analysed and evaluated IFRS 15 as a regulatory framework. The implementation of IFRS 15 has not led to any transitional implications for the Lime Group.

### Subscription revenue (Software as a Service)

The Group sells software as a service, by providing access rights to the customers. This service – which includes license, support and maintenance and, in some cases, operations – is received by the customer continuously during the term of the contract. The corresponding revenue is recognized pro rata as control is transferred to the customer continuously during the term of the contract.

### License revenue

The Group develops and sells software. The sale of license rights, right to use, is recognized upon delivery according to the contract and when the customer has assumed control over the purchased licenses and when no significant obligations remain outstanding after delivery date.

### Support agreements

The Group sells Support Agreements in relation to the software. Such agreements are signed in connection with the sale of licenses. Revenue from Support Agreements is invoiced in advance and recognized pro rata over the contract period as control is transferred to the customer continuously during the contract period.

### Expert Services (consultant revenue)

The Group sells consultant and education services, mainly provided based on time used but, in a few cases, also at fixed price contracts. Revenue from time-based contracts is recognized according to contracted prices and as service hours are delivered.

Revenue relating to services from fixed price contracts is recognized progressively, based on percentage of completion in accordance with the same principles as described above. Revenue relating to services from fixed price contracts is commonly recognized during the period the services are delivered.

If any circumstances arise that affect the initial estimation of revenue, costs or percentage of completion, the estimation will be revised. Such revision may result in increased or decreased estimated revenues or expenses and affect revenue during the period when the circumstance that caused the change came to the management's knowledge.

## 2.20 Interest income

Interest income is recognized over the tenor using the effective interest rate method.

## 2.21 Dividend income

Dividend income is recognized when the right to receive payment has been determined.

## 2.22 Leasing

From January 1, 2019, IFRS 16 Leases replaces IAS 17 Leases and thereto related interpretations. The new standard is described under note 15.1.
As the standard has come into effect, Lime applies the simplified transition approach meaning comparative information from previous periods are not restated. The effect of the transition to IFRS 16 is described in more detail in note 2.1.

Up until December 31, 2018, leasing of tangible non-current assets – for which the Group, being the lessee, assumed substantially all the economic risks and rewards in relation to the ownership – was classified as finance leasing (note 8(a)). Upon initial recognition on the balance sheet, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding payment obligation, after deduction of financial expenses, was included in balance sheet items Non-current borrowings and Current borrowings. Each lease payment was divided between interest and amortisation of the liability. The interest was reported in the income statement over the lease term so that each accounting period was charged with an amount corresponding to a fixed interest rate for the liability reported during each respective period. Non-current assets held under financial leases were amortised over the shorter of the asset's useful life and the leasing period, unless it with reasonable certainty could be determined that the ownership would be transferred to the lessee at the end of the leasing period. Leasing – under which a significant part of the risks and rewards remained with the lessor – was classified as operational leasing (note 18). Payments made during the lease term (after deduction of any incentives from the lessor) were expensed in the income statement on a straight-line basis over the term of the lease.

## 2.23 Dividends

Dividends to the shareholders of the Parent company are reported as liabilities in the consolidated financial statements during the period when the dividend is approved by the Parent company's shareholders.

## 2.24 Group contributions

The Parent company applies the alternative principle in RFR 2 IAS 27 regarding group contributions, meaning group contributions received from subsidiaries are reported as transfer to/from untaxed reserves.

## 2.25 Consolidated statement of cash flow

The consolidated statement of cash flows is prepared in accordance with IAS 7, Statement of Cash Flows, according to the indirect method. The year's change in cash is divided into current operations, investing activities and financing activities. The starting point of the indirect method is the operating profit adjusted for transactions that did not entail payments received or paid. Cash and cash equivalents include short-term investments with maturity within 3 months from the date of investment. All items included in cash and cash equivalents can be converted to cash relatively immediately.

## 3. Financial risk management

### 3.1 Financial risk factors

The Group is exposed to a variety of financial risks through its operations: market risk (including currency risk, interest rate risk in fair value and interest rate risk in cash flow), credit risk and liquidity risk. The Group's overall risk management policy focuses on unpredictability in the financial markets and strives to minimise potential adverse effects on the Group's financial results.

Risk management is handled by the finance department according to policies established by the board of directors. Group Finance identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The board of directors establish, if necessary, written policies for the overall risk management as well as for specific areas.

#### (a) Market risk

*(i) Currency risk*

The Group operates internationally and is exposed to currency risks arising from different currency exposures, mainly in respect of Norwegian Krona (NOK), Danish Krona (DKK) and Euro (EUR). Currency risk arises from future business transactions, recognized assets and liabilities and net investments in foreign businesses operations.

Since the Group's Swedish operations largely have their currency flow in Swedish kronor, there is no need for currency hedging. The size of the other Nordic operations has in 2019 and 2018 been of such volume that currency hedging has not been deemed necessary.

The Group has holdings in foreign operations whose net assets are exposed to currency risks.

If the Swedish Krona had weakened / strengthened by 10% relative to the EUR, with all other variables being constant, the recalculated income after taxes as of December 31, 2019 would have been MSEK 0.1 lower/higher, largely as a result of profits/losses on recalculation of current assets and liabilities. According to the finance policy, Lime's holdings of cash and cash equivalents in other currencies than SEK, shall not exceed 15% of net sales in respective currency.

*(ii) Interest risk relating to cash flows and fair value*

The Group's interest rate risk arises from long-term borrowings. Loans with variable interest rate expose the Group to interest rate risk relating to cash flow, which is partly offset by cash invested at variable interest rates. In 2019 and 2018 the Group's borrowings at variable interest rates were in Swedish Kronor. For more information regarding Lime's borrowings see note 22.

At the end of the period, interest-bearing bank borrowings amounted to MSEK 84.9 (104.0) with a variable rate linked to STIBOR. A change of 10 bps in underlying reference rates would not impact on Net income and Equity as STIBOR would still be negative and the reference rate according to agreements is 0 as a minimum.

According to the finance policy, Lime shall minimise its interest risk exposure by, for example, fixing the interest margin over 1-5 years.

#### (b) Credit risk

Credit risk is managed at Group level. Each group company is responsible for assessing and analysing the credit risk associated with each new customer before standard terms for payment and delivery are offered. Credit risk arises in cash and balances with banks and financial institutions, as well as in credit exposures to customers, including outstanding receivables and contracted transactions. If independent credit rating assessors rate customers, these assessments are used. In the absence of an independent credit assessment, a risk assessment of the customer's creditworthiness is conducted, taking into account the customer's financial position, as well as previous experiences and other factors. Credit exposure to customers is limited by the Group's low customer concentration.

#### (c) Liquidity risk

The Group manages the liquidity risk by maintaining a sufficient cash position. Cash flow projections are prepared at Group level. Management closely monitors rolling forecasts of the Group's cash reserves to ensure that the Group has sufficient cash to meet the needs of the daily operations.
The following table analyses the Group's financial liabilities, broken down by the time remaining until the contractual maturity date, as of the balance sheet date. The amounts stated in the table are the contractual, undiscounted cash flows.
According to the finance policy, Lime shall not use any surplus liquidity to trade in financial assets, and that cash and cash equivalent over time shall amount to at least 8 % of annual net sales.

## Liquidity risk - The Group

| As of December 31, 2019 | Less than 3 months | 3 months to 1 year | 1 to 2 years | 2 to 5 years |
|---|---|---|---|---|
| Borrowings (excl. liabilities under leases) | 7 474 | 22 222 | 29 159 | 28 622 |
| Liabilities under financial leases | 2 643 | 6 988 | 5 490 | 3 948 |
| Deferred liability; exercise price share options in More intenz | 0 | 3 001 | 3 001 | 3 001 |
| Trade payables and other liabilities | 3 591 | - | - | - |
| **Total** | **13 708** | **32 210** | **37 649** | **35 570** |

| As of December 31, 2018 | Less than 3 months | 3 months to 1 year | 1 to 2 years | 2 to 5 years |
|---|---|---|---|---|
| Borrowings (excl. liabilities under financial leases) | 6 994 | 20 797 | 27 297 | 53 112 |
| Liabilities under financial leases | 239 | 1 576 | 795 | 458 |
| Trade payables and other liabilities | 4 552 | - | - | - |
| **Total** | **11 785** | **22 373** | **28 092** | **53 570** |

### 3.2 Capital risk

Capital is defined as total equity. The Group's objective regarding the capital structure is to secure the Group's ability to continue its operations and to continue to generate returns to shareholders and benefit to other stakeholders, as well as to maintain an optimal capital structure to keep the cost of capital low.

In order to maintain or adjust the capital structure, the Group may change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities.
As the Group's strategy is partly based on evaluating acquisition opportunities, indebtedness can fluctuate significantly from year to year.

The board of directors and management continuously assess future payment obligations and decide, from an overall perspective, how the Group's funds are to be managed.

The capital structure objective is to keep the net debt to EBITDA ratio below 2.5. Under the terms and conditions of Lime's bank loan agreement, the net debt to EBITA ratio shall be less than 2.0.

| **The Group** | **2019** | **2018** |
|---|---|---|
| Interest-bearning non-current liabilities | -56 617 | -78 000 |
| Non-current leasing liabilities | -9 232 | -1 815 |
| Other non-current liabilities | -8 624 | 0 |
| Interest-bearning current liabilities | -28 240 | -26 000 |
| Current leasing liabilities | -9 448 | -1 298 |
| Financial assets | 31 879 | 21 690 |
| **Net debt** | **-80 300** | **-85 423** |
| EBITDA | 83 659 | 50 692 |
| **Net debt / EBITDA** | **1.0** | **1.7** |

### 3.3 Refinancing risk

Lime has entered into a loan agreement of MSEK 130, with an outstanding amount at December 31, 2019 of MSEK 84,9. The refinancing risk is the risk that no further financing is available, or no financing at all is available, or if financing can only be obtained at a higher cost, if such need arises.

## 4. Operational risks

The group is exposed to various risks through its operations. The group's overall risk management policy aims at minimising potential adverse effects on the group's financial results. Should any of the risks described below occur, the results and financial position may be adversely affected. The risks below are not the only risks the group is exposed to.

Risks associated with the spread of COVID-10 are described in further detail in the Directors' Report.

### 4.1 Competitive market

Lime is continuously working to ensure it has an attractive offering to customers. Lime's revenue model is largely based on subscription revenue, meaning the proportion of recurring revenue is high, which increases predictability. However, Lime operates its business on a highly competitive marked in the presence with both global and local competitors. Some of Lime's competitors are thus large, efficient companies with significant financial, technical and marketing resources. Furthermore, competition may intensify if new CRM suppliers enter the market. The competitors' actions and potential success could have an adverse effect on Lime's operations, financial position or results.

### 4.2 Retaining and recruiting key personnel

There is fierce competition for highly qualified personnel for many of Lime's staff categories, including software developers. The group's operations and future success are to a large extent dependent of its ability to retain and recruit key personnel. Should the company have difficulties in recruiting competent personnel or if the cost of employing competent personnel should increase, this could have an adverse effect on Lime's operations, financial position or results.

### 4.3 Technical development

Lime is constantly working on further developing and updating its products to meet its customers' demands. However, the software industry is characterised by rapid development of both new products, services and technology, as well as customers' demands on products, services and technology. In the event that developments progress in a direction different from what Lime expects or is able to adapt to, this could have an adverse effect on Lime's operations, financial position or results.

### 4.4 IT security

The group's ability to provide software to the customer relies on the security, integrity, reliability and operational performance of the systems, products and services offered. Disruptions in the IT environments of Lime or any of Lime's suppliers could have an adverse effect on Lime's operations, financial position or results.

### 4.5 Compliance with laws and regulations

Lime's operations rely on a large number of legal frameworks and regulatory requirements. These laws and rules are complex and vary between different jurisdictions. In the event of geographical expansion, or in the event that Lime's regulatory compliance is deemed to be insufficient, this could have an adverse effect on Lime's operations, financial position or results.

## 5. Critical accounting estimates and judgements

Estimates and judgements are continuously evaluated and based on historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions.

### 5.1 Critical accounting assumptions and judgements

The Group makes assumptions and judgments about the future. The impact such assumptions have on how certain values are reported will, by definition, rarely correspond to the actual result. The estimates and assumptions that involve an important risk of significant adjustments in the reported values of assets and liabilities in the next fiscal year are discussed in broad terms below.

#### (a) Impairment testing of goodwill and trademarks

The Group impairment tests goodwill and trademarks annually, in accordance with the accounting principles described in note 2.6. Recoveries for cash-generating units have been determined by calculating the value in use. To make these calculations, some assumptions must be made (note 14). In addition, assessments and assumptions have been made in relation to valuation models, interest rates (weighted average cost of capital) and royalties ("relief from royalty").

#### (b) Software

The Group has assessed the useful life of software recognised in acquisition analysis, which affect the reported cost of depreciation in the income statement and the valuation of assets in the balance sheet. The Group has also made assessments and assumptions about valuation models, interest rates (weighted average cost of capital) and royalties ("relief from royalty").

#### (c) Capitalised expenses

Development expenses are capitalised on the basis described under "Intangible assets" in note 2. The Group has assessed useful life periods which impact reported depreciation costs in the income statement and the valuation of assets in the balance sheet.

#### (d) Deferred liability, share exercise price in More intenz AB

The acquisition analysis in relation to More Intenz AB is based on final valuations of identifiable non-tangible assets. The deferred liability for outstanding options is, however, based on an assessment of future revenue.

#### (e) IFRS 16

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The majority of the extension options under leases of office space and vehicles have not been included in the leasing liability, as the Group can replace these assets without significant cost or business disruption.

The lease term is reassessed if an option is exercised (or not exercised), or if the Group is forced to exercise the option (or not exercise it). The assessment of reasonable certainty is only reconsidered if there is a material event or change in circumstances that affects this assessment and if the change is within the control of the lessee. During the current financial year, such reassessment of leasing terms resulted in an increase of leasing liabilities and right-to-use assets by MSEK 7.3.

## 6. Segment information

Operating segments are reported in a manner that complies with the internal reporting submitted to the highest executive decision maker. The highest executive decision maker is the function responsible for allocating resources and assessing the operating segments' performances. In the Group, this function has been identified as the Group's CEO.

The highest executive decision maker assesses the operations based on a geographic perspective, Sweden and the Other Nordic countries. The segments have the same operations and business model, i.e. to sell and implement software, namely

CRM systems. The Swedish segment manages development and administration.

Operating segments are assessed based on net sales and EBITDA. This measure is defined as operating income before depreciation, acquisition-related expenses and other one-off items that distort comparisons.

No significant changes in segment assets have occurred during the period.

### Revenue, per segment

Sales between segments are made on market terms. Revenue from external parties, which is reported to the highest decision-making executive, is recognised in the same way as in the income statement.

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| **Revenue by income stream, TSEK** | **Sweden** | **Other Nordic countries** | **Total** | **Sweden** | **Other Nordic countries** | **Total** |
| Subscription revenue | 97 097 | 25 523 | 122 620 | 79 325 | 14 866 | **94 191** |
| Licence revenue | 7 638 | 560 | 8 199 | 7 918 | 1 005 | **8 923** |
| Support agreements | 39 474 | 5 091 | 44 565 | 39 419 | 4 849 | **44 268** |
| Expert Services | 86 766 | 23 742 | 110 508 | 77 788 | 15 952 | **93 740** |
| Other | 3 615 | 189 | 3 804 | 3 063 | 123 | **3 186** |
| **Net sales** | **234 591** | **55 105** | **289 696** | **207 512** | **36 794** | **244 307** |

## Net income, per segment

| January 1 to December 31, 2019 | Sweden | Other Nordic countries | Eliminations | The Group |
|---|---|---|---|---|
| Sales, external | 234 922 | 55 350 | | 290 272 |
| Sales, internal | 924 | 2 574 | -3 498 | 0 |
| **Total sales** | **235 846** | **57 924** | **-3 498** | **290 272** |
| | | | | |
| Expenses, external | -169 428 | -36 938 | | -206 366 |
| Expenses, internal | -2 045 | -1 453 | 3 498 | 0 |
| **Total exenses** | **-171 473** | **-38 391** | **3 498** | **-206 366** |
| **EBITDA** | **64 373** | **19 533** | **0** | **83 906** |
| | | | | |
| Result from associated companies | | | | -247 |
| Depreciations | | | | -31 606 |
| **EBIT** | | | | **52 053** |
| | | | | |
| Financial net | | | | -2 188 |
| Tax | | | | -10 825 |
| **Net income for the year** | | | | **39 040** |

| January 1 to December 31, 2018 | Sweden | Other Nordic countries | Eliminations | The Group |
|---|---|---|---|---|
| Sales, external | 207 702 | 37 097 | | 244 799 |
| Sales, internal | 559 | 3 721 | -4 280 | 0 |
| **Total sales** | **208 261** | **40 818** | **-4 280** | **244 799** |
| | | | | |
| Expences, external | -160 079 | -34 018 | | -194 107 |
| Expenses, internal | -3 721 | -599 | 4 280 | 0 |
| **Total exenses** | **-163 800** | **-34 587** | **4 280** | **-194 107** |
| **EBITDA** | **44 461** | **6 231** | **0** | **50 692** |
| | | | | |
| Depreciations | | | | -18 865 |
| **EBIT** | | | | **31 827** |
| | | | | |
| Financial net | | | | -1 758 |
| Tax | | | | -5 763 |
| **Net income for the year** | | | | **24 306** |

## Assets and liabilities

Operating segments are not measured based on management of assets and liabilities, which instead are managed centrally by the finance department.

Breakdown of non-current assets and accrued tax:

| | Dec 31, 2019 | Dec 31, 2018 |
|---|---|---|
| *The Group* | | |
| Capitalised development expenses | 53 492 | 42 713 |
| Software | 28 556 | 39 139 |
| Trademarks | 33 478 | 33 478 |
| Customer relationships | 16 665 | 13 657 |
| Goodwill | 69 763 | 59 391 |
| Associated companies | 2 705 | - |
| | | |
| *Sweden* | | |
| Vehicles | 2 570 | 3 178 |
| Machinery and equipment | 537 | 624 |
| Right-to-use assets | 14 258 | - |
| | | |
| *Other Nordic countries* | | |
| Machinery and equipment | 54 | 80 |
| Right-to-use assets | 1 931 | - |
| Financial non-current assets | 537 | 538 |
| Deferred tax assets | 58 | 59 |
| **Total non-current assets** | **224 604** | **192 857** |

## Group-wide information

The breakdown of revenue from all products and services is found below.

| | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 |
|---|---|---|
| Analysis of revenue per income stream: | | |
| - Expert Services | 110 507 | 93 740 |
| - Licence revenue | 8 199 | 8 922 |
| - Subscription revenue | 122 620 | 94 191 |
| - Support agreements | 44 565 | 44 268 |
| - Other | 3 805 | 3 186 |
| **Total** | **289 696** | **244 307** |

Breakdown of external sales based on the location of the customer:

| | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 |
|---|---|---|
| Sweden | 234 591 | 207 512 |
| Rest of Nordic region | 55 105 | 36 794 |
| **Total** | **289 696** | **244 307** |

## 7. Compensation to auditors

| | The Group | | The Parent company | |
|---|---|---|---|---|
| **Compensation to auditors** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
| PwC | | | | |
| – Audit*) | 1 185 | 474 | 325 | 51 |
| - Auditing advice other than statutory audit services | 70 | 0 | 70 | 0 |
| – Tax advice | 0 | 73 | 0 | 0 |
| – Other services | 0 | 1 284 | 0 | 822 |
| **Total** | **1 255** | **1 831** | **395** | **873** |

*) The expensed amount for 2019 includes TSEK 287 of costs relating to 2018 and the work performed by PwC Sweden in relation to the public listing of the company.

Audit refer to fees for the statutory audit, i.e. work required to deliver the audit report, and so-called auditing advice provide in connection with the audit assignment.

PwC Sweden: Statutory audit TSEK 879 (TSEK 302), Audit advice other than statutory audit serviced TSEK 70 (0), Tax advice TSEK 0 (43), and Other services TSEK 0 (1,221).

Other services, 2018, include costs of TSEK 1,172 for the Group, and TSEK 822 for the Parent Company, relating to the public listing of Lime's shares.

## 8. Compensation to employees etc.

### Salaries and other remuneration to all employees

| | The Group | | The Parent company | |
|---|---|---|---|---|
| | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
| Salaries, and other remunerations | 116 726 | 104 554 | 4 294 | 3 261 |
| Social security expenses | 34 122 | 29 050 | 1 445 | 1 116 |
| Pension costs / defined contribution plans | 10 297 | 9 026 | 721 | 501 |
| **Total compensations to employees** | **161 145** | **142 630** | **6 461** | **4 878** |

## Remuneration to senior executives

| January 1 - December 31, 2019 | Base salary/ fee | Variable pay | Pension cost | Other compensation | Total |
|---|---|---|---|---|---|
| Board members | 615 | - | - | - | 615 |
| CEO | 1 833 | 197 | 465 | 66 | 2 561 |
| Other executive managers | 7 255 | 706 | 1 227 | 241 | 9 429 |
| **Group total** | **9 703** | **902** | **1 692** | **307** | **12 604** |

| January 1 - December 31, 2018 | Base salary/ fee | Variable pay | Pension cost | Other compensation | Total |
|---|---|---|---|---|---|
| Board members | 395 | - | - | - | 395 |
| CEO | 1 657 | - | 366 | 48 | 2 071 |
| Other executive managers | 6 650 | 686 | 1 180 | 218 | 8 733 |
| **Group total** | **8 701** | **686** | **1 546** | **266** | **11 999** |

Variable pay for 2019 will be paid in 2020 and variable pay for 2018 was paid in 2019.

## Average number of employees

| | The Group | | The Parent company | |
|---|---|---|---|---|
| | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 |
| Average number of employees | 223 | 195 | 2 | 2 |
| Whereof men | 151 | 141 | 2 | 2 |
| **Breakdown per country** | | | | |
| Sweden | 188 | 162 | 2 | 2 |
| Norway | 14 | 11 | - | - |
| Finland | 14 | 14 | - | - |
| Denmark | 7 | 8 | - | - |
| **Total** | **223** | **195** | **2** | **2** |

## Gender balance in the Group (including subsidiaries for board members)

| | The Group | | The Parent company | |
|---|---|---|---|---|
| **Board members** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
| Women | 2 | 2 | 2 | 2 |
| Men | 4 | 3 | 4 | 3 |

| **Boards in subsidiaries** | **Kvinnor 2019** | **Män 2019** | **Kvinnor 2018** | **Män 2018** |
|---|---|---|---|---|
| Lime Technologies Sweden AB | - | 1 | - | 1 |
| Lime Technologies Norway AS | - | 2 | - | 2 |
| Lime Technologies Finland OY | - | 1 | - | 1 |
| Lime Technologies Denmark A/S | - | 3 | - | 1 |
| Remotex Technologies AB | - | 1 | - | 1 |
| Netoptions Sweden AB | - | 1 | - | 1 |
| Hysminai AB | - | 1 | - | 1 |
| More intenz AB | - | 3 | - | - |

| | The Group | | The Parent company | |
|---|---|---|---|---|
| **Executive management incl, CEO** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
| Women | 1 | 1 | - | - |
| Men | 9 | 9 | 3 | 3 |

## Guidelines for remuneration to senior executives

The annual general meeting approves remuneration to the board of directors and the guidelines for remuneration to senior executives. The decision by the annual general meeting is in accordance with previously applied remuneration principles.

The general meeting on 29 April 2019 resolved the guidelines for remuneration to senior executives. The board of directors approves remuneration to the Group's CEO and the principles for remuneration to other senior executives. All members of the board of directors constitute the remuneration committee until the annual general meeting on 29 June 2020 and has as such managed matters relating to remuneration and other terms of employment.

### General principles for remuneration and other terms

In these guidelines, senior executives refer to the CEO and the management of the company and the group. Information about management's composition can be found on www.lime-technologies.se.

The CEO (also the head of the group), and the CFO are employed by Lime Technologies AB (publ). Other senior executives are employed by Lime Technologies Sweden AB.

The purpose of these guidelines is to ensure the company can attract, inspire and retain senior executives with the competence and experience required to achieve the company's goals. The remuneration shall be on terms which are competitive and at the same time in line with shareholders' interests. Remuneration to senior executives consists of a fixed and, for some senior executives, variable remuneration and potential incentive programs. The company's senior executives are also entitled to pension benefits (according to ITP1), and the company makes pension provisions for its senior executives. These components are intended to ensure a balanced remuneration package, which reflects individual competence, responsibilities and performance, in both the short and long term, and the company's overall results.

### Fixed remuneration

Fixed salary to senior executives shall be marketable and competitive and be based on the senior executive's individual competence, responsibility and performance. Fixed salaries shall be reviewed on a yearly basis.

### Variable remuneration

Senior executive may receive variable remuneration in addition to fixed remuneration.

The yearly variable remuneration shall be cash based and be based on predetermined and measurable performance criteria for each respective senior executive which aim to promote the company's long-term value creation. The performance criteria shall be determined and documented on a yearly basis. The yearly variable remuneration varies depending on performance, from no variable remuneration to a remuneration equivalent to four month's salary (applies to all senior executives except one senior executive whose main role is individually generated sales subject to sales commission of up to ten months' salary as set out in the contract of employment). Fixed remuneration refers to fixed cash salary earned during the year, excluding pensions, benefits and similar.

The Company has the right to recover variable remuneration if it becomes evident that the accounts contain material errors.

### Incentive programs

The general meeting can resolve to implement long-term share and share price related incentive programs directed to, among others, senior executives. Such incentive programs shall be designed to promote common interests between the participants and the company's shareholders, and further to promote individual shareholdings in the company.

At general meetings in 2014 and 2015, the company resolved to introduce incentive programs by issuing stock options to certain employees, including senior executives. The programs expired in March 2019; all stock options were exercised during this period. See further note 20 and 21.

### Other benefits

The company provides other benefits to senior executives. Such benefits may include health subsidies, mobile phones, company cars and travel allowances.

### Termination and severance pay

The maximum notice period for senior executives during which salary is paid is nine months. No severance pay applies.

### Deviations from the guidelines

The board of directors can decide to deviate from these guidelines, subject to specific reasons and in exceptional cases. The reasons for such deviations shall be presented at the next annual general meeting.

### CEO

In addition to fixed remuneration, the CEO also receives performance-based remuneration. The performance-based remuneration is linked to the achievement of financial objectives set by the Group's board of directors. The performance-based remuneration is capped at 4 months' salary. In 2019, performance-based remuneration was paid relating to a 33 percent achievement rate. In 2018, the financial objectives were not met, and no variable remuneration was paid to the CEO. The CEO does not receive any board fee.

Remuneration to the board of directors
Remuneration to the chairman of the board amounts to TSEK 200 (0) per year, and to other members of the board to TSEK 125 (125) per member and year, for the period from one annual general meeting to the next. Remuneration to the chairman of the audit committee amounts to TSEK 40 (0) per year, and to TSEK 25 (0) per year for the member of the audit committee.

Members of board of directors in subsidiaries have not receive any compensation during 2018 or 2019. There are no pension obligations to the benefit of the board of directors. There are also no obligations to pay severance pay or variable remunerations.

Variable remuneration
Variable remuneration attributable to 2019 has been provided for in the annual report and will be paid close to the 2020 annual general meeting. Variable remuneration during 2019 amounted to 13% (8%) of fixed remuneration.

Pensions
The CEO's retirement age is 65 years. Pension plans for the CEO and other senior executives correspond to the ITP2 plan.

Severance pay
In the event of termination of the CEO on the part of the Company, a 9-month notice period applies. Other income paid to the CEO during the period when severance pay is paid is offset against the severance pay. In the event of termination on the part of the CEO a 6-month notice period applies. 3-6 months' mutual notice period applies between the Company and other senior executives.

Share-related compensations
Other senior executives held a total of 259 stock options at the end of 2018. The stock options were exercised in March 2019.

## 9. Financial income & expenses

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
| **Financial income:** | | | | |
| - Interest income | 99 | 190 | - | - |
| - Interest income, group company | - | - | 102 | - |
| - Other financial items | 0 | 0 | - | - |
| - Exchange rate differences | 423 | 321 | 33 | 178 |
| **Financial income** | **522** | **511** | **135** | **178** |

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
| **Interest expenses:** | | | | |
| - Interest expenses, bank loans | 1 948 | 2 047 | 1 948 | 1 969 |
| - Interest expenses, group companies | - | - | 660 | 261 |
| - Interest expenses, financial leasing | 326 | 65 | - | - |
| - Other interest expenses | 155 | 84 | 80 | 69 |
| - Other financial expenses | 38 | 73 | 0 | 3 |
| - Exchange rate differences | 243 | 0 | 0 | 0 |
| **Total financial expenses** | **2 710** | **2 269** | **2 688** | **2 302** |
| **Net financial items** | **-2 188** | **-1 758** | **-2 552** | **-2 124** |

## 10. Income tax

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
| Current income tax: | | | | |
| Current income tax for the year | -10 231 | -5 674 | -8 474 | -4 396 |
| **Total current income tax** | **-10 231** | **-5 674** | **-8 474** | **-4 396** |
| Deferred tax (note 22) | -595 | -89 | 0 | 0 |
| **Total deferred tax** | **-595** | **-89** | **0** | **0** |
| **Income tax** | **-10 825** | **-5 763** | **-8 474** | **-4 396** |

Income tax on the consolidated income before taxes, differs from the theoretical tax expense that would arise when applying a weighted average tax rate on the income from the consolidated companies according to the following:

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
| **Income before tax** | **49 865** | **30 069** | **39 468** | **19 892** |
| Income tax calculated based on national tax rates applicable on income in respective country | -9 541 | -5 291 | -8 446 | -4 376 |
| Tax effect of: | | | | |
| - Non-taxable income | 0 | 0 | - | - |
| - Non-deductible expenses | -694 | -341 | -28 | -20 |
| - Tax attributable to intangible non-current assets | -5 | -42 | - | - |
| - Correction of previous year's taxation | -596 | -1 652 | - | - |
| - Tax rate change in Sweden | 0 | 1 152 | - | - |
| - Tax attributable to untaxed reserves | 0 | 0 | - | - |
| - Tax losses for which no deferred tax asset has been reported | 10 | 411 | 0 | 0 |
| **Income tax** | **-10 825** | **-5 763** | **-8 474** | **-4 396** |

Weighted average tax rate was 22 % (2018: 19 %).

## 11. Exchange rate differences

The following exchange rates have been applied when preparing the consolidated financial statements and the annual report.

| | Average Jan-Dec | | Closing rate, Dec 31 | |
|---|---|---|---|---|
| **Exchange rates (against SEK)** | **2019** | **2018** | **2019** | **2018** |
| DKK | 1.42 | 1.39 | 1.41 | 1.39 |
| NOK | 1.08 | 1.08 | 1.05 | 1.07 |
| EUR | 10.63 | 10.32 | 10.57 | 10.4 |

| | The Group | | The Parent company | |
|---|---|---|---|---|
| | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
| Other income/expenses - net | -186 | -184 | 0 | 0 |
| Financial net (note 8) | 180 | 0 | 33 | 178 |
| **Total** | **-6** | **-184** | **33** | **178** |

## 12. Earnings per share

### Basic

Basic "earnings per share" are calculated by dividing the income attributable to shareholders of the Parent company by a weighted average number of ordinary shares outstanding.

| **Basic** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
|---|---|---|
| The Group's earnings attributable to shareholders of the Parent company | 39 040 | 24 306 |
| Weighted average number of ordinary shares outstanding (thousands)*) | 13 283 | 12 500 |
| **Earnings per share** | **2,94** | **1,94** |

### Diluted

To calculate "earnings per share, diluted", the weighted average number of ordinary shares outstanding is adjusted for the dilution effect of all potential ordinary shares. The Parent company has a category of potential ordinary shares with dilution effect: stock options. For stock options, a calculation is made of the number of shares that could have been purchased at fair value, for an amount equal to the monetary value of the options rights attached to outstanding stock options. The number of shares calculated according to the above is compared with the number of shares that would have been issued assuming the share options were exercised.

| **Diluted** | **Jan 1 - Dec 31, 2019** | **Jan 1 - Dec 31, 2018** |
|---|---|---|
| The Group's earnings attributable to shareholders of the Parent company | 39 040 | 24 306 |
| Weighted average number of ordinary shares outstanding (thousands)*) | 13 283 | 12 500 |
| Adjustments for stock options | | |
| - stock options 2014-2019 | 0 | 783 |
| Weighted average number of ordinary shares outstanding (thousands) | 13 283 | 13 283 |
| **Earnings per share, diluted** | **2,94** | **1,83** |

## 13. Dividend per share

A dividend of SEK 19 925 222 will be proposed at the annual general meeting on June 29, 2020, corresponding to SEK 1.50 per share. Remaining earnings will be carried forward.

Following the uncertainties brought about by the spread of the novel coronavirus COVID-19, Lime's board of directors are continuously monitoring the situation, and the proposed disposition of earnings may change prior to the annual general meeting.

## 14. Intangible assets

| The Group | Goodwill | Trademarks | Software | Customer relations | Capitalised expenses | Total |
|---|---|---|---|---|---|---|
| **2019 Financial year** | | | | | | |
| Opening balance | 59 391 | 33 478 | 39 139 | 13 657 | 42 713 | 188 378 |
| Acquired | 10 372 | - | - | 6 377 | - | 16 749 |
| Capitalised work | - | - | - | - | 18 451 | 18 451 |
| Depreciations | - | - | -10 583 | -3 369 | -7 672 | -21 625 |
| **Closing balance** | **69 763** | **33 478** | **28 556** | **16 665** | **53 492** | **201 954** |
| | | | | | | |
| **As per December 31, 2019** | | | | | | |
| Acquisition value | 69 763 | 33 478 | 62 922 | 33 691 | 71 843 | 271 697 |
| Accumulated depreciations | - | - | -34 366 | -17 026 | -18 351 | -69 743 |
| **Reported amount** | **69 763** | **33 478** | **28 556** | **16 665** | **53 492** | **201 954** |

| The Group | Goodwill | Trademarks | Software | Customer relations | Capitalised expenses | Total |
|---|---|---|---|---|---|---|
| **2018 Financial year** | | | | | | |
| Opening balance | 59 391 | 33 478 | 43 151 | 16 389 | 30 417 | 182 826 |
| Acquired | - | - | 6 254 | - | - | 6 254 |
| Capitalised work | - | - | - | - | 17 334 | 17 334 |
| Depreciations | - | - | -10 266 | -2 732 | -5 038 | -18 036 |
| **Closing balance** | **59 391** | **33 478** | **39 139** | **13 657** | **42 713** | **188 378** |
| | | | | | | |
| **As per December 31, 2018** | | | | | | |
| Acquisition value | 59 391 | 33 478 | 62 922 | 27 314 | 53 392 | 236 497 |
| Accumulated depreciations | - | - | -23 783 | -13 657 | -10 679 | -48 119 |
| **Reported amount** | **59 391** | **33 478** | **39 139** | **13 657** | **42 713** | **188 378** |

The Parent company has no intangible non-current assets.

Capitalised work relates to internally generated assets, while other intangible non-current assets are acquired.

### Impairment testing of goodwill, trademarks and the Group's intangible non-current assets

The Group's total value of goodwill and trademarks at year-end was MSEK 69.8 (59.4) and MSEK 33.5 (33.5), respectively. Goodwill and trademarks are not depreciated according to plan but are instead impairment tested annually. Goodwill and trademarks are monitored by the finance department. When assessing impairment, assets are allocated in full to the Group since the goodwill relates to the acquisition of the Lime Technologies Sweden Group and the acquisition of More intenz AB. Lime has determined that the Group is the lowest level where there are independent cash flows (cash-generating units).

Impairment testing of goodwill and customer relations is based on the value in use. The value in use is based on future cash flow projections, the DCF method, with the first 4 years being based on the business plan approved by the board of directors.

The relief-from-royalty method is used for impairment testing of trademarks and software.

Critical variables, as well as the method of estimating these values for the five-year forecast period, are described below. All significant assumptions are based on senior executives' past experience.

### Forecast period and long-term growth

The forecast period is 5 years. Cash flow beyond that period has been attributed an annual net sales growth rate of 2 (2) percent, which is somewhat higher than expected general GDP growth, and is justified by the fact that Lime is operating in a growth industry, with continued outlook for high growth beyond the forecast period.

### Growth and margin

The net sales growth rate and cost trend during the first five years are based on management's experience and assessment of the Group's position in the market.

### Discount rate

The discount rate is calculated as the Group's weighted average cost of capital including a risk premium. The projected cash flows have been discounted, applying a discount rate of 8.5 (8.5) percent before tax.

### Sensitivity analysis

The recoverable value exceeds the carrying value for all cash-generating units. Management believes that a reasonable and possible change in the critical variables above would not have such an impact that they individually would reduce the recoverable value below the carrying value. Management has tested a change in the discount rate of 5 percentage points, a change in net sales growth of 2 percentage points and a change in the perpetual yearly growth rate of 1 percentage point, without the recovery value being reduced below the carrying value.

# 15. Tangible non-current assets

| | The Group | | | |
|---|---|---|---|---|
| | Vehicles | Machinery and equipment | Right-to-use assets | Total |
| **2019 Financial year** | | | | |
| Opening balance | 3 178 | 704 | 0 | 3 882 |
| Exchange rate differences | - | 1 | 0 | 1 |
| Purchases | 532 | 182 | 25 314 | 26 028 |
| Sales and disposals | -489 | -91 | 0 | -580 |
| Depreciation | -651 | -205 | -9 125 | -9 981 |
| **Closing balance** | **2 570** | **591** | **16 189** | **19 350** |
| | | | | |
| **As per December 31, 2019** | | | | |
| Acquisition value or restated amount | 5 197 | 2 640 | 25 313 | 33 150 |
| Accumulated depreciations | -2 627 | -2 049 | -9 124 | -13 800 |
| **Carrying value** | **2 570** | **591** | **16 189** | **19 350** |
| | | | | |
| **2018 Financial year** | | | | |
| Opening balance | 3 118 | 806 | 0 | 3 924 |
| Exchange rate differences | - | 4 | 0 | 4 |
| Purchases | 1 029 | 215 | 0 | 1 245 |
| Sales and disposals | -347 | -116 | 0 | -463 |
| Depreciation | -623 | -206 | 0 | -828 |
| **Closing balance** | **3 178** | **704** | **0** | **3 882** |
| | | | | |
| **As per December 31, 2018** | | | | |
| Acquisition value or restated amount | 5 372 | 2 543 | 0 | 7 915 |
| Accumulated depreciations | -2 194 | -1 839 | 0 | -4 033 |
| **Carrying value** | **3 178** | **704** | **0** | **3 882** |

## 15.1 Leases

(a) Amounts reported in the balance sheet
The balance sheet includes the following amounts in relation to leasing agreements:

| **Right-to-use assets** | **Dec 31, 2019** | **Jan 1, 2019** |
|---|---|---|
| Office space* | 16 189 | 16 499 |
| Vehicles | 2 570 | 3 178 |
| **Closing balance** | **18 759** | **19 677** |

| **Leasing liabilities** | **12/31/2019** | **1/1/2019** |
|---|---|---|
| Current | 9 232 | 11 736 |
| Accrued expenses, current | 79 | 65 |
| Non-current | 9 448 | 7 876 |
| **Closing balance** | **18 759** | **19 677** |

*) In previous years, only leasing assets and leasing liabilities relating to financial leases were reported in accordance with IAS 17 Leases. The assets were reported as part of tangible non-current assets, and the liabilities as part of the group's borrowings. For adjustments accounted for at the transition to IFRS 16 on 1 January 2019, see note 2.1.

Net cash flow from existing leases was TSEK -12,633 in 2019.

(b) Amounts reported in the income statement
The income statement includes the following amounts in relation to leasing agreements:

| **Depreciation of right-to-use assets** | **Dec 31, 2019** |
|---|---|
| Office space | -9 125 |
| Vehicles | -651 |
| **Total depreciation** | **-9 776** |
| | |
| Interest expenses (included in financial expenses) | -327 |
| Expenses related to leases for which the underlying asset is of low value (included in Other expenses) | -1 803 |

Deprecation of right-to-use assets and leased vehicles – for the purpose of dividing their acquisition value, or restated value, as the estimated residual value across the estimated useful life – is done based on the straight-line method according to the following:

| | |
|---|---|
| Vehicles | 5 years |
| Office space | 1-39 months |

(c) The Group's leasing activities and how they are accounted for
The Group leases various office spaces, vehicles and equipment. Contracted leasing terms are normally fixed between 6 months and 5 years, with an option to extend the lease term. This is described in further detail below.

Agreements can include both lease and non-lease components. The Group separates payments under a lease agreement between lease and non-lease components based on their relative independence. Leasing fees for office space leased by the Group are, however, not separated between lease and non-lease components but instead accounted for as one combined lease component.

Terms are negotiated separately for each agreement and cover a variety of different contract terms and conditions. The leasing agreements do not cover any specific terms or restrictions except that the lessor retains the rights to pledged leased assets. Leased assets may not be used as collaterals under loans.

Leased tangible non-current assets were classified either as financial or operational leasing agreements up until the end of the 2018 financial year. See note 2.23 for further information. From 1 January 2019, leasing agreements are accounted for as right-to-use assets with a corresponding liability from the day the leased asset is available for use by the Group.

Assets and liabilities arising from leasing agreements are initially measured at present value. The leasing liabilities include the present value of the following leasing payments:

- fixed payments (including in-substance fixed payments), less any lease incentives received when signing the lease agreement
- variable lease payment that depend on an index or rate, initially assessed using an index or rate as at the commencement date of the lease
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise such option
- penalty payments for terminating the lease, if the lease term is such that the Group will exercise the option to terminate the lease agreement.

Lease payments that will be made under reasonably certain extension options, are also included when measuring the liability.

Lease payments are discounted using the implicit rate of the lease agreement. If this rate cannot be determined easily, which normally is the case for the Group's leasing agreements, then the lessee's incremental borrowing rate shall be used, which is the rate the individual lessee would pay to borrow the necessary funds to buy an asset of comparable value to the right-to-use asset, in a similar economic environment at similar terms and conditions and securities.

The group is exposed to possible future increases in variable lease payments that depend on an index or rate, that are not included in the lease liability until they come into effect. The lease liability is remeasured and adjusted against the right-to-use asset once adjustments of lease payments that depend on an index or rate come into effect.

Lease payments are separated between amortisation of the liability and interest. The interest is accounted for in the income statement over the term of the lease, which means a fixed interest rate is applied to the lease liability reported in each reporting period.

The right-to-use assets are measured at acquisition value and include the following:

- the initial measurement of the lease liability
- lease payments paid at or prior to the commencement date, less any lease incentives received when signing the lease agreement
- initial direct payments
- expenses relating to restoring the asset to the conditions stated in the terms and conditions under the lease agreement.

Right-to-use assets are normally depreciated on a straight-line basis over the shorter of the useful life and the leasing term. If the group is reasonably certain it will exercise a purchase option, then the right-of-use asset is depreciated over the underlying asset's useful life.

Payments under short-term agreements relating to equipment and vehicles and all low-value lease agreements, are expensed on a straight-line basis in the income statement. Short-term agreements are agreements with a lease term of 12 months or less. Low-value agreements include IT equipment and some office furniture.

Some of the Group's lease agreements relating to office space and vehicles include extension and termination options. The purpose of the terms is to maximise the flexibility when managing assets used in the Group's business operations. The majority of the options to extend or terminate an agreement can only be exercised by the Group, and not by the lessor.

The parent company has no leased assets.

# 16. Financial non-current assets

| Shares in subsidiaries | The Parent Company 2019 | 2018 |
|---|---|---|
| Opening acquisition value | 133 360 | 133 360 |
| **Carrying value** | **133 360** | **133 360** |

| | Group | | The Parent Company | |
|---|---|---|---|---|
| **Shares in associated companies** | **2019** | **2018** | **2019** | **2018** |
| Opening acquisition value | - | - | - | - |
| Acquisition | 2 952 | - | - | - |
| Income from shares in associated companies | -247 | - | - | - |
| **Carrying value** | **2 705** | **0** | **0** | **0** |

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| **Other financial non-current assets** | **2019** | **2018** | **2019** | **2018** |
| Depositions | 537 | 538 | - | - |
| **Carrying value** | **537** | **538** | **0** | **0** |

## 16.1 Subsidiaries

| Name | Country of incorporation and operation | Operation | Number of ordinary shares owned by the Parent Company (%) | Number of ordinary shares owned by the Group (%) | Equity (MSEK) | Net income (MSEK) |
|---|---|---|---|---|---|---|
| Lime Technologies Sweden AB | Sweden | Head office | 100% | | 18,2 | 2,2 |
| Lime Technologies Norway AS | Norway | Sales | - | 100% | 6,9 | 0,6 |
| Lime Technologies Finland OY | Finland | Sales | - | 100% | 5,0 | 0,7 |
| Lime Technologies Denmark A/S | Denmark | Sales | - | 100% | -4,2 | 0,0 |
| RemoteX Technologies AB | Sweden | - | - | 100% | 0,1 | 0,0 |
| Netoptions Sweden AB | Sweden | - | - | 100% | 0,1 | 0,0 |
| Hysminai AB | Sweden | - | - | 100% | 0,1 | 0,0 |
| More Intenz AB | Sverige | Consultancy | - | 58% | 3,7 | 0,3 |

All subsidiaries are consolidated in the Group. The voting rights in the subsidiaries, directly owned by the Parent company, do not differ from the ownership of ordinary shares. More Intenz AB is consolidated to 100%. For more information ae note 27. For business registration numbers see page 5.

## 16.2 Associated companies

| Name | Country of incorporation and operation | Operation | Number of ordinary shares owned by the Parent Company (%) | Number of ordinary shares owned by the Group (%) | Equity (MSEK) | Net income (MSEK) |
|---|---|---|---|---|---|---|
| janjoo AB | Sweden | Development, Sales | - | 30% | 1,0 | 0,3 |

## 16.3 Financial instruments per category

The credit rating of the borrowings and trade receivables cannot be estimated based on external credit ratings. Trade receivable losses have historically been very low. Cash and cash equivalents consist entirely of cash funds.

| The Group | Valued at accrued acquisition value | Valued at fair value through the income statement | Total |
|---|---|---|---|
| **December 31, 2019** | | | |
| **Balance sheet assets** | | | |
| Trade receivables and other receivables excluding interim claims | 53 829 | - | 53 829 |
| Cash and cash equivalents | 31 342 | - | 31 342 |
| **Total** | **85 171** | **0** | **85 171** |
| | | | |
| **Balance sheet liabilities** | | | |
| Borrowings | 112 180 | - | 112 180 |
| Trade payables and other liabilities excluding financial liabilities | 28 002 | - | 28 002 |
| **Total** | **140 182** | **0** | **140 182** |

| The Group | Valued at accrued acquisition value | Valued at fair value through the income statement | Total |
|---|---|---|---|
| **December 31, 2018** | | | |
| **Balance sheet assets** | | | |
| Trade receivables and other receivables excluding interim claims | 52 653 | - | 52 653 |
| Cash and cash equivalents | 21 152 | - | 21 152 |
| **Total** | **73 805** | **0** | **73 805** |
| | | | |
| **Balance sheet liabilities** | | | |
| Borrowings | 107 113 | - | 107 113 |
| Trade payables and other liabilities excluding financial liabilities | 27 678 | - | 27 678 |
| **Total** | **134 791** | **0** | **134 791** |

## 17. Trade receivables

The Group has no non-current trade receivables. The fair value for current trade receivables corresponds to carrying value.

| | The Group | |
|---|---|---|
| | **2019** | **2018** |
| Trade receivables | 52 763 | 51 573 |
| **Total** | **52 763** | **51 573** |

| | The Group | |
|---|---|---|
| **Overdue trade receivables as of the closing date** | **2019** | **2018** |
| Not due | 37 317 | 31 979 |
| Less than 3 months | 15 267 | 19 479 |
| More than 3 months | 179 | 115 |
| **Total** | **52 763** | **51 573** |

As of December 31, 2019, the Group has reserved MSEK 1.4 (0.5) for estimated losses in trade receivables. Other categories of trade receivable and other receivables do not include any assets for which impairment is required. Trade receivables are divided among MSEK 41.8 (43.7), MEUR 0.4 (0.3), MDKK 1.5 (1.0) and MNOK 4.6 (3.0).

## 18. Prepaid expenses and accrued revenue

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Prepaid rent | 313 | 246 | - | - |
| Prepaid insurances | 110 | 292 | - | - |
| Accrued income | 371 | - | - | - |
| Other prepaid expenses | 2 998 | 2 185 | 158 | 206 |
| **Total** | **3 792** | **2 724** | **158** | **206** |

## 19. Cash and cash equivalent

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Cash and cash equivalent | 31 342 | 21 152 | 782 | 997 |
| **Total** | **31 342** | **21 152** | **782** | **997** |

The Group's cash and cash equivalents are invested with Skandinaviska Enskilda Banken AB (publ). The bank has the highest credit rating, i.e. AAA, on Standard & Poor.

## 20. Share capital

| | Number of shares |
|---|---|
| **As of December 31, 2018** | **12 500 000** |
| **As of December 31, 2019** | **13 283 481** |

The total number of issued shares is 13 283 481 (12 500 000) units, each with a quota (par) value of SEK 0.04 (0.04). All issued shares are fully paid. The general meeting resolved on October 16, 2018 to authorize a 250:1 share split.

The company had two stock option programs at the beginning of the year. Both stock option programs expired in March 2019 and all 783,482 shares under the programs have been issued.

Lime does not own any of its own shares.

## 21. Additional paid in capital

### Share-based compensation

The company's employees were offered to acquire stock options in the company. 2,724 options in total were issued to employees in two series: 2014/2019 and 2015/2019. The number of shares which the holders of the stock options were entitled to, as well as the exercise price, was restated based on dividend paid in 2016 and 2018. Furthermore, the number of shares which the holders of the stock options were entitled to was restated based on the share split (1:250) on 16 October 2018. The stock options entitled the holders to 783,481 shares in total. Each stock option of series 2014/2019 entitled the holder to subscribe to approximately 288 shares in the Company at a price of SEK 5.48 per share. Each stock option of series 2015/2019 entitled the holder to subscribe to approximately 288 shares in the Company at a price of SEK 21.08 per share. Both programs expired in March 2019 and all stock options were exercised and 783,481 shares were issued.

No options were awarded during the year. The weighted average fair value of options awarded during the period was determined using the Black-Scholes evaluation model. Important input data in the model were weighted average share price of SEK 4 663 on the awarding date (based on the number of shares prior to the share split), above mentioned exercise price, volatility of 29%, expected tenor for the options of 4-5 years, dilution 5.4% and yearly risk-free interest of -0.26%.

| | **2019** | | **2018** | |
|---|---|---|---|---|
| | **Average exercise price SEK / share** | **Options (units)** | **Average exercise price SEK / share** | **Options (units)** |
| As per Jan 1 | 7 | 2 724 | 1 769 | 2 724 |
| +/- Restated after dividend | - | - | -266 | - |
| +/- Split | - | - | -1 496 | - |
| - Exercised | -7 | -2 724 | - | - |
| **Total** | **-** | **-** | **7** | **2 724** |

## 22. Borrowings

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| **Non-current liability** | **2019** | **2018** | **2019** | **2018** |
| Borrowings | 56 617 | 78 000 | 56 617 | 78 000 |
| Liabilities related to leasing | 9 232 | 1 815 | - | - |
| Other non-current liabilities | 8 643 | - | - | - |
| **Total** | **74 492** | **79 815** | **56 617** | **78 000** |

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| **Current liability** | **2019** | **2018** | **2019** | **2018** |
| Borrowings | 28 240 | 26 000 | 28 240 | 26 000 |
| Liabilities related to leasing | 9 448 | 1 298 | - | - |
| **Total** | **37 688** | **27 298** | **28 240** | **26 000** |

### Bank loans

The bank loans are reported by the Parent company and mature at the end of 2023. The bank loans carry an average interest rate of 1.9% per annum. An additional loan of MSEK 8, with the same terms and conditions and remaining credit period, was obtained in July 2019.

The loan agreement contains certain financial and other covenants, including a restriction of the highest permitted ratio between senior net debt and EBITDA on a group level of 2.0, and a requirement of the lowest permitted ratio between cash flow and interest and amortization on a group level of 1.0 (calculated as per the loan agreement). In addition, there are restrictions on further borrowings, guarantee commitments and pledges, significant changes to the business as well as on acquisitions, investments and divestments.

Collaterals for the bank loans consist of shares in subsidiaries.

The fair value of current borrowings equals the carrying value, as the discounted effect is insignificant. Fair values are based on discounted cash flows with an interest rate based on the borrowing rate of 1.9%.

### Liabilities relating to financial leasing

Leasing liabilities are effectively hedged as the rights to the leased asset are reverted to the lessor in the event of payment default. Minimum leasing fees for 2018 are shown in note 26. For more information relating to 2019, see note 15.1.

## 23. Deferred income tax

Deferred tax assets and tax liabilities are offset when there is a legal right to offset current tax assets and tax liabilities, and when deferred taxes relate to one and the same tax authority. The Group is not reporting any offset tax assets and liabilities.

Deferred tax assets are reported for future tax deductions, to the extent that they are likely to be offset against taxable profits in a foreseeable future. The Group reports non-deferred tax assets of MSEK 2.1 (2.2) relating to losses of MSEK 9.7 (9.2), which can be offset against future taxable profits.

The reported deferred tax is attributable to:

| | The Group | |
|---|---|---|
| **Deferred tax asset** | **2019** | **2018** |
| Other temporary differences | 59 | 59 |
| **Total** | **59** | **59** |

| **Deferred tax liability** | **2019** | **2018** |
|---|---|---|
| Untaxed reserves | 719 | 719 |
| Capitalised development expenses | 10 938 | 8 757 |
| Deferred tax related to customer relations | 3 502 | 2 923 |
| Deferred tax related to software | 2 795 | 3 710 |
| Deferred tax related to trademarks | 7 010 | 6 896 |
| **Total** | **24 964** | **23 005** |

## 24. Other liabilities

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| VAT | 8 853 | 6 647 | 551 | 65 |
| Employee related liabilities (taxes and fees) | 8 040 | 6 777 | 815 | 640 |
| **Total** | **16 894** | **13 424** | **1 366** | **705** |

## 25. Accrued expenses and prepaid revenue

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Prepaid revenue (service agreements / subscriptions) | 54 570 | 50 103 | 0 | 0 |
| Leave loading | 12 803 | 10 497 | 462 | 446 |
| Social security expenses | 3 721 | 3 131 | 145 | 140 |
| Other accrued expenses | 8 700 | 10 183 | 781 | 2 678 |
| **Total** | **79 794** | **73 915** | **1 388** | **3 265** |

## 26. Contractual obligations

### Contractual obligations relating to operational leasing – where a Group company is the lessee

In 2018, operational lease agreements were reported in accordance with IAS 17. The description below relates to operational leasing as per 31 December 2018.

The Group leases a number of office premises under non-cancellable leases. The leasing terms vary between 1 and 5 years and most lease agreements can be extended at the end of the lease at market rates. The Group's leasing costs for 2018 amounted to MSEK 10.1. The costs relate entirely to minimum leasing fess, as there are no variable fees or subleases. Contractual future lease and rental agreements expired for payment as shown below.

| | The Group |
|---|---|
| | **2018** |
| Leases within 1 year | 8 147 |
| Leases between 1 and 5 years | 8 095 |
| Leases beyond 5 years | 0 |
| | **16 242** |

## 27. Business acquisitions

### More intenz AB

On 1 July 2019, Lime acquired 58% of the shares and the voting rights in More intenz AB. More intenz AB sells and delivers services that help companies improve their sales and customer services activities.

The purchase price for the 58% share amounted to 7 MSEK to be paid in two tranches, and a customary adjustment of cash and liabilities in the company of MSEK 3. Preliminary purchase price for all shares amount to MSEK 19. The purchase price is financed by cash and through banks loans.

The second part of the acquisition consists of stock options relating to the remaining 42 percent of the shares. The stock options are expected to be called upon in three tranches over the coming three years (after the end of financial years 2020, 2021 and 2022). The purchase price of the shares, as called upon, will be based on the company's net sales for each financial year (amounting to between 16.67% and 25% of net sales).

The acquired company is included in Lime's consolidated income statement and balance sheet from the date the acquisition was completed, and control was gained, i.e. 1 July 2019. The pricing and terms, in general, render it most likely that the stock option will be exercised on the respective due dates. An estimated exercise price has been reported as deferred liability in the Group's balance sheet. The acquisition creates a preliminary surplus value in the Group, amounting to approximately MSEK 17, before deferred tax. The surplus value has been allocated to customer relations (MSEK 6) and goodwill (MSEK 11). The goodwill is, in large part, attributable to staff competence and advantages of integration.

Net sales of MSEK 5.6 and net income after tax of MSEK 0.3 from the acquired company have been consolidated in the Lime Group in 2019. Had More Intenz AB been consolidated from 1 January 2019, this would have added net sales and net income of MSEK 8.3 and MSEK 1.1 respectively to the Group.

The acquisition costs amounted to MSEK 0.3 in 2019.

The acquisition analysis is based on finalised valuations of identifiable intangible assets. The exercise price, which has been deferred as a liability, is based on future revenue and can thus not be firmly determined. The acquisition analysis is therefore deemed to be tentative in relation to this liability. According to the acquisition analysis, the purchase price and the acquired net assets amount to:

| **Purchase price** | **MSEK** |
|---|---|
| Cash and cash equivalent | 5 |
| Accrued purchase price | 2 |
| Adjusted accrued purchase price | 3 |
| Deferred liability, exercise price | 9 |
| **Total preliminary purchase price** | **19** |
| | |
| **Assets and liabilities included following the acquisition** | |
| *Intangible non-current assets* | |
| Customer relations | 6 |
| Goodwill | 11 |
| Deferred tax liabilities | -1 |
| Trade receivables and other receivables | 2 |
| Cash and cash equivalent | 5 |
| Trade payables and other liabilities | -4 |
| **Total identifiable net assets** | **19** |
| **Acquired net assets** | **19** |

### janjoo AB

On 1 July 2019, Lime acquired 30% of the share capital and the voting rights in janjoo AB. janjoo AB develops and sells e-services, including document management and case management portals, which simplify and streamline communications between energy and real estate companies and their customers. The purchase price amounted to MSEK 3 and was financed by cash and through bank loans.

Lime has significant influence, but not control, in janjoo, meaning it is classified as an associated company. On the balance sheet date, the acquired company is reported as shares in associated companies in accordance with the equity method, from the date the acquisition was completed, and significant influence was gained. The carrying value amounted to MSEK 3 as per the acquisition date.

The owners of janjoo have issued options entitling Lime to acquire the remaining 70 percent of the shares no later than 31 December 2021. In the event the options are exercised, the purchase price for half of the shares, i.e. 35%, will be MSEK 7 and for the other half of the shares, i.e. 35%, the purchase price depends on janjoo's recurring revenue, however no less than MSEK 7 and no more than MSEK 12.25.

janjoo AB has shown strong progress, which strengthens our confidence that their products will boost our offerings to both new and existing customers. Therefore, Lime has exercised the option to acquire an additional 35% of the shares. The acquisition was completed on 13 January 2020.

After the end of the financial year, from the date the acquisition was completed, and control was gained – on 13 January 2020 – the acquired company is consolidated fully into the Lime Group's income statement and balance sheet. The company was reported as shares in associated companies up till January 13, 2020. The pricing and terms for the remaining 35% option is such that Lime believes this option is highly likely to be exercised when due, hence an estimated exercise price has been reported as a liability in the Group as of January 13, 2020.

The acquisition generates a goodwill value before deferred taxes of MSEK 24 for the Group. The goodwill value is entirely allocated to software.

Acquisition costs in 2019 amounted to MSEK 0.2.

The acquisition analysis is based on final assessments of identifiable intangible assets. The exercise price, which has been reported as a liability, is based on future annual recurring revenue and can thus not be firmly determined. The acquisition analysis is therefore deemed to be tentative in relation to this liability. Following the analysis, the acquisition price and acquired net assets amount to:

| **Purchase price** | **MSEK** |
|---|---|
| Cash and cash equivalent, 30% | 3 |
| Cash and cash equivalent, 35% | 7 |
| Effect on profit | 0 |
| Deferred liability, exercise price | 9 |
| **Total preliminary purchase price** | **20** |
| | |
| **Assets and liabilities included following the acquisition** | |
| *Intangible non-current assets* | |
| Software | 25 |
| Deferred tax liability | -5 |
| Trade receivables and other receivables | 1 |
| Cash and cash equivalent | 2 |
| Non-current debt | -0 |
| Trade payables and other liabilities | -2 |
| **Total identifiable net assets** | **20** |
| **Acquired net assets** | **20** |

## 28. Pledged collaterals and contingent liabilities

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| Pledged collaterals | **2019** | **2018** | **2019** | **2018** |
| Shares in subsidiaries | 28 269 | 20 124 | 133 360 | 133 360 |
| Financially leased vehicles | 2 570 | 3 178 | 0 | 0 |
| | **30 839** | **23 302** | **133 360** | **133 360** |

## 29. Related parties

Related parties refer to:

- Companies which, directly or indirectly, through one or more intermediaries, exercise a controlling influence over Lime.
- Individuals and individuals' close family members, who hold, directly or indirectly, such a proportion of the votes in Lime, that they have significant influence on the company.

The Lime Group has no transactions with related parties, as defined in IAS 24 disclosure of related parties (see above), to report in addition to those specified in note 8.

Transactions between companies within the Group are at arm's length.

In 2019, the Parent company has invoiced Group companies MSEK 7.1 (6.2) for services performed. Interest between Group companies is reported under note 9.

## 30. Events after the reporting period

janjoo AB has shown strong progress, which strengthens our confidence that their products will boost our offerings to both new and existing customers. Therefore, Lime has exercised the option to acquire an additional 35% of the shares. The acquisition was completed on 13 January 2020. For more information, see note 27.

The widespread crisis that has arisen due to the global spread of COVID-19 is expected to have impact on economic trends and developments. It is too early to estimate how big these impacts will be.

## 31. Cash flow from current operations

| | The Group | | The Parent Company | |
|---|---|---|---|---|
| | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 | Jan 1 - Dec 31, 2019 | Jan 1 - Dec 31, 2018 |
| Net income before financial items for the period | 52 053 | 31 827 | -1 480 | -5 485 |
| Adjusted for: | | | | |
| - depreciation on tangible non-current assets | 9 981 | 828 | - | - |
| - depreciation on intangible non-current assets | 21 625 | 18 036 | - | - |
| - other non-cash items | 168 | -163 | - | - |
| | | | | |
| Change in working capital | | | | |
| - acquisition of subsidiaries | -677 | -3510 | - | - |
| - trade receivables and other receivables | -2 244 | -9 483 | 219 | -2480 |
| - trade payables and other payables | 8 388 | 10 926 | -682 | 4 012 |
| **Cash flow from operations** | **89 294** | **48 461** | **-1 943** | **-3 953** |

Amounts for the comparison period have been restated to be consistent with the 2019 annual report.

## 32. Cash flow from financing activities

Below is a reconciliation of opening and closing balances of liabilities the cash flow of which is included in financing activities.

### The Group

| | Jan 1, 2019 | Cash flow items | Non-cash flow items: Interest | Non-cash flow items: Currency | Non-cash flow items: New leases | Dec 31, 2019 |
|---|---|---|---|---|---|---|
| Current bank loans | 26 000 | 2 240 | | | | 28 240 |
| Non-current bank loans | 78 000 | -21 383 | | | | 56 617 |
| Financial leases | 3 113 | -10 176 | -327 | | 26 070 | 18 680 |
| **Total** | **107 113** | **-29 319** | **-327** | **0** | **26 070** | **103 537** |
| Adjustment leases | | 469 | | | -469 | 0 |
| **Total cash flow analysis** | **107 113** | **-28 850** | **-327** | **0** | **25 601** | **103 537** |
| Cash and cash equivalent | 21 152 | 9 873 | | 317 | | 31 342 |
| **Total** | **21 152** | **9 873** | **0** | **317** | **0** | **31 342** |

| | Jan 1, 2018 | Cash flow items | Non-cash flow items: Interest | Non-cash flow items: Currency | Non-cash flow items: New leases | Dec 31, 2018 |
|---|---|---|---|---|---|---|
| Current bank loans | 21 143 | 4 857 | | | | 26 000 |
| Non-current bank loans | 29 786 | 48 214 | | | | 78 000 |
| Financial leases | 3 068 | -919 | -65 | | 1 029 | 3 113 |
| **Total** | **53 997** | **52 152** | **-65** | **0** | **1 029** | **107 113** |
| Adjustment leases | | 1 029 | | | -1 029 | 0 |
| **Total cash flow analysis** | **53 997** | **53 181** | **-65** | **0** | **0** | **107 113** |
| Cash and cash equivalent | 24 249 | -3 498 | | 401 | | 21 152 |
| **Total** | **24 249** | **-3 498** | **0** | **401** | **0** | **21 152** |

## The Parent Company

| | Jan 1, 2019 | Cash flow items | Dec 31, 2019 |
|---|---|---|---|
| Current bank loans | 26 000 | 2 240 | 28 240 |
| Non-current bank loans | 78 000 | -21 383 | 56 617 |
| Interest-bearing liabilities group companies | 0 | 0 | 0 |
| **Total** | **104 000** | **-19 143** | **84 857** |
| **Total cash flow analysis** | **104 000** | **-19 143** | **84 857** |
| Cash and cash equivalent | 997 | -215 | 782 |
| **Total** | **997** | **-215** | **782** |

| | Jan 1, 2018 | Cash flow items | Dec 31, 2018 |
|---|---|---|---|
| Current bank loans | 14 000 | 12 000 | 26 000 |
| Non-current bank loans | 28 000 | 50 000 | 78 000 |
| Interest-bearing liabilities group companies | 2 511 | -2 511 | 0 |
| **Total** | **44 511** | **59 489** | **104 000** |
| **Total cash flow analysis** | **44 511** | **59 489** | **104 000** |
| Cash and cash equivalent | 127 | 870 | 997 |
| **Total** | **127** | **870** | **997** |

## 33. Definition of performance measures

The Group's key ratios are presented below. Some of these are defined in accordance with IFRS. Alternative performance measures (APM) have been identified that are believed to enhance investors' and Group management's evaluation of the company's performance as well as relevant trends. The APMs presented in this report may differ from similarly titled measures used by other companies. The APMs should therefore be seen as a supplement to the key ratios defined by IFRS.

### Annual recurring revenue

The recurring revenue, in the last month of the quarter, recalculated to a 12-month period. The measure indicates the value of recurring revenue during the coming 12 months based on revenue from existing customers at the end of the period. The measure is also important for industry comparisons.

### Number of shares outstanding

The number of registered shares less any repurchased shares at the balance sheet date. The measure is mainly used for calculation of key ratios, see below. The Group did not own any of its own shares during any of the reporting periods. The key ratios have, when applicable, been restated based on the share split (1:250) in October 2018.

### EBITA

Operating income before depreciation of acquired intangible non-current assets. The purpose is to assess the Group's operational activities. EBITA is a supplement to operating income as it is an indication of cash flow from operations.

### EBITDA

Operating income before depreciation on tangible and intangible non-current assets. The purpose is to assess the Group's operational activities. EBITDA is a supplement to operating income.

### Financial assets

Non-current and current financial assets, and cash and cash equivalent. The financial assets measure is used for the application of IFRS 9. The measure is used to calculate net liabilities.

### Adjusted EBIT

Operating income according to the income statement before one-off items. The measure is a supplement to operating income adjusted for one-off items affecting comparison. The purpose is to show the operating income excluding items that affect comparison with other periods.

### Adjusted EBITA

Adjusted EBITA shows EBITA adjusted for one-off items affecting comparison. The purpose is to show EBITA excluding items that affect comparison with other periods.

### Adjusted EBITDA

Adjusted EBITDA shows EBITDA adjusted for one-off items affecting comparison. The purpose is to show EBITDA excluding items that affect comparison with other periods.

### One-off items affecting comparison

Refers to items that are reported separately as they are of significant nature and affect comparison and are considered foreign ordinary core operations. Examples are acquisition-related expenses, expenses relating to public listing of shares or restructuring costs.

### Growth in net sales

The measure shows %-growth in net sales compared to the same period during previous year. The measure is a key ratio for a company within a growth industry.

### Net liabilities

Interest-bearing non-current and current liabilities less financial assets. The purpose is to show the group's real level of debt.

### Average number of employees

The average number of employees means the number of employees during the last 12-month period in relation to normal yearly working hours. The measure indicates how well one of the group's key processes – recruitment and development of staff – develops over time.

### Organic growth in net sales

The measure shows growth in net sales adjusted for acquisitions during the last 12 months. Acquired businesses are included in organic growth once they have been part of the Lime Group for four quarters. The measure is used to analyse underlying net sales growth.

### Recurring revenue

Revenue of annual recurring nature is made up of support and maintenance revenues and subscription revenues.

### Earnings per share

Defined in accordance with IFRS.

### Earnings per share, diluted

Defined in accordance with IFRS.

## Operating margin, EBIT (%)

Operating income in relation to net sales. The measure is an indicator to readers of financial reports of a company's earning ability in relation to its net sales.

## Operating income, EBIT

Operating income according to the income statement.

The consolidated income statement and balance sheet will be presented for adoption at the annual general meeting on June 29, 2020.

The board of directors declares that the consolidated financial statements have been prepared in accordance with international financial reporting standards (IFRS), as adopted by the EU, and provide a fair view of the consolidated financial position and results of operations. The annual report has been prepared in accordance with generally accepted accounting principles and provides a fair view of the parent company's financial position and results of operations.

The directors' report for the group and the parent company provides a fair view of the development of the group's and the parent company's operations, financial position and results of operations, and describes material risks and uncertainties facing the parent company and the companies included in the group.

Stockholm, Sweden, March 26, 2020

Peter Larsson
Chairman of the board

Anders Fransson
Board member

Marlene Forsell
Board member

Anders Nilsson
Board member

Malin Ruijsenaars
Board member

Erik Syrén
CEO

Martin Henricson
Board member

Our audit report is submitted on March 26, 2020

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorised Public Accountant

# Auditor's report

## Auditor's Report

To the general meeting of the shareholders of Lime Technologies AB (publ), corporate identity number 556953-2616

### Report on the annual accounts and the consolidated financial statements

*Opinions*

We have audited the annual accounts and the consolidated financial statements of Lime Technologies AB (publ) for 2019. The annual accounts and consolidated accounts of the Company are included on pages 51-113 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

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

*Basis of Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The auditors' responsibility according to these standards is described in detail in the section Auditor's Responsibility. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden, and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

*Our audit approach*

***Emphasis and scope of the audit***

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Based on this, we have established which entities are considered significant, as well as what audit work should be performed in these entities. The Lime Group consists of seven companies, of which three Nordic companies and the rest in Sweden. Those entities in the Group not considered to be significant, have been audited by the Group team by way of an overall analysis and data analytics.

***Materiality***

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## *Key Audit Matters*

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

| ***Key audit matter*** | ***How our audit addressed the Key audit matter*** |
|---|---|
| *Correctness and allocation of revenue*<br>Revenue in Lime Technologies AB (publ) mainly comprises sales of licenses, subscription revenue and consultant revenue. It is of great importance that there are efficient processes and guidelines in place for a correct recognition of revenue in the right period.<br><br>Revenue recognition includes a number of critical estimates and assessments, mainly related to the fact the Company's license revenue is complex as regards allocation and correctness of the delivery and completing of the services, which is essential for the time of the revenue recognition.<br><br>The Groups policy of revenue recognition is described in Note 2.19 and revenue allocation within the various revenue streams is presented in Note 6. | Our audit includes, but is not limited to, the following audit procedures:<br>• audit of the Group's policies for revenue recognition in order to verify compliance with IFRS,<br>• evaluation and test of controls for IT systems and processes that support the revenue recognition,<br>• data analytics of the Company's revenue transactions<br>• analysis of revenue broken down into service and product offerings, geographical markets and accounting periods,<br>• review of revenue being classified in the correct revenue stream,<br>• samples made regarding the correct and timely recognition of revenue, and<br>• evaluation of effects and information submitted regarding IFRS 15. |
| *Measurement of goodwill and intangible assets with indefinite useful lives*<br>The Group's intangible assets with indefinite useful lives consist of goodwill and brand. The goodwill item amounts to SEK 69.8 million, and brand amounts to SEK 33.5 million, which, in total, comprise a significant part of the Groups assets.<br><br>Company management tests, annually, carrying amounts of goodwill and brand, in order to perform an impairment test. These assessment for impairment are complex and require that management makes estimates and assessments in order to establish, for example, the Group's cash generating units, as well as assumptions regarding future growth, profit margins, working capital requirements and discount rates. | Our audit includes, but is not limited to, the following audit procedures:<br>• evaluation of the Group's procedures to prepare impairment tests in accordance with IFRS,<br>• evaluation of significant assumptions made by the Company management for impairment tests of cash generating units, as well as the evaluation of the senility of these significant assumptions,<br>• audit of the models applied for present value computations of future cash flows as regards their mathematical correctness, and<br>• audit of information submitted, mainly regarding the assumptions for which the results of the impairment test are most sensitive. |

The Group's policies for impirment tests are described in Notes 5.1 and 14. Therein, are described significant assumptions used by the Company management applied in the preparation of the Group's impairment test.

*Other information than the annual accounts and consolidated accounts*

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-29, 43-50 and 119-127. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information, and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, 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 the Board of Directors and the Chief Executive Officer*

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

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

## *Auditors' responsibility*

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

As a part of our audit according to ISA, we undertake professional judgments and have a professionally skeptical approach during the entire audit. In addition, we execute the following activities:

we identify and assess the risk of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, design and execute audit measures based, amongst other things, on these risks and obtain audit evidence which is sufficient and appropriate to comprise the basis of our opinion. The risk for failing to identify material misstatements arising due to fraud is greater as regards a material misstatement due to error, as fraud can include engagement in collusion, forgery, intentional omission, incorrect information or disregard of internal control;

we obtain an understanding of that portion of the Foundation's internal control having significance to my audit to design audit measures which are appropriate with regard to the circumstances but we do not express an opinion on the effectiveness of the internal control;

we evaluate the appropriateness of the accounting policies applied and the reasonability of the Board of Director's estimations in the accounts and associated disclosures;

we test the appropriateness of the Board and Director's application of the assumption of going concern in preparing the annual accounts and the consolidated accounts. We also test, based on the audit evidence obtained, whether there are significant factors of uncertainty referring to such events or circumstances that can lead to significant doubt as to the Company's capacity to continue its operations. Should we come to the conclusion that there are significant factors of uncertainty, we are required to provide a statement in the Auditor's Report, noting that the disclosures in the annual accounts and the consolidated financial statements involve factors of uncertainty, provided that such information is insufficient, modifying my opinion regarding the annual accounts and the consolidated financial statements. Our conclusions are based on the auditor's evidence obtained up until the date of the Auditor's Report. However, future events or circumstances can imply that a company can no longer continue its operations.

we evaluate the overall presentation, structure and content of the annual accounts and the consolidated financial statements, including the disclosures, and if the annual and consolidated accounts and the consolidated financial statements reflect the underlying transactions and events in a manner providing a true and fair view.

we obtain adequate and appropriate audit evidence about the financial information of the entities or business activities in the Group in order to express an opinion regarding the consolidated financial statements. We are responsible for the management, monitoring and performing of the Group audit. We are solely responsible for our opinions.

We are required to inform the Board of Directors of, amongst other things, the planned scope of the audit and its focus, and the time schedule for the audit. We are also required to inform on any significant observations made during the audit, including identified significant deficiencies in the internal control.

Furthermore, we are obliged to provide the Board of Directors with a statement confirming that we have complied with relevant professional requirement regarding independence, and present all relations and other circumstances that might impact our independence and, if necessary, attributable counter-measures.

Of the areas communicated by the Board, we establish which have been the most significant for the audit of the annual accounts and the consolidated accounts, including the risks assessed to be the most significant as regards material misstatements which, therefore, comprise the key audit matters. Unless laws and other regulations prevent us from disclosure of the matter, these disclosures will be included in our Auditors' Report.

## Report on other legal and regulatory requirements

### *Opinions*

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lime Technologies AB (publ) for the year 2019 and the proposed appropriations of the Company's profit or loss.

We recommend that the meeting of the General Meeting allocate the profit in accordance with the proposal in the Administration Report and grant the members of the Board and the Managing Director discharge from liability for the financial year.

### *Basis of Opinions*

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

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

### *Responsibilities of the Board of Directors and the Chief Executive Officer*

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

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

### *Auditors' responsibility*

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

has undertaken any action or been guilty of any omission which can give rise to liability to the Company;

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

Our goal with the audit of the proposal of allocation of the Company's profit or loss, and therefore our opinion thereof is to, with reasonable assurance assess whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect acts and omissions which can give rise to liability to the Company, or that the proposed allocation of earnings or loss is not in accordance with the Companies Act.

As a part of our audit according to ISA, we undertake professional judgments and have a professionally skeptical approach during the entire audit. The examination of the administration is based primarily on the audit of the accounts. Additional audit procedures performed are based on my professional judgement with the starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion of discharge from liability. As a basis for our opinion of the Board's proposed allocation of earnings, we have reviewed whether the proposal is in accordance with the Companies' Act.

Öhrlings PricewaterhouseCoopers AB was appointed auditor Lime Technologies AB (publ)by the general meeting of the shareholders on the 29 April 2019 and has been the company's auditor since the 1 June 2015.

Stockholm, 26 March 2020

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorised Public Accountant

# Multi-year overview

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Net sales (MSEK) | 289,7 | 244,3 | 203,9 | 160,4 | 144,8 |
| Net sales growth (%) | 19% | 20% | 27% | 11% | 14% |
| Organic net sales growth (%) | 16% | 16% | 15% | 11% | 14% |
| Recurring revenue (MSEK) | 167,2 | 138,5 | 110,2 | 73,7 | 54,0 |
| Annual recurring revenue (MSEK) | 180,6 | 151,7 | 125,9 | 84,1 | 62,4 |
| EBITA (MSEK) | 65,9 | 44,7 | 43,3 | 35,9 | 37,7 |
| EBITA (%) | 23% | 18% | 21% | 22% | 26% |
| EBITDA (MSEK) | 83,7 | 50,7 | 47,4 | 38,7 | 39,0 |
| EBITDA (%) | 29% | 21% | 23% | 24% | 27% |
| Operating income, EBIT (MSEK) | 52,1 | 31,8 | 33,0 | 31,2 | 32,9 |
| Operating income, EBIT (%) | 18% | 13% | 16% | 19% | 23% |
| One-off items that distort comparisons (MSEK) | -0,9 | -9,6 | -2,0 | 0,0 | -0,3 |
| Adjusted EBITA (MSEK) | 66,8 | 54,3 | 45,3 | 35,9 | 38,0 |
| Adjusted EBITA (%) | 23% | 22% | 22% | 22% | 26% |
| Adjusted EBITDA (MSEK) | 84,6 | 60,2 | 49,4 | 38,7 | 39,3 |
| Adjusted EBITDA (%) | 29% | 25% | 24% | 24% | 27% |
| Adjusted EBIT (MSEK) | 53,0 | 41,4 | 35,0 | 31,2 | 33,3 |
| Adjusted EBIT (%) | 18% | 17% | 17% | 19% | 23% |
| Earnings per share, basic (SEK)*) | 2,94 | 1,94 | 1,90 | 1,84 | 1,97 |
| Earnings per share, diluted (SEK)*) | 2,94 | 1,83 | 1,80 | 1,74 | 1,87 |
| Net debt (MSEK) | 80,3 | 85,4 | 29,2 | 25,3 | -2,7 |
| Number of employees (average) | 223 | 195 | 185 | 156 | 124 |
| Net sales per employee (MSEK) | 1,3 | 1,3 | 1,1 | 1,0 | 1,2 |
| Cash flow from current operations (MSEK) | 74,2 | 38,7 | 39,7 | 34,1 | 30,1 |

**) recalculated to the number of shares following the 1:250 share split in October 2018.*

# Multi-year overview, key ratio definitions

*The Group's key ratios are presented below. Some of these are defined in accordance with IFRS. Alternative performance measures (APM) have been identified that are believed to enhance investors' and Group management's evaluation of the company's performance as well as relevant trends. The APMs presented in this report may differ from similarly titled measures used by other companies. The APMs should therefore be seen as a supplement to the key ratios defined by IFRS.*

## Annual recurring revenue

The recurring revenue, in the last month of the quarter, recalculated to a 12-month period. The measure indicates the value of recurring revenue during the coming 12 months based on revenue from existing customers at the end of the period. The measure is also important for industry comparisons

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Recurring revenue | 167 185 | 138 460 | 110 245 | 73 728 | 53 962 |
| **ARR** | **180 564** | **151 695** | **125 908** | **84 059** | **62 392** |

## Number of shares outstanding

The number of registered shares less any repurchased shares at the balance sheet date. The measure is mainly used for calculation of key ratios, see below. The Group did not own any of its own shares during any of the reporting periods. The key ratios have, when applicable, been restated based on the share split (1:250) in October 2018.

## EBITA

Operating income before depreciation of acquired intangible non-current assets. The purpose is to assess the Group's operational activities. EBITA is a supplement to operating income as it is an indication of cash flow from operations.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Operating income | 52 053 | 31 827 | 33 023 | 31 187 | 32 931 |
| Depreciation on acquired intangible non-current assets | 13 838 | 12 903 | 10 318 | 4 733 | 4 733 |
| **EBITA** | **65 891** | **44 730** | **43 341** | **35 920** | **37 664** |
| Net sales | 289 696 | 244 307 | 203 900 | 160 416 | 144 770 |
| **EBITA (%)** | **23%** | **18%** | **21%** | **22%** | **26%** |

## EBITDA

Operating income before depreciation on tangible and intangible non-current assets. The purpose is to assess the Group's operational activities. EBITDA is a supplement to operating income.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Operating income | 52 053 | 31 827 | 33 023 | 31 187 | 32 931 |
| Depreciation | 31 606 | 18 865 | 14 394 | 7 530 | 6 025 |
| **EBITDA** | **83 659** | **50 692** | **47 417** | **38 717** | **38 956** |
| Net sales | 289 696 | 244 307 | 203 900 | 160 416 | 144 770 |
| **EBITDA (%)** | **29%** | **21%** | **23%** | **24%** | **27%** |

## Financial assets

Non-current and current financial assets, and cash and cash equivalent. The financial assets measure is used for the application of IFRS 9. The measure is used to calculate net liabilities.

| TSEK | Dec 31, 2019 | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|---|---|---|
| Other financial non-current assets | 537 | 538 | 514 | 512 | 351 |
| Cash and cash equivalent | 31 342 | 21 152 | 24 249 | 29 700 | 26 973 |
| **Financial assets** | **31 879** | **21 690** | **24 763** | **30 212** | **27 324** |

## Ajusted EBIT

Operating income according to the income statement before one-off items. The measure is a supplement to operating income adjusted for one-off items affecting comparison. The purpose is to show the operating income excluding items that affect comparison with other periods.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| EBIT | 52 053 | 31 827 | 33 023 | 31 187 | 32 931 |
| One-off items that distort comparisons | 918 | 9 553 | 1 993 | 0 | 323 |
| **Adjusted EBIT** | **52 971** | **41 380** | **35 016** | **31 187** | **33 254** |
| Net sales | 289 696 | 244 307 | 203 900 | 160 416 | 144 770 |
| **Adjusted EBIT (%)** | **18%** | **17%** | **17%** | **19%** | **23%** |

## Ajusted EBITA

Adjusted EBITA shows EBITA adjusted for one-off items affecting comparison. The purpose is to show EBITA excluding items that affect comparison with other periods.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| EBITA | 65 891 | 44 730 | 43 341 | 35 920 | 37 664 |
| One-off items that distort comparisons | 918 | 9 553 | 1 993 | 0 | 323 |
| **Adjusted EBITA** | **66 809** | **54 283** | **45 334** | **35 920** | **37 987** |
| Net sales | 289 696 | 244 307 | 203 900 | 160 416 | 144 770 |
| **Adjusted EBITA (%)** | **23%** | **22%** | **22%** | **22%** | **26%** |

## Ajusted EBITDA

Adjusted EBITDA shows EBITDA adjusted for one-off items affecting comparison. The purpose is to show EBITDA excluding items that affect comparison with other periods.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| EBITDA | 83 659 | 50 692 | 47 417 | 38 717 | 38 956 |
| One-off items that distort comparison | 918 | 9 553 | 1 993 | 0 | 323 |
| **Adjusted EBITDA** | **84 577** | **60 245** | **49 410** | **38 717** | **39 279** |
| Net sales | 289 696 | 244 307 | 203 900 | 160 416 | 144 770 |
| **Adjusted EBITDA (%)** | **29%** | **25%** | **24%** | **24%** | **27%** |

## One-off items affecting comparison

Refers to items that are reported separately as they are of a significant nature and affect comparison and are considered foreign to the Group's ordinary core operations. Examples are acquisition-related expenses, expenses relating to public listing of shares, and restructuring costs.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Expenses related to public listing of the company's shares | -293 | -9 388 | 0 | 0 | 0 |
| Acquisition related expenses | -625 | -165 | -1 993 | 0 | -323 |
| **One-off items that distort comparisons** | **-918** | **-9 553** | **-1 993** | **0** | **-323** |

## Cash flow from current operations per share

Cash flow from current operations divided by the average number of shares outstanding. Allows readers of financial reports to compare cash flow from current operations per share. The number of shares has been restated following the 1:250 share split in October 2018.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Cash flow from current operations | 74 168 | 38 748 | 39 694 | 34 083 | 30 087 |
| Number of shares (thousands) | 13 283 | 12 500 | 12 500 | 12 500 | 12 500 |
| **Cash flow from current operations per share (SEK)** | **5,58** | **3,10** | **3,18** | **2,73** | **2,41** |

## Growth in net sales

The measure shows %-growth in net sales compared to the same period during previous year. The measure is a key ratio for a company within a growth industry.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Net sales, the period | 289 696 | 244 307 | 203 900 | 160 416 | 144 770 |
| Net sales, same period previous period | 244 307 | 203 900 | 160 416 | 144 770 | 126 846 |
| **Growth in net sales** | **19%** | **20%** | **27%** | **11%** | **14%** |

## Net liabilities

Interest-bearing non-current and current liabilities less financial assets. The purpose is to show the real level of debt.

| TSEK | Dec 31, 2019 | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2016 | Dec 31, 2015 |
|---|---|---|---|---|---|
| Interest-bearing non-current liabilities | 56 617 | 78 000 | 29 786 | 38 500 | 6 775 |
| Non-current leasing liabilities | 9 232 | 1 815 | 950 | 1 681 | 1 871 |
| Other non-current liabilities | 8 642 | 0 | 0 | 0 | 0 |
| Interest-bearing current liabilities | 28 240 | 26 000 | 21 143 | 14 000 | 15 000 |
| Short-term lease liabilities | 9 448 | 1 298 | 2 118 | 1 342 | 997 |
| Financial assets | -31 879 | -21 690 | -24 763 | -30 212 | -27 324 |
| **Net liabilities** | **80 300** | **85 423** | **29 234** | **25 311** | **-2 681** |

## Average number of employees

The average number of employees means the number of employees during the last 12-month period in relation to normal yearly working hours. The measure indicates how well one of the Group's key processes – recruitment and development of staff develops over time.

## Net sales per employee

Shows trailing 12-month net sales in relation to average number of employees during the last 12 months. The measure is a key ratio for industry comparisons.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Net sales, RTM | 289 696 | 244 307 | 203 900 | 160 416 | 144 770 |
| Number of employees, RTM | 223 | 195 | 185 | 156 | 124 |
| **Net sales per employee** | **1 299** | **1 253** | **1 102** | **1 028** | **1 168** |

## Organic growth in net sales

The measure shows growth in net sales adjusted for acquisitions during the last 12 months. Acquired businesses are included in organic growth once they have been part of the Lime Group for four quarters. The measure is used to analyse underlying net sales growth.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Net sales, the period | 289 696 | 244 307 | 203 900 | 160 416 | 144 770 |
| Acquired net sales, last 12 months | -7 919 | -9 400 | -18 944 | 0 | 0 |
| **Organic net sales** | **281 777** | **234 907** | **184 956** | **160 416** | **144 770** |
| Organic net sales, same period last year | 234 907 | 184 956 | 160 416 | 144 770 | 126 846 |
| Adjusted for acquired net sales last 24 months | 8 230 | 16 733 | 0 | 0 | 0 |
| **Comparable organic net sales** | **243 137** | **201 689** | **160 416** | **144 770** | **126 846** |
| **Organic net sales growth (%)** | **16%** | **16%** | **15%** | **11%** | **14%** |

## Recurring revenue

Revenue of annual recurring nature is made up of support and maintenance revenues and subscription revenues.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Subscription revenue | 122 620 | 94 192 | 65 574 | 29 770 | 12 132 |
| Support agreements | 44 565 | 44 268 | 44 670 | 43 958 | 41 830 |
| **Recurring revenue** | **167 185** | **138 460** | **110 245** | **73 728** | **53 962** |

## Recurring revenue in relation to operating expenses

Revenues of annual recurring nature in relation to operating expenses. The measure is a key ratio for industry comparisons.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Recurring revenue | 167 185 | 138 460 | 110 245 | 73 728 | 53 962 |
| Operating expenses | -238 219 | -212 972 | -171 477 | -129 617 | -112 043 |
| **Recurring revenue in relation to operating expenses** | **70%** | **65%** | **64%** | **57%** | **48%** |

## Earnings per share

Defined in accordance with IFRS.

## Earnings per share, diluted

Defined in accordance with IFRS.

## Operating margin, EBIT (%)

Operating income in relation to net sales. The measure is an indicator to readers of financial reports of a company's earning ability.

| TSEK | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Operating income | 52 053 | 31 827 | 33 023 | 31 187 | 32 931 |
| Net sales | 289 696 | 244 307 | 203 900 | 160 416 | 144 770 |
| **OPERATING MARGIN** | **18%** | **13%** | **16%** | **19%** | **23%** |

## Operating income, EBIT

Operating income according to the income statement.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|---|---|
| **April 28, 2020** | Interim report (January – March 2020) |
| **June 29, 2020** | Annual general meeting |
| **July 17, 2020** | Interim report (January – June 2020) |
| **October 22, 2020** | Interim report (January – September 2020) |
| **February, 2021** | Year-End report 2020 |

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