



Axiell in the world

ANNUAL REPORT 2020

axiell

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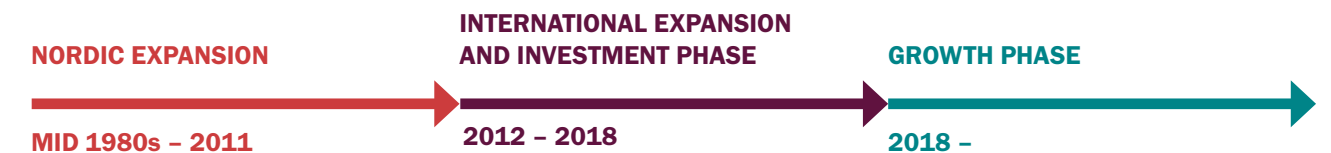
Axiell

Axiell provides software and solutions to libraries, archives, museums, schools, publishers and retailers.

Axiell in brief

Axiell Group is a Swedish company delivering innovative IT solutions for more than 11,300 cultural publishers globally – for libraries, archives, museums, and schools. Our solutions help our community of customers to manage their collections, encourage reading, preserve cultural heritage, improve learning and increase engagement with the public.

The company is divided into three business areas; Public Library & Education, Archives Libraries Museums (ALM) & RVR, and Media. Axiell Group, headquartered in Lund, Sweden, is one of the largest companies in the sectors it operates in – with more than 340 employees and offices in 15 countries.



A group of diverse students and a teacher are gathered around a table, looking at a tablet together. The students are smiling and engaged. The teacher is pointing at the screen. The background is a bright, modern classroom with whiteboards and large windows. There are decorative circular overlays in teal, purple, and white on the image.

VISION & MISSION

To create a world where culture and knowledge are accessible to everyone, everywhere, now and in the future by making a sustainable difference to society by helping create conscious, informed and culturally richer communities.

2020 in brief – High activity throughout the whole group

Axiell Group and its subsidiaries develop, maintain and sell technically advanced and innovative solutions for public and special libraries, schools, publishers, archives, museums and authorities. The Group offers products and services to socially important functions and thus contributes to creating conditions for a society where lifelong learning and reading are central and in constant development.

This year has of course been affected by the Corona pandemic. People have transitioned to digital communication in an attempt to create and maintain effective and humane contacts between employees, customers and partners. Axiell has been able to maintain its operations in a satisfactory manner during the year.

Axiell's organizational structure was further defined during the year, from business areas to business divisions under an overall management team. The business divisions are: Axiell Public Library & Education; Axiell ALM & RVR; Axiell Media. The Group continue to work in geographies and global functions (market, product, development, HR and finance).

During the year, Axiell made three museums, archives and special libraries acquisitions. The Czech software companies Musoft and Moderni Historie, whose focus is on museums and archives, but also

special libraries. The third addition is the software company Culture Connect, based in New York, focusing on digital presentation of museums' collections and engagement with a focus on visitors and consumers. A partner agreement has also been signed with the Sydney based company Piction, a company that provides a DAMS (Digital Asset Management system) that is integrated with Axiell's cultural technological ecosystem.

Axiell has continued to strengthen its position in the library world through the market and product development of Quria® and Welib as well as Arena (Quria Discover). Libraries in five European countries have now purchased Quria and subsequently future-proof software that gives users all the benefits of a cloud-based product.

During the year, the level of activity was high in all parts of the Group, from software development, to

project delivery, customer service, sales and business development. Axiell continued to invest significant resources in new software and establishment in more geographic markets, while Axiell ALM & RVR's and Axiell Media's organic growth rate accelerated.

Axiell Public Library & Education

The Axiell Public Library & Education business division is a comprehensive provider of IT solutions and services for libraries in the Nordic region and Europe with a main focus on public and school libraries. During 2020, the division's net sales was MSEK 221 which is equivalent to 38 percent of the Group's total net sales.

An important focus area during the year was the further development, roll-out and marketing of Axiell Quria®. Quria, a cloud-based Library Services Platform (LSP), meets the needs of other cloud-based Axiell products in an era of rapid digitiza-

tion. During the year, the Norwegian presence was expanded as several municipalities chose Quria and new customers were taken in Germany, Slovakia, Sweden and Switzerland.

Axiell ALM & RVR

The Axiell Archives Libraries Museums (ALM) & RVR business division is the leading provider of global IT solutions for archives and museums globally, for collection management, digital objects and public solutions. Axiell leads the digitalization of the departments' collective knowledge and has technology that generates commitment, accessibility and learning for researchers and visitors. The business division also sells solutions for handling personal data to countries that are or have been part of the commonwealth. The solutions handle registration and/or archive management of life events, such as births and marriages, but also national business registers. During 2020, the division's net sales

were MSEK 185 which is equivalent to 32 percent of the Group's total net sales.

The acquisition of three ALM companies has created and opened up new geographic markets as well as an increased customer offering to meet the need for digital presentation of collections and metadata. Musoft and Moderni Historie in Prague, the Czech Republic and Culture Connect in New York, USA have all been incorporated. The integration work has been evaluated as very successful and has contributed to Axiell's positive development in the global market.

Continued organic growth within Axiell ALM & RVR, both within the existing customer base and through new museums and archives choosing to convert to Axiell's collection management system. The Group continues to gain confidence in the archive sector, where, among other things, the Library of Congress has chosen to collaborate with Axiell for a large multi-year project that aims to manage, preserve and make objects available in film and audiovisual collections.

Axiell Media

The business division Axiell Media builds systems for distributing texts and literature in a digital world, through an efficient digital infrastructure. The Publico platform is a leader in the Nordic region in the

distribution of digital reading, e-books and audio books. Axiell Media is a B2B2C business that focuses on the end customer's reading experience and consumption of streamed media. During 2020, the division's net sales were MSEK 170 which is equivalent to 30 percent of the Group's total net sales.

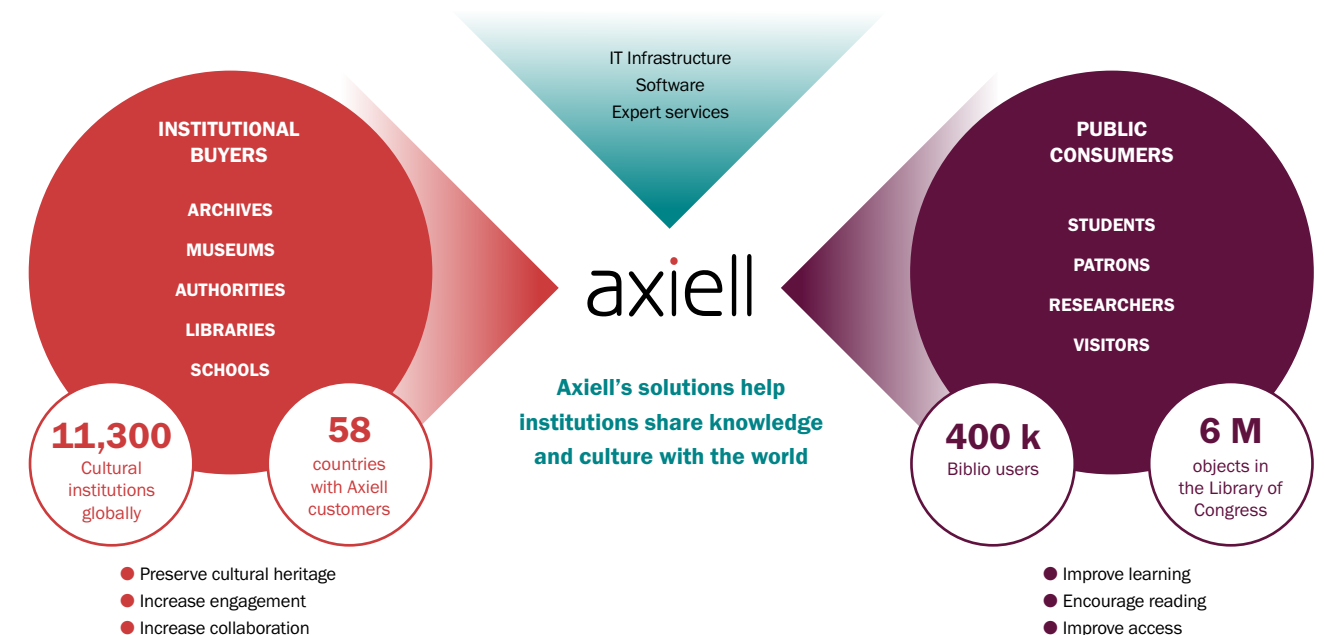
The growth in Axiell Media further accelerated during the year, driven by an underlying growth for streamed e-books and audiobooks, both in the commercial segment and in public libraries. The Biblio app kept growing in number of users and reached 400,000 users during the year. Axiell Media has also established itself in Finland. During the year, Axiell Media increased its investments in development, to ensure a competitive offering of products and services in the markets in which the company is active.

Focus ahead

Axiell is well positioned for profitable growth. Within Axiell Public Library & Education, through the cloud-based products Quria and Welib, there is a clear geographical expansion potential. Within Axiell ALM & RVR, organic growth continues and the opportunities for the largest player to consolidate a highly fragmented market are considered good. Within Axiell Media, the Swedish market for e-books and audiobooks is growing, as is the Finnish market.

What we do

Axiell platform key in managing the core assets of cultural institutions in a digital world is illustrated below. Axiell Group support institutional buyers in the digital transformation and makes culture digitally accessible for the public consumers through the platform.



How we do it



Support and strengthen libraries' new role in society



Make collections available and easier to access for more people worldwide



Contribute to digitizing of schools by providing digital libraries

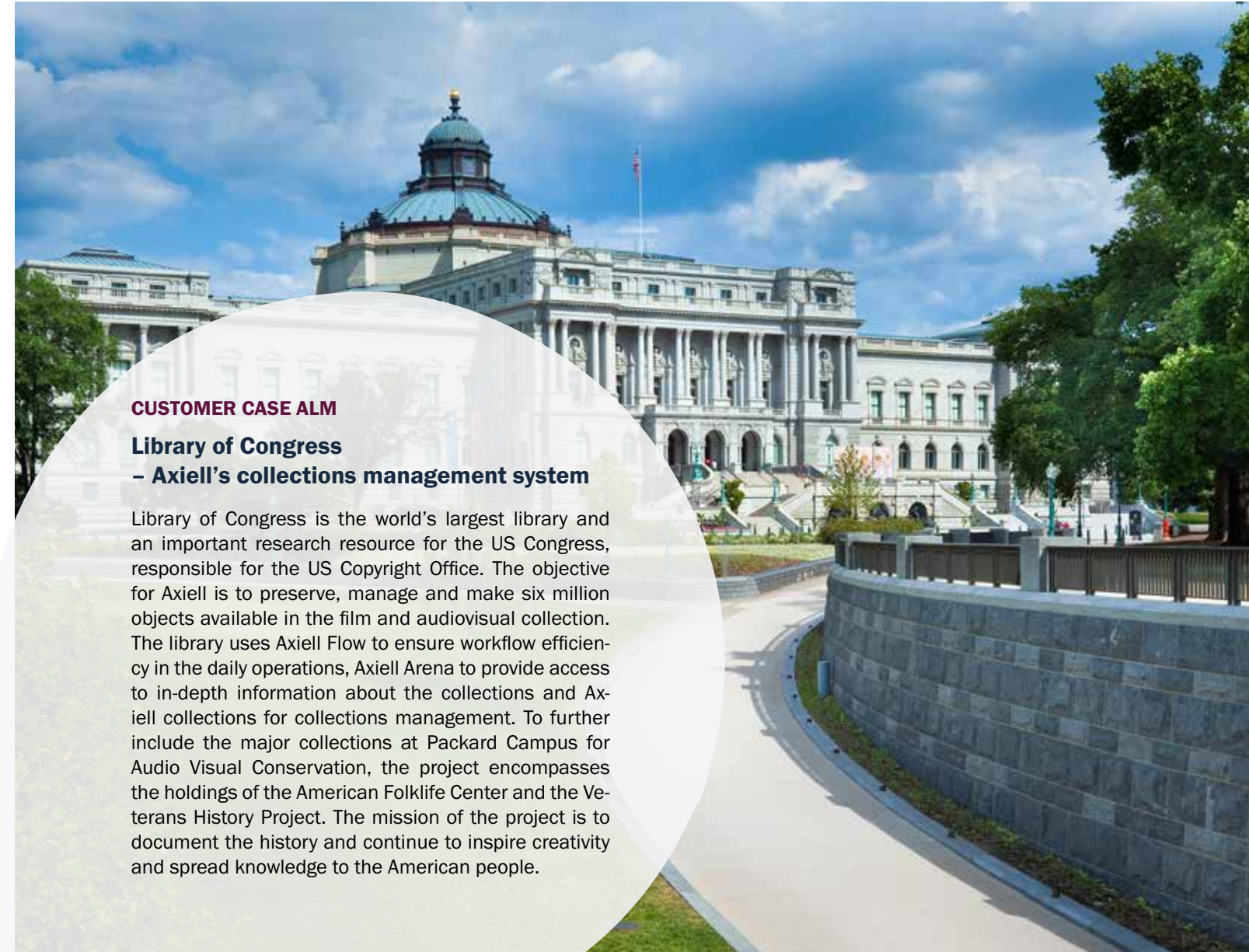


Make the work at institutions easier and more flexible



Provide cost-efficient and easy to use software

Who we do it for



CUSTOMER CASE ALM

Library of Congress – Axiell's collections management system

Library of Congress is the world's largest library and an important research resource for the US Congress, responsible for the US Copyright Office. The objective for Axiell is to preserve, manage and make six million objects available in the film and audiovisual collection. The library uses Axiell Flow to ensure workflow efficiency in the daily operations, Axiell Arena to provide access to in-depth information about the collections and Axiell collections for collections management. To further include the major collections at Packard Campus for Audio Visual Conservation, the project encompasses the holdings of the American Folklife Center and the Veterans History Project. The mission of the project is to document the history and continue to inspire creativity and spread knowledge to the American people.



A unified Axiell

2020 was of course a special, yet a good year for Axiell. The investments that we have made the past few years, in products and a more global footprint, have created a well-functioning ecosystem and a solid infrastructure with clear synergies. It now benefits all our business areas, and more importantly, all our customers. This is especially clear in our key markets. We are in great shape for the accelerated trend of digitalization that the pandemic has brought.

Joel Sommerfeldt, CEO

We look back on an intense year. For the parts of our business which serves customers that, to a large extent, depend on physical visitors, the pandemic became a real gamechanger. Libraries and museums had to close down all over the world. However, people's appetite for cultural experience and knowledge instead moved online, with all time high on our customers digital services. Market data now shows increasing ambitions among our customers to further invest in digitalization and customer facing digital channels.

Investment cycles and budgets are stable and do not change over night for public institutions. However, the digital trend is here to stay and this is good news for Axiell. Our vision is to create a world where culture and knowledge are accessible to everyone, everywhere - now and in the future. With an offering of innovative and smart cloud software and tools to more than 11,000 public institutions world-wide, we are an important enabler to help our customers on this transforming journey.

Group net sales increased with 2,7 percent to MSEK 577 in 2020, of which 47 percent is defined as recurring revenue. Our EBITDA-margin increased to 14,8 percent.

Our three business divisions strengthened their positions and made progress during the year. Net sales in the division Axiell Public Library & Education business division decreased with 6,4 percent, as an effect of the pandemic and a product generation shift. However, we were very satisfied that the roll-out of Axiell Quria, a cloud-based Library Services Platform (LSP), continued with new customer wins in Norway, Germany, Switzerland, Slovakia and Sweden.

The Axiell Archives Libraries Museums (ALM) & RVR business division sales increased by 11,4 percent. We made three exciting acquisitions which both opened new

geographies for us and strengthened our software offering, creating true end-to-end solutions. Another highlight of the year was the contract win of Library of Congress in the US – the world's largest library and Axiell's largest customer so far.

In Axiell Media, our more Nordic focused division, growth amounted to 6,8 percent. This was driven by an underlying growth for e-books and streamed audiobooks, both in the commercial segment and in public libraries. The Biblio app continued to grow number of users and reached over 400,000 users during the year in Sweden and Finland. In this market we see continued rapid growth, but also increased competition.

When summarizing 2020, the most important milestone achieved was the accomplishment of our employees and our organization. We have fought through this hard time - together, yet apart, working from home. We have weathered the storm, and hopefully we are just months away from a more normal working life. We long for the physical meetings with customers and with each other, as it fuels innovation – and innovation is key for Axiell. I am proud, grateful and thankful for everyone's efforts and hard work.

In the first half of 2021, our business climate has gradually improved. We still see some post-covid effects with cautious attitude among some customers. On the other hand, we see a large activity in upcoming public tenders in many key markets. The accelerated digitalization gives Axiell long-term tailwind, and we are prepared with an even stronger toolbox and company infrastructure, ready to capture the waves of opportunities in the years to come. Moreover, we will continue to optimize and unify both organization and offering to further improve profitability.

Strategy

ORGANIC GROWTH

- Accelerate expansion leveraging on major investments
- Increased sales from existing customers and geographical markets
- Cross-selling between business segments and geographical markets

ACQUISITION

- Existing and new markets through acquisitions of customer bases
- Existing and new markets through acquisitions of software and services
- Consolidation in Public Library & Education and ALM segments

PROFITABILITY (SCALE, FOCUS, SAAS)

- Profitability (Scale, focus, SaaS)
- Leverage on new streamlined operating model
- Increase global coordination and resource allocation
- Continue to focus on cloud based product portfolio and SaaS model
- MSEK 250 in product and scale investments

LEADERSHIP AND COMPETENCE DEVELOPMENT

- Tools and support to lead, motivate and make individuals and the organization grow
- Support competence culture and ensure strong employer brand

Sustainability

Axiell's sustainability work within its internal procedures and the framework of the solutions and processes that directly impact customer activities constitutes an important area of focus for all employees at the company. This work, which has been strongly influenced by the platform provided by ISO 14001, also has a natural connection to the current policy for quality-related measures. Together, these sources of information constitute an essential condition for the company's ability to maintain and develop the company's leading market position.

During 2020, Axiell has continued the systematic work to improve the working environment for everyone at Axiell and with an extra focus on extending the digital possibilities for our employees due to the pandemic. Along with a global survey on how all employees have experienced the pandemic,

Axiell has also established a closer contact with both unions and safety representatives. Moreover, Axiell promotes diversity and gender equality in the organization with the aim to create an even more inclusive environment for all employees.

In order to contribute to a sustainable development, Axiell Group has reduced its energy consumption as well as continuously improved the environmental conditions in the Group.

Furthermore, Axiell Group's work supports the UN's 17 Sustainable Development Goals, focusing on the goals where equality, education, inclusiveness, and accessibility are the main targets. For more information about the Group's sustainability work, please see the Sustainability Report 2020 on our website.

RESPECT

We respect and take responsibility for our customers and each other in an open and honest manner.

TEAMWORK

We believe in sharing knowledge with each other and with our customers. Dialogue and an open mind engage and motivate group members and customers alike. Innovation – we strive to position ourselves at the forefront of developments and to find creative solutions. We promote a creative and transparent work environment with the aim of encouraging innovative ideas.

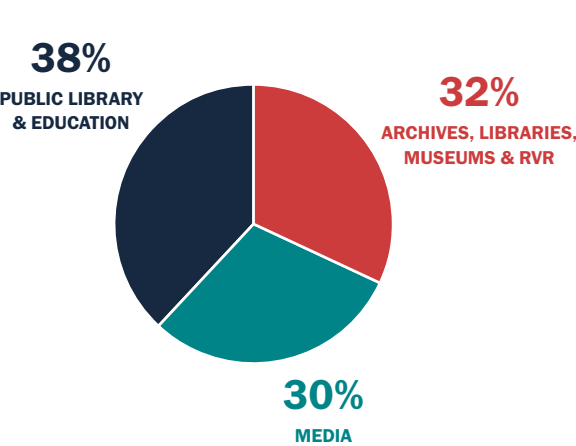
DEDICATION

We go the extra mile for our customers and employees. We work closely with our customers in order to understand their needs and challenges, so that we are able to meet today's and tomorrow's requirements. We listen, and we adapt accordingly.

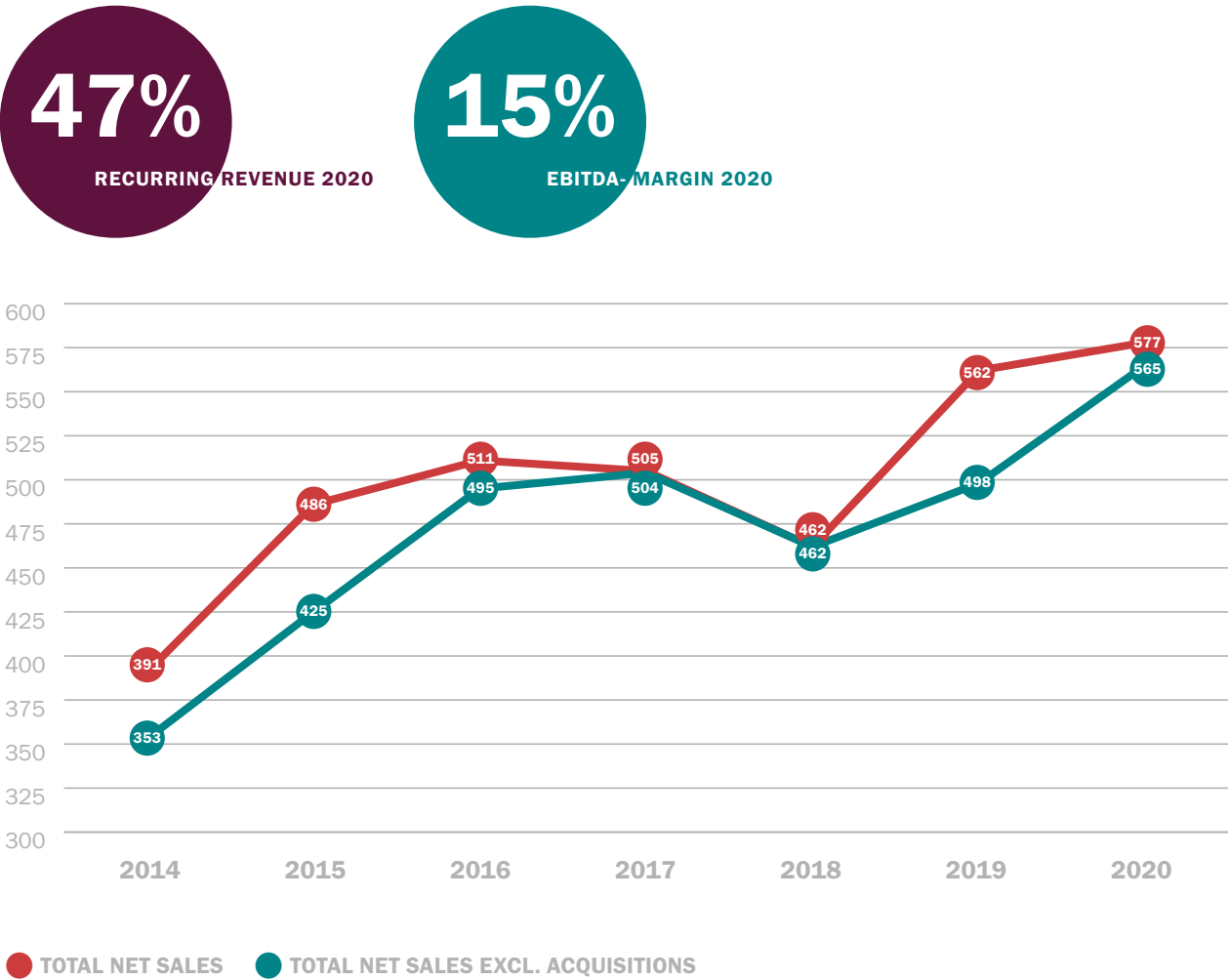
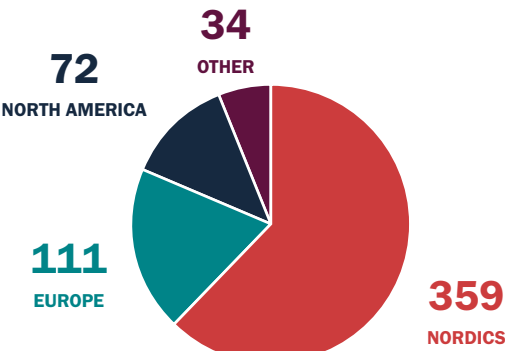
ENJOYMENT & SUCCESS

If we don't enjoy what we do, we won't succeed. We encourage a positive atmosphere that enables us to share in and enjoy the success of our employees and customers.

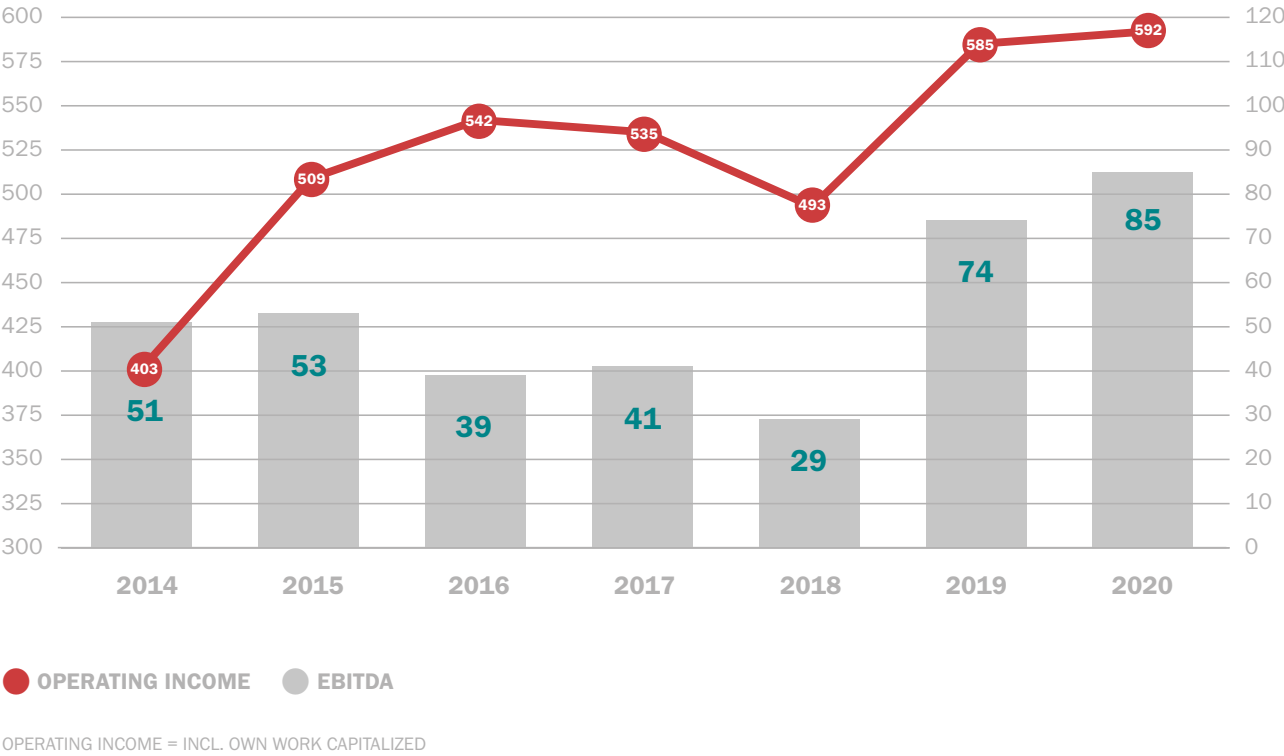
NET SALES PER SEGMENT



NET SALES PER GEOGRAPHICAL AREA, MSEK



KEY FIGURES, MSEK	2020	2019	2018	2017	2016
EBITDA-MARGIN, %	15	13	6	8	8
RETURN ON ASSETS, %	8	6	3	6	6
RETURN ON EQUITY, %	21	18	9	16	18
LIQUID RATIO, %	72	64	69	74	78
EQUITY RATIO, %	37	35	36	35	33
NET SALES	577	562	462	505	511
OPERATING INCOME	592	585	493	535	542
EBITDA	85	74	29	41	39
NO. OF EMPLOYEES	347	322	274	285	297



Income Statement

KSEK	Group		Parent Company	
	2020	2019	2020	2019
OPERATING INCOME				
Net sales	576,949	562,133	90,415	81,497
Own work capitalised	13,160	19,437	9,512	12,032
Other operating income	1,814	3,059	293	328
Total operating income	591,923	584,629	100,220	93,857
OPERATING EXPENSES				
Cost of goods sold	-175,463	-167,633	-1,269	-1,540
Other external costs	-53,370	-70,310	-47,614	-37,467
Staff cost	-277,638	-272,848	-55,822	-55,797
Depreciation and amortization	-35,753	-31,875	-8,841	-9,014
Other operating expenses	-34	-186	-	-
Total operating expenses	-542,258	-542,852	-113,546	-103,818
Operating profit	49,665	41,777	-13,326	-9,961
FINANCIAL ITEMS				
Profit/loss from shares in Group companies	-	-	-	6,500
Financial income	3,975	333	7,714	2,707
Financial expenses	-4,262	-3,350	-3,064	-3,412
Profit after financial items	49,378	38,760	-8,676	-4,166
Year-end adjustments			13,400	9,789
Tax expense for the year	-8,819	-7,974	-1,025	-403
Net profit for the year	40,559	30,786	3,699	5,220



Statement of comprehensive income

KSEK	Group		Parent Company	
	2020	2019	2020	2019
Profit for the year	40,559	30,786	3,699	5,220
Items that will not be reclassified to profit or loss				
Items that may be reclassified as profit or loss				
Translation differences of foreign operations	-13,572	2,880	0	0
Other comprehensive income for the year	-13,572	2,880	0	0
Comprehensive income for the year	26,987	33,666	3,699	5,220
Attributable to				
Owners of the parent	26,987	33,666	3,699	5,220
	26,987	33,666	3,699	5,220



Balance Sheet

KSEK	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
ASSETS				
Fixed assets				
INTANGIBLE ASSETS				
Capitalised development costs	100,855	101,476	63,206	60,256
Trademarks	8,786	10,543	8,786	10,543
Software	9,607	279	-	-
Goodwill	182,616	164,959	-	-
Other intangible assets	3,498	5,061	336	545
Total intangible assets	305,362	282,318	72,328	71,344
TANGIBLE ASSETS				
Right-of-use	34,575	43,781	-	-
Leashold improvements	1,763	2,148	-	45
Equipment and tools	3,776	4,264	606	674
Total tangible assets	40,114	50,193	606	719
FINANCIAL ASSETS				
Shares in Group companies	-	-	195,942	173,612
Receiveables in Group companies	-	-	47,116	66,914
Deferred tax assets	7,571	10,586	6,464	7,490
Other non-current receiveables	2,587	2,696	32	28
Total financial assets	10,158	13,282	249,554	248,044
Total fixed assets	355,634	345,793	322,488	320,107



Balance Sheet

KSEK	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Current assets				
INVENTORIES ETC.				
Finished products and goods for resale	508	646	-	-
Total inventories	508	646	0	0
CURRENT RECEIVABLES				
Account receivable	73,469	91,402	-	1
Receivables from the group companies	-	-	46,458	35,442
Current tax assets	3,250	2,458	1,022	275
Other receivables	9,758	11,754	56	1,209
Prepaid expenses and accrued income	62 685	56 053	3 296	2 296
Total current receivables	149,162	161,667	50,832	39,223
Cash and cash equivalents	48,403	34,252		
Total current receivables	198,073	196,565	50,832	39,223
Total assets	553,707	542,358	373,320	359,330



Balance Sheet

KSEK	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
EQUITY CAPITAL AND LIABILITIES				
Equity capital				
RESTRICTED EQUITY				
Share capital	2,229	2,229	2,229	2,229
Fund for development expenses	-	-	55,643	51,747
Statutory reserve	-	-	1,701	1,701
Total restricted equity	2,229	2,229	59,573	55,677
NON-RESTRICTED EQUITY				
Reserves	-6,280	7,293	-	-
Retained earnings	160,161	134,375	36,317	39,993
Profit/loss for the year	40,559	30,786	3,699	5,220
Total non-restricted equity			40,016	45,213
Equity attributable to owners of the parent	196,669	174,683		
Total equity	196,669	174,683	99,589	100,890
UNTAXED RESERVES				
Accumulated excess depreciation			9,235	7,635
Total untaxed reserves			9,235	7,635



Balance Sheet

KSEK	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
NON-CURRENT LIABILITIES				
Liabilities to credit institutions	51,044	20,882	50,797	20,513
Other liabilities	33,219	38,185	12,511	9,218
Total non-current liabilities	84,263	59,067	63,308	29,731
CURRENT LIABILITIES				
Liabilities to credit institutions	28,945	89,416	28,945	89,416
Credit facility	16,088	4,136	16,010	4,054
Prepaid to customer	81,843	81,146	-	-
Accounts payable	20,826	22,425	4,808	3,997
Liabilities to group companies	-	-	134,783	101,533
Other liabilities	55,233	49,051	9,589	18,210
Accrued expenses and prepaid income	69,840	62,434	7,053	3,864
Total current liabilities	272,775	308,608	201,188	221,074
Total liabilities	357,038	367,675	264,496	250,805
Total equity and liabilities	553,707	542,358	373,320	359,330



Statement of Changes in Equity

The Group, KSEK	Share capital	Reserves	Retained earnings	Shareholder Parent company	Total equity
Opening Balance 2019-01-01	2,229	4,413	134,375	141,016	141,016
Profit of the year			30,786	30,786	30,786
Other comprehensive income		2,880		2,880	2,880
Total comprehensive income		2,880	30,786	33,666	33,666
Closing balance 2019-12-31	2,229	7,293	165,161	174,683	174,683
Profit of the year			40,559	40,559	40,559
Other comprehensive income		-13,572		-13,572	-13,572
Total comprehensive income		-13,572	40,559	26,987	26,987
Transactions with owners					
Dividends			-5,000	-5,000	-5,000
Total transactions with owners	0	0	-5,000	-5,000	-5,000
Closing Balance 2020-12-31	2,229	-6,280	200,720	196,669	196,669



Statement of Changes in Equity

The Parent Company, KSEK	Share capital	Reserves	Fund for development expenses	Restricted capital	Retained earnings	Profit of the year	Non-restricted equity	Total equity
Opening Balance 2019-01-01	2,229	1,701	44,127	48,057	36,861	10,752	47,613	95,670
Provision to fund for development expenses			7,620	7,620	-7,620		-7,620	
Adjustment of previous year's profit/loss					10,752	-10,752	-	
Profit for the year						5,220	5,220	5,220
Closing Balance 2019-12-31	2,229	1,701	51,747	55,677	39,993	5,220	45,213	100,890
Dividends					-5,000		-5,000	-5,000
Provision to fund for development expenses			3,896	3,896	-3,896		-3,896	
Adjustment of previous year's profit/loss					5,220	-5,220		-
Profit for the year						3,699	3,699	3,699
Closing Balance 2020-12-21	2,229	1,701	55,643	59,573	36,317	3,699	40,016	99,589



Cash Flow Statement

KSEK	Group		Parent Company	
	2020	2019	2020	2019
OPERATING ACTIVITIES				
Operating profit	49,665	41,777	-13,326	-9,961
Adjustments for non-cash items, etc.	38,398	30,781	8,841	9,014
Interest received	184	803	2,585	2,653
Dividend received	-	-	-	6,500
Interest paid	-3,415	-3,820	2,065	-3,358
Income tax paid	-8,428	-6,572	-747	-566
Cash flow from opertaing activities prior to changes in working capital	76,404	62,969	-582	4,282
Changes in working capital				
Changes in inventory	128	-9	-	-
Changes in accounts receivables and other receivables	9,755	1,081	-6,162	-8,407
Changes in accounts payable and other liabilities	5,729	-30,336	20,861	-13,070
Net cash flow from working capital	92,016	33,705	14,117	-17,195
Net cash flow from operating activities	92,016	33,705	14,117	-17,195
INVESTMENT ACTIVITIES				
Acquisition of shares in subsidiaries after deductions for liquid assets	-20,851	-9,966	-11,269	-14,343
Acquisition of intangible assets	-13,160	-19,723	-9,511	-12,032
Acquisition of tangible assets	-1,179	-1,699	-201	-94
Acquisition of financial assets	-	-33	-	-
Change in financial assets	109	235	19,794	-
Cash flow from investment activities	-35,081	-31,186	-1,187	-26,469



Cash Flow Statement

KSEK	Group		Parent Company	
	2020	2019	2020	2019
FINANCIAL ACTIVITIES				
Dividends paid	-5,000	-	-5,000	-
Group contribution received	-	-	10,300	18,500
Borrowings	64,150	17,773	64,150	17,773
Repayment of debt	-22,012	-5,395	-21,909	-5,285
Repayment of leasing debt	-16,858	-16,094	-	-
Change in bank overdraft facilities	-60,471	12,676	-60,471	12,676
Cash flow from financial activities	-40,191	8,960	-12,930	43,664
Cash flow of the year				
Liquid assets at the beginning of the year	34,252	22,057	-	-
Exchange rate difference in liquid assets	-2,593	716	-	-
Cash at the end of the year	48,403	34,252	0	0



Management Team



Joel Sommerfeldt
President & CEO



Maria Wasing
COO and
Executive Vice President



Fredrik Paulsson
Chief Technical Officer



Elisabet Thylander
Head of Finance
and Administration



Marie Flackerup
Chief HR Officer



Eva Houltzén
Managing Director,
Axiell Media



Andreas Ekberg
Chief Financial Officer

Board of Directors



Mats Hentzel
Chairman of the Board



Joel Sommerfeldt
CEO and Board Member



Joakim Nideborn
Board Member



Stein Kleppesjö
Board Member



Annikki Schaeferdiek
Board Member

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