



Netop Business Solutions A/S

Tinghøjvej 5
3650 Ølstykke
CVR No. 20077948

Annual report 2021

The Annual General Meeting adopted the
annual report on 22.09.2022

Joseph Nivaro

Chairman of the General Meeting

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Entity details

Entity

Netop Business Solutions A/S

Tinghøjvej 5

3650 Ølstykke

Business Registration No.: 20077948

Registered office: Egedal

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Julian Charles Lucas Bennet

Justin David Reilly

Nicholas Edward Broadhurst

Executive Board

Justin David Reilly

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Netop Business Solutions A/S for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Birkerød, 22.09.2022

Executive Board

Justin David Reilly

Board of Directors

Julian Charles Lucas Bennet

Justin David Reilly

Nicholas Edward Broadhurst

Independent auditor's report

To the shareholders of Netop Business Solutions A/S

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Netop Business Solutions A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark,

we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Report on other legal and regulatory requirements and other reporting responsibilities

Late submission of annual report

The Company has presented the annual report for the period January 1 2021 - December 31 2021 too late compared to the provisions of the Danish Financial Statements Act § 138, which means that the management may incur liability.

Copenhagen, 22.09.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Henrik Wolff Mikkelsen

State Authorised Public Accountant

Identification No (MNE) mne33747

Management commentary

Primary activities

The Company's main activity is to develop and sell IT-software.

Development in activities and finances

The income statement of the company for 2021 shows a loss of DKK 7,843,405 and at 31 December 2021 the balance sheet of the company shows equity of DKK 31,195,866 .

Events after the balance sheet date

In 2022, the company has entered into a floating charge agreement, by which Netop Business Solutions A/S has issued a business mortgage in connection with a planned bond issuance at group level.

Further to this, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		5,576,974	18,824,780
Staff costs	2	(5,886,331)	(6,666,123)
Depreciation, amortisation and impairment losses		(6,665,591)	(4,697,420)
Operating profit/loss		(6,974,948)	7,461,237
Other financial income		8,428,916	7,247,871
Other financial expenses		(9,297,373)	(7,046,444)
Profit/loss for the year		(7,843,405)	7,662,664
Proposed distribution of profit and loss			
Retained earnings		(7,843,405)	7,662,664
Proposed distribution of profit and loss		(7,843,405)	7,662,664

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	4	16,101,931	16,625,872
Acquired intangible assets		0	0
Development projects in progress	4	0	1,775,814
Intangible assets	3	16,101,931	18,401,686
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	5	0	0
Investments in group enterprises		13,471,033	13,471,033
Deposits		812,272	458,516
Financial assets	6	14,283,305	13,929,549
Fixed assets		30,385,236	32,331,235
Manufactured goods and goods for resale		206,045	207,733
Inventories		206,045	207,733
Trade receivables		3,698,475	4,193,134
Receivables from group enterprises		18,662,823	14,623,530
Prepayments		631,912	361,571
Receivables		22,993,210	19,178,235
Cash		1,467,897	7,370,729
Current assets		24,667,152	26,756,697
Assets		55,052,388	59,087,932

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		700,000	700,000
Reserve for development expenditure		12,559,506	14,353,315
Retained earnings		17,936,360	23,985,954
Equity		31,195,866	39,039,269
Other payables		347,305	0
Non-current liabilities other than provisions	7	347,305	0
Trade payables		582,858	111,488
Payables to group enterprises		19,663,830	14,467,253
Other payables		857,054	2,280,822
Deferred income		2,405,475	3,189,100
Current liabilities other than provisions		23,509,217	20,048,663
Liabilities other than provisions		23,856,522	20,048,663
Equity and liabilities		55,052,388	59,087,932
Events after the balance sheet date	1		
Contingent liabilities	8		

Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	700,000	14,353,315	23,985,956	39,039,271
Transfer to reserves	0	(1,793,809)	1,793,809	0
Profit/loss for the year	0	0	(7,843,405)	(7,843,405)
Equity end of year	700,000	12,559,506	17,936,360	31,195,866

Notes

1 Events after the balance sheet date

In 2022, the company has entered into a floating charge agreement, by which Netop Business Solutions A/S has issued a business mortgage in connection with a planned bond issuance at group level.

2 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	5,449,216	6,022,000
Pension costs	381,273	448,642
Other social security costs	46,807	43,697
Other staff costs	9,035	151,784
	5,886,331	6,666,123
Average number of full-time employees	4	7

3 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK	Development projects in progress DKK
Cost beginning of year	60,666,532	5,040,637	1,775,814
Transfers	1,775,814	0	(1,775,814)
Additions	4,365,675	0	0
Cost end of year	66,808,021	5,040,637	0
Amortisation and impairment losses beginning of year	(44,040,499)	(5,040,637)	0
Amortisation for the year	(6,665,591)	0	0
Amortisation and impairment losses end of year	(50,706,090)	(5,040,637)	0
Carrying amount end of year	16,101,931	0	0

4 Development projects

Capitalised development projects concern the development of new versions of existing projects as well as development of new systems used for remote administration of IT environments, digital class leadership and live chat systems. The progress in the various projects follows the plan and Management's expectations.

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	260,303
Cost end of year	260,303
Depreciation and impairment losses beginning of year	(260,303)
Depreciation and impairment losses end of year	(260,303)
Carrying amount end of year	0

6 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	13,471,033	458,516
Additions	0	353,756
Cost end of year	13,471,033	812,272
Carrying amount end of year	13,471,033	812,272

Investments in subsidiaries	Registered in	Equity interest %
Netop Tech Inc.	USA	100.00
Netop Tech SRL	Romania	100.00
Netop Tech Development Center SRL	Romania	100.00

7 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Other payables	347,305	347,305
	347,305	347,305

8 Contingent liabilities

The company moved from its premises during 2022. As per 31 December 2021, the company had a immaterial rent obligation of 3 months rent.

Further reference is made to note 1 regarding events after the balance sheet date.

The Entity participates in a Danish joint taxation arrangement where Impero Holding Denmark ApS serves as the

administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales and other external expenses.

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Revenue from license agreements where the customer has the right to implement the company's products at end users, is recognised up front, whereas revenue from subscription agreements is recognised over time.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as other external expenses and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights,

the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-6 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life Years
Other fixtures and fittings, tools and equipment	3 to 10

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value. Cost consists of purchase price plus delivery costs. The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.