ROESGAARD

NÅR OVERBLIK SKABER VÆRDI

Intranote A/S

Papirfabrikken 20A

8600 Silkeborg

Central Business Registration No. 25 79 76 20

Annual Report for 2020

The Annual Report was presented and approved at the Annual General Meeting of the Company on 12/05 2021

Frank Gustafsson
Chairman

Når overblik samler brikkerne – og skaber værdi

REVISION RÅDGIVNING JURA

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Company details

The company

Intranote A/S
Papirfabrikken 20A
8600 Silkeborg

CVR no.:	25 79 76 20
Reporting period:	1 January - 31 December 2020
Domicile:	Silkeborg

Board of Directors

Brian Beattie, Chairman
Frank Gustafsson
Jesper Ulsted

Executive Board

Claus Hovge Andersen, CEO
Søren Rust Nielsen

Auditors

Roesgaard
Godkendt Revisionspartnerselskab
Sønderbrogade 16
8700 Horsens

Statement by management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of Intranote A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report be approved by the company at the general meeting.

Silkeborg, 12 May 2021

Executive Board

Claus Hovge Andersen CEO	Søren Rust Nielsen

Board of Directors

Brian Beattie Chairman	Frank Gustafsson	Jesper Ulsted

Independent auditor's report

To the shareholder of Intranote A/S

Opinion

We have audited the financial statements of Intranote A/S for the financial year 1 January - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company 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 made on the basis of these financial statements.

Independent auditor's report

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 company'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 company'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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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 management's review

Management is responsible for management's review.

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

Independent auditor's report

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

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

Based on the work we have performed, we conclude that management's review 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 management's review.

Horsens, 12 May 2021

Roesgaard
Godkendt Revisionspartnerselskab
CVR no. 37 54 31 28

Michael Mortensen
State Authorised Public Accountant
MNE no. mne34108

Management's review

Business activities

The company's activities comprise developing, implementing and servicing business systems and apps. The purpose is to digitise work procedures, support compliance (e.g. GDPR) and ensure secure communication.

Since 2001, Intranote A/S has developed the product suite Intranote Solutions which includes solutions for e.g. handling internal communication, document management, HR, agenda and collaboration space.

Business review

The company's income statement for the year ended 31 December 2020 shows a loss of DKK 1,162,054, and the balance sheet at 31 December 2020 shows equity of DKK 5,157,425.

The result for the year is in line with the strategy but is considered less satisfactory.

Accounting policies

The annual report of Intranote A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

Changes in accounting policies

With effect from 1 January 2020, Intranote A/S has implemented IFRS 15 Revenue from contracts with customers and IFRS 16 Leasing.

IFRS 15 includes a number of transitional provisions that allow the standard not to be implemented retroactively. Using this method means that the accumulated effect of the implementation of IFRS 15 is recognised in the equity at the beginning of the year of transition and that comparative figures are not restated. When implementing IFRS 15 for the interpretation of the legal framework, it is also allowed to apply the more applicable relaxed rules of IFRS 15 under the law.

The IFRS 15 implementation has no accounting impact.

IFRS 16 contains a number of transitional provisions that allow existing leases to be recognised based on the present value of the remaining lease liabilities and that comparative figures are not to be restated. When implementing IFRS 16 for the interpretation of the legal framework, it is also allowed that the less strict transitional provisions under IFRS 16 also apply within the law.

The accounting impact of the IFRS 16 implementation is that in the financial statements for 2020, the company has recognised DKK 2,477 thousand in the balance sheet as lease liability with effect on the assets being equivalent to DKK 2,477 thousand. The operating effect of the reimplementation of IFRS 16 totals DKK 15 thousand.

The accounting policies are otherwise consistent with those of last year.

Material misstatement

License revenue has in previous years been fully recognised at the time of conclusion of the agreement but should be accrued over the agreement period. The change in accounting method has been implemented this year. Comparatives have been restated accordingly. Equity is decreased by DKK 6,623 thousand by 1 January 2019. Loss for the year 2019 is reduced by DKK 312 thousand, meaning that total equity by 31 December 2019 is reduced by DKK 6,311 thousand resulting from the policy change. Prepayments recognised as debt is increased by DKK 8,091 thousand. Total effect on deferred tax is DKK 1,780 thousand. The net effect on the balance sheet total is DKK 0.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Accounting policies

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of software and services is recognised in the income statement by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of the work performed during the year (the percentage of completion method). Revenue is recognised when total income and expenses and the stage of completion of the contract at the balance sheet date can be reliably measured and when it is probable that the economic benefits, including payments, will flow to the company. Revenue is measured excluding VAT and taxes.

Revenue from sale of licenses is accrued over the agreement period.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year’s revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Accounting policies

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, currency exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible fixed assets

Development projects

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Tangible fixed assets

Buildings, leasehold improvements, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Buildings	2 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment of fixed assets

The carrying amount of intangible fixed assets and items of property, plant and equipment is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Accounting policies

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement 1 January - 31 December 2020

	Note	2020 DKK	2019 DKK
Gross profit		**25,641,013**	**32,314,819**
Staff costs	1	(20,569,704)	(29,909,855)
Profit/loss before amortisation/depreciation and impairment losses		**5,071,309**	**2,404,964**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		(6,716,663)	(5,617,738)
Profit/loss before net financials		**(1,645,354)**	**(3,212,774)**
Financial income	2	254,630	337,325
Financial costs	3	(97,511)	(87,046)
Profit/loss before tax		**(1,488,235)**	**(2,962,495)**
Tax on profit/loss for the year	4	326,181	676,350
Profit/loss for the year		**(1,162,054)**	**(2,286,145)**
Transferred to reserve for development expenditure		(3,695,644)	2,046,000
Retained earnings		2,533,590	(4,332,145)
		(1,162,054)	**(2,286,145)**

Balance sheet at 31 December 2020

Assets

	Note	2020 DKK	2019 DKK
Completed development projects		10,711,793	16,145,087
Intangible fixed assets	5	**10,711,793**	**16,145,087**
Land and buildings		671,030	0
Other fixtures and fittings, tools and equipment		807,022	44,573
Leasehold improvements		104,814	218,779
Tangible fixed assets	6	**1,582,866**	**263,352**
Deposits		405,491	79,000
Fixed asset investments		**405,491**	**79,000**
Total non-current assets		**12,700,150**	**16,487,439**
Trade receivables		5,775,429	3,246,870
Contract work in progress	7	16,992	629,699
Receivables from group entities		10,176,148	8,943,887
Other receivables		957,568	366,696
Joint taxation contributions receivable		0	917,572
Prepayments		423,185	995,715
Receivables		**17,349,322**	**15,100,439**
Cash at bank and in hand		**217,288**	**2,372**
Total current assets		**17,566,610**	**15,102,811**
Total assets		**30,266,760**	**31,590,250**

Balance sheet at 31 December 2020

	Note	2020 DKK	2019 DKK
Equity and liabilities			
Share capital		500,000	500,000
Reserve for development expenditure		8,347,356	12,043,000
Retained earnings		(3,689,931)	(8,267,301)
Equity		**5,157,425**	**4,275,699**
Provision for deferred tax	8	706,960	1,709,619
Total provisions		**706,960**	**1,709,619**
Lease obligations		281,063	0
Other payables		1,280,797	990,249
Total non-current liabilities	9	**1,561,860**	**990,249**
Short-term part of long-term debt	9	1,082,027	0
Banks		41,469	2,012,819
Prepayments received from customers		11,781,595	15,885,450
Trade payables		299,234	1,485,515
Pre-invoicing, work in progress	7	1,458,387	0
Payables to group entities		1,245,583	58,550
Joint taxation contributions payable		676,478	0
Other payables		6,255,742	5,172,349
Total current liabilities		**22,840,515**	**24,614,683**
Total liabilities		**24,402,375**	**25,604,932**
Total equity and liabilities		**30,266,760**	**31,590,250**
Contingent liabilities	10		
Related parties and ownership structure	11		

Statement of change in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2020	500,000	12,043,000	(8,267,301)	4,275,699
Net profit/loss for the year	0	(3,695,644)	2,533,590	(1,162,054)
Contribution from group	0	0	2,043,780	2,043,780
Equity at 31 December 2020	**500,000**	**8,347,356**	**(3,689,931)**	**5,157,425**

	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2019	500,000	9,997,000	2,688,237	13,185,237
Net effect from adjustment of error	0	0	(6,623,393)	(6,623,393)
Adjusted equity at 1 January 2019	500,000	9,997,000	(3,935,156)	6,561,844
Net profit/loss for the year	0	2,046,000	(4,332,145)	(2,286,145)
Equity at 31 December 2019	**500,000**	**12,043,000**	**(8,267,301)**	**4,275,699**

Notes to the annual report

		2020	2019
		DKK	DKK
1	**Staff costs**		
	Wages and salaries	17,925,028	25,566,838
	Pensions	1,851,924	2,560,087
	Other social security costs	221,036	350,695
	Other staff costs	571,716	1,432,235
		20,569,704	**29,909,855**
	Average number of employees	29	49
2	**Financial income**		
	Interest received from group entities	248,199	336,948
	Other financial income	6,431	377
		254,630	**337,325**
3	**Financial costs**		
	Other financial costs	97,511	87,046
		97,511	**87,046**
4	**Tax on profit/loss for the year**		
	Current tax for the year	676,478	(917,572)
	Deferred tax for the year	(1,002,659)	241,222
		(326,181)	**(676,350)**

Notes to the annual report

5 Intangible fixed assets

	Completed development projects
Cost at 1 January 2020	32,699,891
Cost at 31 December 2020	32,699,891
Impairment losses and amortisation at 1 January 2020	16,554,804
Amortisation for the year	5,433,294
Impairment losses and amortisation at 31 December 2020	21,988,098
Carrying amount at 31 December 2020	**10,711,793**

6 Tangible fixed assets

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2020	0	3,831,301	608,543
Net effect from change of accounting policy	1,290,442	1,186,112	0
Additions for the year	0	126,328	0
Disposals for the year	0	(2,792,819)	(92,038)
Cost at 31 December 2020	1,290,442	2,350,922	516,505
Impairment losses and depreciation at 1 January 2020	0	3,786,728	389,763
Depreciation for the year	619,412	549,991	113,966
Reversal of impairment and depreciation of sold assets	0	(2,792,819)	(92,038)
Impairment losses and depreciation at 31 December 2020	619,412	1,543,900	411,691
Carrying amount at 31 December 2020	**671,030**	**807,022**	**104,814**
Value of leased assets	671,030	677,333	0

Notes to the annual report

		2020	2019
		DKK	DKK
7	**Contract work in progress**		
	Work in progress, selling price	3,385,329	629,699
	Work in progress, payments received on account	(4,826,724)	0
		(1,441,395)	**629,699**
	Recognised in the balance sheet as follows:		
	Contract work in progress under assets	16,992	629,699
	Prepayments received under liabilities	(1,458,387)	0
		(1,441,395)	**629,699**

		2020	2019
8	**Provision for deferred tax**		
	Provision for deferred tax at 1 January 2020	1,709,619	3,336,534
	Net effect from change of accounting policy	0	(1,868,137)
	Deferred tax recognised in income statement	(1,002,659)	241,222
	Provision for deferred tax at 31 December 2020	**706,960**	**1,709,619**

9 Long-term debt

	Debt at 1 January 2020	Debt at 31 December 2020	Instalment next year	Debt outstanding after 5 years
Lease obligations	0	1,363,090	1,082,027	0
Other payables	990,249	1,280,797	0	0
	990,249	**2,643,887**	**1,082,027**	**0**

Notes to the annual report

10 Contingent liabilities

The company is jointly taxed with its parent company, Volaris Group A/S (management company), and is jointly and severally liable with other jointly taxed entities for Danish income taxes for income year 2020 onwards as well as for payment of withholding taxes on dividends, interest and royalties which fall due for payment on or after 1 January 2020.

11 Related parties and ownership structure

Consolidated financial statements

The company is part of the group reporting for Constellation Software Inc. which is the smallest group in which the company is included as a subsidiary.