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TimeLog A/S

Lindevangs Alle 12, 2.
2000 Frederiksberg
CVR No. 25896939

Annual report 2023

The Annual General Meeting adopted the annual report on 24.04.2024

Christian Folmann Hempler
Chairman of the General Meeting

Contents

Entity details

Entity
TimeLog A/S
Lindevangs Alle 12, 2.
2000 Frederiksberg

Business Registration No.: 25896939
Registered office: Frederiksberg
Financial year: 01.01.2023 - 31.12.2023

Board of Directors
Eivind Bergsmyr, chairman
Joo Runge
Ingvild Farstad
Anne Lise Waal

Executive Board
Per-Henrik Ole Nielsen, CEO

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 TimeLog A/S for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Copenhagen, 24.04.2024

Executive Board

Per-Henrik Ole Nielsen
CEO

Board of Directors

Eivind Bergsmyr
chairman

Joo Runge

Ingvild Farstad

Anne Lise Waal

Independent auditor's report

To the shareholders of TimeLog A/S

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TimeLog A/S for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Report on other legal and regulatory requirements and other reporting responsibilities

Non-compliance with the Danish Tax legislation

Management has in connection with the payment of board member remuneration not complied with Danish Tax legislation, including the requirement to withhold tax, for which Management may be held liable.

Copenhagen, 24.04.2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Wolff Mikkelsen
State Authorised Public Accountant
Identification No (MNE) mne33747

Anders Rødgaard Østdal
State Authorised Public Accountant
Identification No (MNE) mne50620

Management commentary

Primary activities

TimeLog A/S develops and implements web-based PSA solutions (Professional Services Automation) towards the Northern European market. The company's business model is based on SaaS (Software as a Service) and the majority of the company's income is based on a fixed contractual basis with long-term contracts with a average Life-Time-Value of more than 7 years.

The financial results for the year show a loss before tax of DKK -3,015 thousand and a total equity of DKK 38,881 thousand. The financial results are in line with Managements expectations.

Events after the balance sheet date

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

Treasury shares

	Number	Nominal value DKK	Share of contributed capital %
Timelog A/S	2,144	2,144	0.22
Holding of treasury shares	**2,144**	**2,144**	**0.22**

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		**40,672,520**	**33,762,498**
Staff costs	1	(43,299,197)	(45,180,062)
Depreciation, amortisation and impairment losses	2	(608,209)	(534,280)
Operating profit/loss		**(3,234,886)**	**(11,951,844)**
Other financial income	3	572,897	1,635
Other financial expenses	4	(353,098)	(539,898)
Profit/loss before tax		**(3,015,087)**	**(12,490,107)**
Tax on profit/loss for the year	5	1,239,795	(168,015)
Profit/loss for the year		**(1,775,292)**	**(12,658,122)**
Proposed distribution of profit and loss			
Retained earnings		(1,775,292)	(12,658,122)
Proposed distribution of profit and loss		**(1,775,292)**	**(12,658,122)**

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	7	1,076,380	1,464,008
Development projects in progress	7	18,859,284	11,046,125
Intangible assets	6	**19,935,664**	**12,510,133**
Other fixtures and fittings, tools and equipment		26,436	170,120
Leasehold improvements		278,754	355,651
Property, plant and equipment	8	**305,190**	**525,771**
Investments in group enterprises		32,770,000	32,770,000
Deposits		943,871	898,925
Financial assets	9	**33,713,871**	**33,668,925**
Fixed assets		**53,954,725**	**46,704,829**
Trade receivables		2,660,153	1,925,642
Receivables from group enterprises		184,506	0
Deferred tax	10	700,000	0
Other receivables		422,284	541,898
Prepayments		442,119	830,138
Receivables		**4,409,062**	**3,297,678**
Cash		**8,748,958**	**8,121,770**
Current assets		**13,158,020**	**11,419,448**
Assets		**67,112,745**	**58,124,277**

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		909,342	909,342
Reserve for development expenditure		15,549,818	12,510,133
Retained earnings		22,421,385	27,236,362
Equity		**38,880,545**	**40,655,837**
Trade payables		2,937,621	1,454,908
Payables to group enterprises		8,030,572	1,693,433
Income tax payable		221,415	168,015
Other payables	11	5,604,462	4,671,389
Deferred income		11,438,130	9,480,695
Current liabilities other than provisions		**28,232,200**	**17,468,440**
Liabilities other than provisions		**28,232,200**	**17,468,440**
Equity and liabilities		**67,112,745**	**58,124,277**
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		

Statement of changes in equity for 2023

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	909,342	12,510,133	27,236,362	40,655,837
Transfer to reserves	0	3,039,685	(3,039,685)	0
Profit/loss for the year	0	0	(1,775,292)	(1,775,292)
Equity end of year	**909,342**	**15,549,818**	**22,421,385**	**38,880,545**

Notes

1 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	35,166,251	36,108,730
Pension costs	2,996,824	2,971,468
Other social security costs	460,361	472,049
Other staff costs	4,675,761	5,627,815
	43,299,197	**45,180,062**

Average number of full-time employees	**52**	**56**

2 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Amortisation of intangible assets	387,628	348,036
Depreciation of property, plant and equipment	220,581	186,244
	608,209	**534,280**

3 Other financial income

	2023 DKK	2022 DKK
Other interest income	572,897	1,635
	572,897	**1,635**

4 Other financial expenses

	2023 DKK	2022 DKK
Other interest expenses	228,278	96,207
Exchange rate adjustments	124,820	443,691
	353,098	**539,898**

5 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	53,400	168,015
Change in deferred tax	(700,000)	0
Adjustment concerning previous years	(593,195)	0
	(1,239,795)	**168,015**

6 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	1,938,771	11,046,125
Additions	0	7,813,159
Cost end of year	**1,938,771**	**18,859,284**
Amortisation and impairment losses beginning of year	(474,763)	0
Amortisation for the year	(387,628)	0
Amortisation and impairment losses end of year	**(862,391)**	**0**
Carrying amount end of year	**1,076,380**	**18,859,284**

7 Development projects

The development projects outlined herein pertain to the enhancement of existing functionalities or the creation of new modules aimed at enhancing the use for both current customers and prospective customers of TimeLog.

Costs associated with these projects predominantly comprise internal expenditures, delineated by hours logged through the company's internal time registration system.

The software is expected to be sold in the present markets to both the company's new and existing customers.

Completed development projects are depreciated over 5 years. The upward trajectory in the number of users engaging with the company's platform bolsters management's confidence in the platform's sustained value proposition.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	480,649	384,800
Cost end of year	**480,649**	**384,800**
Depreciation and impairment losses beginning of year	(310,529)	(29,149)
Depreciation for the year	(143,684)	(76,897)
Depreciation and impairment losses end of year	**(454,213)**	**(106,046)**
Carrying amount end of year	**26,436**	**278,754**

9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	32,770,000	898,925
Additions	0	44,946
Cost end of year	**32,770,000**	**943,871**
Carrying amount end of year	**32,770,000**	**943,871**

Investments in subsidiaries	**Registered in**	**Corporate form**	**Equity interest %**
AutoPilot ApS	Denmark	ApS	100.00
CodeCreator ApS	Denmark	ApS	100.00
AutoPilot Plus Ltd.	United Kingdom	Ltd.	100.00

10 Deferred tax

Deferred tax assets

Deferred tax assets consists of partial recognition of the Entity's tax losses carryforward which is expected to be used within the joint taxation arrangement.

Not recognized tax losses carryforward amounts to DKK 5,739 thousand after tax.

11 Other payables

	2023 DKK	2022 DKK
VAT and duties	0	1,380,552
Wages and salaries, personal income taxes, social security costs, etc. payable	4,604,286	2,065,027
Holiday pay obligation	1,000,173	1,223,595
Other costs payable	3	2,215
	5,604,462	**4,671,389**

12 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	**7,426,315**	**9,593,480**

13 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

14 Assets charged and collateral

There are no assets charged and collateral.

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 110 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, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of goods and services, which includes the rental of software, the sale of licenses and consultancy services is recognized in the income statement when delivery is made to the buyer.
Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

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

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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 salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

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 5 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 5 years.

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

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

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.

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Treasury shares

Acquisition and selling prices and dividends for treasury shares are classified directly as equity in retained earnings. Gains and losses on sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to the nominal value.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

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