

CESCOM Cloud Embedded Solutions A/S

Industrivej 50, 9600 Aars
CVR no. 28 49 82 33

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 03.05.22

Max Sejbæk
Dirigent

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The company

CESCOM Cloud Embedded Solutions A/S
Industrivej 50
9600 Aars
Tel.: 98 62 59 60
Fax: 99 98 80 99
Website: www.cescom.dk
Registered office: Vesthimmerland
CVR no.: 28 49 82 33
Financial year: 01.01 - 31.12

Executive Board

Jan Betzer Pedersen

Board of Directors

Max Sejbæk
Martin Norrbom Sams
Jan Betzer Pedersen
Rasmus Østergaard Treumer

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Parent company

Fellowmind Denmark Holding ApS, Frederiksberg

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.21 - 31.12.21 for CESCOM Cloud Embedded Solutions A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.21 and of the results of the company's activities for the financial year 01.01.21 - 31.12.21.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Aars, March 5, 2022

Executive Board

Jan Betzer Pedersen

Board of Directors

Max Sejbæk
Chairman

Martin Norrbom Sams

Jan Betzer Pedersen

Rasmus Østergaard Treumer

Independent auditor's report on extended review

To the Shareholder of CESCOM Cloud Embedded Solutions A/S

Opinion

We have performed an extended review of the financial statements of CESCOM Cloud Embedded Solutions A/S for the financial year 01.01.21 - 31.12.21 which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Based on the work performed, in our opinion, the financial statements give a true and fair view of the company's assets, equity and liabilities and financial position as at 31.12.21 and the company's financial performance for the financial year 01.01.21 - 31.12.21 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the 'Auditor's responsibilities for the extended review of the financial statements' section of our report. We are independent of the company 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Danish Financial Statements Act and for such internal control as the 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 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.

Independent auditor's report on extended review

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures primarily consisting of making inquiries of management and others within the company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement regarding the management's review

The management is responsible for the management's review.

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

In connection with our extended review of the financial statements, it is our responsibility to read the management's review and in this connection consider whether the management's review is materially inconsistent with the financial statements or the knowledge we have obtained during our extended review, or in any other way appears to be materially misstated.

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

Independent auditor's report on extended review

Based on the work performed, we believe that the management's review is in accordance with the financial statements and has been prepared in accordance with the provisions of the Danish Financial Statements Acts. We have not detected any material misstatement in the management's review.

Farsø, March 5, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Ole Hosbond Poulsen
State Authorized Public Accountant
MNE-no. mne26695

Primary activities

The company's main activities are IT consulting and operation of IT infrastructure business with focus on Microsoft Cloud products.

The IT infrastructure business originates in a standardized and simplified model, which is based on many of Microsoft's Cloud products such as Microsoft 365 Business, Microsoft EMS security suite and the server operation with Microsoft Azure.

Significant changes in the company's activities

In 2021, CESCO Cloud Embedded Solutions A/S joined Fellowmind, Europe's leading platform for Microsoft Business Applications.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a profit/loss of DKK 6,247,924 against DKK 4,262,511 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK 12,497,924.

Income statement

Note		2021 DKK	2020 DKK
	Gross profit	38,714,590	27,602,271
1	Staff costs	-30,126,778	-21,929,830
	Profit before depreciation, amortisation, write-downs and impairment losses	8,587,812	5,672,441
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-711,632	-476,982
	Operating profit	7,876,180	5,195,459
2	Financial income	220,094	319,463
	Financial expenses	-76,506	-45,279
	Profit before tax	8,019,768	5,469,643
	Tax on profit for the year	-1,771,844	-1,207,132
	Profit for the year	6,247,924	4,262,511
Proposed appropriation account			
	Proposed dividend for the financial year	0	3,762,511
	Retained earnings	6,247,924	500,000
	Total	6,247,924	4,262,511

Balance sheet

ASSETS		31.12.21	31.12.20
Note		DKK	DKK
	Acquired rights	690,395	756,043
	Development projects in progress	433,258	0
3	Total intangible assets	1,123,653	756,043
	Leasehold improvements	16,091	29,361
	Other fixtures and fittings, tools and equipment	1,911,038	808,325
4	Total property, plant and equipment	1,927,129	837,686
	Deposits	376,625	348,025
	Total investments	376,625	348,025
	Total non-current assets	3,427,407	1,941,754
	Raw materials and consumables	31,240	20,000
	Manufactured goods and goods for resale	1,092,221	735,892
	Total inventories	1,123,461	755,892
5	Work in progress for third parties	1,298,808	794,969
	Trade receivables	12,364,063	8,683,026
	Receivables from group enterprises	116,367	9,340,987
	Other receivables	26,924,691	10,925,262
	Prepayments	209,705	140,508
	Total receivables	40,913,634	29,884,752
	Cash	1,947,689	744,648
	Total current assets	43,984,784	31,385,292
	Total assets	47,412,191	33,327,046

EQUITY AND LIABILITIES		31.12.21	31.12.20
		DKK	DKK
Note			
	Share capital	750,000	750,000
	Retained earnings	11,747,924	5,500,000
	Proposed dividend for the financial year	0	3,762,511
	Total equity	12,497,924	10,012,511
	Provisions for deferred tax	436,800	293,000
	Total provisions	436,800	293,000
6	Lease commitments	381,252	340,576
6	Other payables	2,283,891	1,305,014
	Total long-term payables	2,665,143	1,645,590
6	Short-term part of long-term payables	240,000	99,000
	Payables to other credit institutions	63,378	49,051
	Prepayments received from customers	1,418,438	0
	Trade payables	8,322,376	7,722,124
	Income taxes	1,628,044	1,124,232
	Other payables	20,140,088	12,381,538
	Total short-term payables	31,812,324	21,375,945
	Total payables	34,477,467	23,021,535
	Total equity and liabilities	47,412,191	33,327,046
7	Contingent liabilities		
8	Related parties		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.01.21 - 31.12.21			
Balance as at 01.01.21	750,000	5,500,000	3,762,511
Dividend paid	0	0	-3,762,511
Net profit/loss for the year	0	6,247,924	0
Balance as at 31.12.21	750,000	11,747,924	0

	2021 DKK	2020 DKK
1. Staff costs		
Wages and salaries	24,658,293	18,133,409
Pensions	3,256,656	2,314,150
Other social security costs	466,871	295,394
Other staff costs	1,744,958	1,186,877
Total	30,126,778	21,929,830
Average number of employees during the year	57	40

2. Financial income

Interest, group enterprises	210,800	308,180
Other interest income	6,854	11,283
Foreign exchange gains	2,440	0
Total	220,094	319,463

3. Intangible assets

Development costs and acquired rights are recognised in the balance sheet at cost less accumulated amortisation and impairment losses.

4. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Carrying amount of assets held under finance leases as at 31.12.21	0	687,079

5. Work in progress for third parties

Work in progress for third parties	1,298,808	794,969
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6. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.21	Total payables at 31.12.20
Lease commitments	240,000	0	621,252	439,576
Other payables	0	1,319,718	2,283,891	1,305,014
Total	240,000	1,319,718	2,905,143	1,744,590

7. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 5-50 months and average lease payments of DKK 15k, a total of DKK 621k.

The company has entered into lease agreements for offices and warehouses. The leases can be terminated by the company with 21-72 months notice. The total liability at 31. december 2021 amounts to DKK 7.848k.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

8. Related parties

Controlling influence	Basis of influence
Fellowmind Denmark Holding ApS, Frederiksberg	Parent company

The company is included in the consolidated financial statements of the parent Fellowmind Company AB, Kalendegatan 26, 211 35 Malmö, Sweden.

9. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

9. Accounting policies - continued -

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 depreciation, amortisation, impairment losses and write-downs, 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 such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

LEASES

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

9. Accounting policies - continued -

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

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

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

9. Accounting policies - continued -**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	3-5	0
Leasehold improvements	3	0
Other plant, fixtures and fittings, tools and equipment	3-5	20-36

9. Accounting policies - continued -

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the

9. Accounting policies - continued -

year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

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

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of intangible assets

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

9. Accounting policies - continued -

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

9. Accounting policies - continued -

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

9. Accounting policies - continued -

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.