

Innofactor A/S

Øster Alle 48, 7th floor, 2100 København Ø

CVR number 29 60 74 27

Annual Report 2019

Financial year 01.01.2019 - 31.12.2019

Approved at the annual general meeting on August 27, 2020

Chairman of the meeting, Sami Pekka Ensio

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Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today discussed and approved the Annual Report 2019 of Innofactor A/S.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements gives a true and fair view of the Company's financial position at 31 December 2019 and the results of operations for the financial year 1 January - 31 December 2019 of the Company.

In our opinion, the Management's review gives a fair view of the matters discussed in the Management review.

We recommend that the Annual Report be approved at the annual general meeting.

Copenhagen, August 27, 2020

Executive Board

Jørn Ellefsen

Board of Directors

Sami Pekka Ensio
Chairman

Vesa Matti Syrjäkari

Michaela Jeanette Skrabb

Independent auditor's report

To the shareholder of Innofactor A/S

Opinion

We have audited the financial statements of Innofactor A/S for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet and notes, including 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 as to 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 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 the financial statements.

Independent auditors' report

As part of an audit conducted in accordance with ISAs and 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, August 27, 2020

EY Godkendt Revisionspartnerselskab

CVR No 30 70 02 28

Lissen Fagerlin Hammer
State Authorised Public Accountant
mne27747

Company Information

The Company	Innofactor A/S Øster Alle 48, 7th floor 2100 København Ø
Executive Board	Jørn Ellefsen
Board of Directors	Sami Pekka Ensio, Chairman Vesa Matti Syrjäkari Michaela Jeanette Skrabb
Auditors	EY Godkendt Revisionspartnerselskab
Financial year	1 January - 31 December

Management's review

The Company's business review

The company's objective is to sell consultancy services, etc. within business intelligence and data warehousing.

Subsequent events

In response to uncertainty around COVID-19, management in Innofactor Group has initiated a range of precautionary initiatives to protect employees and ensure maintained service delivery in all circumstances. The direct financial impact of COVID-19 remains uncertain, but management expects a lower revenue and profit compared to expectations, but still improved compared to 2019.

No other material events affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial review

The income statement for 2019 shows a loss of DKK 3,437,367 against a loss of DKK 10,244,096 in 2018, and the balance sheet at 31 December 2019 shows a negative equity of DKK 30,038,444.

Management considers the Company's financial performance in the year unsatisfying.

Management is aware of the negative equity and as previously year expect to re-establish its share of capital through future earnings or contributions.

Financing

In 2019, the Company realized a loss. The Company is mainly financed through loans from the Company's Parent Company. In Management's assessment, the Parent Company will be able to continue to support the Group's subsidiaries. The ultimate parent company, Innofactor Plc, has issued a letter of support valid at least until the annual general meeting approving the 2020 financial statements, which promises to secure the liquidity necessary for the planned activities in Innofactor A/S so that the Company may be regarded as a going concern.

Income Statement 1 January - 31 December

Note	2019	2018
Gross profit	18.032.048	18.836.761
3 Employee expense	20.481.176	27.693.033
Depreciation, amortisation and impairment losses of property, plant and equipment	275.611	538.788
	-2.724.739	-9.395.060
Profit (loss) from ordinary operating activities		
4 Financial income	30.647	2.231
5 Financial expenses	743.275	777.281
	-3.437.367	-10.170.110
Profit (loss) from ordinary activities before tax		
6 Tax expense on ordinary activities	0	-73.986
	-3.437.367	-10.096.124
Profit (loss)		
Proposed distribution of results:		
Retained earnings	-3.437.367	-10.096.124
	-3.437.367	-10.096.124
Profit for the year distributed		

Balance sheet 31 December

Assets

Note	2019	2018
7	Fixtures, fittings, tools and equipment	684.347
	Property, plant and equipment	684.347
	Deposits, investments	647.937
	Investments	647.937
	Non-current assets	1.332.284
	Trade receivables	4.596.775
	Contract work in progress	558.498
	Receivables from group enterprises	718.174
	Other receivables	5.000
	Prepayments	582.605
	Receivables	6.461.052
	Cash and cash equivalents	0
	Current assets	6.461.052
	Total assets	7.793.336

Balance sheet 31 December

Liabilities

Note	2019	2018
Share capital	501.000	501.000
Retained earnings	-30.539.444	-27.102.077
8 Equity	-30.038.444	-26.601.077
Other payables	539.485	0
Long-term debt	539.485	0
Short-term debt to credit institutions	697.544	2.752.702
Trade payables	1.653.925	1.565.114
Contract work in progress, liabilities	177.683	891.718
9 Payables to group enterprises	31.950.182	24.356.977
Tax payables	0	0
Other payables	3.382.985	4.347.792
Short-term deferred income	1.119.710	480.110
Short-term debt	38.982.029	34.394.413
Total debt	39.521.514	34.394.413
Total liabilities and equity	9.483.070	7.793.336
1 Financing		
10 Collaterals		
11 Contractual obligation		
12 Contingent liabilities		
13 Accounting policies		

Notes to the annual accounts

1 Financing

In 2019, the Company realized a loss. The Company is mainly financed through loans from the Company's Parent Company. In Management's assessment, the Parent Company will be able to continue to support the Group's subsidiaries. The ultimate parent company, Innofactor Plc, has issued a letter of support valid at least until the annual general meeting approving the 2020 financial statements, which promises to secure the liquidity necessary for the planned activities in Innofactor A/S so that the Company may be regarded as a going concern.

2 Subsequent events

In response to uncertainty around COVID-19, management in Innofactor Group has initiated a range of precautionary initiatives to protect employees and ensure maintained service delivery in all circumstances. The direct financial impact of COVID-19 remains uncertain, but management expects a lower revenue and profit compared to expectations, but still improved compared to 2019.

No other material events affecting the Company's financial position have occurred subsequent to the financial year-end.

	2019	2018
3 Employee expense		
Wages/salaries	16.872.343	23.454.596
Pensions	2.249.739	3.266.021
Other social security costs	230.571	273.370
Other staff costs	1.128.523	699.046
	20.481.176	27.693.033
Average number of employees	27	35
4 Financial income		
Adjustment, exchange rate	30.647	2.231
	30.647	2.231
5 Financial expenses		
Interest expences, group entities	627.489	687.621
Adjustment, exchange rate loss	39.712	29.905
Other financial expenses	76.074	59.755
	743.275	777.281

Notes to the annual accounts

	2019	2018
6 Tax expense on ordinary activities		
Tax on the taxable income of the year	0	0
Increase/decrease in provision for deferred tax	0	0
Prior years tax	0	-73.986
	0	-73.986

Management has assessed that it is unlikely that the deferred tax asset can be utilized within a foreseeable future.

7 Property, plant and equipment	Fixtures and fittings, tools and equipment
Cost at 1 January	3.834.197
Additions in the year	53.710
Cost at 31 January	3.887.907
Impairment losses and depreciation at 1 January	3.149.850
Amortisation/depreciation in the year	275.611
Impairment losses and depreciation at 31 December	3.425.461
Carrying amount at 31 December	462.446

8 Equity	Share capital	Retained earnings
Equity capital 1 January	501.000	-27.102.077
Profit of the year	0	-3.437.367
Equity capital 31 December	501.000	-30.539.444

Management is aware of the negative equity and as previously years expect to re-establish its share of capital through future earning or contributions.

Notes to the annual accounts

9 Payables to group

Payables to group do not have expiration date, as the debt can be deemed for repayment on demand. Debt is therefore classified as short-term debt.

10 Collaterals

A company charge of a nominal value of DKK 3.000.000 on the Company's unsecured claims, inventories and property, plant and equipment has been put up as security for the company's payables to credit institutions

11 Contractual obligation

Rent and lease liabilities include a rent obligation totalling DKK 2.129.980 until 30 June 2021.

12 Contingent liabilities

The company is jointly taxed with its parent, Innofactor Holding ApS, which acts as management company. The company is jointly and severally liable with the other jointly taxed Group companies for payment of withholding taxes payable and for corporate taxes.

Notes to the annual accounts - accounting policies

13 - Accounting policies

Basis of accounting

The Annual Report of Innofactor A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B. Management has chosen to follow certain rules from reporting class C.

The company is included in the consolidated financial statements for Innofactor Plc, Espoo, Finland. The accounting policies applied by the company are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish Kroner.

Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction dates rates and the rates at dates of payment, are recognised in financial income and expenses in the income statement. If foreign exchange positions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the annual accounts - accounting policies

Translation policies, continued

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rate at the time of origin of the receivable or debt is recognised in financial income and expenses in the income statement.

Fixed assets purchased in foreign currencies are measured at the rate of exchange at the date of transaction.

Gross profit

With reference to section 32 of the Danish financial statements act, the items "Revenue", "Other external expenses" and "Other operating income" are consolidated into one item designated "Gross profit".

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (percentage-of-completion method). Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Other operating income

Other operating income comprise items of a secondary nature compared to the core activities of the Company, such as profit from the Fairmount Agreement and received contribution to expenses for exploration.

Employee expenses

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 items is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

Corporation Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Notes to the annual accounts - accounting policies

Property, plant and equipment

Other fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and amortization.

Depreciation is based on cost reduced by any expected residual value after the period of use.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are:

* Other fixtures, fittings, tools and equipment 3-5 Years

Gains or losses on sale of property, plant and equipment are calculated as the difference between the sales price less sales expenses and the carrying amount at the time of the sale.

Investments

Deposits, investments are measured at cost.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts because of objective evidence that a receivable or a group of receivables are impaired. Write-downs are made to the lower of the net realisable value and the carrying amount.

Contract work in progress

Ongoing service supplies and work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated based on the percentage of completion at the balance sheet date and the total expected income for the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of the contract work in progress cannot be made up reliably, the market value is measured at the costs incurred as far as they are expected to be paid by the purchaser. Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "provisions" and is expensed in the income statement.

The value of each contract in progress less prepayment is classified as assets when the market value exceeds prepayments and as liabilities when prepayments exceeds the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Notes to the annual accounts - accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities, which are subject to an insignificant risk of changes in value.

Corporation tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for taxes paid on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, of concerning shares, where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be either realised, by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Debt

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payment received concerning income in subsequent financial reporting years.