



## HFUNK ApS

Fredsvej 7  
2840 Holte  
CVR No. 29690359

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 09.07.2021

---

**Henrik Mou**

Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2020	9
Consolidated balance sheet at 31.12.2020	10
Consolidated statement of changes in equity for 2020	12
Consolidated cash flow statement for 2020	13
Notes to consolidated financial statements	14
Parent income statement for 2020	19
Parent balance sheet at 31.12.2020	20
Parent statement of changes in equity for 2020	22
Notes to parent financial statements	23
Accounting policies	26

# Entity details

## Entity

HFUNK ApS

Fredsvej 7

2840 Holte

Business Registration No.: 29690359

Registered office: Rudersdal

Financial year: 01.01.2020 - 31.12.2020

## Executive Board

Henrik Mou

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of HFUNK ApS for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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.

Holte, 09.07.2021

**Executive Board**

**Henrik Mou**

# Independent auditor's report

## To the shareholders of HFUNK ApS

### Opinion

We have audited the consolidated financial statements and the parent financial statements of HFUNK ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Copenhagen, 09.07.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Jan Larsen**

State Authorised Public Accountant  
Identification No (MNE) mne16541

# Management commentary

## Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Revenue	174,048	168,026	133,286	0	0
Gross profit/loss	130,420	124,360	89,981	0	0
Operating profit/loss	879	2,669	(488)	-40	-32
Net financials	(3,200)	(1,869)	(1,516)	0	0
Profit/loss for the year	4,448	13,267	(2,993)	-3,838	-4,679
Balance sheet total	127,083	119,824	51,987	23,035	19,818
Investments in property, plant and equipment	8,983	15,652	529	0	0
Equity	62,389	59,340	668	0	0
Equity excl. minority interests	62,039	57,058	(1,299)	0	0
Cash flows from investing activities	(10,579)	(64,387)	(3,126)	0	0
Cash flows from financing activities	2,358	51,244	(1,890)	0	0
<b>Ratios</b>					
Gross margin (%)	74.93	74.01	67.51	(NaN)	(NaN)
Net margin (%)	2.56	7.90	(2.25)	(Infinity)	(Infinity)
Equity ratio (%)	48.82	47.62	(2.50)	0.00	0.00

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Gross margin (%):

Gross profit/loss \* 100

Revenue

### Net margin (%):

Profit/loss for the year \* 100

Revenue

### Equity ratio (%):

Equity excl. minority interests \* 100

Balance sheet total



### Primary activities

The purpose of the company is to operate in the field of IT services, investment as well as all related activities, including through subsidiaries.

The company owns the total share capital in the companies Inscale Asia SDN. BHD, Malaysia, Inscale Facility SDN. BHD, Malaysia, Inscale Portugal Ltd., Portugal, Inscale Ukraine Ltd., Ukraine and Inscale Qvantel Ltd, Ukraine within, off-shoring services, etc.

INSCALE builds dedicated software development teams through a strategic partnership with our clients. The teams work from one of our offshore development locations. During the course of this partnership, INSCALE manages and advises on the remote software development process between the client and INSCALE's offshore development location.

In providing services to the client, the team works on application development and maintenance of the client's core software solutions. In doing so, the team will be a strategic resource pool for clients' on-going software development efforts. INSCALE and the Client enter into a long-term relationship where team members acquire in-depth knowledge of client's business and software solutions. We enable our clients to leverage on our engagement model for their business excellence. By adopting INSCALE's approach to building dedicated software development teams, our clients could extend their reach beyond their location into a wider pool of offshore developers and close technology gaps within their existing software development resources. INSCALE has experienced solid growth internationally in recent years. We have clients in 10 countries.

Due to COVID-19 the ambitious growth plan set up towards 2024 has been delayed. Despite COVID-19 we have continued to strengthened the organization to be prepared for the expected future growth.

### Development in activities and finances

The profit for the year amounts to DKK 4.448 thousand, which is satisfactory due to the COVID-19 challenges and in line with the planned and liquidity-requiring expansion plans. The profit for the year is still affected by costs regarding establishment of the Entity in Portugal.

### Outlook

Growth is back as planned with a growth rate of +20% in 2021. We are still adapting to the covid 19 scenario and is planning to launch new services in second half of 2021. We expect to return to our previous growth rate of +30% in 2022.

### 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.

# Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		174,048,085	168,025,665
Own work capitalised		2,483,372	3,413,609
Other operating income		413,664	316,699
Other external expenses		(46,524,880)	(47,396,436)
<b>Gross profit/loss</b>		<b>130,420,241</b>	<b>124,359,537</b>
Staff costs	1	(123,699,119)	(118,456,963)
Depreciation, amortisation and impairment losses	2	(5,842,118)	(3,233,855)
<b>Operating profit/loss</b>		<b>879,004</b>	<b>2,668,719</b>
Income from investments in associates		7,134,957	13,118,562
Other financial income	3	2,440,836	932,220
Other financial expenses	4	(5,640,510)	(2,800,954)
<b>Profit/loss before tax</b>		<b>4,814,287</b>	<b>13,918,547</b>
Tax on profit/loss for the year	5	(366,438)	(651,577)
<b>Profit/loss for the year</b>	6	<b>4,447,849</b>	<b>13,266,970</b>

# Consolidated balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	8	4,233,698	0
Development projects in progress	8	848,494	3,413,609
<b>Intangible assets</b>	7	<b>5,082,192</b>	<b>3,413,609</b>
Other fixtures and fittings, tools and equipment		16,997,012	13,672,851
Property, plant and equipment in progress		5,961,279	6,410,940
<b>Property, plant and equipment</b>	9	<b>22,958,291</b>	<b>20,083,791</b>
Investments in associates		70,612,398	65,259,264
Other investments		19,143	19,143
Deposits		1,416,081	1,222,652
<b>Financial assets</b>	10	<b>72,047,622</b>	<b>66,501,059</b>
<b>Fixed assets</b>		<b>100,088,105</b>	<b>89,998,459</b>
Trade receivables		16,790,873	14,854,158
Deferred tax	11	314,041	340,244
Other receivables		511,843	234,804
Tax receivable		413,064	170,201
Prepayments	12	4,574,239	6,643,594
<b>Receivables</b>		<b>22,604,060</b>	<b>22,243,001</b>
<b>Cash</b>		<b>4,391,276</b>	<b>7,582,658</b>
<b>Current assets</b>		<b>26,995,336</b>	<b>29,825,659</b>
<b>Assets</b>		<b>127,083,441</b>	<b>119,824,118</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital		130,000	125,000
Translation reserve		(501,384)	0
Reserve for net revaluation according to equity method		24,728,588	0
Reserve for development costs		3,964,110	0
Retained earnings		33,717,381	56,933,359
<b>Equity belonging to Parent's shareholders</b>		<b>62,038,695</b>	<b>57,058,359</b>
<b>Equity belonging to minority interests</b>		<b>350,018</b>	<b>2,281,302</b>
<b>Equity</b>		<b>62,388,713</b>	<b>59,339,661</b>
Bank loans		3,108,591	4,076,934
Debt to other credit institutions		1,741,527	2,138,911
Other payables	13	7,000,000	7,000,000
<b>Non-current liabilities other than provisions</b>	14	<b>11,850,118</b>	<b>13,215,845</b>
Current portion of non-current liabilities other than provisions	14	3,005,322	3,660,677
Bank loans		7,288,895	2,909,558
Trade payables		4,999,306	3,806,236
Payables to owners and management		4,775,791	27,000
Other payables		10,134,445	14,469,013
Deferred income	15	22,640,851	22,396,128
<b>Current liabilities other than provisions</b>		<b>52,844,610</b>	<b>47,268,612</b>
<b>Liabilities other than provisions</b>		<b>64,694,728</b>	<b>60,484,457</b>
<b>Equity and liabilities</b>		<b>127,083,441</b>	<b>119,824,118</b>
Contingent liabilities	17		
Assets charged and collateral	18		
Transactions with related parties	19		
Subsidiaries	20		

# Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Translation reserve DKK	Reserve for net revaluation according to equity method DKK	Reserve for development costs DKK	Retained earnings DKK
Equity beginning of year	125,000	0	0	0	56,933,359
Increase of capital	5,000	0	0	0	(5,000)
Exchange rate adjustments	0	(501,384)	0	0	0
Other entries on equity	0	0	(230,456)	0	(101,367)
Dividends from associates	0	0	1,450,000	0	(1,450,000)
Transfer to reserves	0	0	24,473,266	3,964,110	(28,437,376)
Profit/loss for the year	0	0	(964,222)	0	6,777,765
<b>Equity end of year</b>	<b>130,000</b>	<b>(501,384)</b>	<b>24,728,588</b>	<b>3,964,110</b>	<b>33,717,381</b>

	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	57,058,359	2,281,302	59,339,661
Increase of capital	0	0	0
Exchange rate adjustments	(501,384)	(565,590)	(1,066,974)
Other entries on equity	(331,823)	0	(331,823)
Dividends from associates	0	0	0
Transfer to reserves	0	0	0
Profit/loss for the year	5,813,543	(1,365,694)	4,447,849
<b>Equity end of year</b>	<b>62,038,695</b>	<b>350,018</b>	<b>62,388,713</b>

# Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		879,004	2,668,719
Amortisation, depreciation and impairment losses		5,842,118	3,233,855
Working capital changes	16	(314,904)	9,642,834
<b>Cash flow from ordinary operating activities</b>		<b>6,406,218</b>	<b>15,545,408</b>
Financial income received		752	0
Financial expenses paid		(1,280,605)	(1,210,772)
Taxes refunded/(paid)		(97,372)	(72,826)
<b>Cash flows from operating activities</b>		<b>5,028,993</b>	<b>14,261,810</b>
Acquisition etc. of intangible assets		(2,483,372)	(19,064,733)
Acquisition etc. of property, plant and equipment		(7,901,829)	0
Acquisition of fixed asset investments		(193,429)	(45,322,667)
<b>Cash flows from investing activities</b>		<b>(10,578,630)</b>	<b>(64,387,400)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(5,549,637)</b>	<b>(50,125,590)</b>
Loans raised		2,358,255	6,215,845
Cash capital increase		0	45,322,667
Reduction of lease commitments		0	(294,037)
<b>Cash flows from financing activities</b>		<b>2,358,255</b>	<b>51,244,475</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(3,191,382)</b>	<b>1,118,885</b>
Cash and cash equivalents beginning of year		7,582,658	6,463,773
<b>Cash and cash equivalents end of year</b>		<b>4,391,276</b>	<b>7,582,658</b>
Cash and cash equivalents at year-end are composed of:			
Cash		4,391,276	7,582,658
<b>Cash and cash equivalents end of year</b>		<b>4,391,276</b>	<b>7,582,658</b>

# Notes to consolidated financial statements

## 1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	108,982,982	104,198,224
Pension costs	3,450,447	1,709,310
Other social security costs	10,149,249	8,132,556
Other staff costs	1,116,441	4,416,873
	<b>123,699,119</b>	<b>118,456,963</b>
Average number of full-time employees	<b>416</b>	<b>371</b>

Remuneration to the executive board has not been disclosed in accordance with section 98b (3) of the Danish Financial Statements Act.

## 2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	814,789	0
Depreciation on property, plant and equipment	5,005,753	3,709,167
Profit/loss from sale of intangible assets and property, plant and equipment	21,576	(475,312)
	<b>5,842,118</b>	<b>3,233,855</b>

## 3 Other financial income

	2020 DKK	2019 DKK
Exchange rate adjustments	2,440,084	932,220
Other financial income	752	0
	<b>2,440,836</b>	<b>932,220</b>

## 4 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	573,820	1,210,772
Exchange rate adjustments	4,359,905	1,590,182
Other financial expenses	706,785	0
	<b>5,640,510</b>	<b>2,800,954</b>

**5 Tax on profit/loss for the year**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	340,235	252,445
Change in deferred tax	26,203	399,132
	<b>366,438</b>	<b>651,577</b>

**6 Proposed distribution of profit/loss**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Retained earnings	5,813,543	12,996,174
Minority interests' share of profit/loss	(1,365,694)	270,796
	<b>4,447,849</b>	<b>13,266,970</b>

**7 Intangible assets**

	<b>Completed development projects DKK</b>	<b>Development projects in progress DKK</b>
Cost beginning of year	0	3,413,609
Transfers	3,146,499	(3,146,499)
Additions	1,901,988	581,384
<b>Cost end of year</b>	<b>5,048,487</b>	<b>848,494</b>
Amortisation for the year	(814,789)	0
<b>Amortisation and impairment losses end of year</b>	<b>(814,789)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>4,233,698</b>	<b>848,494</b>

**8 Development projects**

The groups development projects relate to the development and improvement of the Inscale ERP System.



## 9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	22,740,322	6,410,940
Exchange rate adjustments	(1,764,763)	0
Transfers	6,594,830	(6,594,830)
Additions	2,837,770	6,145,169
Disposals	(1,412,346)	0
<b>Cost end of year</b>	<b>28,995,813</b>	<b>5,961,279</b>
Depreciation and impairment losses beginning of year	(9,067,314)	0
Exchange rate adjustments	723,973	0
Depreciation for the year	(5,005,753)	0
Reversal regarding disposals	1,350,293	0
<b>Depreciation and impairment losses end of year</b>	<b>(11,998,801)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>16,997,012</b>	<b>5,961,279</b>

## 10 Financial assets

	Investments in associates DKK	Other investments DKK	Deposits DKK
Cost beginning of year	45,883,810	52,938	1,222,652
Additions	0	0	193,429
Disposals	0	(33,795)	0
<b>Cost end of year</b>	<b>45,883,810</b>	<b>19,143</b>	<b>1,416,081</b>
Revaluations beginning of year	19,375,454	0	0
Exchange rate adjustments	(331,823)	0	0
Share of profit/loss for the year	7,134,957	0	0
Dividend	(1,450,000)	0	0
<b>Revaluations end of year</b>	<b>24,728,588</b>	<b>0</b>	<b>0</b>
Impairment losses beginning of year	0	(33,795)	0
Reversal regarding disposals	0	33,795	0
<b>Impairment losses end of year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>70,612,398</b>	<b>19,143</b>	<b>1,416,081</b>

Associates	Registered in	Ownership %
Mou Fusion ApS	Virum, Denmark	33,33

**11 Deferred tax**

	<b>2020 DKK</b>
Tax losses carried forward	314,041
<b>Deferred tax</b>	<b>314,041</b>
<hr/>	
	<b>2020 DKK</b>
<b>Changes during the year</b>	
Beginning of year	340,244
Recognised in the income statement	(26,203)
<b>End of year</b>	<b>314,041</b>

Deferred tax assets are measured at net realizable value, and are based on Management's best estimate. The capitalized tax assets consists only of tax losses from the groups malaysian subsidiary.

**12 Prepayments**

Prepayments consist of insurance, subscription fees, etc. in respect of subsequent financial years.

**13 Other payables**

	<b>2020 DKK</b>	<b>2019 DKK</b>
Other costs payable	7,000,000	7,000,000
	<b>7,000,000</b>	<b>7,000,000</b>

**14 Non-current liabilities other than provisions**

	<b>Due within 12 months 2020 DKK</b>	<b>Due within 12 months 2019 DKK</b>	<b>Due after more than 12 months 2020 DKK</b>
Bank loans	968,343	934,247	3,108,591
Lease liabilities	534,831	1,634,646	0
Debt to other credit institutions	1,502,148	1,091,784	1,741,527
Other payables	0	0	7,000,000
	<b>3,005,322</b>	<b>3,660,677</b>	<b>11,850,118</b>

The Group has no long-term debt that is due more than 5 years from the balance sheet date.

**15 Deferred income**

Deferred income consists of revenue to be recognized in future periods as the recognition criteria has not been completed yet.

## 16 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in receivables	(144,399)	6,553,060
Increase/decrease in trade payables etc.	(312,528)	2,540,484
Other changes	142,023	549,290
	<b>(314,904)</b>	<b>9,642,834</b>

## 17 Contingent liabilities

The entity participates in a Danish joint taxation arrangement in which HFUNK ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

## 18 Assets charged and collateral

The group has not itself provided collateral or made mortgages.

## 19 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

## 20 Subsidiaries

	Registered in	Corporate form	Ownership %
Inscale Holding ApS (Hold 45,85% of Inscale A/S)	Denmark	ApS	52,5
Inscale A/S	Denmark	A/S	22,9
Inscale Asia (owned 100% by Inscale A/S)	Malaysia	SDN Bhd	100
Inscale Facilitation (owned 100% by Inscale A/S)	Malaysia	SDN Bhd	100
Inscale Portugal (owned 100% by Inscale A/S)	Portugal	Ltd.	100
Inscale QT Ukraine (owned 100% by Inscale A/S)	Ukraine	LLC	100
Inscale Ukraine (owned 100% by Inscale A/S)	Ukraine	Ltd.	100

# Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>(75,860)</b>	<b>(51,643)</b>
Income from investments in group enterprises		(1,213,221)	229,763
Income from investments in associates		7,134,957	13,118,562
Other financial income	1	720,752	720,000
Other financial expenses	2	(753,084)	(793,627)
<b>Profit/loss before tax</b>		<b>5,813,544</b>	<b>13,223,055</b>
Tax on profit/loss for the year	3	0	(226,881)
<b>Profit/loss for the year</b>	4	<b>5,813,544</b>	<b>12,996,174</b>

# Parent balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Investments in group enterprises		281,433	1,996,039
Investments in associates		70,612,398	65,259,264
Other investments		19,143	19,143
Other receivables		4,087,756	4,027,756
<b>Financial assets</b>	5	<b>75,000,730</b>	<b>71,302,202</b>
<b>Fixed assets</b>		<b>75,000,730</b>	<b>71,302,202</b>
Receivables from group enterprises		61,000	61,000
Other receivables		252,777	138,075
<b>Receivables</b>		<b>313,777</b>	<b>199,075</b>
<b>Current assets</b>		<b>313,777</b>	<b>199,075</b>
<b>Assets</b>		<b>75,314,507</b>	<b>71,501,277</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital		130,000	125,000
Reserve for net revaluation according to the equity method		15,135,020	4,720,457
Retained earnings		46,773,675	52,212,902
<b>Equity</b>		<b>62,038,695</b>	<b>57,058,359</b>
Other payables		7,000,000	7,000,000
<b>Non-current liabilities other than provisions</b>	<b>6</b>	<b>7,000,000</b>	<b>7,000,000</b>
Bank loans		1,386,834	1,777,473
Payables to owners and management		4,748,791	5,554,391
Other payables		140,187	111,054
<b>Current liabilities other than provisions</b>		<b>6,275,812</b>	<b>7,442,918</b>
<b>Liabilities other than provisions</b>		<b>13,275,812</b>	<b>14,442,918</b>
<b>Equity and liabilities</b>		<b>75,314,507</b>	<b>71,501,277</b>
Contingent liabilities	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		

## Parent statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	4,720,457	52,212,902	57,058,359
Increase of capital	5,000	0	(5,000)	0
Exchange rate adjustments	0	(833,208)	0	(833,208)
Transfer to reserves	0	5,326,036	(5,326,036)	0
Profit/loss for the year	0	5,921,735	(108,191)	5,813,544
<b>Equity end of year</b>	<b>130,000</b>	<b>15,135,020</b>	<b>46,773,675</b>	<b>62,038,695</b>

# Notes to parent financial statements

## 1 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	720,000	720,000
Other financial income	752	0
	<b>720,752</b>	<b>720,000</b>

## 2 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	46,299	69,612
Other financial expenses	706,785	724,015
	<b>753,084</b>	<b>793,627</b>

## 3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	0	226,881
	<b>0</b>	<b>226,881</b>

## 4 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	5,813,544	12,996,174
	<b>5,813,544</b>	<b>12,996,174</b>



## 5 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Other investments DKK	Other receivables DKK
Cost beginning of year	9,875,000	45,883,810	52,938	4,302,756
Additions	0	0	0	60,000
Disposals	0	0	(33,795)	(275,000)
<b>Cost end of year</b>	<b>9,875,000</b>	<b>45,883,810</b>	<b>19,143</b>	<b>4,087,756</b>
Revaluations beginning of year	(7,878,961)	19,375,454	0	0
Exchange rate adjustments	0	(331,823)	0	0
Transfers	7,878,961	0	0	0
Share of profit/loss for the year	0	7,134,957	0	0
Dividend	0	(1,450,000)	0	0
<b>Revaluations end of year</b>	<b>0</b>	<b>24,728,588</b>	<b>0</b>	<b>0</b>
Impairment losses beginning of year	0	0	(33,795)	(275,000)
Exchange rate adjustments	(501,385)	0	0	0
Transfers	(7,878,961)	0	0	0
Share of profit/loss for the year	(1,213,221)	0	0	0
Reversal regarding disposals	0	0	33,795	275,000
<b>Impairment losses end of year</b>	<b>(9,593,567)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>281,433</b>	<b>70,612,398</b>	<b>19,143</b>	<b>4,087,756</b>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Investments in associates	Registered in	Corporate form	Ownership %
Mou Fusion ApS	Virum, Denmark	ApS	33,33

## 6 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Other payables	7,000,000
	<b>7,000,000</b>

The Company has no long-term debt that is due more than 5 years from the balance sheet date.

## 7 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

#### **8 Assets charged and collateral**

The company has not itself provided collateral or made mortgages.

#### **9 Related parties with controlling interest**

Related parties with controlling interest consist of Henrik Mou. No disclosures of transactions with related parties has been stated as management believes that all transactions with related parties has been carried out on arms length basis.

# Accounting policies

## Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

## 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.

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

## Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date,

with net assets having been calculated at fair value.

## **Income statement**

### **Gross profit or loss**

Gross profit or loss comprises revenue, own work capitalised, other operating income and other external expenses.

### **Revenue**

Revenue from the sale of services is recognised 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 and property, plant and equipment.

### **Other operating income**

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

### **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 wages and salaries, 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.

### **Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

### **Income from investments in associates**

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

### **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 under 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.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

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

**Property, plant and equipment**

Plant and machinery, and 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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

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

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:

Other fixtures and fittings, tools and equipment

3-5 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 recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

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

### **Investments in associates**

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

Associates with negative equity value are measured at DKK 0. Any receivables from these associates are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Investments in associates 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.

### **Other investments**

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

### **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.

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.

**Tax payable or receivable**

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

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Lease liabilities**

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Other financial liabilities**

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

**Deferred income**

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

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.