



HFUNK ApS

Fredsvej 7
2840 Holte
CVR No. 29690359

Annual report 2022

The Annual General Meeting adopted the
annual report on 30.06.2023

Henrik Mou

Chairman of the General Meeting

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Entity details

Entity

HFUNK ApS

Fredsvej 7

2840 Holte

Business Registration No.: 29690359

Registered office: Rudersdal

Financial year: 01.01.2022 - 31.12.2022

Executive Board

Henrik Mou

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6700 Esbjerg

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of HFUNK ApS for the financial year 01.01.2022 - 31.12.2022.

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

In my 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Holte, 30.06.2023

Executive Board

Henrik Mou

Independent auditor's report

To the shareholder of HFUNK ApS

Report on the audit of the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of HFUNK ApS for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the 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 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.

Report on other legal and regulatory requirements**Non-compliance with the provisions of the Danish Companies Act on loans to owners**

Contrary to the Danish Companies Act, the Entity has granted a loan to an owner, for which Management may be held liable.

Esbjerg, 30.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mikael Grosbøl

State Authorised Public Accountant
Identification No (MNE) mne33707

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Revenue	234,139	195,429	174,048	168,026	133,286
Gross profit/loss	149,202	116,560	130,420	124,360	89,981
Operating profit/loss	(16,138)	(3,859)	879	2,669	-488
Net financials	4,026	(5,568)	(3,200)	(1,869)	(1,516)
Profit/loss for the year	(6,800)	2,117	4,448	13,267	(2,993)
Balance sheet total	121,558	137,516	127,083	119,824	51,987
Investments in property, plant and equipment	2,347	3,998	8,983	15,652	529
Equity	62,902	71,001	62,389	59,340	668
Equity excl. minority interests	60,218	68,341	62,039	57,058	(1,299)
Cash flows from investing activities	40,364	(3,204)	(10,579)	(64,387)	(3,126)
Cash flows from financing activities	(12,306)	12,270	2,358	51,244	(1,890)
Ratios					
Gross margin (%)	63.72	59.64	74.93	74.01	67.51
Net margin (%)	(2.90)	1.08	2.56	7.90	(2.25)
Equity ratio (%)	49.54	49.70	48.82	47.62	(2.50)

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

HFUNK ApS' primary activity is to act as mother company for INSCALE.

INSCALE support domestic and international business clients' strategy through providing dedicated software development teams and -resources. INSCALE always builds through a strategic partnership with our clients.

All the teams work from one of our offshore development locations. 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.

The collaboration and the partnership between INSCALE and the Client are a long-term relationship to give team members the best opportunity to acquire in depth knowledge of client's business and software solutions, so INSCALE enables 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 can extend their reach beyond their location into a wider pool of offshore developers and close technology gaps within their existing software development resources.

INSCALE is a player in the international market, where we all focus a huge need for software developers, as IT is fundamentally for many business' all over the world. INSCALE has a solution for this and believe that our footprint in the sector is powerful and has been consistent for many years and this will continue.

Development in activities and finances

INSCALE has experienced solid growth internationally in recent years. Many clients in 10 countries have experienced this long-term partnership with a great success.

INSCALE has experienced a positive 20% growth in revenue in 2022 and reached total revenues of 234 MDKK. This revenue growth was in line with expectations and with the outlook from the previous annual report.

However, costs have also increased in 2022 as the world comes out of the COVID 19 pandemic. The loss for the year is affected by some one-off cost items and the ongoing war in Ukraine has continued to impact our operations in that country. The profit before tax is positively affected by adjustment of fair value on other investments and negatively affected by other provisions and extraordinary writedowns on other receivables.

Profit/loss for the year in relation to expected developments

The 20% growth in revenue was in line with expectations. The profit for the year was lower than expected.

Outlook

We expect to continue with our revenue growth rate of +20% in 2023. A profit before tax between zero and +5 mio. DKK in 2023 is expected for the INSCALE Group. Income from investments in associates is expected to be around 3 mio. DKK in 2023.

Events after the balance sheet date

In February 2023, Inscale A/S acquired 100% of the shares of Inscale Macedonia DOOEL Skopje, EMBS from Henrik Mou for the purchase price of MKD 78.7 million (approximately DKK 9.5 million). Going forward, the

results of Inscale Macedonia DOOEL Skopje, EMBS are to be consolidated into the consolidated financial statements as from 8 February 2023, the date of acquisition.

Consolidated income statement for 2022

	Notes	2022 DKK	2021 DKK
Revenue		234,138,646	195,429,388
Own work capitalised		1,479,295	1,629,234
Other operating income		1,387,481	413,664
Cost of sales		(51,859,786)	(53,466,817)
Other external expenses		(35,943,860)	(27,445,736)
Gross profit/loss		149,201,776	116,559,733
Staff costs	1	(147,442,396)	(113,964,276)
Depreciation, amortisation and impairment losses	2	(6,898,008)	(6,454,473)
Writedowns of current assets exceeding ordinary writedowns	3	(10,998,885)	0
Operating profit/loss		(16,137,513)	(3,859,016)
Income from investments in associates		8,028,883	13,402,514
Income from other fixed asset investments		3,904,874	0
Other financial income	4	6,745,350	2,910,961
Other financial expenses	5	(6,624,599)	(8,479,091)
Profit/loss before tax		(4,083,005)	3,975,368
Tax on profit/loss for the year	6	(2,717,026)	(1,858,684)
Profit/loss for the year	7	(6,800,031)	2,116,684

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	9	5,441,207	5,604,453
Intangible assets	8	5,441,207	5,604,453
Other fixtures and fittings, tools and equipment		18,682,485	21,677,949
Property, plant and equipment	10	18,682,485	21,677,949
Investments in associates		40,835,465	78,938,584
Other investments		6,519,143	2,614,269
Deposits		2,823,293	1,422,405
Other receivables		493,118	0
Financial assets	11	50,671,019	82,975,258
Fixed assets		74,794,711	110,257,660
Trade receivables		5,589,273	4,897,627
Deferred tax	12	0	262,357
Other receivables		2,691,576	3,481,717
Tax receivable		1,438,942	2,106,332
Receivables from owners and management	13	1,170,849	0
Prepayments	14	1,772,402	5,740,785
Receivables		12,663,042	16,488,818
Cash		34,100,701	10,769,137
Current assets		46,763,743	27,257,955
Assets		121,558,454	137,515,615

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		130,000	130,000
Translation reserve		(1,306,632)	(237,212)
Retained earnings		58,575,915	68,448,181
Proposed dividend for the financial year		2,819,014	0
Equity belonging to Parent's shareholders		60,218,297	68,340,969
Equity belonging to minority interests		2,683,920	2,660,502
Equity		62,902,217	71,001,471
Other provisions	15	2,500,000	0
Provisions		2,500,000	0
Bank loans		1,063,827	2,083,668
Debt to other credit institutions		53,672	580,886
Non-current liabilities other than provisions	16	1,117,499	2,664,554
Current portion of non-current liabilities other than provisions	16	8,629,596	10,023,640
Bank loans		7,796,214	5,877,947
Prepayments received from customers		8,780,806	9,524,168
Trade payables		5,505,275	902,686
Payables to associates		0	10,000,000
Payables to owners and management		27,000	139,244
Tax payable		371,675	0
Other payables		20,212,998	21,097,683
Deferred income	17	3,715,174	6,284,222
Current liabilities other than provisions		55,038,738	63,849,590
Liabilities other than provisions		56,156,237	66,514,144
Equity and liabilities		121,558,454	137,515,615
Fair value information	19		
Unrecognised rental and lease commitments	20		
Contingent liabilities	21		
Transactions with related parties	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK	Translation reserve DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Equity belonging to Parent's shareholders DKK
Equity beginning of year	130,000	(237,212)	68,448,181	0	68,340,969
Exchange rate adjustments	0	(1,069,420)	0	0	(1,069,420)
Other entries on equity	0	0	(2,215,278)	0	(2,215,278)
Profit/loss for the year	0	0	(7,656,988)	2,819,014	(4,837,974)
Equity end of year	130,000	(1,306,632)	58,575,915	2,819,014	60,218,297

	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	2,660,502	71,001,471
Exchange rate adjustments	(606,653)	(1,676,073)
Other entries on equity	2,592,128	376,850
Profit/loss for the year	(1,962,057)	(6,800,031)
Equity end of year	2,683,920	62,902,217

Consolidated cash flow statement for 2022

	Notes	2022 DKK	2021 DKK
Operating profit/loss		(16,137,513)	(3,859,016)
Amortisation, depreciation and impairment losses		6,898,008	6,454,473
Writedown of current assets		14,226,407	0
Other provisions		2,500,000	0
Working capital changes	18	(10,919,045)	557,773
Cash flow from ordinary operating activities		(3,432,143)	3,153,230
Financial income received		6,745,350	0
Financial expenses paid		(6,624,599)	(2,340,608)
Taxes refunded/(paid)		(1,415,604)	(3,500,268)
Cash flows from operating activities		(4,726,996)	(2,687,646)
Acquisition etc. of intangible assets		(1,479,295)	(1,629,234)
Acquisition etc. of property, plant and equipment		(2,347,173)	(3,997,971)
Sale of property, plant and equipment		84,959	24,356
Acquisition of fixed asset investments		(2,221,166)	(2,601,450)
Sale of fixed asset investments		327,160	0
Dividends received from associates		46,000,000	5,000,000
Cash flows from investing activities		40,364,485	(3,204,299)
Free cash flows generated from operations and investments before financing		35,637,489	(5,891,945)
Repayments of loans etc.		(2,941,099)	(3,578,194)
Incurrence of debt to associates		0	10,000,000
Repayment of debt to associates		(10,000,000)	0
Cash capital decrease		0	5,848,000
Changes of loan to owners and management		(1,283,093)	0
Changes of short term bank debt		1,918,267	0
Cash flows from financing activities		(12,305,925)	12,269,806
Increase/decrease in cash and cash equivalents		23,331,564	6,377,861

Cash and cash equivalents beginning of year	10,769,137	4,391,276
Cash and cash equivalents end of year	34,100,701	10,769,137

Cash and cash equivalents at year-end are composed of:

Cash	34,100,701	10,769,137
Cash and cash equivalents end of year	34,100,701	10,769,137

Notes to consolidated financial statements

1 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	129,864,187	99,152,682
Pension costs	8,458,958	422,525
Other social security costs	8,796,632	13,099,360
Other staff costs	322,619	1,289,709
	147,442,396	113,964,276
Average number of full-time employees	452	367

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

	2022 DKK	2021 DKK
Amortisation of intangible assets	1,642,541	1,106,973
Depreciation on property, plant and equipment	5,225,363	5,362,214
Profit/loss from sale of intangible assets and property, plant and equipment	30,104	(14,714)
	6,898,008	6,454,473

3 Writedowns of current assets exceeding ordinary writedowns

Writedowns exceeding ordinary writedowns relates to writedowns on other receivables.

4 Other financial income

	2022 DKK	2021 DKK
Other interest income	587,642	0
Exchange rate adjustments	6,157,708	2,910,961
	6,745,350	2,910,961

5 Other financial expenses

	2022 DKK	2021 DKK
Other interest expenses	484,371	542,786
Exchange rate adjustments	5,594,442	4,116,651
Fair value adjustments	18,898	0
Other financial expenses	526,888	3,819,654
	6,624,599	8,479,091

6 Tax on profit/loss for the year

	2022 DKK	2021 DKK
Current tax	2,454,669	1,807,000
Change in deferred tax	262,357	51,684
	2,717,026	1,858,684

7 Proposed distribution of profit/loss

	2022 DKK	2021 DKK
Ordinary dividend for the financial year	2,819,014	0
Retained earnings	(7,656,988)	6,405,164
Minority interests' share of profit/loss	(1,962,057)	(4,288,480)
	(6,800,031)	2,116,684

8 Intangible assets

	Completed development projects DKK
Cost beginning of year	7,526,215
Additions	1,479,295
Cost end of year	9,005,510
Amortisation and impairment losses beginning of year	(1,921,762)
Amortisation for the year	(1,642,541)
Amortisation and impairment losses end of year	(3,564,303)
Carrying amount end of year	5,441,207

9 Development projects

The groups development projects relate to the development and improvement of the Inscale ERP System. Development project assets are measured at net cost value, and is impairment tested on a yearly basis.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	39,653,284
Exchange rate adjustments	(519,805)
Additions	2,347,173
Disposals	(548,362)
Cost end of year	40,932,290
Depreciation and impairment losses beginning of year	(17,975,335)
Exchange rate adjustments	517,594
Depreciation for the year	(5,225,363)
Reversal regarding disposals	433,299
Depreciation and impairment losses end of year	(22,249,805)
Carrying amount end of year	18,682,485
Recognised assets not owned by Entity	283,823

11 Financial assets

	Investments in associates DKK	Other investments DKK	Deposits DKK	Other receivables DKK
Cost beginning of year	45,883,810	2,614,269	1,422,405	0
Additions	0	0	1,728,048	493,118
Disposals	0	0	(327,160)	0
Cost end of year	45,883,810	2,614,269	2,823,293	493,118
Revaluations beginning of year	33,054,774	0	0	0
Exchange rate adjustments	(508,852)	0	0	0
Adjustments on equity	376,850	0	0	0
Share of profit/loss for the year	8,028,883	0	0	0
Dividend	(46,000,000)	0	0	0
Fair value adjustments	0	3,904,874	0	0
Revaluations end of year	(5,048,345)	3,904,874	0	0
Carrying amount end of year	40,835,465	6,519,143	2,823,293	493,118

The budget used in DCF Valuation is based on financial performance in pre COVID-19 years and financial information for Q1 2023. The number of periods is 5. The growth rate of free cash flow is 5% and the perpetual growth rate is 2%. NPV is calculated with a WACC of 12%. The enterprise value is adjusted for net debt and a normalisation of net working capital of DKK 0.6M.

Associates	Registered in	Ownership %
Mou Holding A/S	Virum, Denmark	33,33

12 Deferred tax

	2022	2021
Changes during the year	DKK	DKK
Beginning of year	262,357	314,041
Recognised in the income statement	(262,357)	(51,684)
End of year	0	262,357

The capitalized tax assets consists only of tax losses from the groups malaysian subsidiary.

13 Receivables from owners and management

	Board of Directors
	DKK
Receivables	1,170,849
Interest rate (%)	9,55

14 Prepayments

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

15 Other provisions

Others provisons relate to a provision for a dispute with the Tax Authorities. Management has estimated the most likely resultat of the dispute, but the final settlement may be higher or lower

16 Non-current liabilities other than provisions

	Due within 12 months	Due within 12 months	Due after more than 12 months
	2022	2021	2022
	DKK	DKK	DKK
Bank loans	1,051,232	1,024,923	1,063,827
Lease liabilities	51,150	265,519	0
Debt to other credit institutions	527,214	1,733,198	53,672
Other payables	7,000,000	7,000,000	0
	8,629,596	10,023,640	1,117,499

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

17 Deferred income

Received rent reduction and other income for recognition in subsequent financial years.

18 Changes in working capital

	2022	2021
	DKK	DKK
Increase/decrease in receivables	(10,159,529)	(8,195,171)
Increase/decrease in trade payables etc.	405,494	8,122,085
Other changes	(1,165,010)	630,859
	(10,919,045)	557,773

19 Fair value information

	Other investments
	DKK
Fair value end of year	6,519,143
Unrealised fair value adjustments recognised in the income statement	3,904,874

20 Unrecognised rental and lease commitments

	2022	2021
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	17,629,338	28,027,997

21 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.

22 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.

23 Subsidiaries

	Registered in	Corporate form	Ownership %
Inscale Holding ApS (Hold 32,89% of Inscale A/S)	Denmark	ApS	52.50
Inscale A/S	Denmark	A/S	30.76
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

The parent owns 48,06% of the shares in Inscale A/S (30,76% directly owned and 17,40% indirectly owned through 52,50% ownership in Inscale Holding ApS).

By exercising controlling influence in Inscale Holding ApS, the parent indirectly holds more than 50% of the voting rights in Inscale A/S (30,76% directly controlled and 32,8% indirectly controlled through Inscale Holding ApS).

Parent income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		4,199	(13,530)
Writedowns of current assets exceeding ordinary writedowns	1	(10,998,885)	0
Operating profit/loss		(10,994,686)	(13,530)
Income from investments in group enterprises		(1,813,692)	(3,806,591)
Income from investments in associates		8,028,883	13,402,514
Other financial income	2	611,722	667,869
Other financial expenses		(670,201)	(3,845,098)
Profit/loss for the year	3	(4,837,974)	6,405,164

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Investments in group enterprises		2,454,891	2,433,880
Investments in associates		40,835,465	78,938,584
Other investments		19,143	19,143
Financial assets	4	43,309,499	81,391,607
Fixed assets		43,309,499	81,391,607
Receivables from group enterprises		101,250	2,091,875
Other receivables		371,166	3,165,376
Receivables from owners and management	5	1,170,849	0
Receivables		1,643,265	5,257,251
Cash		22,320,720	0
Current assets		23,963,985	5,257,251
Assets		67,273,484	86,648,858

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		130,000	130,000
Reserve for net revaluation according to equity method		0	19,628,054
Retained earnings		57,269,283	48,582,915
Proposed dividend for the financial year		2,819,014	0
Equity		60,218,297	68,340,969
Current portion of non-current liabilities other than provisions	6	7,000,000	7,000,000
Bank loans		0	1,135,458
Payables to associates		0	10,000,000
Payables to owners and management		0	112,244
Other payables		55,187	60,187
Current liabilities other than provisions		7,055,187	18,307,889
Liabilities other than provisions		7,055,187	18,307,889
Equity and liabilities		67,273,484	86,648,858
Employees	7		
Contingent liabilities	8		
Assets charged and collateral	9		
Related parties with controlling interest	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2022

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	130,000	19,628,054	48,582,915	0	68,340,969
Exchange rate adjustments	0	(1,069,420)	0	0	(1,069,420)
Dissolution of revaluations	0	23,441,453	(23,441,453)	0	0
Other entries on equity	0	(2,215,278)	0	0	(2,215,278)
Dividends from associates	0	(46,000,000)	46,000,000	0	0
Profit/loss for the year	0	6,215,191	(13,872,179)	2,819,014	(4,837,974)
Equity end of year	130,000	0	57,269,283	2,819,014	60,218,297

Notes to parent financial statements

1 Writedowns of current assets exceeding ordinary writedowns

Writedowns exceeding ordinary writedowns relates to writedowns on other receivables.

2 Other financial income

	2022 DKK	2021 DKK
Financial income from group enterprises	90,216	667,869
Other interest income	521,506	0
	611,722	667,869

3 Proposed distribution of profit and loss

	2022 DKK	2021 DKK
Ordinary dividend for the financial year	2,819,014	0
Retained earnings	(7,656,988)	6,405,164
	(4,837,974)	6,405,164

4 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Other investments DKK
Cost beginning of year	15,860,600	45,883,810	19,143
Additions	4,987,399	0	0
Cost end of year	20,847,999	45,883,810	19,143
Revaluations beginning of year	0	33,054,774	0
Exchange rate adjustments	0	(508,852)	0
Adjustments on equity	0	376,850	0
Share of profit/loss for the year	0	8,028,883	0
Dividend	0	(46,000,000)	0
Revaluations end of year	0	(5,048,345)	0
Impairment losses beginning of year	(13,426,720)	0	0
Exchange rate adjustments	(560,568)	0	0
Adjustments on equity	(2,592,128)	0	0
Share of profit/loss for the year	(1,813,692)	0	0
Impairment losses end of year	(18,393,108)	0	0
Carrying amount end of year	2,454,891	40,835,465	19,143

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

Other investments are measured at fair value according to the groups accounting policy. Other investments held by the parent can not be measured reliably at fair value. These investments are measured at the lower of cost and net realisable value.

Investments in associates	Registered in	Corporate form	Ownership %
Mou Holding A/S	Virum, Denmark	A/S	33,33

5 Receivables from owners and management

	Board of Directors DKK
Receivables	1,170,849
Interest rate (%)	9,55

6 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK	Due within 12 months 2021 DKK
Other payables	7,000,000	7,000,000
	7,000,000	7,000,000

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

7 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

8 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.

9 Assets charged and collateral

Collateral provided for group enterprises

The Entity has guaranteed Inscale A/S' debt with Nykredit. Bank loans amount to DKK 6.2M.

10 Related parties with controlling interest

Henrik Mou, Holte, Denmark (100% owner of HFUNK ApS)

11 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.

Accounting policies

Reporting class

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

Changes in accounting policies

The Group and the Parent have changed their accounting policies with regard to other fixed asset investments.

Management has decided to change the measuring of other investemnts from cost price to fair value as this reflects a true and fair view of the actual value of the investment.

For the Group, the change in accounting policies has led to an increase in other investments of DKK 3.905K. Consequently, for the Group, the total effect of the change in accounting policies is an increase in this year's pretax profit by DKK 3.905K. There is no tax effect. The Group's balance sheet total increases by DKK 3.905K, while its equity increases by DKK 3.905K at 31.12.2022.

For the Parent, the change in accounting policies has led to an increase in investments in group enterprises of DKK 1.875K. Consequently, for the Parent, the total effect of the change in accounting policies is an increase in this year's pretax profit or loss by DKK 1.875K. There is no tax effect. The Parent's balance sheet total increases by DKK 1.875K, while its equity increases by DKK 1.875K at 31.12.2022.

The comparative figures have not been restated following the change in accounting policies, as the fair value can not be measured reliably retroactively.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with 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 acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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.

Other operating income

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

Cost of sales

Cost of sales comprises costs related to sale of services.

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.

Writedowns of current assets exceeding ordinary writedowns

Writedowns of current assets exceeding ordinary writedowns are those on receivables and other current assets that differ from ordinary writedowns of these items.

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.

Income from other fixed asset investments

Income from other fixed asset investments comprise gains in the form of fair value adjustments on fixed asset investments which are not investments in group enterprises or associates

Other financial income

Other financial income comprises interest income, 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.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated

among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed.

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

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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

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.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Receivables

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

Other investments

Other investments comprise unlisted equity investments measured at fair value. The measuring is based on fair value within the IFRS 13 fair value hierarchy level 3. The valuation technique used is the income approach under the IPEV guidelines. Fair value is calculated with unobservable inputs using the discounted cash flows valuation technique.

Deferred tax

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

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

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.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Other provisions

Other provisions comprise anticipated costs of litigations.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Lease liabilities

Lease liabilities 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 liabilities 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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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.