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HFUNK APS
C/O HENRIK MOU, FREDSEJ 7, 2840 HOLTE
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 28 June 2024**

Henrik Mou

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COMPANY DETAILS**Company**

HFUNK ApS
c/o Henrik Mou, Fredsvej 7
2840 Fredsvej 7
2840 Holte

CVR No.: 29 69 03 59
Established: 18 July 2006
Municipality: Rudersdal
Financial Year: 1 January - 31 December

Executive Board

Henrik Mou

Auditor

BDO Statsautoriseret revisionsaktieselskab
Dokken 8
6700 Esbjerg

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of HFUNK ApS for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In my opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

The Management Commentary includes in my opinion a fair presentation of the matters dealt with in the Commentary.

I recommend the Annual Report be approved at the Annual General Meeting.

Holte, 28 June 2024

Executive Board

Henrik Mou

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of HFUNK ApS

AUDITORS OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE ANNUAL FINANCIAL STATEMENTS OF THE COMPANY

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of HFUNK ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company 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 Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company.

INDEPENDENT AUDITOR'S REPORT

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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.

INDEPENDENT AUDITOR'S REPORT

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover 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 Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of 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. The loan has been cleared in 2023.

Esbjerg, 28 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mikael Grosbøl
State Authorised Public Accountant
MNE no. mne33707

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income statement					
Net revenue.....	275,544	234,139	195,429	174,048	168,026
Gross profit/loss.....	213,626	148,879	116,560	130,420	124,360
Operating profit/loss of main activities...	-6,640	-16,138	-3,859	879	2,669
Financial income and expenses, net.....	4,623	4,026	-5,568	-3,200	-1,869
Profit/loss for the year.....	9,108	-6,800	2,117	4,448	13,267
Balance sheet					
Total assets.....	124,760	121,558	137,516	127,083	119,824
Equity.....	69,722	62,902	71,001	62,389	59,340
Equity ex minority interests.....	67,303	60,218	68,341	62,039	57,058
Cash flows					
Cash flows from investing activities.....	-8,321	40,364	-3,204	-10,579	-64,387
Cash flows from financing activities.....	-2,198	-12,306	12,270	2,358	51,244
Investment in property, plant and equipment.....	-1,529	-2,347	-3,998	-8,983	-15,652
Key ratios					
Gross margin.....	77.5	63.6	59.6	74.9	74.0
Operating margin.....	-2.4	-6.9	-2.0	0.5	1.6
Equity ratio.....	53.9	49.5	49.7	48.8	47.6
Return on equity.....	13.7	-10.2	3.2	7.3	44.7

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Operating margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Equity ratio:	$\frac{\text{Equity (ex. minorities), at year-end} \times 100}{\text{Total assets, at year-end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal 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' ongoing 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 financial and economic position

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 18% growth in revenue in 2023 and reached total revenues in 2023 of 276 MDKK. This revenue growth and the result before tax of 11 MDKK was broadly in line with expectations and with the outlook from the previous annual report.

The result 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 also positively affected by adjustment of fair value on other investments and investments in associates.

Profit/loss for the year compared to the expected development

The growth in revenue was broadly in line with expectations. The result before tax for the year was in line with expectations.

Significant events after the end of the financial year

In early 2024, Inscale established new virtual shared service centres in Poland and Bulgaria. Besides that no events have occurred after the end of the financial year of material importance for the Company's financial position.

Financial risk

Currency risks

As a consequence of activities abroad, the Group's results, cash flows and equity are affected by the exchange rate and interest rate movements of a number of currencies - Malaysian ringgit, Macedonian Denar and Euro in particular.

Credit risk

The Company has good procedures for handling credit risks and historically the company has had insubstantial loss on debtors.

MANAGEMENT COMMENTARY

Environmental situation

The group does not have any activities that directly impact on the environment. However, the Company supports a responsible environmental policy in the day to day running of its operations.

Future expectations

We expect to continue with our revenue growth rate of +15% in 2024. A profit before tax between zero and +5 mio. DKK in 2024 is expected for the INSCALE Group. Income from investments in associates is expected to be between 9 and 10 mio. DKK in 2024.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2023 DKK	2022 DKK	2023 DKK	2022 DKK
NET REVENUE		275,544,274	234,138,646	0	0
Work performed by the entity and capitalised.....		1,606,609	1,479,295	0	0
Other operating income.....		5,224,923	1,387,481	0	0
Cost of sales.....		-21,690,935	-51,859,786	0	0
Other external expenses.....		-47,059,324	-36,266,479	-53,344	4,199
GROSS PROFIT/LOSS		213,625,547	148,879,157	-53,344	4,199
Staff costs.....	1	-211,608,299	-147,119,777	0	0
Depreciation, amortisation and impairment losses for tangible and intangible assets.....		-7,493,338	-6,867,904	0	0
Impairment of current assets exceeding normal impairment losses.....		-1,204,526	-10,998,885	-1,204,526	-10,998,885
Other operating expenses.....		40,220	-30,104	0	0
OPERATING LOSS		-6,640,396	-16,137,513	-1,257,870	-10,994,686
Income from investments in subsidiaries and associates.....	2	13,424,737	8,028,883	11,282,407	6,215,191
Income from other fixed asset investments.....		5,200,000	3,904,874	0	0
Other financial income.....	3	1,380,005	6,745,350	919,000	611,722
Other financial expenses.....		-1,956,762	-6,624,599	-298,166	-670,201
PROFIT BEFORE TAX		11,407,584	-4,083,005	10,645,371	-4,837,974
Tax on profit/loss for the year.....	4	-2,299,267	-2,717,026	0	0
PROFIT FOR THE YEAR	5	9,108,317	-6,800,031	10,645,371	-4,837,974

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2023 DKK	2022 DKK	2023 DKK	2022 DKK
Development projects completed, including patents and similar rights originating from development projects.....		4,883,177	5,441,207	0	0
Goodwill.....		1,940,260	0	0	0
Development projects in progress and prepayments for intangible assets.....		254,959	0	0	0
Intangible assets.....	6	7,078,396	5,441,207	0	0
Other plant, fixtures and equipment.....		15,793,657	18,682,485	0	0
Leasehold improvements.....		80,376	0	0	0
Property, plant and equipment...	7	15,874,033	18,682,485	0	0
Investments in subsidiaries.....		0	0	2,571,967	2,454,891
Investments in associates.....		50,878,576	40,835,465	50,878,576	40,835,465
Other investments.....		11,719,143	6,519,143	19,143	19,143
Other receivables.....		2,938,758	3,316,411	0	0
Financial non-current assets.....	8	65,536,477	50,671,019	53,469,686	43,309,499
NON-CURRENT ASSETS.....		88,488,906	74,794,711	53,469,686	43,309,499
Trade receivables.....		5,601,634	5,589,273	0	0
Receivables from group enterprises.....		0	0	5,483,665	101,250
Receivables from owners and Management.....	9	0	1,170,849	0	1,170,849
Deferred tax assets.....	10	1,400,000	0	0	0
Other receivables.....		5,041,888	2,691,576	2,114,532	371,166
Corporation tax receivable.....		1,538,336	1,438,942	0	0
Prepayments.....	11	2,502,871	1,772,402	0	0
Receivables.....		16,084,729	12,663,042	7,598,197	1,643,265
Cash and cash equivalents.....		20,186,256	34,100,701	6,281,644	22,320,720
CURRENT ASSETS.....		36,270,985	46,763,743	13,879,841	23,963,985
ASSETS.....		124,759,891	121,558,454	67,349,527	67,273,484

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2023 DKK	2022 DKK	2023 DKK	2022 DKK
Share Capital.....		130,000	130,000	130,000	130,000
Fair value reserve for currency translation of foreign entities.....		-1,850,944	-1,306,632	0	0
Retained earnings.....		60,024,089	58,575,915	58,173,145	57,269,283
Proposed dividend.....		9,000,000	2,819,014	9,000,000	2,819,014
Minority shareholders.....		2,418,566	2,683,920	0	0
EQUITY.....		69,721,711	62,902,217	67,303,145	60,218,297
Other provisions.....	12	0	2,500,000	0	0
PROVISIONS.....		0	2,500,000	0	0
Debt to mortgage credit institution.....		0	53,672	0	0
Bank debt.....		0	1,063,827	0	0
Non-current liabilities.....	13	0	1,117,499	0	0
Debt to mortgage credit institution.....		53,672	527,214	0	0
Bank debt.....		8,053,962	8,847,446	0	0
Lease liabilities.....		0	51,150	0	0
Prepayments from customers.....		16,365,931	8,780,806	0	0
Trade payables.....		1,745,097	5,520,275	12,500	15,000
Debt to owners and Management..		28,025	27,000	1,025	0
Corporation tax payable.....		1,103,628	371,675	0	0
Other liabilities.....		25,067,304	27,197,998	32,857	7,040,187
Deferred income.....	14	2,620,561	3,715,174	0	0
Current liabilities.....		55,038,180	55,038,738	46,382	7,055,187
LIABILITIES.....		55,038,180	56,156,237	46,382	7,055,187
EQUITY AND LIABILITIES.....		124,759,891	121,558,454	67,349,527	67,273,484
Contingencies etc.	15				
Charges and securities	16				
Related parties	17				
Information on significant uncertainties at recognition and measurement	18				

EQUITY

	Group					
	Share Capital	Fair value reserve for currency translation of foreign entities	Retained earnings	Proposed dividend	Minority shareholders	Total
Equity at 1 January 2023.....	130,000	-1,306,632	58,575,915	2,819,014	2,683,920	62,902,217
Proposed profit allocation, see note 5.....			1,645,371	9,000,000	-1,537,054	9,108,317
Transactions with owners						
Dividend paid.....				-2,819,014		-2,819,014
Additions/disposals relating to equity by mergers and acquisitions.....					-31,691	-31,691
Capital increase.....					1,884,744	1,884,744
Other legal bindings						
Other adjustments to equity value.....			-197,197			-197,197
Other adjustments.....					-581,353	-581,353
Change fair value reserves						
Value adjustments in the year.....		-544,312				-544,312
Equity at 31 December 2023.....	130,000	-1,850,944	60,024,089	9,000,000	2,418,566	69,721,711

	Parent Company				
	Share Capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1 January 2023.....	130,000	0	57,269,283	2,819,014	60,218,297
Proposed profit allocation, jf. note 5.....		12,282,407	-10,637,036	9,000,000	10,645,371
Transactions with owners					
Dividend paid.....				-2,819,014	-2,819,014
Other legal bindings					
Foreign exchange adjustments.....		-544,312			-544,312
Other adjustments to equity value.....		-197,197			-197,197
Transfers					
Receiv./decl. dividend.....		-4,000,000	4,000,000		0
Allowed equalization.....		-7,540,898	7,540,898		0
Equity at 31 December 2023.....	130,000	0	58,173,145	9,000,000	67,303,145

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2023 DKK	2022 DKK
Profit/loss for the year.....	9,108,317	-6,800,031
Depreciation and amortisation, reversed.....	7,493,338	6,867,904
Reversed realization gains.....	-40,220	30,104
Profit/loss from associates.....	-13,424,737	-8,028,883
Writedown of current assets.....	1,204,526	14,226,407
Other fixed asset investments.....	-5,200,000	-3,904,874
Tax on profit/loss, reversed.....	2,299,267	2,717,026
Corporation tax paid.....	-2,813,887	-1,415,604
Change in receivables (ex tax).....	999,653	-10,159,529
Change in other provisions.....	-2,500,000	2,500,000
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	76,934	405,494
Other cash flows from operating activities.....	-1,522,828	-1,165,010
CASH FLOWS FROM OPERATING ACTIVITY.....	-4,319,637	-4,726,996
Purchase of intangible assets.....	-1,606,609	-1,479,295
Purchase of company.....	-9,511,606	0
Purchase of property, plant and equipment.....	-1,528,976	-2,347,173
Sale of property, plant and equipment.....	72,826	84,959
Purchase of financial assets.....	-91,390	-2,221,166
Sale of financial assets.....	345,047	0
Sale of fixed asset investments.....	0	327,160
Dividends received from associates.....	4,000,000	46,000,000
CASH FLOWS FROM INVESTING ACTIVITY.....	-8,320,708	40,364,485
Repayments of loans etc.....	-1,642,191	-2,941,099
Repayment of debt to associates.....	0	-10,000,000
Changes of loan to owners and management.....	1,171,874	-1,283,093
Change in bank debt.....	-793,484	1,918,267
Dividends paid in the financial year.....	-2,819,014	0
Capital increase.....	1,884,744	0
CASH FLOWS FROM FINANCING ACTIVITY.....	-2,198,071	-12,305,925
CHANGE IN CASH AND CASH EQUIVALENTS.....	-14,838,416	23,331,564
Cash and cash equivalents at 1. januar.....	34,100,701	10,769,137
Cash and cash equivalents from Inscale Macedonia DOOEL Skopje.....	923,971	0
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	20,186,256	34,100,701
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	20,186,256	34,100,701
CASH AND CASH EQUIVALENTS.....	20,186,256	34,100,701

NOTES

	Group		Parent Company		Note
	2023 DKK	2022 DKK	2023 DKK	2022 DKK	
Staff costs					1
Average number of full time employees	646	452	0	0	
Wages and salaries.....	186,309,475	129,864,187	0	0	
Pensions.....	9,365,002	8,458,958	0	0	
Social security costs.....	15,933,822	8,796,632	0	0	
	211,608,299	147,119,777	0	0	
Remuneration of the executive board has not been disclosed in accordance with section 98b (3) of the Danish Financial Statements Act.					
There are no employees in the parent company apart from the executive board. The management has not received remuneration.					
Income from investments in subsidiaries and associates					2
Income from investments in subsidiaries.....	0	0	-2,142,330	-1,813,692	
Income from investments in associates.....	13,424,737	8,028,883	13,424,737	8,028,883	
	13,424,737	8,028,883	11,282,407	6,215,191	
Other financial income					3
Interest income from group enterprises.....	0	0	19,807	0	
Other interest income.....	1,380,005	6,745,350	899,193	611,722	
	1,380,005	6,745,350	919,000	611,722	
Tax on profit/loss for the year					4
Calculated tax on taxable income of the year.....	3,699,267	2,454,669	0	0	
Adjustment of deferred tax.....	-1,400,000	262,357	0	0	
	2,299,267	2,717,026	0	0	

NOTES

Note

	Group		Parent Company		
	2023 DKK	2022 DKK	2023 DKK	2022 DKK	
Proposed distribution of profit					5
Proposed dividend for the year.....	9,000,000	2,819,014	9,000,000	2,819,014	
Allocation to reserve for net revaluation under the equity method.....	0	0	12,282,407	6,215,191	
Retained earnings.....	1,645,371	-7,656,988	-10,637,036	-13,872,179	
Minority shareholders appropriation of profit for the year.....	-1,537,054	-1,962,057	0	0	
	9,108,317	-6,800,031	10,645,371	-4,837,974	

Intangible assets

6

	Group		
	Development projects completed, including patents and similar rights originating from development projects	Goodwill	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2023.....	9,005,510	0	0
Additions.....	1,351,650	2,155,845	254,959
Cost at 31 December 2023.....	10,357,160	2,155,845	254,959
Amortisation at 1 January 2023.....	3,564,303	0	0
Amortisation for the year.....	1,909,680	215,585	0
Amortisation at 31 December 2023.....	5,473,983	215,585	0
Carrying amount at 31 December 2023.....	4,883,177	1,940,260	254,959

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.

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NOTES

Property, plant and equipment

Note

7

	Group	
	Other plant, fixtures and equipment	Leasehold improvements
Cost at 1 January 2023.....	40,932,290	0
Exchange adjustment at closing rate.....	-1,401,555	0
Additions.....	1,528,976	0
Addition from mergers and acquisition of Company.....	3,477,714	1,091,891
Disposals.....	-1,321,250	0
Cost at 31 December 2023.....	43,216,175	1,091,891
Depreciation and impairment losses at 1 January 2023.....	22,249,805	0
Exchange adjustment.....	-1,075,452	0
Reversal of depreciation of assets disposed of.....	-1,288,644	0
Depreciation for the year.....	5,153,950	214,123
Depreciation and impairment from mergers and acquisitions....	2,382,859	797,392
Depreciation and impairment losses at 31 December 2023....	27,422,518	1,011,515
Carrying amount at 31 December 2023.....	15,793,657	80,376

Financial non-current assets

8

	Group		
	Investments in associates	Other investments	Other receivables
Cost at 1 January 2023.....	45,883,810	2,614,269	3,316,411
Exchange adjustment at closing rate.....	0	0	-123,996
Additions.....	0	0	91,390
Disposals.....	0	0	-345,047
Cost at 31 December 2023.....	45,883,810	2,614,269	2,938,758
Revaluation at 1 January 2023.....	-5,048,345	3,904,874	0
Exchange adjustment.....	473,556	0	0
Dividend.....	-4,000,000	0	0
Profit/loss for the year.....	13,424,737	0	0
Revaluation and impairment losses for the year.....	0	5,200,000	0
Equity movements.....	144,818	0	0
Revaluation at 31 December 2023.....	4,994,766	9,104,874	0
Carrying amount at 31 December 2023.....	50,878,576	11,719,143	2,938,758

The budget used in the DCF Valuation is based on financial performance in 2023 and financial information for Q1 2024. The number of periods is 5. The growth rate of free cashflow 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 of DKK 2,0M.

NOTES

Note

Fixed asset investments (continued)

8

	Parent Company		
	Investments in subsidiaries	Investments in associates	Other investments
Cost at 1 January 2023.....	20,847,999	45,883,810	19,143
Additions.....	3,155,256	0	0
Cost at 31 December 2023.....	24,003,255	45,883,810	19,143
Revaluation at 1 January 2023.....	-18,393,108	-5,048,345	0
Exchange adjustment.....	-1,017,868	473,556	0
Dividend.....	0	-4,000,000	0
Profit/loss for the year.....	-1,678,297	13,424,737	0
Equity movements.....	-342,015	144,818	0
Revaluation at 31 December 2023.....	-21,431,288	4,994,766	0
Carrying amount at 31 December 2023.....	2,571,967	50,878,576	19,143

Investments in subsidiaries

Name and domicil	Ownership
Inscale Holding ApS (Hold 32,98% of Inscale A/S), Denmark.....	52,50 %
Inscale A/S, Denmark.....	38,64 %
Inscale Asia (owned 100% by Inscale A/S), Malaysia.....	100 %
Inscale Facilitation (owned 100% by Inscale A/S), Malaysia.....	100 %
Inscale Portugal (owned 100% by Inscale A/S), Portugal.....	100 %
Inscale QT Ukraine (owned 100% by Inscale A/S), Ukraine.....	100 %
Inscale Ukraine (owned 100% by Inscale A/S), Ukraine.....	100 %
Inscale Macedonia (owned 100% by Inscale A/S), Macedonia.....	100 %

Investments in associates

Name and domicil	Ownership
Mou Holding A/S, Denmark.....	33,33 %

The parent owns 63,31% of the shares in Inscale A/S (38,64% directly owned and 24,67% 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 (38,68% directly controlled and 24,67% indirectly through Inscale Holding ApS)

NOTES
Note
Fixed asset investments (continued)
8

The carrying amount of financial non-current assets includes securities measured at fair value by the following amounts:

	<u>Group</u>
	Other investments
Fair value at 31 December 2023.....	11,700,000
Value adjustment in the year recognised in the Income Statement.....	5,200,000

Receivables from owners and Management
9

Receivables from owners and management have been repaid during the year. The repayment has been made including interest charged.

Receivables: 1.970.849 kr.

Interest rate (%): 11,9

Repaid: 1.970.849 kr.

Deferred tax assets
10

	<u>Group</u>		<u>Parent Company</u>	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
Deferred tax assets, beginning of year.....	0	262,357	0	0
Deferred tax of the year, income statement.....	1,400,000	-262,357	0	0
Deferred tax assets 31 December 2023.....	1,400,000	0	0	0

The tax asset is related to tax losses and is expected to be used within a few years.

Prepayments
11

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

NOTES

Note

Other provisions

12

Others provisions in 2022 relate to a provision for a dispute with the Tax Authorities. Management has estimated the most likely result of the dispute, but the final settlement may be higher or lower. The dispute has been settled in 2023.

Long-term liabilities

13

	Group			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Debt to mortgage credit institution.....	53,672	53,672	0	580,886
Bank debt.....	0	0	0	2,115,059
	53,672	53,672	0	2,695,945

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

Deferred income

14

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

Contingencies etc.

15

Contingent liabilities

	Group		Parent Company	
	2023 DKK	2022 DKK	2023 DKK	2022 DKK
Lease liabilities (operating leases), the payment is due: Total liabilities under rental or lease agreements until maturity.....	15,545,074	23,015,374	0	0
	15,545,074	23,015,374	0	0

Joint 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.

NOTES

	Note
Charges and securities	16
Collateral provided for group enterprises	
The Entity has guaranteed Inscale A/S and Imbalance ApS' debt with Sydbank. Bank loans amount to DKK 8,03M	
Related parties	17
The Company's related parties include:	
Controlling interest	
Henrik Mou, Fredsvej 7, 2840 Holte, Denmark (Owns 100% of HFUNK ApS)	
Transactions with related parties	
The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.	
Information on significant uncertainties at recognition and measurement	18
The Group and parent companies other investments are measured at fair value.	
The fair value is based on the income approach under the IPEV guidelines, cf. the mention of this in the accounting policies.	
The WACC is based so it should reflect the market's current situation on equivalent companies.	
The fair value is also based on future budgets, which is associated with uncertainty.	
Furthermore are their in the annual report recognised a deferred tax asset with a book value of 1,400 TDKK, which primarily relates to tax losses carried forward from previous years.	
It is the management's assessment that the value is present, as the deferred tax asset is expected to be used within the next 3-5 years. The assessment is based on management's positive expectations for the future and expectations that the company will have significant growth in the coming years.	
The company's ability to use the tax loss is based on expectations of future positive earnings and cash flow. Since budgets are inherently uncertain, there will be deviations, and the deviations can be significant in both a positive and negative direction.	
The management is of the opinion that the prerequisites for the recognition and measurement of the deferred tax asset at full value are present, but that as a result of the above circumstances, there is significant uncertainty in this regard.	

ACCOUNTING POLICIES

The Annual Report of HFUNK ApS for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danish medium-size enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company HFUNK ApS and the subsidiaries in which HFUNK ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or established enterprises within the Group are recognised in the Consolidated Financial statements from the date of takeover or establishment. Sold or wound-up enterprises are recognised in the Consolidated Income Statement up to the time of handover. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

The takeover date is the date on which the Group gains actual control over the acquired enterprise.

Acquired enterprises within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities taken over.

Positive and negative differences between the acquisition value and the carrying amounts of taken over and identified assets and liabilities are recognised in equity upon acquisition.

Transaction costs, incurred in connection with acquisition of businesses, are recognised in the income statement in the year when costs are incurred.

Equity interests in subsidiaries are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the date of takeover.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

Minority interests

The accounting items of the subsidiaries are recognised in full in the Consolidated Financial Statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and equity, respectively.

ACCOUNTING POLICIES

INCOME STATEMENT

Net 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.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable

Own work capitalised

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

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries and associates

The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries and associates determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. Resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Profits from sale are recognized, if the economic rights related to the sold subsidiaries and associates are transferred. However, not before the profit is realised or regarded as realisable. Moreover, realised losses besides impairments are recognised when they are demonstrated.

Income from other securities

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.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired Company’s position in the market and earnings profile, and the industry-specific conditions.

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company’s development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life
Other plant, fixtures and equipment.....	3-5 years
Leasehold improvements.....	5-10 years

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Lease contracts

Lease contracts relating to tangible fixed assets

for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

Financial non-current assets

Investments in subsidiaries and associates are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries and associates are measured in the Balance Sheet at the proportional share of the enterprises' carrying Equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses, and with addition of remaining additional values and goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement upon acquisition of the Equity interest. Where the negative goodwill is related to takeover of contingent liabilities, the negative goodwill is not recognised before the contingent liabilities are settled or cancelled.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

Net revaluation of investments in subsidiaries and associates is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries and associates are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Investments in subsidiaries and associates with negative equity value are measured at DKK 0. Any receivables with these companies are written off, to the extent that the receivable is uncollectible from a specifically assessed indication of impairment. To the extent that the Parent Company has a legal or actual obligation to cover a negative balance which exceeds the receivable, the remainder is recognised under provisions for liabilities.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

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.

Other provisions for liabilities

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.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

ACCOUNTING POLICIES

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The Income Statements of foreign subsidiaries and associates fulfilling the conditions for being independent entities are translated at an average exchange rate for the month and the Balance Sheet items are translated at the rate of exchange on the Balance Sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the Balance Sheet date and from translation of Income Statements from average rate to the rates of the Balance Sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.

CASH FLOW STATEMENT

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include cash at bank, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.