



Qualiware ApS

Ryttermarken 15
3520 Farum
CVR No. 30731557

Annual report 2019

The Annual General Meeting adopted the
annual report on 10.06.2020

Peter Sørensen

Chairman of the General Meeting

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Entity details

Entity

Qualiware ApS
Ryttermarken 15
3520 Farum

CVR No.: 30731557
Registered office: Furesø
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Gitte Strandly
Thue Winther-Jørgensen
Jacob Dreyer Lund
Tom Hertz
Kuno Brodersen

Executive Board

Kuno Brodersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Qualiware ApS for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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

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

Farum, 10.06.2020

Executive Board

Kuno Brodersen

Board of Directors

Gitte Strandly

Thue Winther-Jørgensen

Jacob Dreyer Lund

Tom Hertz

Kuno Brodersen

Independent auditor's report

To the shareholders of Qualiware ApS

Opinion

We have audited the financial statements of Qualiware ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

København, 10.06.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Thomas Frommelt Hertz

State Authorised Public Accountant
Identification No (MNE) mne31543

René Carøe Andersen

State Authorised Public Accountant
Identification No (MNE) mne34499

Management commentary

Primary activities

The Company develops software for enterprise strategy, enterprise architecture, quality control, business descriptions, risk management and management. The Company provides services to large and medium sized enterprises operating in a wide range of industries and to public sector and private sector organisations – both nationally and globally.

QualiWare's customers use our products and services primarily in connection with continuous improvements or significant strategic changes in their business. QualiWare has developed special product functionality and working methods that can help a company implement these changes in a positive way for its employees and stakeholders. These principles are based on modern Scandinavian management philosophy, on employee involvement, delegation of responsibilities, goal management, flat organization, trust rather than control, etc. This unique approach gives us a competitive advantage, among other things, in Scandinavia and in modern innovative companies.

Development in activities and finances

The Company considers the earnings and profits realised for 2019 roughly satisfying.

At the end of 2018, we implemented a platform change in our core product, and we have since experienced a marked increase in interest in the product, as well as greater success in supply. In early 2019, in Denmark we were awarded a contract on SKI framework agreement 02.18, which has given us increased product sales to the government, municipalities and regions.

The development of cloud solutions on the product and the opportunity to lease licenses has meant a shorter sales cycle and increased access to new customers. The company is in a transformation process where more and more customers are choosing a rental solution rather than buying licenses. This means that revenue is pulled out over time. This solution means greater flexibility for customers and the ability to scale up and down as needed. The renowned analytics company Gartner has for the third consecutive year in 2019 placed QualiWare as the Leader in their annual Magic Quadrant for Enterprise Architecture software. In 2019, another major analytics company, Ovum, also named QualiWare as 1 of 3 Leaders in the market.

In 2019 QualiWare was represented in more than 15 countries in all parts of the world.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The outbreak and the spreading of the COVID-19 disease in early 2020 have not had and are not expected to have significant material impact on the Entity's financial position and developments as the Entity's revenue primarily comes from public and well-consolidated customers.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		21,250,240	22,814,844
Staff costs	1	(17,343,880)	(19,334,433)
Depreciation, amortisation and impairment losses	2	(3,158,736)	(2,947,820)
Operating profit/loss		747,624	532,591
Other financial income	3	956,121	96,354
Other financial expenses	4	(364,542)	(290,640)
Profit/loss before tax		1,339,203	338,305
Tax on profit/loss for the year	5	(308,496)	(92,290)
Profit/loss for the year		1,030,707	246,015
Proposed distribution of profit and loss			
Retained earnings		1,030,707	246,015
Proposed distribution of profit and loss		1,030,707	246,015

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	7	18,745,607	18,377,776
Intangible assets	6	18,745,607	18,377,776
Other fixtures and fittings, tools and equipment		121,632	285,854
Property, plant and equipment	8	121,632	285,854
Receivables from group enterprises		779,882	1,653,670
Other receivables		227,637	227,637
Other financial assets	9	1,007,519	1,881,307
Fixed assets		19,874,758	20,544,937
Trade receivables		1,960,849	4,586,523
Receivables from group enterprises		16,465,012	14,679,626
Other receivables		389,286	515,791
Prepayments		710,889	1,013,286
Receivables		19,526,036	20,795,226
Cash		32,705	857,394
Current assets		19,558,741	21,652,620
Assets		39,433,499	42,197,557

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		125,000	125,000
Reserve for development expenditure		8,347,939	6,475,082
Retained earnings		13,542,732	14,384,882
Equity		22,015,671	20,984,964
Deferred tax		4,069,824	4,002,826
Provisions		4,069,824	4,002,826
Other payables		562,904	0
Non-current liabilities other than provisions	10	562,904	0
Bank loans		4,173,862	4,477,724
Prepayments received from customers		293,333	272,500
Trade payables		992,603	2,940,041
Payables to group enterprises		2,220,475	4,157,023
Income tax payable		246,101	4,603
Other payables	11	4,858,726	5,357,876
Current liabilities other than provisions		12,785,100	17,209,767
Liabilities other than provisions		13,348,004	17,209,767
Equity and liabilities		39,433,499	42,197,557
Contingent liabilities	12		
Assets charged and collateral	13		

Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	6,475,082	14,384,882	20,984,964
Transfer to reserves	0	1,872,857	(1,872,857)	0
Profit/loss for the year	0	0	1,030,707	1,030,707
Equity end of year	125,000	8,347,939	13,542,732	22,015,671

Notes

1 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	15,296,846	16,868,264
Pension costs	1,218,198	1,360,568
Other social security costs	327,207	341,807
Other staff costs	501,629	763,794
	17,343,880	19,334,433
Average number of full-time employees	27	30

2 Depreciation, amortisation and impairment losses

	2019	2018
	DKK	DKK
Amortisation of intangible assets	2,972,757	2,694,375
Depreciation of property, plant and equipment	185,979	253,445
	3,158,736	2,947,820

3 Other financial income

	2019	2018
	DKK	DKK
Financial income from group enterprises	53,242	64,736
Other financial income	902,879	31,618
	956,121	96,354

4 Other financial expenses

	2019	2018
	DKK	DKK
Financial expenses from group enterprises	187,242	183,015
Other financial expenses	177,300	107,625
	364,542	290,640

5 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Current tax	241,498	4,603
Change in deferred tax	66,998	87,687
	308,496	92,290

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	33,295,024
Additions	3,340,588
Cost end of year	36,635,612
Amortisation and impairment losses beginning of year	(14,917,248)
Amortisation for the year	(2,972,757)
Amortisation and impairment losses end of year	(17,890,005)
Carrying amount end of year	18,745,607

7 Development projects

Completed development projects consists of projects relating to development of software for enterprise strategy, enterprise architecture, quality control, business descriptions, risk management and management.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	2,523,660
Additions	21,757
Disposals	(468,556)
Cost end of year	2,076,861
Depreciation and impairment losses beginning of year	(2,237,806)
Depreciation for the year	(185,979)
Reversal regarding disposals	468,556
Depreciation and impairment losses end of year	(1,955,229)
Carrying amount end of year	121,632

9 Financial assets

	Receivables from group enterprises DKK	Other receivables DKK
Cost beginning of year	1,653,670	227,637
Disposals	(873,788)	0
Cost end of year	779,882	227,637
Carrying amount end of year	779,882	227,637

10 Non-current liabilities other than provisions

	Due after more than 12 months 2019 DKK
Other payables	562,904
	562,904

11 Other payables

	2019 DKK	2018 DKK
VAT and duties	908,024	1,313,898
Wages and salaries, personal income taxes, social security costs, etc payable	1,096,250	2,106,784
Other costs payable	2,854,452	1,937,194
	4,858,726	5,357,876

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where QualiWare Holding 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 the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Assets charged and collateral

A floating charge on DKK 3,000k has been provided towards the Companies bank as collateral for bank loans.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and 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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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 salaries and wages, 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.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 12 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. Land is not depreciated.

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.

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

Other fixtures and fittings, tools and equipment	3-8 years
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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.

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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.

Income tax receivable or payable

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