



Qualiware ApS

Ryttermarken 15
3520 Farum
CVR No. 30731557

Annual report 2020

The Annual General Meeting adopted the
annual report on 02.06.2021

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: 01.01.2020 - 31.12.2020

Board of Directors

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

Executive Board

Kuno Brodersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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

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

Farum, 02.06.2021

Executive Board

Kuno Brodersen

Board of Directors

Gitte Strandly

Thue Winther-Jørgensen

Tom Hertz

Jacob Dreyer Lund

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 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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, 02.06.2021

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 business strategy, enterprise architecture, quality assurance, business descriptions, risk management and management. The Company works for large as well as medium-sized companies within all industries, both public and private organisations, and both nationally and globally.

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

Development in activities and finances

The Company considers the revenue and profit realised for 2020 to be satisfactory, taking into account the Corona situation.

At the beginning of 2019, we landed a contract in Denmark on the SKI framework agreement 02.18, resulting in increased product sales to state organisations, local authorities and regions.

The development of a cloud solution for our product and the possibility of leasing have meant a shorter sales cycle and increased customer intake. The Company is in a transformation process in which more and more customers choose the leasing solution rather than the purchase of licenses. It means that revenue will be extended over time. This solution involves greater customer flexibility and the ability to scale up and down as needed.

In 2020, the respected analytics company Gartner ranked QualiWare as Challenger in its annual Magic Quadrant for Enterprise Architecture software.

At the beginning of 2021, the contract with the Canadian government was renewed for another two years, allowing us to sell to all public authorities in Canada without the authorities having to invite us to tender for public contracts.

In 2020, QualiWare was represented in more than 15 countries in all parts of the world.

Events after the balance sheet date

After the end of the financial year, Qualisoft AS has been sold off in Norway. This company mainly provided consulting services. The sale enables QualiWare to focus on our core business, which is software sales and development. Financially, the sale allows us to invest in our continued growth and ensure the market in Norway through a partnership agreement with the buyer of Qualisoft AS.

In addition, no events have occurred after the end of the financial year, which are considered affecting the Company's financial position on 31 December 2020.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		22,013,776	21,250,239
Staff costs	1	(15,568,065)	(17,343,879)
Depreciation, amortisation and impairment losses	2	(3,360,637)	(3,158,736)
Operating profit/loss		3,085,074	747,624
Other financial income	3	75,353	956,121
Other financial expenses	4	(1,779,544)	(364,542)
Profit/loss before tax		1,380,883	1,339,203
Tax on profit/loss for the year	5	(84,443)	(308,496)
Profit/loss for the year		1,296,440	1,030,707
Proposed distribution of profit and loss			
Retained earnings		1,296,440	1,030,707
Proposed distribution of profit and loss		1,296,440	1,030,707

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	7	18,917,729	18,745,607
Intangible assets	6	18,917,729	18,745,607
Other fixtures and fittings, tools and equipment		19,650	121,632
Property, plant and equipment	8	19,650	121,632
Receivables from group enterprises		0	779,882
Other receivables		227,637	227,637
Financial assets	9	227,637	1,007,519
Fixed assets		19,165,016	19,874,758
Trade receivables		1,761,807	1,960,849
Receivables from group enterprises		13,862,140	16,465,012
Other receivables		340,771	389,286
Prepayments		751,354	710,889
Receivables		16,716,072	19,526,036
Cash		2,572,264	32,705
Current assets		19,288,336	19,558,741
Assets		38,453,352	39,433,499

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		125,000	125,000
Reserve for development expenditure		9,918,199	8,347,939
Retained earnings		13,268,912	13,542,732
Equity		23,312,111	22,015,671
Deferred tax		4,105,497	4,069,824
Provisions		4,105,497	4,069,824
Other payables		1,463,002	562,904
Non-current liabilities other than provisions	10	1,463,002	562,904
Bank loans		0	4,173,862
Prepayments received from customers		127,250	293,333
Trade payables		1,848,889	992,603
Payables to group enterprises		1,386,350	2,220,475
Income tax payable		77,447	246,101
Other payables	11	6,132,806	4,858,726
Current liabilities other than provisions		9,572,742	12,785,100
Liabilities other than provisions		11,035,744	13,348,004
Equity and liabilities		38,453,352	39,433,499
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125,000	8,347,939	13,542,732	22,015,671
Transfer to reserves	0	1,570,260	(1,570,260)	0
Profit/loss for the year	0	0	1,296,440	1,296,440
Equity end of year	125,000	9,918,199	13,268,912	23,312,111

Notes

1 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	13,896,497	15,296,845
Pension costs	1,125,615	1,218,198
Other social security costs	165,469	327,207
Other staff costs	380,484	501,629
	15,568,065	17,343,879
Average number of full-time employees	27	30

2 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	3,258,655	2,972,757
Depreciation of property, plant and equipment	101,982	185,979
	3,360,637	3,158,736

3 Other financial income

	2020	2019
	DKK	DKK
Financial income from group enterprises	34	53,242
Other financial income	75,319	902,879
	75,353	956,121

4 Other financial expenses

	2020	2019
	DKK	DKK
Financial expenses from group enterprises	135,693	187,242
Other financial expenses	1,643,851	177,300
	1,779,544	364,542

5 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Current tax	48,770	241,498
Change in deferred tax	35,673	66,998
	84,443	308,496

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	36,635,612
Additions	3,430,777
Cost end of year	40,066,389
Amortisation and impairment losses beginning of year	(17,890,005)
Amortisation for the year	(3,258,655)
Amortisation and impairment losses end of year	(21,148,660)
Carrying amount end of year	18,917,729

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	2,076,861
Cost end of year	2,076,861
Depreciation and impairment losses beginning of year	(1,955,229)
Depreciation for the year	(101,982)
Depreciation and impairment losses end of year	(2,057,211)
Carrying amount end of year	19,650

9 Financial assets

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

10 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Other payables	1,463,002	1,463,002
	1,463,002	1,463,002

11 Other payables

	2020 DKK	2019 DKK
VAT and duties	1,786,454	908,024
Wages and salaries, personal income taxes, social security costs, etc payable	2,024,585	1,096,250
Other costs payable	2,321,767	2,854,452
	6,132,806	4,858,726

12 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	493,848	329,502

13 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.

14 Assets charged and collateral

Company 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.

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.