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Vemco Group A/S

Røde Banke 77, 7000 Fredericia

Company reg. no. 32 07 62 11

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 23 April 2021.

Jesper Engsig Christensen
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

Today, the board of directors and the managing director have presented the annual report of Vemco Group A/S for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Fredericia, 19 April 2021

Managing Director

Anel Turkanovic

Board of directors

Jesper Engsig Christensen Chairman of the board of Directors	Danijel Kralj	Anel Turkanovic

Independent auditor's report

To the shareholders of Vemco Group A/S

Opinion

We have audited the financial statements of Vemco Group A/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 unless management either intends to liquidate the company 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the 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 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the 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 express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Fredericia, 19 April 2021

BRANDT
State Authorized Public Accounting Firm
Company reg. no. 25 49 21 45

Søren Fricke
State Authorised Public Accountant
mne34262

Company information

The company	Vemco Group A/S Røde Banke 77 7000 Fredericia	
	Company reg. no.	32 07 62 11
	Domicile:	Fredericia
	Financial year:	1 January - 31 December
Board of directors	Jesper Engsig Christensen, Chairman of the board of Directors Danijel Kralj Anel Turkanovic	
Managing Director	Anel Turkanovic	
Auditors	BRANDT Statsautoriseret Revisionspartnerselskab Prinsessegade 60 7000 Fredericia	
Parent company	Vemco Holding ApS	
Subsidiaries	Vemco Group Brasil LTDA, Brasilien Vem Count Technologies L.L.C., Dubai	

The principal activities of the company

Principal activity is sale of solutions for accurate people counting, intelligent data analytics and interactive marketing.

Unusual circumstances

There has been no unusual matters, which have affected recognition and measurement.

Uncertainties about recognition or measurement

No material uncertainty has affected recognition or measurement.

Development in activities and financial matters

The management considers the result of 2020 to be satisfactory. As for all other companies, 2020 was extremely influenced by COVID 19 and the shutdowns that occurred in all markets of the company. Swift developments of the Vemcount software for COVID 19 restrictions were implemented and thereby the company took advantage of commercial possibilities during the year.

As stated in 2019 the company has continued its investments in further development of the Vemcount software. These developments will continue the expected increase in profitability in future years.

Our subsidiary Vemco Group Brasil LTDA has experienced a moderate growth in 2020 due to the impacts of COVID 19 in Brazil. We expect to see the growth return gradually corresponding to the developments of COVID 19.

Our subsidiary Vem Count Technologies L.L.C. in UAE has experienced a satisfactory development during the year and will add significantly to the growth of the group from 2021 and onwards..

Events occurring after the end of the financial year

No event have occured subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross profit	**12.231.691**	**7.918.241**
1	Staff costs	-5.569.734	-5.208.548
	Depreciation, amortisation, and impairment	-1.664.096	-1.466.243
	Profit before net financials	**4.997.861**	**1.243.450**
	Income from equity investments in group enterprises	-1.162.955	-286.482
	Other financial income from group enterprises	63.954	0
	Other financial income	49.703	21.025
2	Financial costs	-644.394	-287.350
	Pre-tax net profit or loss	**3.304.169**	**690.643**
	Tax on net profit or loss for the year	-947.725	-221.821
	Net profit or loss for the year	**2.356.444**	**468.822**
	Proposed appropriation of net profit:		
	Reserves for development Costs	-320.281	26.113
	Dividend for the financial year	1.000.000	350.000
	Transferred to retained earnings	1.676.725	92.709
	Total allocations and transfers	**2.356.444**	**468.822**

Statement of financial position at 31 December

All amounts in DKK.

Assets

Note		2020	2019
	Non-current assets		
	Completed development projects, including patents and similar rights arising from development projects	1.244.650	1.617.517
	Goodwill	0	85.000
	Development projects in progress and prepayments for intangible assets	159.375	197.125
	Total intangible assets	1.404.025	1.899.642
	Other fixtures and fittings, tools and equipment	1.568.953	1.262.504
	Total property, plant, and equipment	1.568.953	1.262.504
	Equity investments in group enterprises	16.250	16.250
	Deposits	75.000	75.000
	Total investments	91.250	91.250
	Total non-current assets	**3.064.228**	**3.253.396**
	Current assets		
	Manufactured goods and goods for resale	1.801.435	1.923.758
	Total inventories	1.801.435	1.923.758
	Trade receivables	4.467.733	3.305.758
	Receivables from group enterprises	66.452	234.764
	Prepayments and accrued income	65.725	41.277
	Total receivables	4.599.910	3.581.799
	Cash on hand and demand deposits	5.158.255	725.504
	Total current assets	**11.559.600**	**6.231.061**
	Total assets	**14.623.828**	**9.484.457**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	600.000	600.000
	Reserve for development costs	1.095.140	1.415.421
	Retained earnings	2.252.388	575.663
	Proposed dividend for the financial year	1.000.000	350.000
	Total equity	**4.947.528**	**2.941.084**
	Provisions		
	Provisions for deferred tax	201.423	316.034
	Total provisions	**201.423**	**316.034**
	Liabilities other than provisions		
	Bank loans	2.619.095	2.943.880
	Other payables	0	147.687
	Total long term liabilities other than provisions	2.619.095	3.091.567
	Current portion of long term payables	850.000	780.000
	Bank loans	23.366	25.873
	Prepayments received from customers	32.584	7.711
	Trade payables	2.922.038	1.150.912
	Income tax payable	372.336	228.250
	Other payables	2.655.458	943.026
	Total short term liabilities other than provisions	6.855.782	3.135.772
	Total liabilities other than provisions	**9.474.877**	**6.227.339**
	Total equity and liabilities	**14.623.828**	**9.484.457**
3	**Charges and security**		
4	**Contingencies**		

Notes

All amounts in DKK.

		2020	2019
1.	**Staff costs**		
	Salaries and wages	5.043.475	4.661.692
	Pension costs	451.426	449.876
	Other costs for social security	35.312	38.531
	Other staff costs	39.521	58.449
		5.569.734	**5.208.548**
	Average number of employees	11	12
2.	**Financial costs**		
	Financial costs, group enterprises	23.275	0
	Other financial costs	621.119	287.350
		644.394	**287.350**

3. Charges and security

For bank loans, DKK 3.469.000, the company has provided security in company assets representing a nominal value of DKK 5.100.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	1.801
Trade receivables	4.468
Developments projekt	1.404
Other fixtures and fittings, tolls and equipment	1.569

Notes

All amounts in DKK.

4. Contingencies

Contingent liabilities

The company has concluded a leasing aggreement for the use of premises, with an annual rent liability of DKK 380.000.

Joint taxation

With Vemco Holding ApS, company reg. no 32 27 81 08 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Accounting policies

The annual report for Vemco Group A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs for sales, advertising, administration and premises.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 3 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 3 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

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

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Investments

Equity in group enterprises

Equity in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity in group enterprises recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Equity in group enterprises with a negative equity value measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Vemco Group A/S is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities are measured at amortised cost which usually corresponds to the nominal value.