RSM Danmark

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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 2021

The annual report was submitted and approved by the general meeting on the 13 June 2022.

Jesper Engsig Christensen
Chairman of the meeting

# Contents



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 %.

## Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Vemco Group A/S for the financial year 1 January - 31 December 2021.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Fredericia, 9 June 2022

**Managing Director**

Anel Turkanovic

**Board of directors**

| | | |
|---|---|---|
| Jesper Engsig Christensen<br>Chairman of the board of Directors | Danijel Kralj | Anel Turkanovic |

**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 2021, which comprise income statement, balance sheet, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's Responsibilities for the 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 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 financial statements 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 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 judgment and maintain professional skepticism 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 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 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 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 the disclosures, 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 Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Fredericia, 9 June 2022

**RSM Danmark**
Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 49 21 45

Søren Fricke
State Authorised Public Accountant
mne34262

## Company information

| | | |
|---|---|---|
| **The company** | Vemco Group A/S<br>Røde Banke 77<br>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<br>Danijel Kralj<br>Anel Turkanovic | |
| **Managing Director** | Anel Turkanovic | |
| **Auditors** | RSM Danmark Statsautoriseret Revisionspartnerselskab<br>Prinsessegade 60<br>7000 Fredericia | |
| **Parent company** | Vemco Holding ApS | |
| **Subsidiaries** | Vemco Group Brasil LTDA, Brasilien<br>Vem Count Technologies L.L.C., Dubai | |
| **Participating interest** | Coheta-Tech Pty Ltd, Australien | |

### 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 2021 to be satisfactory. In 2021 Vemco Group A/S has continued its strategic development according to the plans that has been set out for the Group.

The annual investments in further development of the Vemcount software has continued and these developments continue to show a very positive effect on stability, introduction of new features and profitability.

Our subsidiaries are developing as planned and currently we experience a significant activity and growth in the UAE and the region generally.

Vemco Group A/S has expanded into Australia during the year and we plan to grow further in other regions of world in the next years.

### 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 | | 2021 | 2020 |
|---|---|---|---|
| | **Gross profit** | **10.025.937** | **12.231.691** |
| 1 | Staff costs | -7.226.627 | -5.569.734 |
| | Depreciation, amortisation, and impairment | -1.325.058 | -1.664.096 |
| | **Profit before net financials** | **1.474.252** | **4.997.861** |
| | Income from equity investments in subsidiaries | 2.264.577 | -1.162.955 |
| | Other financial income from group enterprises | 47.193 | 63.954 |
| | Other financial income | 190.042 | 49.703 |
| 2 | Financial costs | -230.654 | -644.394 |
| | **Pre-tax net profit or loss** | **3.745.410** | **3.304.169** |
| | Tax on net profit or loss for the year | -297.505 | -947.725 |
| | **Net profit or loss for the year** | **3.447.905** | **2.356.444** |
| | | | |
| | **Proposed appropriation of net profit:** | | |
| | Reserves for net revaluation as per the equity method | 860.387 | 0 |
| | Dividend for the financial year | 500.000 | 1.000.000 |
| | Transferred to retained earnings | 2.382.329 | 1.676.725 |
| | Reserves for development costs | -294.811 | -320.281 |
| | **Total allocations and transfers** | **3.447.905** | **2.356.444** |

## Balance sheet at 31 December

All amounts in DKK.

**Assets**

| Note | | 2021 | 2020 |
|---|---|---|---|
| | **Non-current assets** | | |
| | Completed development projects, including patents and similar rights arising from development projects | 494.125 | 1.244.650 |
| | Development projects in progress and prepayments for intangible assets | 531.938 | 159.375 |
| | Total intangible assets | 1.026.063 | 1.404.025 |
| | Other fixtures and fittings, tools and equipment | 1.080.169 | 1.568.953 |
| | Total property, plant, and equipment | 1.080.169 | 1.568.953 |
| | Investments in subsidiaries | 1.733.948 | 16.250 |
| | Investment in participating interest | 862.164 | 0 |
| | Deposits | 88.000 | 75.000 |
| | Total investments | 2.684.112 | 91.250 |
| | **Total non-current assets** | **4.790.344** | **3.064.228** |
| | **Current assets** | | |
| | Manufactured goods and goods for resale | 975.621 | 1.801.435 |
| | Total inventories | 975.621 | 1.801.435 |
| | Trade receivables | 2.628.238 | 4.467.733 |
| | Receivables from group enterprises | 1.190.858 | 66.452 |
| | Other receivables | 37.652 | 0 |
| | Prepayments and accrued income | 48.723 | 65.725 |
| | Total receivables | 3.905.471 | 4.599.910 |
| | Cash on hand and demand deposits | 3.361.018 | 5.158.255 |
| | **Total current assets** | **8.242.110** | **11.559.600** |
| | **Total assets** | **13.032.454** | **14.623.828** |

## Balance sheet at 31 December

All amounts in DKK.

| Note | Equity and liabilities | 2021 | 2020 |
|---|---|---|---|
| | **Equity** | | |
| | Contributed capital | 600.000 | 600.000 |
| | Reserve for net revaluation according to the equity method | 860.387 | 0 |
| | Reserve for development costs | 800.329 | 1.095.140 |
| | Retained earnings | 4.634.717 | 2.252.388 |
| | Proposed dividend for the financial year | 500.000 | 1.000.000 |
| | **Total equity** | **7.395.433** | **4.947.528** |
| | **Provisions** | | |
| | Provisions for deferred tax | 142.022 | 201.423 |
| | **Total provisions** | **142.022** | **201.423** |
| | **Long term labilities other than provisions** | | |
| | Bank loans | 1.391.395 | 2.619.095 |
| | Total long term liabilities other than provisions | 1.391.395 | 2.619.095 |
| | Current portion of long term payables | 1.230.000 | 850.000 |
| | Bank loans | 64.412 | 23.366 |
| | Prepayments received from customers | 0 | 32.584 |
| | Trade payables | 985.040 | 2.922.038 |
| | Payables to subsidiaries | 442.732 | 0 |
| | Income tax payable | 0 | 372.336 |
| | Other payables | 1.381.420 | 2.655.458 |
| | Total short term liabilities other than provisions | 4.103.604 | 6.855.782 |
| | **Total liabilities other than provisions** | **5.494.999** | **9.474.877** |
| | **Total equity and liabilities** | **13.032.454** | **14.623.828** |

**3 Charges and security**

**4 Contingencies**

## Notes

All amounts in DKK.

| | | 2021 | 2020 |
|---|---|---|---|
| **1.** | **Staff costs** | | |
| | Salaries and wages | 6.611.034 | 5.043.475 |
| | Pension costs | 503.653 | 451.426 |
| | Other costs for social security | 43.927 | 35.312 |
| | Other staff costs | 68.013 | 39.521 |
| | | **7.226.627** | **5.569.734** |
| | Average number of employees | 14 | 11 |
| **2.** | **Financial costs** | | |
| | Financial costs, group enterprises | 0 | 23.275 |
| | Other financial costs | 230.654 | 621.119 |
| | | **230.654** | **644.394** |

### 3. Charges and security

For bank loans, DKK 841.000, the company has provided security in company cars representing a carrying amount of DKK 772.000 at 31 December 2021.

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 | 976 |
| Trade receivables | 2.628 |
| Developments projekt | 1.026 |
| Other fixtures and fittings, tolls and equipment | 1.080 |

# Notes

All amounts in DKK.

**4. Contingencies**

**Contingent liabilities**

The company has concluced a leasing aggreement for the use of premises, with an annual rent liability of DKK 550.000, and a total rental obligation during the notice period of DKK 800.000.

The company has concluced a leasing aggreement for fixed assets, with an annual rent liability of DKK 32.000, and a total rental obligation of DKK 70.000.

**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.

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 investments in subsidiaries and participating interest**

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

Dividend from participating interest is recognised in the financial year in which the dividend is declared.

**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 10 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.

**Leases**

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

**Investments**

**Investments in subsidiaries**

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are 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.

Investments in subsidiaries with a negative equity value are 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 subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries 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 subsidiaries.

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.

**Participating interest**

Participating interest is recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

### 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 net revaluation according to the equity method
The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

#### 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.

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.