



Inscale A/S

Frederiksborggade 11, 4
1360 Copenhagen K
CVR No. 33355416

Annual report 2020

The Annual General Meeting adopted the
annual report on 09.07.2021

Henrik Mou

Chairman of the General Meeting

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Entity details

Entity

Inscale A/S

Frederiksborggade 11, 4

1360 Copenhagen K

Business Registration No.: 33355416

Registered office: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Peter Vejlgard Arbs, formand

Henrik Mou

Ulla Berg Mou

Paul Mark Braem Vedel

Executive Board

Henrik Mou

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Inscale A/S 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 consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows 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.

Copenhagen, 09.07.2021

Executive Board

Henrik Mou

Board of Directors

Peter Vejlgård Arbs
formand

Henrik Mou

Ulla Berg Mou

Paul Mark Braem Vedel

Independent auditor's report

To the shareholders of Inscale A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Inscale A/S 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

Copenhagen, 09.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen

State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Revenue	174,048	168,026	133,286	57,828	36,342
Gross profit/loss	130,521	124,426	89,293	2,734	1,127
Operating profit/loss	979	2,735	(430)	398	(927)
Net financials	(3,167)	(1,711)	(1,215)	(999)	(43)
Profit/loss for the year	(2,554)	600	(1,520)	(594)	(690)
Balance sheet total	56,293	54,621	44,533	20,396	13,124
Investments in property, plant and equipment	8,983	15,652	529	0	0
Equity	909	4,530	7,373	4,655	3,249
Equity excl. minority interests	909	4,530	7,373	4,655	3,249
Ratios					
Gross margin (%)	74.99	74.05	66.99	4.72	3.10
Net margin (%)	(1.47)	0.36	(1.14)	(1.03)	(1.90)
Return on equity (%)	(93.91)	10.08	(25.27)	(15.03)	(19.2)
Equity ratio (%)	1.61	8.29	16.56	22.82	24.76

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Primary activities

INSCALE builds dedicated software development teams through a strategic partnership with our clients. The teams work from one of our offshore development locations. During the course of this partnership, INSCALE manages and advises on the remote software development process between the client and INSCALE's offshore development location.

In providing services to the client, the team works on application development and maintenance of the client's core software solutions. In doing so, the team will be a strategic resource pool for clients' on-going software development efforts. INSCALE and the Client enter into a long-term relationship where team members acquire in-depth knowledge of client's business and software solutions. We enable our clients to leverage on our engagement model for their business excellence. By adopting INSCALE's approach to building dedicated software development teams, our clients could extend their reach beyond their location into a wider pool of offshore developers and close technology gaps within their existing software development resources. INSCALE has experienced solid growth internationally in recent years. We have clients in 10 countries.

Due to COVID-19 the ambitious growth plan set up towards 2024 has been delayed. Despite COVID-19 we have continued to strengthen the organization to be prepared for the expected future growth.

Development in activities and finances

The loss for the year amounts to DKK 2.554 thousand, which is satisfactory due to the COVID-19 challenges and in line with the planned and liquidity-requiring expansion plans. The loss for the year is still affected by costs regarding establishment of the Entity in Portugal. The Parent company HFUNK ApS has confirmed to support Inscale A/S financially.

Outlook

Growth is back as planned with a growth rate of +20% in 2021. We are still adapting to the covid 19 scenario and is planning to launch new services in second half of 2021. We expect to return to our previous growth rate of +30% in 2022.

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.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		174,048,085	168,025,665
Own work capitalised		2,483,372	3,413,609
Other operating income		413,664	316,699
Other external expenses		(46,424,395)	(47,329,792)
Gross profit/loss		130,520,726	124,426,181
Staff costs	1	(123,699,119)	(118,456,963)
Depreciation, amortisation and impairment losses	2	(5,842,118)	(3,233,855)
Operating profit/loss		979,489	2,735,363
Other financial income	3	2,440,084	932,220
Other financial expenses	4	(5,607,419)	(2,643,281)
Profit/loss before tax		(2,187,846)	1,024,302
Tax on profit/loss for the year	5	(366,438)	(424,696)
Profit/loss for the year	6	(2,554,284)	599,606

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	8	4,233,698	0
Development projects in progress	8	848,494	3,413,609
Intangible assets	7	5,082,192	3,413,609
Other fixtures and fittings, tools and equipment		16,997,012	13,672,852
Property, plant and equipment in progress		5,961,279	6,410,940
Property, plant and equipment	9	22,958,291	20,083,792
Deposits		1,416,081	1,222,652
Financial assets	10	1,416,081	1,222,652
Fixed assets		29,456,564	24,720,053
Trade receivables		16,790,873	14,854,158
Deferred tax	11	314,041	340,244
Other receivables		353,017	310,199
Tax receivable		413,064	170,201
Prepayments	12	4,574,239	6,643,594
Receivables		22,445,234	22,318,396
Cash		4,391,276	7,582,658
Current assets		26,836,510	29,901,054
Assets		56,293,074	54,621,107

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		1,090,000	1,090,000
Translation reserve		(1,066,974)	0
Reserve for development costs		3,964,110	0
Retained earnings		(3,078,056)	3,440,339
Equity		909,080	4,530,339
Bank loans		3,108,591	4,076,934
Debt to other credit institutions		1,741,527	2,138,911
Non-current liabilities other than provisions	13	4,850,118	6,215,845
Current portion of non-current liabilities other than provisions	13	3,005,322	3,660,677
Bank loans		5,902,061	1,132,085
Trade payables		4,999,306	3,806,236
Payables to group enterprises		4,050,625	4,147,275
Other payables		9,935,711	8,732,522
Deferred income	15	22,640,851	22,396,128
Current liabilities other than provisions		50,533,876	43,874,923
Liabilities other than provisions		55,383,994	50,090,768
Equity and liabilities		56,293,074	54,621,107
Contingent liabilities	17		
Assets charged and collateral	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Translation reserve DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,090,000	0	0	3,440,338	4,530,338
Exchange rate adjustments	0	(1,066,974)	0	0	(1,066,974)
Transfer to reserves	0	0	3,964,110	(3,964,110)	0
Profit/loss for the year	0	0	0	(2,554,284)	(2,554,284)
Equity end of year	1,090,000	(1,066,974)	3,964,110	(3,078,056)	909,080

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		979,489	2,735,363
Amortisation, depreciation and impairment losses		5,842,118	3,233,855
Working capital changes	16	4,223,905	11,441,123
Cash flow from ordinary operating activities		11,045,512	17,410,341
Financial expenses paid		(1,247,514)	(1,053,099)
Taxes refunded/(paid)		(583,097)	(100,826)
Cash flows from operating activities		9,214,901	16,256,416
Acquisition etc. of intangible assets		(2,483,372)	(3,413,609)
Acquisition etc. of property, plant and equipment		(7,901,829)	(15,619,699)
Cash flows from investing activities		(10,385,201)	(19,033,308)
Free cash flows generated from operations and investments before financing		(1,170,300)	(2,776,892)
Loans raised		(2,021,082)	4,189,814
Repayment of lease liabilities		0	(294,037)
Cash flows from financing activities		(2,021,082)	3,895,777
Increase/decrease in cash and cash equivalents		(3,191,382)	1,118,885
Cash and cash equivalents beginning of year		7,582,658	6,463,773
Cash and cash equivalents end of year		4,391,276	7,582,658
Cash and cash equivalents at year-end are composed of:			
Cash		4,391,276	7,582,658
Cash and cash equivalents end of year		4,391,276	7,582,658

Notes to consolidated financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	112,433,429	104,198,224
Pension costs	0	1,709,310
Other social security costs	10,149,249	8,132,557
Other staff costs	1,116,441	4,416,872
	123,699,119	118,456,963
Average number of full-time employees	416	371

Remuneration to the executive board has not been disclosed in accordance with section 98b (3) of the Danish Financial Statements Act.

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	814,789	0
Depreciation on property, plant and equipment	5,005,753	3,709,167
Profit/loss from sale of intangible assets and property, plant and equipment	21,576	(475,312)
	5,842,118	3,233,855

3 Other financial income

	2020 DKK	2019 DKK
Exchange rate adjustments	2,440,084	932,220
	2,440,084	932,220

4 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	725,606	720,000
Other interest expenses	521,908	333,099
Exchange rate adjustments	4,359,905	1,590,182
	5,607,419	2,643,281

5 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Current tax	340,235	252,445
Change in deferred tax	26,203	172,251
	366,438	424,696

6 Proposed distribution of profit/loss

	2020	2019
	DKK	DKK
Retained earnings	(2,554,284)	599,606
	(2,554,284)	599,606

7 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	0	3,413,609
Transfers	3,146,499	(3,146,499)
Additions	1,901,988	581,384
Cost end of year	5,048,487	848,494
Amortisation for the year	(814,789)	0
Amortisation and impairment losses end of year	(814,789)	0
Carrying amount end of year	4,233,698	848,494

8 Development projects

The groups development projects relate to the development and improvement of the Inscale ERP System.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	22,740,322	6,410,940
Exchange rate adjustments	(1,764,763)	0
Transfers	6,594,830	(6,594,830)
Additions	2,837,770	6,145,169
Disposals	(1,412,346)	0
Cost end of year	28,995,813	5,961,279
Depreciation and impairment losses beginning of year	(9,067,314)	0
Exchange rate adjustments	723,973	0
Depreciation for the year	(5,005,753)	0
Reversal regarding disposals	1,350,293	0
Depreciation and impairment losses end of year	(11,998,801)	0
Carrying amount end of year	16,997,012	5,961,279

10 Financial assets

	Deposits DKK
Cost beginning of year	1,222,652
Additions	193,429
Cost end of year	1,416,081
Carrying amount end of year	1,416,081

11 Deferred tax

	2020 DKK
Tax losses carried forward	314,041
Deferred tax	314,041
	2020 DKK
Changes during the year	
Beginning of year	340,244
Recognised in the income statement	(26,203)
End of year	314,041

Deferred tax assets are measured at net realizable value, and are based on Management's best estimate. The capitalized tax assets consists only of tax losses from the groups malaysian subsidiary.

12 Prepayments

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

13 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK
Bank loans	968,343	934,247	3,108,591
Lease liabilities	534,831	1,634,646	0
Debt to other credit institutions	1,502,148	1,091,784	1,741,527
	3,005,322	3,660,677	4,850,118

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

14 Payables to group enterprises

Payables to group enterprises consists of a loan from HFUNK ApS.

15 Deferred income

Deferred income consists of revenue to be recognized in future periods as the recognition criteria has not been completed yet.

16 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in receivables	(103,607)	7,620,990
Increase/decrease in trade payables etc.	(590,537)	2,838,348
Other changes	4,918,049	981,785
	4,223,905	11,441,123

17 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which HFUNK ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore secondarily liable for income taxes etc. for the jointly taxed entities, limited to the equity interest by which the Entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

18 Assets charged and collateral

The group has not itself provided collateral or made mortgages.

19 Subsidiaries

	Registered in	Corporate form	Ownership %
Inscale Asia	Malaysia	SDN Bhd	100
Inscale Facilitation	Malaysia	SDN Bhd	100
Inscale Portugal	Portugal	Ltd.	100
Inscale QT Ukraine	Ukraine	LLC	100
Inscale Ukraine	Ukraine	Ltd.	100

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		172,585,137	162,255,451
Other operating income		413,664	316,699
Cost of sales		(161,884,832)	(155,700,788)
Other external expenses		(7,605,294)	(7,319,910)
Gross profit/loss		3,508,675	(448,548)
Staff costs	1	(4,441,227)	(5,080,085)
Depreciation, amortisation and impairment losses		(1,413,776)	(319,627)
Operating profit/loss		(2,346,328)	(5,848,260)
Income from investments in group enterprises		1,918,074	6,900,887
Other financial income	2	2,440,084	932,219
Other financial expenses	3	(4,566,114)	(1,212,989)
Profit/loss before tax		(2,554,284)	771,857
Tax on profit/loss for the year	4	0	(172,251)
Profit/loss for the year	5	(2,554,284)	599,606

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	7	4,233,698	0
Development projects in progress	7	848,494	3,413,608
Intangible assets	6	5,082,192	3,413,608
Other fixtures and fittings, tools and equipment		1,392,544	1,487,941
Property, plant and equipment	8	1,392,544	1,487,941
Investments in group enterprises		7,769,381	4,433,801
Deposits		1,416,080	1,222,653
Financial assets	9	9,185,461	5,656,454
Fixed assets		15,660,197	10,558,003
Trade receivables		16,776,335	14,817,291
Receivables from group enterprises		12,945,835	15,121,909
Other receivables		956,804	976,608
Prepayments	10	560,459	1,330,724
Receivables		31,239,433	32,246,532
Cash		2,353,914	2,434,194
Current assets		33,593,347	34,680,726
Assets		49,253,544	45,238,729

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		1,090,000	1,090,000
Translation reserve		(1,066,974)	0
Reserve for net revaluation according to the equity method		5,030,899	0
Reserve for development costs		3,964,110	0
Retained earnings		(8,108,955)	3,440,338
Equity		909,080	4,530,338
Provisions for investments in group enterprises	11	4,257,528	2,402,561
Provisions		4,257,528	2,402,561
Bank loans		3,108,591	4,076,934
Debt to other credit institutions		773,184	2,138,911
Non-current liabilities other than provisions	12	3,881,775	6,215,845
Current portion of non-current liabilities other than provisions	12	3,438,834	2,026,031
Bank loans		5,902,061	1,132,085
Trade payables		1,383,813	558,804
Payables to group enterprises		7,120,980	5,929,753
Other payables	13	2,877,867	1,864,797
Deferred income	14	19,481,606	20,578,515
Current liabilities other than provisions		40,205,161	32,089,985
Liabilities other than provisions		44,086,936	38,305,830
Equity and liabilities		49,253,544	45,238,729
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Translation reserve DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development costs DKK	Retained earnings DKK
Equity beginning of year	1,090,000	0	0	0	3,440,338
Exchange rate adjustments	0	(1,066,974)	0	0	0
Transfer to reserves	0	0	5,030,899	3,964,110	(8,995,009)
Profit/loss for the year	0	0	0	0	(2,554,284)
Equity end of year	1,090,000	(1,066,974)	5,030,899	3,964,110	(8,108,955)

	Total DKK
Equity beginning of year	4,530,338
Exchange rate adjustments	(1,066,974)
Transfer to reserves	0
Profit/loss for the year	(2,554,284)
Equity end of year	909,080

Notes to parent financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	3,999,812	4,723,545
Pension costs	381,421	270,901
Other staff costs	59,994	85,639
	4,441,227	5,080,085
Average number of full-time employees	5	6

2 Other financial income

	2020 DKK	2019 DKK
Exchange rate adjustments	2,440,084	932,219
	2,440,084	932,219

3 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	720,000	720,000
Other interest expenses	329,925	47,354
Exchange rate adjustments	3,510,583	445,635
Other financial expenses	5,606	0
	4,566,114	1,212,989

4 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Change in deferred tax	0	172,251
	0	172,251

5 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	(2,554,284)	599,606
	(2,554,284)	599,606

6 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	0	3,413,609
Transfers	3,146,499	(3,146,499)
Additions	1,901,988	581,384
Cost end of year	5,048,487	848,494
Amortisation for the year	(814,789)	0
Amortisation and impairment losses end of year	(814,789)	0
Carrying amount end of year	4,233,698	848,494

7 Development projects

The group has capitalised development projects, which relates to the development of a new ERP system. Development project assets are measured at net cost value, and is impairment tested on a yearly basis.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,829,366
Additions	503,590
Cost end of year	2,332,956
Depreciation and impairment losses beginning of year	(341,425)
Depreciation for the year	(598,987)
Depreciation and impairment losses end of year	(940,412)
Carrying amount end of year	1,392,544

9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	2,738,482	1,222,653
Additions	0	230,994
Disposals	0	(37,567)
Cost end of year	2,738,482	1,416,080
Revaluations beginning of year	2,954,753	0
Share of profit/loss for the year	3,335,581	0
Revaluations end of year	6,290,334	0
Impairment losses beginning of year	(1,259,435)	0
Impairment losses end of year	(1,259,435)	0
Carrying amount end of year	7,769,381	1,416,080

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10 Prepayments

Prepayments consists of insurance, subscriptions fees etc.

11 Provisions for investments in group enterprises

Provisions for investments in group enterprises consists of provisions for negativ equity in subsidiaries.

12 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK
Bank loans	968,343	934,247	3,108,591
Debt to other credit institutions	2,470,491	1,091,784	773,184
	3,438,834	2,026,031	3,881,775

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

13 Other payables

	2020 DKK	2019 DKK
VAT and duties	1,960,057	1,363,650
Other costs payable	917,810	501,147
	2,877,867	1,864,797

14 Deferred income

Short-term deferred income include deferred revenue.

15 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which HFUNK ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc. for the jointly taxed entities, limited to the equity interest by which the Entity participates in the Group, and also secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

16 Assets charged and collateral

The company itself has not itself provided collateral or made mortgages.

17 Related parties with controlling interest

HFUNK ApS, Fredsvej 7, 2840 Holte owns a majority of the shares in the Entity, thus exercising control.

18 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent 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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Income statement

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.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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 wages and salaries, 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.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises'

profit/loss after full elimination of intra-group profits or losses.

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 5 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as 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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

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	3-5 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.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Receivables

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

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.

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.