



Inscale A/S

Frederiksborggade 11, 4, 4.
1360 Copenhagen K
CVR No. 33355416

Annual report 2021

The Annual General Meeting adopted the
annual report on 04.07.2022

Henrik Mou

Chairman of the General Meeting

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Entity details

Entity

Inscale A/S

Frederiksborggade 11, 4, 4.

1360 Copenhagen K

Business Registration No.: 33355416

Registered office: Copenhagen

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Peter Vejlgard Arbs, Chairman

Henrik Mou

Ulla Berg Mou

Paul Mark Braem Vedel

Executive Board

Henrik Mou

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6701 Esbjerg

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 04.07.2022

Executive Board

Henrik Mou

Board of Directors

Peter Vejlgård Arbs
Chairman

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 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 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.

Esbjerg, 04.07.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mikael Grosbøl

State Authorised Public Accountant
Identification No (MNE) mne33707

Management commentary

Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	195,429	174,048	168,026	133,286	57,828
Gross profit/loss	144,501	130,521	124,426	89,293	2,734
Operating profit/loss	(3,838)	979	2,735	(430)	398
Net financials	(2,391)	(3,167)	(1,711)	(1,215)	(999)
Profit/loss for the year	(8,087)	(2,554)	600	(1,520)	(594)
Balance sheet total	68,211	56,293	54,621	44,533	20,396
Investments in property, plant and equipment	3,998	8,983	15,652	529	0
Equity	5,380	909	4,530	7,373	4,655
Ratios					
Gross margin (%)	74.99	74.99	74.05	66.99	4.72
Net margin (%)	(4.14)	(1.47)	0.36	(1.14)	(1.03)
Return on equity (%)	(93.91)	(93.91)	10.08	(25.27)	(15.03)
Equity ratio (%)	7.89	1.61	8.29	16.56	22.82

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

Gross margin (%):

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

Revenue

Net margin (%):

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

Revenue

Return on equity (%):

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

Average equity

Equity ratio (%):

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

Balance sheet total

Primary activities

INSCALE support domestic and international business clients' strategy through providing dedicated software development teams and -resources. INSCALE always builds through a strategic partnership with our clients.

All the teams work from one of our offshore development locations. 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.

The collaboration and the partnership between INSCALE and the Client are a long-term relationship to give team members the best opportunity to acquire in depth knowledge of client's business and software solutions, so INSCALE enables 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 can extend their reach beyond their location into a wider pool of offshore developers and close technology gaps within their existing software development resources.

INSCALE is a player in the international market, where we all focus a huge need for software developers, as IT is fundamentally for many business' all over the world. INSCALE has a solution for this and believe that our footprint in the sector is powerful and has been consistent for many years and this will continue.

Development in activities and finances

INSCALE has experienced solid growth internationally in recent years. Many clients in 10 countries have experienced this long-term partnership with a great success.

INSCALE has experienced a positive development in revenue in 2021 as we reached 195 MDKK, however the costs have increased in 2021. The final result is of a loss of 8,1 MDKK before tax. The loss for the year is still affected by costs regards to the establishment of the entity and one time cost for employees vacancies in Portugal and finally due to introduction of cost-plus model for all off-shore locations.

The board decided in the Board meeting in November 2021 to ask the shareholders to support INSCALE with 12 MDKK. The amount was granted by December 2021.

The Parent company HFUNK ApS has confirmed to support INSCALE A/S financially.

The COVID 19 pandemic has changed some significant conditions for INSCALE business. As consequence the ambitious growth plan set up towards 2024 has been delayed, however we are in process to develop and adjust to the new ways.

The sales process has been changed and we needed to invest in new marketing/ sales activities, as psychical meetings were limited.

In our upstream activities we experience many software developers worked from home (WFH) during the pandemic. We have experienced the request later on and will take advantage of this in new concepts for relevant clients.

Despite these changes we continued to strengthen the organization to develop and service clients and soft developers to ensure a strong alignment with the changing conditions and be prepared for the expected future growth.

Profit/loss for the year in relation to expected developments

The growth was lower than expected, but still positive with 12%. The profit for the year was lower than expected.

Outlook

We expect to return to our previous growth rate of +20% in 2022. A net profit between zero and +5 mio. DKK in 2022 is expected.

We acknowledge the change in the geopolitical world. The effects from the COVID pandemic with a significant change in WFH, the war I Europe / Ukraine, the significant drop in financial markets will all influence business's, our potential clients, our employees, nevertheless we are confident to the need for our services and we in 2022 will introduce new services to align the market.

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 2021

	Notes	2021 DKK	2020 DKK
Revenue		195,429,388	174,048,085
Own work capitalised		1,629,234	2,483,372
Other operating income		413,664	413,664
Other external expenses		(52,971,350)	(46,424,395)
Gross profit/loss		144,500,936	130,520,726
Staff costs	1	(141,884,245)	(123,699,119)
Depreciation, amortisation and impairment losses	2	(6,454,473)	(5,842,118)
Operating profit/loss		(3,837,782)	979,489
Other financial income	3	2,910,961	2,440,084
Other financial expenses	4	(5,301,860)	(5,607,419)
Profit/loss before tax		(6,228,681)	(2,187,846)
Tax on profit/loss for the year	5	(1,858,684)	(366,438)
Profit/loss for the year	6	(8,087,365)	(2,554,284)

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	8	5,604,453	4,233,698
Development projects in progress	8	0	848,494
Intangible assets	7	5,604,453	5,082,192
Other fixtures and fittings, tools and equipment		21,677,949	16,997,012
Property, plant and equipment in progress		0	5,961,279
Property, plant and equipment	9	21,677,949	22,958,291
Other investments		2,595,126	0
Deposits		1,422,405	1,416,081
Financial assets	10	4,017,531	1,416,081
Fixed assets		31,299,933	29,456,564
Trade receivables		17,622,102	16,790,873
Receivables from group enterprises		93,951	0
Deferred tax	11	262,357	314,041
Other receivables		316,341	353,017
Tax receivable		2,106,332	413,064
Prepayments	12	5,740,785	4,574,239
Receivables		26,141,868	22,445,234
Cash		10,768,719	4,391,276
Current assets		36,910,587	26,836,510
Assets		68,210,520	56,293,074

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	13	1,520,000	1,090,000
Translation reserve		(342,572)	(1,066,974)
Reserve for development costs		0	3,964,110
Retained earnings		4,202,289	(3,078,056)
Equity		5,379,717	909,080
Bank loans		2,083,668	3,108,591
Debt to other credit institutions		580,886	1,741,527
Non-current liabilities other than provisions	14	2,664,554	4,850,118
Current portion of non-current liabilities other than provisions	14	3,023,640	3,005,322
Bank loans		4,742,489	5,902,061
Trade payables		902,686	4,999,306
Payables to group enterprises		1,990,625	4,050,625
Other payables		20,973,944	9,935,711
Deferred income	16	28,532,865	22,640,851
Current liabilities other than provisions		60,166,249	50,533,876
Liabilities other than provisions		62,830,803	55,383,994
Equity and liabilities		68,210,520	56,293,074
Unrecognised rental and lease commitments	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Group relations	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Reserve for development costs DKK	Retained earnings DKK
Equity beginning of year	1,090,000	0	(1,066,974)	3,964,110	(3,078,056)
Increase of capital	430,000	11,403,600	0	0	0
Transferred from share premium	0	(11,403,600)	0	0	11,403,600
Exchange rate adjustments	0	0	724,402	0	0
Transfer to reserves	0	0	0	1,270,803	(1,270,803)
Dissolution of reserves	0	0	0	(5,234,913)	5,234,913
Profit/loss for the year	0	0	0	0	(8,087,365)
Equity end of year	1,520,000	0	(342,572)	0	4,202,289

	Total DKK
Equity beginning of year	909,080
Increase of capital	11,833,600
Transferred from share premium	0
Exchange rate adjustments	724,402
Transfer to reserves	0
Dissolution of reserves	0
Profit/loss for the year	(8,087,365)
Equity end of year	5,379,717

Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		(3,837,782)	979,489
Amortisation, depreciation and impairment losses		6,454,473	5,842,118
Working capital changes	17	11,503,387	4,223,905
Cash flow from ordinary operating activities		14,120,078	11,045,512
Financial expenses paid		(2,390,899)	(1,247,514)
Taxes refunded/(paid)		(3,500,268)	(583,097)
Cash flows from operating activities		8,228,911	9,214,901
Acquisition etc. of intangible assets		(1,629,234)	(2,483,372)
Acquisition etc. of property, plant and equipment		(3,997,971)	(7,901,829)
Sale of property, plant and equipment		24,356	0
Acquisition of fixed asset investments		(2,601,450)	0
Cash flows from investing activities		(8,204,299)	(10,385,201)
Free cash flows generated from operations and investments before financing		24,612	(1,170,300)
Loans raised		0	(2,021,082)
Repayments of loans etc.		(2,167,246)	0
Repayment of debt to group enterprises		(2,060,000)	0
Cash capital increase		11,833,600	0
Loan to group enterprises		(93,951)	0
Changes of short term bank debt		(1,159,572)	0
Cash flows from financing activities		6,352,831	(2,021,082)
Increase/decrease in cash and cash equivalents		6,377,443	(3,191,382)
Cash and cash equivalents beginning of year		4,391,276	7,582,658
Cash and cash equivalents end of year		10,768,719	4,391,276
Cash and cash equivalents at year-end are composed of:			
Cash		10,768,719	4,391,276

Cash and cash equivalents end of year	10,768,719	4,391,276
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Notes to consolidated financial statements

1 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	126,597,897	112,433,429
Pension costs	422,525	0
Other social security costs	13,367,713	10,149,249
Other staff costs	1,496,110	1,116,441
	141,884,245	123,699,119
Average number of full-time employees	455	416

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

	2021 DKK	2020 DKK
Amortisation of intangible assets	1,106,973	814,789
Depreciation on property, plant and equipment	5,362,214	5,005,753
Profit/loss from sale of intangible assets and property, plant and equipment	(14,714)	21,576
	6,454,473	5,842,118

3 Other financial income

	2021 DKK	2020 DKK
Exchange rate adjustments	2,910,961	2,440,084
	2,910,961	2,440,084

4 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from group enterprises	705,000	725,606
Other interest expenses	476,530	521,908
Exchange rate adjustments	4,116,651	4,359,905
Other financial expenses	3,679	0
	5,301,860	5,607,419

5 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	1,807,000	340,235
Change in deferred tax	51,684	26,203
	1,858,684	366,438

6 Proposed distribution of profit/loss

	2021	2020
	DKK	DKK
Retained earnings	(8,087,365)	(2,554,284)
	(8,087,365)	(2,554,284)

7 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	5,048,487	848,494
Transfers	1,022,414	(1,022,414)
Additions	1,455,314	173,920
Cost end of year	7,526,215	0
Amortisation and impairment losses beginning of year	(814,789)	0
Amortisation for the year	(1,106,973)	0
Amortisation and impairment losses end of year	(1,921,762)	0
Carrying amount end of year	5,604,453	0

8 Development projects

The groups development projects relate to the development and improvement of the Inscale ERP System. Development project assets are measured at net cost value, and is impairment tested on a yearly basis.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Property, plant and equipment in progress DKK
Cost beginning of year	28,995,813	5,961,279
Exchange rate adjustments	936,434	0
Transfers	5,961,279	(5,961,279)
Additions	3,997,971	0
Disposals	(183,743)	0
Cost end of year	39,707,754	0
Depreciation and impairment losses beginning of year	(11,998,801)	0
Exchange rate adjustments	(842,891)	0
Depreciation for the year	(5,362,214)	0
Reversal regarding disposals	174,101	0
Depreciation and impairment losses end of year	(18,029,805)	0
Carrying amount end of year	21,677,949	0
Recognised assets not owned by Entity	381,693	0

10 Financial assets

	Other investments DKK	Deposits DKK
Cost beginning of year	0	1,416,081
Additions	2,595,126	6,324
Cost end of year	2,595,126	1,422,405
Carrying amount end of year	2,595,126	1,422,405

11 Deferred tax

	2021 DKK	2020 DKK
Changes during the year		
Beginning of year	314,041	340,244
Recognised in the income statement	(51,684)	(26,203)
End of year	262,357	314,041

The capitalized tax assets consists only of tax losses from the groups malaysian subsidiary.

Deferred tax assets

Deferred tax assets are measured at net realizable value, and are based on Management's best estimate.

12 Prepayments

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

13 Contributed capital

	Number	Par value DKK	Nominal value DKK
Class A - shares	1,090,000	1.00	1,090,000
Class A -shares (Capital increase 2021)	430,000	1.00	430,000
	1,520,000		1,520,000

14 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK
Bank loans	1,024,923	968,343	2,083,668
Lease liabilities	265,519	534,831	0
Debt to other credit institutions	1,733,198	1,502,148	580,886
	3,023,640	3,005,322	2,664,554

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

15 Payables to group enterprises

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

16 Deferred income

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

17 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in receivables	(1,961,099)	(103,607)
Increase/decrease in trade payables etc.	12,833,627	(590,537)
Other changes	630,859	4,918,049
	11,503,387	4,223,905

18 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Total liabilities under rental or lease agreements until maturity	28,027,997	28,829,652

19 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.

20 Assets charged and collateral

The group has not itself provided collateral or made mortgages.

21 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.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
HFUNK ApS, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
HFUNK ApS, Copenhagen

23 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 2021

	Notes	2021 DKK	2020 DKK
Revenue		192,255,836	172,585,137
Other operating income		413,664	413,664
Cost of sales		(194,656,935)	(161,884,832)
Other external expenses		(7,124,195)	(7,605,294)
Gross profit/loss		(9,111,630)	3,508,675
Staff costs	1	(4,269,341)	(4,441,227)
Depreciation, amortisation and impairment losses		(1,767,321)	(1,413,776)
Operating profit/loss		(15,148,292)	(2,346,328)
Income from investments in group enterprises		8,467,903	1,918,074
Other financial income	2	2,910,961	2,440,084
Other financial expenses	3	(4,317,937)	(4,566,114)
Profit/loss for the year	4	(8,087,365)	(2,554,284)

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	6	5,604,453	4,233,698
Development projects in progress	6	0	848,494
Intangible assets	5	5,604,453	5,082,192
Other fixtures and fittings, tools and equipment		772,276	1,392,544
Property, plant and equipment	7	772,276	1,392,544
Investments in group enterprises		12,704,158	7,769,381
Other investments		2,595,126	0
Deposits		1,422,405	1,416,081
Financial assets	8	16,721,689	9,185,462
Fixed assets		23,098,418	15,660,198
Trade receivables		17,359,737	16,776,335
Receivables from group enterprises		4,898,204	12,945,835
Other receivables		0	956,802
Prepayments	9	1,049,706	596,491
Receivables		23,307,647	31,275,463
Cash		8,023,508	2,343,020
Current assets		31,331,155	33,618,483
Assets		54,429,573	49,278,681

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		1,520,000	1,090,000
Translation reserve		0	(1,066,974)
Reserve for net revaluation according to equity method		14,223,204	5,030,899
Reserve for development costs		4,371,474	3,964,110
Retained earnings		(14,734,961)	(8,108,955)
Equity		5,379,717	909,080
Provisions for investments in group enterprises	10	0	4,257,528
Provisions		0	4,257,528
Bank loans		2,083,668	3,108,591
Debt to other credit institutions		580,886	773,184
Non-current liabilities other than provisions	11	2,664,554	3,881,775
Current portion of non-current liabilities other than provisions	11	2,758,121	3,438,834
Bank loans		4,742,489	5,891,167
Trade payables		493,624	1,383,812
Payables to group enterprises		8,728,085	7,120,980
Other payables	12	6,490,056	2,877,867
Deferred income	13	23,172,927	19,517,638
Current liabilities other than provisions		46,385,302	40,230,298
Liabilities other than provisions		49,049,856	44,112,073
Equity and liabilities		54,429,573	49,278,681
Unrecognised rental and lease commitments	14		
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 2021

	Contributed capital DKK	Share premium DKK	Translation reserve DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development costs DKK
Equity beginning of year	1,090,000	0	(1,066,974)	5,030,899	3,964,110
Increase of capital	430,000	11,403,600	0	0	0
Transferred from share premium	0	(11,403,600)	0	0	0
Exchange rate adjustments	0	0	0	724,402	0
Transfer to reserves	0	0	0	0	1,270,803
Dissolution of reserves	0	0	1,066,974	0	(863,439)
Profit/loss for the year	0	0	0	8,467,903	0
Equity end of year	1,520,000	0	0	14,223,204	4,371,474

	Retained earnings DKK	Total DKK
Equity beginning of year	(8,108,955)	909,080
Increase of capital	0	11,833,600
Transferred from share premium	11,403,600	0
Exchange rate adjustments	0	724,402
Transfer to reserves	(1,270,803)	0
Dissolution of reserves	(203,535)	0
Profit/loss for the year	(16,555,268)	(8,087,365)
Equity end of year	(14,734,961)	5,379,717

Notes to parent financial statements

1 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	3,800,343	3,999,812
Pension costs	422,525	381,421
Other staff costs	46,473	59,994
	4,269,341	4,441,227
Average number of full-time employees	5	5

2 Other financial income

	2021 DKK	2020 DKK
Exchange rate adjustments	2,910,961	2,440,084
	2,910,961	2,440,084

3 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from group enterprises	705,000	720,000
Other interest expenses	370,022	329,925
Exchange rate adjustments	3,239,236	3,510,583
Other financial expenses	3,679	5,606
	4,317,937	4,566,114

4 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Retained earnings	(8,087,365)	(2,554,284)
	(8,087,365)	(2,554,284)

5 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	5,048,487	848,494
Transfers	1,022,414	(1,022,414)
Additions	1,455,314	173,920
Cost end of year	7,526,215	0
Amortisation and impairment losses beginning of year	(814,789)	0
Amortisation for the year	(1,106,973)	0
Amortisation and impairment losses end of year	(1,921,762)	0
Carrying amount end of year	5,604,453	0

6 Development projects

Development projects relate to the development and improvement of the Inscale ERP System. Development project assets are measured at net cost value, and is impairment tested on a yearly basis.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	2,332,956
Additions	40,080
Cost end of year	2,373,036
Depreciation and impairment losses beginning of year	(940,412)
Depreciation for the year	(660,348)
Depreciation and impairment losses end of year	(1,600,760)
Carrying amount end of year	772,276

8 Financial assets

	Investments in group enterprises DKK	Other investments DKK	Deposits DKK
Cost beginning of year	2,738,482	0	1,416,081
Additions	0	2,595,126	6,324
Cost end of year	2,738,482	2,595,126	1,422,405
Revaluations beginning of year	6,290,334	0	0
Exchange rate adjustments	724,402	0	0
Transfers	(1,259,435)	0	0
Share of profit/loss for the year	8,467,903	0	0
Investments with negative equity value transferred to provisions	(4,257,528)	0	0
Revaluations end of year	9,965,676	0	0
Impairment losses beginning of year	(1,259,435)	0	0
Transfers	1,259,435	0	0
Impairment losses end of year	0	0	0
Carrying amount end of year	12,704,158	2,595,126	1,422,405

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

9 Prepayments

Prepayments consists of insurance, subscriptions fees etc.

10 Provisions for investments in group enterprises

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

11 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK
Bank loans	1,024,923	968,343	2,083,668
Debt to other credit institutions	1,733,198	2,470,491	580,886
	2,758,121	3,438,834	2,664,554

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

12 Other payables

	2021	2020
	DKK	DKK
VAT and duties	1,747,897	1,960,057
Other costs payable	4,742,159	917,810
	6,490,056	2,877,867

13 Deferred income

Short-term deferred income include deferred revenue.

14 Unrecognised rental and lease commitments

	2021	2020
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	738,089	1,159,689

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, Holte, Denmark (parent company)

Henrik Mou, Fredsvej 7, 2840 Holte, Denmark (owns 100% of HFUNK ApS)

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 presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium) with addition of a few provisions governing reporting class C enterprises (large).

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.

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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

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.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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

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.

Other investments

Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

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 liabilities 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 liabilities 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.