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DK-6700 Esbjerg
CVR no. 20 22 26 70

INSCALE A/S

FREDERIKSBORGGADE 11 4., 1360 COPENHAGEN K

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 13 June 2024

Henrik Mou

CVR NO. 33 35 54 16

CONTENTS

COMPANY DETAILS

Company	Inscale A/S Frederiksborggade 11 4. 1360 Copenhagen K	
	CVR No.:	33 35 54 16
	Established:	26 November 2010
	Municipality:	Copenhagen
	Financial Year:	1 January - 31 December
Board of Directors	Peter Vejlgaard Arbs, chairman Bhajan Kaur Henrik Mou Per Brogaard Mark Barry Payne	
Executive Board	Henrik Mou	
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Inscale A/S for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 13 June 2024

Executive Board

Henrik Mou

Board of Directors

Peter Vejlgaard Arbs Chairman	Bhajan Kaur	Henrik Mou
Per Brogaard	Mark Barry Payne	

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Inscale A/S

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Inscale A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company 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 Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Management Commentary
Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover 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 Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

INDEPENDENT AUDITOR'S REPORT

Esbjerg, 13 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mikael Grosbøl
State Authorised Public Accountant
MNE no. mne33707

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income statement					
Net revenue	275,544	234,139	195,429	174,048	168,026
Gross profit/loss	214,496	148,987	116,581	130,521	124,426
Operating profit/loss before depreciation and amortisation (EBITDA)	2,607	1,733	2,617	6,822	5,969
Operating profit/loss of main activities	-4,886	-5,135	-3,838	979	2,735
Financial income and expenses, net	4,019	4,084	-2,391	-3,167	-1,711
Profit/loss for the year	-3,167	-3,768	-8,087	-2,554	600
Balance sheet					
Total assets	65,236	56,995	55,486	56,293	54,621
Equity	5,292	5,432	5,380	909	4,530
Cash flows					
Cash flows from operating activities	5,658	3,564	8,229	9,215	16,256
Cash flows from investing activities	-12,321	-648	-8,204	-10,385	-19,033
Cash flows from financing activities	7,555	-1,905	6,353	-2,021	3,896
Total cash flows	892	1,011	6,378	-3,191	1,119
Investment in property, plant and equipment	-1,529	-2,347	-3,998	-8,983	-15,652
Key ratios					
Gross margin	77.8	63.6	59.7	75.0	74.1
Operating margin	-1.8	-2.2	-2.0	0.6	1.6
Equity ratio	8.1	9.5	9.7	1.6	8.3
Return on equity	-59.1	-69.7	-257.1	-93.9	10.1

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin: $\frac{\text{Gross profit x 100}}{\text{Net revenue}}$

Operating margin: $\frac{\text{Operating profit/loss x 100}}{\text{Net revenue}}$

Equity ratio: $\frac{\text{Equity, at year-end x 100}}{\text{Total assets, at year-end}}$

Return on equity: $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal 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 businesses 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 financial and economic position
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 18% growth in revenue in 2023 and reached total revenues in 2023 of 276 MDKK. This revenue growth and the result before tax of -1 MDKK was broadly in line with expectations and with the outlook from the previous annual report.

The result for the year is affected by some one-off cost items and the ongoing war in Ukraine has continued to impact our operations in that country. The profit before tax is also positively affected by adjustment of fair value on other investments.

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

Profit/loss for the year compared to the expected development
The 18% growth in revenue was broadly in line with expectations. The result before tax for the year was in line with expectations.

Significant events after the end of the financial year
In early 2024, Inscale established new virtual shared service centres in Poland and Bulgaria. Besides that no events have occurred after the end of the financial year of material importance for the Company's financial position.

Financial risk

Currency risks

As a consequence of activities abroad, the Group's results, cash flows and equity are affected by the exchange rate and interest rate movements of a number of currencies – Malaysian ringgit, Macedonian Denar and Euro in particular.

Credit risk

The Company has good procedures for handling credit risks and historically the company has had insubstantial loss on debtors.

Environmental situation

INSCALE does not have any activities that directly impact on the environment. However, the Company supports a responsible environmental policy in the day to day running of its operations.

Future expectations

We expect to continue with our revenue growth, with a growth rate in the range of +5% to 10% in 2024. A profit before tax between zero and +5 mio. DKK in 2024 is expected.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group 2023 DKK	Group 2022 DKK	Parent Company 2023 DKK	Parent Company 2022 DKK
NET REVENUE		**275,544,275**	**234,138,646**	**252,761,539**	**224,102,938**
Work performed by the entity and capitalised		1,606,609	1,479,295	0	0
Other operating income		5,224,923	1,387,481	414,585	413,664
Cost of sales		-21,690,936	-51,859,786	-250,742,268	-220,582,715
Other external expenses		-46,188,819	-36,158,523	-14,779,617	-11,380,765
GROSS PROFIT/LOSS		**214,496,052**	**148,987,113**	**-12,345,761**	**-7,446,878**
Staff costs	1	-211,928,940	-147,224,432	-6,543,143	-6,193,901
Depreciation, amortisation and impairment losses for tangible and intangible assets		-7,493,338	-6,867,904	-2,172,637	-2,009,959
Other operating expenses		40,220	-30,104	0	0
OPERATING LOSS		**-4,886,006**	**-5,135,327**	**-21,061,541**	**-15,650,738**
Income from investments in subsidiaries		0	0	12,413,084	8,837,087
Income from other fixed asset investments		5,200,000	3,904,874	5,200,000	3,904,874
Other financial income		515,197	6,223,809	514,837	4,496,153
Other financial expenses	2	-1,696,606	-6,044,611	-1,633,062	-5,355,657
LOSS BEFORE TAX		**-867,415**	**-1,051,255**	**-4,566,682**	**-3,768,281**
Tax on profit/loss for the year	3	-2,299,267	-2,717,026	1,400,000	0
LOSS FOR THE YEAR	4	**-3,166,682**	**-3,768,281**	**-3,166,682**	**-3,768,281**

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BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2023 DKK	Group 2022 DKK	Parent Company 2023 DKK	Parent Company 2022 DKK
Development projects completed, including patents and similar rights originating from development projects		4,883,177	5,441,207	4,883,177	5,441,207
Goodwill		1,940,260	0	0	0
Development projects in progress and prepayments for intangible assets		254,959	0	254,959	0
Intangible assets	5	**7,078,396**	**5,441,207**	**5,138,136**	**5,441,207**
Other plant, fixtures and equipment		15,793,657	18,682,485	356,137	440,353
Leasehold improvements		80,376	0	0	0
Property, plant and equipment	6	**15,874,033**	**18,682,485**	**356,137**	**440,353**
Investments in subsidiaries		0	0	39,602,825	20,374,024
Other investments		11,700,000	6,500,000	11,700,000	6,500,000
Rent deposit and other receivables		2,938,758	3,316,411	799,413	1,101,759
Financial non-current assets	7	**14,638,758**	**9,816,411**	**52,102,238**	**27,975,783**
NON-CURRENT ASSETS		**37,591,187**	**33,940,103**	**57,596,511**	**33,857,343**
Trade receivables		5,601,634	5,589,273	4,979,304	5,281,170
Receivables from group enterprises		154,716	154,716	154,716	582,508
Deferred tax assets	8	1,400,000	0	1,400,000	0
Other receivables		2,851,576	2,320,410	0	0
Corporation tax receivable		1,538,336	1,438,942	0	0
Prepayments	9	2,502,871	1,772,402	301,475	192,861
Receivables		**14,049,133**	**11,275,743**	**6,835,495**	**6,056,539**
Cash and cash equivalents		**13,595,792**	**11,779,531**	**3,156,188**	**3,803,263**
CURRENT ASSETS		**27,644,925**	**23,055,274**	**9,991,683**	**9,859,802**
ASSETS		**65,236,112**	**56,995,377**	**67,588,194**	**43,717,145**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2023 DKK	Group 2022 DKK	Parent Company 2023 DKK	Parent Company 2022 DKK
Share Capital	10	2,026,700	1,520,000	2,026,700	1,520,000
Reserve for net revaluation under the equity method		0	0	27,352,737	17,635,542
Reserve for development costs		0	0	3,808,879	4,244,142
Fair value reserve for currency translation of foreign entities		-3,482,720	-1,509,793	0	0
Retained earnings		6,748,025	5,421,407	-27,896,311	-17,968,070
EQUITY		**5,292,005**	**5,431,614**	**5,292,005**	**5,431,614**
Other provisions	11	0	2,500,000	0	2,500,000
PROVISIONS		**0**	**2,500,000**	**0**	**2,500,000**
Debt to mortgage credit institution		0	53,672	0	53,672
Bank debt		0	1,063,827	0	1,063,827
Non-current liabilities	12	**0**	**1,117,499**	**0**	**1,117,499**
Debt to mortgage credit institution		53,672	527,214	53,672	527,214
Bank debt		8,026,068	8,847,446	8,026,068	8,847,446
Lease liabilities		0	51,150	0	0
Prepayments from customers		16,365,931	8,780,806	16,365,931	8,482,844
Trade payables		1,725,096	5,505,275	1,374,218	5,374,421
Debt to Group companies		5,018,411	0	32,628,649	8,043,020
Corporation tax payable		1,103,628	371,675	0	0
Other liabilities		25,030,740	20,147,524	3,807,274	2,882,457
Deferred income	13	2,620,561	3,715,174	40,377	510,630
Current liabilities		**59,944,107**	**47,946,264**	**62,296,189**	**34,668,032**
LIABILITIES		**59,944,107**	**49,063,763**	**62,296,189**	**35,785,531**
EQUITY AND LIABILITIES		**65,236,112**	**56,995,377**	**67,588,194**	**43,717,145**

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EQUITY

DKK	Group Share Capital	Share Premium	Fair value reserve for currency translation of foreign entities	Retained earnings	Total
Equity at 1 January 2023	1,520,000	0	-1,509,793	5,421,407	5,431,614
Proposed profit allocation, see note 4				-3,166,682	-3,166,682
Transactions with owners					
Capital increase	506,700	4,493,300			5,000,000
Transfers					
Retained premium		-4,493,300		4,493,300	0
Change fair value reserves					
Value adjustments in the year			-1,972,927		-1,972,927
Equity at 31 December 2023	**2,026,700**	**0**	**-3,482,720**	**6,748,025**	**5,292,005**

DKK	Parent Company Share Capital	Share Premium	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023	1,520,000	0	17,635,542	4,244,142	-17,968,070	5,431,614
Proposed profit allocation, jf. note 4			13,199,315		-16,365,997	-3,166,682
Transactions with owners						
Capital increase	506,700	4,493,300				5,000,000
Other legal bindings						
Capitalized development costs				1,054,287	-1,054,287	0
Foreign exchange adjustments			-1,972,927			-1,972,927
Transfers						
Retained premium		-4,493,300			4,493,300	0
Receiv./decl. dividend			-1,509,193		1,509,193	0
Allowed equalization				-1,489,550	1,489,550	0
Equity at 31 December 2023	**2,026,700**	**0**	**27,352,737**	**3,808,879**	**-27,896,311**	**5,292,005**

During the financial year, 5,067 new shares have been subscribed for at a nominal value of DKK 506,700.

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CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2023 DKK	**2022** DKK
Profit/loss for the year	-3,166,682	-3,768,281
Depreciation and amortisation, reversed	7,493,338	6,898,008
Reversed realization gains	-40,220	0
Adjustment of other financial income	-5,200,000	-3,904,874
Tax on profit/loss, reversed	2,299,267	2,717,026
Corporation tax paid	-2,813,897	-1,415,604
Change in receivables (ex tax)	4,023,325	1,272,666
Change in other provisions	-2,500,000	2,500,000
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	7,085,843	430,064
Other cash flows from operating activities	-1,522,828	-1,165,010
CASH FLOWS FROM OPERATING ACTIVITY	**5,658,146**	**3,563,995**
Purchase of intangible assets	-1,606,609	-1,479,295
Purchase of property, plant and equipment	-1,528,976	-2,347,173
Sale of property, plant and equipment	72,826	84,959
Purchase of financial assets	-91,390	-2,221,166
Sale of financial assets	345,047	327,160
Purchase of company	-9,511,606	0
Group contribution	0	4,987,399
CASH FLOWS FROM INVESTING ACTIVITY	**-12,320,708**	**-648,116**
Repayments of loans etc.	-2,693,413	-2,907,402
Repayment of debt to group enterprises	0	-1,990,625
Cash capital increase	5,000,000	0
Loan to group enterprises	0	-60,765
Change in bank debt	229,854	3,053,725
Loans raised to group entreprises	5,018,411	0
CASH FLOWS FROM FINANCING ACTIVITY	**7,554,852**	**-1,905,067**
CHANGE IN CASH AND CASH EQUIVALENTS	**892,290**	**1,010,812**
Cash and cash equivalents at 1. januar	11,779,531	10,768,719
Cash and cash equivalents from Inscale Macedonia DOOEL Skopje	923,971	0
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**13,595,792**	**11,779,531**
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	13,595,792	11,779,531
CASH AND CASH EQUIVALENTS	**13,595,792**	**11,779,531**

NOTES

	Group		Parent Company		
	2023 DKK	2022 DKK	2023 DKK	2022 DKK	Note
Staff costs					1
Average number of full time employees	646	452	5	6	
Wages and salaries	186,309,475	129,864,187	6,053,327	5,653,035	
Pensions	9,365,002	8,458,958	407,966	436,211	
Social security costs	15,933,822	8,796,632	0	0	
Other staff costs	320,641	104,655	81,850	104,655	
	211,928,940	**147,224,432**	**6,543,143**	**6,193,901**	
Remuneration of Management and Board of Directors	2,098,195	2,048,376	2,098,195	2,048,376	
	2,098,195	**2,048,376**	**2,098,195**	**2,048,376**	
Other financial expenses					2
Interest expenses to group enterprises	18,411	90,216	18,411	90,216	
Other interest expenses	1,678,195	5,954,395	1,614,651	5,265,441	
	1,696,606	**6,044,611**	**1,633,062**	**5,355,657**	
Tax on profit/loss for the year					3
Calculated tax on taxable income of the year	3,699,267	2,454,669	0	0	
Adjustment of deferred tax	-1,400,000	262,357	-1,400,000	0	
	2,299,267	**2,717,026**	**-1,400,000**	**0**	
Proposed distribution of profit					4
Allocation to reserve for net revaluation under the equity method	0	0	13,199,315	8,837,087	
Retained earnings	-3,166,682	-3,768,281	-16,365,997	-12,605,368	
	-3,166,682	**-3,768,281**	**-3,166,682**	**-3,768,281**	

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Note

Intangible assets 5

DKK	Group: Development projects completed, including patents and similar rights originating from development projects	Goodwill	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2023	9,005,510	0	0
Additions	1,351,650	2,155,845	254,959
Cost at 31 December 2023	**10,357,160**	**2,155,845**	**254,959**
Amortisation at 1 January 2023	3,564,303	0	0
Amortisation for the year	1,909,680	215,585	0
Amortisation at 31 December 2023	**5,473,983**	**215,585**	**0**
Carrying amount at 31 December 2023	**4,883,177**	**1,940,260**	**254,959**

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.

DKK	Parent Company: Development projects completed, including patents and similar rights originating from development projects	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2023	9,005,510	0
Additions	1,351,650	254,959
Cost at 31 December 2023	**10,357,160**	**254,959**
Amortisation at 1 January 2023	3,564,303	0
Amortisation for the year	1,909,680	0
Amortisation at 31 December 2023	**5,473,983**	**0**
Carrying amount at 31 December 2023	**4,883,177**	**254,959**

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.

NOTES

Note

Property, plant and equipment 6

DKK	Group: Other plant, fixtures and equipment	Group: Leasehold improvements
Cost at 1 January 2023	40,932,290	0
Exchange adjustment at closing rate	-1,401,555	0
Additions	1,528,976	0
Addition from mergers and acquisition of Company	3,477,714	1,091,891
Disposals	-1,321,250	0
Cost at 31 December 2023	**43,216,175**	**1,091,891**
Depreciation and impairment losses at 1 January 2023	22,249,805	0
Exchange adjustment	-1,075,452	0
Reversal of depreciation of assets disposed of	-1,288,644	0
Depreciation for the year	5,153,950	214,123
Depreciation and impairment from mergers and acquisitions	2,382,859	797,392
Depreciation and impairment losses at 31 December 2023	**27,422,518**	**1,011,515**
Carrying amount at 31 December 2023	**15,793,657**	**80,376**

DKK	Parent Company: Other plant, fixtures and equipment
Cost at 1 January 2023	2,408,531
Additions	178,741
Cost at 31 December 2023	**2,587,272**
Depreciation and impairment losses at 1 January 2023	1,968,178
Depreciation for the year	262,957
Depreciation and impairment losses at 31 December 2023	**2,231,135**
Carrying amount at 31 December 2023	**356,137**

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Note

Financial non-current assets 7

DKK	Group	
	Other investments	Rent deposit and other receivables
Cost at 1 January 2023	2,595,126	3,316,411
Exchange adjustment at closing rate	0	-123,996
Additions	0	91,390
Disposals	0	-345,047
Cost at 31 December 2023	**2,595,126**	**2,938,758**
Revaluation at 1 January 2023	3,904,874	0
Revaluation and impairment losses for the year	5,200,000	0
Revaluation at 31 December 2023	**9,104,874**	**0**
Carrying amount at 31 December 2023	**11,700,000**	**2,938,758**

DKK	Parent Company		
	Investments in subsidiaries	Other investments	Rent deposit and other receivables
Cost at 1 January 2023	2,738,482	2,595,126	1,101,759
Additions	9,511,606	0	42,701
Disposals	0	0	-345,047
Cost at 31 December 2023	**12,250,088**	**2,595,126**	**799,413**
Revaluation at 1 January 2023	17,635,542	3,904,874	0
Exchange adjustment	-1,186,696	0	0
Dividend	-1,509,193	0	0
Profit/loss for the year	12,413,084	0	0
Revaluation and impairment losses for the year	0	5,200,000	0
Revaluation at 31 December 2023	**27,352,737**	**9,104,874**	**0**
Carrying amount at 31 December 2023	**39,602,825**	**11,700,000**	**799,413**

Goodwill

Inscale A/S acquired shares in Inscale Macedonia DOOEL Skopje during the financial year. The cost for the subsidary was 9,511,606. Goodwill from this acquisition amounts to 2,155,845 DKK.

Investments in subsidiaries

Name and domicil	Ownership
Inscale Asia SDN Bhd, Malaysia	100 %
Inscale Facilitation SDN Bhd, Malaysia	100 %
Inscale Portugal Ltd., Portugal	100 %
Inscale QT Ukraine LLC, Ukraine	100 %
Inscale Ukraine Ltd., Ukraine	100 %
Inscale Macedonia DOOEL Skopje, Macedonia	100 %

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Fixed asset investments (continued) 7

Financial non-current assets (continued) 7

The carrying amount of financial non-current assets includes securities measured at fair value by the following amounts:

	Group
	Other investments
Fair value at 31 December 2023	11,700,000
Value adjustment in the year recognised in the Income Statement	5,200,000

	Parent Company
	Other investments
Fair value at 31 December 2023	11,700,000
Value adjustment in the year recognised in the Income Statement	5,200,000

The budget used in the DCF Valuation is based on financial performance in 2023 and financial information for Q1 2024. The number of periods is 5. The growth rate of free cashflow is 5% and the perpetual growth rate is 2%. NPV is calculated with a WACC of 12%. The enterprise value is adjusted for net debt of DKK 2,0M.

Deferred tax assets 8

	Group		Parent Company	
	2023 DKK	2022 DKK	2023 DKK	2022 DKK
Deferred tax assets is related to:				
Tax losses	1,400,000	0	1,400,000	0
	1,400,000	**0**	**1,400,000**	**0**
Deferred tax of the year, income statement	1,400,000	0	1,400,000	0
Deferred tax assets 31 December 2023	**1,400,000**	**0**	**1,400,000**	**0**

The tax asset is related to tax losses and is expected to be used within a few years.

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Prepayments 9

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

Share Capital 10

Allocation of share capital:

Class A - shares, 20,267 unit in the denomination of 100 DKK....	2,026,700	1,520,000
	2,026,700	**1,520,000**

Other provisions 11

Others provisons in 2022 relate to a provision for a dispute with the Tax Authorities. Management has estimated the most likely resultat of the dispute, but the final settlement may be highter or lower. The dispute has been settled in 2023.

Long-term liabilities 12

	Group			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Debt to mortgage credit institution...........	53,672	53,672	0	580,886
Bank debt...	0	0	0	2,115,059
	53,672	**53,672**	**0**	**2,695,945**

	Parent Company			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Debt to mortgage credit institution...........	53,672	53,672	0	580,886
Bank debt...	0	0	0	2,115,059
	53,672	**53,672**	**0**	**2,695,945**

Deferred income 13

Received rent reduction and other income for recognition in subsequent financial years.

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Contingencies etc. 14

Contingent liabilities

	Group		Parent Company	
	2023 DKK	2022 DKK	2023 DKK	2022 DKK
Lease liabilities (operating leases), the payment is due:				
Total liabilities under rental or lease agreements until maturity	15,545,074	23,015,374	0	352,229
	15,545,074	**23,015,374**	**0**	**352,229**

Joint liabilities
The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of HFUNK ApS, which serves as management Company for the joint taxation.

Related parties 15
The Company's related parties include:

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

Transactions with related parties
The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

NOTES

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Information on significant uncertainties at recognition and measurement 16

The Group and parent companies other investments are measured at fair value.

The fair value is based on the income approach under the IPEV guidelines, cf. the metion of this in the accounting policies.

The WACC is based so it should reflect the market's current situation on equivalent companies.

The fair value is also based on future budgets, which is associated with uncertainty.

Furthermore are their in the annual report recognised a deferred tax asset with a book value of 1,400 TDKK, which primarily relates to tax losses carried forward from previous years.

It is the management's assessment that the value is present, as the deferred tax asset is expected to be used within the next 3-5 years. The assessment is based on management's positive expectations for the future and expectations that the company will have significant growth in the coming years.

The company's ability to use the tax loss is based on expectations of future positive earnings and cash flow. Since budgets are inherently uncertain, there will be deviations, and the deviations can be significant in both a positive and negative direction.

The management is of the opinion that the prerequisites for the recognition and measurement of the deferred tax asset at full value are present, but that as a result of the above circumstances, there is significant uncertainty in this regard.

Consolidated Financial Statements 17

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

ACCOUNTING POLICIES

The Annual Report of Inscale A/S for 2023 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Inscale A/S and the subsidiaries in which Inscale A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or established enterprises within the Group are recognised in the Consolidated Financial statements from the date of takeover or establishment. Sold or wound-up enterprises are recognised in the Consolidated Income Statement up to the time of handover. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

The takeover date is the date on which the Group gains actual control over the acquired enterprise.

Acquired enterprises within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities taken over.

Positive and negative differences between the acquisition value and the carrying amounts of taken over and identified assets and liabilities are recognised in equity upon acquisition.

Transaction costs, incurred in connection with acquisition of businesses, are recognised in the income statement in the year when costs are incurred.

Equity interests in subsidiaries are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the date of takeover.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

INCOME STATEMENT

Net revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

ACCOUNTING POLICIES

Other operating income
Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Own work capitalised
Own work capitalised comprises staff costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees.

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries
The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Income from other fixed asset investments
*In*come from other fixed asset investments comprise gains in the form of fair value adjustments on fixed asset investments which are not investments in group enterprises or associates.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets
Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

ACCOUNTING POLICIES

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets
Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life
Other plant, fixtures and equipment...	3-5 years
Leasehold improvements...	5-10 years

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts
Lease contracts relating to tangible fixed assets
for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Financial non-current assets
Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

ACCOUNTING POLICIES

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying Equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses, and with addition of remaining additional values and goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement upon acquisition of the Equity interest. Where the negative goodwill is related to takeover of contingent liabilities, the negative goodwill is not recognised before the contingent liabilities are settled or cancelled.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Investments in subsidiaries with negative equity value are measured at DKK 0. Any receivables with these companies are written off, to the extent that the receivable is uncollectible from a specifically assessed indication of impairment. To the extent that the Parent Company has a legal or actual obligation to cover a negative balance which exceeds the receivable, the remainder is recognised under provisions for liabilities.

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other investments
Other investments comprise unlisted equity investments measured at fair value. The measuring is based on fair value within the IFRS 13 fair value hierarchy level 3. The valuation technique used is the income approach under the IPEV guidelines. Fair value is calculated with unobservable inputs using the discounted cash flows valuation technique.

Other provisions for liabilities
Other provisions comprise anticipated costs of ligitations.

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.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities
Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities
Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The Income Statements of foreign subsidiaries and associates fulfilling the concitions for being independent entities are translated at an average exchange rate for the month and the Balance Sheet items are translated at the rate of exchange on the Balance Sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the Balance Sheet date and from translation of Income Statements from average rate to the rates of the Balance Sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.

CASH FLOW STATEMENT

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:
Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:
Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

ACCOUNTING POLICIES

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.