The Cloud People ApS

Europaplads 16, 2. tv, 8000 Aarhus C

Company reg. no. 34 79 99 62

Annual report

2022

The annual report was submitted and approved by the general meeting on the 21 February 2023.

Bjørn Rasch Jarl
Chairman of the meeting

Notes:

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

Contents

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of The Cloud People ApS for the financial year 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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

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

Aarhus C, 21 February 2023

Managing Director

Jesper Gjerlev Andersen

Board of directors

Bjørn Rasch Jarl Chairman	Mikkel Leth-Nissen	Willem Adriaan Jonkers

Independent auditor's report

To the Shareholders of The Cloud People ApS

Opinion

We have audited the financial statements of The Cloud People ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management’s Review
Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Aarhus, 21 February 2023

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Tim Dürr Nielsen
State Authorised Public Accountant
mne41385

Company information

The company	The Cloud People ApS Europaplads 16, 2. tv 8000 Aarhus C	
	Company reg. no.	34 79 99 62
	Established:	23 November 2012
	Financial year:	1 January - 31 December
Board of directors	Bjørn Rasch Jarl, Chairman Mikkel Leth-Nissen Willem Adriaan Jonkers	
Managing Director	Jesper Gjerlev Andersen	
Auditors	Redmark Godkendt Revisionspartnerselskab Sommervej 31C 8210 Aarhus V	

Management´s review

Description of key activities of the company

The company's main activity is IT-consultancy, including implementation of IT solution at companies.

Development in activities and financial matters

The gross profit for the year totals DKK 14.237.000 against DKK 19.228.000 last year. Loss from ordinary activities after tax totals DKK -11.008.000 against DKK 2.500.000 last year.

Management considers the net loss for the year unsatisfactory.

After the acquisition of Syspeople we started the restructuring to get the company transformed to the TCP model. To be able to do this faster we acquired the remaining part of the shares to get 100% (from 51%) ownership during summer 2022. In addition we increased equity by a shareholders grant as well as that we specified and accrued all extraordinary and investment cost in 2022. We expect that we will get the result and see profit out of this in Q2/Q3 2023.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Gross profit	**14.237.474**	**19.228.110**
2	Staff costs	-24.681.922	-15.669.109
	Depreciation, amortisation, and impairment	-330.997	-280.597
	Operating profit	**-10.775.445**	**3.278.404**
	Other financial income	8.712	3.568
3	Other financial expenses	-167.811	-74.102
	Pre-tax net profit or loss	**-10.934.544**	**3.207.870**
	Tax on net profit or loss for the year	-73.146	-707.529
	Net profit or loss for the year	**-11.007.690**	**2.500.341**
	Proposed distribution of net profit:		
	Extraordinary dividend distributed during the financial year	0	1.000.000
	Transferred to retained earnings	0	1.500.341
	Allocated from retained earnings	-11.007.690	0
	Total allocations and transfers	**-11.007.690**	**2.500.341**

Balance sheet at 31 December

All amounts in DKK.

Assets

Note		2022	2021
	Non-current assets		
	Completed development projects, including patents and similar rights arising from development projects	254.707	291.094
	Total intangible assets	254.707	291.094
	Other fixtures, fittings, tools and equipment	405.391	632.626
	Total property, plant, and equipment	405.391	632.626
	Deposits	524.703	447.729
	Total investments	524.703	447.729
	Total non-current assets	**1.184.801**	**1.371.449**
	Current assets		
	Trade receivables	6.716.809	6.198.669
	Receivables from group enterprises	3.284.561	0
	Deferred tax assets	0	73.146
	Other receivables	0	2.142.628
	Prepayments	5.666.333	6.754.319
	Total receivables	15.667.703	15.168.762
	Cash and cash equivalents	138.092	1.028.923
	Total current assets	**15.805.795**	**16.197.685**
	Total assets	**16.990.596**	**17.569.134**

Redmark
MÆRKBAR FORSKEL

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	90.000	80.000
	Reserve for development costs	198.672	227.054
	Retained earnings	1.417.078	720.209
	Total equity	**1.705.750**	**1.027.263**
	Provisions		
	Other provisions	582.718	0
	Total provisions	**582.718**	**0**
	Liabilities other than provisions		
	Trade payables	3.639.668	2.437.026
	Payables to subsidiaries	659.793	0
	Income tax payable	0	578.094
	Other payables	3.452.989	5.006.259
	Deferred income	6.949.678	8.520.492
	Total short term liabilities other than provisions	14.702.128	16.541.871
	Total liabilities other than provisions	**14.702.128**	**16.541.871**
	Total equity and liabilities	**16.990.596**	**17.569.134**

1 Special items
4 Charges and security
5 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1 January 2021	80.000	0	255.436	-179.607	155.829
Adjustment due to changed procedures	0	0	0	-628.907	-628.907
Profit or loss for the year brought forward	0	0	0	1.500.341	1.500.341
Extraordinary dividend adopted during the financial year	0	0	0	1.000.000	1.000.000
Distributed extraordinary dividend adopted during the financial year.	0	0	0	-1.000.000	-1.000.000
Transferred from retained earnings	0	0	-28.382	28.382	0
Equity 1 January 2022	80.000	0	227.054	720.209	1.027.263
Cash capital increase	10.000	2.490.000	0	0	2.500.000
Profit or loss for the year brought forward	0	0	0	-11.007.690	-11.007.690
Transferred to retained earnings	0	-2.490.000	0	2.490.000	0
Transferred from result brought forward	0	0	-28.382	28.382	0
Group subsidy	0	0	0	9.186.177	9.186.177
	90.000	**0**	**198.672**	**1.417.078**	**1.705.750**

Notes

All amounts in DKK.

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	2022	2021
Expenses:		
Restructure costs	3.992.221	0
	3.992.221	0
Special items are recognised in the following items in the financial statements:		
Staff costs	-3.329.165	0
Premisis	-663.056	0
Profit of special items, net	**-3.992.221**	**0**

2. Staff costs

Salaries and wages	22.717.625	13.781.574
Pension costs	1.735.865	1.742.725
Other costs for social security	70.245	47.209
Other staff costs	158.187	97.601
	24.681.922	**15.669.109**
Average number of employees	31	24

Notes

All amounts in DKK.

		2022	2021
3.	**Other financial expenses**		
	Other financial costs	167.811	74.102
		167.811	**74.102**

4. Charges and security

For bank loans, the company has provided security in company assets representing a nominal value of DKK 1.200.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Trade receivables	6.717
Other fixtures and fittings, tools and equipment	405

Notes

All amounts in DKK.

5. Contingencies

Contingent assets

As of 31 December 2022 the company has an unutilized tax loss that can be carried forward, which, when used at a corporation tax rate of 22%, represents a deferred tax asset of DKK 2,355,000.

The deferred tax asset is not recognized in the balance sheet as of 31 December 2022.

Contingent liabilities

Lease liabilities

The company has entered into operational leases with an average annual lease payment of DKK 304.000. The leases have bewteen 24 and 8 months to maturity and total outstanding lease payments total DKK 337.000.

Rent obligation:

The company has entered into rental contracts with a 6 months' notice of termination. For the coming financial year, there is a contingent liability of DKK 649.000.

Accounting policies

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

Changes in the accounting policies

The company has chosen to change the accounting policies for recognizing the sale of licenses and the associated purchase of licenses. The company has chosen to recognize license sales and license purchases over the license period, where the company has previously recognized the entire income and associated costs in the year of sale. The change has been made so that the company has the same accounting practices as the rest of the group.

The cumulative effect of the above changes amounts to a reduction of the year's profit before tax by DKK 691,000. The change has no tax effect in the financial year. Assets are increased by DKK 5,455,000. and liabilities increase by DKK 6,146.000. while the equity per the balance sheet date is reduced by DKK 691,000 as a result of the year's change. The accumulated effect on the equity is DKK -1,090,000. after adjusting for comparative figures.

Except for the above, the accounting policies remain unchanged from last year.

The comparative figures have been adjusted to the changed accounting policies.

The cumulative effect of the above on the comparative figures amounts to an increase in last year's result before tax by DKK 295,000. Last year's tax from the change in practice amounts to DKK 65,000 in deferred tax, after which last year's result after tax is increased by DKK 230,000. Last year's assets is increased by DKK 6,243,000 and liabilities and provisions are increased by DKK 6,642,000. Last year's equity is reduced by DKK 399,000 as a result of last year's change in profit by DKK 230,000 and correction of the equity at the beginning by DKK -629,000 as a result of the change in practice.

Recognition and measurement in general

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

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

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

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

Accounting policies

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

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

Income statement

Gross profit

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

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

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

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses comprise interest. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Tax on net profit or loss for the year

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

Statement of financial position

Intangible assets

Development projects, patents, and licences

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

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

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

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

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

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

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

Accounting policies

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

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

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

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

Leases

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

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

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

Receivables

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

Accounting policies

Prepayments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for development costs

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

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

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

Income tax and deferred tax

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

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

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

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

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Accounting policies

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

Liabilities other than provisions

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

Deferred income

Payments received concerning future income are recognised under deferred income.