Boyum IT Solutions A/S

Sintrupvej 71 B, 1. th., DK-8220 Brabrand

Annual Report for 1 January - 31 December 2020

CVR No 37 86 88 09

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 21/04 2021

Niels Poulsen Stenfeldt
Chairman of the General Meeting

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Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Boyum IT Solutions A/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 21 April 2021

Executive Board

Mikael Boyum
Executive Officer

Board of Directors

Niels Poulsen Stenfeldt Chairman	Jörg Bernhard Klasmeyer	Marco Sodi
Mikael Boyum		

Independent Auditor's Report

To the Shareholder of Boyum IT Solutions A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Boyum IT Solutions A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 and the Group'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 Group's and 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 Group and 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.

- 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.

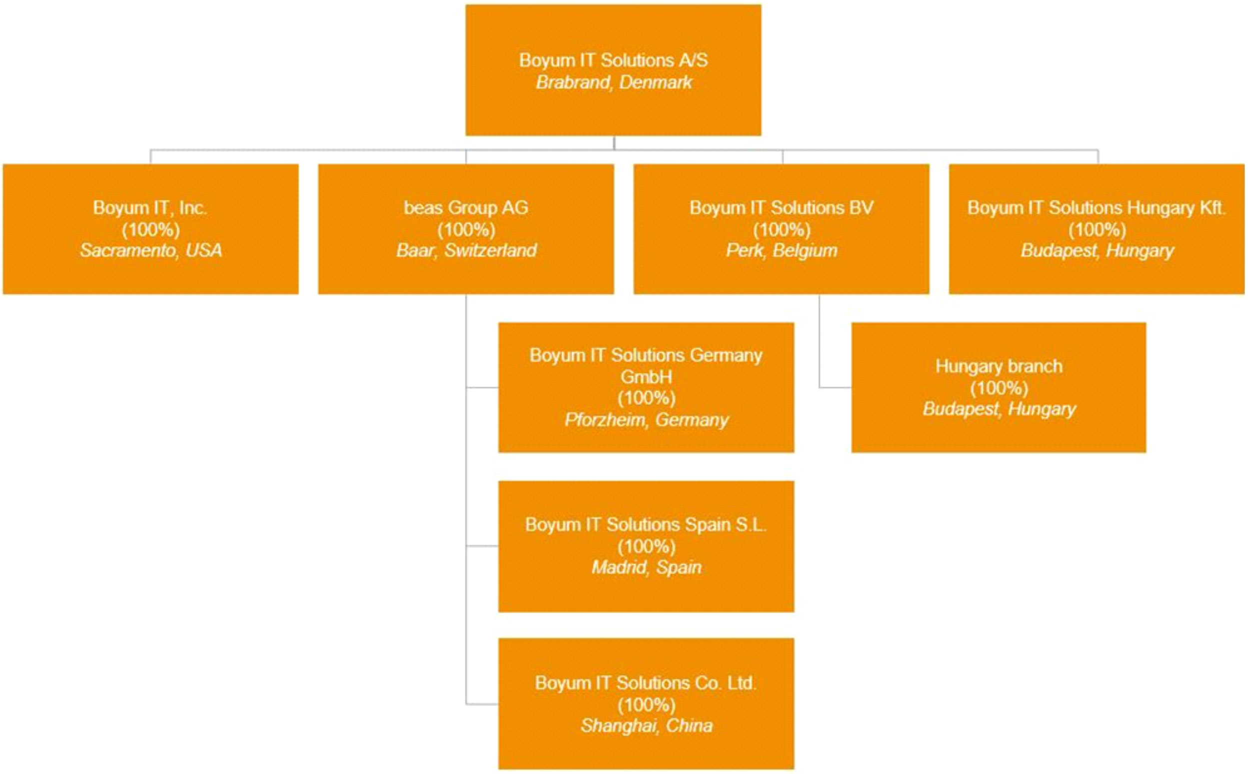
Aarhus, 21 April 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Christian Roding State Authorised Public Accountant mne33714	Martin Stenstrup Toft State Authorised Public Accountant mne42786

Company Information

The Company	Boyum IT Solutions A/S Sintrupvej 71 B, 1. th. DK-8220 Brabrand CVR No: 37 86 88 09 Financial period: 1 January - 31 December Municipality of reg. office: Aarhus
Board of Directors	Niels Poulsen Stenfeldt, Chairman Jörg Bernhard Klasmeyer Marco Sodi Mikael Boyum
Executive Board	Mikael Boyum
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Group Chart


Boyum IT Solutions A/S
Brabrand, Denmark
Boyum IT, Inc.
(100%)
Sacramento, USA
beas Group AG
(100%)
Baar, Switzerland
Boyum IT Solutions BV
(100%)
Perk, Belgium
Boyum IT Solutions Hungary Kft.
(100%)
Budapest, Hungary
Boyum IT Solutions Germany GmbH
(100%)
Pforzheim, Germany
Hungary branch
(100%)
Budapest, Hungary
Boyum IT Solutions Spain S.L.
(100%)
Madrid, Spain
Boyum IT Solutions Co. Ltd.
(100%)
Shanghai, China

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK **	TDKK	TDKK 4 mdr*
Key figures					
Profit/loss					
Revenue	113,797	106,579	89,395	64,240	31,349
Operating profit/loss	20,488	9,751	-554	6,521	-1,955
EBITDA	40,636	30,001	16,611	18,468	3,375
Profit/loss before financial income and expenses	20,488	9,751	-554	6,521	-1,933
Net financials	-3,350	-2,203	-1,930	-266	-178
Net profit/loss for the year	9,538	2,822	-5,420	3,033	-3,155
Balance sheet					
Balance sheet total	92,889	119,098	134,238	90,321	95,428
Equity	41,785	48,962	46,989	51,168	50,951
Number of employees	99	97	85	53	43
Ratios					
Gross margin	80.7%	73.4%	66.0%	70.0%	50.9%
Profit margin	18.0%	9.1%	-0.6%	10.2%	-6.2%
Return on assets	22.1%	8.2%	-0.4%	7.2%	-2.0%
Solvency ratio	45.0%	41.1%	35.0%	56.7%	53.4%
Return on equity	21.0%	5.9%	-11.0%	5.9%	-12.4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

*Boyum IT Solutions A/S took over the beas group at 1 September 2016, from where full consolidation has been performed.

**Boyum IT Solutions A/S took over Produmex BVBA an Produmex Americas Inc. at 1 May 2018, from where full consolidation has been performed.

Management's Review

Consolidated and Parent Company Financial Statements of Boyum IT Solutions A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

The Group's most significant activities

Boyum IT Solutions' ambition is to be the leading SSP in SAP's ecosystem and help our customers with the best software to solve real business problems in their industry. Our main activities are concentrated around development and sales of business-critical software solutions based on the ERP-platform SAP Business One.

Today, the Group offers different software solutions incl. horizontal, manufacturing, and warehouse management solutions. In total, the Group has more than 200,000 daily users of its software solutions, distributed across more than 9,000 installations.

B1 Usability Package: A software solution which gives daily users a unique possibility to customize SAP Business One to their specific needs, without the need for software developers.

Beas Manufacturing: A software solution to manage complex processes in manufacturing businesses across 14 different industries.

Produmex WMS: A software solution to ensure high-quality and efficient warehouse and inventory management which is crucial in many industries and a requirement in certain regulated industries.

Boyum IT Solutions sells it software solutions through more than 650 partners in 115 countries. The Group benefits from a strong brand within the global SAP Business One partner network.

Group structure

The company was founded in June 2016 in connection with a de-merger of the original Boyum IT into different business units. Subsequently, a capital increase was effectuated whereby GRO Capital A/S became shareholders.

As of 1 September 2016, the Swiss company beas Beteiligungen AG and its subsidiaries were acquired. The Group continuously monitors the development in the market and follows a strategy focused on offering a broad portfolio of business-critical software solutions in the partner channel. Aligned with this strategy, the Group acquired the Belgian company Produmex BVBA and its subsidiaries as of 1 May 2018.

Today, the Group structure is as shown on the page 6.

Management's Review

Development in activities and financial circumstances

In 2020, the Group's entities have increased its revenue by MDKK 7.2, corresponding to a 7% growth in a very difficult and competitive market. 2020 was significantly affected by the current Corona Virus / COVID-19, which has caused periodic changes in the market.

In the Spring of 2020, the company created a contingency plan based on risk analyses and scenario analyses of the potential impact on the company. This continency plan was implemented from March 2020. With effective planning and focused management and operations, the company has come strengthened out of the crisis.

Management observes that the current Corona Virus / COVID-19 has prompted more companies to make focused and intensified efforts on optimizations which strengthens our business focus as providers of software which supports the optimization and increase of efficiency of business processes.

Consequently, it is a key focus area to continue to work diligently towards creating a strong platform for future growth with point of departure in the software product portfolio that we have built up through historical acquisitions. With the acquisition of Produmex in 2018, the Group is in a very strong position and has become the world's largest provider of "Supply Chain Management" solutions for SAP Business One, and the Group continues to focus on solidifying and strengthening this position by being able to offer more solutions within "Supply Chain Management".

In 2020, the focus on a strong organization and diligent management of operations has resulted in an EBITDA on budget. Management is very satisfied with the result.

In 2020, EBITDA was MDKK 40.6 and the Group's results before taxes is a profit of MDKK 17.1.

Knowledge resources

The Group's area of business places high requirements on the knowledge resources of its employees. The Group's strategy is to ensure a high level of knowledge by continuously ensuring the right combination of employees and making available and implementing the right tools for effective knowledge sharing.

Attraction of new and general retention of existing employee is a high priority for management.

Over the years, we have worked determinedly on creating a Nordic company culture based on a holistic understanding of our employees' desire for "Work-life Balance". This has resulted in a cultural vision that we call "Energy for LIFE" which requires us to continuously support our employees' mental and physical well-being.

In general, our employees have put in a great and dedicated effort in 2020 and we are generally happy that employees stay with us and that new people join the company. The current Corona Virus / COVID-19 has put particularly large requirements on the individual employee in terms of having to work remotely and from home for extended periods of time.

Management's Review

As of ultimo 2020, the Group employed 99 employees across 7 countries. Employees are primarily based in Denmark, Germany, Belgium, Hungary, Spain, China, and the US.

Expected development

Management entered 2021 with an expectation of solid growth and a significant two-digit revenue growth based on the development from 2020 and the signals we identify in the market in relation with digital transformation.

It is expected that the solid growth in 2021 needs to be supported by additional investments in the organization in order to continue the development of the Group's products as well as the development of new software solutions. There is a continued large demand for this type of products and management also expects that organic growth must be supported by acquisitions of new, complimentary products which are well-positioned in the market.

Similarly, we see an increasingly larger demand for cloud products and, consequently, a large part of new product development will focus on this area.

The current situation with Corona Virus / COVID-19 continues to create uncertainties in relation to the speed at which a full re-opening can be expected. However, the company has prepared contingency plans and are thus ready to reach to potential significant changes of the global situation.

Management therefore closely monitors the development of the global economy and prepares initiatives to mitigate the effects of a potential long-term recession in the global economy. The Group has a very strong liquidity to respond to such a scenario.

Income Statement 1 January - 31 December

	Note	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
		TDKK	TDKK	TDKK	TDKK
Revenue		**113,797**	**106,579**	**85,736**	**80,027**
Expenses for raw materials and consumables		-3,912	-6,636	-29,296	-33,270
Other external expenses		-18,033	-21,748	-16,392	-13,607
Gross profit/loss		**91,852**	**78,195**	**40,048**	**33,150**
Staff expenses	1	-51,216	-48,194	-15,468	-13,941
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-20,148	-20,250	-1,733	-1,785
Profit/loss before financial income and expenses		**20,488**	**9,751**	**22,847**	**17,424**
Income from investments in subsidiaries		0	0	-6,326	-9,345
Financial income		415	2,739	241	878
Financial expenses	2	-3,765	-4,942	-2,308	-2,665
Profit/loss before tax		**17,138**	**7,548**	**14,454**	**6,292**
Tax on profit/loss for the year	3	-7,600	-4,726	-4,916	-3,470
Net profit/loss for the year		**9,538**	**2,822**	**9,538**	**2,822**

Balance Sheet 31 December

Assets

	Note	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
		TDKK	TDKK	TDKK	TDKK
Completed development projects		59,527	79,005	0	1,467
Acquired licenses		89	133	86	57
Intangible assets	4	**59,616**	**79,138**	**86**	**1,524**
Other fixtures and fittings, tools and equipment		1,085	1,257	638	585
Property, plant and equipment	5	**1,085**	**1,257**	**638**	**585**
Investments in subsidiaries	6	0	0	101,287	114,013
Deposits	7	500	902	341	600
Fixed asset investments		**500**	**902**	**101,628**	**114,613**
Fixed assets		**61,201**	**81,297**	**102,352**	**116,722**
Trade receivables		8,055	8,822	4,295	3,838
Receivables from group enterprises		0	165	9,521	14,460
Other receivables		584	743	291	385
Deferred tax asset	8	172	0	166	0
Prepayments	9	716	982	653	860
Receivables		**9,527**	**10,712**	**14,926**	**19,543**
Current asset investments		**7**	**7**	**0**	**0**
Cash at bank and in hand		**22,154**	**27,082**	**3,104**	**1,093**
Current assets		**31,688**	**37,801**	**18,030**	**20,636**
Assets		**92,889**	**119,098**	**120,382**	**137,358**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Share capital		998	998	998	998
Reserve for exchange adjustments		276	0	0	0
Retained earnings		40,511	47,964	40,787	47,964
Equity		**41,785**	**48,962**	**41,785**	**48,962**
Provision for deferred tax	8	0	71	0	77
Provisions		**0**	**71**	**0**	**77**
Credit institutions		0	43,221	0	43,221
Payables to group enterprises		0	0	0	17,392
Other payables		1,228	262	1,228	262
Long-term debt	11	**1,228**	**43,483**	**1,228**	**60,875**
Credit institutions	11	0	11,195	0	11,195
Trade payables		1,756	2,162	1,670	999
Payables to group enterprises	11	33,309	402	68,510	5,345
Corporation tax		1,966	3,944	681	3,618
Other payables	11	12,716	8,750	6,508	6,287
Deferred income	12	129	129	0	0
Short-term debt		**49,876**	**26,582**	**77,369**	**27,444**
Debt		**51,104**	**70,065**	**78,597**	**88,319**
Liabilities and equity		**92,889**	**119,098**	**120,382**	**137,358**

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Statement of Changes in Equity

Group

	Share capital	Reserve for exchange adjustments	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	998	0	47,964	48,962
Exchange adjustments	0	276	0	276
Extraordinary dividend paid	0	0	-2,000	-2,000
Other equity movements	0	0	-16,753	-16,753
Tax on other equity movements	0	0	1,762	1,762
Net profit/loss for the year	0	0	9,538	9,538
Equity at 31 December	**998**	**276**	**40,511**	**41,785**

Parent Company

	Share capital	Reserve for exchange adjustments	Retained earnings	Total
Equity at 1 January	998	0	47,964	48,962
Exchange adjustments	0	0	276	276
Extraordinary dividend paid	0	0	-2,000	-2,000
Other equity movements	0	0	-16,309	-16,309
Tax on other equity movements	0	0	1,318	1,318
Net profit/loss for the year	0	0	9,538	9,538
Equity at 31 December	**998**	**0**	**40,787**	**41,785**

Cash Flow Statement 1 January - 31 December

	Note	Group 2020	Group 2019
		TDKK	TDKK
Net profit/loss for the year		9,538	2,822
Adjustments	13	31,098	27,179
Change in working capital	14	5,719	-7,173
Cash flows from operating activities before financial income and expenses		**46,355**	**22,828**
Financial income		546	2,739
Financial expenses		-3,897	-4,941
Cash flows from ordinary activities		**43,004**	**20,626**
Corporation tax paid		-9,821	-4,750
Cash flows from operating activities		**33,183**	**15,876**
Purchase of intangible assets		-102	0
Purchase of property, plant and equipment		-490	-656
Fixed asset investments made etc		398	-10
Sale of intangible assets		34	0
Sale of property, plant and equipment		47	0
Cash flows from investing activities		**-113**	**-666**
Repayment of loans from credit institutions		-54,416	-7,849
Repayment/increase of payables to group enterprises		33,072	-526
Other equity entries		-14,991	-55
Dividend paid		-2,000	-2,000
Cash flows from financing activities		**-38,335**	**-10,430**
Change in cash and cash equivalents		**-5,265**	**4,780**
Cash and cash equivalents at 1 January		27,089	21,610
Effect from exchange adjustments		337	699
Cash and cash equivalents at 31 December		**22,161**	**27,089**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		22,154	27,082
Current asset investments		7	7
Cash and cash equivalents at 31 December		**22,161**	**27,089**

Notes to the Financial Statements

		Group		Parent Company	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
1	**Staff expenses**				
	Wages and salaries	43,017	45,240	14,600	13,173
	Pensions	1,085	596	697	558
	Other social security expenses	5,776	2,247	106	122
	Other staff expenses	1,338	111	65	88
		51,216	**48,194**	**15,468**	**13,941**
	Including remuneration to the Executive Board and Board of Directors	**2,327**	**2,397**	**2,327**	**2,397**
	Average number of employees	**99**	**97**	**20**	**17**
2	**Financial expenses**				
	Interest paid to group enterprises	0	0	131	28
	Other financial expenses	3,765	4,942	2,177	2,637
		3,765	**4,942**	**2,308**	**2,665**
3	**Tax on profit/loss for the year**				
	Current tax for the year	6,076	5,666	3,841	3,682
	Deferred tax for the year	-243	-212	-243	-212
	Adjustment of tax concerning previous years	5	-728	0	0
		5,838	**4,726**	**3,598**	**3,470**
	which breaks down as follows:				
	Tax on profit/loss for the year	7,600	4,726	4,916	3,470
	Tax on changes in equity	-1,762	0	-1,318	0
		5,838	**4,726**	**3,598**	**3,470**

Notes to the Financial Statements

4 Intangible assets

Group

	Completed development projects	Acquired licenses
	TDKK	TDKK
Cost at 1 January	132,807	394
Exchange adjustment	-56	0
Additions for the year	34	68
Disposals for the year	-34	0
Cost at 31 December	132,751	462
Impairment losses and amortisation at 1 January	53,802	261
Exchange adjustment	-4	0
Amortisation for the year	19,426	112
Impairment losses and amortisation at 31 December	73,224	373
Carrying amount at 31 December	**59,527**	**89**

Amortised over

The Group's development projects include the development of add-on modules for SAP Business One. The modules partly allow the users of SAP Business One to customize a large part of the user interface without the use of developers, while there are also modules aimed at production and logistics companies. The production and inventory management modules create management opportunities across all processes, where the production model is targeted at 14 specific industries, while the inventory management modules have a broader focus.

Parent Company

	Completed development projects	Acquired licenses
	TDKK	TDKK
Cost at 1 January	7,945	86
Additions for the year	0	68
Cost at 31 December	7,945	154
Impairment losses and amortisation at 1 January	6,478	29
Amortisation for the year	1,467	39
Impairment losses and amortisation at 31 December	7,945	68
Carrying amount at 31 December	**0**	**86**

Notes to the Financial Statements

5 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	2,716
Exchange adjustment	772
Additions for the year	490
Disposals for the year	-1,007
Cost at 31 December	2,971
Impairment losses and depreciation at 1 January	1,459
Exchange adjustment	777
Depreciation for the year	610
Reversal of impairment and depreciation of sold assets	-960
Impairment losses and depreciation at 31 December	1,886
Carrying amount at 31 December	**1,085**

Parent Company

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	767
Additions for the year	280
Cost at 31 December	1,047
Impairment losses and depreciation at 1 January	182
Depreciation for the year	227
Impairment losses and depreciation at 31 December	409
Carrying amount at 31 December	**638**

Notes to the Financial Statements

6 Investments in subsidiaries

	Parent Company 2020 TDKK	Parent Company 2019 TDKK
Cost at 1 January	136,618	136,618
Cost at 31 December	136,618	136,618
Value adjustments at 1 January	-22,605	-14,411
Exchange adjustment	276	1,206
Net profit/loss for the year	10,820	7,746
Other equity movements, net	-10,132	-55
Amortisation of intangible assets	-17,146	-17,091
Value adjustments at 31 December	-38,787	-22,605
Equity investments with negative net asset value amortised over receivables	3,456	0
Carrying amount at 31 December	**101,287**	**114,013**
Positive differences arising on initial measurement of subsidiaries at net asset value	108,605	108,605
Remaining positive difference included in the above carrying amount at 31 December	57,588	74,777

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Boyum IT Solutions Inc.	United States of America	100%
beas Group AG	Switzerland	100%
Boyum IT Solutions Germany GmbH	Germany	100%
Boyum IT Solutions Spain S.L.	Spain	100%
Boyum IT Solutions Co., Ltd.	China	100%
Boyum IT Solutions BV	Belgium	100%
Produmex Americas Inc. (Dormant)	United States of America	100%
Boyum IT Solutions Hungary Kft. (Under registration)	Hungary	100%

Notes to the Financial Statements

7 Other fixed asset investments

	Group	Parent Company
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 January	902	600
Exchange adjustment	-4	0
Disposals for the year	-398	-259
Cost at 31 December	500	341
Carrying amount at 31 December	**500**	**341**

8 Deferred tax asset

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Deferred tax asset at 1 January	-71	-283	-77	-289
Amounts recognised in the income statement for the year	243	212	243	212
Deferred tax asset at 31 December	**172**	**-71**	**166**	**-77**

The recognised tax asset comprises temporary tax differences related to fixed assets, and is expected to be utilised within the next three to four years based on taxable depreciations.

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

10 Distribution of profit

	Parent Company	
	2020	2019
	TDKK	TDKK
Extraordinary dividend paid	2,000	0
Retained earnings	7,538	2,822
	9,538	**2,822**

Notes to the Financial Statements

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Credit institutions				
Between 1 and 5 years	0	43,221	0	43,221
Long-term part	0	43,221	0	43,221
Within 1 year	0	8,813	0	8,813
Other short-term debt to credit institutions	0	2,382	0	2,382
Short-term part	0	11,195	0	11,195
	0	**54,416**	**0**	**54,416**
Payables to group enterprises				
Between 1 and 5 years	0	0	0	17,392
Long-term part	0	0	0	17,392
Other short-term debt to group enterprises	33,309	402	68,510	5,345
	33,309	**402**	**68,510**	**22,737**
Other payables				
Between 1 and 5 years	1,228	262	1,228	262
Long-term part	1,228	262	1,228	262
Other short-term payables	12,718	8,759	6,510	6,289
	13,946	**9,021**	**7,738**	**6,551**

12 Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

	Group 2020	Group 2019
	TDKK	TDKK

13 Cash flow statement - adjustments

	2020	2019
Financial income	-415	-2,739
Financial expenses	3,765	4,942
Depreciation, amortisation and impairment losses, including losses and gains on sales	20,148	20,250
Tax on profit/loss for the year	7,600	4,726
	31,098	**27,179**

14 Cash flow statement - change in working capital

	2020	2019
Change in receivables	1,192	1,709
Change in trade payables, etc	4,527	-8,882
	5,719	**-7,173**

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Group		Parent Company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
The Group has entered into leasing agreements with a non-cancellability of up to 44 months. The total lease obligation during the non-cancellation period amounts	6,039	4,375	1,987	906
The annual lease obligation amonts	4,436	4,081	130	333

Other contingent liabilities

The parent company is jointly and severally liable for tax on the jointly taxed incomes etc. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Boyum IT Solutions A/S has submitted a statement of support to Boyum IT Solutions BVBA until the general meeting for the approval of the annual report for 2021.

Notes to the Financial Statements

15 Contingent assets, liabilities and other financial obligations (continued)

As security for engagement with Nordea, surety guarantees have been provided by the Group's subsidiaries.

16 Related parties

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

17 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Boyum IT Solutions A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Boyum IT Solutions A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

18 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Notes to the Financial Statements

18 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses furthermore include payments of consultants.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

18 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish parent companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5-7 years.

Notes to the Financial Statements

18 Accounting Policies (continued)

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is years. Software licences are amortised over the period of the agreement, which is 3-5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-7	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Notes to the Financial Statements

18 Accounting Policies (continued)

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the de-

Notes to the Financial Statements

18 Accounting Policies (continued)

ferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Notes to the Financial Statements

18 Accounting Policies (continued)

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Current asset investments”. ”Current asset investments” consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$