

Innoflow ApS

Kanslergade 2 st tv
2100 Copenhagen

Annual report
1 January 2019 - 31 December 2019

**The annual report has been presented and
approved on the company's general meeting the**

25/05/2020

Thomas Tornerup
Chairman of general meeting

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Company information

Reporting company Innoflow ApS
Kanslergade 2 st tv
2100 Copenhagen

CVR-nr: 39234785

Reporting period: 01/01/2019 - 31/12/2019

Statement by Management

Management has today considered and approved the annual report for the financial year 01. January 2019 - 31. December 2019 for Innoflow ApS.

The annual report is presented in accordance with the Danish Financial Statements Act.

Management believes that the financial statements give a true and fair view of the company's assets, liabilities and financial position and of the result.

The annual report is submitted for approval by the General Assembly.

Management considers the conditions for opting out of audit to be met.

Copenhagen, the 25/05/2020

Management

Thomas Tornerup
CEO

Nicklas Pyrdol
CMO

Board of directors

Mads Heine
Chairman

Tine Hermann
Member

Erik Bisgaard Madsen
Member

Anette Otto
Member

Poul Vagn Carstensen
Member

Auditor's reports

To the Management of Innoflow ApS

We have compiled the financial statements of Innoflow ApS for the financial year 1 January – 31 December 2019 based on the Company's bookkeeping records and other information provided by you. The financial statements comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed our work in accordance with ISRS 4410 Engagements to Compile Financial Statements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Auditors Act and FSR – Danish Auditors' ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion as to whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 25/05/2020

Morten Høgh-Petersen , mne34283
Statsaut. revisor
KPMG Statsautoriseret Revisionspartnerselskab
CVR: 25578198

Management's Review

Principal activities

The company's main activities are to develop and commercialize a case-solving process tool. While additionally, advising companies and organizations on its applications and engaging in business related to the software.

Developments in activities and financial conditions

The company's income statement for 2019 shows a result of DKK 235.601 (2018: -678,439) and the company's balance as of December 31, 2019, shows equity was DKK 357.161 (2018: DKK 121,561). Which is considered a satisfying result by management

Events after the balance sheet date

Subsequent to the balance sheet date a funding round was successfully held to increase capital in order to further the development of Innoflow.

No other events have occurred after the financial year-end, which could significantly affect the company's financial position.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses. Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Pursuant to Section 32 of the Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, excluding reimbursements from public authorities.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs and costs for internally generated rights are recognised in the income statement in the acquisition year.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity

Reserve for development cost

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

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

Income statement 1 Jan 2019 - 31 Dec 2019

| | Disclosure | 2019 kr. | 2018 kr. |
|--|------------|----------------|-----------------|
| Gross Result | | 305,067 | -550,860 |
| Employee expense | | 0 | -320,947 |
| Profit (loss) from ordinary operating activities | | 305,067 | -871,807 |
| Other finance expenses | | -120 | -2 |
| Profit (loss) from ordinary activities before tax | | 304,947 | -871,809 |
| Tax expense | 1 | -69,347 | 193,370 |
| Profit (loss) | | 235,601 | -678,439 |
| Proposed distribution of results | | | |
| Transferred to reserve for development expenditure | | 581,944 | 0 |
| Retained earnings | | -346,344 | -678,439 |
| Proposed distribution of profit (loss) | | 235,601 | -678,439 |

Balance sheet 31 December 2019

Assets

| | Disclosure | 2019 | 2018 |
|--|-------------------|----------------|----------------|
| | | kr. | kr. |
| Development projects in progress | | 746,082 | 0 |
| Intangible assets | | 746,082 | 0 |
| Total non-current assets | | 746,082 | 0 |
| Current deferred tax assets | | 39,103 | 0 |
| Tax receivables | | 97,254 | 152,695 |
| Other receivables | | 40,869 | 8,455 |
| Receivables | | 177,226 | 201,825 |
| Cash and cash equivalents | | 8,404 | 41,544 |
| Current assets | | 185,630 | 243,369 |
| Total assets | | 931,712 | 243,369 |

Balance sheet 31 December 2019

Liabilities and equity

| | Disclosure | 2019 | 2018 |
|---|------------|----------------|----------------|
| | | kr. | kr. |
| Contributed capital | | 80,645 | 80,645 |
| Reserve for development expenditure | | 581,944 | 0 |
| Retained earnings | | -305,428 | 40,916 |
| Total equity | | 357,161 | 121,561 |
| Provisions for deferred tax | | 166,600 | 0 |
| Provisions, gross | | 166,600 | 0 |
| Trade payables | | 102,221 | 15,625 |
| Other payables, including tax payables, liabilities other than provisions | | 15,730 | 32,590 |
| Payables to shareholders and management | | 290,000 | 73,593 |
| Short-term liabilities other than provisions, gross | | 407,951 | 121,808 |
| Liabilities other than provisions, gross | | 407,951 | 121,808 |
| Liabilities and equity, gross | | 931,712 | 243,369 |

Disclosures

1. Tax expense

| | 2019 |
|----------------------------|----------------|
| | kr. |
| Tax receivables | 97,254 |
| Provision for deferred tax | -166,600 |
| | <u>-69,347</u> |

2. Disclosure of contingent liabilities

The Group's Danish entities are severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax. The Group as a whole is not liable to any other parties.

3. Information on average number of employees

| | 2019 |
|-----------------------------------|-------------|
| Average number of employees | 0 |