

Hafnium Labs ApS

Vestergade 16, 3., 1456 København K

Company reg. no. 39 42 72 73

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 2 September 2020.

Jon Rune Christensen
Chairman of the meeting

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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 %.

Management's report

The executive board has today presented the annual report of Hafnium Labs ApS for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

The executive board considers the requirements of omission of audit of the annual accounts for 2019 as met.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 31 August 2020

Executive board

Jon Rune Christensen

Bjørn Maribo-Mogensen

Rasmus Lundsgaard

The independent auditor's report on review of the annual accounts

To the shareholders of Hafnium Labs ApS

We have reviewed the financial statements of Hafnium Labs ApS for the financial year 1 January to 31 December 2019. Our review comprised accounting policies, profit and loss account, balance sheet and notes.

The management's responsibility for the annual accounts

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our review in accordance with the international standard on engagements to review historical annual accounts and additional requirements under Danish audit regulation. This standard requires us to conclude whether anything has come to our attention that causes us to believe that the annual accounts, taken as a whole, are not in all material respects in accordance with the applicable financial reporting framework. The standard also requires us to comply with relevant ethical requirements.

A review of annual accounts performed in accordance with the international standard on engagements to review historical annual accounts is an limited assurance engagement. The review consists primarily of making inquiries of the management and, when appropriate, of others within the enterprise, applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on the financial statements.

Opinion

Based on our review, nothing has come to our attention which causes us to believe that the annual accounts do not provide a true and fair view of the company's assets, liabilities and financial position as of 31 December 2019 and of the results from its activities and for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Copenhagen, 31 August 2020

BUUS JENSEN

State Authorised Public Accountants
Company reg. no. 16 11 90 40

Christoffer Jensen

State Authorised Public Accountant
mne34277

Company information

The company

Hafnium Labs ApS
Vestergade 16, 3.
1456 København K

Company reg. no. 39 42 72 73
Established: 20 March 2018
Domicile: Copenhagen
Financial year: 1 January - 31 December

Executive board

Jon Rune Christensen
Bjørn Maribo-Mogensen
Rasmus Lundsgaard

Auditors

BUUS JENSEN, Statsautoriserede revisorer

Management commentary

The principal activities of the company

Like previous years, the principal activities are development and sales of software, calculations and services.

Development in activities and financial matters

The gross profit for the year is DKK 295.000 against DKK -123.000 last year. The results from ordinary activities after tax are DKK 468.000 against DKK -68.000 last year. The management consider the results satisfactory.

Income statement

All amounts in DKK.

<u>Note</u>	<u>1/1 - 31/12 2019</u>	<u>20/3 - 31/12 2018</u>
Gross profit	294.803	-122.555
1 Staff costs	-32.481	0
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-15.000	-18.750
Operating profit	247.322	-141.305
Income from equity investments in group enterprises	271.399	58.187
Other financial income	5.749	0
Other financial costs	-953	-20.463
Pre-tax net profit or loss	523.517	-103.581
2 Tax on ordinary results	-55.408	35.600
Net profit or loss for the year	468.109	-67.981
Proposed appropriation of net profit:		
Transferred to retained earnings	468.109	0
Allocated from retained earnings	0	-67.981
Total allocations and transfers	468.109	-67.981

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Non-current assets		
3 Goodwill	70.000	85.000
Total intangible assets	<u>70.000</u>	<u>85.000</u>
4 Other plants, operating assets, and fixtures and furniture	0	11.250
Total property, plant, and equipment	<u>0</u>	<u>11.250</u>
5 Equity investments in group enterprises	459.586	138.187
Deposits	42.000	0
Total investments	<u>501.586</u>	<u>138.187</u>
Total non-current assets	<u>571.586</u>	<u>234.437</u>
Current assets		
Trade receivables	179.141	0
Deferred tax assets	0	35.600
Income tax receivables	17.292	0
Other receivables	530.240	0
Prepayments and accrued income	18.000	0
Total receivables	<u>744.673</u>	<u>35.600</u>
Available funds	<u>4.810.149</u>	<u>773.239</u>
Total current assets	<u>5.554.822</u>	<u>808.839</u>
Total assets	<u>6.126.408</u>	<u>1.043.276</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
6	Contributed capital	50.000	50.000
7	Retained earnings	710.128	242.019
	Total equity	<u>760.128</u>	<u>292.019</u>
Provisions			
	Provisions for deferred tax	37.100	0
	Total provisions	<u>37.100</u>	<u>0</u>
Liabilities other than provisions			
	Trade payables	7.000	17.313
	Payables to associates	50.388	0
	Other payables	58.000	585.008
	Accruals and deferred income	5.213.792	148.936
	Total short term liabilities other than provisions	<u>5.329.180</u>	<u>751.257</u>
	Total liabilities other than provisions	<u>5.329.180</u>	<u>751.257</u>
	Total equity and liabilities	<u>6.126.408</u>	<u>1.043.276</u>

8 Contingencies

Notes

All amounts in DKK.

	1/1 - 31/12 2019	20/3 - 31/12 2018
	<u> </u>	<u> </u>
1. Staff costs		
Salaries and wages	31.745	0
Other costs for social security	736	0
	<u>32.481</u>	<u>0</u>
Average number of employees	<u>3</u>	<u>0</u>
2. Tax on ordinary results		
Tax of the results for the year, parent company	-17.292	0
Adjustment for the year of deferred tax	72.700	-35.600
	<u>55.408</u>	<u>-35.600</u>
3. Goodwill		
Cost 1 January 2019	100.000	0
Additions during the year	<u>0</u>	<u>100.000</u>
Cost 31 December 2019	<u>100.000</u>	<u>100.000</u>
Amortisation and writedown 1 January 2019	-15.000	0
Amortisation for the year	<u>-15.000</u>	<u>-15.000</u>
Amortisation and writedown 31 December 2019	<u>-30.000</u>	<u>-15.000</u>
Book value 31 December 2019	<u>70.000</u>	<u>85.000</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>	
4. Other plants, operating assets, and fixtures and furniture			
Cost 1 January 2019	15.000	0	
Additions during the year	0	15.000	
Disposals during the year	<u>-15.000</u>	<u>0</u>	
Cost 31 December 2019	<u>0</u>	<u>15.000</u>	
Amortisation and writedown 1 January 2019	-3.750	0	
Depreciation for the year	0	-3.750	
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>3.750</u>	<u>0</u>	
Amortisation and writedown 31 December 2019	<u>0</u>	<u>-3.750</u>	
Book value 31 December 2019	<u>0</u>	<u>11.250</u>	
5. Equity investments in group enterprises			
Acquisition sum, opening balance 1 January 2019	57.850	0	
Additions during the year	50.000	100.000	
Disposals during the year	<u>0</u>	<u>-20.000</u>	
Cost 31 December 2019	<u>107.850</u>	<u>80.000</u>	
Revaluations, opening balance 1 January 2019	58.187	0	
Results for the year before goodwill amortisation	<u>293.549</u>	<u>58.187</u>	
Revaluation 31 December 2019	<u>351.736</u>	<u>58.187</u>	
Book value 31 December 2019	<u>459.586</u>	<u>138.187</u>	
The financial highlights for the enterprises according to the latest approved annual reports			
	Share of ownership	Equity	Results for the year
Hafnium Labs Q-props ApS, København	100 %	459.586	286.852
6. Contributed capital			
Contributed capital 1 January 2019		<u>50.000</u>	<u>50.000</u>
		<u>50.000</u>	<u>50.000</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
7. Retained earnings		
Retained earnings 1 January 2019	242.019	0
Profit or loss for the year brought forward	468.109	-67.981
Adjustment 1	<u>0</u>	<u>310.000</u>
	<u>710.128</u>	<u>242.019</u>

8. Contingencies

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The total tax payable under the joint taxation scheme totals DKK 0.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Hafnium Labs 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.

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

Income statement

Gross profit

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

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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Accounting policies

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

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

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

The balance sheet

Intangible fixed assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 10 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

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

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises 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. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Accounting policies

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exists. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

Deposits

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

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accounting policies

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Hafnium Labs ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Hafnium Labs ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, 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.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.