BUUS JENSEN
Statsautoriserede
Revisorer

Hafnium Labs ApS

Vestergade 16, 3., 1456 København K

Company reg. no. 39 42 72 73

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 29 June 2021.

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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 2020.

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 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

The executive board considers the requirements of omission of audit of the annual accounts for 2020 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, 25 June 2021

Executive board

Jon Rune Christensen   Bjørn Maribo-Mogensen   Rasmus Lundsgaard

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

For the attention of the shareholders of Hafnium Labs ApS

We have performed review of the financial statements of Hafnium Labs ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a fair presentation in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as the management considers necessary to prepare financial statements 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 financial statements and additional requirements under Danish audit regulation. This requires that we express an opinion as to whether any matters have come to our attention that causes us to believe that the financial statements as such have not in all material respects been prepared in accordance with the applicable financial reporting framework. The standard also requires us to comply with relevant ethical requirements.

A review of financial statements performed in accordance with the international standard on engagements to review historical financial statements is a limited assurance engagement. The auditor’s procedures consist 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 financial statements do not provide a fair presentation of the company's assets, liabilities and financial position at 31 December 2020 and of the results from its activities for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.”

Copenhagen, 25 June 2021

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 og software, calculations and services.

Development in activities and financial matters

The gross profit for the year is DKK 3.956.000 against DKK 295.000 last year. The results from ordinary activities after tax are DKK 1.119.000 against DKK 468.000 last year. The management consider the results satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross profit	**3.956.011**	**294.803**
1	Staff costs	-2.968.503	-32.481
	Amortisation and writedown relating to intangible fixed assets	-15.000	-15.000
	Operating profit	**972.508**	**247.322**
	Income from equity investments in group enterprises	367.316	271.399
	Other financial income	0	5.749
	Other financial costs	-8.968	-953
	Pre-tax net profit or loss	**1.330.856**	**523.517**
2	Tax on ordinary results	-211.978	-55.408
	Net profit or loss for the year	**1.118.878**	**468.109**
	Proposed appropriation of net profit:		
	Reserves for net revaluation according to the equity method	719.052	0
	Transferred to retained earnings	399.826	468.109
	Total allocations and transfers	**1.118.878**	**468.109**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
3	Goodwill	55.000	70.000
	Total intangible assets	55.000	70.000
5	Equity investments in group enterprises	826.902	459.586
6	Deposits	46.800	42.000
	Total investments	873.702	501.586
	Total non-current assets	**928.702**	**571.586**
	Current assets		
	Trade receivables	267.775	179.141
	Amounts owed by group enterprises	17.270	0
	Income tax receivables	91.322	17.292
	Other receivables	6.392.231	530.240
	Prepayments and accrued income	31.785	18.000
	Total receivables	6.800.383	744.673
	Available funds	364.668	4.810.149
	Total current assets	**7.165.051**	**5.554.822**
	Total assets	**8.093.753**	**6.126.408**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	50.000	50.000
	Reserves for net revaluation as per the equity method	719.052	0
	Retained earnings	1.109.954	710.128
	Total equity	**1.879.006**	**760.128**
	Provisions		
	Provisions for deferred tax	340.400	37.100
	Total provisions	**340.400**	**37.100**
	Liabilities other than provisions		
	Trade payables	14.000	7.000
	Payables to associates	0	50.388
	Other payables	646.555	58.000
	Accruals and deferred income	5.213.792	5.213.792
	Total short term liabilities other than provisions	5.874.347	5.329.180
	Total liabilities other than provisions	**5.874.347**	**5.329.180**
	Total equity and liabilities	**8.093.753**	**6.126.408**
7	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2019	50.000	0	242.019	292.019
Share of results	0	0	468.109	468.109
Equity 1 January 2020	50.000	0	710.128	760.128
Share of results	0	719.052	399.826	1.118.878
	50.000	**719.052**	**1.109.954**	**1.879.006**

Notes

All amounts in DKK.

		2020	2019
1.	**Staff costs**		
	Salaries and wages	2.937.738	31.745
	Pension costs	6.000	0
	Other costs for social security	24.765	736
		2.968.503	**32.481**
	Average number of employees	8	3
2.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	-91.322	-17.292
	Adjustment for the year of deferred tax	303.300	72.700
		211.978	**55.408**
3.	**Goodwill**		
	Cost 1 January 2020	100.000	100.000
	Cost 31 December 2020	**100.000**	**100.000**
	Amortisation and writedown 1 January 2020	-30.000	-15.000
	Amortisation for the year	-15.000	-15.000
	Amortisation and writedown 31 December 2020	**-45.000**	**-30.000**
	Carrying amount, 31 December 2020	**55.000**	**70.000**
4.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2020	0	15.000
	Disposals during the year	0	-15.000
	Amortisation and writedown 1 January 2020	0	-3.750
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	3.750

Notes

All amounts in DKK.

		31/12 2020	31/12 2019
5.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2020	107.850	57.850
	Additions during the year	0	50.000
	Cost 31 December 2020	**107.850**	**107.850**
	Revaluations, opening balance 1 January 2020	351.736	58.187
	Results for the year before goodwill amortisation	367.316	293.549
	Revaluation 31 December 2020	**719.052**	**351.736**
	Book value 31 December 2020	**826.902**	**459.586**

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 %	826.902	367.316

		31/12 2020	31/12 2019
6.	**Deposits**		
	Cost 1 January 2020	46.800	42.000
	Cost 31 December 2020	**46.800**	**42.000**
	Carrying amount, 31 December 2020	**46.800**	**42.000**

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

All amounts in DKK.

7. Contingencies (continued)

Joint taxation (continued)

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

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 accounting policies are unchanged from last year, and the annual report is presented in DKK.

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.

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

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.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

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).

The balance sheet

Intangible assets

Development projects, patents, and licences

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

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 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.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group 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 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.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Equity investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

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.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits

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

Receivables

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

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

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.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property.

The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for outstanding loans and collateral

The reserve for outstanding loans and collateral comprises amounts corresponding to loans or collateral used for the establishment of legal self-financing.

An amount corresponding to the loan or collateral is reclassified from ”Retained earnings” to ”Reserve for outstanding loans and collateral”.

Reserve for unpaid contributed capital

Unpaid contributed capital is recognised on a gross basis, according to which the unpaid contributed capital is recognised and treated as a receivable in the statement of financial position called ”Claims on contributed capital”.

An amount corresponding to the unpaid contributed capital is reclassified from “Retained earnings” to “Reserve for unpaid contributed capital”.

Reserve for entrepreneurial companies

The enterprise transfers at least 25 % of the profit for the year to the reserve for entrepreneurial companies under equity.

The transfer of 25 % of the profit for the year shall continue until the contributed capital and the reserve for entrepreneurial companies reaches a total amount of DKK 40.000.

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.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

As administration company, Hafnium Labs ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

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.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables 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.