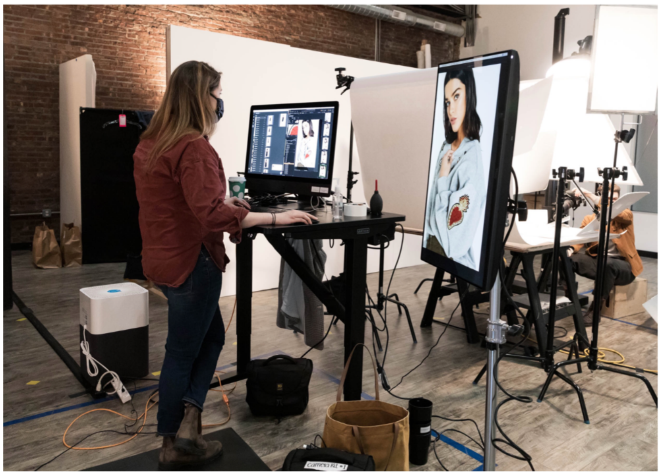
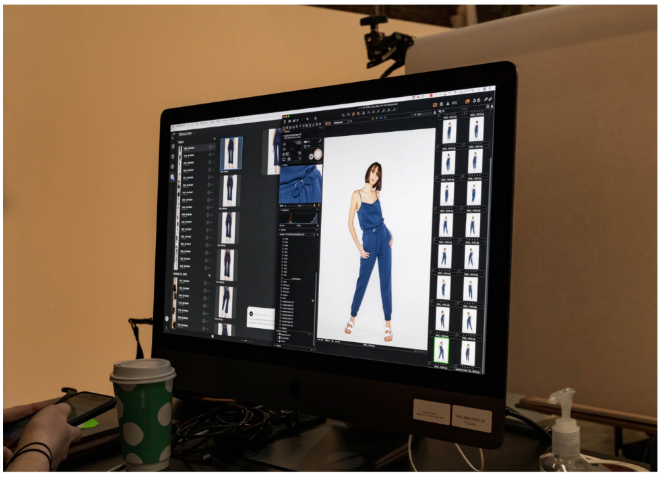
Annual Report 2020/21

(11 December 2020 - 31 December 2021)





Creative Force.

Creative Force ApS
Nupark 45
7500 Holstebro
Company reg., 41 95 68 95

The Annual General Meeting adopted the annual report on the 25/5 2022

Thomas Green Knudsen
Chair of the meeting

Letter from the CEO

On July 1, 2021, our management team acquired Creative Force and thereby formally separated from our former company, Pixelz. With our new ownership structure in place, we were in a position to fully focus on our vision to revolutionize content creation at scale.

Our first step towards this vision required strengthening our management team. We achieved this through several key hires, including hiring a Chief Financial Officer (CFO), a VP of Sales, and a VP of People.

Our investment in putting the right people in the right positions across our organization has paid dividends. In 2021 we doubled our customer base and grew our revenue by 116%. We also welcomed our first clients from Asia and South America. As a result of our rapid growth, we can proudly say our platform currently supports the creation of more than a million assets per year for some of the largest content studios and some of the best-performing online retailers in the world.

As we've grown, we've identified our ability to scale customer onboarding as a critical component of our continued success. In 2021, we introduced our online training platform, Creative Force Academy, to help us get more customers up and running in Creative Force faster. As a result, we've seen significant improvements in our "time-to-value" for our customers. We also expanded our award-winning customer support to offer assistance to customers in every time zone.

In 2022, we expect to grow our subscription revenue by 150% to $5.3M and our Annual Recurring Revenue (ARR) to $8M. To help us achieve these aggressive growth targets we will raise outside capital in the second half of the year. We will also continue to invest in our direct sales channel as well as partnerships, our product, and our service infrastructure.

For our employees, we will launch an employee stock option program that will give all our team members partial ownership of Creative Force. Our success is 100% dependent on hiring and retaining top talent and it's our opinion that a sense of ownership over the company's success is critical for our teams to reach their potential.

We are looking forward to an exciting 2022 as we continue to provide our customers with innovative solutions to some of our industry's longest-standing challenges and establish ourselves as the single platform for creative production management.

CEO
Thomas Kragelund

Contents

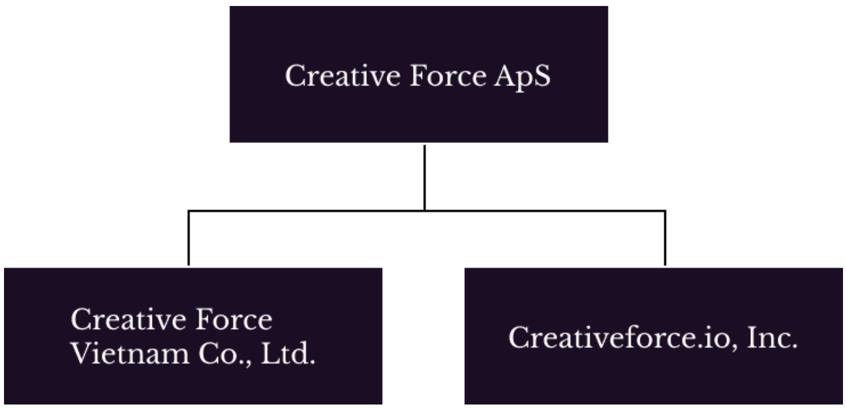
Management's Review

Information About the Group

Creative Force was founded in 2019 as a part of Pixelz Group. In 2021 it was bought out to be a stand-alone Group with a vision to change how e-commerce content is created at scale. Thomas Kragelund (CEO) and Tejs Rasmussen (CPO) brought together an international team of creatives and managers from large-scale content studios and global brands to re-imagine creative production and solve the issues that afflict creatives and studio managers alike. Three years later, the product of our vision is the Creative Force platform, a software as a service (SaaS) solution offering the first end-to-end content creation platform supporting and automating creative workflows for high volume product content, editorial projects, video production, and copywriting.

Members of our team can now be found in every corner of the globe. Our group consists of our main entity in Denmark, a US subsidiary located in California, and our Vietnamese entity in Hanoi.

Group overview



Financial Review

Looking Back

Financial Position
On the 1 July 2021 the Group was established through a buyout from Pixelz Group. The Profit/Loss reflects 6 months of activity from the buyout until year end - until the establishment the entity had no activity.

Profit/Loss and Comprehensive Income
The Group has experienced significant growth during the 6-months after the buyout from Pixelz Group. The profit loss of kUSD (615) is a result of the investment in growth and the transaction cost of the buyout from Pixelz Group.

Cash Flow
The Group has experienced a negative cash flow of kUSD 148 from operations due to a significant amount of prepayments from customers which has positively impacted working capital. Cash flow from investing activities of kUSD (7,405) has been financed through net borrowings of kUSD (7,690) and a capital increase of kUSD 320.

Assets
During the year the group has purchased subsidiaries and activities of kUSD 7,043 from Pixelz Group. The total cash and cash equivalents at the end of the year are kUSD 457.

Liabilities
The Group has experienced a growth in customers which has led to significant growth in prepayments from customers. There was an adoption of debt of kUSD 11,194. So far, kUSD 3,504 has been repaid.

Change in Equity
There has been an increase of capital during the year of kUSD 3,382. There is limited exchange rate reservation due to the limited exchange rate impact from Vietnam. The Parent company has reserves from internal development of net kUSD 258.

Outlook Target

Creative Force is optimistic about delivering on the ARR growth goals we've set. We expect to further increase our growth in 2022 with approximately 150% year-over-year growth, which is equal to around $8M in ARR. The revenue is expected to be in the range of kUSD 4,500 - 5,500 for FY22.

The continued growth will be based on the solid foundation we have built through the current year and the additional growth initiatives that we are launching.

The achievement of our growth goals is expected based on our continued growth, low churn rate, revenue increases in our existing customer base, and key talent hires.

EBIT is expected to be in the range of kUSD (3-4,000).

Financial highlights and key figures

USD'000	2021
11 December 2020 - 31 December 2021	**6 months activity**
Income statement	
Revenue	1,234
Earnings before interest, tax, depreciation and amortization (EBITDA)	(646)
Profit/loss before financial items and tax (EBIT)	(1,007)
Profit/loss for the year	(615)
Balance sheet	
Intangible assets	7,766
Total assets	9,090
Total equity	2,772
Cash flows	
Cash flow from operating activities	(148)
Cash flow from investing activities	(7,405)
Cash flow from financing activities	8,010
Net cash flow for the year	457
Other key figures and ratios	
Equity ratio	30%
Number of employees	19
Full-time equivalents at the end of the year (FTEs)	45
Annual recurring revenue	3,159

Financial highlights and key figures (continued)

The entity has been a part of Pixelz Group before the buyout on the 1 July 2021. The previous 2,5 years has been reconciled and proforma overview of the historical numbers has been presented below:

USD'000	2021	2020	2019
Months	**12 months***	**12 months***	**12 months***
Income statement			
Revenue	2,173	982	220
Earnings before interest, tax, depreciation and amortization (EBITDA)	(798)	(251)	(463)
Other key figures and ratios			
Annual recurring revenue	3,159	1,663	450

** Financial figures have been presented with an unaudited pro forma view for the full 12 months, including financial figures from before the buyout.*

Consolidated financial statements

Income Statement

(11 December 2020 - 31 December 2021)

USD'000	Note	2021
Revenue	3	1,234
Variable costs		(216)
Contribution		**1,018**
External expenses		(872)
Staff costs	4	(701)
Other operating expenses	5	(91)
Earnings before interest, tax, depreciation and amortization (EBITDA)		**(646)**
Depreciation, amortization and impairment losses	6	(361)
Profit/loss before financial items and tax (EBIT)		**(1,007)**
Financial income	7	369
Financial expenses	8	(283)
Profit/loss before tax		**(921)**
Corporation tax for the year	9	307
Profit/loss for the year		**(615)**
Items that will subsequently be reclassified to the income statement		
Exchange rate adjustments during the period		(2)
Other comprehensive income for the period, net of tax		**(2)**
Total comprehensive income for the period		**(617)**

Balance Sheet

Assets

USD'000	Note	2021
Completed development projects		2,463
Customer Relations		2,999
Goodwill		2,304
Intangible assets	10	**7,766**
Fixtures and fittings, other plant and equipment		91
Property, plant and equipment	11	**91**
Other financial assets		8
Deferred tax asset	12	102
Financial assets		**110**
Total non-current assets		**7,968**
Accounts receivable	13	453
Work in Progress		-
Tax receivable		80
Other receivables		48
Prepayments		85
Receivables		**666**
Cash and cash equivalents		**457**
Total current assets		**1,123**
Total assets		**9,090**

Equity and Liabilities

USD'000	Note	2021
Share capital		307
Share premium		-
Reserves		(2)
Retained earnings		2,466
Total equity		**2,772**
Borrowings	14	4,527
Deferred tax liabilities	12	422
Non-current Liabilities		**4,949**
Borrowings	14	95
Accounts payable		392
Corporation tax		2
Other liabilities		168
Deferred income		712
Current liabilities		**1,369**
Total liabilities		**6,318**
Total equity and liabilities		**9,090**

Statement of Changes in Equity

USD'000	Share capital at the end of the year	Share premium at the end of the year	Reserve for exchange rate adjustment at the end of the year	Retained earnings - at the end of the year	Total equity
Equity 11 December 2020	**6**	**-**	**-**	**-**	**6**
Profit/loss for the year	-	-	-	(615)	(615)
Exchange rate adjustments during the year	-	-	(2)	-	(2)
Total comprehensive income for the period	**-**	**-**	**(2)**	**(615)**	**(617)**
Capital increase	301	3,081	-	-	3,382
Costs regarding capital increase	-	-	-	-	-
Transfer to retained earnings	-	(3,081)	-	3,081	-
Total transactions with shareholders	**301**	**-**	**-**	**3,081**	**3,382**
Equity 31 December 2021	**307**	**-**	**(2)**	**2,466**	**2,772**

The total number of shares authorized is 2,000,000. There are currently no outstanding shares.

Cash Flow Statement

(11 December 2020 - 31 December 2021)

USD'000	Note	2021
Profit/loss before financial items and tax (EBIT)		(1,007)
Depreciation, amortization and impairment losses		361
Changes in working capital		**411**
Cash flows from primary activities		**(235)**
Financial income received		370
Financial costs paid		(283)
Income taxes paid/received		-
Cash flow from operating activities		**(148)**
Purchase of intangible assets		(340)
Purchase of property, plant and equipment		(14)
Purchase of subsidiaries and activities		(7,043)
Changes in other non-current assets		(8)
Cash flow from investing activities		**(7,405)**
Proceeds from borrowings		11,194
Repayment of borrowings		(3,504)
Proceeds from capital increase		320
Changes in other non-current liabilities		-
Cash flow from financing activities		**8,010**
Net cash flow for the year		**457**
Cash and cash equivalents at the beginning of the year		-
Overdrafts at the beginning of the year		-
Exchange rate adjustments on cash and cash equivalents		-
Net cash flow for the year		457
Cash and cash equivalents at the end of the year		**457**

Notes

Note 1 — Accounting policies

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class B enterprises with additions from reporting class C, cf. the Danish Executive Order on Adoption of IFRSs ("IFRS bekendtgørelsen") issued in accordance with the Danish Financial Statements Act ("DFSA").

Basis of preparation
The financial statements are presented in thousand of dollars.

The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires the use of other values.

For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the financial statements. Similarly, information not considered material is not presented in the notes.

Basis of consolidation
The consolidated financial statements include the Parent Company (Creative Force ApS) and all subsidiaries over which Creative Force ApS exercises control.

The consolidated financial statements are prepared based on uniform accounting policies in all Group entities. Consolidation of Group entities is performed after elimination of all intra-group transactions, balances, income and expenses.

Principles of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the parent and its subsidiaries.

The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

The accounting items of subsidiaries are recognised 100% in the consolidated financial statements. Investments in subsidiaries are offset by the interest's share of subsidiaries' net assets at the acquisition date at fair value.

Accounting policies are described in full in this note below.

Foreign currency translation
Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and at the date of payment are recognised in the income statement under financial income or financial expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognised in the income statement under financial income or financial expenses.

Business combinations
When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3. Acquirees are recognised in the consolidated financial statements from the date of acquisition.

The date of acquisition is the date on which Creative Force obtains control of the company. Entities disposed of are recognised in the consolidated financial statements until the date of disposal. The date of disposal is the date on which Creative Force surrenders control of the company.

The consideration transferred as payment for the acquiree consists of the fair value of assets transferred, liabilities incurred to former owners of the acquiree and equity instruments issued. Contingent considerations dependent on future events or the performance of contractual obligations are also recognised at fair value and from part of the total consideration transferred. Fair value changes in contingent considerations are recognised in the income statement until final settlement.

Identifiable assets, liabilities and contingent liabilities of the acquiree are measured at fair value at the date of acquisition by applying relevant valuation methods. Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition and from the perspective of the new combined Group in compliance with local tax legislation.

The excess of the total consideration transferred, value of non-controlling interests and the fair value of any equity investments previously held in the acquiree over the total identifiable net assets measured at fair value are recognised as goodwill.

If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition.

After the end of the measurement period, goodwill is no longer adjusted. Transaction costs inherent from the acquisition are recognised in the income statement when incurred.

Goodwill and fair value adjustments arising from the acquisition of an acquiree whose functional currency differs from the presentation currency of the Group are translated into the functional currency of the foreign entity using the exchange rate ruling at the date of acquisition.

Cash flow statement
The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities for the year as well as the Group' cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated based on operating profit/loss, adjusted for the cash flow effect of non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant and equipment as well as financial assets. Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group's share capital, payment of principal lease liabilities and dividend paid. Cash and cash equivalents comprise cash at bank and in hand.

Revenue
Revenue from contracts with customers
Revenue is recognized net of VAT, duties, and sales discounts and is measured at transaction price..

Revenue from SaaS (Software as a Service)
Creative Force sells SaaS (Software as a Service) by hosting the software and related services as cloud-based services. The software is not installed on the customer's own servers but on cloud servers that Creative Force manages. The customer continuously receives this service, which includes license, support, and maintenance, during the term of the agreement and is recognized linearly over the contract period. The control is transferred to the customer continuously during the term of the agreement.

Revenue from onboarding and consulting services
The Group sells services relating to setting and utilizing Creative Force software which are provided on a regular basis (consultancy) or as a fixed price agreement (onboarding). Creative Force assists customers with onboarding. Revenue from onboarding is on a fixed price agreement, and the revenue is recognized by a percentage of the services which have been delivered compared to the total services calculated from historical data. Revenue from consultancy is where hours are delivered on a regular basis and is recognized when the worked hours have been delivered.

Variable costs
Variable costs comprise cost directly linked to revenue in the financial year measured at cost which is primarily hosting.

Cost to obtain a contract
The Group pays sales commission to partners based on the contracts that they obtain for sales of licenses. The commissions are considered other external cost when incurred as the underlying customer contracts have a duration of less than a year.

Other external costs

Other external costs comprise sales and marketing costs, external consultancy costs, other employee related costs, IT and software costs, rent costs, expected credit losses on doubtful trade receivables and other administrative expenses.

Staff costs

Staff costs consist of salaries, sales commissions, bonuses, pensions and social costs, vacation pay, and other benefits. Salaries, bonuses, pensions and social costs, vacation pay, and other benefits are recognised in the year in which the associated services are rendered by the employees. The Group has entered into retirement benefits schemes and similar agreements with employees. Contributions to defined contribution plans are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as other liabilities.

Other operating income

Other operating income and other operating expenses comprise income and expenses of a secondary nature relative to the principal activities of the Group.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment losses relating to property, plant and equipment, rigtht of use assets and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Financial income and financial expenses

Financial income and expenses include interest income, interest expense, amortisation of borrowing issue costs and realised and unrealised exchange gains and losses.

Tax

Tax on the profit/loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to items recognised in other comprehensive income and directly in equity, respectively, is recognised in other comprehensive income or directly in equity. Exchange rate adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the balance sheet as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the balance sheet date.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realised, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the balance sheet date when the deferred tax asset is expected to crystallize as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

The Group recognises deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilisation in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets in Creative Force comprise completed development projects and development projects in progress

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Development projects
Development projects on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development projects as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. The cost of development projects comprise costs such as salaries and amortization that are directly and indirectly attributable to the development projects. Other development costs are recognized as costs in the income statement as incurred. Development projects in progress are transferred to completed development projects when finished and amortization starts.

Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. If the useful life cannot be estimated reliably, it is fixed at 5-7 years. During the period of development, the asset is tested for impairment annually.

Customer relationships
On initial recognition, customer relationships identified from business combinations are recognised in the balance sheet at fair value. Subsequently, customer relationships are measured at cost less accumulated amortisation and impairment losses.

Customer relationships are amortised over a period of 14 years using the diminishing balance method.

Goodwill
Only goodwill arising from business combinations is recognised in the financial statements. Goodwill is measured as the difference between the total of the fair value of the consideration transferred, the value of non-controlling interests and any equity investments previously held in the acquiree, compared to the fair value of identifiable net assets on the date of acquisition. Goodwill is not amortised, but is tested for impairment at least annually.

Property, plant and equipment
Property, plant and equipment comprises other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and accumulated impairment. Other fixtures and fittings, tools and equipment are depreciated on a straight-line basis over the expected useful lives of the finite-lived assets, which are as follows:

Other fixtures and fittings, tools and equipment: 5 years

Property, plant and equipment are tested for impairment if indications of impairment exist. Property, plant and equipment are written down to its recoverable amount, if the carrying amount exceeds the higher of the fair value less costs to sell and the value in use. Depreciation and impairment charges are recognized in the income statement.

Leases
When entering into an agreement, the Group assesses whether an agreement is a lease agreement or contains a lease element.

The right-of-use asset is measured at cost, which is calculated as the present value of the lease obligation plus any direct costs related to the entering into of the lease and prepaid lease payments. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

The Group leases properties which include a service element in the payments to the lessor. This service is deducted from the lease payment when measuring the lease obligation. Where the Group cannot reliably separate lease and non-lease items, it is considered a single lease payment.

Short leases with a maximum lease term of 12 months and leases where the underlying asset has a low value are not recognised in the statement of financial position.

The lease term is defined as the non-cancellable period of a lease together with periods covered by options to extend the lease if it is reasonably certain that the options will be exercised and periods covered by options to terminate the lease if it is reasonably certain that the options will not be exercised. A number of leases contain extension and termination options in order to guarantee operational flexibility in managing the leases.

The lease obligation, which is recognised under “Lease liabilities”, is measured at the present value of the remaining lease payments, discounted by the Group’s incremental loan interest rate, if the implicit interest rate is not stated in the lease agreement or cannot reasonably be determined. The lease obligation is subsequently adjusted if:

- The value of the index or interest rate on which the lease payments are based changes.
- There is a change in the exercise of options to extend or shorten the lease period due to a material event or material change in circumstances which are within the control of the lessee.
- The lease term is changed as a result of exercising an option to extend or shorten the lease term.

Subsequent adjustments of the lease obligation are recognised as a correction to the right-of-use asset. However, if the right-of-use asset has a value of DKK 0, a negative reassessment of the right-of- use asset is recognised in the income statement.

Trade receivables
The Group's customers are primarily customers with limited credit risk, and the Group has a history of limited registered losses. The Group has assessed their expected credit loss on an individual level, and has deemed their expected loss immaterial, for which reason there has not been made a matrix for expected credit loss on groups of receivables.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Payment terms and conditions vary by contract type and region and typically require payment within 30-60 days and are therefore classified as current. The Group holds the accounts receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Other receivables
Other receivables generally arise from receivables from authorities and other transactions outside the usual operating activities of the Group. Collateral is not normally obtained. The non-current other receivables consist of deposits and are due and payable on a long-term agreement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Financial liabilities
Bank loans and other borrowings and loans obtained are initially recognised at fair value net of transaction expenses. Subsequently, the financial liability is measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at amortised cost, which, in all essentials, corresponds to the net realisable value.

Note 2 — Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognizing and measuring the Group's assets, liabilities, income, and expenses as well as judgments made in applying the entity's accounting policies. The estimates, judgments, and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgments made. The accounting policies are described in detail in note 1 to the financial statements to which we refer. Management considers the following accounting estimates and judgments to be significant in the preparation of the financial statements.

Business combinations
In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of several identifiable assets acquired and liabilities assumed, as observable market prices are typically not available

Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition.

More significant estimates are typically applied in accounting for completed development projects, customer relationships, trade receivables and debt. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

Development Costs
The Group capitalises costs for software development projects. The initial capitalisation of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits, Management judgment is based on the estimation and it is possible that there will be changes to the assumptions or market, which could impact the carrying amount of the development cost. As of 31 December 2021, the carrying amount of capitalized development costs was USD 2,463k.

Customer Relationship
The Group has a customer relationship as a result of the buyout from Pixelz Group. It is expected that a long lifetime of fourteen years is relevant, which has been benchmarked with other B2B SaaS entities. At this point, the group has not experienced logo churn, and the historical data sources are limited due to the lifetime of the entity. Management will keep monitoring the churn rate and adjust the amortisation period to match the expected churn rates. As of 31 December 2021, the carrying amount of capitalised customer relationship costs was USD 2,999k.

Goodwill
For goodwill impairment testing, a number of estimates are made on the development in revenues, gross profits, operating margins, future capital expenditures, discount rates, and growth expectations in the terminal period. These are based on an assessment of current and future developments in cash-generating units and on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

The expected future net cash flow is based on budgets and business plans approved by Management for the year 2022 and projections for subsequent years up to and including 2028. From 2028 onwards, Creative Force expects the growth rate to remain in line with the expected long-term average growth rate for the industry.

Key assumptions
Budget period has been extended to 8 years due to the entity being in its scale-up face, where rapid growth is expected for a longer period of time, before steady state is reached. The entity only has one cash generating unit, which has been incorporated into the model.

The below impairment test is based on benchmark data from scale-up entities with the same rapid growth rates scenarios and expected high cost, which has been published by different venture capital funds and is publically available including entities included in EMCloud index. The same benchmark has been used for the expected profit margin after the growth period.

Impairment test
Goodwill was tested for impairment on 31 December 2021. The tests did not result in any impairment of carrying amounts. The assumptions used, including a sensitivity analysis, are stated in the table below. The pre-tax discount rate is calculated in accordance with IAS 36. The sensitivity analysis assesses the impact of changes in cash flows and discount rates on the impairment test results. The analysis concluded that even negative changes, which are unlikely to occur, will not result in impairment of goodwill in any of the three cash-generating units.

Sensitivity analysis
The sensitivity analysis shows the lowest possible growth rate or highest possible discount rate in percentage points by which the assumptions used can change before goodwill becomes impaired.

Other non-current intangible assets, property, plant and equipment, and other non-current assets were also tested for impairment indications together with goodwill on 31 December 2021.

No indication of impairment was identified in connection with these tests.

USD'000	2021
Carrying amount of goodwill	2,304
Head room in sensitivity analysis	55.148
Budget period	
Years	8
Annual revenue growth	72.40%
Post-tax Operating margin	-2.10%
Terminal period	
Annual revenue growth	2.5%
Post-tax Operating margin	11.7%
Post-tax discount rate	10.9%
Sensitivity analysis	
Growth in budget period - allowed decline (percentage points)	25,6%
Post-tax Profit Margin in terminal period	8.0%
Discount rate - allowed increase (percentage points)	15.8%

The Group is focused on a high growth scenario, and the budget reflects the current scenarios for high growth, which is the current plan. If the payback period for CAC or the current NDR is not reflected in the growth rate, the Group operates with different scenarios to become cash-flow positive before the end of the budget period with a lower growth rate. The sensitive analysis shows that the overall growth rate can be reduced by 37% during the budget phase, without impacting the impairment test. The nature of the uncertainty of the future is based on the assumptions that the group has incorporated.

Note 3 — Revenue

USD'000	2021
Subscription	1,198
Onboarding and Consultancy	36
Revenue	**1,234**

Note 4 — Staff Costs

USD'000	2021
Wages and salaries	763
Pensions – defined benefit plans	1
Other social security costs	11
Other staff costs	2
	778
Capitalized wages and salaries	(77)
Staff cost	**701**
Average number of employees	19
Number of employees at the end of the year	19
Full-time equivalents at the end of the year (FTEs)	45

Note 5 — Other Operating Expenses

USD'000	2021
Cost regarding buy out from Pixelz Group	91
Other operating expenses	91

Note 6 — Depreciation, Amortization and Impairment Losses

USD'000	2021
Completed development projects	246
Amortisation Customer Relations	111
Other fixtures and fittings, tools and equipment	4
Total depreciation, amortization and impairment losses	**361**

Note 7 — Financial Income

USD'000	2021
Interest income	-
Capital gains on investments	47
Gain on foreign exchange	322
Total financial income	**369**

Note 8 — Financial Expenses

USD'000	2021
Interest expenses from borrowings	273
Loss on foreign exchange	1
Other financial expenses	9
Financial expenses	**283**

Note 9 — Corporate tax for the year

USD'000	2021
Current tax for the year	(79)
Deferred tax for the year	(227)
Corporation tax for the year	**(307)**
Tax rate specifies as follows:	
Calculated tax on profit for the year before tax	22%
Adjustment of calculated tax in foreign group enterprises relative to 22.0%	2%
Tax effect of:	
Non-taxable income and non-deductible expenses	9%
Total taxable income	**33%**

Non-taxable income is affected by non-taxable income from foreign exchange rate and non-deductible expenses from tax incentive programs from the Danish government.

Note 10 — Intangible Assets

USD'000	Completed development projects	Customer Relations	Goodwill	Total
Cost at the beginning of the year	-	-	-	-
Transfers from/(to) other items	-	-	-	-
Effect of exchange rate adjustments	-	-	-	-
Additions during the year	340	-	-	340
Acquisition of entities	2,369	3,110	2,304	7,783
Disposals during the year	-	-	-	-
Cost at the end of the year	**2,709**	**3,110**	**2,304**	**8,123**
Amortization at the beginning of the year	-	-	-	-
Transfers from/(to) other items	-	-	-	-
Effect of exchange rate adjustments	-	-	-	-
Amortization for the year	(246)	(111)	-	(357)
Impairment losses for the year	-	-	-	-
Amortization and impairment losses reversed on disposals during the year	-	-	-	-
Amortization and impairment losses at the end of the year	**(246)**	**(111)**	**-**	**(357)**
Carrying amount at the end of year	**2,463**	**2,999**	**2,304**	**7,766**

Note 11 — Property, Plant and Equipment

USD'000	Fixtures and fittings, other plant and equipment
Cost at the beginning of the year	-
Transfers from/(to) other items	-
Effect of exchange rate adjustments	-
Additions during the year	14
Acquisition of entities	81
Disposals during the year	-
Cost at the end of the year	**95**
Amortization at the beginning of the year	-
Transfers from/(to) other items	-
Effect of exchange rate adjustments	-
Depreciation for the year	(4)
Amortization reversed during the year	-
Amortization and impairment losses at the end of the year	**(4)**
Carrying amount at the end of year	**91**

Note 12 — Deferred Taxes

USD'000	2021
Deferred tax assets	102
Deferred tax liabilities	(422)
Total deferred taxes	**(320)**
Changes to deferred taxes	
Deferred tax asset/(liability) at the beginning of the year	-
Exchange rate adjustments	-
Change in deferred tax assets through acquisition of entities	(547)
Change in deferred tax assets through profit and loss	227
Change in deferred tax assets through equity	-
Other changes	-
Total deferred taxes	**(320)**
Deferred tax specified:	
Intangible assets	(791)
Fixtures and fittings, other plant and equipment	1
Borrowings	2
Deferred income	91
Tax loss carried forward	377
Total deferred taxes	**(320)**

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on business plans and budgets for the Group.

Note 13 — Account Receivables

USD'000	2021
Accounts receivable, gross	453
Allowance for doubtful receivables	-
Accounts receivable, gross	**453**

There has historically not been any loss on accounts receivables.

Note 14 — Borrowings

USD'000				Repayment including interest	2021
After 5 years				2,008	1,874
Between 1 and 5 years				3,134	2,653
Within 1 year				502	95
Total liabilities from financing activities				**5,644**	**4,622**

USD'000	Duration in months	Currency	Amount (k)	Interest type	2021
Long-term loan I	78	DKK	18,623	Floating	2,829
Long-term loan II	24	DKK	3,890	Fixed	598
Debt from buyout I	1	DKK	491	Interest free	75
Debt from buyout II	1	USD	11	Interest free	11
Debt from buyout III	1	USD	10	Interest free	10
Founder loan I+II	*A	DKK	5,910	Fixed	901
Founder loan III		DKK	1,300	Interest free	198
Total and weighted duration					**4,622**

USD'000	Beginning of year	Proceeds	Repayments	Converted to equity	2021
Long-term loan I	-	2,829			2,829
Long-term loan II	-	598			598
Debt from buyout I	-	231	(156)		75
Debt from buyout II	-	11			11
Debt from buyout III	-	10			10
Debt from buyout IV	-	197	(197)		-
Debt from buyout V	-	2,448	(2,448)		-
Founder loan I+II	-	4,671	(702)	(3,068)	901
Founder loan III	-	198			198
Total and weighted duration	-	**11,194**	**(3,504)**	**(3,068)**	**4,622**

A - Loan is due when the total equity including the loan is above kUSD 3,800 (kDKK 25,000). The loan is irrevocable for both parties.

Note 15 — Lease commitment for leases not commenced

USD'000	2021
Within 1 year	122
Between 1 and 5 years	253
After 5 years	0
Total lease commitment for leases not commenced (group only)	376
Total undiscounted lease under 1 year commitment (Parent and Group)	40

The parent company has used the Company's intangible assets, tangible assets and receivables as company charge, kUSD 2,900 (kDKK 19,000).

The parent company has a performance bonus arrangement with the lender. If the total EBITDA accumulated from 1 July 2021 reaches kUSD 3,000 (kDKK 20,000) there will be a performance bonus of kUSD 290.

The parent company has an exit bonus arrangement with the lender. In the event of an exit, the lender shall have 5% of the increase in value, however, the amount is capped to kUSD 578 (kDKK 3,800)

Note 16 - Financial instruments — fair value hierarchy

Creative Force has no financial instruments measured at level 3 input (non-observable market data).

Financial liabilities measured at amortised cost
The carrying value of financial liabilities measured at amortised cost is not considered to differ significantly from fair value. Trade receivables, trade payables and other receivables Receivables and payables pertaining to operating activities and with short churn ratios are considered to have a carrying value equal to fair value.

USD'000	2021
Financial assets:	
Trade receivables	453
Other receivables	48
Cash and cash equivalents	457
Financial assets measured at amortised cost	**958**
Financial liabilities:	
Borrowings	4,622
Trade payables	392
Financial liabilities measured at amortised cost	**5,014**

Note 17 - Acquisition of entities

On 1 July 2021, Creative Force acquired the Creativeforce.io, Inc and activities related to the Creative Force activity from Pixelz ApS and Pixelz Services ApS.

About,Creative Force
More information about Creative Force can be found in the annual report, as the activity in the purchase is the only activity in the group.

Strategic rationale and synergies
There was a shared view that the buyout from Pixelz Group would create 2 seperate more viable entities, which was the basis for the transaction.

Consideration transferred
The purchase was made with kUSD 7,042 in cash based on the acquisition date closing price.

Transaction costs
Total transaction cost recognised for the financial year is kUSD 91 (recognised as other operating expenses note 5)

Earnings impact
The full activity of the entirety consists of the buy-out and the only unrelated transaction is the other operating expenses regarding transaction cost. If the buyout was made on the 1 January the revenue would have been kUSD 2.173 and the EBITDA kUSD (798). The proforma comparison figures can be found in the management review.

Fair value of acquired net assets and recognised goodwill
Fair value of acquired net assets have been identified and goodwill recognised. Net assets, goodwill and contingent assets and liabilities recognised at the reporting date are to some extent still provisional. Adjustments may be applied to these amounts for a period of up to twelve months from the acquisition date in accordance with IFRS 3.

The major categories of net assets for which acquisitional accounting is still ongoing. In addition, other minor adjustments may be applied to the various net asset categories as full alignment to Creative Force accounting policies is being finalized.

USD'000	Fair value at date of acquisition
Net assets and goodwill recognised	
Completed development projects	2,369
Customer Relations	3,111
Fixtures and fittings, other plant and equipment	81
Receivables	299
Other receivables	19
Total assets	**5,879**

USD'000	Fair value at date of acquisition
Trade payables	71
Corporate tax	2
Deferred tax liabilities	547
Other payables	266
Deferred income	256
Financial liabilities measured at amortised cost	**1,142**
Acquired net assets	**4,737**
Fair value of total consideration transferred	(7,042)
Goodwill arising from the acquisition	**2,305**

Goodwill recognised mainly relates to the expertise and knowhow of the acquired workforce. Recognised goodwill is non-deductible for tax purposes. The fair value of identified net assets and goodwill recognised is as specified above.

Fair value measurement
Material net assets acquired for which significant estimates have been applied in the fair value assessment have been recognised using the following valuation techniques:

Completed development projects
The development projects have been purchased as an activity from Pixelz Services ApS separately and management views the transaction as a fair market value and has used the negotiated price of the assets, the cost of developing the same asset is also determined to match the transaction cost of the asset.

Customer Relations
Customer relationships have been measured using the transaction price of the buyout of customers from Pixelz Services ApS. The same valuation has been applied to the customer relations in the purchase price allocation of Creativeforce.io, Inc. The entity has made a benchmark against entities with business to business software and determined that the cost of the customer is measured at a level that is at fair market value.

Trade receivables and payables and accrued cost of services
Fair value of trade receivables and trade payables, contract assets and accrued cost of services has been measured at the contractual amount expected to be received or paid. In addition, collectability has been taken into consideration on trade receivables. The amounts have not been discounted, as maturity on trade receivables and payables generally is very short and the discounted effect therefore immaterial.

Financial liabilities
Other financial liabilities have been measured at the present value of the repayable amounts discounted using a representative Creative Force borrowing rate, unless the discount effect is insignificant.

Note 18 - Transaction with Related Parties

The Group and Parent acquired a Founder Loan I+II of kUSD 3,800 (kDKK 25,000) during the year from group owners and management. During the year kUSD 3,000 (kDKK 20,000) has been converted into equity. The loan has a fixed rate of 8,4 % which is attributed to the loan on a yearly basis.

Additional Founder Loan II has been obtained of kUSD 198 (tDKK 1,200) by the end of the year. The loan is interest-free and is to be repaid after the next external funding round.

Other disclosures can be found in note 14 as "Founder loans."

Note 19 — Financial Risks

Capital Management

Creative Force manages its capital to ensure that it will be able to continue operations while maximizing the growth in ARR through the optimization of the debt and equity balances. Management reviews the capital structure continually to consider if the current capital structure is in accordance with the company and shareholders' best interests. Management is projecting the need for external funding through 3 scenarios and are on a monthly basis recalculating the need for changes to the burn rate in order to ensure sufficient liquidity from operations.

Financial Risk Management

Due to the nature of its operations, investments, and financing, Creative Force is exposed to several financial risks. It is company policy to operate with a low-risk profile, so that currency risk, interest rate risk, and credit risk only occur in commercial relations. The scope and nature of the financial instruments appear in the income statement and statement of financial position in accordance with the accounting policies applied. Provided below is information about factors that may influence amounts, time of payment, or reliability of future payments, where such information is not provided directly in the financial statements.

Customer Concentration Risk

The Group is in a scale-up phase and has a customer concentration risk with the top 3 customers having 30% of ARR. The percentage has been declining for the last 12 months and is expected to further decline as the growth rates are realized through 2022. Management is monitoring the risk and trying to mitigate it by engaging in long-term contracts with customers.

Interest Rate Risk

The Group's interest rate risk relates to the long-term floating-rate loans raised by the Parent. These loans are partly fixed-rate loans. The Group's loans and credit facilities break down as shown on the previous page. The main risk corresponds to the floating rates on long-term loan I of kUSD 2,925. A change in the Danish CIBOR3 will result in a change in the interest rate of the loan. If the interest changes by 1 percentage point, it will have a direct impact of kUSD 29 on the Profit/loss statement and kUSD 23 on the equity.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations towards Creative Force leading to a financial loss. Creative Force is exposed to credit risk primarily related to its accounts receivables. The Group's customers are primarily customers with limited credit risk and the Group has a history of limited registered losses. The Group has assessed their expected credit loss on an individual level and has deemed their expected loss immaterial. For this reason, a matrix for expected credit loss on groups of receivables has not been made. An outstanding amount is written off when there is a significant risk of loss on accounts receivable.

Note 19 — Financial Risks (continued)

Foreign Currency Risk
The Group is mainly exposed to foreign currency risks on the translation of debt denominated in a foreign currency other than the functional currency and partly on the income and expenses. As all borrowings in the group are obtained in DKK, a devaluation of the USD will have a direct impact on the debt measurement. A change of the DKK of 1% will have a negative impact on the Profit/Loss and equity with kUSD 45 .

Creative Force issues invoices in USD (70%) and EUR (30 %) and thus the risk of foreign currencies relates only to these currencies. Creative Force has the majority of its cost in USD, VND, and DKK in EUR.

Since August 2015 the VND and USD have experienced limited fluctuation (between +/- 5 %) and this is expected to continue. The overall transaction in USD and VND is higher than the income in USD and the expected risk is limited to the end of the partly fixed exchange rate between VND and USD.

It is expected that the official Danish fixed-exchange-rate policy from the DKK against the EUR will continue. The overall transaction in EUR and DKK is higher than the income causing the expected risk to be low.

In general, the Group does not hedge any currencies as the policy is aimed at matching the income from USD with transactions in USD/VND and the income from EUR to match with the transaction in EUR/DKK.

The Group seeks to limit the future exposure of its borrowings with financial instruments, however, it has not been commercially viable to engage in such arrangements. The Group has chosen to accept a medium risk of the foreign currency debt. Creative Force will continue to monitor the options for reducing its risk of borrowing in foreign currency.

Liquidity Risk
Creative Force ensures sufficient liquidity of resources through liquidity management. On December 31, 2021, Creative Force cash and cash equivalents amounted to kUSD 457. The cash reserve and expected cash flows for 2022 are considered to be adequate to meet the obligations of Creative Forces as they fall due. As Creative Force's business model is expected to continue with its rapid growth, new capital will be needed to accelerate Creative Force's growth plans. It is also possible for Creative Force to stop its growth plans and adjust the costs to be cash positive if needed.

Note 20 — Events After the Reporting Date

No significant events have occurred between the reporting date and the publication of this annual report that have not already been included and adequately disclosed in the annual report and that materially affect the assessment of the Group's operating loss or financial position.

Parent Company financial statements

Income statement

(11 December 2020 - 31 December 2021)

USD'000	Note	Parent 2020/21
Revenue		379
Variable costs		(16)
Contribution		**363**
External expenses		(379)
Staff costs	3	(218)
Gross profit/loss		**(233)**
Other expenses		(50)
Depreciation, amortization and impairment losses	4	(268)
Operating profit/loss before special items		**(551)**
Financial income	5	376
Financial expenses	6	(281)
Profit/loss before tax		**(457)**
Corporation tax for the year	7	182
Profit/loss for the year		**(275)**
Items that will subsequently be reclassified to the income statement		
OCI for exchange rate adjustments during the year		(2)
Other comprehensive income for the period, net of tax		**(2)**
Total comprehensive income for the period		**(277)**

Balance sheet

Assets

USD'000	Note	2021
Completed development projects		2,463
Customer Relations		501
Intangible assets	8	**2,963**
Fixtures and fittings, other plant and equipment		82
Property, plant and equipment	9	**82**
Investments in subsidiaries	10	3,809
Deferred tax asset	11	102
Other financial assets		**3,911**
Total non-current assets		**6,957**
Accounts receivable		11
Receivables from subsidiaries		1,093
Tax receivable		80
VAT receivables		17
Prepayments		-
Receivables		**1,201**
Cash and cash equivalents		**265**
Total current assets		**1,466**
Total assets		**8,423**

Equity and liabilities

USD'000	Note	2021
Share capital at the end of the year		307
Share premium at the end of the year		-
Reserves		256
Retained earnings - at the end of the year		2,550
Total equity		**3,114**
Borrowings	12	4,527
Non-current Liabilities	**12**	**4,527**
Borrowings	12	74
Accounts payable		130
Intercompany liabilities		93
Other liabilities		70
Deferred income		413
Current liabilities		**780**
Total liabilities		**5,307**
Total equity and liabilities		**8,423**

Statement of changes in equity

USD'000	Share capital at the end of the year	Share premium at the end of the year	*Reserves* Reserve for exchange rate adjustment at the end of the year	Reserve for development during the year	Reserves	Retained earnings - at the end of the year	Total equity
Equity 11 December 2020	**6**	**-**	**-**	**-**	**-**	**-**	**6**
Profit/loss for the year	-	-	-	-	-	(273)	(273)
Exchange rate adjustments during the year	-	-	(2)	-	(2)	-	(2)
Transfer to reserve for development costs	-	-	-	258	258	(258)	-
Total comprehensive income for the period	**-**	**-**	**(2)**	**258**	**256**	**(531)**	**(275)**
Capital increase	301	3,081	-	-	-	-	3,382
Costs regarding capital increase	-	-	-	-	-	-	-
Transfer to retained earnings	-	(3,081)	-	-	-	3,081	-
Total transactions with shareholders	**301**	**-**	**-**	**-**	**-**	**3,081**	**3,382**
Equity 31 December 2021	**307**	**-**	**(2)**	**258**	**256**	**2,550**	**3,114**

The total number of shares authorised is 2,000,000, there are currently no outstanding shares.

Cash Flow Statement

(11 December 2020 - 31 December 2021)

USD'000	Note	2021
Profit/loss before financial items and tax (EBIT)		(551)
Depreciation, amortization and impairment losses		268
Changes in working capital		619
Cash flows from primary activities		**336**
Financial income received		376
Financial costs paid		(281)
Income taxes paid/received		(1)
Cash flow from operating activities		**430**
Purchase of intangible assets		(340)
Purchase of property, plant and equipment		(4)
Purchase of subsidiaries and activities		(7,142)
Changes in other non-current assets		-
Cash flow from investing activities		**(7,486)**
Proceeds from borrowings		10,976
Repayment of borrowings		(3,306)
Changes in loans to subsidiaries		(670)
Proceeds from capital increase		321
Changes in other non-current liabilities		-
Cash flow from financing activities		**7,321**
Net cash flow for the year		**265**
Cash and cash equivalents at the beginning of the year		-
Overdrafts at the beginning of the year		-
Exchange rate adjustments on cash and cash equivalents		-
Net cash flow for the year		265
Cash and cash equivalents at the end of the year		**265**

Notes

Note 1 — Basis of preparation

In supplement to the accounting policies provided by the Group consolidated financial statements, the following accounting policies were applied to the Parent Company's financial statements. The Parent Company Financial Statements for 2021 are presented in thousand USD.

Investment in subsidiaries
Investments in subsidiaries are measured at cost. Investments are written down to a recoverable amount if this is lower than the carrying amount.

Reserve for development cost
Reserve for development cost comprise of recognised development costs deducted associated deferred tax liabilities. The reserve cannot be used to pay out as dividend or cover losses. The reserve is reduced or dissolved, as recognised development costs are amortised or dissolved from the company's operations. This is done by transferring directly to the free reserve on equity.

Note 2 — References to Group notes

As no difference appears between the Parent Company's financial statements and the Group Company's financial statements for the following notes, refer to the Group's notes for below:

Other operating expenses - Note 5
Lease commitment for leases not commenced - Note 15
Financial risks - Note 19
Events after the reporting date - Note 20

Note 3 — Staff costs

USD'000	2021
Wages and salaries	265
Pensions – defined benefit plans	1
Other social security costs	1
Other staff costs	-
	268
Capitalized wages and salaries	(50)
Staff cost	**218**
Average number of employees	2
Number of employees at the end of the year	2
Full-time employees at the end of the year (FTEs)	6

Note 4 — Depreciation, amortization and impairment losses

USD'000	2021
Completed development projects	246
Amortisation Customer Relations	19
Other fixtures and fittings, tools and equipment	4
Total depreciation, amortization and impairment losses	**268**

Note 5 — Financial income

USD'000	2021
Capital gains on investments	46
Gain on foreign exchange	330
Financial income	**376**

Note 6 — Financial expenses

USD'000	2021
Interest expenses	273
Loss on foreign exchange	-
Other financial expenses	9
Financial expenses	**281**

Note 7 — Income taxes

USD'000	2021
Current tax for the year	(80)
Deferred tax for the year	(101)
Corporation tax for the year	**(182)**
Tax rate specifies as follows:	
Calculated tax on profit for the year before tax	22%
Tax effect of:	
Non-taxable income and non-deductible expenses	18%
Effective tax rate	**40%**

Non-taxable income is affected by non-taxable income from foreign exchange rate income and non-deductible expenses from tax incentive programs from the Danish government.

Note 8 — Intangible assets

USD'000	Completed development projects	Customer Relations	Total
Cost at the beginning of the year	-	-	-
Transfers from/(to) other items	-	-	-
Effect of exchange rate adjustments	-	-	-
Additions during the year	340	-	340
Acquisition of entities	2,369	519	2,888
Disposals during the year	-	-	-
Cost at the end of the year	**2,709**	**519**	**3,228**
Amortization at the beginning of the year	-	-	-
Transfers from/(to) other items	-	-	-
Effect of exchange rate adjustments	-	-	-
Amortization for the year	(246)	(19)	(265)
Impairment losses for the year	-	-	-
Amortization and impairment losses reversed on disposals during the year	-	-	-
Amortization and impairment losses at the end of the year	**(246)**	**(19)**	**(265)**
Carrying amount at the end of year	**2,463**	**501**	**2,963**

Note 9 — Property, plant and equipment

USD'000	Fixtures and fittings, other plant and equipment
Cost at the beginning of the year	-
Transfers from/(to) other items	-
Effect of exchange rate adjustments	-
Additions during the year	4
Acquisition of entities	81
Disposals during the year	-
Cost at the end of the year	**85**
Amortization at the beginning of the year	-
Transfers from/(to) other items	-
Effect of exchange rate adjustments	-
Amortization for the year	(4)
Amortization reversed during the year	-
Amortization and impairment losses at the end of the year	**(4)**
Carrying amount at the end of year	**82**

Note 10 — Investments in subsidiaries

USD'000	2021
Cost at the beginning of the year	-
Investments during the year	3,809
Cost at the end of the year - Investments in subsidiaries	**3,809**
Investments in subsidiaries	**3,809**

Note 11 — Deferred taxes

USD'000	2021
Deferred tax assets	102
Deferred tax liabilities	-
Total deferred taxes	**102**
Changes to deferred taxes	
Deferred tax asset/(liability) at the beginning of the year	-
Exchange rate adjustments	1
Change in deferred tax assets through acquisition of entities	-
Change in deferred tax assets through profit and loss	101
Change in deferred tax assets through equity	-
Other changes	
Total deferred taxes	**102**
Deferred tax specified:	
Intangible assets	(91)
Fixtures and fittings, other plant and equipment	1
Borrowings	2
Deferred income	91
Tax loss carried forward	99
Total deferred taxes	**102**

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on business plans and budgets for the Group.

Note 12 — Borrowings

USD'000				Repayment including interest	2021
After 5 years				2,008	1,874
Between 1 and 5 years				3,134	2,653
Within 1 year				481	74
Total liabilities from financing activities				**5,623**	**4,601**

USD'000	Duration in months	Currency	Amount (kDKK)	Interest type	2021
Long-term loan I	78	DKK	18,623	Floating	2,829
Long-term loan II	24	DKK	3,890	Fixed	598
Debt from buyout I	1	DKK	491	Interest free	75
Founder loan I+II	*A	DKK	5,910	Fixed	901
Founder loan III		DKK	1,300	Interest free	198
Total and weighted duration					**4,601**

USD'000	Loans at beginning of year	Proceeds	Repayments	Converted to equity	2021
Long-term loan I	-	2,829			2,829
Long-term loan II	-	598			598
Debt from buyout I	-	231	(156)		75
Debt from buyout V	-	2,448	(2,448)		-
Founder loan I+II	-	4,671	(702)	(3,068)	901
Founder loan III	-	198			198
Total and weighted duration	**-**	**10,976**	**(3,307)**	**(3,068)**	**4,601**

A - Loan is due when the total equity including the loan is above kUSD 3,800 (kDKK 25,000). The loan is irrevocable for both parties.

Statements and group information

Statement by the board of directors and management on the annual report

Today, the Board of Directors and Management have considered and approved the Annual Report of Creative Force ApS for the year 11 December 2020 - 31 December 2021.

The consolidated financial statements and the Parent Company have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's review has been prepared in accordance with the Danish Financial Statement Act. In our opinion, the consolidated financial statements and the financial statements of the Parent Company give a true and fair view of the financial position on December 31, 2021, and of the Group's and Parent Company's operations and cash flows for the financial year 11 December 2020 - 31 December 2021.

We believe that the management commentary includes a true and fair review of the affairs and conditions of the Group and the Parent Company referred to therein.

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

Holstebro, 25 May 2022

Management

Thomas Kragelund
CEO

Board of Directors

Tejs Rasmussen
Chairman

Thomas Kragelund

Thomas Green Knudsen

Independent Auditors Report

To the Shareholders of Creative Force ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 11 December 2020 to 31 December 2021 and the Parent Company's operations and cash flows for the financial year 11 December 2020 to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Creative Force ApS for the financial year 11 December 2020 - 31 December 2021, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financial 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 Statement Act. We did not identify any material misstatement in Management's Review.

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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 Parent 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 Parent 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Parent 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.

Copenhagen, 25 May 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Business Registration No.: 33 77 12 31

Henrik Berring Rasmussen
State-Authorised Public Accountant
Identification No (MNE) mne34157

Martin Birch
State-Authorised Public Accountant
Identification No (MNE) mne42825

Definitions

Annual recurring revenue (ARR)

Annual recurring revenue is a subscription economy metric that shows the money that comes in every year for the life of a subscription (or contract). More specifically, ARR is the value of the recurring revenue of a business' term subscriptions normalized for a 12 month period. ARR is not the same as a measure of recognized revenue in the profit/loss statement.

There are no defined rules for what to include in the ARR. At Creative Force, the ARR includes the subscription amount when the contract is signed. When a customer terminates the contract the subscription fee is excluded from the ARR when the termination period is over and the customer does not pay any subscription. The ARR also increases when the subscription is upgraded or when add-ons are sold.

Customer acquisition cost (CAC)

This is the cost related to acquiring a customer. In other words, CAC refers to the resources and costs incurred to acquire an additional customer. All costs for Marketing and Sales including staff costs included in the Customer Acquisition Cost. The CAC payback period is a statement in months, of the time to fully payback sales and marketing costs.

Net dollar retention (NDR)

Net ollar Retention is the percentage of recurring revenue retained from existing customers in a defined time period, including expansion revenue, downgrades, and cancels.

This churn metric gives a comprehensive view of positive as well as negative changes with respect to customer retention.

Company information

The Company

Creative Force ApS
Nupark 45, DK-7500 Holstebro

Business Registration No.: 41 95 68 95

finance@creativeforce.io
www.creativeforce.io

Executive Board
Thomas Kragelund, CEO

Board of Directors
Tejs Rasmussen, chairman
Thomas Kragelund
Thomas Green Knudsen

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Business Registration No.: 33 77 12 31

Subsidiaries
Creativeforce.io, Inc.
237 A St.
PMB 48388
San Diego
California 92101-4003
United States

Creative Force Vietnam Co., Ltd.
2th Floor
107 Nguyen Phong Sac Str.
Hanoi
Cau Giay Dis
Vietna