Netop Solutions A/S
Bregnerødvej 139
3460 Birkerød
Business Registration No. 16 22 15 03

Consolidated audited management accounts (consolidated audited accounts) for the financial year 1 January 2021 to 31 December 2021

Contents

Entity details

Entity

Netop Solutions A/S
Bregnerødvej 139
3460 Birkerød

Business Registration No. 16 22 15 03
Registered in: Rudersdal
Financial year: 1 January 2021 to 31 December 2021

Board of Directors

Julian Charles Lucas Bennet, Chairman
Justin David Reilly
Nicholas Edward Broadhurst

Executive Board

Justin David Reilly

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the consolidated management accounts

The Board of Directors and the Executive Board have today considered and approved the consolidated audited accounts of Netop Solutions A/S for the financial year 1 January 2021 to 31 December 2021.

The consolidated audited accounts are presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated audited accounts give a true and fair view of the Group's financial position at 31 December 2021 and of its financial performance and cash flows for the financial year 1 January 2021 to 31 December 2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

Birkerød, 30 Sep 2022

Executive Board

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Justin David Reilly

Board of Directors

Julian Charles Lucas Bennet
Chairman
DocuSigned by:
Julian Bennet
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Justin David Reilly
DocuSigned by:
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Nicholas Edward Broadhurst
DocuSigned by:
Nick Broadhurst
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Independent auditor's report

To the shareholders of Netop Solutions A/S

Opinion

We have audited the consolidated audited accounts of Netop Solutions A/S for the financial year 1 January 2021 to 31 December 2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement, including a summary of significant accounting policies. The consolidated audited accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated audited accounts give a true and fair view of the Group's financial position at 31 December 2021 and of the results of its operations and cash flows for the financial year 1 January 2021 to 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated audited accounts section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated audited accounts

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

In preparing the consolidated audited accounts, Management is responsible for assessing the Group's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated audited accounts unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated audited accounts

Our objectives are to obtain reasonable assurance about whether the consolidated audited accounts 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 consolidated audited accounts.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated audited accounts, 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 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 consolidated audited accounts, 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 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 consolidated audited accounts 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated audited accounts, and whether the consolidated audite accounts 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 audited accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report

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.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated audited accounts does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated audited accounts, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated audited accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated audited accounts and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 30 Sep 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Henrik Wolff Mikkelsen
State-Authorised Public Accountant
Identification No. (MNE): mne33747

Henrik Wolff Mikkelsen

Management commentary

Primary activities

The primary activities of the Group are development and sale of software.

Development in activities and finances

The consolidated income statement shows a profit of DKK 14,667 thousand for the financial year 1 January 2021 to 31 December 2021. The consolidated balance sheet shows a balance sheet total of DKK56,583 thousand while equity amounts to DKK 28,103 thousand on 31 December 2021.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of these consolidated audited accounts.

Income statement for 2021

	2021 DKK'000	2020 DKK'000
Revenue	54,663	56,304
COGS	(57)	-
Other operating income	-	322
Other external expenses	(14,146)	(16,170)
Gross profit	40,459	40,456
Staff costs	(16,785)	(26,471)
Amortisation, depreciation and impairment losses	(6,970)	(4,905)
Operating profit	16,704	9,080
Other financial income	8,436	7,909
Financial expenses from Group entities	(676)	-
Financial expenses	(9,297)	(8,237)
Profit before tax	15,167	8,752
Tax on profit for the year	(500)	(421)
Profit for the year	14,667	8,331

Balance sheet at 31 December 2021

	2021 DKK'000	2020 DKK'000
Completed development projects	16,102	16,626
Development projects in progress	-	1,850
Goodwill	-	-
Intangible assets	16,102	18,476
Other fixtures and fittings, tools and equipment	93	143
Leasehold improvements	112	269
Property, plant and equipment	205	412
Deposits	812	-
Financial assets	812	-
Fixed assets	**17,119**	**18,888**
Manufactured goods and goods for resale	208	-
Inventories	**208**	**-**
Trade receivables	14,305	6,377
Other receivables	234	1,477
Prepayments	632	-
Income taxes	197	129
Receivable from group entities	21,086	-
Receivables	**36,454**	**7,983**
Cash	2,801	11,497
Current assets	39,256	19,480
Assets	**56,583**	**38,368**

Balance sheet at 31 December 2021

	2021 DKK'000	2020 DKK'000
Contributed capital	10,000	10,000
Retained earnings	18,103	1,756
Equity	28,103	11,756
Other liabilities	2,374	1,878
Long-term liabilities other than provisions	2,374	1,878
Trade payables	736	690
Income tax	230	-
Other payables	1,951	19,188
Deferred income	4,346	4,856
Intercompany	18,844	-
Short-term liabilities other than provisions	26,106	24,734
Liabilities other than provisions	28,481	26,612
Equity and liabilities	56,583	38,368

Statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity at 1 January 2021	32,000	(20,244)	11,756
Prior period adjustment	(22,000)	22,000	-
Exchange adjustment of foreign subsidiaries	-	1,685	1,685
Profit for the year	-	14,667	14,667
Equity at 31 December 2021	10,000	18,108	28,108

Cash flow statement for 2021

	2021 DKK'000	2020 DKK'000
Operating profit	16,704	9,080
Depreciation, amortisation and impairment losses	6,970	5
Working capital changes	(24,731)	4
Foreign exchange movement	1,685	
	628	18
Financial income received	8,436	7
Financial expenses paid	(9,973)	(414)
Income taxes paid	(201)	(70)
Cash flows from operating activities	(1,739)	18
Acquisition etc of intangible assets	(4,389)	(6)
Acquisition etc of property, plant and equipment		(416)
Investments	-	-
Acquisition of financial assets	(812)	-
Cash flows from investing activities	(5,201)	(7)
Instalments on loans		(5)
Cash flows from financing activities	-	(5)
Intercompany	(2,242)	
Increase/decrease in cash and cash equivalents	(8,554)	6
Cash and cash equivalents at 1 January 2021	11,497	6
Value adjustment of cash and cash equivalents at 1 January 2021	(142)	(868)
Cash and cash equivalents at 31 December 2021	2,801	11

Accounting policies

Reporting class

These consolidated audited accounts have been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with the addition of certain provisions for reporting class C enterprises.

The consolidated audited accounts have been prepared in accordance with the provisions of the Danish Financial Statements Act governing recognition and measurement. The accounting policies applied are also consistent with the accounting policies applied to the annual reports of the Danish group companies.

The accounting policies applied are consistent with those applied last year.

Reporting currency

The consolidated audited accounts are presented in Danish kroner (DKK thousands).

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income or financial expenses. Non-current assets that have been purchased in foreign currencies are measured using the exchange rate at the transaction date.

Consolidated audited accounts

The consolidated audited accounts comprise the Parent, Netop Solutions A/S, and the subsidiaries that are controlled by Netop Solutions A/S either directly or indirectly, holding more than 50% of the voting rights or in any other way exercising controlling influence.

Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

On consolidation, intra-group income and expenses, shareholding, intra-group accounts and dividends, as well as realised and unrealised profits and losses on transactions between the consolidated enterprises, are eliminated.

Investments in subsidiaries are offset at the pro-rata share of such subsidiaries' net assets and liabilities at the takeover date, with net assets and liabilities having been calculated at fair value.

Accounting policies

Newly acquired or newly established enterprises are recognised in the consolidated audited accounts from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up. Comparative figures are not restated for newly acquired, divested or wound-up enterprises.

Recognition and measurement

The consolidated audited accounts are prepared in accordance with the historical cost convention.

Income is recognised in the income statement when earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all costs incurred to earn revenue are recognised in the income statement, including amortisation, depreciation and impairment losses, provisions and reversals due to changes in accounting estimates of amounts previously recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortised cost by which a constant effective interest rate is recognised over the life of the assets and liabilities. Amortised cost is stated as initial cost less instalments, and plus or minus accumulated amortisation of the difference between cost and nominal value. In this way, capital gains and losses are allocated over the time to maturity.

Anticipated gains, losses and risks that arise before the time of presentation of the consolidated audited accounts and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income statement

Revenue

Revenue is recognised in the income statement if delivery is made and risk has passed to the buyer before the end of the year, and if the revenue can be reliably calculated and its receipt is expected. Revenue is recognised net of VAT, duties and sales discounts.

Accounting policies

Income from license agreements, in which the buyer has the right to implement some of the Group's products with a group of end-users, are recognised as revenue at the time of invoicing.

Income from subscription agreements are recognised as revenue on a straight-line basis over the term of the agreement. Other income is recognised as revenue when delivery is made and risk has passed to the buyer.

Revenue is recognised net of VAT, duties and sales discounts.

Other operating income

Other operating income comprises income of a secondary nature viewed in relation to the Group's primary activities, including subsidies, rental income, license income, etc.

Other external expenses

Other external expenses include expenses for cost of sales, production, distribution, selling, administration, premises, bad debts, rental expenses under operating leases, etc.

Staff costs

Staff costs comprise salaries and wages and other payroll-related costs, including sick pay for entity staff less public salary refunds.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment are calculated on the basis of the continuously estimated useful lives of the assets. The basis of amortisetion or depreciation is cost. Straight-line amortisation or depreciation is made on the basis of the following useful lives and residual values of the assets:

	Useful life Years	Residual value %
Completed development projects	3-6	0
Other fixtures and fittings, tools and equipment	3-10	0
Leasehold improvements	5	0

Profits and losses from the sale of intangible assets and property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement by the amounts attributable to the financial year. These items comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital or exchange gains and losses on securities, payables and transactions in foreign currencies, amortisation premium or allowance on mortgage debt, as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme, etc.

Dividends from other investments are recognised as income in the year in which the dividend is declared.

Income taxes

Tax for the year consists of current tax for the year and changes in deferred tax, less the portion of the tax for the year attributable to changes in equity. Current and deferred taxes attributable to changes in equity are recognised directly in equity.

The Group falls within the Danish rules of compulsory joint taxation of Consolidated Holdings A/S (administration company) and the Danish subsidiaries.

The current Danish income tax is allocated among the profit-making and loss-making Danish companies proportionally to their taxable income. Companies with tax losses receive a joint taxation contribution from the companies using their current tax loss (full allocation).

Balance sheet

Intangible assets

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market, or apply the product or process in question, are recognised as intangible assets if a sufficient degree of certainty is provided that the value in use of future earnings may cover the productions costs, selling costs, administrative expenses and the total development costs.

Accounting policies

Amounts corresponding to the capitalisation of development costs for the year are transferred to “Reserve for development costs” in equity.

Other development costs are recognised as costs in the income statement as incurred.

Development costs comprise costs such as wages and salaries and amortisation that are directly and indirectly attributable to the Group’s development activities and fulfil the recognition criteria.

On initial recognition, capitalised development costs are measured at cost. Capitalised development costs are subsequently measured at cost less the lower of accumulated amortisation and recoverable amount.

Acquired intangible assets are tested for impairment if a decrease in value is indicated. In addition, an annual impairment test is carried out on any development projects in progress or capitalised development projects. The impairment test is carried out for each asset or asset group. The asset or asset group is written down to the higher of value in use and net selling price (recoverable amount), if lower than the carrying amount.

Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is calculated in consideration of the asset’s residual value after the end of useful life and reduced by any impairment loss. The depreciation period and the residual value are determined at the time of acquisition. If the residual value exceeds the carrying amount of the asset, the depreciation of the asset is discontinued.

If the depreciation period or the residual value is changed, the effect on future depreciation is recognised as a change in the accounting estimate.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when it is ready to be put into operation. For self-constructed assets, cost comprises costs of materials, components, sub-suppliers, direct labour costs and indirect production costs.

The cost of an overall asset is broken down into separate components that are individually depreciated if the useful life of the individual components differs from one another.

The carrying amount of property, plant and equipment is annually reviewed to determine whether there is any indication of impairment in excess of the depreciation. If so, an impairment test is carried out to determine if the recoverable amount is lower than the carrying amount, and, consequently, the asset is written down to this lower recoverable amount. An annual impairment test is carried out for development projects in progress regardless of whether a decrease in value is indicated.

Accounting policies

The recoverable amount of an activity is calculated as the higher of net selling price and value in use. If it is not possible to determine the recoverable amount of the individual asset, then the assets are collectively assessed within the smallest asset group by which a total assessment will enable the determination of a reliable, recoverable amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less provisions for bad and doubtful debts.

Provisions for bad and doubtful debts are calculated on the basis of an individual assessment of each receivable.

Cash

Cash comprises cash and short-term securities that can be converted into cash and cash equivalents without impediment and to which the risk of value change is insignificant.

Deferred tax

Deferred tax and changes in deferred tax for the year are recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets and liabilities is calculated based on the planned use of each asset or settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against tax on future earnings or deferred tax liabilities in enterprises within the same legal taxable entity and jurisdiction.

Deferred tax is measured based on the tax regulations and tax rates that will be in effect, using the laws at the balance sheet date, when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Current tax payable or receivable

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's estimated taxable income, adjusted for tax on prior years' taxable income and prepaid tax.

Accounting policies

Liabilities

At the time of borrowing, financial liabilities are measured at the proceeds received less transaction costs incurred. The financial liabilities are subsequently measured at amortised cost equivalent to the capitalised value using the effective interest method. This means that the difference between the proceeds and the nominal amount is recognised in the income statement over the term of the loan.

Other liabilities, comprising deposits, trade payables and other payables, are recognised at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.