

Inscale A/S

Fruebjergvej 3, 2100 Copenhagen Ø
CVR-nr. 33 35 54 16

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 10 June 2025

Henrik Mou

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Company Details

Company	Inscale A/S Fruebjergvej 3 2100 Copenhagen Ø
	CVR No.: 33 35 54 16
	Established: 26 November 2010
	Municipality: Copenhagen
	Financial Year: 1 January - 31 December
Board of Directors	Peter Vejlgaard Arbs, chairman Bhajan Kaur Henrik Mou Mark Barry Payne
Executive Board	Henrik Mou
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Inscale A/S for the financial year 1 January - 31 December 2024.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2024 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 10 June 2025

Executive Board

Henrik Mou

Board of Directors

Peter Vejlgård Arbs
Chairman

Bhajan Kaur

Henrik Mou

Mark Barry Payne

Independent Auditor's Report

To the Shareholder of Inscale A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Inscale A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2024 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

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 Consolidated Financial Statements and the Parent Company 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and the Parent Company Financial Statements 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 Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements.

Independent Auditor's Report

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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Independent Auditor's Report

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Parent Company 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 Statements Act. We did not identify any material misstatement of Management Commentary.

Esbjerg, 10 June 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mikael Grosbøl
State Authorised Public Accountant
MNE no. mne33707

Financial Highlights of the Group

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Net revenue	280,336	275,544	234,139	195,429	174,048
Gross profit/loss	209,636	214,496	148,987	116,581	130,521
Operating profit/loss before depreciation and amortisation (EBITDA)	9,937	2,607	1,733	2,617	6,822
Operating profit/loss of main activities	3,031	-4,886	-5,135	-3,838	979
Financial income and expenses, net	-1,892	4,019	4,084	-2,391	-3,167
Profit/loss for the year	-33	-3,167	-3,768	-8,087	-2,554
Balance sheet					
Total assets	66,336	65,236	56,995	55,486	56,293
Equity	6,740	5,292	5,432	5,380	909
Cash flows					
Cash flows from operating activities	-4,186	4,052	3,564	8,229	9,215
Cash flows from investing activities	-176	-10,714	-648	-8,204	-10,385
Cash flows from financing activities	3,421	7,555	-1,905	6,353	-2,021
Total cash flows	-941	893	1,011	6,378	-3,191
Investment in property, plant and equipment	-755	-1,529	-2,347	-3,998	-8,983
Key ratios					
Gross margin	74.8	77.8	63.6	59.7	75.0
Operating margin	1.1	-1.8	-2.2	-2.0	0.6
Equity ratio	10.2	8.1	9.5	9.7	1.6
Return on equity	-0.5	-59.1	-69.7	-257.1	-93.9

The ratios stated in the list of key figures and ratios have been calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Operating margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Equity ratio:	$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management Commentary

Principal activities

INSCALE support domestic and international business clients' strategy through providing dedicated software development teams and -resources. INSCALE always builds through a strategic partnership with our clients. All the teams work from one of our offshore development locations. INSCALE manages and advises on the remote software development process between the client and INSCALE's offshore development location. In providing services to the client, the team works on application development and maintenance of the client's core software solutions. In doing so, the team will be a strategic resource pool for clients' on-going software development efforts.

The collaboration and the partnership between INSCALE and the Client are a long-term relationship to give team members the best opportunity to acquire in depth knowledge of client's business and software solutions, so INSCALE enables our clients to leverage on our engagement model for their business excellence. By adopting INSCALE's approach to building dedicated software development teams, our clients can extend their reach beyond their location into a wider pool of offshore developers and close technology gaps within their existing software development resources.

INSCALE is a player in the international market, where we all focus a huge need for software developers, as IT is fundamental for many businesses all over the world. INSCALE has a solution for this and believe that our footprint in the sector is powerful and has been consistent for many years and this will continue.

Development in activities and financial and economic position

INSCALE has experienced solid growth internationally in recent years. Many clients in 10 countries have experienced this long-term partnership with a great success.

INSCALE experienced a 2% growth in revenue in 2024 and reached total revenues in 2024 of 280 MDKK. This revenue growth was slightly below the 5-10% outlook from the previous annual report. The positive result before tax of 1 MDKK was in line with expectations and with the outlook from the previous annual report.

The result for the year is affected by some one-off cost items and the ongoing war in Ukraine has continued to impact our operations in that country. The profit before tax is also positively affected by adjustment of fair value on other investments.

The Parent company HFUNK ApS has confirmed to support INSCALE A/S financially.

Profit/loss for the year compared to the expected development

The 2% growth in revenue was slightly lower than expectations. The result before tax for the year was in line with expectations.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

Management Commentary

Financial risk

Currency risks

As a consequence of activities abroad, the Group's results, cash flows and equity are affected by the exchange rate and interest rate movements of a number of currencies - Malaysian ringgit, Macedonian Denar and Euro in particular.

Credit risk

The Company has good procedures for handling credit risks and historically the Company has had insubstantial loss on debtors.

Future expectations

We expect to continue with our revenue growth, with a growth rate in the range of +5% to 10% in 2025. A profit before tax between zero and +5 mio. DKK in 2025 is expected.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2024 DKK	2023 DKK	2024 DKK	2023 DKK
Net revenue		280,335,889	275,544,275	278,686,945	252,761,539
Work performed by the entity and capitalised		2,555,816	1,606,609	0	0
Other operating income		18,789,898	5,224,923	3,732,332	414,585
Cost of sales		-18,812,857	-21,690,936	-262,379,748	-250,742,268
Other external expenses		-73,233,034	-46,188,819	-11,868,567	-14,779,617
Gross profit/loss		209,635,712	214,496,052	8,170,962	-12,345,761
Staff costs	1	-199,698,534	-211,928,940	-5,513,619	-6,543,143
Depreciation, amortisation and impairment losses for tangible and intangible assets		-6,906,583	-7,493,338	-2,450,673	-2,172,637
Other operating expenses		0	40,220	0	0
Operating profit		3,030,595	-4,886,006	206,670	-21,061,541
Income from investments in subsidiaries		0	0	1,559,422	12,413,084
Income from other fixed asset investments		2,300,000	5,200,000	2,300,000	5,200,000
Other financial income		582,946	515,197	946,397	514,837
Other financial expenses	2	-4,775,290	-1,696,606	-5,045,633	-1,633,062
Profit before tax		1,138,251	-867,415	-33,144	-4,566,682
Tax on profit/loss for the year	3	-1,171,395	-2,299,267	0	1,400,000
Loss for the year	4	-33,144	-3,166,682	-33,144	-3,166,682

Balance Sheet at 31 December

		Group		Parent Company	
	Note	2024 DKK	2023 DKK	2024 DKK	2023 DKK
Assets					
Completed development projects		4,942,254	4,883,177	4,942,254	4,883,177
Goodwill		1,724,675	1,940,260	0	0
Development projects in progress and prepayments for intangible assets		530,992	254,959	530,992	254,959
Intangible assets	5	7,197,921	7,078,396	5,473,246	5,138,136
Other plant, fixtures and equipment		12,129,237	15,793,657	268,200	356,137
Leasehold improvements		0	80,376	0	0
Property, plant and equipment	6	12,129,237	15,874,033	268,200	356,137
Investments in subsidiaries		0	0	42,066,744	39,602,825
Other investments		14,000,000	11,700,000	14,000,000	11,700,000
Rent deposit and other receivables		2,647,104	2,938,758	362,771	799,413
Financial non-current assets	7	16,647,104	14,638,758	56,429,515	52,102,238
Non-current assets		35,974,262	37,591,187	62,170,961	57,596,511
Trade receivables		10,058,408	5,601,634	9,246,319	4,979,304
Receivables from group enterprises		154,716	154,716	154,716	154,716
Deferred tax assets	8	1,400,000	1,400,000	1,400,000	1,400,000
Other receivables		1,001,856	2,851,576	0	0
Corporation tax receivable		2,004,541	1,538,336	0	0
Prepayments	9	3,087,492	2,502,871	129,383	301,475
Receivables		17,707,013	14,049,133	10,930,418	6,835,495
Cash and cash equivalents		12,654,579	13,595,792	8,167,783	3,156,188
Current assets		30,361,592	27,644,925	19,098,201	9,991,683
Assets		66,335,854	65,236,112	81,269,162	67,588,194

Balance Sheet at 31 December

Equity and liabilities	Note	Group		Parent Company	
		2024 DKK	2023 DKK	2024 DKK	2023 DKK
Share capital	10	2,026,700	2,026,700	2,026,700	2,026,700
Reserve for net revaluation under the equity method		0	0	29,767,959	27,352,737
Reserve for development costs		0	0	4,269,133	3,808,879
Fair value reserve for currency translation of foreign entities		-2,002,040	-3,482,720	0	0
Retained earnings		6,714,881	6,748,025	-29,324,251	-27,896,311
Equity		6,739,541	5,292,005	6,739,541	5,292,005
Other provisions	11	750,000	0	0	0
Provisions		750,000	0	0	0
Debt to mortgage credit institution		0	53,672	0	53,672
Bank debt		10,353,918	8,026,068	10,353,918	8,026,068
Prepayments from customers		15,869,378	16,365,931	15,869,378	16,365,931
Trade payables		7,561,454	1,725,096	550,260	1,374,218
Debt to Group companies		4,438,953	5,018,411	42,717,160	32,628,649
Corporation tax payable		2,896,660	1,103,628	0	0
Other liabilities		17,325,823	25,030,740	4,638,778	3,807,274
Deferred income	13	400,127	2,620,561	400,127	40,377
Current liabilities		58,846,313	59,944,107	74,529,621	62,296,189
Liabilities		58,846,313	59,944,107	74,529,621	62,296,189
Equity and liabilities		66,335,854	65,236,112	81,269,162	67,588,194
Contingencies etc.	14				
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Going concern assumptions	16				
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Equity

DKK	Group			
	Share capital	Fair value reserve for currency translation of foreign entities	Retained earnings	Total
Equity at 1 January 2024	2,026,700	-3,482,720	6,748,025	5,292,005
Proposed profit allocation, see note 4			-33,144	-33,144
Change fair value reserves				
Value adjustments in the year		1,480,680		1,480,680
Equity at 31 December 2024	2,026,700	-2,002,040	6,714,881	6,739,541

DKK	Parent Company				
	Share capital	Reserve for net revaluation on under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2024	2,026,700	27,352,737	3,808,879	-27,896,311	5,292,005
Proposed profit allocation, jf. note 4		934,542		-967,686	-33,144
Other legal bindings					
Capitalized development costs			2,192,405	-2,192,405	0
Foreign exchange adjustments		1,480,680			1,480,680
Transfers					
Allowed equalization			-1,732,151	1,732,151	0
Equity at 31 December 2024	2,026,700	29,767,959	4,269,133	-29,324,251	6,739,541

Cash Flow Statement 1 January - 31 December

	Group	
	2024 DKK	2023 DKK
Profit/loss for the year	-33,144	-3,166,682
Depreciation and amortisation, reversed	6,906,583	7,493,338
Reversed realization gains	76,253	-40,220
Adjustment of other financial income	-2,300,000	-5,200,000
Tax on profit/loss, reversed	1,171,395	2,299,267
Reversed work performed by the entity and capitalised	-2,555,816	-1,606,609
Corporation tax paid	155,432	-2,813,897
Change in receivables (ex tax)	-3,191,675	4,023,325
Change in other provisions	750,000	-2,500,000
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	-5,165,004	7,085,843
Other cash flows from operating activities	0	-1,522,828
Cash flows from operating activity	-4,185,976	4,051,537
Purchase of property, plant and equipment	-755,346	-1,528,976
Sale of property, plant and equipment	142,708	72,826
Purchase of financial assets	-73,760	-91,390
Sale of financial assets	510,402	345,047
Purchase of company	0	-9,511,606
Cash flows from investing activity	-175,996	-10,714,099
Repayments of loans etc.	-53,672	-2,693,413
Cash capital increase	0	5,000,000
Change in bank debt	2,327,850	229,854
Other cash flows from financing activities	1,146,581	5,018,411
Cash flows from financing activity	3,420,759	7,554,852
	-941,213	892,290
Cash and cash equivalents at 1. januar	13,595,792	11,779,531
Cash and cash equivalents from Inscale Macedonia DOOEL Skopje	0	923,971
Cash and cash equivalents at 31 December31. december	12,654,579	13,595,792
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	12,654,579	13,595,792
Cash and cash equivalents	12,654,579	13,595,792

Notes

	Group		Parent Company	
	2024 DKK	2023 DKK	2024 DKK	2023 DKK
1 Staff costs				
Average number of full time employees	671	646	3	5
Wages and salaries	173,579,785	186,309,475	5,103,092	6,053,327
Pensions	9,662,256	9,365,002	368,608	407,966
Social security costs	16,020,972	15,933,822	0	0
Other staff costs	435,521	320,641	41,919	81,850
	199,698,534	211,928,940	5,513,619	6,543,143
Remuneration of Management and Board of Directors	2,346,350	2,098,195	2,346,350	2,098,195
	2,346,350	2,098,195	2,346,350	2,098,195
2 Other financial expenses				
Interest expenses to group enterprises	220,025	18,411	191,071	18,411
Other interest expenses	4,555,265	1,678,195	4,854,562	1,614,651
	4,775,290	1,696,606	5,045,633	1,633,062
3 Tax on profit/loss for the year				
Calculated tax on taxable income of the year	1,171,395	3,699,267	0	0
Adjustment of deferred tax	0	-1,400,000	0	-1,400,000
	1,171,395	2,299,267	0	-1,400,000
4 Proposed distribution of profit				
Allocation to reserve for net revaluation under the equity method	0	0	934,542	13,199,315
Retained earnings	-33,144	-3,166,682	-967,686	-16,365,997
	-33,144	-3,166,682	-33,144	-3,166,682

Notes

5 | Intangible assets

DKK	Group		
	Completed development projects	Goodwill	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2024	10,357,160	2,155,845	254,959
Additions	2,279,783	0	276,033
Cost at 31 December 2024	12,636,943	2,155,845	530,992
Amortisation at 1 January 2024	5,473,983	215,585	0
Amortisation for the year	2,220,706	215,585	0
Amortisation at 31 December 2024	7,694,689	431,170	0
Carrying amount at 31 December 2024	4,942,254	1,724,675	530,992

The groups development projects relate to the development and improvement of the Inscale ERP System. Development project assets are measured at net cost value, and is impairment tested on a yearly basis.

DKK	Parent Company	
	Completed development projects	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2024	10,357,160	254,959
Additions	2,279,783	276,033
Cost at 31 December 2024	12,636,943	530,992
Amortisation at 1 January 2024	5,473,983	0
Amortisation for the year	2,220,706	0
Amortisation at 31 December 2024	7,694,689	0
Carrying amount at 31 December 2024	4,942,254	530,992

Development projects relate to the development and improvement of the Inscale ERP System. Development project assets are measured at net cost value, and is impairment tested on a yearly basis.

Notes

6 | Property, plant and equipment

	Group	
	Other plant, fixtures and equipment	Leasehold improvements
DKK		
Cost at 1 January 2024	43,216,175	1,091,891
Exchange adjustment at closing rate	1,353,174	1,801
Additions	755,346	0
Disposals	-1,765,402	0
Cost at 31 December 2024	43,559,293	1,093,692
Depreciation and impairment losses at 1 January 2024	27,422,518	1,011,515
Exchange adjustment	1,164,195	1,669
Reversal of depreciation of assets disposed of	-1,546,441	0
Depreciation for the year	4,389,784	80,508
Depreciation and impairment losses at 31 December 2024	31,430,056	1,093,692
Carrying amount at 31 December 2024	12,129,237	0

	Parent Company
	Other plant, fixtures and equipment
DKK	
Cost at 1 January 2024	2,587,272
Additions	171,330
Disposals	-151,178
Cost at 31 December 2024	2,607,424
Depreciation and impairment losses at 1 January 2024	2,231,135
Reversal of depreciation of assets disposed of	-121,878
Depreciation for the year	229,967
Depreciation and impairment losses at 31 December 2024	2,339,224
Carrying amount at 31 December 2024	268,200

Notes

7 | Financial non-current assets

DKK	Group	
	Other investments	Rent deposit and other receivables
Cost at 1 January 2024	2,595,126	2,938,758
Exchange adjustment at closing rate	0	144,988
Additions	0	73,760
Disposals	0	-510,402
Cost at 31 December 2024	2,595,126	2,647,104
Revaluation at 1 January 2024	9,104,874	0
Revaluation and impairment losses for the year	2,300,000	0
Revaluation at 31 December 2024	11,404,874	0
Carrying amount at 31 December 2024	14,000,000	2,647,104

DKK	Parent Company		
	Investments in subsidiaries	Other investments	Rent deposit and other receivables
Cost at 1 January 2024	12,250,088	2,595,126	799,413
Additions	48,697	0	73,760
Disposals	0	0	-510,402
Cost at 31 December 2024	12,298,785	2,595,126	362,771
Revaluation at 1 January 2024	27,352,737	9,104,874	0
Exchange adjustment	851,958	0	0
Transferred	3,842	0	0
Profit/loss for the year	1,559,422	0	0
Revaluation and impairment losses for the year	0	2,300,000	0
Revaluation at 31 December 2024	29,767,959	11,404,874	0
Carrying amount at 31 December 2024	42,066,744	14,000,000	362,771

Investments in subsidiaries

Name and domicile	Ownership
Inscale Asia SDN Bhd, Malaysia	100 %
Inscale Facilitation SDN Bhd, Malaysia	100 %
Inscale Portugal Ltd., Portugal	100 %
Inscale QT Ukraine LLC, Ukraine	100 %
Inscale Ukraine Ltd., Ukraine	100 %
Inscale Macedonia DOOEL Skopje, Macedonia	100 %
Inscale Fixate ApS, Denmark	100 %
Inscale Poland, Poland	100 %

Notes

7 | Fixed asset investments (continued)

The carrying amount of financial non-current assets includes securities measured at fair value by the following amounts:

	<u>Group</u>
DKK	Other investments
Fair value at 31 December 2024	14,000,000
Value adjustment in the year recognised in the Income Statement	2,300,000
	<u>Parent Company</u>
DKK	Other investments
Fair value at 31 December 2024	14,000,000
Value adjustment in the year recognised in the Income Statement	2,300,000

The budget used in the DCF Valuation is based on financial performance in 2024 and financial information for Q1 2025. The number of periods is 5. The growth rate of free cashflow is 5% and the perpetual growth rate is 2%. NPV is calculated with a WACC of 12%. The enterprise value is adjusted for net debt of TDKK 200.

8 | Deferred tax assets

	<u>Group</u>		<u>Parent Company</u>	
	2024 DKK	2023 DKK	2024 DKK	2023 DKK
Deferred tax assets is related to:				
Tax losses	1,400,000	1,400,000	1,400,000	1,400,000
	1,400,000	1,400,000	1,400,000	1,400,000
Deferred tax assets, beginning of year	1,400,000	0	1,400,000	0
Deferred tax of the year, income statement	0	1,400,000	0	1,400,000
Deferred tax assets 31 December 2024	1,400,000	1,400,000	1,400,000	1,400,000

The tax asset is related to tax losses and is expected to be used within a few years.

Notes

9 | Prepayments

Prepayments consist of insurance, subscription fees, etc. in respect of subsequent financial years.

10 | Share capital

Allocation of Share capital:

Class A - shares, 20,267 unit in the denomination of 100 DKK	2,026,700	2,026,700
	2,026,700	2,026,700

11 | Other provisions

Other provisions in 2024 relate to a provision for a dispute with the Tax Authorities in a foreign subsidiary. Management has estimated the most likely result of the dispute, but the final settlement may be higher or lower.

12 | Long-term liabilities

DKK	Group			
	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Debt to mortgage credit institution	0	0	0	53,672
	0	0	0	53,672

DKK	Parent Company			
	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Debt to mortgage credit institution	0	0	0	53,672
	0	0	0	53,672

13 | Deferred income

Received rent reduction and other income for recognition in subsequent financial years.

Notes

14 | Contingencies etc.

Contingent liabilities

	Group		Parent Company	
	2024 DKK	2023 DKK	2024 DKK	2023 DKK
Lease liabilities:				
Total liabilities until maturity	14,695,795	15,545,074	0	0
	14,695,795	15,545,074	0	0
Rental commitments:				
Total commitment until maturity	66,716	0	66,716	0
	66,716	0	66,716	0

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of HFUNK ApS, which serves as management Company for the joint taxation.

15 | Related parties

The Company's related parties include:

Controlling interest

HFUNK ApS, Holte, Denmark (parent company)

Henrik Mou, Fredsvej 7, 2840 Holte, Denmark (owns 100% of HFUNK ApS)

Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

16 | Going concern assumptions

HFUNK ApS has issued a letter of comfort inter alia stating that it is in the interest of the parent company to ensure that the company meets its financial obligations at all times and that may be required to ensure that it maintains capital and liquidity levels to enable it at all times to meet its obligations in conformity with standards of prudence generally accepted for its field of business. This letter of comfort is valid until the 1th January 2026. Based on this, it is the Management's assessment that the Company can continue as going concern.

Notes

17 | Information on significant uncertainties at recognition and measurement

The Group and parent companies other investments are measured at fair value.

The fair value is based on the income approach under the IPEV guidelines, cf. the mention of this in the accounting policies.

The WACC is based so it should reflect the market's current situation on equivalent companies.

The fair value is also based on future budgets, which is associated with uncertainty.

Furthermore, there is in the annual report recognised a deferred tax asset with a book value of 1,400 TDKK, which primarily relates to tax losses carried forward from previous years.

It is the management's assessment that the value is present, as the deferred tax asset is expected to be used within the next 3-5 years. The assessment is based on management's positive expectations for the future and expectations that the company will have significant growth in the coming years.

The company's ability to use the tax loss is based on expectations of future positive earnings and cash flow. Since budgets are inherently uncertain, there will be deviations, and the deviations can be significant in both a positive and negative direction.

The management is of the opinion that the prerequisites for the recognition and measurement of the deferred tax asset at full value are present, but that as a result of the above circumstances, there is significant uncertainty in this regard.

18 | Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the largest group: HFUNK ApS, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: HFUNK ApS, Copenhagen

19 | Special items

The company has received DKK 2,089 thousand from the Macedonian government's fund to support IT development in Macedonia.

Accounting Policies

The Annual Report of Inscale A/S for 2024 has been presented in accordance with the provisions of the Danish medium-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Inscale A/S and the subsidiaries in which Inscale A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or established enterprises within the Group are recognised in the Consolidated Financial statements from the date of takeover or establishment. Sold or wound-up enterprises are recognised in the Consolidated Income Statement up to the time of handover. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

The takeover date is the date on which the Group gains actual control over the acquired enterprise.

Acquired enterprises within the Group are recognised in the Consolidated Financial Statements according to the combination method, the combination being regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities taken over.

Positive and negative differences between the acquisition value and the carrying amounts of taken over and identified assets and liabilities are recognised in equity upon acquisition.

Transaction costs, incurred in connection with acquisition of businesses, are recognised in the income statement in the year when costs are incurred.

Equity interests in subsidiaries are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the date of takeover.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

Income Statement

Net revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Accounting Policies

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Own work capitalised

Own work capitalised comprises staff costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Group and the Parent Company's employees.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries

The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Income from other fixed asset investments

Income from other fixed asset investments comprise gains in the form of fair value adjustments on fixed asset investments which are not investments in group enterprises or associates.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

Accounting Policies

Balance Sheet

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Property, plant and equipment

Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets:

	Useful life
Other plant, fixtures and equipment	3-5 years
Leasehold improvements	5-10 years

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Lease contracts

Lease contracts relating to tangible fixed assets

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Accounting Policies

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying Equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses, and with addition of remaining additional values and goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement upon acquisition of the Equity interest. Where the negative goodwill is related to takeover of contingent liabilities, the negative goodwill is not recognised before the contingent liabilities are settled or cancelled.

The combination method is applied when acquiring enterprises within the Group, where the combination is regarded as completed at the date of acquisition, and by using the carrying amounts of the assets and liabilities acquired.

The difference between the acquisition cost and carrying amounts is recognised directly in equity.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Investments in subsidiaries with negative equity value are measured at DKK 0. Any receivables with these companies are written off, to the extent that the receivable is uncollectible from a specifically assessed indication of impairment. To the extent that the Parent Company has a legal or actual obligation to cover a negative balance which exceeds the receivable, the remainder is recognised under provisions for liabilities.

Other investments

Other investments comprise unlisted equity investments measured at fair value. The measuring is based on fair value within the IFRS 13 fair value hierarchy level 3. The valuation technique used is the income approach under the IPEV guidelines. Fair value is calculated with unobservable inputs using the discounted cash flows valuation technique.

Impairment of fixed assets

The carrying amount of intangible fixed and property, plant and equipment together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Accounting Policies

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Other provisions for liabilities

Other provisions comprise anticipated costs of litigations.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Accounting Policies

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The Income Statements of foreign subsidiaries and associates fulfilling the conditions for being independent entities are translated at an average exchange rate for the month and the Balance Sheet items are translated at the rate of exchange on the Balance Sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the Balance Sheet date and from translation of Income Statements from average rate to the rates of the Balance Sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

Exchange rate differences recognised in Equity are accumulated in a fair value reserve for currency translation of foreign entities and are transferred to the Income Statement when object of the currency translation is realised or ends. An exception is exchange rate differences arising from translation of Equity interests, which are recognised at Equity value, where the whole value adjustment, including exchange rate differences, are included in the reserve for net valuation according to the Equity value method.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Accounting Policies

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.