
Cloud Factory A/S

Dokken 10, DK-6700 Esbjerg

Annual Report for 1 July 2023 - 30 June 2024

CVR No. 35 39 36 92

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 20/12 2024

Dan Børge Larsen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Cloud Factory A/S for the financial year 1 July 2023 - 30 June 2024.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023/24.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Executive Board

Jacob Vestergaard Schaumann
Schmidt
CEO

Anders Nielsen
Manager

Mark Ringe Ibsen
Manager

Board of Directors

Henrik Nicolai Hørdum Clausen
Chairman

Dan Børge Larsen

Jacob Vestergaard Schaumann
Schmidt

Ole Skjoldborg Ørum-Petersen

Mark Ringe Ibsen

Independent Auditor's report

To the shareholders of Cloud Factory A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Cloud Factory A/S for the financial year 1 July 2023 - 30 June 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the 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 Statements 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 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.

Independent Auditor's report

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 judgement and maintain professional scepticism 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.

Independent Auditor's report

Esbjerg, 20 December 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Palle H. Jensen

State Authorised Public Accountant

mne32115

Company information

The Company	Cloud Factory A/S Dokken 10 DK-6700 Esbjerg CVR No: 35 39 36 92 Financial period: 1 July 2023 - 30 June 2024 Municipality of reg. office: Esbjerg
Board of Directors	Henrik Nicolai Hørdum Clausen, chairman Dan Børge Larsen Jacob Vestergaard Schaumann Schmidt Ole Skjoldborg Ørum-Petersen Mark Ringe Ibsen
Executive Board	Jacob Vestergaard Schaumann Schmidt Anders Nielsen Mark Ringe Ibsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 2. DK-6700 Esbjerg

Group Chart

<u>Company</u>	<u>Residence</u>	<u>Ownership</u>
Cloud Factory A/S	Esbjerg, Danmark	
Cloud Factory Norge AS	Asker, Norge	100%
Cloud Factory AB	Stockholm, Sverige	100%
Cloud Factory Benelux B.V.	Hilversum, Netherlands	100%

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	47,093	33,655	26,923	17,864	13,077
Gross profit	28,985	18,636	17,407	12,321	5,988
EBITDA	6,214	1,822	5,392	4,859	547
Profit/loss of primary operations	-3,127	-9,442	240	730	-3,145
Profit/loss of financial income and expenses	-1,908	-1,181	-401	-367	-566
Net profit/loss for the year	-13,531	-8,221	139	382	3,413
Balance sheet					
Balance sheet total	118,912	81,983	51,924	32,561	25,874
Investment in property, plant and equipment	2,784	6,266	9,056	5,669	4,375
Equity	-2,295	11,247	19,485	5,032	4,650
Number of employees	44	39	26	16	12
Ratios					
Gross margin	61.5%	55.4%	64.7%	69.0%	45.8%
Solvency ratio	-1.9%	13.7%	37.5%	15.5%	18.0%

Management's review

Key activities

Cloud Factory A/S provides cloud services, Microsoft CSP, and hosting to IT partners. With more than 50 employees and 450 partners, the company is one of the fastest-growing Microsoft distributors in Europe. Since 2022, the company has invested heavily in their partner platform and opened offices in Oslo, Stockholm, and Hilversum.

Cloud Factory's focus has changed in recent years from producing and selling hosting to IT Partners to reselling third-party Software from Microsoft, Acronis, Keepit and other vendors. Therefore, measurement of Net Revenue has changed from the Financial Year 2023-24 to measure third-party revenue in accordance with guidance of IAS 18, where only the Net Margin income from third-party re-selling is considered, when measuring Net Revenue.

Development in the year

The income statement of the Group for 2023/24 shows a loss of DKK 13,530,977, and at 30 June 2024 the balance sheet of the Group shows a negative equity of DKK 2,294,621.

Gross Revenue increased by 49% to DKK 277 million, while Net Revenue increased by 40% to DKK 47 million. Partner base grew by 44%. Core markets include Denmark, Norway, Sweden, and the Netherlands. EBITDA increased from DKK 1.8 million to DKK 6.2 million.

The company has changed accounting policies for measuring revenue to apply IAS 18 as its basis of interpretation for the recognition of revenue. Consequently the company recognizes revenue as agent and not principal. Gross profit and result for the year are not affected in current and last year. Furthermore the company's equity and cash flow are not affected by the change. Management refers to note 20.

The past year and follow-up on development expectations from last year

Despite the growth, a loss of DKK 5.0 million before tax was realized, which is a major improvement from last year's loss of DKK 10.6 million before tax. The deficit, which was worse than budgeted, is due to the delayed onboarding of a major partner and increased compliance costs in the hosting business.

Capital resources

The company received a growth loan from Riverside Acceleration Capital in February 2024, which improved liquidity and enabled expansion in Norway, Sweden, and the Netherlands. Management also refers to note 1.

Targets and expectations for the year ahead

For 2024/25, a gross revenue of DKK 425-485 million, a Net Revenue of DKK 55-75 million and a positive result of DKK 1-5 million is expected. The focus will be on growth in existing markets and expansion into new areas, as well as investments in technological platforms.

Financial Risks

The company has a conservative financial risk management strategy and has converted short term loans to long term financing agreements and thereby reduced the financial Risk in the group.

Research and development

Development activities continued with a focus on innovative cloud solutions, the Partner Portal, and automated processes.

External environment

The company is working to reduce its environmental footprint using renewable energy and internal energy-saving policies.

Management's review

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Management has reassessed the useful lifetime of development cost from 3 years to 5 years based on management's historical knowledge and experiences. The change has resulted in a decrease of depreciation for the current year with TDKK 3,050. Management refers to note 20.

Unusual events

A deferred tax asset of DKK 9.6 million has not been recognized as an asset in the balance sheet 30 June 2024.

With the current strategic focus of the company being continued growth into rest of Europe over short-term profitability the criteria for recognition in 2023/24 has not been met and therefore the deferred tax asset has been written down. Consequently a tax expense of DKK 8.3 million has been recognized in the income statement for 2023/24.

Subsequent events

After year end the company received further capital in the amount of DKK 4 million as capital increase, to reestablish the Equity and to open new Markets in Early 2025. No other significant events affect the annual report after the balance sheet date.

Income statement 1 July 2023 - 30 June 2024

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	DKK	DKK	DKK
Revenue		47,093,412	33,654,987	42,268,808	32,465,207
Other operating income		203,601	2,011,601	203,601	2,011,601
Direct expenses		-9,909,330	-5,474,895	-9,841,036	-5,474,896
Other external expenses		-8,402,436	-11,555,874	-9,198,874	-12,906,435
Gross profit		28,985,247	18,635,819	23,432,499	16,095,477
Staff expenses	2	-22,771,580	-16,813,495	-18,175,463	-14,823,471
Earnings Before Interest Taxes Depreciation and Amortization		6,213,667	1,822,324	5,257,036	1,272,006
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-9,340,210	-11,041,367	-9,308,756	-11,031,631
Other operating expenses		0	-223,208	0	-223,208
Profit/loss before financial income and expenses		-3,126,543	-9,442,251	-4,051,720	-9,982,833
Income from investments in subsidiaries		0	0	726,636	514,614
Financial income	3	125,722	35,476	125,628	35,302
Financial expenses	4	-2,033,344	-1,216,221	-2,032,521	-1,212,745
Profit/loss before tax		-5,034,165	-10,622,996	-5,231,977	-10,645,662
Tax on profit/loss for the year	5	-8,496,812	2,401,997	-8,299,000	2,424,663
Net profit/loss for the year	6	-13,530,977	-8,220,999	-13,530,977	-8,220,999

Balance sheet 30 June 2024

Assets

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	DKK	DKK	DKK
Completed development projects		22,106,745	12,498,087	22,106,745	12,498,087
Goodwill		109,256	0	0	0
Intangible assets	7	22,216,001	12,498,087	22,106,745	12,498,087
Other fixtures and fittings, tools and equipment		11,252,765	14,109,058	11,120,988	14,053,524
Property, plant and equipment	8	11,252,765	14,109,058	11,120,988	14,053,524
Investments in subsidiaries	9	0	0	859,510	143,572
Deposits	10	312,064	256,696	259,624	200,800
Fixed asset investments		312,064	256,696	1,119,134	344,372
Fixed assets		33,780,830	26,863,841	34,346,867	26,895,983
Trade receivables		75,371,223	41,201,649	57,493,471	37,665,607
Receivables from group enterprises		1,024,842	910,708	2,496,050	3,574,540
Other receivables		1,484,570	574,766	482,188	540,325
Deferred tax asset	11	7,817	8,299,000	0	8,299,000
Corporation tax receivable from group enterprises		0	1,071,663	0	1,071,663
Prepayments	12	4,623,473	1,831,211	4,407,110	1,805,043
Receivables		82,511,925	53,888,997	64,878,819	52,956,178
Cash at bank and in hand		2,619,640	1,230,578	342,467	1,142,442
Current assets		85,131,565	55,119,575	65,221,286	54,098,620
Assets		118,912,395	81,983,416	99,568,153	80,994,603

Balance sheet 30 June 2024

Liabilities and equity

	Note	Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	DKK	DKK	DKK
Share capital		789,474	789,474	789,474	789,474
Reserve for net revaluation under the equity method		0	0	809,545	93,607
Reserve for development costs		0	0	17,243,261	9,748,508
Reserve for exchange rate conversion		-27,840	-17,142	0	0
Retained earnings		-3,056,255	10,474,722	-21,136,901	615,465
Equity		-2,294,621	11,247,054	-2,294,621	11,247,054
Lease obligations		4,125,392	6,956,869	4,125,392	6,956,869
Other payables		17,049,506	0	17,049,506	0
Long-term debt	13	21,174,898	6,956,869	21,174,898	6,956,869
Credit institutions		394,692	8,150,096	1,088,443	8,150,096
Lease obligations	13	4,769,876	4,566,216	4,769,876	4,566,216
Trade payables		84,004,028	47,299,926	68,994,655	47,204,566
Corporation tax		231,894	0	0	0
Other payables	13	6,336,651	3,043,455	5,074,906	2,150,002
Deferred income	14	4,294,977	719,800	759,996	719,800
Short-term debt		100,032,118	63,779,493	80,687,876	62,790,680
Debt		121,207,016	70,736,362	101,862,774	69,747,549
Liabilities and equity		118,912,395	81,983,416	99,568,153	80,994,603
Going concern	1				
Contingent assets, liabilities and other financial obligations	17				
Related parties	18				
Subsequent events	19				
Accounting Policies	20				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	789,474	-17,142	10,474,722	11,247,054
Exchange adjustments relating to foreign entities	0	-10,698	0	-10,698
Net profit/loss for the year	0	0	-13,530,977	-13,530,977
Equity at 30 June	789,474	-27,840	-3,056,255	-2,294,621

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	789,474	93,607	9,748,508	615,465	11,247,054
Exchange adjustments relating to foreign entities	0	-10,698	0	0	-10,698
Development costs for the year	0	0	10,765,611	-10,765,611	0
Depreciation, amortisation and impairment for the year	0	0	-3,270,858	3,270,858	0
Net profit/loss for the year	0	726,636	0	-14,257,613	-13,530,977
Equity at 30 June	789,474	809,545	17,243,261	-21,136,901	-2,294,621

Cash flow statement 1 July 2023 - 30 June 2024

	Note	Group	
		2023/24	2022/23
		DKK	DKK
Result of the year		-13,530,977	-8,220,999
Adjustments	15	20,108,188	9,820,115
Change in working capital	16	4,328,930	5,920,309
Cash flow from operations before financial items		10,906,141	7,519,425
Financial income		125,722	35,476
Financial expenses		-2,033,344	-1,216,221
Cash flows from ordinary activities		8,998,519	6,338,680
Corporation tax paid		1,097,928	0
Cash flows from operating activities		10,096,447	6,338,680
Purchase of intangible assets		-13,792,076	-10,868,980
Purchase of property, plant and equipment		-2,783,997	-6,266,211
Fixed asset investments made etc		-55,368	-122,105
Sale of property, plant and equipment		0	220,000
Cash flows from investing activities		-16,631,441	-17,037,296
Repayment of loans from credit institutions		-7,755,404	0
Reduction of lease obligations		-2,627,817	0
Repayment of other long-term debt		0	-332,648
Raising of loans from credit institutions		0	6,379,399
Lease obligations incurred		0	1,194,404
Raising of payables to group enterprises		-114,134	290,248
Raising of other long-term debt		18,421,411	0
Cash flows from financing activities		7,924,056	7,531,403
Change in cash and cash equivalents		1,389,062	-3,167,213
Cash and cash equivalents at 1 July		1,230,578	4,397,791
Cash and cash equivalents at 30 June		2,619,640	1,230,578
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2,619,640	1,230,578
Cash and cash equivalents at 30 June		2,619,640	1,230,578

Notes to the Financial Statements

1. Going concern

During the year, the company has raised a loan of DKK 18.7 million from external lender.

The company's management assesses, on basis of budgets and projections for the coming years, that the company will be able to operate within the current credit facilities, taking into account that the company's liquidity for shorter periods may result in a periodic need for additional credit from the company's credit institution. The company's management expects that credit facilities with periodically granted extra credits will be able to be continued in the coming year.

Management is working to strengthen the company's capital with additional capital increase and has currently received a commitment for new capital of DKK 4 million. Furthermore management has a positive dialog with existing and potential new investors.

2. Staff Expenses

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
Wages and salaries	18,629,872	13,625,911	14,391,375	11,791,288
Pensions	2,168,684	2,039,425	1,975,007	1,927,099
Other social security expenses	310,274	283,033	304,827	281,733
Other staff expenses	1,662,750	865,126	1,504,254	823,351
	22,771,580	16,813,495	18,175,463	14,823,471
Including remuneration to the Executive Board and Board of Directors:				
Executive board	5,197,570	4,508,496	5,197,570	4,508,496
Board of directors	50,000	50,000	50,000	50,000
	5,247,570	4,558,496	5,247,570	4,558,496
Average number of employees	44	39	39	36

The company has an incentive scheme, which use to strengthen the employees' commitment and attachment to the company and to create value for the shareholders.

The incentive scheme includes the option for employees in the period Q4 2024 to Q4 2025 to subscribe for new shares for up to 2.5% of the current company capital at the rate stated below.

In December 2021, 1,105,000 warrants were issued at a price per share of DKK 1 with a conversion date for the general meeting in autumn 2024 and in March 2023, 895,000 warrants were issued at a price per share of DKK 2 with a conversion date for the general meeting in autumn 2025.

Of the issued warrants, 175,000 were issued to members of the executive board.

Incentive programmes are not recognised in the Financial Statements.

Notes to the Financial Statements

3. Financial income

Interest received from group enterprises

Other financial income

Exchange gains

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
DKK	DKK	DKK	DKK
62,470	35,302	62,470	35,302
94	174	0	0
63,158	0	63,158	0
125,722	35,476	125,628	35,302

4. Financial expenses

Other financial expenses

Exchange loss

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
DKK	DKK	DKK	DKK
2,033,344	1,166,147	2,032,521	1,162,671
0	50,074	0	50,074
2,033,344	1,216,221	2,032,521	1,212,745

5. Income tax expense

Current tax for the year

Deferred tax for the year

Adjustment of tax concerning previous years

Adjustment of deferred tax concerning previous years

Group		Parent company	
2023/24	2022/23	2023/24	2022/23
DKK	DKK	DKK	DKK
197,812	22,666	0	0
8,299,000	-2,425,000	8,299,000	-2,425,000
0	-1,071,663	0	-1,071,663
0	1,072,000	0	1,072,000
8,496,812	-2,401,997	8,299,000	-2,424,663

Notes to the Financial Statements

	Parent company	
	2023/24	2022/23
	DKK	DKK
6. Profit allocation		
Reserve for net revaluation under the equity method	726,636	110,749
Retained earnings	-14,257,613	-8,331,748
	-13,530,977	-8,220,999

7. Intangible fixed assets

	Group		Parent company
	Completed development projects	Goodwill	Completed development projects
	DKK	DKK	DKK
Cost at 1 July	18,487,485	0	18,487,485
Additions for the year	13,802,066	109,256	13,802,066
Disposals for the year	-1,400,433	0	-1,400,433
Cost at 30 June	30,889,118	109,256	30,889,118
Impairment losses and amortisation at 1 July	5,989,398	0	5,989,398
Amortisation for the year	4,142,520	0	4,142,520
Impairment and amortisation of sold assets for the year	-1,349,545	0	-1,349,545
Impairment losses and amortisation at 30 June	8,782,373	0	8,782,373
Carrying amount at 30 June	22,106,745	109,256	22,106,745

Completed development projects consist of development of the "Cloud Factory Partner Portal" including advanced invoicing processes. Projects consists of external advice, own time and other external costs. The depreciation period is five years and it is expected to have competitive advantages in the future. The management has no indication of impairment in relation to the accounting values.

Development costs for the Cloud Factory Partner Portal comprises costs related to partners being able to log in and create offers for their customers. The portal must also function as a provisioning tool for Cloud Factory's services, so the Partner only log in at one place to handle the sales and provisioning process.

Development of an advanced billing process comprises costs related to our partners being able to quickly and efficiently load consumption data into their own billing systems. The development takes place continuously and in connection with the fact that we implement new services.

Notes to the Financial Statements

8. Property, plant and equipment

	Group	Parent company
	Other fixtures and fittings, tools and equipment	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 July	30,483,626	30,418,425
Additions for the year	2,783,997	2,676,637
Disposals for the year	-2,836,896	-2,836,896
Cost at 30 June	30,430,727	30,258,166
Impairment losses and depreciation at 1 July	16,374,567	16,364,901
Exchange adjustment	-336	0
Depreciation for the year	5,140,925	5,109,471
Reversal of impairment and depreciation of sold assets	-2,337,194	-2,337,194
Impairment losses and depreciation at 30 June	19,177,962	19,137,178
Carrying amount at 30 June	11,252,765	11,120,988
Including assets under finance leases amounting to	9,464,134	9,464,134

Notes to the Financial Statements

9. Investments in subsidiaries

	Parent company	
	2023/24	2022/23
	DKK	DKK
Cost at 1 July	49,965	22,200
Additions for the year	109,256	27,765
Cost at 30 June	159,221	49,965
Value adjustments at 1 July	93,607	-403,865
Exchange adjustment	-10,698	-17,142
Net profit/loss for the year	617,380	514,614
Value adjustments at 30 June	700,289	93,607
Carrying amount at 30 June	859,510	143,572
Positive differences arising on initial measurement of subsidiaries at net asset value	109,256	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Cloud Factory Norge AS	Asker, Norge	NOK 30,000	100%
Cloud Factory AB	Stockholm, Sverige	SEK 25,000	100%
Cloud Factory Benelux B.V.	Hilversum, Netherlands	EUR 1.2	100%

10. Other fixed asset investments

	Group	Parent company
	Deposits	Deposits
	DKK	DKK
Cost at 1 July	256,696	200,800
Exchange adjustment	-3,456	0
Additions for the year	58,824	58,824
Cost at 30 June	312,064	259,624
Carrying amount at 30 June	312,064	259,624

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
11. Deferred tax asset				
Deferred tax asset at 1 July	8,299,000	6,946,000	8,299,000	6,946,000
Amounts recognised in the income statement for the year	-8,299,000	1,353,000	-8,299,000	1,353,000
Amounts recognised in equity for the year	7,817	0	0	0
Deferred tax asset at 30 June	7,817	8,299,000	0	8,299,000

The company has an unrecognized deferred tax asset which, assuming full realization at the current tax rate, amounts to TDKK 9,579. The unrecognized deferred tax asset primarily consists of tax losses from previous years.

However, with current strategic focus of the company being continued growth into rest of Europe over short-term profitability, means that the criteria for recognition in 2023/24 is not in place. Therefore the deferred tax asset has been written down

12. Prepayments

Prepayments include incurred prepaid costs relating to rent, insurance premiums, subscriptions and interest.

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK

13. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

After 5 years	0	0	0	0
Between 1 and 5 years	4,125,392	6,956,869	4,125,392	6,956,869
Long-term part	4,125,392	6,956,869	4,125,392	6,956,869
Within 1 year	4,769,876	4,566,216	4,769,876	4,566,216
	8,895,268	11,523,085	8,895,268	11,523,085

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
13. Long-term debt				
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	17,049,506	0	17,049,506	0
Long-term part	17,049,506	0	17,049,506	0
Within 1 year	1,371,905	0	1,371,905	0
Other short-term payables	4,964,746	3,043,455	3,703,001	2,150,002
	23,386,157	3,043,455	22,124,412	2,150,002

14. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	Group	
	2023/24	2022/23
	DKK	DKK
15. Cash flow statement - Adjustments		
Financial income	-125,722	-35,476
Financial expenses	2,033,344	1,216,221
Depreciation, amortisation and impairment losses, including losses and gains on sales	9,340,210	11,041,367
Tax on profit/loss for the year	8,496,812	-2,401,997
Exchange adjustments	-10,698	0
Other adjustments	374,242	0
	20,108,188	9,820,115

	Group	
	2023/24	2022/23
	DKK	DKK
16. Cash flow statement - Change in working capital		
Change in receivables	-37,871,640	-25,119,438
Change in trade payables, etc	42,200,570	31,039,747
	4,328,930	5,920,309

Notes to the Financial Statements

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	DKK	DKK	DKK
17. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with bankers:				
Mortgage deeds registered to the mortgagor totalling kDKK 10.000, providing security on goodwill, inventory, trade receivables as well as other property, plant and equipment at a total carrying amount of:	68,614,460	51,719,131	68,614,460	51,719,131
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	2,833,929	393,197	2,833,929	393,197
Between 1 and 5 years	3,299,760	611,382	3,299,760	611,382
	6,133,689	1,004,579	6,133,689	1,004,579
Lease obligations, period of non-terminability	551,552	267,858	418,020	182,034
Other contingent liabilities				
The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Jacob V. Schmidt ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.				

Notes to the Financial Statements

18. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Jacob V. Schmidt ApS	Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Jacob V. Schmidt ApS	Varde

19. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

20. Accounting policies

The Annual Report of Cloud Factory A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023/24 are presented in DKK.

The company has reassessed the useful lifetime of development cost from 3 years to 5 years based on management's historical knowledge and experiences. The change has resulted in a decrease of depreciation for the current year with TDKK 3,050 and a positive effect of the year's resultat with TDKK 3,050. It has also affected the company's Completed development projects with TDKK 3,050 and the total balance sheet with TDKK 3,050. Equity is affected by TDKK 3,050. The company's cash flow is not affected by the change.

Changes in accounting policies

The company has changed accounting policies for measuring revenue to apply IAS 18 as its basis of interpretation for the recognition of revenue. Consequently the company recognizes revenue as agent and not principal. The change has resulted in an decrease of revenue and cost of sales for the current year with TDKK 229,522 and last years revenue and cost of sales with TDKK 150,397. Gross profit and result for the year are not affected and remains unchanged in current and last year. Furthermore the company's equity and cash flow are not affected by the change.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Cloud Factory A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income statement

Revenue

IAS 18 is applied as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Sale of software and cloud licenses acting as an agent is recognised in the income statement if supply and risk transfer to the purchaser has taken place before the end of the year. Sale of software and cloud licenses acting as an agent is recognised exclusive of VAT, duties and less discounts related to the sale. For the majority of the Company's license reseller contracts, the Company acts as an agent. The performance obligation is to arrange for the licenses to be provided. The Company normally only has one performance obligation that is satisfied upon the initial completion of the contract towards the agent. Revenue consists of any agent fees from the software company and any sales proceeds from the end user less any costs from the software company.

Direct expenses

Direct expenses primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Notes to the Financial Statements

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the Parent Company. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 5 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Development projects relating to products and processes that are clearly defined and identifiable, where the degree of technical utilization, sufficient resources and a potential future market or development opportunity in the company can be demonstrated, and where the intention is to manufacture, launch or use the product or process, are recognized as intangible fixed assets. Other development costs are recognized as costs in the income statement when the costs are incurred. When development projects are recognized as intangible fixed assets, an amount corresponding to the incurred costs is tied to the equity under the reserve for development costs, which is reduced in line with depreciation and write-downs on the development projects.

The cost price for development projects includes costs that can be directly attributed to the development projects.

Completed development projects are depreciated on a straight-line basis over the expected useful life, which is determined based on a specific assessment of the individual development project. If the useful life cannot be estimated reliably, it is set at 10 years.

For development projects protected by intangible rights, the maximum amortization period is the remaining term of the rights in question. The depreciation periods used are 5 years.

Acquired intangible rights are measured at cost less accumulated depreciation. Licenses are depreciated on a straight-line basis over the term of the agreement.

Intangible rights, etc. written down to recoverable amount if this is lower than the accounting value.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-6 years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposit.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin

$\text{Gross profit} \times 100 / \text{Revenue}$

Solvency ratio

$\text{Equity at year end} \times 100 / \text{Total assets at year end}$