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Timextender A/S

Hedeager 5
8200 Aarhus N
CVR No. 29216711

Annual report 01.07.2019 - 30.06.2020

The Annual General Meeting adopted the annual report on 27.11.2020

Jørn Uffe Bonnesen
Chairman of the General Meeting

Contents

Entity details

Entity

Timextender A/S

Hedeager 5

8200 Aarhus N

CVR No.: 29216711

Registered office: Aarhus

Financial year: 01.07.2019 - 30.06.2020

Board of Directors

Torben Frigaard Rasmussen, formand
Birgit Krog-Iversen
Jørn Uffe Bonnesen

Executive Board

Heine Baden Krog Iversen
Klaus Vang

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Timextender A/S for the financial year 01.07.2019 - 30.06.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2020 and of the results of its operations for the financial year 01.07.2019 - 30.06.2020.

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

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 27.11.2020

Executive Board

Heine Baden Krog Iversen

Klaus Vang

Board of Directors

Torben Frigaard Rasmussen
formand

Birgit Krog-Iversen

Jørn Uffe Bonnesen

Independent auditor's report

To the shareholders of Timextender A/S

Opinion

We have audited the financial statements of Timextender A/S for the financial year 01.07.2019 - 30.06.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2020 and of the results of its operations for the financial year 01.07.2019 - 30.06.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the 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 the management commentary.

Aarhus, 27.11.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Michael Bach
State Authorised Public Accountant
Identification No (MNE) mne19691

Steen Andersen
State Authorised Public Accountant
Identification No (MNE) mne27730

Management commentary

Primary activities

The Company's primary activity is the development and sale of the data management software product TimeXtender.

The software is sold globally through a 100% partner-driven sales strategy.

Development in activities and finances

The annual report shows a loss of DKK 21,066k, which is a significant improvement on the previous financial year 18/19 and in line with what was reported last year.

The Company's Management therefore considers the profit for the year as expected and follows the strategy of changing price models from traditional software sales to selling the software by subscription. The change is almost completed, and the Company generates positive cash flows on operations in the new financial year.

Management believes that the existing credit limits and agreements concluded with the Company's investors are sufficient to ensure the implementation of the growth strategy.

The financial year 19/20 shows continued strong growth in new customers. Since the software is sold as subscriptions, there is more focus on measuring the business on unit economics rather than on the classic income statement. The key figures are therefore our retention rate of 93%, our CLV/CAC ratio of 10 and the growth of our ARR of 49% in the financial year. All key figures are at the very best end of the industry.

Again in 2020, TimeXtender was recognized as runner-up for the "Microsoft World Partner of the Year Award" in the category of Data Estate Modernization and has passed more than 3,000 customers in 94 countries and with more than 200 partners to serve its customers.

Our strong focus on X people and their personal skills, including the focus which our DNA and culture have on mindfulness in business, one minute's silence at the beginning of all meetings and training of all employees in the 7 good habits, have proven to be very powerful tools when the world closed down and we sent all X people home. Working from home requires a lot of changes for everyone, and it has become clear that we came out better and today are stronger than most other companies in the new normal because of our strong culture.

As a company, we expect to operate with work from anywhere in the future and will actively use this step toward a fully remote approach to work, based on output and self-management, to also ensure that we attract the best employees and not just those working near our office.

Because time matters, we engage fully charged.

COVID-19

Apart from a brief impact in March/April, when we all had to find ourselves in a period of dramatic changes as a result of the global shutdowns, we have not seen any significant impact on the business. Our customers and partners found new ways of working relatively quickly, and we did not experience any measurable customer drop -out.

We do not expect COVID-19 to have any noticeable negative impact in the future, and we expect to continue our strong growth rates as we realized customer growth of 69% in Q1 for the current financial year.

Events after the balance sheet date

For further explanation see note 1.

Since the balance sheet date, TimeXtender Holding ApS has made a group contribution to TimeXtender A/S of DKK 45m, thus re-establishing the Company's positive equity.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		**4,496,582**	**(4,439,827)**
Staff costs	2	(21,739,120)	(30,559,702)
Depreciation, amortisation and impairment losses		(3,402,598)	(3,018,243)
Operating profit/loss		**(20,645,136)**	**(38,017,772)**
Other financial income	3	276,565	3,308
Other financial expenses	4	(1,744,245)	(912,972)
Profit/loss before tax		**(22,112,816)**	**(38,927,436)**
Tax on profit/loss for the year	5	906,231	2,259,003
Profit/loss for the year		**(21,206,585)**	**(36,668,433)**
Proposed distribution of profit and loss			
Retained earnings		(21,206,585)	(36,668,433)
Proposed distribution of profit and loss		**(21,206,585)**	**(36,668,433)**

Balance sheet at 30.06.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Completed development projects	7	9,906,069	9,090,429
Intangible assets	6	**9,906,069**	**9,090,429**
Other fixtures and fittings, tools and equipment		49,725	104,445
Leasehold improvements		0	44,416
Property, plant and equipment	8	**49,725**	**148,861**
Investments in group enterprises		22,199,812	22,199,812
Other financial assets	9	**22,199,812**	**22,199,812**
Fixed assets		**32,155,606**	**31,439,102**
Trade receivables		8,094,182	9,063,995
Receivables from group enterprises		3,049,445	2,402,630
Other receivables		944,985	730,245
Income tax receivable		906,231	1,723,157
Prepayments		169,223	1,981,470
Receivables		**13,164,066**	**15,901,497**
Cash		**46,887**	**1,322,177**
Current assets		**13,210,953**	**17,223,674**
Assets		**45,366,559**	**48,662,776**

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital	10	44,000,000	44,000,000
Reserve for development expenditure		9,552,049	7,823,902
Retained earnings		(85,371,323)	(131,936,591)
Equity		**(31,819,274)**	**(80,112,689)**
Other payables		1,727,327	0
Non-current liabilities other than provisions	11	**1,727,327**	**0**
Bank loans		38,304,732	39,247,491
Prepayments received from customers		474,966	495,086
Trade payables		1,075,150	4,388,458
Payables to group enterprises		2,466,836	55,000,000
Other payables		6,951,911	8,932,340
Deferred income		26,184,911	20,712,090
Current liabilities other than provisions		**75,458,506**	**128,775,465**
Liabilities other than provisions		**77,185,833**	**128,775,465**
Equity and liabilities		**45,366,559**	**48,662,776**
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	12		
Contingent assets	13		
Contingent liabilities	14		
Assets charged and collateral	15		

Statement of changes in equity for 2019/20

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	44,000,000	7,823,902	(131,936,591)	(80,112,689)
Group contributions etc	0	0	69,500,000	69,500,000
Transfer to reserves	0	1,728,147	(1,728,147)	0
Profit/loss for the year	0	0	(21,206,585)	(21,206,585)
Equity end of year	**44,000,000**	**9,552,049**	**(85,371,323)**	**(31,819,274)**

Other statutory reserves exclusively consist of a reserve for development costs.

Notes

1 Events after the balance sheet date

Apart from a brief impact in March/April, when we all had to find ourselves in a period of dramatic changes as a result of the global shutdowns, we have not seen any significant impact on the business. Our customers and partners found new ways of working relatively quickly, and we did not experience any measurable customer drop -out.

We do not expect COVID-19 to have any noticeable negative impact in the future, and we expect to continue our strong growth rates as we realized customer growth of 69% in Q1 for the current financial year.

2 Staff costs

	2019/20 DKK	2018/19 DKK
Wages and salaries	23,312,014	30,939,126
Pension costs	2,255,086	3,594,144
Other social security costs	291,252	357,435
	25,858,352	**34,890,705**
Staff costs classified as assets	(4,119,232)	(4,331,003)
	21,739,120	**30,559,702**

Average number of full-time employees	**39**	**42**

3 Other financial income

	2019/20 DKK	2018/19 DKK
Financial income from group enterprises	73,768	0
Exchange rate adjustments	202,797	3,308
	276,565	**3,308**

4 Other financial expenses

	2019/20 DKK	2018/19 DKK
Other interest expenses	1,744,245	912,972
	1,744,245	**912,972**

5 Tax on profit/loss for the year

	2019/20 DKK	2018/19 DKK
Current tax	(906,231)	(2,259,003)
	(906,231)	**(2,259,003)**

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	23,766,328
Additions	4,119,232
Cost end of year	**27,885,560**
Amortisation and impairment losses beginning of year	(14,675,899)
Amortisation for the year	(3,303,592)
Amortisation and impairment losses end of year	**(17,979,491)**
Carrying amount end of year	**9,906,069**

7 Development projects

The development projects comprise current costs for development of the TimeXtender A/S TimeXtender. The costs comprise payroll costs for employees directly attributable to areas of the TimeXtender that are expected to generate future earnings for TimeXtender A/S.

Based on an assessment of the development projects, Management has concluded that the carrying amount can be maintained without indication of impairment.

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,379,442	137,547
Disposals	0	(137,547)
Cost end of year	**1,379,442**	**0**
Depreciation and impairment losses beginning of year	(1,274,997)	(93,131)
Depreciation for the year	(54,720)	(20,225)
Reversal regarding disposals	0	113,356
Depreciation and impairment losses end of year	**(1,329,717)**	**0**
Carrying amount end of year	**49,725**	**0**

9 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	22,199,812
Cost end of year	**22,199,812**
Carrying amount end of year	**22,199,812**

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
TDCNA Inc.	Portland, USA	A/S	100

10 Share capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	44,000,000	1	44,000,000
	44,000,000		**44,000,000**

11 Non-current liabilities other than provisions

	Due after more than 12 months 2019/20 DKK
Other payables	1,727,327
	1,727,327

12 Unrecognised rental and lease commitments

	2019/20 DKK	2018/19 DKK
Liabilities under rental or lease agreements until maturity in total	**2,707,444**	**2,724,640**

13 Contingent assets

The Company has total tax assets of a tax base of DKK 44,845 k which are not recognised in the financial statements due to the uncertainty of utilising the tax assets.

14 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where TimeXtender Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities.

15 Assets charged and collateral

Bank debt and loans from Vækstfonden are secured on a registered all-monies mortgage with a floating charge of DKK 9,500k on goodwill, rights, operating equipment, fixtures and fittings, inventories and unsecured claims.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

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

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. 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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

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

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The used amorisation period is 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Ivestments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity value

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

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

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

Cash
Cash comprises cash in bank deposits.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.