

Cylindo ApS

Livjærgade 17B 2.th, 2100 København Ø

CVR no. 34 47 81 71

**Annual report for the period
1 May 2021 to 30 April 2022**

Adopted at the annual general meeting on 27 October
2022

Jostein Pedersen
chairman



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Statement by management on the annual report

The Executive Management has today discussed and approved the annual report of Cylindo ApS for the financial year 1 May 2021 - 30 April 2022.

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

In my opinion, the financial statements give a true and fair view of the company's financial position at 30 April 2022 and of the results of the company's operations for the financial year 1 May 2021 - 30 April 2022.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 27 October 2022

Executive Management

Jostein Pedersen
Chief Executive Officer

Independent auditor's report

To the shareholder of Cylindo ApS

Opinion

We have audited the financial statements of Cylindo ApS for the financial year 1 May 2021 - 30 April 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 April 2022 and of the results of the company's operations for the financial year 1 May 2021 - 30 April 2022 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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for 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 and IESBA Code. 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 the 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 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 company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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 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 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 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.

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'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, we conclude that management's review 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 management's review.

Copenhagen, 27 October 2022

Baker Tilly Denmark

Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Morten Friis Munksgaard
statsautoriseret revisor
MNE no. mne34482

Company details

The company	Cylindo ApS Livjæggergade 17B 2.th 2100 København Ø
	CVR no.: 34 47 81 71
	Reporting period: 1 May 2021 - 30 April 2022
	Incorporated: 12 april 2012
	Domicile: Copenhagen
Executive Management	Jostein Pedersen
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby

Management's review

Business review

The Company's primary activities are related to the development and providing visual content and software as a service to its customers.

Financial review

The company's income statement for the year ended 30. april 2022 shows a loss of DKK 9,320,873, and the balance sheet at 30 April 2022 shows equity of DKK 29,021,373.

The company has been sold to Chaos Group to further strengthen the growth and total DKK 33 Mio. in cash has been invested in the company as equity.

Year 2021/22 has had a significant growth in revenue and in profit and contracts with key customers and existing customers have been signed.

In 2022/23 we expect to continue the growth in revenue.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Disclosure of treasury shares

Information on treasury shares acquired in the financial year

Number of treasury shares acquired in the financial year: 78,850 shares

Nominal value of treasury acquired in the financial year: DKK 7,885

Total purchase price of treasury shares acquired in the financial year: DKK 603,184

Explanation of the reason for the company's acquisition of treasury shares in the financial year: Acquired and annulled in the financial year.

Income statement

1 May 2021 - 30 April 2022

	Note	2021/22	2020/21
		DKK	DKK
Revenue		77,886,802	46,942,983
Other external costs		-48,648,049	-24,018,439
Gross profit		29,238,753	22,924,544
Staff costs	1	-24,383,880	-14,848,688
Profit/loss before amortisation/depreciation and impairment losses		4,854,873	8,075,856
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-10,830,000	-7,500,000
Profit/loss before net financials		-5,975,127	575,856
Financial income		1,158,942	0
Financial costs		-4,239,353	-2,453,328
Profit/loss before tax		-9,055,538	-1,877,472
Tax on profit/loss for the year	2	-265,335	-3,348,778
Profit/loss for the year		-9,320,873	-5,226,250
Recommended appropriation of profit/loss			
Transferred to other statutory reserves		11,544,001	6,317,999
Retained earnings		-20,864,874	-11,544,249
		-9,320,873	-5,226,250

Balance sheet at 30 April 2022

	Note	2021/22 DKK	2020/21 DKK
Assets			
Completed development projects		43,222,083	28,422,083
Intangible assets	3	43,222,083	28,422,083
Other fixtures and fittings, tools and equipment		1,833,375	1,755,712
Tangible assets	4	1,833,375	1,755,712
Investments in subsidiaries	5	80,000	80,000
Deposits		434,819	150,319
Fixed asset investments		514,819	230,319
Total non-current assets		45,570,277	30,408,114
Trade receivables		15,065,470	11,799,054
Receivables from subsidiaries		613,080	613,080
Other receivables		604,422	223,476
Corporation tax		0	265,335
Prepayments		535,460	203,565
Receivables		16,818,432	13,104,510
Cash at bank and in hand		10,173,483	3,983,657
Total current assets		26,991,915	17,088,167
Total assets		72,562,192	47,496,281

Balance sheet at 30 April 2022

	Note	2021/22 DKK	2020/21 DKK
Equity and liabilities			
Share capital		200,157	129,763
Reserves, development projects		33,713,225	22,169,224
Retained earnings		-4,892,009	-16,737,812
Equity		29,021,373	5,561,175
Other credit institutions		0	11,997,671
Convertible and profit-yielding instruments of debt		0	6,519,365
Other payables		1,148,332	1,140,090
Total non-current liabilities	6	1,148,332	19,657,126
Short-term part of long-term debet	6	0	2,288,255
Prepayments received from customers		23,500,000	17,000,000
Trade payables		1,349,425	690,724
Payables to group		14,840,193	0
Other payables		2,702,869	2,299,001
Total current liabilities		42,392,487	22,277,980
Total liabilities		43,540,819	41,935,106
Total equity and liabilities		72,562,192	47,496,281

Statement of changes in equity

	Share capital	Share premium account	Reserves, development projects	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 May	129,763	0	22,169,224	-16,737,812	5,561,175
Cash capital increase	78,279	32,930,696	0	0	33,008,975
Capital reduction	-7,885	0	0	7,885	0
Purchase of treasury shares	0	0	0	-611,069	-611,069
Termination of warrants	0	0	0	-755,505	-755,505
Net profit/loss for the year	0	0	11,544,001	-20,864,874	-9,320,873
Transfer from share premium account	0	-32,930,696	0	32,930,696	0
Contribution from group	0	0	0	1,138,670	1,138,670
Equity at 30 April	200,157	0	33,713,225	-4,892,009	29,021,373

Notes

	<u>2021/22</u> DKK	<u>2020/21</u> DKK
1 Staff costs		
Wages and salaries	23,245,289	14,148,583
Pensions	121,363	83,920
Other social security costs	868,881	400,304
Other staff costs	148,347	215,881
	<u>24,383,880</u>	<u>14,848,688</u>
Average number of employees	<u>30</u>	<u>19</u>
2 Tax on profit/loss for the year		
Deferred tax for the year	0	-1,535,222
Adjustment of tax concerning previous years	265,335	4,884,000
	<u>265,335</u>	<u>3,348,778</u>
3 Intangible assets		Completed development projects
		<u>DKK</u>
Cost at 1 May		42,384,167
Additions for the year		<u>24,700,000</u>
Cost at 30 April		<u>67,084,167</u>
Impairment losses and amortisation at 1 May		13,962,084
Depreciation for the year		<u>9,900,000</u>
Impairment losses and amortisation at 30 April		<u>23,862,084</u>
Carrying amount at 30 April		<u>43,222,083</u>

Notes

4 Tangible assets

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 May	4,278,183
Additions for the year	1,007,663
Cost at 30 April	<u>5,285,846</u>
Impairment losses and depreciation at 1 May	2,522,471
Depreciation for the year	930,000
Impairment losses and depreciation at 30 April	<u>3,452,471</u>
Carrying amount at 30 April	<u><u>1,833,375</u></u>

5 Investments in subsidiaries

	2021/22	2020/21
	DKK	DKK
Cost at 1 May	<u>80,000</u>	<u>80,000</u>
Cost at 30 April	<u>80,000</u>	<u>80,000</u>
Carrying amount at 30 April	<u><u>80,000</u></u>	<u><u>80,000</u></u>

Notes

6 Long term debt

	Debt at 1 May DKK	Debt at 30 April DKK	Instalment next year DKK	Debt outstanding after 5 years DKK
Other credit institutions	14,285,926	0	0	0
Convertible and profit-yielding instruments of debt	6,519,365	0	0	0
Other payables	1,140,090	1,148,332	0	0
	21,945,381	1,148,332	0	0

7 Contingent assets, liabilities and other financial obligations

In its capacity as management company, the company is jointly taxed with its Danish group entities and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes and withholding taxes on dividends, interest and royalties.

8 Mortgages and collateral

As security for debt to Vækstfonden totalling DKK 14,285 thousand, the Company has granted floating charge of DKK 9,350 thousand.

As security for debt to Danske Bank totalling DKK 0 thousand, the Company has granted floating charge of DKK 3,500 thousand.

The Company has entered into lease agreements. The lease in the termination periode amounts to DKK 570 thousand.

Accounting policies

The annual report of Cylindo ApS for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

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

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, etc.

Staff costs

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. The item is net of refunds made by public authorities.

Accounting policies

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Tangible assets

Items of fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	5 years

Investments in subsidiaries

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Income tax and deferred tax

As management company, Cylindo ApS is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Accounting policies

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.