

Cylindo ApS

Livjægergade 17B 2.th, 2100 København Ø

Central Business Registration no. 34 47 81 71

**Annual report for the period
1 May 2019 to 30 April 2020**

Adopted at the annual general meeting on 30
September 2020

Janus Bækkelund Jagd
chairman



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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Cylindo ApS for the financial year 1 May 2019 - 30 April 2020.

The annual report is prepared in accordance with 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 2020 and of the results of the company's operations for the financial year 1 May 2019 - 30 April 2020.

In our 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, 3 September 2020

Executive Management

Janus Bækkelund Jagd
Chief Executive Officer

Supervisory board

Lars Fløe Nielsen
chairman

Janus Bækkelund Jagd

Lars Jensen

Michael Francis Buckley

Roberto Schettler

Independent auditor's report

To the shareholders of Cylindo ApS

Opinion

We have audited the financial statements of Cylindo ApS for the financial year 1 May 2019 - 30 April 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. 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 2020 and of the results of the company's operations for the financial year 1 May 2019 - 30 April 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 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. 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 judgment and maintain professional skepticism 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, 3 September 2020

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 Livjærgade 17B 2.th 2100 København Ø CVR no.: 34 47 81 71 Reporting period: 1 May 2019 - 30 April 2020 Incorporated: 12. April 2012 Domicile: Copenhagen
Supervisory board	Lars Fløe Nielsen, chairman Janus Bækkelund Jagd Lars Jensen Michael Francis Buckley Roberto Schettler
Executive Management	Janus Bækkelund Jagd
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 costumers.

Business review

Year 2019/20 has again been an important year for the company. The company finalized an investment round of USD 1.5m during the year and a Board of Directors was elected for the first time.

After a slow start at the beginning of the year, the financial results and non-financial metrics for the remaining part of the year improved constantly, even at the end of the year where the COVID-19 pandemic crises started. Contracts have been signed with some key and important customers and increased contracts have also been signed with existing customers. We continued to increase and improve our organization. In USA Boston the company moved into a new office and also in Denmark we have expanded our office and moved to Livjægergade in Copenhagen.

The company's income statement for the year ended 30. april 2020 shows a loss of DKK 4,627,497, and the balance sheet at 30 April 2020 shows equity of DKK 10,899,745.

Expectations to next fiscal year

The company expects to continue to increase gross profit in 2020/21.

Significant events occurring after end of reporting period

After the expiry of the financial year, there has been an outbreak and spread of the coronavirus due to the COVID-19 pandemic, and which has affected the company's performance. However, we have taken measures in order to reduce the effect on the company and we now expect to be able to improve our performance in the remaining part of the year. We have signed Convertible Loan Agreements with a total of 1m USD with our investors and we have received the agreed loan amounts from the investors. In addition, a loan from Vækstfonden has been approved.

Income statement

1 May 2019 - 30 April 2020

	Note	2019/20	2018/19
		DKK	DKK
Revenue		33,384,373	20,364,337
Other external costs		-22,741,393	-17,467,684
Gross profit		10,642,980	2,896,653
Staff costs	1	-11,826,306	-5,985,090
Profit/loss before amortisation/depreciation and impairment losses		-1,183,326	-3,088,437
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-4,923,066	-2,657,321
Profit/loss before net financials		-6,106,392	-5,745,758
Financial income		0	10,400
Financial costs		-996,516	-589,874
Profit/loss before tax		-7,102,908	-6,325,232
Tax on profit/loss for the year	2	2,363,091	1,368,563
Profit/loss for the year		-4,739,817	-4,956,669
 Recommended appropriation of profit/loss			
Reserves, development projects		6,850,870	5,618,470
Retained earnings		-11,590,687	-10,575,139
		-4,739,817	-4,956,669

Balance sheet at 30 April 2020

	Note	2019/20	2018/19
		DKK	DKK
Assets			
Completed development projects		20,322,083	11,538,917
Intangible assets	3	20,322,083	11,538,917
Other fixtures and fittings, tools and equipment		2,110,207	2,388,697
Tangible assets	4	2,110,207	2,388,697
Investments in subsidiaries	5	80,000	80,000
Deposits		150,319	72,000
Fixed asset investments		230,319	152,000
Total fixed assets		22,662,609	14,079,614
Trade receivables		7,491,986	4,446,769
Receivables from subsidiaries		666,597	665,000
Other receivables		79,749	235,854
Corporation tax		5,149,335	2,289,335
Prepayments		253,592	90,000
Receivables		13,641,259	7,726,958
Cash at bank and in hand		1,508,533	1,990,628
Current assets total		15,149,792	9,717,586
Assets total		37,812,401	23,797,200

Balance sheet at 30 April 2020

	Note	2019/20 DKK	2018/19 DKK
Equity and liabilities			
Share capital		129,763	117,723
Reserves, development projects		15,851,225	9,000,355
Retained earnings		-5,193,563	-3,761,736
Total equity		10,787,425	5,356,342
Provision for deferred tax		1,535,222	1,038,313
Provisions total		1,535,222	1,038,313
Other credit institutions		8,343,879	3,799,824
Convertible and profit-yielding instruments of debt		166,353	166,353
Other payables		747,488	0
Total non-current liabilities	6	9,257,720	3,966,177
Short-term part of lon-term debt	6	359,691	1,727,000
Banks		478,545	0
Prepayments received from customers		12,800,000	9,500,000
Trade payables		391,913	224,000
Other payables		2,201,885	1,985,368
Total current liabilities		16,232,034	13,436,368
Debt total		25,489,754	17,402,545
Liabilities and equity total		37,812,401	23,797,200
Contingent assets, liabilities and other financial obligations	7		
Mortgages and collateral	8		

Statement of changes in equity

	Share capital	Reserves, development projects	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 May	117,723	9,000,355	-3,761,736	5,356,342
Cash capital increase	12,040	0	10,158,860	10,170,900
Net profit/loss for the year	0	6,850,870	-11,590,687	-4,739,817
Equity at 30 April	129,763	15,851,225	-5,193,563	10,787,425

Notes

	2019/20	2018/19
	DKK	DKK
1 Staff costs		
Wages and salaries	11,242,993	5,772,045
Pensions	73,624	55,383
Other social security costs	393,395	94,311
Other staff costs	116,294	63,351
	11,826,306	5,985,090
Average number of employees	15	7
2 Tax on profit/loss for the year		
Current tax for the year	-2,860,000	-2,024,000
Deferred tax for the year	496,909	655,437
	-2,363,091	-1,368,563
3 Intangible assets		
		Completed development projects
		DKK
Cost at 1 May		14,584,167
Additions for the year		13,000,000
Cost at 30 April		27,584,167
Impairment losses and amortisation at 1 May		3,045,251
Depreciation for the year		4,216,833
Impairment losses and amortisation at 30 April		7,262,084
Carrying amount at 30 April		20,322,083

Notes

4 Tangible assets

	Other fixtures and fittings, tools and equipment
	<u>DKK</u>
Cost at 1 May	3,404,936
Additions for the year	<u>427,742</u>
Cost at 30 April	<u>3,832,678</u>
Impairment losses and depreciation at 1 May	1,016,239
Depreciation for the year	<u>706,232</u>
Impairment losses and depreciation at 30 April	<u>1,722,471</u>
Carrying amount at 30 April	<u><u>2,110,207</u></u>

5 Investments in subsidiaries

	<u>2019/20</u>	<u>2018/19</u>
	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	Debt at 30 April	Instalment next year	Debt outstanding after 5 years
	DKK	DKK	DKK	DKK
Other credit institutions	5,526,824	8,703,570	359,691	382,169
Convertible and profit-yielding instruments of debt	166,353	166,353	0	0
Other payables	0	747,488	0	0
	5,693,177	9,617,411	359,691	382,169

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 8,632 thousand, the Company has granted floating charge of DKK 9,350 thousand.

As security for debt to Danske Bank totalling DKK 479 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 1,002 thousand.

Accounting policies

The annual report of Cylindo ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger 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.

Accounting policies

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.

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 relating 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 and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax 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 costs and costs relating to rights developed by the company are recognised in the income statement as costs in the year of acquisition. Development costs and costs relating to rights developed by the company is amortised on a straightline basis over its useful life, which is assessed to be 5 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.

Accounting policies

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.

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

Other fixtures and fittings, tools and equipment	5	years
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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.

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 proceeds and the nominal value is recognised in the income statement over the term of the loan.

Accounting policies

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.

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 transactions are considered cash flow hedges, the value adjustments are taken directly to 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.