

SubReader ApS

Sankt Gertruds Stræde 5
1129 København K

CVR no. 37 25 80 24

Annual report 2019

The annual report was presented and approved at the
Company's annual general meeting on

17 June 2020



chairman

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of SubReader ApS for the financial year 1 January – 31 December 2019.

The annual report, which has not been audited, is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

17 June 2020
Executive Board:


Anders Bredgaard Thuesen
CEO


Alexander Gram Jensen

Management confirms that the Company fulfills the requirements to be exempt of audit.

Auditor's report on the compilation of financial statements

To the Management of SubReader ApS

We have compiled the financial statements of SubReader ApS for the financial year 1 January – 31 December 2019 based on the Company's bookkeeping records and other information provided by you. The financial statements comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed our work in accordance with ISRS 4410 *Engagements to Compile Financial Statements*.

We have applied our professional expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with the independence and other ethical requirements of the IESBA Codes of Ethics, which is based on fundamental principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion as to whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 17 June 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

SubReader ApS
Annual report 2019
CVR no. 37 25 80 24

Management's review

Company details

SubReader ApS
Sankt Gertruds Stræde 5
1129 København K

Telephone: 60 14 35 51
Website: www.subreader.co.dk

CVR no.: 37 25 80 24
Financial year: 1 January – 31 December

Executive Board

Anders Bredgaard Thuesen, CEO
Alexander Gram Jensen

Assistance with preparation of the annual report

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Management's review

Operating review

Principal activities

SubReader ApS serves the purpose of developing and distributing accessibility tools, that help people with especially reading disabilities to participate on equal terms as everyone else.

Profit/loss for the year (including comparison with forecasts previously announced)

The Company's income statement for 2019 shows a loss of DKK -1,198,349 as against DKK 91,838 in 2018. Equity in the Company's balance sheet at 31 December 2019 stood at DKK 1,240,467 as against DKK 338,816 at 31 December 2018.

Events after the balance sheet date

SubReader ApS has unfortunately been affected by the COVID-19 crisis, as cinemas in all markets have been closed down for several months. This has pushed the timeline for new cinema locations to be added to the platform. However, the increased usage of streaming services has impacted the usage of the platform from existing users positively.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2019	2018
Gross profit/loss		-216,160	142,141
Staff costs	2	-1,004,561	-23,692
Depreciation, amortisation and impairment losses		-3,575	0
Operating profit/loss		-1,224,296	118,449
Financial expenses		-661	-3
Profit/loss before tax		-1,224,957	118,446
Tax on profit/loss for the year	3	26,608	-26,608
Profit/loss for the year		-1,198,349	91,838
Proposed profit appropriation/distribution of loss			
Reserve for development costs		0	193,018
Retained earnings		-1,198,349	-101,180
		-1,198,349	91,838

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Intangible assets			
Software		<u>0</u>	<u>247,459</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment		<u>25,781</u>	<u>0</u>
Total fixed assets		<u>25,781</u>	<u>247,459</u>
Current assets			
Receivables			
Trade receivables		156,796	22,218
Other receivables		101,823	28,691
Receivables from group entities		693,609	0
Deferred tax asset		0	27,833
Deposits		<u>68,671</u>	<u>13,800</u>
		<u>1,020,899</u>	<u>92,542</u>
Cash at bank and in hand		<u>1,348,137</u>	<u>135,600</u>
Total current assets		<u>2,369,036</u>	<u>228,142</u>
TOTAL ASSETS		<u><u>2,394,817</u></u>	<u><u>475,601</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital		56,085	56,085
Share premium		0	184,916
Reserve for development projects		0	193,018
Retained earnings		1,184,382	-95,203
Total equity		<u>1,240,467</u>	<u>338,816</u>
Provisions			
Provisions for deferred tax		0	54,441
Total provisions		<u>0</u>	<u>54,441</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Debt to credit institutions		1,000,000	0
Current liabilities other than provisions			
Trade payables		-1,403	7,132
Other payables		144,026	75,212
Payables to shareholders and Management		11,727	0
		<u>154,350</u>	<u>82,344</u>
Total liabilities other than provisions		<u>1,154,350</u>	<u>82,344</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,394,817</u></u>	<u><u>475,601</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Share premium	Reserve of development projects	Retained earnings	Total
Equity at 1 January 2019	56,085	184,916	193,018	-95,202	338,817
Transfers, reserves	0	-184,916	0	184,916	0
Transferred over the distribution of loss	0	0	0	-1,198,350	-1,198,350
Contribution from group	0	0	0	2,100,000	2,100,000
Equity at 31 December 2019	56,085	0	0	1,184,382	1,240,467

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of SubReader ApS for 2019 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Revenue from the sale of goods where installation is a condition for significant risks being considered to have been transferred to the buyer is recognised as revenue when installation has been completed.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Intangible assets

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

rate for the individual receivable or portfolio is used as discount rate.

Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK	2019	2018
Wages and salaries	991,275	311,130
Other staff costs	13,286	2,443
Reversed to developments costs	0	-289,881
	<u>1,004,561</u>	<u>23,692</u>
Average number of full-time employees	<u>6</u>	<u>3</u>

3 Tax on profit/loss for the year

DKK	2019	2018
Current tax for the year	-27,833	27,833
Deferred tax for the year	54,441	-54,441
	<u>26,608</u>	<u>-26,608</u>