

Black Swan Investments A/S

Amaliegade 10, 1256 København K

CVR no. 37 30 16 55

**Annual report for the period
1 January to 31 December 2018**

Adopted at the annual general meeting on 11 June
2019



Peter Wedel Ranch Krarup
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 Black Swan Investments A/S for the financial year 1 January - 31 December 2018.

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 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

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 at its Annual General Meeting.

Copenhagen, 11 June 2019

Executive board

Christian Fiil Lindekilde

Supervisory board


Jeppe Rowlandson Stokholm
chairman


Christian Fiil Lindekilde


Gianluca Forino

Independent auditor's report

To the shareholders of Black Swan Investments A/S

Opinion

We have audited the financial statements of Black Swan Investments A/S for the financial year 1 January - 31 December 2018, 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 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 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.

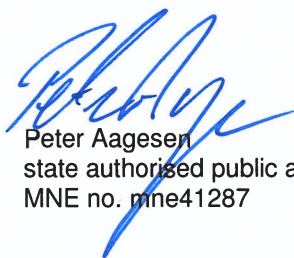
Copenhagen, 11 June 2019

Baker Tilly Denmark

Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91



Henrik Sadolin Jørgensen
state authorised public accountant
MNE no. mne33281



Peter Aagesen
state authorised public accountant
MNE no. mne41287

Company details

The company	Black Swan Investments A/S Amaliegade 10 1256 København K CVR no.: 37 30 16 55 Reporting period: 1 January - 31 December 2018 Incorporated: 15. December 2015 Domicile: Copenhagen
Supervisory board	Jeppe Rowlandson Stockholm, chairman Christian Fiil Lindekilde Gianluca Forino
Executive board	Christian Fiil Lindekilde

Management's review

Business activities

Black Swan Investments A/S objective is to invest in information and communication technologies and other technology areas, including Socialtech, Fintech, Edutech and Healthtech which are empowered by Artificial Intelligence solutions; either in the form of share capital or convertible loans and other related investment instruments.

Business review

The company's income statement for the year ended 31 December shows a loss of DKK 12.917.606, and the balance sheet at 31 December 2018 shows equity of DKK 79.213.495.

Black Swan Investments A/S has invested in the late-seed, early-growth and growth stages of a company's life cycle and does not invest in the more highly risk stages of pre-seed or seed. Black Swan Investments A/S is a follow-up fund co-investing with local Angel Investors and Seed Venture Funds mainly in Europe with a great focus on the successful Nordic region.

Management's review

Investments

Black Swan Investments A/S investments are characterized by the fact that the businesses have a proven concept, dedicated experienced entrepreneurial team and a high score on the internal Black Swan Rating System.

The investment period for Black Swan Investments A/S will expire on 31 December 2019. Hereafter, only follow-up investments in the existing companies in the portfolio will be made for the purpose of further developing and selling the ownership interests in these companies.

Several of the investments have developed positively and it is the opinion of the management team that three of the investments will be ready for exit over the next three years.

As a result, the expected maturity of Black Swan Investments A/S has been revised and is now expected to close in late 2023, and Management expects the first exit in 2021.

The cost based method is used for valuation in the official reporting. The management team is of the opinion that the value of the portfolio in aggregate (comprising seven investments and investment agreements) is higher than the original cost of purchase, especially because of the significant discounted options in a few late stage investments.

The investments are recognised at cost or at a lower recoverable value. As the portfolio companies are in a development phase, a certain degree of uncertainty will be linked to the related value assessment. According to management, the recoverable value corresponds to at least the book value.

Since the end of the last reporting period the Management has managed to reduced future commitments significantly so that they are now fully aligned with the revised fundraising objectives of the Company. The renegotiations of the agreements with the investments has also provided the Company with more value from the increased size of the options in some of the most promising investments, which could result in an allocation of one investment of up to 75% of the portfolio if the investment is at Pre-IPO stage.

Considerations about the continued operation (going concern)

The Company is a holding company for the assets and there are no significant costs related to the operation of the Company. The Company has successfully reduced its financial commitments and liabilities to the portfolio companies significantly. Moreover, the reduced commitments are now in line with the expected fundraising of the Company.

Significant events occurring after end of reporting period

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

Income statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Gross profit		-2.214.321	-2.271.288
Financial costs	2	-10.703.285	-12.199
Profit/loss before tax		-12.917.606	-2.283.487
Tax on profit/loss for the year		0	0
Profit/loss for the year		-12.917.606	-2.283.487
 Distribution of profit			
Retained earnings		-12.917.606	-2.283.487
		-12.917.606	-2.283.487

Balance sheet 31 December

	Note	2018	2017
		DKK	DKK
Assets			
Other fixed asset investments		94.513.577	99.347.691
Fixed asset investments		94.513.577	99.347.691
Total fixed assets		94.513.577	99.347.691
Cash at bank and in hand		0	927
Total current assets		0	927
Total assets		94.513.577	99.348.618

Balance sheet 31 December

	Note	2018	2017
		DKK	DKK
Equity and liabilities			
Share capital		11.122.163	11.122.163
Retained earnings		68.091.332	81.008.938
Total equity		79.213.495	92.131.101
Other credit institutions		5.188	0
Trade payables		5.000	140.430
Payables to related parties		10.441.031	4.215.983
Other payables		4.848.863	2.861.104
Total current liabilities		15.300.082	7.217.517
Debt total		15.300.082	7.217.517
Total equity and liabilities		94.513.577	99.348.618
Considerations about the continued operation (going concern)	3		
Uncertainty in the recognition and measurement	4		
Contingencies, etc.	5		

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	11.122.163	81.008.938	92.131.101
Net profit/loss for the year	0	-12.917.606	-12.917.606
Equity at 31 December	11.122.163	68.091.332	79.213.495

Notes

	<u>2018</u> DKK	<u>2017</u> DKK
1 Staff costs		
Average number of employees	<u>1</u>	<u>1</u>
2 Financial costs		
Impairment losses on financial assets	10.696.505	0
Other financial costs	<u>6.780</u>	<u>12.199</u>
	<u>10.703.285</u>	<u>12.199</u>

3 Considerations about the continued operation (going concern)

The Company is a holding company for the assets and there are no significant costs related to the operation of the Company. The Company has successfully reduced its financial commitments and liabilities to the portfolio companies significantly. The reduced commitments are now in line with the expected fundraising of the Company. At the time of preparing the financial statements the funding have not been finalized. However, management expects the funding to be successful and accordingly be able to fulfil its commitments. Based thereon the financial statements have been prepared according to the going concern principles.

Notes

4 Uncertainty in the recognition and measurement

Investments:

The Company invests in the late-seed, early-growth and growth stages of companies' life cycles and does not invest in the more highly risk stages of pre-seed or seed. The Company is a follow-on fund co-investing with local Angel Investors and Seed Venture Funds mainly in Europe with a significant focus on the Nordic region.

The Company's investments are characterized by the fact that the businesses have a proven concept, an experienced entrepreneurial team and a high score on the Company's internal Black Swan Rating System.

The Company continuously renegotiates the agreements with portfolio companies in order to retain and optimise the ownership and prospective value of the companies. Since the end of 2018 the Company has successfully reduced its commitments to several of the portfolio companies and still retains the same potential ownership. Some of the new agreements have provided the Company with a significant increase in the size of the option to invest in some of the more promising investments.

Management has decided to increase the potential allocation of one investment up to 75% of the portfolio if the investment is defined as at Pre-IPO stage.

Since investments are recognised at the lower of cost or recoverable value, this resulted in a loss on one of the investments as it accepted conversion of debt for working capital purposes at a significantly lower level than the entry value of the original subscription of Black Swan Investments A/S. However, any future increased commitment will be at these lower levels, thereby providing the company with an opportunity to mitigate that loss while increasing its stake in the future for the same prospective commitment level.

5 Contingencies, etc.

The Company has undertaken to pay additional capital contributions and convertible debt instruments to the portfolio companies concurrently that as of 31 December 2018 amounts to a total of DKK 52,1 million.

Management has subsequent to year-end successfully reduced the total commitments to DKK 17,2 million which is in line with the expected fundraising of the company over the next 12 months.

Accounting policies

The annual report of Black Swan Investments A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

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 instalments 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

Other external costs

Other external costs include expenses related to administration etc.

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, and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

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.

Accounting policies

Balance sheet

Other securities and investments, fixed assets

Other securities and investments are measured at cost.

Receivables

Receivables are measured at amortised cost.

Income tax and deferred tax

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

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