

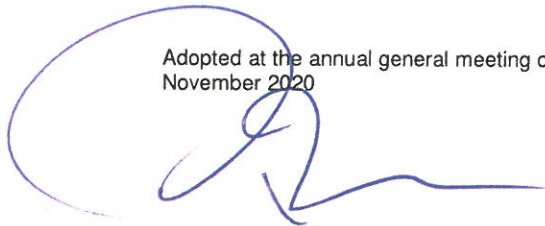
Black Swan Investments A/S

Amaliegade 10, 1256 København K

CVR no. 37 30 16 55

**Annual report for the period
1 January to 31 December 2019**

Adopted at the annual general meeting on 24
November 2020



Peter Wedel Ranch Krarup

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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 2019.

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 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

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, 24 November 2020

Executive board

Christian Fiil Lindekilde

Supervisory board


Gianluca Forino
chairman



Martin Henning Rasmussen



Christian Fiil Lindekilde

Independent auditor's report

To the shareholders of Black Swan Investments A/S **Auditors' Report on the Financial Statements**

Opinion

We have audited the financial statements of Black Swan Investments A/S for the financial year 1 January - 31 December 2019, 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 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 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.

Material uncertainty related to going concern

We pay attention to the disclosures made in Note 4 in which Management accounts for the material uncertainty related to the Company's ability to continue its operations. Considering the Company's present situation and future business plan, it is crucial that the current shareholders are willing to continue to finance the Company's operations and that negotiations with creditors are successful. The Company has short-term payables of a considerable amount and the Company has specific ongoing negotiations with current creditors. At the time of our auditors report, the negotiations are yet to be completed. When presenting the annual report, Management expects that agreements are made with short-term creditors as well as Management expects that shareholders will continue to finance the operations. Therefore, the annual report is presented under the assumption of going concern. Are the stated assumptions not met or only partly met, there is material uncertainty attached to the going concern of the Company. We do not modify our opinion on this matter.

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.

Independent auditor's report

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.

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.

Independent auditor's report

- 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.

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.

Report on other legal and regulatory requirements

Violation of deadline for filling of the Annual report

Without modifying our conclusion, we state that the company has not submitted the annual report in a timely manner. This may cause the company Management to incur liability.

Copenhagen, 24 November 2020

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 2019 Incorporated: 15. December 2015 Domicile: Copenhagen
Supervisory board	Gianluca Forino, chairman Martin Henning Rasmussen Christian Fiil Lindekilde
Executive board	Christian Fiil Lindekilde
Auditors	Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby

Management's review

Business review

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.

Financial review

The company's income statement for the year ended 31 December 2019 shows a loss of DKK 80.078.485, and the balance sheet at 31 December 2019 shows equity of DKK 9.586.842.

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.

Since the end of 2019 the COVID-19 situation has had a significant and negative impact on the valuation of the Black Swan portfolio.

Even what we still consider to be assured winners have required careful positioning, as each company in turn has faced its own challenges in business and funding terms.

Additionally, while it may appear normal for investors to focus on single investments and not see a portfolio's combined strength, particularly in the later stage of the life cycle of the portfolio, the fact remains that a vital component of portfolio positioning is to ensure that available synergies between the companies are unlocked.

In that regard, at the end of 2019, we strategically re-structured the Taxeo investment to be on a more optimal path and one that had significant prospects of a near term, exit. However, due to COVID-19 having such an unprecedented and devastating impact on all international travel across the World, the business model of reclaiming VAT from business travellers in Europe was in turn, inevitably and severely impacted as a result. Because Taxeo is still by far the biggest investment in the Black Swan portfolio, the COVID-19 situation has resulted in a significantly reduced value of the total portfolio. Taxeo decided in 2020 to put forward a claim in the Danish courts and lost in the first instance. Taxeo has appealed the verdict and we are waiting for the final verdict to move ahead with the new recovery plan. Given the ongoing uncertainty, the valuation of Taxeo has therefore been reduced to the base amount at which we have been negotiating with a third party to exit at, which commenced before the claim was put forward to the courts.

Management's review

As alluded to in the last report, Tradeshift has changed its strategic fundraising program no less than three times in 2019/2020, cancelling an acquisition, launching and then delaying an F round, ending the year with a strategic partnership accompanied by a debt round, that now requires a follow-on equity via a Convertible Bond Issue.

The follow-on equity round for Tradeshift was delayed until the new CFO started in her position in Spring 2020. Her review led to a change in accounting standards to a more conservative basis and a downward revision of financial forecasts ensued in the late Summer. The company's financial strategy is now clear under her direction namely: tight expense control with a view to securing break-even by early 2021 and a Convertible Bond Offering designed to raise circa USD 100m and bridge financial needs through to break-even and the expected increased contribution from Tradeshift Cash (Trade Finance). At that point the Company should finally and definitively be in a position to pursue an IPO on an 18-month timeframe, either through IPO or via a direct-listing. The Convertible Bond offering is currently at an advanced stage of being placed with new institutions, with expectations of conclusion and disbursement of Funds anticipated by year-end. Black Swan continues to have an option agreement for Tradeshift.

BLUETOWN had an emergency fundraise in the summer at a deeply-discounted valuation. This was designed to inject liquidity from existing investors. In that regard, we supported BLUETOWN in its efforts to secure a minimum of USD 8m equity, though it was, as it was at a price significantly below Black Swan's average entry price level. However, the funds were essential in the interim to re-position the company for a follow-on additional USD 30m fundraising at a higher price. BLUETOWN accompanied its emergency fundraise with a restructuring of the board and implemented new internal reporting processes. The emergency raise was fortuitous, given the emergence of COVID-19, but has led to delays in the follow-on raise and the current USD 10m raise is at the same price as last years' USD 8m equity round. As a result, we have had to mark-down the investment, while remaining confident that this will be marked-up going forward when the remaining part of the USD 30m round is consummated.

While we are now positioned for significant outperformance from some of our targeted investments, we have had to transfer others into a recovery process. In the instance of DigDuck, we have had to deploy legal tools to definitively halt further commitment and institute proceedings for the recovery of the investment. We therefore have a claim against the company at the level of our investment including interests and are waiting for DigDuck to come back with a payment schedule for the outstanding amount. In conclusion, Black Swan used most of the year preparing for the launch of increases in commitments from institutional partners, only to see strategic funding shifts by the companies themselves and Tradeshift in particular, lead to a deferral of these commitments until the Companies' funding strategy was finalised. This has obviously been further compounded by COVID-19's impact on investors' sentiment towards alternative illiquid investments. We have supported and worked closely with the management and shareholders of these companies in various essential aspects, throughout these shifts, thereby improving future terms for future commitments to be deployed. Whilst the negative environment is likely to continue into the first part of 2021, we have identified interest from prospective investors to make additional commitments based on the rebased NAV of the Black Swan portfolio, so

Management's review

that the options available for Tradeshift can be activated and deployed in a concrete fashion, and without the goal posts constantly moving in some instances dangerously so.

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 the end of the financial year

No events, other than above mentioned have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit		-2.967.125	-2.214.321
Financial costs	3	-77.111.360	-10.703.285
Profit/loss before tax		-80.078.485	-12.917.606
Tax on profit/loss for the year		0	0
Profit/loss for the year		-80.078.485	-12.917.606
Distribution of profit			
Retained earnings		-80.078.485	-12.917.606
		-80.078.485	-12.917.606

Balance sheet 31 December

	Note	2019 DKK	2018 DKK
Assets			
Other fixed asset investments		17.906.500	94.513.577
Fixed asset investments		17.906.500	94.513.577
Total fixed assets		17.906.500	94.513.577
Cash at bank and in hand		176.473	0
Total current assets		176.473	0
Total assets		18.082.973	94.513.577

Balance sheet 31 December

	Note	2019 DKK	2018 DKK
Equity and liabilities			
Share capital		12.345.816	11.122.163
Retained earnings		-2.758.974	68.091.332
Total equity		9.586.842	79.213.495
Other credit institutions		0	5.188
Trade payables		5.000	5.000
Payables to related parties		1.069.394	10.441.031
Other payables		7.421.737	4.848.863
Total current liabilities		8.496.131	15.300.082
Liability total		8.496.131	15.300.082
Total equity and liabilities		18.082.973	94.513.577
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Contingencies etc.	6		

Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	11.122.163	0	68.091.332	79.213.495
Cash and non-cash capital increase	1.223.653	9.228.179	0	10.451.832
Transfers, reserves	0	-9.228.179	9.228.179	0
Net profit/loss for the year	0	0	-80.078.485	-80.078.485
Equity at 31 December	12.345.816	0	-2.758.974	9.586.842

Notes

	2019 DKK	2018 DKK
1 Staff costs		
Average number of employees	1	1

2 Special items

The company has recognized a revaluation of other fixed asset investments of 77,111 thousand in the financial costs.

	2019 DKK	2018 DKK
3 Financial costs		
Impairment losses on financial assets	77.110.097	10.696.505
Other financial costs	1.263	6.780
	77.111.360	10.703.285

4 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 and significantly reduced its financial commitments and liabilities to the portfolio companies. The reduced commitments are now in line with the expected fundraising of the Company. At the time of preparing the financial statements, the funding relating to the Management Fee have not been finalised. However, the management are negotiating to convert the management fee to shares in the Company. Based thereon the financial statements have been prepared according to the ongoing concern principles.

Notes

5 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 coinvesting 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 2019 the Company has successfully reduced its commitments to several of the portfolio companies. The Company has managed to win one case regarding commitment and waiting for the outcome of another case which has been appealed after the Company won during 2020.

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

One of the portfolio companies is planning a restructuring and the Management is of the understanding that the current agreement do not imply a liability to the Company but will result in gradually loss of shares. The Management has therefore written down the full invested amount until the portfolio company provides a new plan for restructuring.

6 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 2019 amounts to a total of DKK 14,9 million.

Accounting policies

The annual report of Black Swan Investments A/S for 2019 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 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

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.

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Peter Aagesen

Revisor

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Povl Henrik Sadolin Jørgensen

Revisor

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