

ANNUAL REPORT

1. January - 31. December 2018

2021.AI APS

**Ryesgade 3 F, 2.
2200 København N**

CVR-No. 37 83 63 03

2. Financial year

The Annual Report was presented and
adopted by the Annual General Meeting

7. June 2019

Mikael Munck
Chairman of the meeting

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Please note that Danish decimal and digit grouping symbols have been used in the Annual Report.

COMPANY INFORMATION

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The Company:

2021.ai ApS
Ryesgade 3 F, 2.
2200 København N

Board of Directors:

Peter Søndergaard Jensen
Jens Friis Hjortegaard
Michael Sauer
Danny Brian Lange
Mikael Munck

Executive Board:

Mikael Munck

Auditors:

Lægård Revision
Statsautoriseret revisionsfirma
Østerbrogade 62
2100 København Ø

MANAGEMENT'S STATEMENT

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Today the Board of Directors and the Executive Board presented the Annual Report for 2018 for 2021.ai ApS.

The Annual Report has been presented in accordance with the Danish Financial Statements Act.

We find the accounting policies applied appropriate, and the Annual Report therefore provides a true and fair view of the Company's assets, liabilities and equity, financial position and results of the company. In our opinion, the Management's Review includes a true and fair description of the matters mentioned in the review.

We recommend that the Annual Report be approved at the Annual General Meeting.

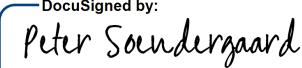
Copenhagen, 7. June 2019.

Executive Board:

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 Mikael Munck
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Board of Directors:

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 Peter Søndergaard
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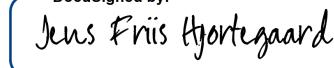
Peter Søndergaard Jensen
 (Chairman)

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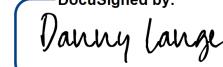
 Michael Sauer
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 Mikael Munck
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 Jens Friis Hjortegaard
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Jens Friis Hjortegaard

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 Danny Brian Lange
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THE INDEPENDENT PRACTITIONERS REPORT

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To the shareholders of 2021.ai ApS.

Conclusion:

We have performed an extended review of the financial statements of 2021.ai ApS for the financial year 1. January - 31. December 2018, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work performed, 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 conclusion:

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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.

THE INDEPENDENT PRACTITIONERS REPORT, CONTINUED

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Practitioner's responsibilities for the extended review of the financial statements:

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's review:

Management is responsible for the 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 extended review of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, 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 the 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 in the Management's review.

Copenhagen, 7. June 2019.
 Lægård Revision, CVR-No. 18 43 70 82
 State Authorised Public Accountants

Kurt Lægård
 State Authorised Public Accountant
 MNE-No. mne15013

MANAGEMENT'S REVIEW

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Principal activities:

2021.ai ApS' principal activities are to conduct business within investment, trade, service and consultancy services as well as other related activities in Denmark and abroad.

ACCOUNTING POLICIES

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The annual report of 2021.ai ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act regarding reporting class B enterprises.

The significant areas of the accounting policies, which are presented using the same policies as last year, are mentioned below.

GENERALLY REGARDING RECOGNITION AND MEASUREMENT

Income is recognised in the Income Statement as earned, including value adjustments of financial assets and liabilities. Likewise, all expenses including depreciation/amortisation, impairment losses, and reversals which are due to changes in estimated amounts previously recognised in the Income Statement, are 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 when the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that the future economic benefits will flow out of the Company and when the measurement of the value of the liability is reliable.

On initial recognition, assets and liabilities are recognised at cost. Subsequently, assets and liabilities are measured as described below for each item.

Allowances are made for predictable losses and risks that arise before the presentation of the Annual Report and that confirm or invalidate circumstances that existed at the balance sheet date.

The carrying value of the tangible fixed assets, are reviewed annually to determine, if there are any indication of impairment, besides what is determined as normal depreciation. If this is the case, the assets will be written down to its recoverable amount.

THE INCOME STATEMENT:

Gross income:

Gross income comprises the net turnover, direct costs and external costs.

Revenue:

Revenue from services is recognized in the income statement, when the service have been delivered.

ACCOUNTING POLICIES, CONTINUED

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Direct costs:

Direct costs includes costs incurred to achieve net sales for the year.

Other external costs:

Other external costs include costs relating to sales, advertising, administration and premises.

Staff costs:

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs include public allowances.

Financials:

Financial income and costs are recognised in the income statement, with the amounts concerning the financial year. Financial income and costs include interest and transactions in foreign currencies.

Tax on results for the year:

Tax on results for the year which comprises current tax and changes in deferred tax is recognised in the Income Statement with the portion of taxes related to the taxable income for the year whereas the portion attributable to entries on equity is recognised directly in equity.

The parent company and the Danish group companies are jointly taxed. Danish corporation tax is distributed among the jointly taxed Danish companies in proportion to their taxable income. The parent company acts as the administration company for the joint taxation circuit and is responsible for settling taxes etc. to the Danish tax authorities.

ACCOUNTING POLICIES, CONTINUED**8****AKTIVER:****Intangible fixed assets:**

Acquired goodwill is measured at cost less accumulated amortisations and impairments. Goodwill is amortized on a straight-line basis over the estimated economic useful life, which is estimated to be 5 years.

Development costs include direct costs, salaries and depreciations, which are directly and indirectly attributable to development activities.

Development costs recognized in the balance sheet are measured at cost less accumulated amortisations and write-downs. After completion of the development, development costs are amortized on a straight-line basis over the estimated economic useful lives. The amortisation period is 5 years.

Tangible fixed assets:

Equipment, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less expected residual value after the end of the asset's life.

Cost includes the purchase price, as well as expenses directly attributable to the acquisition, up until the moment the asset is ready to be commissioned.

Assets are depreciated under the straight-line method over the expected useful lives of the assets and the scrap value:

	Operating time	Scrap value
Other plants, fixtures and equipment	3-5 years	0-10 %

Small assets are recognised as costs in the Income Statement in the year of acquisition.

Profits and losses arising from disposal of plant and equipment are stated as the difference between the selling price less the selling costs and the carrying amount of the asset at the time of the disposal. Profits and losses are recognised in the Income Statement in other operating income or other operating expenses.

ACCOUNTING POLICIES, CONTINUED

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Financial assets:

Other receivables are measured at amortized cost, which normally corresponds to the nominal value.

Investments in group enterprises are measured at cost. In cases where the cost exceeds the recoverable value, investments are written down to this lower value.

Receivables:

Receivables are measured at amortised cost which usually equals nominal value. The value will be adjusted to meet expected losses.

Prepayments:

Prepayments recognized under assets include incurred expenses relating to subsequent financial years.

Cash funds:

Cash equivalents consist of bank deposits and cash. Cash and cash equivalents are carried at fair value.

LIABILITIES:

Prepayments from customers:

Received prepayments from customers, recognized under liabilities, include payments relating to revenue in subsequent years.

Deferred income:

Deferred income, recognized under liabilities, comprises income from services that run from the current financial year into subsequent years.

ACCOUNTING POLICIES, CONTINUED**10****Tax payable and deferred tax:**

Current tax liabilities and current tax receivable are recognised in the balance sheet as tax calculated on the taxable income for the year adjusted for tax on previous years' taxable income and taxes paid on account/prepaid.

Deferred tax is measured according to the balance sheet liability method in respect of temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, e.g. in respect of shares in which the statement of the tax base can be made according to alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets including the tax value of tax loss carryforwards, are measured at the expected realisable value, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Liabilities:

Liabilities concerning debts to suppliers and other short and long-term debts are measured at amortised cost which usually corresponds to the nominal value.

Conversion of foreign currency:

Transactions in foreign currency are translated at the exchange rates on the transaction date. Differences in exchange rates arising between the transaction date and the payment date are recognized in the income statement as financial income and expenses.

Receivables, debt and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are measured at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the time of the origin of the debt is recognized in the income statement under financial income and expenses.

INCOME STATEMENT 1. JANUARY - DECEMBER 2018**11**

<u>Note</u>		(18 months)	
		2018	2016/17
	GROSS PROFIT	6.345.704	4.520.269
1	Staff costs	-8.479.112	-4.483.555
	PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES	-2.133.409	36.714
	Depreciation, amortisation expense and impairment losses	-1.608.967	-257.616
	PROFIT/LOSS BEFORE INTEREST AND TAX	-3.742.375	-220.903
	Financial income	153.036	20.244
	Financial expenses	-383.371	-13.582
	PROFIT/LOSS BEFORE TAX	-3.972.710	-214.241
	Tax on profit for the year	922.091	40.176
	PROFIT/LOSS AFTER TAX	-3.050.619	-174.065
PROPOSED DISTRIBUTION OF PROFIT			
	Other statutory reserves	6.869.850	2.053.164
	Retained earnings	-9.920.469	-2.227.229
	TOTAL DISTRIBUTION	-3.050.619	-174.065

BALANCE SHEET AS AT 31. DECEMBER 2018
ASSETS

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<u>Note</u>		<u>31/12 2018</u>	<u>31/12 2017</u>
	Goodwill	324.000	432.000
2	Completed development projects	11.439.761	2.632.261
	INTANGIBLE ASSETS	11.763.761	3.064.261
	Other fixtures and fittings, tools and equipment	306.426	54.401
	TANGIBLE ASSETS	306.426	54.401
	Long-term investments in group enterprises	880.751	33.531
	Other receivables	194.069	89.670
	FINANCIAL ASSETS	1.074.820	123.200
	NON-CURRENT ASSETS	13.145.007	3.241.863
	Trade receivables	5.101.103	1.749.170
	Receivables from group enterprises	47.105	0
	Short-term tax receivables	2.245.391	609.576
3	Other receivables	4.418.998	0
	Prepayments	299.145	1.560
	RECEIVABLES	12.111.742	2.360.306
	CASH AND CASH EQUIVALENTS	1.037.434	484.397
	CURRENT ASSETS	13.149.175	2.844.703
	TOTAL ASSETS	26.294.182	6.086.565

BALANCE SHEET AS AT 31. DECEMBER 2018
LIABILITIES

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<u>Note</u>		<u>31/12 2018</u>	<u>31/12 2017</u>
	Contributed capital	200.106	187.500
	Reserve for development expenditure	8.923.014	2.053.164
	Retained earnings	-1.898.031	1.735.271
	EQUITY	7.225.089	3.975.935
	Provisions for deferred tax	1.892.700	569.400
	PROVISIONS	1.892.700	569.400
4	Other long-term payables	9.791.440	0
	LONG-TERM LIABILITIES OTHER THAN PROVISIONS	9.791.440	0
4	Short-term part of long-term liabilities other than provisions	0	0
	Short-term debt to other credit institutions	9.711	0
	Short-term prepayments received from customers	538.252	0
	Trade payables	4.668.426	661.117
	Other short-term payables	1.703.565	880.113
	Deferred income	465.000	0
	SHORT-TERM LIABILITIES	7.384.954	1.541.230
	LIABILITIES	17.176.394	1.541.230
	LIABILITIES AND EQUITY	26.294.182	6.086.565

Note

- 5 Pledges and collateral
- 6 Contingent liabilities

NOTES**14**

		(18 months)	
		2018	2016/17
<u>1</u>	<u>Staff costs</u>		
	Wages and salaries	8.016.010	4.295.341
	Other social security contributions	81.623	35.452
	Other employee costs	381.480	152.761
	TOTAL	8.479.112	4.483.555

Average number of full time employees	12	10
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2 Intangible assets

The capitalized development costs relate to the development of an artificial intelligence platform that is used to construct algorithms using enterprise data which gives companies a better overview of, for example, customer preferences. The platform has been put into use in 2017, but needs continuous development to be up to date. A large market potential has been assessed in the platform, and the product is expected to generate positive earnings in the coming years.

		2018	2016/17
<u>3</u>	<u>Other receivables</u>		
	Receivable 2nd installment Vækstfonden	4.000.000	0
	Other receivables	418.998	0
	TOTAL	4.418.998	0

		2018	2016/17
<u>4</u>	<u>Other long-term payables</u>		
	Repayments in next financial year	0	0
	Debt to financial intitutes falling due more than 5 years after the balance sheet date	1.123.352	0

5 Pledges and collateral

The company has collateral with a nominal value of DKK 6.000.000, in assets with a carrying amount of DKK 5.731.529.

6 Contingent liabilities

The company's total contingent liabilities amount to approx. DKK 1.330.000

The Company is jointly and severally liable for the corporate tax of the Group's jointly taxed income and for certain withholding tax as dividend tax and royalties tax. The total corporation tax is stated in the annual report for Munck Invest ApS CVR nr. 28 85 97 67, which is management company in relation to the joint taxation. Any subsequent corrections of joint taxation income and withholding taxes, etc. could result in the company's liability amounting to a larger amount.

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Kurt Lægård

Statsautoriseret revisor

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Mikael Munck

Direktør og dirigent

På vegne af: 2021.ai ApS

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