LægårdRevision
Statsautoriseret revisionsfirma

ANNUAL REPORT

1. July 2016 - 31. December 2017

2021.AI APS

Ragnagade 7 st.
2100 København Ø

CVR-No. 37 83 63 03
1. Financial year

The Annual Report was presented and
adopted by the Annual General Meeting
30. May 2018

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.

The Company:
2021.ai ApS
Ragnagade 7 st.
2100 København Ø

Board of Directors:
Mikael Munck
Jens Friis Hjortegaard
Michael Sauer
Danny Brian Lange

Executive Board:
Mikael Munck

Auditors:
Lægård Revision
Statsautoriseret revisionsfirma
Østerbrogade 62
2100 København Ø

Today the Board of Directors and the Executive Board presented the Annual Report for 2016/17 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, 30. May 2018.

Executive Board:

Mikael Munck

Board of Directors:

Mikael Munck (Chairman)	Jens Friis Hjortegaard
Michael Sauer	Danny Brian Lange

To the shareholders of 2021.ai ApS.

EXTENDED REVIEW REPORT OF THE FINANCIAL STATEMENTS

We have performed an extended review of the financial statements of 2021.ai ApS for the financial year 2016/17. The financial statement, which comprise summary of accounting policies, income statement, balance sheet and notes , are prepared in accordance with the Danish Financial Statements Act.

Management’s Responsibility 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.

Auditor’s Responsibilities:

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our extended review in accordance with the Danish Business Authority’s assurance standard for small entities and FSR – Danske Revisorer’s standard on extended review of finan-cial statements prepared in accordance with the Danish Financial Statements Act.

This requires us to comply with the Danish Act on Approved Auditors and Audit Firms and FSR – Danske Revisorer’s Code of Ethics and perform procedures in order to obtain limited assurance for our conclusion on these Financial Statements, and in addition perform specifically required supplementary procedures in order to obtain additional assurance for our conclusion.

An extended review of financial statements includes procedures primarily consisting of making inquiries of management and others within the entity, as appropriate, applying analytical pro-cedures and the specifically required supplementary procedures, and evaluating 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 these financial statements.

Conclusion:

Based on the work performed it is our opinion that these financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31. December 2017 and of its financial performance for the financial year 2016/17 in accordance with the Danish Financial Statements Act.

STATEMENT ON THE MANAGEMENT'S REVIEW:

The management is responsible for the management's review.

Our conclusion on the financial statement does not include the management's review, and we do not express any kind of conclusion with assurance regarding the management's review.

In addition to our extended review of the financial statements, it is our responsibility to read the management's review, and evaluate whether the management's review is materially inconsistent with the financial statements or our knowledge achieved at the extended review, or in other ways appear to have material misstatements.

Our responsibility is also to evaluate whether the management's review have the information needed in accordance with the Danish financial statements act.

On this basis, and on basis of the review of the financial statement, it is our opinion that the information provided in the management's review is consistent with the financial statements, and that the management's review is in accordance with the Danish financial statements act. We have not found material misstatements in the management's review.

Copenhagen, 30. May 2018.
Lægård Revision, CVR-No. 18 43 70 82
State Authorised Public Accountants

Kurt Lægård
State Authorised Public Accountant
MNE-No. mne15013

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.

The annaul report of 2021.ai ApS for 2016/ 17 has been presented in accordance with the provisions of the Danish Financial Statements Act regarding reporting class B enterprises with the adoption of some rule for reporting class C enterprises.

The significant areas of the accounting policies 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

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

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.

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.

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.

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:

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.

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 debts are measured at amortised cost which usually corresponds to the nominal value.

Note		(18 months) 2016/17
	GROSS PROFIT	4.520.269
1	Staff costs	-4.483.555
	PROFIT (LOSS) FROM ORDINARY OPERATING ACTIVITIES	36.714
	Depreciation, amortisation expense and impairment losses of property, p	-257.616
	PROFIT/LOSS BEFORE INTEREST AND TAX	-220.903
	Financial income	20.244
	Financial expenses	-13.582
	PROFIT/LOSS BEFORE TAX	-214.241
	Tax on profit for the year	40.176
	PROFIT/LOSS AFTER TAX	-174.065
	PROPOSED DISTRIBUTION OF PROFIT	
	Dividend for the year	0
	Reserve for development expenditure	2.053.164
	Retained earnings	-2.227.229
	TOTAL DISTRIBUTION	-174.065

ASSETS

Note		31/12 2017
	Goodwill	432.000
	Completed development projects	2.632.261
	INTANGIBLE ASSETS	3.064.261
	Other fixtures and fittings, tools and equipment	54.401
	TANGIBLE ASSETS	54.401
	Long-term investments in group enterprises	33.531
	Other receivables	89.670
	FINANCIAL ASSETS	123.200
	NON-CURRENT ASSETS	3.241.863
	Trade receivables	1.749.170
	Short-term tax receivables	609.576
	Prepayments	1.560
	RECEIVABLES	2.360.306
	CASH AND CASH EQUIVALENTS	484.397
	CURRENT ASSETS	2.844.703
	TOTAL ASSETS	6.086.565

Note		31/12 2017
	Contributed capital	187.500
	Reserve for development expenditure	2.053.164
	Retained earnings	1.735.271
	Proposed dividend for the financial year	0
	EQUITY	3.975.935
	Provisions for deferred tax	569.400
	PROVISIONS	569.400
	Trade payables	661.117
	Other short-term payables	880.113
	SHORT-TERM LIABILITIES	1.541.230
	LIABILITIES	1.541.230
	LIABILITIES AND EQUITY	6.086.565

Note	
3	Contingent liabilities

		(18 months) 2016/17
1	Staff costs	
	Wages and salaries	4.295.341
	Other social security contributions	35.452
	Other employee costs	152.761
	TOTAL	4.483.555
	Average number of full time employees	10

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.

3 Contingent liabilities

The company's total contingent liabilities amount to approx. DKK 75.000

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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Mikael Munck
Bestyrelsesformand
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2018-06-04 12:06:34Z
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Mikael Munck
Direktør
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NEM ID

Jens Friis Hjortegaard
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Serienummer: PID:9208-2002-2-409734606216
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Kurt Lægård
Statsautoriseret revisor
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