2021.ai ApS

Ryesgade 3F, 2.
2200 København N
Denmark

CVR no. 37 83 63 03

Annual report 2020

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

8 July 2021

Martin Nørballe
chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of 2021.ai ApS for the financial year 1 January – 31 December 2020.

The annual report has been 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 assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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.

København, 8 July 2021
Executive Board:

Mikael Munck
Director

Board of Directors:

Peter Søndergaard Jensen Chairman	Kathrine Stampe Andersen	Danny Brian Lange
Jens Friis Hjortegaard	Mikael Munck	Michael Sauer

Independent auditor's report

To the shareholders of 2021.ai ApS

Opinion

We have audited the financial statements of 2021.ai ApS for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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 rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the company 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.

Independent auditor's report

- 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 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 audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the 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 of the Management's review.

Copenhagen, 8 July 2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Management's review

Company details

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

CVR no.:	37 83 63 03
Established:	26 June 2016
Registered office:	København
Financial year:	1 January – 31 December

Board of Directors

Peter Søndergaard Jensen, Chairman
Kathrine Stampe Andersen
Danny Brian Lange
Jens Friis Hjortegaard
Mikael Munck
Michael Sauer

Executive Board

Mikael Munck, Director

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR-nr. 25 57 81 98

Management's review

Operating review

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.

Development in activities and financial position

The Company's income statement for 2020 shows a result of DKK -6,126,528 as against DKK -5,100,472 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 9,459,435 as against DKK 10,459,418 at 31 December 2019.

Events after the balance sheet date

No events have occurred after the end of the financial year that could affect the Company's financial position.

In June 2021 the company secured additional investment and commitments that ensure funding for the following year.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross profit	2	8,315,129	14,236,055
Staff costs	3	-9,693,861	-15,259,294
Depreciation, amortisation and impairment losses		-7,289,856	-4,610,707
Loss before financial income and expenses		-8,668,588	-5,633,946
Financial income		1,467,953	102,142
Financial expenses		-394,929	-1,046,546
Loss before tax		-7,595,564	-6,578,350
Tax on loss for the year		1,469,036	1,477,878
Loss for the year		-6,126,528	-5,100,472

Proposed distribution of loss

Other statutory reserves		2,392,705	9,819,831
Retained earnings		-8,519,233	-14,920,303
		-6,126,528	-5,100,472

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
ASSETS			
Fixed assets			
Intangible assets	4		
Completed development projects		27,096,858	24,029,288
Goodwill		188,749	243,000
		27,285,607	24,272,288
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		178,511	229,819
Investments			
Equity investments in group entities		880,751	880,751
Deposits		193,947	193,906
		1,074,698	1,074,657
Total fixed assets		28,538,816	25,576,764
Current assets			
Receivables			
Trade receivables		1,907,190	1,456,425
Other receivables		322,991	130,711
Corporation tax		1,469,035	3,749,378
Prepayments		0	36,924
		3,699,216	5,373,438
Cash at bank and in hand		1,754,412	80,661
Total current assets		5,453,628	5,454,099
TOTAL ASSETS		33,992,444	31,030,863

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		226,893	215,832
Reserve for development costs		21,135,549	18,742,844
Retained earnings		-11,903,007	-8,499,258
Total equity		9,459,435	10,459,418
Provisions			
Provisions for deferred tax		4,164,200	4,164,200
Total provisions		4,164,200	4,164,200
Liabilities other than provisions			
Non-current liabilities other than provisions	6		
Other credit institutions		11,826,200	8,985,735
Current liabilities other than provisions			
Current portion of non-current liabilities		0	1,103,634
Banks, current liabilities		6,262	19,790
Trade payables		919,251	1,918,827
Payables to group entities		1,059,551	559,930
Other payables		4,305,440	3,426,681
Deferred income		2,252,105	392,648
		8,542,609	7,421,510
Total liabilities other than provisions		20,368,809	16,407,245
TOTAL EQUITY AND LIABILITIES		33,992,444	31,030,863
Contractual obligations, contingencies, etc.	7		
Mortgages and collateral			

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2020	215,832	18,742,844	-8,499,258	10,459,418
Cash capital increase	11,061	0	5,115,484	5,126,545
Transferred over the distribution of loss	0	2,392,705	-8,519,233	-6,126,528
Equity at 31 December 2020	226,893	21,135,549	-11,903,007	9,459,435

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of 2021.ai ApS for 2020 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.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Government grants

Government grants are recognised when it is fairly certain that the grant conditions will be complied with, and the grant will be received.

Grants compensating for costs incurred are recognised directly as operating income in the income statement as costs eligible for grants are incurred. If the conditions for receiving the grant are not complied until after related costs have been recognised, the grant is to be recognised in the income statement when the conditions have been complied with and it is farily certain that the grant will be awarded.

Income statement

Gross profit

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

Revenue

Income from the sale of goods, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external costs

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

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

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 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 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.

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

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is between 5 and 25 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

Property, plant and equipment

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.

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:

Fixtures and fittings, tools and equipment	3-5 years

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

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.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Investments

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

Deposits are recognised at amortised cost.

Receivables

Receivables are measured at amortised cost.

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

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

Cash at bank and in hand

Cash at bank and in hand comprise cash.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

Other liabilities are measured at net realisable value.

Deferred income

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

Financial statements 1 January – 31 December

Notes

2 Gross profit

Gross profit includes special items comprising compensation under COVID-19 government aid packages of DKK 708,490 (2019: DKK 0).

DKK	2020	2019

3 Staff costs

Wages and salaries	9,523,000	15,131,349
Other social security costs	170,861	127,945
	9,693,861	15,259,294

Staff costs are recognised in the financial statements as follows:

Staff costs	6,799,444	10,958,958
Development projects	2,894,417	4,300,336
	9,693,861	15,259,294

Average number of full-time employees	20	16

4 Intangible assets

DKK	Completed development projects	Goodwill	Total
Cost at 1 January 2020	30,019,753	540,000	30,559,753
Additions for the year	10,251,867	0	10,251,867
Cost at 31 December 2020	40,271,620	540,000	40,811,620
Amortisation and impairment losses at 1 January 2020	-5,990,465	-297,000	-6,287,465
Amortisation for the year	-7,184,297	-54,251	-7,238,548
Amortisation and impairment losses at 31 December 2020	-13,174,762	-351,251	-13,526,013
Carrying amount at 31 December 2020	27,096,858	188,749	27,285,607

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Notes

5 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment
Cost at 1 January 2020	419,644
Cost at 31 December 2020	419,644
Depreciation and impairment losses at 1 January 2020	-189,825
Depreciation for the year	-51,308
Depreciation and impairment losses at 31 December 2020	-241,133
Carrying amount at 31 December 2020	178,511

6 Non-current liabilities other than provisions

DKK

	2020	2019
Other credit institutions	1	1,103,634
	1	1,103,634

7 Contractual obligations, contingencies, etc.

Contingent liabilities

The company's total contingent liabilities amount to approx. DKK 800,000.

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.