



APX10 A/S

Ny Banegårdsgade 55, 4.
8000 Aarhus C
CVR No. 40112456

Annual report 2020

The Annual General Meeting adopted the
annual report on 12.05.2021

Brian Veje Iversen

Chairman of the General Meeting

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Entity details

Entity

APX10 A/S

Ny Banegårdsgade 55, 4.

8000 Aarhus C

CVR No.: 40112456

Registered office: Aarhus

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Brian Veje Iversen, Chairman

Hans-Henrik Danielsen

Ulrich Borup Hansen

Henrik Skov Laursen

Noah Sabich

Jason Plummer

Emrah Ercan

Executive Board

Ulrich Borup Hansen, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of APX10 A/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 12.05.2021

Executive Board

Ulrich Borup Hansen
Chief Executive Officer

Board of Directors

Brian Veje Iversen
Chairman

Hans-Henrik Danielsen

Ulrich Borup Hansen

Henrik Skov Laursen

Noah Sabich

Jason Plummer

Emrah Ercan

Independent auditor's extended review report

To the shareholders of APX10 A/S

Conclusion

We have performed an extended review of the financial statements of APX10 A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor'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 to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with 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 commentary.

Copenhagen, 12.05.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mads Juul Hansen

State Authorised Public Accountant
Identification No (MNE) mne44386

Management commentary

Primary activities

The Company's activities are development, sale, deployment, and services related to the software solution data | APX®.

data | APX® is a proprietary Software-as-a-Service (SaaS) solution for water, wastewater and district heating utilities and infrastructure owners. The solution provides a foundation for precision capital expenditure reinvestment priorities through a dynamic and easy-to-use digital asset management system.

Description of material changes in activities and finances

The gross profit for the year totals DKK 218k. This result is in accordance with plan and the growth-related investments made throughout the year.

During 2020, despite an unforeseen restrictive business development and sales environment due to COVID-19, the Company was able to grow its domestic customer base and increase its annual recurring revenue base. International activities in certain Northern European markets as well as North America were initiated in 2020 within the limitations enforced by the global COVID-19 pandemic.

In June 2020, as a mean to further strengthen its ownership competences within the global water domain, Dalgasgroup A/S (Det Danske Hedeselskab) sold the Company to a United States-based private equity investment firm. Specifically, the Company was acquired by Cimbria Nord 1 ApS, a wholly owned subsidiary of Cimbria Oasis Fund II, LP, an entity managed and governed by Cimbria Invest, LLC.

APX10 has under the new ownership accelerated its efforts executing its international market expansion strategy. As of year-end, the Company is fully established as an independent company with no contractual or administrative ties to its former owner, Dalgasgroup A/S. As part of this process, the Company has moved to a new office location in Aarhus.

Outlook

APX10 Management expects continuous growth in its domestic market as well as successful market expansion in select European and North American markets within the coming months and years.

The data | APX® solution is designed for international scalability why localization for new markets and development of new features are a continuous ongoing effort, where clients are an integral part of that process.

Events after the balance sheet date

The Company achieved in early 2021 its first client outside of Denmark. Specially, the Company signed in February 2021 a contract with Nordre Follo Kommune, Vann & Avløp. Separately, The Company has in early 2021 initiated conversation with a Europe-based strategic investor. These ongoing conversations may lead to a long-term strategic relationship.

Supplementary reports

Impact of COVID-19

Measures taken by the management to face the pandemic:

On March 16, all APX10 employees were transitioned to work from their homes. Simultaneously, business travel and in-person meetings were restricted. Management has throughout 2020 fully adhered to the official restrictions and guidance provided by the danish government and relevant local municipalities.

As part of a continued and future modus operandi, client and partner meetings are initially organized online which also supports a more agile outreach allowing for optimized planning and reduced travel activities.

COVID-19 Impact on the 2021 Budget:

The Company is actively evaluating the impact of COVID-19 on its 2021 Budget. A balanced approach to the T&E cost as well as cost associated with user conferences and marketing are constantly evaluated and the company has the agility to react and respond to a changing economic landscape. As the current government-enforced restrictions are expected to lessen, the Company will resume certain business travel and in-person meeting activity.

Much effort is put into building and maintaining a strong online presence causing a relative increase in social media expenses in the 2021 budget.

Income statement for 2020

	Notes	2020 DKK	2018/19 DKK
Gross profit/loss		218,402	(368,930)
Staff costs	1	(2,865,299)	(1,983,967)
Depreciation, amortisation and impairment losses	2	(3,083,352)	(1,931,286)
Operating profit/loss		(5,730,249)	(4,284,183)
Financial expenses from group enterprises		(83,556)	0
Other financial expenses	3	(16,952)	(3,522)
Profit/loss before tax		(5,830,757)	(4,287,705)
Tax on profit/loss for the year	4	919,827	938,880
Profit/loss for the year		(4,910,930)	(3,348,825)
Proposed distribution of profit and loss			
Retained earnings		(4,910,930)	(3,348,825)
Proposed distribution of profit and loss		(4,910,930)	(3,348,825)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2018/19 DKK
Completed development projects	6	4,456,312	3,579,795
Goodwill		11,250,000	13,125,000
Intangible assets	5	15,706,312	16,704,795
Other fixtures and fittings, tools and equipment		23,888	38,975
Property, plant and equipment	7	23,888	38,975
Deposits		90,600	0
Financial assets	8	90,600	0
Fixed assets		15,820,800	16,743,770
Trade receivables		906,250	250,000
Deferred tax		0	424,883
Other receivables		0	27,835
Income tax receivable		455,352	513,997
Prepayments		112,364	0
Receivables		1,473,966	1,216,715
Cash		1,352,429	187,891
Current assets		2,826,395	1,404,606
Assets		18,647,195	18,148,376

Equity and liabilities

	Notes	2020 DKK	2018/19 DKK
Contributed capital		1,000,000	1,000,000
Reserve for development expenditure		3,475,923	2,792,240
Retained earnings		7,264,322	12,858,935
Equity		11,740,245	16,651,175
Payables to group enterprises		4,084,291	0
Other payables		490,318	212,091
Non-current liabilities other than provisions	9	4,574,609	212,091
Bank loans		38,950	0
Trade payables		233,992	28,665
Payables to group enterprises		0	205,969
Other payables	10	883,148	867,143
Deferred income		1,176,251	183,333
Current liabilities other than provisions		2,332,341	1,285,110
Liabilities other than provisions		6,906,950	1,497,201
Equity and liabilities		18,647,195	18,148,376
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Group relations	13		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	2,792,240	12,858,935	16,651,175
Transfer to reserves	0	683,683	(683,683)	0
Profit/loss for the year	0	0	(4,910,930)	(4,910,930)
Equity end of year	1,000,000	3,475,923	7,264,322	11,740,245

Notes

1 Staff costs

	2020 DKK	2018/19 DKK
Wages and salaries	4,327,973	5,289,831
Pension costs	540,783	0
Other social security costs	44,292	208,343
Other staff costs	22,033	65,588
	4,935,081	5,563,762
Staff costs classified as assets	(2,069,782)	(3,579,795)
	2,865,299	1,983,967
Average number of full-time employees	7	8

2 Depreciation, amortisation and impairment losses

	2020 DKK	2018/19 DKK
Amortisation of intangible assets	3,068,265	1,875,000
Depreciation of property, plant and equipment	15,087	56,286
	3,083,352	1,931,286

3 Other financial expenses

	2020 DKK	2018/19 DKK
Other interest expenses	14,270	3,522
Other financial expenses	2,682	0
	16,952	3,522

4 Tax on profit/loss for the year

	2020 DKK	2018/19 DKK
Current tax	(1,344,710)	(513,997)
Change in deferred tax	424,883	(424,883)
	(919,827)	(938,880)

5 Intangible assets

	Completed development projects DKK	Goodwill DKK
Cost beginning of year	3,579,795	15,000,000
Additions	2,069,782	0
Cost end of year	5,649,577	15,000,000
Amortisation and impairment losses beginning of year	0	(1,875,000)
Amortisation for the year	(1,193,265)	(1,875,000)
Amortisation and impairment losses end of year	(1,193,265)	(3,750,000)
Carrying amount end of year	4,456,312	11,250,000

6 Development projects

Development projects include the development of the platform. The development project essentially consists of costs in the form of direct salaries and other costs, which are registered through the company's internal project module.

The carrying amount is 4,456k. the 31.12.2020. The platform is expected to bring significant competitive advantages and thus a significant increase in the level of activity and profit for the company.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	95,261
Cost end of year	95,261
Depreciation and impairment losses beginning of year	(56,286)
Depreciation for the year	(15,087)
Depreciation and impairment losses end of year	(71,373)
Carrying amount end of year	23,888

8 Financial assets

	Deposits DKK
Additions	90,600
Cost end of year	90,600
Carrying amount end of year	90,600

9 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Payables to group enterprises	4,084,291	4,084,291
Other payables	490,318	490,318
	4,574,609	4,574,609

10 Other payables

	2020 DKK	2018/19 DKK
VAT and duties	162,149	0
Wages and salaries, personal income taxes, social security costs, etc payable	530,588	264,593
Holiday pay obligation	155,499	572,550
Other costs payable	34,912	30,000
	883,148	867,143

11 Unrecognised rental and lease commitments

	2020 DKK	2018/19 DKK
Liabilities under rental or lease agreements until maturity in total	67,950	28,000

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Cimbria Nord 1 ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Cimbria Nord 1 ApS, Bråde Overdr, 4500 Nykøbing Sj.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Cimbria Nord 1 ApS, Bråde Overdr, 4500 Nykøbing Sj.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Non-comparability

The annual report last year has been submitted with a period of more than 12 months from 20.12.2018 - 31.12.2019.

The annual report for this year is submitted with a period of 12 months.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and equipment.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 8 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises of bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.