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MONSTARLAB DENMARK APS
ORIENTKAJ 4, 1. TV., 2150 NORDHAVN
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 5 October 2021**

Anders Hedenskog Krag

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 25 08 07 26

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COMPANY DETAILS

Company	Monstarlab Denmark ApS Orientkaj 4 1. tv. 2150 Nordhavn CVR No.: 25 08 07 26 Established: 27 November 2013 Financial Year: 1 January - 31 December
Board of Directors	Hiroki Inagawa, chairman Anders Hedenskog Krag
Executive Board	Anders Hedenskog Krag
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Monstarlab Denmark ApS for the financial year 1 January - 31 December 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 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.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Copenhagen, 5 October 2021

Executive Board

Anders Hedenskog Krag
Managing Director

Board of Directors

Hiroki Inagawa
Chairman

Anders Hedenskog Krag

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Monstarlab Denmark ApS

AUDITORS OPINION ON THE FINANCIAL STATEMENTS

Opinion

We have audited the Financial Statements of Monstarlab Denmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant 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 assets, liabilities and financial position of the Company 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 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.

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.

INDEPENDENT AUDITOR'S REPORT

- 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 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.

INDEPENDENT AUDITOR'S REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Violation of the Deadline stated in the Danish Financial Statements Act Relating to Submission of the Financial Statements

In our opinion, the Company has not complied with the provisions of the Danish Financial Statements Act to submit the Financial Statements to the Danish Business Authority within the deadline of five months specified in the Danish Financial Statements Act, and the Company's Management may incur liability in this respect.

Violation of the Danish VAT legislation

Contrary to the Danish VAT Act the Company has submitted incorrect VAT returns to Skattestyrelsen, the Danish Tax Authorities, and the Company's Management may incur liability in this respect.

Copenhagen, 5 October 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

MANAGEMENT COMMENTARY

Principal activities

The principal activities of the Company are development of apps and web applications for mobile phones, social media etc.

Development in activities and financial and economic position

The income statement for 2020 shows a loss of DKK 10,599,253 against a loss of DKK 1,836,053 last year, and the balance sheet at 31 December 2020 shows an equity of DKK -9,310,768.

The year 2021 has been spent on transitioning from an agency to now be a part of a global technology consultancy. The transition has focussed on shaping the organisation to the landscape of the local market, ensuring client value with competitive products and services. The transition has taken effect faster than expected and parts of the additional growth and profit in 2021 has been converted into further establishment in key strategic capabilities. We expect to be able to continue our growth and increase profitability in the coming years.

The company's cash flow budget indicates that it is necessary for the company to receive financial support from the parent company Monstar Lab Inc. in 2020 and 2021.

The company has received a letter of support from the parent company Monstar Lab Inc. to provide such financial support as it is necessary to enable the company to continue the operations and meet the liabilities as they fall due for a period to at least August 2022.

Monstar Lab Inc. has raised DKK 250 million in August 2020, and based on this information it is expected that Monstar Lab Inc will be able to provide the financial support as necessary.

Reference is made to note 11 for more details

Significant events after the end of the financial year

The COVID-19 situation in Denmark in 2020 and 2021 has also had an impact on the operations in Monstarlab Denmark ApS.

The Management of Monstarlab Denmark ApS have followed recommendations from the authorities during 2020 and 2021, and have managed the company aligned with the shareholders, and based on the change of circumstances.

During 2021 Monstarlab Denmark ApS have experienced a significant growth in revenue. This is driven by development of existing clients, but also due to the entry of several new strategic clients. As a result of this the Management expects a significant improvement of 2021 results compared to 2020.

The shareholders of Monstarlab EMEA Holding Aps and related companies are continuously reviewing the status of the group, and will support financially, to ensure that the Monstarlab Denmark ApS as a group subsidiary at any time is in a position to fulfil any and all obligations.

Reference is made to note 12 for more details.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK
GROSS PROFIT		30,561,374	34,634,034
Staff costs.....	1	-41,766,662	-36,110,851
Depreciation, amortisation and impairment.....		-475,274	-357,222
OPERATING LOSS		-11,680,562	-1,834,039
Other financial income.....		0	374,295
Other financial expenses.....	2	-1,624,199	-838,744
LOSS BEFORE TAX		-13,304,761	-2,298,488
Tax on profit/loss for the year.....	3	2,705,508	462,435
LOSS FOR THE YEAR		-10,599,253	-1,836,053
PROPOSED DISTRIBUTION OF LOSS			
Retained earnings.....		-10,599,253	-1,836,053
TOTAL		-10,599,253	-1,836,053

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Other plants, machinery, tools and equipment.....		95,367	372,424
Leasehold improvements.....		1,898,557	135,358
Property, plant and equipment.....	4	1,993,924	507,782
Rent deposit and other receivables.....		923,135	1,570,471
Financial non-current assets.....	5	923,135	1,570,471
NON-CURRENT ASSETS.....		2,917,059	2,078,253
Trade receivables.....		6,972,707	3,496,015
Contract work in progress.....	6	2,281,231	3,012,087
Receivables from group enterprises.....		30,628,891	18,589,596
Deferred tax assets.....		2,094,094	0
Other receivables.....		95,142	16,939
Receivables joint taxation.....		58,693	0
Prepayments and accrued income.....		904,062	791,384
Receivables.....		43,034,820	25,906,021
Cash and cash equivalents.....		4,768,549	1,185,717
CURRENT ASSETS.....		47,803,369	27,091,738
ASSETS.....		50,720,428	29,169,991

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK	2019 DKK
Share capital.....		80,000	80,000
Retained profit.....		-9,390,768	1,208,485
EQUITY.....		-9,310,768	1,288,485
Provision for deferred tax.....		0	552,721
PROVISIONS.....		0	552,721
Payables to group enterprises.....		9,900,000	0
Other liabilities.....		3,093,109	1,176,045
Non-current liabilities.....	7	12,993,109	1,176,045
Bank debt.....		5,619	166,259
Prepayments received, ia.....	6	1,828,728	2,621,048
Trade payables.....		2,493,375	1,530,904
Payables to group enterprises.....		27,144,853	9,934,862
Corporation tax.....		0	22,548
Other liabilities.....		15,565,512	11,877,119
Current liabilities.....		47,038,087	26,152,740
LIABILITIES.....		60,031,196	27,328,785
EQUITY AND LIABILITIES.....		50,720,428	29,169,991
Contingencies etc.	8		
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Information on significant uncertainties and unusual circumstances	10		
Significant events after the end of the financial year	11		
Consolidated Financial Statements	12		

EQUITY

	Share capital	Retained loss	Total
Equity at 1 January 2020.....	80,000	1,208,485	1,288,485
Proposed loss allocation.....		-10,599,253	-10,599,253
Equity at 31 December 2020.....	80,000	-9,390,768	-9,310,768

NOTES

	2020 DKK	2019 DKK	Note
Staff costs			1
Average number of employees	66	59	
Wages and salaries.....	40,466,749	33,914,593	
Pensions.....	373,063	134,305	
Social security costs.....	136,355	298,787	
Other staff costs.....	790,495	1,763,166	
	41,766,662	36,110,851	
Other financial expenses			2
Group enterprises.....	116,687	289,998	
Other interest expenses.....	1,507,512	548,746	
	1,624,199	838,744	
Tax on profit/loss for the year			3
Adjustment of tax for previous years.....	-58,693	0	
Adjustment of deferred tax.....	-2,646,815	-462,435	
	-2,705,508	-462,435	
Property, plant and equipment			4
	Other plants, machinery, tools and equipment	Leasehold improvements	
Cost at 1 January 2020.....	1,447,123	1,120,243	
Additions.....	54,761	1,999,190	
Disposals.....	-92,536	0	
Cost at 31 December 2020.....	1,409,348	3,119,433	
Depreciation and impairment losses at 1 January 2020.....	1,074,698	984,885	
Depreciation for the year.....	239,283	235,991	
Depreciation and impairment losses at 31 December 2020....	1,313,981	1,220,876	
Carrying amount at 31 December 2020.....	95,367	1,898,557	

NOTES

			Note
Financial non-current assets			5
		Rent deposit and other receivables	
Cost at 1 January 2020.....		1,570,471	
Additions.....		500,000	
Disposals.....		-1,147,336	
Cost at 31 December 2020.....		923,135	
Carrying amount at 31 December 2020.....		923,135	
	2020	2019	
	DKK	DKK	
Contract work in progress			6
Sales value of completed work.....	13,701,651	27,674,042	
Progress invoicing/advances received.....	-13,249,148	-27,283,003	
Contract work in progress, net.....	452,503	391,039	
Recognised as follows:			
Contract work in progress (asset).....	2,281,231	3,012,087	
Contract work in progress (liability).....	-1,828,728	-2,621,048	
	452,503	391,039	
Long-term liabilities			7
	31/12 2020	Repayment	Debt
	total liabilities	next year	outstanding
			after 5 years
Payables to group enterprises.....	9,900,000	0	9,900,000
Other liabilities.....	3,093,109	0	0
	12,993,109	0	9,900,000
Contingencies etc.			8

Contingent liabilities

Rent and lease liabilities include a rent obligation totalling DKK 18.567.950 in interminable rent agreements with remaining contract terms between less than a year and under five years. Furthermore, the Company has liabilities under operating leases IT equipment, totalling DKK 5.700, with remaining contract terms of less than one year.

Joint liabilities

The company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Monstarlab EMEA Holding ApS, which serves as management company for the joint taxation.

NOTES

	Note
Charges and securities	9
For bank debts, the Company has provided security in company assets representing a nominal value of DKK 3.500.000. This security comprises the following:	
Plant and equipment, stock, goodwill, select bank accounts, simple claims concerning sales and not registered vehicles.	
Information on significant uncertainties and unusual circumstances	10
Capital Resources	
The company has received a letter of support from the parent company Monstarlab Inc. to provides such financial support as it is necessary to enable the company and subsidiaries to continue their operations and meet their liabilities as they fall due for a period to at least August 2022.	
Monstarlab Inc. has raised DKK 250 million in August 2020, and based on this information it is expected that Monstarlab Inc. will be able to provide the financial support as necessary.	
Significant events after the end of the financial year	11
The Covid-19 situation in 2021 has also had an impact on the operations of the Group.	
The management have followed recommendations from the authorities during 2020, and have managed the company aligned with the shareholders, and based on the change of circumstances.	
The shareholders of Monstarlab EMEA Holding ApS and related companies are continuously reviewing the status of the group, and will support financially, to ensure that the subsidiaries at any time is in a position to fulfil any and all obligations.	
Consolidated Financial Statements	12
The Company is included in the consolidated financial statements of Monstar Lab, Inc., Japan. The consolidated financial statements can be obtained from the parent company's website.	

ACCOUNTING POLICIES

The Annual Report of Monstarlab Denmark ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	5-10 years	0 %
Leasehold improvements.....	3-5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Fixed asset investments

Other receivables are measured at amortised cost which usually corresponds to the nominal amount. The amount is written down to meet expected losses.

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.