

Nodes ApS

Orientkaj 4, 1. tv, 2150 Nordhavn

CVR no. 25 08 07 26

Annual report 2019

Approved at the Company's annual general meeting on 29 September 2020

Chairman:

K. Kristensen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nodes ApS for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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.

Copenhagen, 29 September 2020
Executive Board:



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Daniel Højris Bæk



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Andreas Rasmussen

Casper Rasmussen

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Casper Holzmänn
Rasmussen

Board of Directors:



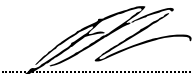
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Hiroki Inagava
Chairman



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Roger Lakhani



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Daniel Højris Bæk



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Andreas Rasmussen

Independent auditor's report

To the shareholders of Nodes ApS

Opinion

We have audited the financial statements of Nodes ApS for the financial year 1 January - 31 December 2019, which comprise 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 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 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 the 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 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 note 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 September 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim Thomsen
State Authorised Public Accountant
mne26736



Nicklas Rasmussen
State Authorised Public Accountant
mne43474



Management's review

Company details

Name	Nodes ApS
Address, Postal code, City	Orientkaj 4, 1. tv, 2150 Nordhavn
CVR no.	25 08 07 26
Established	27 November 2013
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Hiroki Inagava, Chairman Roger Lakhani Daniel Højris Bæk Andreas Rasmussen
Executive Board	Daniel Højris Bæk Andreas Rasmussen Casper Holzmann Rasmussen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

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

Financial review

The income statement for 2019 shows a loss of DKK 1,836,053 against a profit of DKK 2,082,401 last year, and the balance sheet at 31 December 2019 shows equity of DKK 1,288,485.

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

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 2 for more details

Events after the balance sheet date

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

The management of Nodes ApS 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 Nodes Group ApS and related companies are continuously reviewing the status of the group, and will support financially, to ensure that the Nodes ApS as a group subsidiary at any time is in a position to fulfil any and all obligations.

Reference is made to note 3 for more details.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2019	2018
	Gross profit	34,634,034	31,047,092
4	Staff costs	-36,110,851	-28,021,128
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-357,222	-392,684
	Profit/loss before net financials	-1,834,039	2,633,280
5	Financial income	374,066	242,867
6	Financial expenses	-838,515	-292,553
	Profit/loss before tax	-2,298,488	2,583,594
	Tax for the year	462,435	-501,193
	Profit/loss for the year	-1,836,053	2,082,401
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-1,836,053	2,082,401
		-1,836,053	2,082,401

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	372,424	140,664
	Leasehold improvements	135,358	195,637
		<u>507,782</u>	<u>336,301</u>
	Investments		
	Other receivables	1,570,471	631,020
		<u>1,570,471</u>	<u>631,020</u>
	Total fixed assets	<u>2,078,253</u>	<u>967,321</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	3,496,015	4,683,460
8	Work in progress	3,012,087	2,256,826
	Receivables from group entities	18,589,596	7,141,543
	Other receivables	16,939	481,981
	Prepayments	791,384	286,427
		<u>25,906,021</u>	<u>14,850,237</u>
	Cash	<u>1,185,717</u>	<u>1,159,411</u>
	Total non-fixed assets	<u>27,091,738</u>	<u>16,009,648</u>
	TOTAL ASSETS	<u>29,169,991</u>	<u>16,976,969</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	80,000	80,000
	Retained earnings	1,208,485	3,044,538
	Total equity	1,288,485	3,124,538
	Provisions		
	Deferred tax	552,721	1,015,156
	Total provisions	552,721	1,015,156
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other payables	1,176,045	0
		1,176,045	0
	Current liabilities other than provisions		
	Bank debt	166,259	14,776
8	Work in progress	2,621,048	2,700,178
	Trade payables	1,530,905	368,172
	Payables to group entities	9,934,863	1,279,952
	Corporation tax payable	22,548	0
	Other payables	11,877,117	8,474,197
		26,152,740	12,837,275
	Total liabilities other than provisions	27,328,785	12,837,275
	TOTAL EQUITY AND LIABILITIES	29,169,991	16,976,969

- 1 Accounting policies
- 2 Capital Resources
- 3 Events after the balance sheet date
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	80,000	3,044,538	3,124,538
Transfer through appropriation of loss	0	-1,836,053	-1,836,053
Equity at 31 December 2019	80,000	1,208,485	1,288,485

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Nodes ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from contracts is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	5 years
Fixtures and fittings, other plant and equipment	5-10 years
Leasehold improvements	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Work in progress

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other liabilities are measured at net realisable value.

2 Capital Resources

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

The management has received information that Monstar Lab Inc. has raised DKK 250 million in August 2020, and based on this information the management expects that Monstar Lab Inc will be able to provide the financial support as necessary, why the management has prepared the financial statements on a going concern basis.

3 Events after the balance sheet date

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

The management of Nodes ApS 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 Nodes Group ApS and related companies are continuously reviewing the status of the group, and will support financially, to ensure that the Nodes ApS as a group subsidiary at any time is in a position to fulfil any and all obligations.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2019	2018	
4 Staff costs			
Wages/salaries	32,879,462	25,560,259	
Other social security costs	177,297	107,103	
Other staff costs	3,054,092	2,353,766	
	<u>36,110,851</u>	<u>28,021,128</u>	
Average number of full-time employees	<u>59</u>	<u>47</u>	
5 Financial income			
Interest receivable, group entities	356,269	141,799	
Other financial income	17,797	101,068	
	<u>374,066</u>	<u>242,867</u>	
6 Financial expenses			
Interest expenses, group entities	253,081	66,317	
Exchange adjustments	361,353	0	
Other financial expenses	224,081	226,236	
	<u>838,515</u>	<u>292,553</u>	
7 Property, plant and equipment			
	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
DKK			
Cost at 1 January 2019	1,002,513	1,036,149	2,038,662
Additions	444,609	84,094	528,703
Cost at 31 December 2019	<u>1,447,122</u>	<u>1,120,243</u>	<u>2,567,365</u>
Impairment losses and depreciation at 1 January 2019	861,849	840,512	1,702,361
Depreciation	212,849	144,373	357,222
Impairment losses and depreciation at 31 December 2019	<u>1,074,698</u>	<u>984,885</u>	<u>2,059,583</u>
Carrying amount at 31 December 2019	<u>372,424</u>	<u>135,358</u>	<u>507,782</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2019	2018
8 Work in progress		
Selling price of work performed	27,674,042	32,022,190
Progress billings	-27,283,003	-32,465,542
	<u>391,039</u>	<u>-443,352</u>
recognised as follows:		
Work in progress(assets)	3,012,087	2,256,826
Work in progress(liabilities)	-2,621,048	-2,700,178
	<u>391,039</u>	<u>-443,352</u>

9 Share capital

The Company's share capital has remained DKK 80,000 over the past 5 years.

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Nodes Group ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Other rent and lease liabilities:

DKK	2019	2018
Rent and lease liabilities	<u>3,743,016</u>	<u>927,913</u>

Rent and lease liabilities include a rent obligation totalling DKK 3,609 thousand in interminable rent agreements with remaining contract terms of less than one year. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 134 thousand, with remaining contract terms of less than one year.

Financial statements 1 January - 31 December

Notes to the financial statements

11 Collateral

Mortgage and securities

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, simple claims concerning sales and not registered vehicles.

12 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Monstar Lab, Inc	Japan	At the Company's address