

GolfBox A/S
Sensommervej 34 F, 8600 Silkeborg

Company reg. no. 27 23 47 04

Annual report

2017/18

The annual report have been submitted and approved by the general meeting on the 26 June 2018.

Kenneth John Down
chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of GolfBox A/S for the financial year 1 May 2017 to 30 April 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 30 April 2018 and of the company's results of its activities and cash flows in the financial year 1 May 2017 to 30 April 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Silkeborg, 26 June 2018

Managing Director

Christian Færgemann

Board of directors

Kenneth John Down

Ian Michael Daly

Craig Glen Kinross

Richard William Holzgreff

Peter Frost

Benny Jensen

Independent auditor's report

To the shareholder of GolfBox A/S

Auditor's report on the annual accounts

Opinion

We have audited the annual accounts of GolfBox A/S for the financial year 1 May 2017 to 30 April 2018, which comprise accounting policies used, profit and loss account, balance sheet, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 April 2018 and of the results of the company's operations and cash flows for the financial year 1 May 2017 to 30 April 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Declaration in accordance with other legislation and other regulations

Violation of the Companies Act's provisions on self-financing

The company has made a loan to its parent company, which in our opinion violates section 206 of the Danish Companies Act on self-financing, whereby the management can incur liability.

Holstebro, 26 June 2018

KRØYER PEDERSEN

State Authorised Public Accountants
Company reg. no. 89 22 49 18

Klaus Lund Kristensen
State Authorised Public Accountant
MNE-nr. 32792

Company data

The company

GolfBox A/S
Sensommervej 34 F
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E mail info@golfbox.dk

Company reg. no. 27 23 47 04
Established: 2 June 2003
Domicile: Silkeborg, Denmark
Financial year: 1 May - 30 April
16th financial year

Board of directors

Kenneth John Down
Ian Michael Daly
Craig Glen Kinross
Richard William Holzgreff
Peter Frost
Benny Jensen

Managing Director

Christian Færgemann

Auditors

KRØYER PEDERSEN Statsautoriserede Revisorer I/S

Bankers

Danske Bank, Silkeborg
Ringkøbing Landbobank, Ringkøbing

Lawyer

Lundgrens, Hellerup

Parent company

MSL Solutions Ltd., Australia

Financial highlights

DKK in thousands.	<u>2017/18</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>
Profit and loss account:					
Gross profit	13.852	12.974	11.624	10.534	9.609
Results before net financials	5.665	5.334	4.610	3.798	3.857
Net financials	12	-18	1	-26	-20
Results for the year	4.428	4.144	3.595	2.911	3.219
Balance sheet:					
Balance sheet sum	26.530	21.847	19.678	16.732	16.263
Equity	18.540	14.112	12.468	9.873	9.963
Cash flow:					
Operating activities	2.449	7.471	5.923	5.123	4.076
Investment activities	-2.925	-2.952	-3.450	-3.800	-3.400
Financing activities	0	-2.500	-1.050	-3.050	-1.900
Cash flow in total	-476	2.019	1.423	-1.727	-1.224
Employees:					
Average number of full time employees	17	18	19	21	18
Key figures in %:					
Acid test ratio	232,5	146,0	125,4	86,2	130,9
Solvency ratio	69,9	64,6	63,4	59,0	61,3
Return on equity	27,1	31,2	32,2	29,4	34,4

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

Acid test ratio
$$\frac{\text{Current assets} \times 100}{\text{Short-term liabilities}}$$

Equity share
$$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

Return on equity
$$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$$

Management's review

The principal activities of the company

Like in previous years, the principal activity has been the development and sale of software to golf clubs and golf unions worldwide. Functionality, hosting and technology are continuously improved, so the quality of the overall solution continually is on a very high level.

The products are primarily sold in Denmark and other countries in Northern Europe.

Development in activities and financial matters

The gross profit for the year is DKK 13,9m against DKK 13,0m last year. The results after tax are DKK 4,4m against DKK 4,1m last year. The management consider the results satisfactory.

Equity amounted to DKK 18,5m at the balance sheet date, corresponding to a 69,9 % equity of total assets of DKK 26,5m, an increase of 5,3 percentage points compared to last year.

Accounting policies used

The annual report for GolfBox A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, variable costs and other external costs.

The net turnover from sale of licenses, modifications, hardware and other services is recognised in the profit and loss account when invoiced and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. Accrual is made over the length of the contract period regarding services that impose an obligation on the company in terms of hosting and support. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Variable costs comprise costs for external consultation, mileage allowances and variable costs directly incurred in the net turnover for the year.

Other external costs comprise costs for sales, advertisement, administration, premises, loss on debtors, and operating the software solution.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members and board of directors. Staff costs are less public reimbursements.

Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation for the year and gains and losses on disposal of intangible fixed assets.

Accounting policies used

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account.

The balance sheet

Intangible fixed assets

Development projects

Development costs comprise e.g. salaries, wages, and amortisation which directly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 10 years.

Writedown of fixed assets

The book values of intangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Equity

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

Profit and loss account 1 May - 30 April

All amounts in DKK.

<u>Note</u>	<u>2017/18</u>	<u>2016/17</u>
Gross profit	13.851.518	12.973.536
1 Staff costs	-5.891.053	-5.532.192
Amortisation relating to intangible fixed assets	-2.295.000	-2.107.350
Results before net financials	5.665.465	5.333.994
Other financial income from group enterprises	52.200	0
Other financial income	0	191
Other financial costs	-40.204	-18.436
Results before tax	5.677.461	5.315.749
Tax of the result for the year	-1.249.762	-1.171.758
Results for the year	4.427.699	4.143.991
 Proposed distribution of the results:		
Dividend for the financial year	6.000.000	0
Allocated to results brought forward	0	4.143.991
Allocated from results brought forward	-1.572.301	0
Distribution in total	4.427.699	4.143.991

Balance sheet 30 April

All amounts in DKK.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Assets		
Fixed assets		
2 Completed development projects	13.120.000	12.465.000
3 Development projects in progress	2.925.000	2.950.000
Intangible fixed assets in total	<u>16.045.000</u>	<u>15.415.000</u>
Deposits	<u>60.330</u>	<u>60.330</u>
Financial fixed assets in total	<u>60.330</u>	<u>60.330</u>
Fixed assets in total	<u>16.105.330</u>	<u>15.475.330</u>
Current assets		
Trade debtors	2.461.606	1.493.408
Amounts owed by group enterprises	3.568.857	0
Other debtors	1.606	9.191
Debtors in total	<u>6.032.069</u>	<u>1.502.599</u>
Available funds	<u>4.392.920</u>	<u>4.869.279</u>
Current assets in total	<u>10.424.989</u>	<u>6.371.878</u>
Assets in total	<u>26.530.319</u>	<u>21.847.208</u>

Balance sheet 30 April

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2018</u>	<u>2017</u>
Equity		
4 Contributed capital	1.445.020	1.445.020
5 Reserve for development expenditure	4.352.400	2.950.000
6 Results brought forward	6.742.271	9.716.972
7 Proposed dividend for the financial year	6.000.000	0
Equity in total	<u>18.539.691</u>	<u>14.111.992</u>
 Provisions		
Provisions for deferred tax	3.505.926	3.369.430
Provisions in total	<u>3.505.926</u>	<u>3.369.430</u>
 Liabilities		
Trade creditors	77.663	72.892
Corporate tax	974.266	871.238
Other debts	1.745.359	1.713.278
Accrued expenses and deferred income	1.687.414	1.708.378
Short-term liabilities in total	<u>4.484.702</u>	<u>4.365.786</u>
Liabilities in total	<u>4.484.702</u>	<u>4.365.786</u>
 Equity and liabilities in total	<u>26.530.319</u>	<u>21.847.208</u>

8 Contingencies

Cash flow statement 1 May - 30 April

All amounts in DKK.

<u>Note</u>	<u>2017/18</u>	<u>2016/17</u>
Results for the year	4.427.699	4.143.991
9 Adjustments	3.532.766	3.297.353
10 Change in working capital	-4.513.582	735.795
Cash flow from operating activities before net financials	3.446.883	8.177.139
Interest received and similar amounts	52.200	191
Interest paid and similar amounts	-40.204	-18.436
Cash flow from ordinary activities	3.458.879	8.158.894
Corporate tax paid	-1.010.238	-688.002
Cash flow from operating activities	2.448.641	7.470.892
Purchase of intangible fixed assets	-2.925.000	-2.950.000
Purchase of financial fixed assets	0	-2.102
Cash flow from investment activities	-2.925.000	-2.952.102
Dividend paid	0	-2.500.000
Cash flow from financing activities	0	-2.500.000
Changes in available funds	-476.359	2.018.790
Available funds 1 May	4.869.279	2.850.489
Available funds 30 April	4.392.920	4.869.279
Available funds		
Available funds	4.392.920	4.869.279
Available funds 30 April	4.392.920	4.869.279

Notes

All amounts in DKK.

	<u>2017/18</u>	<u>2016/17</u>
1. Staff costs		
Salaries and wages (after deduction of capitalized development costs amounting to DKK 2.925.000)	5.651.549	5.290.771
Other costs for social security	127.056	132.783
Other staff costs	112.448	108.638
	<u>5.891.053</u>	<u>5.532.192</u>
Average number of employees	<u>17</u>	<u>18</u>
	<u>30/4 2018</u>	<u>30/4 2017</u>
2. Completed development projects		
Cost 1 May	25.229.750	21.779.750
Transfers	2.950.000	3.450.000
Cost 30 April	<u>28.179.750</u>	<u>25.229.750</u>
Amortisation 1 May	-12.764.750	-10.657.400
Amortisation and writedown for the year	-2.295.000	-2.107.350
Amortisation 30 April	<u>-15.059.750</u>	<u>-12.764.750</u>
Book value 30 April	<u>13.120.000</u>	<u>12.465.000</u>
3. Development projects in progress		
Cost 1 May	2.950.000	3.450.000
Additions during the year	2.925.000	2.950.000
Transfers	-2.950.000	-3.450.000
Cost 30 April	<u>2.925.000</u>	<u>2.950.000</u>
Book value 30 April	<u>2.925.000</u>	<u>2.950.000</u>
4. Contributed capital		
Contributed capital 1 May	1.445.020	1.445.020
	<u>1.445.020</u>	<u>1.445.020</u>

Notes

All amounts in DKK.

	<u>30/4 2018</u>	<u>30/4 2017</u>
5. Reserve for development expenditure		
Reserve for development expenditure 1 May	2.950.000	0
Transferred from results brought forward	<u>1.402.400</u>	<u>2.950.000</u>
	<u>4.352.400</u>	<u>2.950.000</u>
6. Results brought forward		
Results brought forward 1 May	9.716.972	8.522.981
Profit or loss for the year brought forward	-1.572.301	4.143.991
Transferred to reserve for development expenditure	<u>-1.402.400</u>	<u>-2.950.000</u>
	<u>6.742.271</u>	<u>9.716.972</u>
7. Proposed dividend for the financial year		
Dividend 1 May	0	2.500.000
Distributed dividend	0	-2.500.000
Dividend for the financial year	<u>6.000.000</u>	<u>0</u>
	<u>6.000.000</u>	<u>0</u>

8. Contingencies

Contingent liabilities

Operating contract

The company has signed an operating agreement for hosting and back-up at an average annual operating cost of DKK 505T. The management contract can be terminated with six months notice.

Lease liability

The company has entered into a lease with an annual rent of DKK 272T. The lease can be terminated with six months notice.

Notes

All amounts in DKK.

	<u>2017/18</u>	<u>2016/17</u>
9. Adjustments		
Depreciation and amortisation	2.295.000	2.107.350
Other financial income	-52.200	-191
Other financial costs	40.204	18.436
Tax of the result for the year	1.249.762	1.171.758
	<u>3.532.766</u>	<u>3.297.353</u>
10. Change in working capital		
Change in debtors	-4.529.470	694.454
Change in trade creditors and other liabilities	15.888	41.341
	<u>-4.513.582</u>	<u>735.795</u>