

Golfbox A/S
Sensommervej 34F, 8600 Silkeborg

Company reg. no. 27 23 47 04

Annual report
1 July 2019 - 30 June 2020

The annual report was submitted and approved by the general meeting on the 30 September 2020.

Patrick William Howard
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Golfbox A/S for the financial year 1 July 2019 - 30 June 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2020 and of the company's results of activities in the financial year 1 July 2019 – 30 June 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Silkeborg, 30 September 2020

Managing Director

Carsten Overgaard

Board of directors

Richard William Holzgreff

Andrew David Ritter

Patrick William Howard

Independent auditor's report

To the shareholder of Golfbox A/S

Opinion

We have audited the financial statements of Golfbox A/S for the financial year 1 July 2019 - 30 June 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 June 2020 and of the results of the company's activities for the financial year 1 July 2019 - 30 June 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 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 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.

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 judgment 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.
- 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 30 September 2020

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen

State Authorised Public Accountant
mne30153

Kasper Sone Randrup

State Authorised Public Accountant
mne36175

Company information

The company

Golfbox A/S
Sensommervej 34F
8600 Silkeborg

Company reg. no. 27 23 47 04
Established: 2 June 2003
Domicile: Silkeborg
Financial year: 1 July 2019 - 30 June 2020
17th financial year

Board of directors

Richard William Holzgreff
Andrew David Ritter
Patrick William Howard

Managing Director

Carsten Overgaard

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

MSL Solutions Ltd.

Financial highlights

DKK in thousands. 2019/20 2018/19 2017/18 2016/17 2015/16

Income statement:

Gross profit	16.205	17.894	14.979	12.974	11.624
Profit from ordinary operating activities	2.838	3.130	3.868	5.334	4.610
Net financials	-37	272	12	-18	1
Net profit or loss for the year	2.622	2.664	3.026	4.144	3.595

Statement of financial position:

Balance sheet total	23.728	21.460	25.022	21.847	19.678
Equity	13.764	11.142	14.478	14.112	12.468

Employees:

Average number of full-time employees	19	18	16	18	19
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Key figures in %:

Solvency ratio	58,0	51,9	57,9	64,6	63,4
Return on equity	21,1	20,8	21,2	31,2	32,2

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management commentary

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 golfunions 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 totals DKK 16.205.379 against DKK 17.894.379 last year. Income or loss from ordinary activities after tax totals DKK 2.621.712 against DKK 2.664.063 last year. Management considers the net profit or loss for the year satisfactory.

Accounting policies

The annual report for Golfbox A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in DKK. The accounting period was changed in the financial year of 2018-19 and, consequently, the comparative figures in the income statement comprise the period 1 May 2018 – 30 June 2019 (14 months).

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts to achieve revenue for the year.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises and loss on receivables.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible assets.

Financial income and expenses

Financial income and expenses 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 income statement with the amounts concerning the financial year.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisations directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

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

Impairment loss relating to non-current assets

The carrying amount of intangible 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Fixed asset investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Accounting policies

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities. The reserve cannot be used as dividends or for covering losses. The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done 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 equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables.

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Income statement

All amounts in DKK.

<u>Note</u>	1/7 2019 - 30/6 2020	1/5 2018 - 30/6 2019
Gross profit	16.205.379	17.894.379
1 Staff costs	-10.353.000	-11.822.731
Amortisation and impairment of intangible assets	-2.763.023	-2.941.250
Other operating costs	-251.838	0
Profit before net financials	2.837.518	3.130.398
Other financial income from group enterprises	21.025	296.800
Other financial income	0	3.538
Other financial costs	-58.299	-28.743
Pre-tax net profit or loss	2.800.244	3.401.993
2 Tax on net profit or loss for the year	-178.532	-737.930
Net profit or loss for the year	2.621.712	2.664.063
Proposed appropriation of net profit:		
Dividend for the financial year	2.000.000	0
Transferred to retained earnings	621.712	2.664.063
Total allocations and transfers	2.621.712	2.664.063

Statement of financial position at 30 June

All amounts in DKK.

Assets			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Non-current assets			
3	Completed development projects, including patents and similar rights arising from development projects	18.488.889	17.603.750
	Total intangible assets	18.488.889	17.603.750
	Deposits	72.017	69.491
	Total investments	72.017	69.491
	Total non-current assets	18.560.906	17.673.241
Current assets			
	Trade receivables	208.067	369.490
	Receivables from group enterprises	1.570.555	2.540.940
	Income tax receivables	402.529	861.833
	Other receivables	9.668	10.717
	Total receivables	2.190.819	3.782.980
	Cash on hand and demand deposits	2.975.803	3.547
	Total current assets	5.166.622	3.786.527
	Total assets	23.727.528	21.459.768

Statement of financial position at 30 June

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity		
Contributed capital	1.445.020	1.445.020
Reserve for development costs	9.520.942	7.327.775
Retained earnings	798.019	2.369.474
Proposed dividend for the financial year	2.000.000	0
Total equity	13.763.981	11.142.269
Provisions		
Provisions for deferred tax	3.265.370	3.782.142
Total provisions	3.265.370	3.782.142
Liabilities other than provisions		
Bank loans	1.836	707.429
Trade payables	105.733	148.965
Other payables	3.005.608	1.721.963
Accruals and deferred income	3.585.000	3.957.000
Total short term liabilities other than provisions	6.698.177	6.535.357
Total liabilities other than provisions	6.698.177	6.535.357
Total equity and liabilities	23.727.528	21.459.768

4 Contingencies

5 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 May 2018	1.445.020	4.352.400	2.680.786	6.000.000	14.478.206
Distributed dividend	0	0	0	-6.000.000	-6.000.000
Profit or loss for the year brought forward	0	0	2.664.063	0	2.664.063
Transferred from results brought forward	0	2.975.375	-2.975.375	0	0
Equity 1 July 2019	1.445.020	7.327.775	2.369.474	0	11.142.269
Profit or loss for the year brought forward	0	0	621.712	2.000.000	2.621.712
Transferred from results brought forward	0	2.193.167	-2.193.167	0	0
	1.445.020	9.520.942	798.019	2.000.000	13.763.981

Notes

All amounts in DKK.

	1/7 2019 - 30/6 2020	1/5 2018 - 30/6 2019
1. Staff costs		
Salaries and wages	10.239.231	11.563.966
Other costs for social security	113.769	155.003
Other staff costs	0	103.762
	10.353.000	11.822.731
Average number of employees	19	18
2. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	59.158	461.714
Adjustment for the year of deferred tax	-516.772	276.216
Adjustment of tax for previous years	636.146	0
	178.532	737.930
3. Completed development projects, including patents and similar rights arising from development projects		
Cost 1 July 2019	35.604.750	31.104.750
Additions during the year	3.900.000	4.500.000
Disposals during the year	-747.697	0
Cost 30 June 2020	38.757.053	35.604.750
Amortisation and writedown 1 July 2019	-18.001.000	-15.059.750
Amortisation for the year	-2.763.023	-2.941.250
Reversal of depreciation, amortisation and writedown, assets disposed of	495.859	0
Amortisation and writedown 30 June 2020	-20.268.164	-18.001.000
Carrying amount, 30 June 2020	18.488.889	17.603.750

Notes

All amounts in DKK.

4. Contingencies

Contingent liabilities

	30/6 2020
	DKK in
	thousands
Total contingent liabilities	<u>2.686</u>

5. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of MSL Solution Limited, Australia.

The group annual report of MSL Solution Limited may be obtained at the following address:
<https://mpowermsl.com/financial-reports/>