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Vemco Group A/S

Røde Banke 77, 7000 Fredericia

Company reg. no. 32 07 62 11

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 31 May 2018.

Danijel Kralj
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, 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 %.

Contents

Management's report

The board of directors and the executive board have today presented the annual report of Vemco Group A/S for the financial year 1 January to 31 December 2017.

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 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

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.

Fredericia, 31 May 2018

Executive board

Anel Turkanovic

Lars Walter Høeg

Board of directors

Cornelis Anthonie Kuypers
Chairman of the board of Directors

Anel Turkanovic

Danijel Kralj

Independent auditor's report

To the shareholders of Vemco Group A/S

Opinion

We have audited the annual accounts of Vemco Group A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet 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 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 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.

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.

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.

Fredericia, 31 May 2018

BRANDT

Company reg. no. 25 49 21 45

Søren Fricke
State Authorised Public Accountant
MNE-nr. 34262

Company data

The company	Vemco Group A/S Røde Banke 77 7000 Fredericia
	Company reg. no. 32 07 62 11 Domicile: Fredericia Financial year: 1 January - 31 December
Board of directors	Cornelis Anthonie Kuypers, Chairman of the board of Directors Anel Turkanovic Danijel Kralj
Executive board	Anel Turkanovic Lars Walter Høeg
Auditors	BRANDT, Statsautoriseret Revisionspartnerselskab Ryes Plads Prinsessegade 60 7000 Fredericia
Parent company	Vemco Holding ApS
Subsidiary	Vemco Group Brasil LTDA, Brasilien

Management's review

The principal activities of the company

Principal activity is sale of solutions for accurate people counting, intelligent data analytics and interactive marketing.

Unusual matters

There has been no unusual matters, which have affected recognition and measurement.

Uncertainties as to recognition or measurement

No material uncertainty has affected recognition or measurement.

Development in activities and financial matters

Our gross profit from activities in Vemco Group A/S has increased during 2017 as expected. This is the effect of current and previous years investments in our unique Vemcount software and strengthening of the management team.

Also, in 2017 we have invested in further development of our Vemcount software, adding new features and increasing stability for existing customers and future markets. We are convinced that the ongoing development of our software will increase the company’s profitability in the coming years.

Vemco Group A/S has during 2017 spend significant resources on further developing the subsidiary Vemco Group Brasil LTDA. The efforts have resulted in increased activity, new customers and increased revenue in the subsidiary. Vemco Group A/S’s loan to Vemco Group Brasil LTDA has increased during 2017. For reasons of prudence, investments in the subsidiary are expensed in the year in which the amounts are paid out. In 2017 this has a negative effect of 1.378.000, which is recognized under financial costs.

Events subsequent to the financial year

No event have occured subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Vemco Group 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).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross profit

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

The net turnover comprises the value of services provided during the year, including outlay for customers less VAT and price reductions directly associated with the sale.

The turnover is recognised in the profit and loss account when the sale has been completed. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- There is a binding sales agreement
- The sales price has been determined
- The payment has been received, or it can with reasonable assurance be expected to be received.

Hereby, it is ensured that recognition does not take place until the total income and costs as well as the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the economic benefits, including payments, will be received by the enterprise.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for sales, advertisement, administration, premises.

Staff costs

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

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

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.

Dividend from equity investments in group enterprises is recognised in the financial year where the dividend is declared.

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 with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly 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 3 years.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Operating assets, fixtures and furniture	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 losses are recognised in the profit and loss account as other operating income or other operating expenses.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

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.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Share premium

Share premium comprises amounts paid as premium in connection with the issue of shares. Costs in connection with a carried through issue are deducted in the premium. The premium reserve may be utilised as dividend, issue of bonus shares, and for payment of losses.

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.

According to the rules of joint taxation, Vemco Group A/S is proportionally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

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

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

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.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2017	2016
	Gross profit	**6.082.498**	**5.571.441**
1	Staff costs	-3.648.724	-3.327.142
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-583.937	-248.405
	Results before net financials	**1.849.837**	**1.995.894**
	Financial income	106.919	75.083
	Financial costs	-1.475.170	-734.987
	Results before tax	**481.586**	**1.335.990**
	Tax on ordinary results	-414.022	-423.656
	Results for the year	**67.564**	**912.334**
	Proposed distribution of the results:		
	Extraordinary dividend adopted during the financial year	0	1.598.000
	Reserve for development expenditure	296.222	886.891
	Dividend for the financial year	0	500.000
	Allocated from results brought forward	-228.658	-2.072.557
	Distribution in total	**67.564**	**912.334**

Balance sheet 31 December

All amounts in DKK.

Assets

Note		2017	2016
	Fixed assets		
	Goodwill	255.000	340.000
	Development projects in progress and prepayments for intangible fixed assets	1.516.811	886.891
	Intangible fixed assets in total	1.771.811	1.226.891
	Operating assets, and fixtures and furniture	637.484	840.791
	Tangible fixed assets in total	637.484	840.791
2	Equity investments in group enterprises	16.250	16.250
	Amounts owed by group enterprises	20.048	80.000
	Deposit	75.000	75.000
	Financial fixed assets in total	111.298	171.250
	Fixed assets in total	**2.520.593**	**2.238.932**
	Current assets		
	Manufactured goods and trade goods	1.919.230	1.430.032
	Prepayments for goods	118.400	0
	Inventories in total	2.037.630	1.430.032
	Trade debtors	1.551.445	2.840.936
	Amounts owed by group enterprises	690	49.448
	Receivable corporate tax	15.854	0
	Other debtors	2.603	48.720
	Accrued income and deferred expenses	86.120	73.308
	Debtors in total	1.656.712	3.012.412
	Available funds	554.140	434.719
	Current assets in total	**4.248.482**	**4.877.163**
	Assets in total	**6.769.075**	**7.116.095**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2017	2016
	Equity		
3	Contributed capital	625.000	625.000
4	Share premium account	0	0
5	Reserve for development expenditure	1.183.113	886.891
6	Results brought forward	2.897.329	3.125.987
7	Proposed dividend for the financial year	0	500.000
	Equity in total	**4.705.442**	**5.137.878**
	Provisions		
	Provisions for deferred tax	294.195	180.319
	Provisions in total	**294.195**	**180.319**
	Liabilities		
	Bank debts	209.054	280.705
	Long-term liabilities in total	209.054	280.705
	Liabilities	72.000	72.000
	Bank debts	93.722	81.232
	Prepayments received from customers	17.046	26.025
	Trade creditors	718.196	608.708
	Corporate tax	0	108.778
	Other debts	659.420	620.450
	Short-term liabilities in total	1.560.384	1.517.193
	Liabilities in total	**1.769.438**	**1.797.898**
	Equity and liabilities in total	**6.769.075**	**7.116.095**

8 Mortgage and securities

9 Contingencies

Notes

All amounts in DKK.

		2017	2016
1.	**Staff costs**		
	Salaries and wages	3.293.070	3.126.400
	Pension costs	206.000	97.351
	Other costs for social security	26.034	23.668
	Other staff costs	123.620	79.723
		3.648.724	**3.327.142**
	Average number of employees	8	7

		2017	2016
2.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January	16.250	0
	Additions during the year	0	16.250
	Cost 31 December	**16.250**	**16.250**
	Book value 31 December	**16.250**	**16.250**

The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year	Book value at Vemco Group A/S
Vemco Group Brasil LTDA, Brasilien	75 %	-1.648.713	-1.328.335	16.250

		2017	2016
3.	**Contributed capital**		
	Contributed capital 1 January	625.000	500.000
	Cash capital increase	0	125.000
		625.000	**625.000**

The share capital consists of 625 shares, each with a nominal value of DKK 1.000.

Notes

All amounts in DKK.

		31/12 2017	31/12 2016
4.	**Share premium account**		
	Share premium account for the year	0	3.375.000
	Transfered to results brought forward	0	-3.375.000
		0	**0**
5.	**Reserve for development expenditure**		
	Reserve for development expenditure 1 January	886.891	0
	Reserve for development expenditure for the year	296.222	886.891
		1.183.113	**886.891**
6.	**Results brought forward**		
	Results brought forward 1 January	3.125.987	1.823.544
	Transfered from share premium account	0	3.375.000
	Profit or loss for the year brought forward	-228.658	-474.557
	Extraordinary dividend	0	-1.598.000
		2.897.329	**3.125.987**
7.	**Proposed dividend for the financial year**		
	Dividend 1 January	500.000	750.000
	Distributed dividend	-500.000	-750.000
	Dividend for the financial year	0	500.000
		0	**500.000**

8. Mortgage and securities

For bank debts, the company has provided security in company assets representing a nominal value of DKK 2.800.000.

Notes

All amounts in DKK.

9. Contingencies

Contingent liabilities

Leasing liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual leasing payment of DKK 40.000.

Contingent liabilities.

The company has concluded a leasing agreement for the use of premises, with an annual rent liability of DKK 300.000.

Joint taxation

Vemco Holding ApS, company reg. no 32 27 81 08 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligation to withhold tax on interest, royalties and dividends of the jointly taxed companies.