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Njalsgade 21G 3rd Floor
2300 Copenhagen S
Central Business Registration No
32150489

Annual report 2016

The Annual General Meeting adopted the annual report on 14.06.2017

Chairman of the General Meeting

Name: Christian Jørgen Steffensen

Contents

Entity details

Entity
Churchdesk ApS
Njalsgade 21G 3rd Floor
2300 Copenhagen S

Central Business Registration No: 32150489
Registered in: Copenhagen
Financial year: 01.01.2016 - 31.12.2016

Board of Directors
Klaus Randel Nyengaard, Chairman
Michael Richard Jackson
Troels Garibaldi Falkenberg
Christian Jørgen Steffensen

Executive Board
Christian Jørgen Steffensen

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Churchdesk ApS for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity’s financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14.06.2017

Executive Board

Christian Jørgen Steffensen

Board of Directors

Klaus Randel Nyengaard Chairman	Michael Richard Jackson	Troels Garibaldi Falkenberg

Christian Jørgen Steffensen

Independent auditor's report

To the shareholders of Churchdesk ApS

Opinion

We have audited the financial statements of Churchdesk ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 14.06.2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jacob Simonsen
State Authorised Public Accountant

Management commentary

Primary activities

The Company’s primary activity is to sell web soloutions and infrastructure to churches.

Development in activities and finances

The income statement for 2016 shows a loss of DKK 6.646 t.kr. against a loss of DKK 6.110 t.kr for 2015.

The company’s financial performance in 2017 depends on further financing. Further financing has been obtained from the owners for 2017.

Additionally to the financing of the owners, we have ensured a loan to finance the activities of the company.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016

	Notes	2016 DKK	2015 DKK'000
Gross profit		**1.376.007**	**2.488**
Staff costs	1	(7.961.970)	(8.675)
Depreciation, amortisation and impairment losses		(648.034)	(363)
Operating profit/loss		**(7.233.997)**	**(6.550)**
Income from investments in group enterprises		106.971	0
Other financial income		1.500	0
Other financial expenses		(420.241)	(465)
Profit/loss before tax		**(7.545.767)**	**(7.015)**
Tax on profit/loss for the year	2	899.718	905
Profit/loss for the year		**(6.646.049)**	**(6.110)**
Proposed distribution of profit/loss			
Retained earnings		(6.646.049)	(6.110)
		(6.646.049)	**(6.110)**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Completed development projects		2.290.975	158
Acquired intangible assets		126.190	212
Intangible assets	3	**2.417.165**	**370**
Other fixtures and fittings, tools and equipment		271.535	305
Property, plant and equipment	4	**271.535**	**305**
Investments in group enterprises		200.401	0
Other receivables		310.223	298
Fixed asset investments	5	**510.624**	**298**
Fixed assets		**3.199.324**	**973**
Trade receivables		1.918.559	513
Receivables from group enterprises		32.750	33
Income tax receivable		890.000	697
Prepayments		85.662	20
Receivables		**2.926.971**	**1.263**
Cash		**1.909.335**	**11.542**
Current assets		**4.836.306**	**12.805**
Assets		**8.035.630**	**13.778**

Balance sheet at 31.12.2016

	Notes	2016 DKK	2015 DKK'000
Contributed capital		261.294	261
Reserve for development expenditure		2.320.788	0
Retained earnings		(8.108.475)	858
Equity		**(5.526.393)**	**1.119**
Debt to other credit institutions		4.395.000	3.800
Non-current liabilities other than provisions	6	**4.395.000**	**3.800**
Current portion of long-term liabilities other than provisions	6	394.535	811
Trade payables		141.780	96
Payables to group enterprises		106.739	0
Other payables		1.212.701	666
Deferred income		7.311.268	7.286
Current liabilities other than provisions		**9.167.023**	**8.859**
Liabilities other than provisions		**13.562.023**	**12.659**
Equity and liabilities		**8.035.630**	**13.778**
Unrecognised rental and lease commitments	7		
Mortgages and securities	8		

Statement of changes in equity for 2016

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	261.294	0	858.362	1.119.656
Profit/loss for the year	0	2.320.788	(8.966.837)	(6.646.049)
Equity end of year	**261.294**	**2.320.788**	**(8.108.475)**	**(5.526.393)**

Notes

	2016 DKK	2015 DKK'000
1. Staff costs		
Wages and salaries	7.584.423	8.317
Pension costs	0	9
Other social security costs	25.027	75
Other staff costs	352.520	274
	7.961.970	**8.675**
Average number of employees	**19**	**18**

Special incentive programmes

The incentive plan for Management and certain executives officers includes a possibility of subscribing for shares in the entity based on warrants granted. This DKK 37.322 kr. On nominal shares.

	2016 DKK	2015 DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	(890.000)	(697)
Adjustment concerning previous years	(9.718)	(208)
	(899.718)	**(905)**

	Completed development projects DKK	Acquired intangible assets DKK
3. Intangible assets		
Cost beginning of year	754.355	440.962
Additions	2.578.653	0
Cost end of year	**3.333.008**	**440.962**
Amortisation and impairment losses beginning of year	(595.579)	(229.080)
Amortisation for the year	(446.454)	(85.692)
Amortisation and impairment losses end of year	**(1.042.033)**	**(314.772)**
Carrying amount end of year	**2.290.975**	**126.190**

Development projects comprise of development related to the companies core products, and as such is an integral part of the companies strategy and the managements future expectations.

Notes

	Other fixtures and fittings, tools and equipment DKK
4. Property, plant and equipment	
Cost beginning of year	532.759
Additions	82.639
Cost end of year	**615.398**
Depreciation and impairment losses beginning of the year	(227.975)
Depreciation for the year	(115.888)
Depreciation and impairment losses end of the year	**(343.863)**
Carrying amount end of year	**271.535**

	Investments in group enterprises DKK	Other receivables DKK
5. Fixed asset investments		
Cost beginning of year	0	298.264
Additions	93.430	11.959
Cost end of year	**93.430**	**310.223**
Exchange rate adjustments	(500)	0
Share of profit/loss for the year	107.471	0
Revaluations end of year	**106.971**	**0**
Carrying amount end of year	**200.401**	**310.223**

	Registered in	Equity interest %
Investments in group enterprises comprise:		
Churchdesk GmbH	Germany	100,0

Notes

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK
6. Liabilities other than provisions			
Debt to other credit institutions	394.535	811	4.395.000
	394.535	**811**	**4.395.000**

	2016 DKK	2015 DKK'000
7. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	**309.000**	**612.000**

8. Mortgages and securities

The company has provided a company charge for DKK 0.8 milion to Spar Nord Bank A/S as collateral for its bank loan.

The company has put up certain effects as security for its bank loan. The carrying amount of these effects are DKK 12 thousand at 31. December 2016.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue
Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, aduties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Accounting policies

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Accounting policies

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset’s fair value and present value of future lease payments.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.