

SolidQ Denmark ApS

CVR-nr. 32665403

Generatorvej 6A

2860 Søborg

Annual report 2018

Chamber of Commerce

Approved at the annual general meeting
the 25th of April 2019

Chairmann:

Antonio Jose Soto Rodriguez

Content

Statement by the Board of Executives	1
Independent Auditor's report	2
Managements review	4
<u>Financial Statement</u>	
Accounting Policies	5
Income statement	7
Balance sheet	8
Notes	9

Statement by the Board of Executives

Today, the Board of Executives has discussed and approved the annual report of SolidQ Denmark ApS for the financial year 1. januar - 31. december 2018.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company and of the results of the Company's operations for the financial year.

Further, in my opinion, the Managements review gives a fair review of the matters discussed in the Managements review.

I recommend the annual report to be approved at the annual general meeting.

Søborg, the 25th of April 2019

Board of Executives

Antonio Jose Soto Rodriguez

Independent Auditor's report

To the shareholders of SolidQ Denmark ApS

Opinion

We have audited the financial statements of SolidQ Denmark ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to the 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 note disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Skodsborg, the 25th of April 2019

REVINORD

Kettebakken 11
2942 Skodsborg
Cvr 16347299

René Georg Sørensen
Chartered Public Accountant
mne 17730

Managements review

Business review

The Company's purpose is to provide services as well as development within the IT industry and related business.

Financial review

Management considers the Company's financial performance in the year as expected.

Management expects to re-establish the share capital through positive results in the coming years.

Events after the balance sheet dat

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end

Financial Statement

Accounting Policies

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

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

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method). Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue' and 'Other external expenses' are consolidated into one item designated 'Gross margin'.

Other external expenses

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

Staff costs

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

Depreciation

The item comprises depreciation of property, plant and equipment. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

- Other fixtures and fittings, tools and equipment 3 years.

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial expenses

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

Tax

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

Balance sheet**Property, plant and equipment**

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

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis. Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis.

The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Income taxes

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

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement

Liabilities

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

Other liabilities are measured at net realisable value.

Income statement

	Note	2018	2017
Gross margin	1	4.485.782	4.591.723
Staff costs	2	-4.382.956	-4.213.317
Depreciations		-5.260	-9.169
Profit of the operations		97.566	369.237
Financial income		0	0
Financial expenses	3	-67.821	-18.328
Profit before corporate tax		29.745	350.909
Corporate tax		-15.360	-85.222
Profit for the year		14.385	265.687
<u>Recommended appropriation of the profit</u>			
Retained earnings		14.385	265.687
Dividend for the year		0	0
		14.385	265.687

Balance sheet

	Note	2018	2017
ASSETS			
Other fixtures and fittings, tools and equipment		0	5.260
Tangible assets		0	5.260
Other receivables		139.217	139.217
Financial assets		139.217	139.217
Fixed assets		139.217	144.477
Trade receivables		690.267	1.063.695
Receivables from group entities		100.042	84.696
Deferred income		59.888	5.097
Other receivables		480.696	493.206
Receivables		1.330.893	1.646.694
Cash at hand and in Bank		283.499	135.000
Current assets		1.614.392	1.781.694
TOTAL ASSETS		1.753.609	1.926.171
EQUITY AND LIABILITIES			
Share capital		125.000	125.000
Retained earnings		-1.012.991	-1.027.376
Dividend for the year		0	0
Total Equity		-887.991	-902.376
Bank and financial institutions		62.226	136.478
Trade payables		101.086	37.376
Payables to group entities		1.712.071	1.611.840
Other payables		766.217	1.042.853
Total liabilities other than provisions		2.641.600	2.828.547
TOTAL EQUITY AND LIABILITIES		1.753.609	1.926.171

Contractual obligations and contingencies etc.

4

Notes

1. Going Concern

The company has lost more than half of its registered company capital. The management expects to re-establish the capital by earnings in the years to come. In addition to this, the management can inform, that debt to group entities remains for other creditors of the company.

On the basis of this, the financial report is presented as going concern.

2. Staff costs

	<u>2018</u>	<u>2017</u>
Wages and salaries	3.676.504	3.630.370
Pensions	520.968	492.822
Other staff expenses, social costs etc.	185.484	90.125
	<u>4.382.956</u>	<u>4.213.317</u>
Number of employees	<u>5</u>	<u>5</u>

3. Financial expenses

	<u>2018</u>	<u>2017</u>
Group entities	<u>6.156</u>	<u>5.092</u>

4. Contractual obligations and contingencies etc.

As security for the debt to financial institutions, banks etc., the Company has provided security in Cash in and in Bank.

Houserent obligations amounts to 12 month of fee, equals tDKK 400. Other arrangements ie. Leasing amounts to tDKK 100.