
AdColony ApS

Bredgade 75, 4. sal, DK-1260 København K

Annual Report for 1 January - 31 December 2019

CVR No 33 35 28 24

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
6 /7 2020

Petter Andre Lade
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of AdColony ApS for the financial year 1 January - 31 December 2019.

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 at 31 December 2019 of the Company and of the results of the Company operations for 2019.

I recommend that the Annual Report be adopted at the Annual General Meeting.

København, 6 July 2020

Executive Board

Petter Andre Lade
Executive Officer

Independent Auditor's Report

To the Shareholder of AdColony ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of AdColony ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 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 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Independent Auditor's Report

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 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 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.

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.

Independent Auditor's Report

- 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 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 the disclosures, 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.

Hellerup, 6 July 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Leif Ulbæk Jensen
State Authorized Public Accountant
mne23327

James Liang
State Authorized Public Accountant
mne34549

Company Information

The Company

AdColony ApS
Bredgade 75, 4. sal
DK-1260 København K

CVR No: 33 35 28 24
Financial period: 1 January - 31 December
Municipality of reg. office: København K

Executive Board

Petter Andre Lade

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Financial Statements of AdColony ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Principal activities

The company's principal activity is mobile advertising in Denmark.

Development in activities and financial position

The company realized a positive result before tax of DKK 19,528k for 2019. This is a significant improvement compared to previous years.

Business risks, principle risks and uncertainty

The main financial risks arising from the Company's activities are credit risk and risk arising from the emergence and spread of Coronavirus (COVID-19).

Whilst management takes steps to mitigate the risks to which the Company is exposed, the business is exposed to the risk of one or more customers ceasing to continue engaging the Company for advertising campaigns. The Company is also at risk of the emergence and spread of COVID-19 will have an impact on its growth depending on how clients react to the new economic uncertainty. This also could expose the Company to price risk due to forex fluctuations.

The Company's policy in respect of credit risk is to monitor payments against contractual agreements for existing customers.

The risks are managed by the ultimate parent company, Otello Corporation ASA. The Group's response to the risks is disclosed in its financial statements.

Future expectations

The company is expecting to continue being profitable and generate positive results in 2020.

With the considerable improvement in the company's cash flows, it is management's opinion that the company has sufficient liquidity to cover its needs.

Significant events after the end of the financial year

Regarding the COVID-19 pandemic impact, we refer to note 1. Since year-end no other events have occurred, which could have a significant impact on the Company's financial position at December 31, 2019.

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit/loss		22,675,620	19,205,800
Staff expenses	2	-3,768,479	-4,452,206
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-53,127	-44,280
Profit/loss before financial income and expenses		18,854,014	14,709,314
Financial income	3	811,780	216,541
Financial expenses	4	-137,535	-26,092
Profit/loss before tax		19,528,259	14,899,763
Tax on profit/loss for the year	5	-520,226	0
Net profit/loss for the year		19,008,033	14,899,763

Distribution of profit

Proposed distribution of profit

Retained earnings	19,008,033	14,899,763
	19,008,033	14,899,763

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		53,452	91,993
Property, plant and equipment	6	53,452	91,993
Receivables from group enterprises		40,320,399	0
Deposits		54,170	53,870
Fixed asset investments	7	40,374,569	53,870
Fixed assets		40,428,021	145,863
Trade receivables		36,537,922	19,798,261
Receivables from group enterprises		1,056,485	21,767,195
Deferred tax asset		1,088,202	0
Prepayments		64,022	2,529
Receivables		38,746,631	41,567,985
Cash at bank and in hand		310,483	2,970,257
Currents assets		39,057,114	44,538,242
Assets		79,485,135	44,684,105

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		110,000	110,000
Retained earnings		35,923,580	16,915,547
Equity		36,033,580	17,025,547
Other payables		219,993	0
Long-term debt		219,993	0
Trade payables		29,896,923	14,300,386
Payables to group enterprises		4,593,371	6,548,805
Corporation tax		992,576	0
Other payables		4,355,000	3,686,894
Deferred income		3,393,692	3,122,473
Short-term debt		43,231,562	27,658,558
Debt		43,451,555	27,658,558
Liabilities and equity		79,485,135	44,684,105
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	110,000	16,915,547	17,025,547
Net profit/loss for the year	0	19,008,033	19,008,033
Equity at 31 December	110,000	35,923,580	36,033,580

Notes to the Financial Statements

1 Subsequent events

The implication of COVID-19 with the Danish government closing Denmark down will have significant impact on the economy. Whilst management takes steps to mitigate the risks, the business is exposed to the risk of one or more customers ceasing to continue engaging the Company for advertising campaigns. The Company is also at risk that the emergence and spread of COVID-19 will have an impact on its growth depending on how clients react to the new economic uncertainty. This also could expose the Company to price risk due to forex fluctuations.

Management considers the implications of COVID-19 a subsequent event which occurred after the balance sheet date (31 December 2019), and therefore will not have any effect on the Financial Statements for 2019 (a non-adjusting event). At this time, it is not possible to provide a reliable estimate of the impact. Management assesses that the financial resources available are adequate.

	<u>2019</u> DKK	<u>2018</u> DKK
2 Staff expenses		
Wages and salaries	3,464,640	3,735,675
Pensions	272,215	680,027
Other social security expenses	31,624	36,504
	<u>3,768,479</u>	<u>4,452,206</u>
Average number of employees	<u>5</u>	<u>5</u>
3 Financial income		
Interest received from group enterprises	791,595	26,799
Other financial income	20,185	1,201
Exchange gains	0	188,541
	<u>811,780</u>	<u>216,541</u>
4 Financial expenses		
Other financial expenses	39,058	26,092
Exchange loss	98,477	0
	<u>137,535</u>	<u>26,092</u>

Notes to the Financial Statements

	2019	2018
	DKK	DKK
5 Tax on profit/loss for the year		
Current tax for the year	4,326,140	3,302,354
Deferred tax for the year	-1,088,202	-2,744
Utilisation of not recognised tax asset previous year and write-down of deferred tax asset	-3,333,564	-3,299,610
Adjustment of deferred tax concerning previous years	615,852	0
	520,226	0
6 Property, plant and equipment		Other fixtures and fittings, tools and equipment
		DKK
Cost at 1 January		215,499
Additions for the year		14,586
Cost at 31 December		230,085
Impairment losses and depreciation at 1 January		123,506
Depreciation for the year		53,127
Impairment losses and depreciation at 31 December		176,633
Carrying amount at 31 December		53,452
7 Fixed asset investments		
	Receivables from group enterprises	Deposits
	DKK	DKK
Cost at 1 January	0	53,870
Additions for the year	20,724,489	300
Transfers for the year	19,595,910	0
Cost at 31 December	40,320,399	54,170
Carrying amount at 31 December	40,320,399	54,170

Notes to the Financial Statements

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company has entered a rental lease agreement with a minimum commitment in 2020 amounting to DKK 88,026.

9 Related parties

Consolidated Financial Statements

The Company is included in the Consolidated Annual Report of Otello Corporation ASA.

The consolidated financial statements in question can be obtained on the request to the ultimate parent company.

Name	Place of registered office
Otello Corporation ASA	Gjerdrums vei 19, 0484 Oslo, Norway

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of AdColony ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

10 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve the net revenue for the year, including direct and indirect costs of consumables.

Other external expenses

Other external expenses comprise cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

10 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 3-8 years

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments consist of receivables from group enterprises of DKK 40m and rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Notes to the Financial Statements

10 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Accruals, liabilities

Deferred income comprises payments received in respect of income in subsequent years.