

Nodes Group ApS


Artillerivej 86, st. tv., 2300 København S

CVR no. 34 08 74 66

Annual report 2018

Approved at the Company's annual general meeting on 25 June 2019

Chairman:


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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nodes Group ApS for the financial year 1 January - 31 December 2018.

The annual report is 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 25 June 2019
Executive Board:



Casper Holzmann
Rasmussen



Daniel Højris Bæk



Andreas Rasmussen

Board of Directors:



Hiroki Inagava
Chairman



Roger Lakhani



Daniel Højris Bæk



Andreas Rasmussen

Independent auditor's report

To the shareholders of Nodes Group ApS

Opinion

We have audited the financial statements of Nodes Group 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.

Independence

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 rules and 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.

Independent auditor's report

- ▶ 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 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 note 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.

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.

Copenhagen, 25 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim Thomsen
State Authorised Public Accountant
mne26736



Nicklas Rasmussen
State Authorised Public Accountant
mne43474

Management's review

Company details

Name	Nodes Group ApS
Address, Postal code, City	Artillerivej 86, st. tv., 2300 København S
CVR no.	34 08 74 66
Established	20 December 2011
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Hiroki Inagava, Chairman Roger Lakhani Daniel Højris Bæk Andreas Rasmussen
Executive Board	Casper Holzmann Rasmussen Daniel Højris Bæk Andreas Rasmussen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

Business review

The principal activity of the Company is to own shares in subsidiaries and related business.

Financial review

The income statement for 2018 shows a profit of DKK 1,558 thousand against a profit of DKK 905 thousand last year, and the balance sheet at 31 December 2018 shows equity of DKK 39,409 thousand.

In 2018, the Company has acquired the shares in Implicit ApS.

In 2018, the Company has changed their accounting policy for investments in subsidiaries, which are now measured at cost instead of the equity method. This change has affected both the profit and the equity. Reference is made to the description in note 1 for more details.

Events after the balance sheet date

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

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Gross loss	-47,441	-392,684
3	Staff costs	0	-79,496
	Profit/loss before net financials	-47,441	-472,180
	Income from investments in group entities	931,581	1,966,117
4	Financial income	897,699	131,180
5	Financial expenses	-68,005	-720,424
	Profit before tax	1,713,834	904,693
6	Tax for the year	-155,964	0
	Profit for the year	1,557,870	904,693
Recommended appropriation of profit			
	Extraordinary dividend distributed in the year	0	3,497,699
	Retained earnings/accumulated loss	1,557,870	-2,593,006
		1,557,870	904,693

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Fixed assets		
7	Investments		
	Investments in group entities	31,443,896	426,079
	Investments in associates	1,389,091	0
	Other securities and investments	0	749,811
		<u>32,832,987</u>	<u>1,175,890</u>
	Total fixed assets	<u>32,832,987</u>	<u>1,175,890</u>
	Non-fixed assets		
8	Receivables		
	Trade receivables	34,556	82,706
	Receivables from group entities	8,550,442	2,075,479
	Deferred tax assets	8,590	0
	Other receivables	401,153	215,465
		<u>8,994,741</u>	<u>2,373,650</u>
	Cash	<u>192,388</u>	<u>5,474,338</u>
	Total non-fixed assets	<u>9,187,129</u>	<u>7,847,988</u>
	TOTAL ASSETS	<u><u>42,020,116</u></u>	<u><u>9,023,878</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	229,177	183,341
	Net revaluation reserve according to the equity method	0	0
	Retained earnings	39,179,414	7,666,801
	Total equity	39,408,591	7,850,142
	Provisions		
7	Provision, investments in group entities	0	931,582
	Total provisions	0	931,582
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	462,817	242,154
	Payables to group entities	2,148,708	0
		2,611,525	242,154
	Total liabilities other than provisions	2,611,525	242,154
	TOTAL EQUITY AND LIABILITIES	42,020,116	9,023,878

- 1 Accounting policies
- 2 Special items
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2017	155,140	2,536,847	1,252,022	3,944,009
Adjustment of equity through changes in accounting policies	0	-2,536,847	0	-2,536,847
Adjusted equity at 1 January 2017	155,140	0	1,252,022	1,407,162
Capital increase	28,201	0	9,007,785	9,035,986
Transfer through appropriation of loss	0	0	-2,593,006	-2,593,006
Equity at 1 January 2018	183,341	0	7,666,801	7,850,142
Capital increase	45,836	0	29,954,743	30,000,579
Transfer through appropriation of profit	0	0	1,557,870	1,557,870
Equity at 31 December 2018	229,177	0	39,179,414	39,408,591

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Nodes Group ApS for 2018 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.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Changes in accounting policies

Investments in subsidiaries are measured at cost. Dividend from investments in subsidiaries is recognised in the income statement in the year of declaration. Previously, equity investments in subsidiaries were measured according to the equity method in the financial statements.

The change in accounting policy has been made due to a change in the business model, where the Company acts as an intermediate holding company, and the fact that the primary account user is the Parent Company who prepares the consolidated accounts.

This has resulted in a decrease in profit before tax and profit for the year of DKK 2,824 thousand (2017: an increase of DKK 1,895 thousand), and an decrease in equity of DKK 3,440 thousand (2017: DKK 616 thousand). Total assets have decreased by DKK 3.440 thousand (2017: DKK 616 thousand).

The accounting policies used in the preparation of the financial statements are otherwise consistent with those of last year. Comparative figures have been restated to reflect the policy changes.

Reporting currency

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

Income statement

Gross loss

The items revenue and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

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.

Profit from investments in subsidiaries and associates

The item includes dividends from investments in subsidiaries and associates. Dividend distributions that either exceed the profit for the year or where the carrying amount of the investments exceeds the consolidated carrying amounts of the subsidiary's net assets will indicate impairment for which reason an impairment test will have to be conducted.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-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.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Other securities and investments

Securities which the Company intends to hold to maturity are measured at amortised cost, using the effective interest rate method at the date of acquisition. Value adjustments are recognised in the income statement under "Net financials".

Securities and investments consisting of listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses 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.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Special items

Special items for the year are specified below, just as are the items under which they are recognised in the income statement.

DKK	2018	2017
Income		
Gain on sale of shares in subsidiaries and other investments	0	2,897,699
Gain on sale of other investments	0	81,770
Reversal of provisions for investment in group entities	931,582	0
Reversal of impairment losses on receivables from group entities	698,548	0
	<u>1,630,130</u>	<u>2,979,469</u>
Expenses		
Provisions for investment in group entities	0	-931,582
Impairment losses on receivables from group entities	0	-698,548
	<u>0</u>	<u>-1,630,130</u>
Special items are recognised in the below items of the financial statements		
Income from investments in group entities	931,582	1,966,117
Financial income	698,548	81,770
Financial expenses	0	-698,548
Net profit on special items	<u>1,630,130</u>	<u>1,349,339</u>

3 Staff costs

Other staff costs	0	79,496
	<u>0</u>	<u>79,496</u>

The Company has no employees.

DKK	2018	2017
4 Financial income		
Reversal of impairment of financial assets	698,548	0
Interest receivable, group entities	199,151	49,410
Gain, sale of other investments	0	81,770
	<u>897,699</u>	<u>131,180</u>
5 Financial expenses		
Impairment of financial assets	0	698,548
Other financial expenses	68,005	21,876
	<u>68,005</u>	<u>720,424</u>
6 Tax for the year		
Estimated tax charge for the year	18,415	0
Tax adjustments, prior years	137,549	0
	<u>155,964</u>	<u>0</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Investments

DKK	Investments in group entities	Investments in associates	Other securities and investments	Total
Cost at 1 January 2018	426,079	0	749,811	1,175,890
Additions	31,017,817	639,280	0	31,657,097
Transferred	0	749,811	-749,811	0
Cost at 31 December 2018	31,443,896	1,389,091	0	32,832,987
Carrying amount at 31 December 2018	31,443,896	1,389,091	0	32,832,987

8 Receivables

Out of the Company's total receivables, receivables from group entities totalling DKK 5,040 thousand fall due for payment after more than one year after the balance sheet date.

9 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2018	2017	2016	2015	2014
Opening balance	183,341	155,140	155,140	155,140	155,140
Capital increase	45,836	28,201	0	0	0
	229,177	183,341	155,140	155,140	155,140

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

11 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2018.

12 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Monstar Lab, Inc	Japan	At the Company's address