

Nodes Group ApS

Artillerivej 86, st. tv., 2300 København S

CVR no. 34 08 74 66

Annual report 2017

Approved at the Company's annual general meeting on 29 June 2018

Chairman:



Andreas Rasmussen





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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 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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, 29 June 2018
Executive Board:



Casper Holzmann
Rasmussen

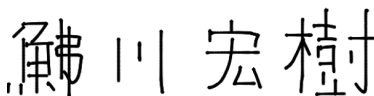


Daniel Højris Bæk



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 2017, 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 2017 and of the results of the Company's operations for the financial year 1 January - 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 (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, 29 June 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim Thomsen
State Authorised Public Accountant
MNE no.: mne26736

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 Osvold 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 2017 shows a loss of DKK 989,886 against a profit of DKK 915,491 last year, and the balance sheet at 31 December 2017 shows equity of DKK 8,466,201.

The Company's sale of group entities surprises and other investments has resulted in a net gain of DKK 1,774,031

The loss for the year can among other things be attributed to loss in the UK subsidiary.

Events after the balance sheet date

After the balance sheet date, the Company has established new offices in the Czech Republic, the Netherlands and Germany.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2017	2016
	Gross margin	-392,684	-68,337
3	Staff costs	-79,496	0
	Profit/loss before net financials	-472,180	-68,337
	Income from investments in group entities	-627,010	1,222,484
4	Financial income	131,180	172,865
5	Financial expenses	-21,876	-411,521
	Profit/loss for the year	-989,886	915,491
Recommended appropriation of profit/loss			
	Extraordinary dividend distributed in the year	3,497,699	0
	Net revaluation reserve according to the equity method	-1,894,579	1,222,484
	Retained earnings/accumulated loss	-2,593,006	-306,993
		-989,886	915,491

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Fixed assets		
6	Investments		
	Investments in group entities	1,042,138	3,042,926
	Other securities and investments	749,811	668,545
		<u>1,791,949</u>	<u>3,711,471</u>
	Total fixed assets	<u>1,791,949</u>	<u>3,711,471</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	82,706	0
	Receivables from group entities	2,075,479	1,257,879
	Other receivables	215,465	0
		<u>2,373,650</u>	<u>1,257,879</u>
	Cash	<u>5,474,338</u>	<u>2,476</u>
	Total non-fixed assets	<u>7,847,988</u>	<u>1,260,355</u>
	TOTAL ASSETS	<u>9,639,937</u>	<u>4,971,826</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	183,341	155,140
	Net revaluation reserve according to the equity method	616,059	2,536,847
	Retained earnings	7,666,801	1,252,022
	Total equity	8,466,201	3,944,009
	Provisions		
6	Provision, investments in group entities	931,582	0
8	Total provisions	931,582	0
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	242,154	25,001
	Payables to group entities	0	745,201
	Payables to associates	0	257,615
		242,154	1,027,817
	Total liabilities other than provisions	242,154	1,027,817
	TOTAL EQUITY AND LIABILITIES	9,639,937	4,971,826

- 1 Accounting policies
- 2 Special items
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral

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
Capital increase	28,201	0	9,007,785	9,035,986
Transfer through appropriation of loss	0	-1,894,579	-2,593,006	-4,487,585
Adjustment of investments through foreign exchange adjustments	0	-26,209	0	-26,209
Equity at 31 December 2017	183,341	616,059	7,666,801	8,466,201

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Nodes Group ApS for 2017 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.

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

Reporting currency

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

Income statement

Gross margin

The items revenue and external expenses have been aggregated into one item in the income statement called gross margin 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.

Income from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The item includes dividend received from subsidiaries.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Equity investments in subsidiaries are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

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 in subsidiaries and other securities and investments 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.

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.

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	2017	2016
Income		
Gain on sale of shares in subsidiaries and other investments	2,566,294	0
Gain on sale of other investments	81,770	0
	<u>2,648,064</u>	<u>0</u>
Special items are recognised in the below items of the financial statements		
Income from investments in group entities	2,566,294	0
Financial income	81,770	0
Net profit on special items	<u>2,648,064</u>	<u>0</u>
3 Staff costs		
Other staff costs	79,496	0
	<u>79,496</u>	<u>0</u>

Other staff costs is related to share based payments to board members amounting to DKK 79,496.

The Company has no employees.

DKK	2017	2016
4 Financial income		
Interest receivable, group entities	49,410	26,743
Gain, sale of other investments	81,770	0
Other financial income	0	146,122
	<u>131,180</u>	<u>172,865</u>
5 Financial expenses		
Other financial expenses	21,876	411,521
	<u>21,876</u>	<u>411,521</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Investments

DKK	Investments in group entities	Other securities and investments	Total
Cost at 1 January 2017	506,079	668,545	1,174,624
Additions	0	519,496	519,496
Disposals	-80,000	-438,230	-518,230
Cost at 31 December 2017	426,079	749,811	1,175,890
Value adjustments at 1 January 2017	2,536,847	0	2,536,847
Foreign exchange adjustments	-26,209	0	-26,209
Profit/loss for the year	-3,193,304	0	-3,193,304
Reversal of revaluations of assets disposed	-331,405	0	-331,405
Subsidiaries with a negative net asset value	1,630,130	0	1,630,130
Value adjustments at 31 December 2017	616,059	0	616,059
Carrying amount at 31 December 2017	1,042,138	749,811	1,791,949

Results for the year and equity for Nodes Agency Limited are based on the figures included in the consolidated financial statements of Monstar Lab Inc., which presents their financial statements in accordance with IFRS.

Name	Domicile	Interest
Subsidiaries		
Nodes ApS	København	100.00%
Nodes Agency Limited	London, UK	100.00%

7 Share capital

Analysis of changes in the share capital over the past 2 years:

DKK	2017	2016
Opening balance	155,140	155,140
Capital increase	28,201	0
	<u>183,341</u>	<u>155,140</u>

8 Provisions

Provisions relating to investments in group entities comprise the Company's liability for negative investments in subsidiaries in the form of a parent company guarantee in favour of Nodes Agency Limited. The payment obligation of Nodes Group ApS under this guarantee is unlimited. The guarantee shall remain in full force and effect until the earlier of the time at the Subsidiary's is positive and 31 December 2018.

9 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.

10 Collateral



Financial statements 1 January - 31 December

Notes to the financial statements

The Company has not provided any security or other collateral in assets at 31 December 2017.