

Cylindo ApS

Njalsgade 21 F, 6., 2300 København S

Central Business Registration no.34 47 81 71

**Annual Report for the period
1st of May 2017 to 30th of April 2018**

The Annual Report was presented
and adopted at the Annual General
Meeting of the Company on 21/09
2018

Janus Bækkelund Jagd
Chairman of the Meeting

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Cylindo ApS for the financial year 1 May 2017 - 30 April 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 company's financial position at 30 April 2018 and of the results of the company's operations for the financial year 1 May 2017 - 30 April 2018.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Copenhagen, 21 September 2018

Executive Management

Janus Bækkelund Jagd
Chief Executive Officer

Independent auditor's report

To the shareholders of Cylindo ApS

Opinion

We have audited the financial statements of Cylindo ApS for the financial year 1 May 2017 - 30 April 2018, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 April 2018 and of the results of the company's operations for the financial year 1 May 2017 - 30 April 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 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.

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.

Independent auditor's report

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 judgment and maintain professional skepticism 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 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.

Independent auditor's report

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 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 Financial Statements Act.

Based on the work we have performed, we conclude that 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 of management's review.

Copenhagen, 21 September 2018

Baker Tilly Denmark

Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Morten Friis Munksgaard
statsautoriseret revisor
MNE no. mne34482

Company details

| | |
|----------------------|--|
| The company | Cylindo ApS Njalsgade 21 F, 6. 2300 København S |
| | CVR no.: 34 47 81 71 |
| | Reporting period: 1 May 2017 - 30 April 2018 |
| | Incorporated: 12. April 2012 |
| | Financial year: 6th financial year |
| | Domicile: Copenhagen |
| Executive Management | Janus Bækkelund Jagd, chief executive officer |
| Auditors | Baker Tilly Denmark Godkendt Revisionspartnerselskab Poul Bundgaards Vej 1, 1. 2500 Valby |

Management's review

Business activities

The Company's primary activities are related to development and providing visual content and software as a service to its costumers.

Business review

Year 2017/18 has again been an important year for the company, as the company successfully has executed on continuing the revenue growth from prior year and thus more than tripled gross profit, due to increased sales of the company's core products.

Contracts have been signed with several new and important customers and increased contracts have also been signed with existing customers, and the sales team are working on exciting new prospects.

We have continued to increase and improve our organization in USA, where the office have been moved to Boston. In Macedonia we have opened a new office in Skorpje, the capital of Macedonia, and we have now two offices in Macedonia. In Denmark we have expanded our office and moved it to Njalsgade in Copenhagen.

As a result of the very positive development in sales, gross profit reached 5,509,388 DKK compared with 1,730,578 DKK the year before.

During 2017/18 the development department has focused on further developing the company's core product as well as building the infrastructure for further capacity scale. We have launched new products in 2017/18 and expect also to launch important new products next year, and the company is well positioned for future growth.

The Company's income statement for the year ending 30 April 2018 shows a profit of 2,393,328 DKK compared with DKK 868.213 the year before, and the balance sheet at 30. april 2018 shows an equity of DKK 4,235,986.

Expectations to next fiscal year

The company expects to continue to increase gross profit in 2018/19, but due to increased investments in development, sales/marketing and in the delivery organization, we expect to achieve an operating profit of same level in 2018/19 as in 2017/18.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement

1 May 2017 - 30 April 2018

| | Note | 2017/18 DKK | 2016/17 DKK |
|--|------|------------------|------------------|
| Gross profit | | 5,509,388 | 1,730,578 |
| Staff costs | 1 | -750,388 | -162,701 |
| Earnings Before Interest Taxes Depreciation and Amortization | | 4,759,000 | 1,567,877 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | -1,145,751 | -258,417 |
| Profit/loss before financial income and expenses | | 3,613,249 | 1,309,460 |
| Financial income | | 0 | 74,335 |
| Financial costs | | -837,045 | -422,379 |
| Profit/loss before tax | | 2,776,204 | 961,416 |
| Tax on profit/loss for the year | 2 | -382,876 | -93,203 |
| Net profit/loss for the year | | 2,393,328 | 868,213 |
| Proposed distribution of profit | | | |
| Reserves, development projects | | 1,567,800 | 1,814,085 |
| Retained earnings | | 825,528 | -945,872 |
| | | 2,393,328 | 868,213 |

Balance sheet at 30 April 2018

| | Note | 2017/18 DKK | 2016/17 DKK |
|--|------|-------------------|------------------|
| Assets | | | |
| Completed development projects | | 4,335,750 | 2,325,750 |
| Intangible assets | 3 | 4,335,750 | 2,325,750 |
| Other fixtures and fittings, tools and equipment | | 2,912,521 | 0 |
| Tangible assets | 4 | 2,912,521 | 0 |
| Investments in subsidiaries | 5 | 80,000 | 80,000 |
| Deposits | | 45,000 | 0 |
| Fixed asset investments | | 125,000 | 80,000 |
| Total fixed assets | | 7,373,271 | 2,405,750 |
| Trade receivables | | 3,160,537 | 1,181,199 |
| Other receivables | | 15,000 | 15,000 |
| Corporation tax | | 265,335 | 1,413,879 |
| Receivables | | 3,440,872 | 2,610,078 |
| Cash at bank and in hand | | 3,883,982 | 684,545 |
| Current assets total | | 7,324,854 | 3,294,623 |
| Assets total | | 14,698,125 | 5,700,373 |

Balance sheet at 30 April 2018

| | Note | 2017/18 DKK | 2016/17 DKK |
|--|------|-------------------|-------------------|
| Liabilities and equity | | | |
| Share capital | | 108,643 | 112,049 |
| Reserves, development projects | | 3,381,885 | 1,814,085 |
| Retained earnings | | 173,531 | -5,438,476 |
| Total equity | | 3,664,059 | -3,512,342 |
| Provision for deferred tax | | 382,876 | 0 |
| Provisions total | | 382,876 | 0 |
| Other credit institutions | | 3,249,944 | 1,690,986 |
| Convertible and profit-yielding instruments of debt | | 153,575 | 2,161,871 |
| Other payables | | 290,801 | 0 |
| Long-term debt | | 3,694,320 | 3,852,857 |
| Short-term part of lon-term debt | | 2,038,890 | 471,964 |
| Prepayments received from customers | | 3,300,000 | 4,165,523 |
| Trade payables | | 109,699 | 81,380 |
| Payables to subsidiaries | | 233,120 | 76,274 |
| Other payables | | 1,275,161 | 564,717 |
| Short-term debt | | 6,956,870 | 5,359,858 |
| Debt total | | 10,651,190 | 9,212,715 |
| Liabilities and equity total | | 14,698,125 | 5,700,373 |
| Contingent assets, liabilities and other financial obligations | 6 | | |
| Charges and securities | 7 | | |

Egenkapitaloppgørelse

| | Share capital | Share premium account | Reserves, development projects | Retained earnings | Total |
|--|----------------|-----------------------------|--------------------------------------|----------------------|------------------|
| | DKK | DKK | DKK | DKK | DKK |
| Equity at 1 May | 112,049 | 0 | 1,814,085 | -5,438,476 | -3,512,342 |
| Cash capital increase | 17,894 | 5,337,106 | 0 | 0 | 5,355,000 |
| Cash capital reduction | -21,300 | 0 | 0 | -550,627 | -571,927 |
| Net profit/loss for the year | 0 | 0 | 1,567,800 | 825,528 | 2,393,328 |
| Transfer from share premium account | 0 | -5,337,106 | 0 | 5,337,106 | 0 |
| Equity at 30 April | 108,643 | 0 | 3,381,885 | 173,531 | 3,664,059 |

Notes to the Annual Report

| | <u>2017/18</u> | <u>2016/17</u> |
|---|-----------------------|-----------------------|
| | DKK | DKK |
| 1 Staff costs | | |
| Wages and salaries | 752,798 | 0 |
| Other social security costs | 2,209 | 17,646 |
| Other staff costs | -4,619 | 145,055 |
| | <u>750,388</u> | <u>162,701</u> |
| | | |
| Average number of employees | <u>1</u> | <u>1</u> |
| | | |
| 2 Tax on profit/loss for the year | | |
| Current tax for the year | 0 | -264,997 |
| Deferred tax for the year | 382,876 | 0 |
| Adjustment of tax concerning previous years | 0 | 358,200 |
| | <u>382,876</u> | <u>93,203</u> |

Notes to the Annual Report

3 Intangible assets

| | Completed development projects <u>DKK</u> |
|--|--|
| Cost at 1 May | 2,584,167 |
| Additions for the year | <u>2,800,000</u> |
| Cost at 30 April | <u>5,384,167</u> |
| Impairment losses and amortisation at 1 May | 258,417 |
| Depreciation for the year | <u>790,000</u> |
| Impairment losses and amortisation at 30 April | <u>1,048,417</u> |
| Carrying amount at 30 April | <u><u>4,335,750</u></u> |

4 Tangible assets

| | Other fixtures and fittings, tools and equipment <u>DKK</u> |
|--|---|
| Cost at 1 May | 0 |
| Additions for the year | <u>3,268,272</u> |
| Cost at 30 April | <u>3,268,272</u> |
| Impairment losses and depreciation at 1 May | 0 |
| Depreciation for the year | <u>355,751</u> |
| Impairment losses and depreciation at 30 April | <u>355,751</u> |
| Carrying amount at 30 April | <u><u>2,912,521</u></u> |

Notes to the Annual Report

| | <u>2017/18</u> DKK | <u>2016/17</u> DKK |
|--------------------------------------|-----------------------------|-----------------------------|
| 5 Investments in subsidiaries | | |
| Cost at 1 May | <u>80,000</u> | <u>80,000</u> |
| Cost at 30 April | <u>80,000</u> | <u>80,000</u> |
| Carrying amount at 30 April | <u><u>80,000</u></u> | <u><u>80,000</u></u> |

6 Contingent assets, liabilities and other financial obligations

In its capacity as management company, the company is jointly taxed with its Danish group entities and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes and withholding taxes on dividends, interest and royalties.

7 Charges and securities

As security for mortgage debt to Vækstfonden totalling DKK 4.050 thousand, the Company has granted floating charge of DKK 4.050 thousand.

The Company has entered into lease agreements. The lease in the termination periode amounts to DKK 51 thousand.

Accounting policies

The annual report of Cylindo ApS for 2017/18 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 provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, etc.

Accounting policies

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development costs and costs relating to rights developed by the company are recognised in the income statement as costs in the year of acquisition. Development costs and costs relating to rights developed by the company is amortised on a straightline basis over its useful life, which is assessed to be 5 years.

Tangible assets

Items of fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

| | | |
|--|---|-------|
| Other fixtures and fittings, tools and equipment | 5 | years |
|--|---|-------|

Investments in subsidiaries

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Income tax and deferred tax

As management company, Cylindo ApS is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

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

Accounting policies

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.