

Opbeat ApS

Nørre Farimagsgade 11, 2. tv., 1364 København K

CVR no. 34 48 80 10



Annual report

for the period 1 October 2016 - 30 April 2017

Approved at the annual general meeting of shareholders on [28.09.2017](#)

Chairman:

Ditte Bech
.....



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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 Opbeat ApS for the financial year 1 October 2016 - 30 April 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 30 April 2017 and of the results of the Company's operations for the financial year 1 October 2016 - 30 April 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, 28 September 2017
Executive Board:

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Shay-Shalom Banon
CEO

Board of Directors:

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Shay-Shalom Banon
Chairman

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Janesh Jamnadas Moorjani

.....
W.H. Baird Garrett

.....
Robin Alexander Honore
Sharpe

Independent auditor's report

To the shareholders of Opbeat ApS

Opinion

We have audited the financial statements of Opbeat ApS for the financial year 1 October 2016 - 30 April 2017, which comprise an income statement, balance sheet 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 30 April 2017 and of the results of the Company's operations for the financial year 1 October 2016 - 30 April 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 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. 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.

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 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 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.

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 conclusion is 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 our procedures, 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, 28 September 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kim Nicolajsen
State Authorised Public Accountant



Management's review

Company details

Name	Opbeat ApS
Address, Postal code, City	Nørre Farimagsgade 11, 2. tv., 1364 København K
CVR no.	34 48 80 10
Registered office	København
Financial year	1 October 2016 - 30 April 2017
Board of Directors	Shay-Shalom Banon, Chairman Janesh Jamnadas Moorjani W.H. Baird Garrett Robin Alexander Honore Sharpe
Executive Board	Shay-Shalom Banon, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark



Management's review

Management commentary

Business review

The company develops and sell access to an online platform for development and maintenance of applications.

Financial review

The income statement for 2016/17 shows a loss of DKK 5,323,033 against DKK -10,031,916 last year, and the balance sheet at 30 April 2017 shows a negative equity of DKK 32,831,163.

The company had lost its equity at 30 April 2017 and is therefore subject to the capital loss provisions of the Danish Companies Act. For further details, reference is made to note 2.

Events after the balance sheet date

19 May 2017 Opbeat ApS' parent company Opbeat Inc was sold to Elasticsearch Global B.V. As part of Elastic, the Opbeat team is now able to accelerate the path to building the best APM product. As for the current Opbeat.com service, nothing changes until the Elastic APM product is launched. The sale has no effect on these financial statements for the period 1 October 2016 - 30 April 2017.

Financial statements 1 October 2016 - 30 April 2017

Income statement

Note	DKK	2016/17 7 months	2015/16 12 months
	Gross margin	-994,006	-3,598,659
3	Staff costs	-3,587,381	-6,135,660
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-6,891	-40,378
	Profit/loss before net financials	-4,588,278	-9,774,697
	Financial income	617	13
4	Financial expenses	-735,372	-257,232
	Profit/loss for the year	-5,323,033	-10,031,916
	 Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-5,323,033	-10,031,916
		-5,323,033	-10,031,916

Financial statements 1 October 2016 - 30 April 2017

Balance sheet

Note	DKK	2016/17	2015/16
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Leasehold improvements	27,057	29,754
		<u>27,057</u>	<u>29,754</u>
	Investments		
	Other receivables	111,300	97,950
		<u>111,300</u>	<u>97,950</u>
	Total fixed assets	<u>138,357</u>	<u>127,704</u>
	Non-fixed assets		
	Receivables		
	Other receivables	10,000	40,708
	Prepayments	86,343	31,963
		<u>96,343</u>	<u>72,671</u>
	Cash	220,388	3,455,140
	Total non-fixed assets	<u>316,731</u>	<u>3,527,811</u>
	TOTAL ASSETS	<u>455,088</u>	<u>3,655,515</u>
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	102,000	102,000
	Retained earnings	-32,933,163	-27,610,130
	Total equity	<u>-32,831,163</u>	<u>-27,508,130</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	139,466	116,261
	Payables to group entities	32,372,254	30,500,716
	Other payables	774,531	546,668
		<u>33,286,251</u>	<u>31,163,645</u>
	Total liabilities other than provisions	<u>33,286,251</u>	<u>31,163,645</u>
	TOTAL EQUITY AND LIABILITIES	<u>455,088</u>	<u>3,655,515</u>

- 1 Accounting policies
- 2 Financial resources
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral

Financial statements 1 October 2016 - 30 April 2017

Notes to the financial statements

1 Accounting policies

The annual report of Opbeat ApS for 2016/17 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report reporting class B entities.

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

The Company's parent company was purchased by the Elastic Group in May 2017. As the Elastic Group's financial year is 1 May - 30 April, the Company's financial year has been changed to follow the financial year of the Elastic Group. Comparative figures have not been restated to reflect this change for practical reasons.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

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 entity'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 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.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Leasehold improvements	4 years
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Financial income and expenses

Financial income and expenses are recognised in the income statements 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 October 2016 - 30 April 2017

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

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

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective 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.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

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

Other payables

Other payables are measured at amortized cost.

2 Financial resources

At 30 April 2017, the company's equity was negative making the company subject to section 119 of the Danish Companies Act. Management expects the capital to be restored by future earnings or a conversion of debt from the parent company.

The parent company and the Elastic Group has issued a letter of support guaranteeing to provide the company with sufficient funds to enable it to meet its financial obligations as they fall due through to 30 April 2018. Consequently, the loan given by Opbeat LLC of DKK 32.3 million will not fall due for repayment before sufficient financing is in place. The Elastic Group is supporting the company with financing on an ongoing basis in a cash-pool setup.

Management is consequently of the opinion, that necessary financing is in place, and consequently, the financial statements have been prepared on a going concern basis.

Financial statements 1 October 2016 - 30 April 2017

Notes to the financial statements

DKK	2016/17 7 months	2015/16 12 months
3 Staff costs		
Wages/salaries	3,372,724	5,832,263
Pensions	79,800	136,800
Other social security costs	14,832	26,300
Other staff costs	120,025	140,297
	<u>3,587,381</u>	<u>6,135,660</u>
Average number of full-time employees	<u>12</u>	<u>12</u>
4 Financial expenses		
Interest expenses, group entities	169,033	170,644
Interest expenses, bank	201	0
Exchange adjustments	566,138	86,588
	<u>735,372</u>	<u>257,232</u>

5 Share capital

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

DKK	2016/17	2015/16	2014/15	2013/14	2012/13
Opening balance	102,000	102,000	102,000	102,000	80,000
Capital increase	0	0	0	0	22,000
	<u>102,000</u>	<u>102,000</u>	<u>102,000</u>	<u>102,000</u>	<u>102,000</u>

6 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>605,157</u>	<u>806,876</u>
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7 Collateral

As security for the Company's debt to banks, the Company has provided security for a total amount of DKK 100,075.