

Cardlay Holding ApS
Langebrogade 5
1411 Copenhagen K
Business Registration No
37447153

Annual report 2018

The Annual General Meeting adopted the annual report on 07.06.2019

Chairman of the General Meeting

Name: Jørgen Christian Juul

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Entity details

Entity

Cardlay Holding ApS
Langebrogade 5
1411 Copenhagen K

Central Business Registration No (CVR): 37447153
Registered in: Copenhagen
Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Thorleif Krarup, Chairman
Johan Wolf
Lars Andersen
Jørgen Christian Juul

Executive Board

Jørgen Christian Juul, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Cardlay Holding ApS for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 07.06.2019

Executive Board

Jørgen Christian Juul
Chief Executive Officer

Board of Directors

Thorleif Krarup
Chairman

Johan Wolf

Lars Andersen

Jørgen Christian Juul

Independent auditor's report

To the shareholders of Cardlay Holding ApS

Opinion

We have audited the financial statements of Cardlay Holding ApS for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 07.06.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jens Jørgensen Baes
State-Authorised Public Accountant
Identification No (MNE) mne14956

Management commentary

Primary activities

The object of the Company is to provide IT consultancy and, in the opinion of the Board, all related activities.

Development in activities and finances

The loss for the year is DKK 12,573,626. Management assesses the performance for the year less satisfactory.

The company has for the year 2018 invested 23,896 thousand in its subsidiary, Cardlay A/S.

The subsidiary, Cardlay A/S, is still in the process of being established, and, as in earlier years, has worked on its development projects in progress for the year. As a result, Cardlay A/S needs additional funding during 2019 to complete its development projects in progress. To continue its activities at the desired level, the Company needs a capital injection of approx. DKK 26 million in 2019.

The Company has worked out a funding plan together with its subsidiary, in which the Company continuously raises capital for the purpose of investing in Cardlay A/S with existing capital owners and new investors. Through its subsidiary, the Company has made capital increases of DKK 11.6 million in 2019 and invested it in Cardlay A/S

Furthermore, several of the Company's lead investors have declared that they will look positively on supporting in finding financing for the continued operation in Cardlay, should this be necessary.

According to its funding plan, the Company plans an increase of the share capital by a series A round in the fourth quarter of this year, of which the capital will be transferred to Cardlay A/S as a group contribution.

Management believes that the Company's existing angels and venture funds continue to support the Company, which is reflected in their ongoing participation in our funding.

Based on the steps taken, Management expects that the necessary funding will be obtained and invested in Cardlay A/S.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Gross loss		(361.817)	(497.026)
Income from investments in group enterprises		(12.219.644)	(9.693.578)
Other financial expenses	2	<u>2.558</u>	<u>(330.993)</u>
Profit/loss before tax		(12.578.903)	(10.521.597)
Tax on profit/loss for the year	3	<u>5.277</u>	<u>0</u>
Profit/loss for the year		(12.573.626)	(10.521.597)
Proposed distribution of profit/loss			
Retained earnings		<u>(12.573.626)</u>	<u>(10.521.597)</u>
		(12.573.626)	(10.521.597)

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Investments in group enterprises		29.472.655	17.796.555
Fixed asset investments	4	29.472.655	17.796.555
Fixed assets		29.472.655	17.796.555
Income tax receivable		3.104.066	1.930.779
Receivables		3.104.066	1.930.779
Cash		1.292	3.200.322
Current assets		3.105.358	5.131.101
Assets		32.578.013	22.927.656

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	5	127.764	108.759
Retained earnings		<u>23.333.956</u>	<u>20.423.200</u>
Equity		<u>23.461.720</u>	<u>20.531.959</u>
Joint taxation contribution payable		<u>3.098.789</u>	<u>1.930.779</u>
Non-current liabilities other than provisions		<u>3.098.789</u>	<u>1.930.779</u>
Trade payables		18.750	462.360
Payables to shareholders and management		<u>5.998.754</u>	<u>2.558</u>
Current liabilities other than provisions		<u>6.017.504</u>	<u>464.918</u>
Liabilities other than provisions		<u>9.116.293</u>	<u>2.395.697</u>
Equity and liabilities		<u>32.578.013</u>	<u>22.927.656</u>
Staff costs	1		
Contingent liabilities	6		

Statement of changes in equity for 2018

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	108.759	0	20.423.200	20.531.959
Increase of capital	19.005	15.484.382	0	15.503.387
Transfer to reserves	0	(15.484.382)	15.484.382	0
Profit/loss for the year	0	0	(12.573.626)	(12.573.626)
Equity end of year	127.764	0	23.333.956	23.461.720

In the period 2016 to 2018, a total of 5,115 warrants were issued to members of Management. Each warrant confers a right to subscribe for one share at a subscription price of DKK 230.00, 660.00, 809.00 and 1,163.00 per nominal 1.00 share in the Company.

Notes

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>
	<u>2018</u>	<u>2017</u>
	<u>DKK</u>	<u>DKK</u>
2. Other financial expenses		
Financial expenses from associates	0	19.419
Other financial expenses	<u>(2.558)</u>	<u>311.574</u>
	<u>(2.558)</u>	<u>330.993</u>
	<u>2018</u>	<u>2017</u>
	<u>DKK</u>	<u>DKK</u>
3. Tax on profit/loss for the year		
Current tax	<u>(5.277)</u>	<u>0</u>
	<u>(5.277)</u>	<u>0</u>
		<u>Invest-</u>
		<u>ments in</u>
		<u>group</u>
		<u>enterprises</u>
		<u>DKK</u>
4. Fixed asset investments		
Cost beginning of year		29.669.211
Addition through business combinations etc		<u>23.895.744</u>
Cost end of year		<u>53.564.955</u>
Impairment losses beginning of year		(11.872.656)
Impairment losses for the year		<u>(12.219.644)</u>
Impairment losses end of year		<u>(24.092.300)</u>
Carrying amount end of year		<u>29.472.655</u>

Notes

	<u>Number</u>	<u>Nominal value DKK</u>
5. Contributed capital		
A-aktier	50.000	50.000
B-aktier	26.747	26.747
C-aktier	51.017	51.017
	<u>127.764</u>	<u>127.764</u>

6. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

For some comparative figures, the presentation has been restated. The restatement has not affected equity or profit or loss.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises other external expenses.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Accounting policies

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.