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Cardlay A/S
Langebrogade 5
1411 Copenhagen K
Business Registration No
37447285

Annual report 2018

The Annual General Meeting adopted the annual report on 07.06.2019

Chairman of the General Meeting

Name: Jørgen Christian Juul

Contents

Entity details

Entity
Cardlay A/S
Langebrogade 5
1411 Copenhagen K

Central Business Registration No (CVR): 37447285
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 A/S 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 A/S

Opinion

We have audited the financial statements of Cardlay A/S 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.

Material uncertainty related to going concern

As stated in the management commentary and note 1, the Company needs additional capital of approx. DKK 26 million to continue its operations in 2019. To obtain such capital injection, Management has secured additional capital of DKK 11.6 million from the Parent, as well as converted debt into shares of DKK 6 million.

Management expects to raise further capital in the autumn of 2019 by a capital increase. We refer to the management commentary and note 1, in which the situation and the uncertainty are specified. At the time of presentation of the financial statements, Management assumes that the above raising of capital is possible. Consequently, the financial statements have been presented on the assumption that the Company is a going concern. In that respect, we have not modified our audit 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.

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 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 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.

Independent auditor's report

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.

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 12,220 thousand. Management assesses the performance for the year less satisfactory.

The Company has during the year 2018 received a group contribution of DKK 23,896 thousand from its Parent.

Going concern
The Company 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, the Company 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 Parent, in which the Company continuously raises capital for the purpose of investing with existing capital owners and new investors. Through its Parent, the Company has made capital increases of DKK 11.6 million and converted debt into equity of DKK 6.0 million.

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 Parent's 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, consequently, Management has presented the financial statements on the assumption that the Company is a going concern.

Uncertainty relating to recognition and measurement
The value of the recognised development projects, totalling DKK 27,722 thousand, depends on the Company's ability to raise capital in order to be able to complete the development projects. Management believes that the Company will succeed in this.

The Company has recognised deferred tax assets by a total of DKK 0.7 million, which primarily arise from operating losses. The Company budgets for positive results in the next few years, which will lead to utilisation of the tax losses over a short span of years. Given that the value of the asset depends on the

Management commentary

future development, some uncertainty is associated with the measurement of the asset, as unforeseen circumstances may have a positive or negative impact on the Company's future operations.

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

	Notes	2018 DKK	2017 DKK
Gross loss		**(5.387.993)**	**(5.978.292)**
Staff costs	3	(9.623.627)	(5.766.569)
Depreciation, amortisation and impairment losses	4	(130.928)	(84.266)
Operating profit/loss		**(15.142.548)**	**(11.829.127)**
Other financial expenses	5	(558.605)	(590.860)
Profit/loss before tax		**(15.701.153)**	**(12.419.987)**
Tax on profit/loss for the year	6	3.481.509	2.726.409
Profit/loss for the year		**(12.219.644)**	**(9.693.578)**
Proposed distribution of profit/loss			
Retained earnings		(12.219.644)	(9.693.578)
		(12.219.644)	**(9.693.578)**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Development projects in progress		27.721.840	13.612.449
Intangible assets	7	**27.721.840**	**13.612.449**
Other fixtures and fittings, tools and equipment		380.052	383.026
Leasehold improvements		98.054	122.590
Property, plant and equipment	8	**478.106**	**505.616**
Deposits		143.906	96.360
Deferred tax		721.508	338.788
Fixed asset investments	9	**865.414**	**435.148**
Fixed assets		**29.065.360**	**14.553.213**
Trade receivables		233.224	5.211
Other receivables		508.998	233.529
Joint taxation contribution receivable		3.098.789	1.930.779
Prepayments		102.629	1.013
Receivables		**3.943.640**	**2.170.532**
Cash		**5.995.345**	**9.450.026**
Current assets		**9.938.985**	**11.620.558**
Assets		**39.004.345**	**26.173.771**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Contributed capital		2.266.700	2.266.700
Reserve for development expenditure		27.721.840	13.612.449
Retained earnings		(515.884)	1.917.407
Equity		**29.472.656**	**17.796.556**
Other payables		3.741.273	4.218.179
Non-current liabilities other than provisions	10	**3.741.273**	**4.218.179**
Current portion of long-term liabilities other than provisions	10	768.426	766.883
Bank loans		368.811	68.109
Trade payables		2.024.255	1.690.140
Other payables	11	2.628.924	1.633.904
Current liabilities other than provisions		**5.790.416**	**4.159.036**
Liabilities other than provisions		**9.531.689**	**8.377.215**
Equity and liabilities		**39.004.345**	**26.173.771**
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		

Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.266.700	13.612.449	1.917.407	17.796.556
Group contributions etc	0	0	23.895.744	23.895.744
Profit/loss for the year	0	14.109.391	(26.329.035)	(12.219.644)
Equity end of year	**2.266.700**	**27.721.840**	**(515.884)**	**29.472.656**

Notes

1. Going concern

The Company 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, the Company 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 Parent, in which the Company continuously raises capital for the purpose of investing with existing capital owners and new inves-tors. Through its Parent, the Company has made capital increases of DKK 11.6 million and con-verted debt into equity of DKK 6.0 million.

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 Parent's 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, consequently, Management has presented the financial statements on the assumption that the Company is a going concern.

2. Uncertainty relating to recognition and measurement

The value of the recognised development projects, totalling DKK 27,722 thousand, depends on the Company's ability to raise capital in order to be able to complete the development projects. Management believes that the Company will succeed in this.

The Company has recognised deferred tax assets by a total of DKK 0.7 million, which primarily arise from operating losses. The Company budgets for positive results in the next few years, which will lead to utilisation of the tax losses over a short span of years. Given that the value of the asset depends on the future development, some uncertainty is associated with the measurement of the asset, as unforeseen circumstances may have a positive or negative impact on the Company's future operations.

Notes

	2018 DKK	2017 DKK
3. Staff costs		
Wages and salaries	15.856.200	9.301.785
Pension costs	551.145	140.786
Other social security costs	132.302	61.000
Other staff costs	558.841	321.052
Staff costs classified as assets	(7.474.861)	(4.058.054)
	9.623.627	**5.766.569**
Average number of employees	**23**	**15**

	2018 DKK	2017 DKK
4. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	130.928	97.266
Profit/loss from sale of intangible assets and property, plant and equipment	0	(13.000)
	130.928	**84.266**

	2018 DKK	2017 DKK
5. Other financial expenses		
Other interest expenses	507.657	577.197
Exchange rate adjustments	32.712	13.663
Other financial expenses	18.236	0
	558.605	**590.860**

	2018 DKK	2017 DKK
6. Tax on profit/loss for the year		
Current tax	(3.098.789)	(1.930.779)
Change in deferred tax	(382.720)	(795.630)
	(3.481.509)	**(2.726.409)**

Notes

	Development projects in progress DKK
7. Intangible assets	
Cost beginning of year	13.612.449
Additions	14.109.391
Cost end of year	**27.721.840**
Carrying amount end of year	**27.721.840**

Development projects

Development projects concern the development of software and expense cards. The projects are expected to be completed in 2019. The development proceeds as planned using the resources allocated by Management for the development. The Company has cooperated with several different banks regarding the propagation of technology.

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
8. Property, plant and equipment		
Cost beginning of year	468.775	161.793
Additions	103.418	0
Cost end of year	**572.193**	**161.793**
Depreciation and impairment losses beginning of year	(85.749)	(39.203)
Depreciation for the year	(106.392)	(24.536)
Depreciation and impairment losses end of year	**(192.141)**	**(63.739)**
Carrying amount end of year	**380.052**	**98.054**

Notes

	Deposits DKK	Deferred tax DKK
9. Fixed asset investments		
Cost beginning of year	96.360	338.788
Additions	92.732	382.720
Disposals	(45.186)	0
Cost end of year	**143.906**	**721.508**
Carrying amount end of year	**143.906**	**721.508**

	Due within 12 months 2018 DKK	Due within 12 months 2017 DKK	Due after more than 12 months 2018 DKK
10. Liabilities other than provisions			
Other payables	768.426	766.883	3.741.273
	768.426	**766.883**	**3.741.273**

	2018 DKK	2017 DKK
11. Other payables		
Wages and salaries, personal income taxes, social security costs, etc payable	675.821	587.131
Holiday pay obligation	1.895.126	1.000.787
Other costs payable	57.977	45.986
	2.628.924	**1.633.904**

	2018 DKK	2017 DKK
12. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**1.825.200**	**612.237**

13. Contingent liabilities

The Company has issued a company loan of DKK 5,000,000 on operating equipment, intangible assets and simple receivables arising from the sale of goods and services with a total carrying amount of DKK 28,335,116.

Notes

The Entity participates in a Danish joint taxation arrangement where serves as the administration company, cardlay Holding ApS. According to the joint taxation provi-sions 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.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, other operating income and other external expenses.

Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

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

Accounting policies

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 Cardlay holding ApS. 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
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 10 years.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years

Accounting policies

Leasehold improvements	7 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

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.