• Kallermann Revision A/S •

statsautoriseret revisionsfirma
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Hiveonline ApS

Følfodvej 42
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CVR no. 38 25 03 02

Annual report 2018

The annual report has been presented and approved on the Company's ordinary general meeting on 29 May 2019

Anna Sofie Blakstad
Chairman of general meeting

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COMPANY DETAILS

Reporting entity	Hiveonline ApS Følfodvej 42 2300 København S	
	CVR no.:	38 25 03 02
	Reporting period:	1 January 2018 - 31 December 2018
Board of Directors	Anna Sofie Blakstad, chairman Robert Kenneth Allen John Raabo Nielsen	
Executive Board	Anna Sofie Blakstad	
Company auditors	Kallermann Revision A/S - statsautoriseret revisionsfirma Stationspladsen 1 og 3 3000 Helsingør	
	CVR no.:	30 19 52 64

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the annual report for the financial year 1 January - 31 December 2018 for Hiveonline ApS.

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 Company's financial position at 31 December 2018 and of its financial performance for the financial year 1 January - 31 December 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, 29 May 2019

Executive board

Anna Sofie Blakstad

Board of Directors

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Anna Sofie Blakstad chairman 29/05/2019	Robert Kenneth Allen 29/05/2019	John Raabo Nielsen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Hiveonline ApS

Opinion

We have audited the Financial Statements of Hiveonline ApS for the financial year 1 January - 31 December 2018, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 Company's financial position at 31 December 2018 and of the result of the Company's operations for the financial year 1 January - 31 December 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 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 Responsibility 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 Responsibility 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 of accounting information 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

INDEPENDENT AUDITOR'S REPORT

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.

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 Statement Act. We did not identify any material misstatement of Management's Review.

Elsinore, 29 May 2019
Kallermann Revision A/S - statsautoriseret revisionsfirma
CVR no. 30 19 52 64

Morten Bjerregaard
State Authorized Public Accountant
MNE no.: mne34299

MANAGEMENT'S REVIEW

Primary activities
The Company's primary activities comprise development and marketing of online products related to financial administration.

Development in activities and finances
The result for the year shows a loss of 4.637.256 DKK, which is in accordance with managements expectations. The equity amounts to 1.249.218 DKK at 31 December 2018. The financial year has been characterized by continous scaling of the Company and the development of the Hiveonline app for small businesses.

In order to finance the approved budget and plans for 2019 the Company is depending on a capital injection. The Company has initiated negotiations with new investors and expects the negotiation to turn out in favor of the Company.

The shareholders have declared that adequate liquidity will be injected in the Company to finance the present budget and plans as a minimum for 12 months from the balance sheet date or at least until an agreement on new equity financing with new investors have been finalized. Based on this declaration the financial statements for 2018 have been prepared under the assumption of going concern.

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.

ANNUAL REPORT

ACCOUNTING POLICIES

This annual report of Hiveonline ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with additional choice of a few rules from class C enterprises.

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

Recognition and measurement

Income is recognised in the income statement when earned, hereunder valuation adjustment concerning financial assets and liabilities. Costs are also recognised in the income statement, hereunder depreciations and amortisations.

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 Company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Company 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 Company, and the value of the liabilities 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, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses.

Long-term assets purchased in foreign currency are translated at the exchange rate at the transaction date.

Description of methods of leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially measured in the balance sheet at the lower of fair value and the net present value of the future lease payments. In calculating the net present value of future lease payments, the discount factor is the interest rate implicit in the lease or an alternative rate. Assets held under finance leases are subsequently treated as the Company's other non-current assets.

The capitalised residual lease obligation is recognized in the balance sheet as a liability and the interest implicit in the lease is recognized in the income statement over the lease term.

ANNUAL REPORT

ACCOUNTING POLICIES

All other leases are defined as operating leases. Operating lease payments and other lease payments are recognized in the income statement over the lease term. The Company's total liabilities relating to operating leases and other leases are disclosed in the notes under contingent liabilities.

INCOME STATEMENT

Revenue

Revenue concerning services rendered is recognized in the income statement as the service is rendered to buyer, when the earnings can be calculated reliably and payment for the service is expected to be received.

Revenue is measured to fair value of the agreed fee ex. VAT and taxes charged on behalf of third parties. All discounts granted in connection with the sale are recognized in the revenue.

External expenses

Other external expenses comprise expenses for distribution, sale, marketing, bad debts, operational costs etc.

Staff costs

Staff costs comprise salaries and wages including holiday pay and pensions as well as social security costs, etc for the Company’s staff. Received compensations from the authorities have been deducted in staff costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense, leasing costs, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Income tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity. The tax share recognized in the income statement, and which is attached to the year’s extraordinary result, is attributed hereto, whereas the remaining share is attributed to the year’s ordinary result.

The Company is included in the Danish rules on mandatory joint taxation in Hiveonlinenetworks Group Danish subsidiaries. Subsidiaries are included in the joint taxation from the time they are included in the consolidated accounts and on to the time, when they no longer are part of the consolidated accounts.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from other companies that have used the tax losses to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Development projects

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Group's development activities.

ANNUAL REPORT

ACCOUNTING POLICIES

Development projects that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the Group are evidenced, and where the Group intends to produce, market or use the project, are recognized as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling and administrative expenses and development costs. Other development costs are recognized in the income statement when incurred.

Development costs that are recognized in the balance sheet are measured at the lower of cost less accumulated amortisation and impairment and the recoverable amount.

On the completion of the development projects, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually ten years.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when it is ready to be put into operation. Concerning self-constructed assets the cost comprises direct and indirectly expenses to materials, components, subcontractors, wages and borrowing costs from specific and general borrowing, which directly relate to the construction of the single asset.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

Other fixtures and fittings, tools and equipment, 3-5 years

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are re-assessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognized prospectively as a change in accounting estimates.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as other operating income and other operating costs, respectively.

Amortisation of noncurrent assets
The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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ACCOUNTING POLICIES

Investments
Deposits are measured at cost.

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

Prepayments
Accruals, recognized in short-term assets, comprise costs concerning the following accounting year.

Equity
Reserve for development costs
The reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Tax payables and deferred tax
Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax is measured on basis of the tax rules and tax rates, which are valid according to the legislation on the balance sheet date, when deferred tax is expected to become actual tax. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Current tax receivable and payable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Allowances under the tax prepayment scheme are included in the income statement as financial items.

Current tax receivables and liabilities
Financial liabilities are measured at net realisable value.

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INCOME STATEMENT FOR 2018

	Notes	2018 DKK	2017/16 DKK
Gross loss		**-1.659.318**	**-619.342**
Staff costs	2	-2.954.859	-201.454
Depreciation, amortisation and impairment losses		-3.238	-536
Profit (loss) from ordinary operating activities		**-4.617.415**	**-821.332**
Financial income	3	5	0
Financial expenses	4	-19.846	-12.461
Profit (loss) from ordinary activities before tax		**-4.637.256**	**-833.793**
Tax	5	0	178.216
PROFIT/LOSS FOR THE YEAR		**-4.637.256**	**-655.577**

Proposed distribution of results:		
Retained earnings	-4.637.256	-655.577
	-4.637.256	**-655.577**

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BALANCE OF 31 DECEMBER 2018

	Notes	2018 DKK	2017/16 DKK
ASSETS			
Development projects in progress		2.903.101	1.123.005
Intangible assets	6	**2.903.101**	**1.123.005**
Fixtures, fittings, tools and equipment		5.940	9.178
Property, plant and equipment	7	**5.940**	**9.178**
Deposits		15.011	10.011
Long-term investments and receivables		**15.011**	**10.011**
FIXED ASSETS		**2.924.052**	**1.142.194**
Current deferred tax assets		178.216	178.216
Other receivables		134.523	67.741
Deferred income assets		26.030	26.030
Receivables		**338.769**	**271.987**
Cash and cash equivalents		**465.193**	**5.201.750**
CURRENT ASSETS		**803.962**	**5.473.737**
ASSETS		**3.728.014**	**6.615.931**

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BALANCE OF 31 DECEMBER 2018

	Notes	2018 DKK	2017/16 DKK
EQUITY AND LIABILITIES			
Contributed capital		60.241	60.241
Share premium		0	6.481.810
Reserve for development expenditure		2.264.419	875.944
Retained earnings		-1.075.442	-1.531.521
EQUITY		**1.249.218**	**5.886.474**
Payables to group enterprises		1.641.519	175.236
Payables to shareholders and management		319.195	316.584
Long-term liabilities other than provisions	8	**1.960.714**	**491.820**
Trade payables		266.847	133.880
Other payables		251.235	103.757
Short-term liabilities other than provisions		**518.082**	**237.637**
LIABILITIES OTHER THAN PROVISIONS		**2.478.796**	**729.457**
EQUITY AND LIABILITIES		**3.728.014**	**6.615.931**

Uncertainties relating to going concern	1
Contingent assets	9
Contingent liabilities	10

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STATEMENT OF CHANGES IN EQUITY FOR 2018

	2018 DKK	2017/16 DKK
Contributed capital:		
Capital, 1 January 2018	60.241	60.241
Capital, 31 December 2018	**60.241**	**60.241**
Share premium:		
Equity, beginning balance	6.481.810	6.481.810
Transferred	-6.481.810	0
Equity, ending balance	**0**	**6.481.810**
Reserve for development expenditure:		
Equity, beginning balance	875.944	0
Transferred	1.388.475	875.944
Equity, ending balance	**2.264.419**	**875.944**
Retained earnings:		
Retained earnings, 1 January 2018	-1.531.521	0
Transferred	5.093.335	-875.944
Decrease	-4.637.256	-655.577
Retained earnings, 31 December 2018	**-1.075.442**	**-1.531.521**
Equity, 31 December 2018	**1.249.218**	**5.886.474**

ANNUAL REPORT

NOTES

1. Uncertainties relating to going concern
In order to finance the approved budget and plans for 2019 the Company is depending on a capital injection. The Company has initiated negotiations with new investors and expects the negotiation to turn out in favor of the Company.

The shareholders have declared that adequate liquidity will be injected in the Company to finance the present budget and plans as a minimum for 12 months from the balance sheet date or at least until an agreement on new equity financing with new investors have been finalized. Based on this declaration the financial statements for 2018 have been prepared under the assumption of going concern.

	2018	2017/16
	DKK	DKK
2. Staff costs		
Wages and salaries	2.823.587	201.454
Post-employment benefit expense	100.798	0
Social security contributions	30.474	0
Employee benefits expense	**2.954.859**	**201.454**
Average number of employees	**8**	**1**
3. Other finance income		
Exchange rate profit	5	0
Other finance income	**5**	**0**
4. Other finance expenses		
Interest expense assigned to group enterprises	6.314	9.792
Other interest expenses	11.722	2.669
Interest charge and tax recognized as finance expenses	1.810	0
Other finance expenses	**19.846**	**12.461**
5. Tax		
Current tax expense	0	0
Adjustments for deferred tax	0	-178.216
Tax expense on ordinary activities	**0**	**-178.216**
6. Intangible assets		
Development projects in progress:		
Intangible assets, gross, beginning balance	1.123.005	0
Additions to intangible assets	1.780.096	1.123.005
Intangible assets, gross, ending balance	**2.903.101**	**1.123.005**
Intangible assets, ending balance	**2.903.101**	**1.123.005**

ANNUAL REPORT

NOTES

	2018 DKK	2017/16 DKK
7. Property, plant and equipment		
Fixtures, fittings, tools and equipment:		
Cost, 1 January 2018	9.714	0
Additions	0	9.714
Cost, 31 December 2018	**9.714**	**9.714**
Accumulated depreciation, 1 January 2018	-536	0
Depreciation	-3.238	-536
Accumulated depreciation, 31 December 2018	**-3.774**	**-536**
Fixtures, fittings, tools and equipment, 31 December 2018	**5.940**	**9.178**

8. Long-term liabilities

The Company has a loan amounting to 200,000 EUR raised against issue of a convertible debt instrument. The loan can be converted to shares in the Company on the same conditions and valuation as a possible future equity financing. The loan falls due after five years and more.

9. Contingent assets

The Company has a contingent asset amounting to 1 DKK million comprising tax losses carry-forward. At the time of approval of the annual report uncertainty exists concerning when the Company expects to use the tax losses to offset against positive income.

10. Contingent liabilities

The Company participates in a Danish joint taxation arrangement, where Hivenetworkonline Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc. for the jointly taxed Danish 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 disclosured in the administration company's financial statements.