



English translation¹ of the

Report
on the
audit of the annual financial statements
for the financial year
from 1 April 2018 to 31 March 2019
of
Designit Germany GmbH
Munich

¹ Only the German original version of the report is authoritative and binding. No liability is assumed as to the accuracy of the translation.



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LIST OF ABBREVIATIONS

subs.	Subsection
EDP	Electronic data processing
EStG	Einkommensteuergesetz (German Income Tax Act)
i.e.	id est (that is)
etc.	et cetera
GmbH	Gesellschaft mit beschränkter Haftung (German limited liability company)
HGB	Handelsgesetzbuch (German Commercial Code)
HRB	Handelsregister Abteilung B (Section B of the Commercial Register)
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf (Institute of Public Auditors in Germany)
ICS	Internal control system
No.	Number
PS	Prüfungsstandard des IDW (auditing standard of the IDW)
WPO	Wirtschaftsprüferordnung (German Public Accountants' Act)
e.g.	for example
sec.	Section
€	Euro
K€	Thousand euros



1. AUDIT ASSIGNMENT

1. At the shareholders' meeting of 15 June 2018 of

Designit Germany GmbH,
Munich

(hereinafter also referred to as the "company")

we were appointed auditors for the financial year from 1 April 2018 to 31 March 2019. Thereupon, we were instructed by the management of the company to audit the annual financial statements including the accounting records of the company for the financial year from 1 April 2018 to 31 March 2019 in accordance with sections 317 et seqq. of the German Commercial Code (*Handelsgesetzbuch* – HGB) as well as to submit a written report on the findings of our audit.

2. According to the classification guidelines as set forth in sec. 267 subs. 1 HGB, the company is to be classified as a small corporation (*kleine Kapitalgesellschaft*); it is, therefore, not subject to a mandatory audit in accordance with sec. 316 et seqq. HGB.
3. In applying the simplification provisions set forth in sec. 264 subs. 1 sentence 4 HGB, the company has opted not to prepare a management report. Therefore, we are not able to explicitly comment – in accordance with sec. 321 subs. 1 sentence 2 HGB – on the legal representatives' assessment of the company's situation, which is usually presented in the management report.
4. We confirm according to sec. 321 subs. 4a HGB that our audit complies with the applicable provisions on audit independence.
5. We have prepared this audit report in conformity with the German generally accepted auditing standards IDW PS 450 (new version) as promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer* – IDW). Please note that there may be rounding differences in the report compared to the mathematically exact values (monetary units, percentage values etc.).
6. The execution of the audit assignment and our liability, also vis-à-vis third parties, shall be governed by the agreed "General Engagement Terms for German Public Auditors and Public Audit Firms" as of 1 January 2017, which are attached hereto (Appendix 5). The audit assignment shall be subject to the statutory provisions on the determination of the maximum sum of liability. Where there are no statutory provisions on the maximum sum of liability, no. 9 subs. 2 of the General Engagement Terms shall be applicable. Number 1 subs. 2 in conjunction with no. 9 of the General Engagement Terms shall apply in respect to third parties.
7. The following audit report is addressed to the company.



2. FACTS THAT COULD IMPAIR THE COMPANY'S DEVELOPMENT OR THREATEN ITS EXISTENCE

8. Within the framework of this audit, we have identified the following facts which could impair the company's development or pose a threat to its continued existence and which are subject to mandatory reporting in accordance with sec. 321 subs. 1 sentence 3 HGB.
9. The development of the company's financial position and results of operations has given rise to facts that could impair the company's development or pose a threat to its continued existence:

The company's ability to continue as a going concern is at risk due to the company's profitability followed by a negative operating cash flow. The company's ability to continue as a going concern mainly depends on the Letter of Comfort by Designit A/S, Copenhagen (Denmark) remaining in force, according to which Designit A/S will grant the company sufficient funding in case of the existence of technical grounds for insolvency.



3. SUBJECT, TYPE AND SCOPE OF THE AUDIT

3.1 Subject of the audit

10. As per our audit assignment and in compliance with sec. 317 HGB, we audited the accounting records and the annual financial statements as at 31 March 2019 – consisting of the balance sheet, the profit and loss account as well as the notes to the annual financial statements – which have been prepared in line with the accounting principles established by the German commercial law as well as the supplementary provisions of the German Limited Liability Companies Act (*GmbH-Gesetz*) and the company's Articles of Association.

Our audit also includes the examination of whether the company has correctly made use of the size-related simplification options for small corporations as set out in sec. 267 subs. 1 HGB.

11. The annual financial statements are prepared in accordance with the accounting principles established by the German commercial law. The company's legal representatives are responsible for the financial accounting, including the implementation and maintenance of the internal control system as well as for the information provided to us (i.e. the auditors). Our responsibility as auditors is to duly evaluate and assess these documents including the accounting records and the information provided to us.
12. Our audit shall not include the examination of whether the ability of the audited company to continue as a going concern or the effectiveness and economic efficiency of the management can be guaranteed (sec. 317 subs. 4a HGB).
13. Compliance with other statutory requirements was only audited to the extent that these usually have an impact on the annual financial statements. The detection and investigation of criminal offences such as embezzlement or unlawful appropriation and the discovery of administrative offences unrelated to financial accounting have not been subject matter of our audit.

3.2 Type and scope of the audit

14. We conducted our audit of the annual financial statements in accordance with sec. 316 et seqq. HGB and the German generally accepted auditing standards promulgated by the Institute of Public Auditors in Germany.

Those standards require that the audit is planned and performed in such way that misstatements, whether due to fraud or error, which materially affect the picture of the net assets, financial position and results of operations presented by the annual financial statements (in compliance with the principles of proper accounting) are identified with reasonable assurance.



15. The starting point for our audit were the annual financial statements prepared by the management of Designit Germany GmbH for the financial year from 1 April 2018 to 31 March 2019; it is based on last year's annual financial statements as at 31 March 2018 that we have audited and for which we issued the unqualified auditor's report of 18 May 2018 and which was adopted by shareholders' resolution of 15 June 2018 without any changes.
16. Prior to conducting the audit, we determined the key audit areas taking into consideration our preliminary evaluation of the company's situation and an assessment of the effectiveness of the accounting-related internal control system (ICS) (risk-based audit approach). Our evaluation was based, in particular, on information on the legal and economic framework conditions. Knowledge about sectoral risks, the business strategy of the company and the business risks associated therewith was gained from the audit of last year's annual financial statements and from talks with the management and employees of the company.
17. Our planning of the audit for the reporting year resulted in the following key audit areas:
 - existence and evaluation of the work in progress as well as definition of the project evaluation;
 - existence of trade receivables and recognition of the turnover in the accounting year it is related to;
 - completeness of the other provisions and
 - completeness of the trade payables.
18. Building on the assessment of the accounting-related internal control system, we conducted analytical audit procedures, tests of details (substantive audit procedures) or a combination of both types of procedures. To the extent that we decided not to conduct tests of controls or could not reasonably assume that the controls work effectively, we largely conducted substantive audit procedures. Analytical audit procedures as well as tests of details were conducted – as necessary in terms of type and scope – in the proper exercise of our discretion duly taking into consideration the significance of the audit areas and the organisation of the accounting system. We selected the elements to be audited based on the economic significance of the individual items of the annual financial statements.

We believe that our audit provides a reasonable basis for our opinion.

19. Due to the small amounts concerned, we did not request balance confirmations as at the balance sheet date to provide evidence of trade payables and receivables. Samples were, however, audited on the basis of alternative audit procedures.

With regard to affiliated companies and companies in which the company has a participating interest, the company has requested complete balance confirmations as at the balance sheet date.

Balance confirmations and information on significant matters were requested from financial institutions with which the company maintains business relations. Confirmations concerning pending judicial remedies and other important legal matters were obtained from the lawyers appointed by the company. Confirmations concerning pending legal remedies and existing tax risks were obtained from the tax advisor appointed by the company.



20. The type, scope and results of the individual audit procedures that were carried out have been documented in our working papers.
21. We conducted the audit in March 2019 (initial audit) and in the time period from 15 to 30 April 2019 (with interruptions) at the premises of the company in Munich and in our offices. Furthermore, the audit report was finalised in our Munich office.

The company's management and the individuals designated by the management provided all of the requested information and evidence in accordance with sec. 320 HGB. On 30 April 2019, the company's management confirmed the completeness of the information and evidence provided as well as the completeness of the accounting records and the annual financial statements by issuing the usual letter of representation. This letter has been placed on file.



4. CONCLUSIONS AND COMMENTARY ON THE ACCOUNTING

4.1 Adequacy of accounting

4.1.1 Accounting records and other audited documents

22. The company's accounting is carried out by means of a company-owned ERP System using the software Workday of the company Workday Limited, Ireland. The company's accounting records are kept at the company's premises in Munich.

The payroll accounting was carried out by the law firm Becker Büttner Held PartGmbH in Munich.

23. The organisation of the accounting and the accounting-related internal control system allow the complete, accurate, timely and orderly recording and posting of transactions. The chart of accounts is sufficiently structured and the record management is conducted clearly and logically. The books were correctly opened with the figures from last year's balance sheet we audited and have been properly kept throughout the entire financial year.
24. The information we obtained from the other audited documents was correctly depicted in the accounting records and the annual financial statements.
25. The overall conclusion based on our findings is that the accounting records and the other documents that were audited are in compliance with the statutory requirements and the principles of proper accounting. The audit did not give rise to any objections.

4.1.2 Annual financial statements

26. As at the balance sheet date, the company classifies as a small corporation (*kleine Kapitalgesellschaft*) within the meaning of sec. 267 subs. 1 HGB.
27. The size-related simplification options regarding the preparation of the annual financial statements (as set out in sections 274a, 276 and 288 HGB) were largely made use of.
28. Both the balance sheet and the profit and loss account have been properly drawn up on the basis of the accounting records and the other audited documents.

The balance sheet is structured in accordance with sec. 266 HGB. The profit and loss account has been prepared in accordance with sec. 275 subs. 2 HGB using the total cost method (*Gesamtkostenverfahren*). The recognition, disclosure and valuation principles applicable to corporations were complied with. Information with regard to choices in the presentation of the balance sheet and the profit and loss account is largely presented in the notes.

29. The accounting and valuation methods applied in preparing the balance sheet and the profit and loss account are sufficiently explained in the notes drawn up by the company (Appendix 3). All legally required particulars are fully and accurately presented.



30. According to our findings, the annual financial statements comply with the statutory requirements and the principles of proper accounting. The audit did not give rise to any objections.

4.2 Overall presentation of the annual financial statements

4.2.1 Remarks on the overall presentation of the annual financial statements

31. According to our findings, the annual financial statements as a whole (i.e. based on the balance sheet, the profit and loss account and the notes) – in accordance with the principles of proper accounting – give a true and fair view of the actual net assets, the financial position and results of operations of the company.
32. The accounting and valuation principles applied by the company have been stated in the notes. Thus, the following remarks focus on those circumstances that are of material significance for the evaluation of the net assets, financial position and results of operations as well as in terms of their overall effect in connection with other measures and circumstances.

4.2.2 Bases of valuation

33. The accounting and valuation methods applied in the preparation of the annual financial statements of the company are based on the going concern assumption (sec. 252 subs. 1 no. 2 HGB). They are consistent with the accounting and valuation methods applied in the previous financial year.
34. For further information, please see the explanations in the notes (Appendix 3).



5. REPRODUCTION OF THE AUDITOR'S REPORT

35. On 30 April 2019, after completing the audit of the annual financial statements of Designit Germany GmbH, Munich, as at 31 March 2019 (attached hereto as Appendices 1 to 3), we issued an **unqualified auditor's report**, which is reproduced below:

"INDEPENDENT AUDITOR'S REPORT

To Designit Germany GmbH, Munich

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit opinion

We have audited the annual financial statements – consisting of the balance sheet as at 31 March 2019, the profit and loss account for the financial year from 1 April 2018 to 31 March 2019 as well as the notes to the annual financial statements, including the presentation of the accounting and valuation methods – of Designit Germany GmbH, Munich.

In our opinion, based on the findings of our audit,

- the accompanying annual financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and
- give, in accordance with the German principles of proper accounting, a true and fair view of the company's net assets and financial position as at 31 March 2019 and of its results of operations for the financial year from 1 April 2018 to 31 March 2019.

In accordance with sec. 322 subs. 3 sentence 1 HGB, we report that our audit has not led to any reservations concerning the adequacy of the annual financial statements.



Basis for the audit opinion

We conducted our audit of the annual financial statements in accordance with sec. 317 HGB and the German generally accepted auditing standards promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer – IDW*). Our responsibility under those provisions and standards is further described in the section “Responsibility of the auditor for the audit of the annual financial statements” of our auditor’s report. We are independent of the company in accordance with the requirements of German commercial law and the rules of professional conduct and have fulfilled our other German professional obligations 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 audit opinion concerning the annual financial statements.

Material uncertainty related to the company’s ability to continue as a going concern

We refer to section IV in the notes to the annual financial statements, where the company’s legal representatives state that the company’s ability to continue as a going concern depends on the Letter of Comfort of Designit A/S, Copenhagen (Denmark) remaining in force. As stated in section IV, these events and conditions point to the existence of a material uncertainty that may cast significant doubt on the company’s ability to continue as a going concern and that poses a threat to its continued existence within the meaning of sec. 322 subs. 2 sentence 3 HGB. Our audit opinion has not been modified in respect of this matter.

Responsibility of the company’s legal representatives and the supervisory council (*Beirat*) for the annual financial statements

The legal representatives are responsible for preparing annual financial statements which comply in all material respects with the requirements of German commercial law applicable to corporations and for the annual financial statements giving a true and fair view of the company’s net assets, financial position and results of operations in accordance with the German principles of proper accounting. Furthermore, the legal representatives are responsible for such internal control as they have determined necessary in accordance with the German principles of proper accounting to enable the preparation of annual financial statements which are free from material misstatements, whether due to fraud or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company’s ability to continue as a going concern. Moreover, they are responsible for disclosing, as applicable, matters related to the company’s ability to continue as a going concern. Furthermore, the legal representatives are responsible for financial reporting based on the going concern basis of accounting, unless there are factual or legal circumstances for not doing so.

The supervisory council is responsible for overseeing the company’s financial accounting process for preparing the annual financial statements.



Responsibility of the auditor for the audit of the annual financial statements

The objectives of our audit are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with sec. 317 HGB and the German generally accepted auditing standards as promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer – IDW*) 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 annual financial statements.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatements of the annual 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 audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control system.
- obtain an understanding of the internal control system relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the company's internal control system.
- evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances 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 annual financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause the company to cease to be able to continue as a going concern.



- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present – in accordance with the German principles of proper accounting – the underlying transactions and events in a manner that gives a true and fair view of the company’s net assets, financial position and results of operations.

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 deficiencies in the internal control system that we identify during our audit.

Munich, 30 April 2019

invra Treuhand AG
Wirtschaftsprüfungsgesellschaft

Handwritten signature of Manfred Ettinger.

Manfred Ettinger
vereidigter Buchprüfer
(sworn auditor)

Handwritten signature of Tobias Sengenberger.

Tobias Sengenberger
Wirtschaftsprüfer
(public auditor)“

36. Any use of the above auditor’s report beyond the present audit report shall require our prior consent. Before publication or dissemination of the annual financial statements in a form that differs from the certified version, our renewed opinion must be sought if this form cites our auditor’s report or refers to our audit; reference is made to sec. 328 HGB.



6. SIGNING OF THE AUDIT REPORT

37. The above report on the audit of annual financial statements for the financial year from 1 April 2018 to 31 March 2019 of Designit Germany GmbH, Munich, is signed according to sec. 321 subs. 5 HGB and sec. 32 WPO:

Munich, 30 April 2019

invra Treuhand AG
Wirtschaftsprüfungsgesellschaft

Sd

Manfred Ettinger
vereidigter Buchprüfer
(sworn auditor)

Sd

Tobias Sengenberger
Wirtschaftsprüfer
(public auditor)

38. We would also like to point out that the dissemination of our audit report to third parties might bring about a quasi-contractual relationship with the respective third party. In such case, our General Terms and Conditions of Engagement and our limitation of liability shall be applicable vis-à-vis any and all third parties as a whole.



invra Treuhand AG, Wirtschaftsprüfungsgesellschaft

Appendices

Designit Germany GmbH,
Munich

Appendix 1 / 1

BALANCE SHEET AS AT 31 MARCH 2019

ASSETS

	€	31/03/2019 €	31/03/2018 €
A. Fixed assets			
Tangible assets			
1. Other equipment, operating and office equipment	871,763.13		72,443.00
2. Advance payments made and assets under construction	<u>0.00</u>		<u>246,431.48</u>
		871,763.13	318,874.48
Total fixed assets		<u>871,763.13</u>	<u>318,874.48</u>
B. Current assets			
I. Inventories			
Services not yet billable		35,459.47	1,699,297.97
II. Receivables and other assets			
1. Trade receivables	566,824.91		135,341.41
2. Other receivables and assets	<u>133,544.13</u>		<u>199,372.87</u>
		700,369.04	334,714.28
III. Cash-in-hand, cheques, bank balances		62,289.36	5,147.86
		<u>798,117.87</u>	<u>2,039,160.11</u>
C. Prepaid expenses			
Discount		0.00	18,652.43
D. Deficit not covered by equity		2,353,705.49	2,282,851.60
		<u>4,023,586.49</u>	<u>4,659,538.62</u>

Designit Germany GmbH,
Munich

Appendix 1 / 2

BALANCE SHEET AS AT 31 MARCH 2019

EQUITY AND LIABILITIES

	€	31/03/2019 €	31/03/2018 €
A. Equity			
I. Subscribed capital		25,000.00	25,000.00
II. Losses brought forward		-2,307,851.60	-1,663,371.07
III. Annual net loss		-280,404.61	-644,480.53
of which deficit not covered by equity		<u>2,353,705.49</u>	<u>2,282,851.60</u>
Total negative equity		-209,550.72	0.00
B. Provisions			
Other provisions		1,107,540.98	1,085,984.30
C. Liabilities			
1. Advance payments received on orders	0.00		1,098,774.34
2. Trade payables	40,444.58		12,495.00
3. Liabilities to affiliated companies	2,982,957.41		2,369,288.11
4. Other liabilities	<u>102,194.24</u>		<u>92,996.87</u>
		3,125,596.23	3,573,554.32
		<u>4,023,586.49</u>	<u>4,659,538.62</u>

Designit Germany GmbH,
Munich

Appendix 2

PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR
FROM 1 APRIL 2018 TO 31 MARCH 2019

	€	01/04/2018 - 31/03/2019 €	01/04/2017 - 31/03/2018 €
1. Turnover		8,875,363.05	4,280,569.64
2. Change in finished goods and work in progress as well as services not yet billable		-1,663,838.50	1,071,443.85
3. Other operating income		762,544.39	853,964.77
4. Cost of materials Cost of purchased services		1,261,563.99	330,611.11
5. Personnel expenses			
a) Wages and salaries	4,071,483.04		3,454,835.63
b) Social benefits	627,282.45		<u>542,247.86</u>
		4,698,765.49	3,997,083.49
6. Depreciation of tangible assets		237,258.37	70,443.64
7. Other operating expenses		1,927,729.09	2,366,261.48
8. Other interest and similar income		1,789.17	0.00
9. Interest payable and similar expenses		<u>130,945.78</u>	<u>86,059.07</u>
10. Annual net loss		<u>-280,404.61</u>	<u>-644,480.53</u>

English translation¹ of the
NOTES
to the annual financial statements
of
Designit Germany GmbH
for the
financial year
from 1 April 2018 to 31 March 2019

¹ Only the German original version of the report is authoritative and binding. No liability is assumed as to the accuracy of the translation.

I. General Principles

Designit Germany GmbH is based in Munich and registered with the commercial register of the Local Court (*Amtsgericht*) of Munich under no. HR B 171246.

The annual financial statements of Designit Germany GmbH as at 31 March 2019 were prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch* – HGB) and the Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung* – GmbH-Gesetz). The option to report compulsory information was exercised so as to include all mandatory information in the notes to the annual financial statements.

As at the balance sheet date, the company classifies as a small corporation (*kleine Kapitalgesellschaft*) within the meaning of sections 264 and 267 subs. 1 HGB.

The present annual financial statements have been principally prepared by applying the same classification and valuation principles for small corporations set out in the German Commercial Code (sections 265 subs. 1 sentence 2, 266 et seqq. HGB) that were applied in the preparation of last year's annual financial statements.

II. Accounting and valuation principles

1. General remarks

The recognition and valuation principles that were applied in last year's annual financial statements have been applied consistently.

The preparation of the annual financial statements has been based on the going concern assumption.

2. Fixed assets

Tangible assets are carried at acquisition or production cost – reduced by scheduled depreciation.

Tangible assets are depreciated using the straight-line method or based on the reducing balance method over their useful life.

Assets with acquisition costs below or equal to €800.00 are immediately booked as expenses according to sec. 6 subs. 2 Income Tax Act (*Einkommenssteuergesetz* – EStG).

In previous years, the compound item scheme according to sec. 6 subs. 2a EStG was applied.

The application of these fiscal rules has, in our opinion, no material impact on the net assets, financial position and results of operations of the company.

Fiscal simplification rules and options are exercised.

3. Current assets

Current assets are valued at acquisition or production cost, unless a lower value is permitted or required.

Inventories

Work in progress is valued at average acquisition cost, production cost or at the lower fair value at the balance sheet date.

Receivables

Receivables and other assets are reported at their nominal value. Identifiable credit risks are taken into account by means of appropriate value adjustments of individual items.

4. Provisions

Provisions for identifiable risks, uncertain liabilities and anticipated losses have been made in the necessary amount assessed on the basis of prudent business judgment.

5. Liabilities

Liabilities are reported at the amount repayable.

III. Explanatory notes to the balance sheet and profit and loss account

Balance sheet

Assets

Current assets

Breakdown of receivables and other assets:

	31/03/2019		31/03/2018	
	Total	of which with a remaining term of more than 1 year	Total	of which with a remaining term of more than 1 year
	K€	K€	K€	K€
Trade receivables	567	-	135	-
Other assets	133	-	199	-
	700	-	334	-

Equity

As at the balance sheet date, the subscribed capital of the company amounts to €25,000.00 and has been paid in the full amount.

The balance sheet of the company as at 31 March 2019 shows a deficit not covered by equity that amounts to €2,353,705.45. According to the accounts, the company is thus technically overindebted. In order to avoid overindebtedness, the shareholder (Designit A/S, Denmark) has issued a subordination agreement in relation to its receivables.

Furthermore, Designit A/S has issued a letter of comfort according to which the company will receive sufficient funding in case of the existence of technical grounds for insolvency in order to avoid the grounds for insolvency.

Equity and liabilities

Subscribed capital

The subscribed capital of the company amounting to €25,000.00 has not changed in the financial year from 1 April 2018 to 31 March 2019.

Provisions

In accordance with sec. 288 HGB, the company refrains from notes to other provisions.

Liabilities

Breakdown of the liabilities as at the balance sheet date based on their term:

	Total	of which with a remaining term of		Total	of which with a remaining term of	
	31/03/2019	up to 1 year	more than 5 years	31/03/2018	up to 1 year	more than 5 years
	K€	K€	K€	K€	K€	K€
Advance payments received on orders	-	-	-	1,099	1,099	-
Trade payables	40	40	-	12	12	-
Liabilities to affiliated companies	2,983	600	-	2,369	2,361	8
- of which to shareholders	2,936	(600)	(-)	(2,325)	(2,325)	(-)
Other liabilities	102	102	-	93	93	-
of which						
- from taxes	(61)	(61)	(-)	(69)	(69)	(-)
- for social security	(22)	(22)	(-)	(12)	(12)	(-)
	3,125	742	-	3,573	3,565	8

Designit Germany GmbH,
Munich

Appendix 3 / 6

Profit and loss account

Other interest and similar income

Other interest and similar income include income resulting from the discounting of provisions in the amount of €1,788.98.

IV. Other information

Company bodies

The company's managing director as at the balance sheet date was Mr Wolfgang Steiner, Munich.

Financial obligations

The total amount of the financial obligations arising from rental and leasing agreements and other obligations is insignificant.

Events after the reporting period

There were no significant events after the closing date of the financial year which have not been taken into account in the profit and loss account or the balance sheet.

Ability of the company to continue as a going concern

The ability of the company to continue as a going concern is at risk due to the company's profitability followed by a negative operating cash flow. The ability of the company to continue as a going concern mainly depends on the Letter of Comfort by Designit A/S, Copenhagen (Denmark) remaining in force, according to which Designit A/S will grant the company sufficient funding in case of the existence of technical grounds for insolvency.

Munich, 30 April 2019


The Management
Designit Germany GmbH

Designit Germany GmbH,
Munich

DEVELOPMENT OF FIXED ASSETS FROM 1 APRIL 2018 to 31 MARCH 2019

	Acquisition costs				As at 31.03.2019
	As at 1.4.2018 €	Additions €	Reallocations €	Disposals €	
Fixed assets					
I. Intangible assets					
Purchased concessions, industrial property rights and similar rights and assets	0,00	0,00	0,00	0,00	0,00
II. Tangible assets					
1. Other equipment, operating and office equipment	194.239,77	747.731,10	246.431,48	14.704,35	1.173.698,00
2. Advance payments made and assets under construction	246.431,48	0,00	-246.431,48	0,00	0,00
	440.671,25	747.731,10	0,00	14.704,35	1.173.698,00
	440.671,25	747.731,10	0,00	14.704,35	1.173.698,00

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As at 1.4.2018 €	Amortisation and depreciation				As at 31.03.2019 €	Book values	
	Additions €	Write-ups €	Disposals €			As at 31.03.2019 €	As at 31.03.2018 €
0,00	0,00	0,00	0,00	0,00	0,00	0,00	
121.796,77	192.655,62	2.665,80	9.851,72	301.934,87	871.763,13	72.443,00	
0,00	0,00	0,00	0,00	0,00	0,00	246.431,48	
121.796,77	192.655,62	2.665,80	9.851,72	301.934,87	871.763,13	318.874,48	
121.796,77	192.655,62	2.665,80	9.851,72	301.934,87	871.763,13	318.874,48	



LEGAL, FISCAL AND ECONOMIC INFORMATION

1. Legal information

Company name:	Designit Germany GmbH
Registered office:	Munich
Legal form:	German limited liability company (<i>Gesellschaft mit beschränkter Haftung</i> – GmbH)
Articles of association:	The Articles of Association are dated 7 November 2007 and were last amended by resolution of the shareholders' meeting of 19 March 2018.
Entry in the commercial register:	The company is registered with the commercial register of the Local Court (<i>Amtsgericht</i>) of Munich under no. HR B 171246.
Object of the company:	The object of the company is the creation of industrial design and the provision of design and advisory services to as well as project development for clients.
Financial year:	The financial year runs from 1 April 2018 to 31 March 2019.
Subscribed capital:	€25,000.00
Company bodies:	<p>The shareholders' meeting, the supervisory council (<i>Beirat</i>) and the management form the bodies of the company.</p> <p>As at the balance sheet date, the company's shares are wholly owned by Designit A/S with registered office in Copenhagen (Denmark), Bygmestervej 61, 2400 Copenhagen NV.</p>
The management:	<p>According to the Articles of Association, the company may appoint one or more managing directors. If a single managing director is appointed, the company is represented by this director; if more than one managing director is appointed, the company is jointly represented by two managing directors or by one managing director together with an authorised representative (<i>Prokurist</i>).</p> <p>Mr Wolfgang Andreas Steiner, born on 15 November 1966, is appointed managing director with sole power of representation.</p>



Appendix 4 / 2

Supervisory council (*Beirat*):

According to section 7 of the company's Articles of Association, the supervisory council is composed of up to six members. The members of the supervisory council are appointed by the shareholders' meeting with a simple majority of the votes. The chairperson of the supervisory council is elected from among its members by the shareholders' meeting.

Shareholders' meeting:

The shareholders' meeting of 15 June 2018:

adopted the annual financial statements – consisting of the balance sheet, the profit and loss account as well as the notes to the annual financial statements – stating an annual net loss of €644,480.53; the annual financial statements were presented by the management, audited by invra Treuhand AG Wirtschaftsprüfungsgesellschaft and issued an unconditional auditor's report;

carried forward to new account the annual net loss;

granted discharge to the managing director Wolfgang Steiner;

appointed invra Treuhand AG Wirtschaftsprüfungsgesellschaft, Munich as auditors to audit the annual financial statements and, if required, the management report as at 31 March 2019.

Permanent establishments:

The company has permanent establishments in Berlin and Vienna (Austria).

2. Fiscal information

Designit Germany GmbH is registered with the Munich tax office under the tax identification number 143/128/80904.

3. Economic information

The object of the company is the creation of industrial design and the provision of design and advisory services to as well as project development for clients.

The company may take all actions and appropriate business measures that appear to be necessary or useful for achieving the company's purpose.



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In particular, the company is allowed to establish branches or subsidiaries in Germany and abroad, to acquire other companies in Germany and abroad as well as to participate in such companies.

Substantial agreements:

Service agreement

On 31 March 2016, Designit Germany GmbH and Wipro Limited entered into a service agreement.

Rental agreement

Designit Germany GmbH and Gabrielenstraße 9 GmbH have entered into a rental agreement relating to commercial premises. This agreement has been in force from 1 May 2018 and has a contractual term of 7.5 years.

Letter of comfort and subordination agreement

On 28 March 2018, a letter of comfort and subordination agreement was concluded between Designit Germany GmbH and Designit A/S, Denmark, based on which Designit Germany GmbH will receive sufficient funding from Designit A/S in case of the existence of technical grounds for insolvency.

4. Relations with affiliated companies

Designit A/S and Designit Germany GmbH have concluded loan agreements relating to shareholder loans in the amount of K€2,325.

[Translator's notes are in square brackets]

General Engagement Terms

for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

DokID:

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public Auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

