

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Designit Oslo As

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Designit Oslo As, which comprise the balance sheet as at March 31<sup>st</sup> 2020, the income statement, and statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at March 31<sup>st</sup> 2020, and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, 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 other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment 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 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 3 June 2020  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Kjetil Andersen  
State Authorised Public Accountant (Norway)

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

## Kjetil Andersen

### Oppdragsansvarlig partner

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-2398085

IP: 37.191.xxx.xxx

2020-06-03 08:56:01Z



## Kjetil Andersen

### Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-2398085

IP: 37.191.xxx.xxx

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# **Annual report 31.03.2020**

## **Board of directors' report**

### **Annual accounts**

- Income statement**
- Balance sheet**
- Cash flow statement**
- Notes**

## **Auditors' report**

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## Designit Oslo AS

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# Board of director's report 2019/20

## Designit Oslo AS

Company No.: 990 679 614

### Type of business

Designit Oslo AS operates 360-degree design, idea and product development as well as trade and participation in other activities that naturally fall under this.

The company has their office in Oslo.

### Development in earnings and position

Revenue for the period 01.04.2019-31.03.2020 was 67,6 MNOK, 5,4 MNOK higher than the previous year. The profit for the year is 1,2 MNOK compared to a loss of -2,1 MNOK last year. Operating profit, before depreciation, amounted to positive NOK 7,1 MNOK compared to 0,3 MNOK the year before.

The total capital was at the end of the year 27,5 MNOK compared with 23,0 MNOK the year before. The company has equity of 8,1 MNOK as of 31 March 2020, against 7,2 NOK in 2019.

The Board believes that the financial statements presented provide a true and fair view of the development and the result of the company's business and position.

### Going concern

During March 2020, several EU countries, including Norway declared a state of emergency due to the Covid-19 pandemic implementing a series of measures restricting the freedom of movement of citizens. Subsequently, the Norwegian government implemented tax, employment and economic measures to support businesses and protect jobs.

In response Designit, both at global and local level, implemented contingency plans/initiatives and controls to manage the crisis and ensure that the company operates as close to normality as possible. Currently projects are being developed and delivered, although it is difficult to make detailed assessment of the possible impact of COVID-19 in the short and long term.

The Company's Management, albeit the uncertainties around making short and long time assessment, has made a preliminary evaluation of the current situation according to the best available information, as follows:

- Liquidity risk: it is expected that the general situation of the markets could lead to increased liquidity challenges in the economy as well as a contraction in the credit markets. Designit Oslo will draw on the resources of its parent company for any liquidity requirements.

- Operations risk: Designit's systems (ERP and communication) has allowed the company to quickly adapt to the crisis and has been able to continue providing services to clients on-line. There is the risk that new projects will be postponed or cancelled, the impact of which is difficult to estimate

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## Designit Oslo AS

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with the available information. The company has implemented cost initiatives (including leases, external services and staff costs) to minimize the impact of COVID19 on the profit and loss statement for FY2021.

- Going concern: taking into account all the aforementioned factors and the support from its parent company, the Company's Management considers the entity to be a going concern.

- There has not been any additional subsequent events that could affect the annual accounts at 31st March 2020. ”

In accordance with section 3-3 of the Norwegian Accounting Act, it is confirmed that the conditions for continued operation are present.

The company has a in the current year of 0,9 MNOK and has made a profit over regularly the last years and has an equity ratio of 29,46% as of 31. March 2020. The criteria for continued operation are considered as fulfilled.


### Equality

The company's board consist of two men.

### Environmental

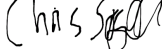
The company's business does not pollute the external environment.

Oslo, 5/27/2020

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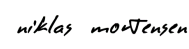
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Ashish Chawla  
Chairman of the board

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Christian Sogaard  
Board member

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Niklas Skovholt Mortensen  
General manager

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## Designit Oslo AS

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### Income statement

	Note	31.03.2020	31.03.2019
Total revenue		<u>67 605 895</u>	<u>62 217 914</u>
<b>Operating expenses</b>			
Payroll expenses	2	41 457 047	43 115 768
Depreciation of tangible and intangible fixed assets	3	4 273 001	2 264 178
Other operating expenses	2	<u>19 020 004</u>	<u>18 759 046</u>
Total operating expenses		<u>64 750 052</u>	<u>64 138 992</u>
Operating result		<u>2 855 843</u>	<u>-1 921 078</u>
<b>Financial income and expenses</b>			
Other interest income		26 397	15 607
Foreign exchange income		1 145 198	313 446
Other interest expenses		245 976	85 028
Foreign exchange losses (disagio)		<u>2 367 313</u>	<u>415 264</u>
Net financial items		<u>-1 686 468</u>	<u>-171 239</u>
Ordinary result before tax		<u>1 169 375</u>	<u>-2 092 317</u>
Tax on ordinary result	5	<u>255 702</u>	<u>-439 249</u>
<b>Net profit or loss for the year</b>		<u><b>913 673</b></u>	<u><b>-1 653 068</b></u>
<b>Allocated as follows</b>			
Transferred to other equity	4	<u>913 673</u>	<u>-1 653 068</u>

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## Designit Oslo AS

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### Balance sheet

	Note	31.03.2020	31.03.2019
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Deferred tax asset	5	791 324	923 645
Total intangible assets		<u>791 324</u>	<u>923 645</u>
<i>Tangible assets</i>			
Fixtures and fittings, tools, office machinery etc.	3	2 950 087	4 481 692
Total tangible assets		<u>2 950 087</u>	<u>4 481 692</u>
Total fixed assets		<u>3 741 411</u>	<u>5 405 337</u>
<b>Current assets</b>			
<i>Receivables</i>			
Trade receivables	7	13 768 459	9 210 581
Other receivables		5 547 448	3 826 813
Total accounts receivable		<u>19 315 907</u>	<u>13 037 394</u>
Cash and cash equivalents	6	4 436 122	4 588 177
Total current assets		<u>23 752 028</u>	<u>17 625 571</u>
Total assets		<u>27 493 440</u>	<u>23 030 908</u>

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## Designit Oslo AS

### Balance sheet

	Note	31.03.2020	31.03.2019
<b>Equity</b>			
<i>Paid-in capital</i>			
Share capital	4	100 000	100 000
Total paid-in capital		<u>100 000</u>	<u>100 000</u>
<i>Retained earnings</i>			
Other equity	4	7 999 859	7 079 409
Total retained earnings		<u>7 999 859</u>	<u>7 079 409</u>
Total equity		<u>8 099 859</u>	<u>7 179 409</u>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade creditors		1 382 709	1 712 459
Tax payable	5	-21 305	284 350
Public duties payable		10 230 325	9 241 127
Other short-term liabilities		7 801 852	4 613 564
Total current liabilities		<u>19 393 580</u>	<u>15 851 500</u>
Total liabilities		<u>19 393 580</u>	<u>15 851 500</u>
Total equity and liabilities		<u>27 493 440</u>	<u>23 030 908</u>

Oslo, 5/27/2020

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niklas mortensen

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Niklas Skovholt Mortensen  
Daglig leder

DocuSigned by:

Ashish Chawla

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Ashish Chawla  
Styrets leder

DocuSigned by:

Christian Sogaard

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Christian Sogaard  
Styremedlem

## Designit Oslo AS

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### Cash flow statement

	31.03.2020	31.03.2019
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax	913 673	-2 092 317
Taxes paid	-260 809	-2 466 397
Depriciation and amortisation	4 273 001	2 264 178
Changes in inventories, trade receivables and trade payables	-4 228 128	4 783 129
Change in other receivables	-1 720 635	746 149
Changes in other current balance sheet items	1 511 487	-1 852 246
Net cash flow from operating activities	<u>488 589</u>	<u>1 382 496</u>
<b>Cash flow from investing activities</b>		
Proceeds from sale of tangible fixed assets	22 400	15 000
Purchase of tangible fixed assets	-663 044	0
Net cash flow from investing activities	<u>-640 644</u>	<u>15 000</u>
<b>Cash flow from financing activities</b>		
Net cash flow from financing activities	<u>0</u>	<u>0</u>
Net change in cash and cash equivalents	-152 055	1 397 496
Cash and cash equivalents at 01.04	<u>4 588 177</u>	<u>3 190 681</u>
Cash and cash equivalents at 31.03	<u>4 436 122</u>	<u>4 588 177</u>

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## Designit Oslo AS

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### Notes

#### Note - 1 Accounting Principles

The annual report is prepared according to the Norwegian Accounting Act 1998 and generally accepted accounting principles for small companies.

##### *Foreign currency translation*

Foreign currency transactions are translated using the year end exchange rates.

##### *Sales revenue*

Sales revenues are recognized at the time of delivery. Revenue from services are recognized at execution. The share of sales revenue associated with future services are recorded in the balance sheet as deferred sales revenue, and are recognized at the time of execution.

##### *Income tax*

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balance out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

To what extent group contribution not is registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

##### *Balance sheet classification*

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Fixed assets are valued by the cost of acquisition, in the case of non incidental reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

##### *Property, plant and equipment*

Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

##### *Trade and other receivables*

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

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## Designit Oslo AS

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### Notes

#### Note 2 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

<i>Wage costs</i>	<b>31.03.2020</b>	<b>31.03.2019</b>
Salaries	34 763 582	36 641 084
Payroll tax	5 389 442	5 067 338
Pension costs	1 518 182	1 636 464
Other payments	-214 159	-229 119
Total	<u>41 457 047</u>	<u>43 115 767</u>

The average number of employees 59 62

#### *Management remuneration*

	Salary	Pension expenses	Other remuneration
General manager	1 311 965	56 268	12 933

#### *Auditor fee has been divided as follows*

	<b>31.03.2020</b>	<b>31.03.2019</b>
Audit fee	75 000	70 000
Other services	55 000	53 000

VAT is not included in the figures of auditor's fee.

#### Note 3 - Tangible assets

	Machinery and Office equipment	Land, buildings and other property	Furniture, fixtures and fittings	Total
Acquisition cost 01.04	2 363 536	8 039 584	0	10 403 120
Purchased tangibles	604 548	0	58 496	663 044
Acquisition cost 31.03	<u>2 968 084</u>	<u>8 039 584</u>	<u>58 496</u>	<u>11 066 164</u>
Acc.depreciation 31.03	-2 464 620	-5 649 078	-2 379	-8 116 077
Net carrying amount at 31.03	<u>503 464</u>	<u>2 390 506</u>	<u>56 117</u>	<u>2 950 087</u>
Depreciation for the year	578 159	1 614 111	2 379	2 194 649
Useful economic life	3-5	10	3-5	

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## Designit Oslo AS

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### Notes

#### Note 4 - Owners equity

	Share capital	Share premium reserve	Other equity	Total
Owners equity 01.04.2019	100 000	4 000	7 075 409	7 179 409
Profit for the year	0	0	913 673	913 673
Other changes	0	0	6 777	6 777
Owners equity 31.03.2020	100 000	4 000	7 995 859	8 099 859

#### Note 5 - Income taxes

<i>Income tax expenses</i>	<b>31.03.2020</b>	<b>31.03.2019</b>
Change in deferred tax	-132 321	-439 249
Total income tax expense	<u>-132 321</u>	<u>-439 249</u>

<i>Tax base estimation</i>	<b>31.03.2020</b>	<b>31.03.2019</b>
Ordinary result before tax	1 169 375	-2 092 317
temporary differences	<u>350 233</u>	<u>1 140 626</u>
General income	1 519 608	-951 691
Carried forward loss used this year	<u>-951 691</u>	<u>0</u>
Tax base	<u>567 917</u>	<u>-951 691</u>
Payable income tax	124 942	0
Change in deferred tax	<u>132 320</u>	<u>0</u>
	<u>257 262</u>	<u>0</u>

<i>Temporary differences outlined</i>	<b>31.03.2020</b>	<b>31.03.2019</b>
Fixed assets	-3 647 286	-2 566 200
Receivables	<u>50 218</u>	<u>-680 499</u>
Total	<u>-3 597 068</u>	<u>-3 246 699</u>
Loss carried forward		-951 691
Base for deferred tax	<u>-3 597 068</u>	<u>-4 198 390</u>
Deferred income tax asset (22%)	-791 355	-923 646

#### Note 6 - Bank deposit

Restricted cash for withheld tax:	<b>31.03.2020</b> 1 028 765
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## Designit Oslo AS

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### Notes

#### Note 7 - Bad debt

	<b>31.03.2020</b>	<b>31.03.2019</b>
Provisions as of 01.04	-858 281	-684 114
Provisions as of 31.03	-22 750	-858 281
Change in provisions for bad debt	<u>-835 531</u>	<u>174 167</u>

#### Note 8 - Subsequent events

During March 2020, several EU countries, including Norway declared a state of emergency due to the Covid-19 pandemic implementing a series of measures restricting the freedom of movement of citizens. Subsequently, the Norwegian government implemented tax, employment and economic measures to support businesses and protect jobs.

In response Designit, both at global and local level, implemented contingency plans/initiatives and controls to manage the crisis and ensure that the company operates as close to normality as possible. Currently projects are being developed and delivered, although it is difficult to make detailed assessment of the possible impact of COVID-19 in the short and long term.

The Company's Management, albeit the uncertainties around making short and long time assessment, has made a preliminary evaluation of the current situation according to the best available information, as follows:

- Liquidity risk: it is expected that the general situation of the markets could lead to increased liquidity challenges in the economy as well as a contraction in the credit markets. Designit Oslo will draw on the resources of its parent company for any liquidity requirements.
  - Operations risk: Designit's systems (ERP and communication) has allowed the company to quickly adapt to the crisis and has been able to continue providing services to clients on-line. There is the risk that new projects will be postponed or cancelled, the impact of which is difficult to estimate with the available information. The company has implemented cost initiatives (including leases, external services and staff costs) to minimize the impact of COVID19 on the profit and loss statement for FY2021.
  - Going concern: taking into account all the aforementioned factors and the support from its parent company, the Company's Management considers the entity to be a going concern.
  - There has not been any additional subsequent events that could affect the annual accounts at 31st March 2020. "
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