

## **GolfBox A/S**

Sensommervej 34 F, 8600 Silkeborg

Company reg. no. 27 23 47 04

### **Interim financial statement**

**1 May 2016 - 31 December 2016**

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

## **Management's report**

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The board of directors and the managing director have today presented the interim financial statement of GolfBox A/S for the financial year 1 May 2016 to 31 December 2016.

The interim financial statement has been presented in accordance with the Danish Financial Statements Act with the adjustments resulting from the interim financial statements do not include the full financial year.

We consider the accounting policies used appropriate, and in our opinion the interim financial statement provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities and cash flows in the financial period 1 May 2016 to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

Silkeborg, 28 February 2017

### **Managing Director**

Christian Færgemann  
CEO

### **Board of directors**

Kenneth John Down  
chairman of the board

Ian Michael Daly

Craig Glen Kinross

Richard William Holzgreff

Peter Frost

Benny Jensen

## **Independent auditor's report**

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### **To the shareholders of GolfBox A/S**

We have reviewed the interim financial statement of GolfBox A/S for the financial period 1 May 2016 to 31 December 2016. Our review comprised accounting policies used, profit and loss account, balance sheet, cash flow statement and notes.

### **The management's responsibility for the annual accounts**

The management is responsible for the preparation of interim financial statement that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as the management determines is necessary to enable the preparation of interim financial statement that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the interim financial statement. We conducted our review in accordance with the international standard on engagements to review historical interim financial statement and additional requirements under Danish audit regulation. This standard requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statement, taken as a whole, are not in all material respects in accordance with the applicable financial reporting framework. The standard also requires us to comply with relevant ethical requirements.

A review of interim financial statement performed in accordance with the international standard on engagements to review historical interim financial statement is an limited assurance engagement. The review consists primarily of making inquiries of the management and, when appropriate, of others within the enterprise, applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on the interim financial statement.

## Independent auditor's report

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### **Opinion**

Based on our review, nothing has come to our attention which causes us to believe that the interim financial statement do not provide a true and fair view of the company's assets, liabilities and financial position as on 31 December 2016 and of the results from its activities and cash flows for the financial period 1 May 2016 to 31 December 2016 in accordance with the Danish Financial Statements Act.

Holstebro, 28 February 2017

### **KRØYER PEDERSEN**

State Authorised Public Accountants  
Company reg. no. 89 22 49 18

  
Klaus Kristensen  
State Authorised Public Accountant

Tage Hjortkjær  
State Authorised Public Accountant

## Company data

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### The company

GolfBox A/S  
Sensommervej 34 F  
8600 Silkeborg  
Denmark

Phone 21734000  
Web site [www.golfbox.net](http://www.golfbox.net)  
E mail [info@golfbox.dk](mailto:info@golfbox.dk)

Company reg. no. 27 23 47 04  
Established: 2 June 2003  
Domicile: Silkeborg, Denmark  
Financial year: 1 May - 30 April

### Board of directors

Kenneth John Down, chairman of the board  
Ian Michael Daly  
Craig Glen Kinross  
Richard William Holzgreff  
Peter Frost  
Benny Jensen

### Managing Director

Christian Færgemann, CEO

### Auditors

KRØYER PEDERSEN Statsautoriserede Revisorer I/S

### Bankers

Danske Bank  
Ringkjøbing Landbobank

### Lawyer

Lundgrens, Hellerup

### Parent company

MSL Solutions Ltd.



## **Management's review**

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### **The principal activities of the company**

The main activity has like previous years been development and sale of software to golf clubs and golfunions worldwide.

Functionality, hosting and technology are continuously improved, which is why the quality of the overall solution remains at a very high level.

The products are sold primarily in Denmark and the rest of Northern Europe.

### **Development in activities and financial matters**

The net turnover for the period is DKK 8,1m (8 months) against DKK 15,4m last year (12 month).

The results after tax for the period are DKK 0,8m against DKK 3,6m last year.

Due to historical reasons the net turnover in the company is not evenly distributed throughout the year. A relatively large part of the net turnover is obtained in the beginning of the fiscal year.

That is why, the net turnover in this eight months period appears relatively lower than the net turnover last year. The net turnover in this period is actually 9 % higher compared to the same period last year.

For the same reason the trade debtors are considerably lower as per 31 December 2016 compared to 30 April 2016.

## **Accounting policies used**

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The interim financial statement for GolfBox A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises with the adjustments resulting from the interim financial statements do not include the full financial year. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the interim financial statement are presented in Danish kroner (DKK).

### **Translation of foreign currency**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

### **The profit and loss account**

#### **Net turnover**

The net turnover from the sale of licenses, modifications, hardware and other services is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the period, and if the income can be determined reliably and is expected to be received. On the services on which the company has an obligation in the form of hosting and support, there is made an accrual of the length of the contract. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

#### **Direct costs**

Direct costs comprise costs for the purchase of external consultants, mileage allowance and other direct costs.

#### **Other external costs**

Other external costs comprise costs for sales, advertisement, administration, premises, loss on debtors, and costs of operating the software solution.

#### **Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members and board. Staff costs are less public reimbursements.

#### **Depreciation and amortisation**

Depreciation and amortisation comprise depreciation on and amortisation of intangible fixed assets.



## **Accounting policies used**

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### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial period.

### **Tax of the results for the period**

The tax for the period comprises the current tax for the period and the changes in deferred tax, and it is recognised in the profit and loss account.

### **The balance sheet**

#### **Intangible fixed assets**

##### **Development projects**

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 10 years.

##### **Writedown of fixed assets**

The book values of intangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

## **Accounting policies used**

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### **Debtors**

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### **Equity**

#### **Reserves for development costs**

Reserves for development costs comprise recognised development costs. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

### **Dividend**

Dividend expected to be distributed for the period is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

### **Liabilities**

Liabilities are measured at amortised cost which usually corresponds to the nominal value.

### **Deferred income**

Received payments concerning income during the following years are recognised under deferred income.

## **The cash flow statement**

The cash flow statement shows the cash flow of the company for the period, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the period respectively.

## Profit and loss account

All amounts in DKK.

<u>Note</u>	1/5 2016 - 31/12 2016	1/5 2015 - 30/4 2016
1 Net turnover	8.142.292	15.350.869
2 Direct costs	-640.940	-886.166
3 Other external costs	-1.731.018	-2.840.737
<b>Gross results</b>	<b>5.770.334</b>	<b>11.623.966</b>
8 Staff costs	-3.268.512	-4.867.319
9 Amortisation relating to intangible fixed assets	-1.404.900	-2.146.725
<b>Results before net financials</b>	<b>1.096.922</b>	<b>4.609.922</b>
10 Other financial income	191	2.891
11 Other financial costs	-13	-1.829
<b>Results before tax</b>	<b>1.097.100</b>	<b>4.610.984</b>
12 Tax on ordinary results	-275.389	-1.016.358
<b>Results for the period</b>	<b>821.711</b>	<b>3.594.626</b>
<b>Proposed distribution of the results:</b>		
Dividend for the financial period	0	2.500.000
Allocated to results brought forward	821.711	1.094.626
<b>Distribution in total</b>	<b>821.711</b>	<b>3.594.626</b>

## Balance sheet

All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>31/12 2016</u>	<u>30/4 2016</u>
<b>Fixed assets</b>			
13	Completed development projects	13.167.450	11.122.350
14	Development projects in progress and prepayments	1.919.395	3.450.000
	Intangible fixed assets in total	<u>15.086.845</u>	<u>14.572.350</u>
	Deposits	60.330	58.228
	Financial fixed assets in total	<u>60.330</u>	<u>58.228</u>
	<b>Fixed assets in total</b>	<b><u>15.147.175</u></b>	<b><u>14.630.578</u></b>
<b>Current assets</b>			
	Trade debtors	488.692	2.185.603
	Other debtors	1.238	11.450
	Debtors in total	<u>489.930</u>	<u>2.197.053</u>
15	Available funds	<u>1.047.304</u>	<u>2.850.489</u>
	<b>Current assets in total</b>	<b><u>1.537.234</u></b>	<b><u>5.047.542</u></b>
	<b>Assets in total</b>	<b><u>16.684.409</u></b>	<b><u>19.678.120</u></b>

## Balance sheet

All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>31/12 2016</u>	<u>30/4 2016</u>
<b>Equity</b>			
	Contributed capital	1.445.020	1.445.020
16	Reserve for development expenditure	1.919.395	0
17	Results brought forward	7.425.297	8.522.981
18	Proposed dividend for the financial period	0	2.500.000
	<b>Equity in total</b>	<b><u>10.789.712</u></b>	<b><u>12.468.001</u></b>
<b>Provisions</b>			
19	Provisions for deferred tax	3.297.643	3.183.910
	<b>Provisions in total</b>	<b><u>3.297.643</u></b>	<b><u>3.183.910</u></b>
<b>Liabilities</b>			
	Trade creditors	30.000	75.000
20	Corporate tax	161.656	573.002
21	Other debts	1.252.792	1.660.912
	Deferred income	1.152.606	1.717.295
	Short-term liabilities in total	<u>2.597.054</u>	<u>4.026.209</u>
	<b>Liabilities in total</b>	<b><u>2.597.054</u></b>	<b><u>4.026.209</u></b>
	<b>Equity and liabilities in total</b>	<b><u>16.684.409</u></b>	<b><u>19.678.120</u></b>

## 22 Contingencies



## Cash flow statement

All amounts in DKK.

	1/5 2016 - 31/12 2016	1/5 2015 - 30/4 2016
Results for the period	821.711	3.594.626
23 Adjustments	1.680.111	3.162.021
24 Change in working capital	689.314	-426.658
Cash flow from operating activities before net financials	3.191.136	6.329.989
Interest received and similar amounts	191	2.891
Interest paid and similar amounts	-13	-1.829
Cash flow from ordinary activities	3.191.314	6.331.051
Corporate tax paid	-573.002	-408.144
<b>Cash flow from operating activities</b>	<b>2.618.312</b>	<b>5.922.907</b>
Purchase of intangible fixed assets	-1.919.395	-3.450.000
Purchase of financial fixed assets	-2.102	0
<b>Cash flow from investment activities</b>	<b>-1.921.497</b>	<b>-3.450.000</b>
Repayments of long-term debt	0	-50.000
Dividend paid	-2.500.000	-1.000.000
<b>Cash flow from financing activities</b>	<b>-2.500.000</b>	<b>-1.050.000</b>
<b>Changes in available funds</b>	<b>-1.803.185</b>	<b>1.422.907</b>
Available funds 1 May	2.850.489	1.427.582
<b>Available funds 31 December</b>	<b>1.047.304</b>	<b>2.850.489</b>
<b>Available funds</b>		
Available funds	1.047.304	2.850.489
<b>Available funds 31 December</b>	<b>1.047.304</b>	<b>2.850.489</b>

## Notes

All amounts in DKK.

	1/5 2016 - 31/12 2016	1/5 2015 - 30/4 2016
<b>1. Net turnover</b>		
Fees	38.250	204.426
Software	16.030	46.046
Hardware	87.134	263.820
Other	807	106.945
Release income	3.131.113	5.697.117
Fees, EU	616.867	281.629
Other, EU	42.269	35.584
Release income, EU	2.107.477	4.765.943
Fees, abroad not EU	166.410	266.048
Other, abroad not EU	240.000	510.590
Release income, abroad not EU	1.695.935	3.172.721
	<b>8.142.292</b>	<b>15.350.869</b>
<b>2. Direct costs</b>		
Goods purchased, DIBS	129.518	164.445
Software	63.580	0
Hardware	0	15.846
Expences related to consulting services	1.924	17.956
External consultancy	349.124	607.466
Mileage allowance	96.794	80.453
	<b>640.940</b>	<b>886.166</b>

## Notes

All amounts in DKK.

	1/5 2016 - 31/12 2016	1/5 2015 - 30/4 2016
<b>3. Other external costs</b>		
Selling costs	553.139	666.143
Vehicle costs	-12.035	367.796
Costs of premises	231.101	356.259
Administration costs	958.813	1.450.539
	<b>1.731.018</b>	<b>2.840.737</b>
<b>4. Selling costs</b>		
Presents and flowers	1.099	8.916
Other entertainment costs	9.705	4.166
Accommodation	405.692	486.671
Advertisements	104.529	112.159
Sponsorships	500	9.599
Fairs and exhibitions	10.679	13.799
Other selling costs	20.935	30.833
	<b>553.139</b>	<b>666.143</b>
<b>5. Vehicle costs</b>		
Fuel, cars	-205	47.028
Insurance and vehicle excise duty, cars	-9.422	24.417
Maintenance, cars	-2.408	31.555
Leasing, cars	0	264.796
	<b>-12.035</b>	<b>367.796</b>
<b>6. Costs of premises</b>		
Rent	174.005	253.135
Heating	4.509	10.166
Electricity and water	10.718	17.258
Maintenance	2.274	13.469
Cleaning	33.971	51.119
Minor acquisitions	5.209	11.112
Other costs of premises	415	0
	<b>231.101</b>	<b>356.259</b>

## Notes

All amounts in DKK.

	1/5 2016 - 31/12 2016	1/5 2015 - 30/4 2016
<b>7. Administration costs</b>		
Office supplies	8.269	11.727
IT costs	77.869	109.714
Maintenance of fixtures and furniture	0	-1.160
Minor acquisitions	76.410	134.377
Phone and data lines	491.373	707.091
Postage and charges	18.064	28.954
Fee, auditor, outstanding from last year	1.700	1.700
Preparation and review of interim financial statement	20.000	48.800
Bookkeeping assistance	196.000	271.000
Financial and tax-related consultancy	0	1.200
Lawyer	0	92.131
Insurance	0	28.704
Professional literature and magazines	399	755
Subscriptions	3.427	7.758
Meeting and travel expenses, board	5.302	7.788
Consultants	60.000	0
	<b>958.813</b>	<b>1.450.539</b>
<b>8. Staff costs</b>		
Salaries	5.209.776	8.189.227
Fee, board of directors	30.000	60.000
Allocated to development projects	-1.919.395	-3.450.000
Changes in holiday pay obligations	-175.000	-150.000
Reimbursed sickness benefits	-31.160	-103.933
The Danish Labour Market Supplementary Pension Scheme	37.772	62.242
Other costs for social security	51.631	81.326
Other staff insurance	0	2.027
Course costs	0	25.496
Staff costs	64.888	150.934
	<b>3.268.512</b>	<b>4.867.319</b>
 Average number of employees	 17	 19

## Notes

All amounts in DKK.

	1/5 2016 - 31/12 2016	1/5 2015 - 30/4 2016
<b>9. Amortisation relating to intangible fixed assets</b>		
Amortisation of development projects	1.404.900	2.146.725
	<b>1.404.900</b>	<b>2.146.725</b>
<b>10. Other financial income</b>		
Interest, trade debtors	0	2.891
Reimbursement, corporate tax	191	0
	<b>191</b>	<b>2.891</b>
<b>11. Other financial costs</b>		
Other financial costs	13	1.829
	<b>13</b>	<b>1.829</b>
<b>12. Tax on ordinary results</b>		
Tax of the results for the period	161.656	739.002
Adjustment for the period of deferred tax	113.733	277.356
	<b>275.389</b>	<b>1.016.358</b>
	<b>31/12 2016</b>	<b>30/4 2016</b>
<b>13. Completed development projects</b>		
Cost 1 May	21.779.750	17.979.750
Transfers	3.450.000	3.800.000
<b>Cost 31 December</b>	<b>25.229.750</b>	<b>21.779.750</b>
Amortisation 1 May	-10.657.400	-8.510.675
Amortisation for the year	-1.404.900	-2.146.725
<b>Amortisation 31 December</b>	<b>-12.062.300</b>	<b>-10.657.400</b>
<b>Book value 31 December</b>	<b>13.167.450</b>	<b>11.122.350</b>



## Notes

All amounts in DKK.

	<u>31/12 2016</u>	<u>30/4 2016</u>
<b>14. Development projects in progress and prepayments</b>		
Cost 1 May	3.450.000	3.800.000
Additions during the year	1.919.395	3.450.000
Transfers	-3.450.000	-3.800.000
<b>Cost 31 December</b>	<u><b>1.919.395</b></u>	<u><b>3.450.000</b></u>
<b>Book value 31 December</b>	<u><b>1.919.395</b></u>	<u><b>3.450.000</b></u>
<b>15. Available funds</b>		
Cash	4.655	9.518
Danske Bank, no. 9762 3740247891	919.692	2.694.088
Danske Bank, no. 86012943336, NOK	14.848	0
Ringkjøbing Landbobank, no. 7670 4350810	91.884	121.883
Danske Bank Mastercard, no. 9762 4788494661	16.225	25.000
	<u><b>1.047.304</b></u>	<u><b>2.850.489</b></u>
<b>16. Reserve for development expenditure</b>		
Transferred from results brought forward	1.919.395	0
	<u><b>1.919.395</b></u>	<u><b>0</b></u>
<b>17. Results brought forward</b>		
Results brought forward 1 May	8.522.981	7.428.355
Profit or loss for the period brought forward	821.711	1.094.626
Transferred to results brought forward	-1.919.395	0
	<u><b>7.425.297</b></u>	<u><b>8.522.981</b></u>
<b>18. Proposed dividend for the financial period</b>		
Dividend 1 May	2.500.000	1.000.000
Distributed dividend	-2.500.000	-1.000.000
Dividend for the financial period	<u>0</u>	<u>2.500.000</u>
	<u><b>0</b></u>	<u><b>2.500.000</b></u>

## Notes

All amounts in DKK.

	<u>31/12 2016</u>	<u>30/4 2016</u>
<b>19. Provisions for deferred tax</b>		
Provisions for deferred tax 1 May	3.183.910	2.906.554
Deferred tax of the results for the period	<u>113.733</u>	<u>277.356</u>
	<b><u>3.297.643</u></b>	<b><u>3.183.910</u></b>
The following items are subject to deferred tax:		
Intangible fixed assets	3.319.106	3.205.917
Tangible fixed assets	<u>-21.463</u>	<u>-22.007</u>
	<b><u>3.297.643</u></b>	<b><u>3.183.910</u></b>
<b>20. Corporate tax</b>		
Payable corporate tax 1 May	573.002	242.144
Paid income tax during the financial period	<u>-573.002</u>	<u>-242.144</u>
Payable corporate tax concerning previous years	0	0
Calculated corporate tax for the present period	161.656	739.002
Paid tax on account for the present period	<u>0</u>	<u>-166.000</u>
	<b><u>161.656</u></b>	<b><u>573.002</u></b>
<b>21. Other debts</b>		
Payable VAT	326.848	571.600
The Danish Labour Market Supplementary Pension Scheme and other social con	50.944	39.312
Holiday pay obligation, salaried staff	<u>875.000</u>	<u>1.050.000</u>
	<b><u>1.252.792</u></b>	<b><u>1.660.912</u></b>
<b>22. Contingencies</b>		
<b>Operating contract</b>		
The company has signed an operating contract for hosting and back-up with an average annual operating cost of DKK 546T. The management contract can be terminated with six months' notice.		

## Notes

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All amounts in DKK.

### 22. Contingencies (continued)

#### Contingent liabilities (continued)

##### Lease liability

The company has entered into a lease with an annual rent of DKK 264T. The lease can be terminated with six months' notice.

	1/5 2016 - 31/12 2016	1/5 2015 - 30/4 2016
<b>23. Adjustments</b>		
Amortisation	1.404.900	2.146.725
Other financial income	-191	-2.891
Other financial costs	13	1.829
Tax on ordinary results	275.389	1.016.358
	<b>1.680.111</b>	<b>3.162.021</b>
<b>24. Change in working capital</b>		
Change in debtors	1.707.123	-219.654
Change in trade creditors and other liabilities	-1.017.809	-207.004
	<b>689.314</b>	<b>-426.658</b>