

To the general shareholders' meeting of

Divio AG

Hardturmstrasse 253
8005 Zürich

**Report of the statutory auditor on the limited statutory examination
of the financial statements for the year 2017**

(for the period from 1 April to 31 December 2017)

29 June 2018
21320092/rk/dzu

Report of the statutory auditor on the limited statutory examination
to the general shareholders' meeting of

Divio AG, Zürich

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of Divio AG for the financial year ended 31 December 2017 (for the period from 1 April to 31 December 2017).

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law. An employee of our company assisted in the bookkeeping during the reporting year. This individual was not involved in the limited statutory examination.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the company's articles of incorporation.

Without qualifying our examination conclusion, we draw attention to the note "Ability to continue as a going concern" in the notes to the financial statements describing a material uncertainty that may cast significant doubt about the ability of Divio AG to continue as a going concern. Should the company be unable to continue as a going concern, the financial statements would have to be prepared on the basis of liquidation values. In this case a serious concern of over-indebtedness as per art. 725 para. 2 CO would exist and the relevant provisions would have to be complied with.

We draw attention to the fact, that half of the share capital and legal reserves is no longer covered (art. 725 para. 1 CO).

Lucerne, 29 June 2018

BDO Ltd

René Krügel

Licensed Audit Expert

ppa. Daniel Zumbühl

Auditor in Charge

Licensed Audit Expert

Enclosure
Financial statements

Balance sheet

Assets	31.12.2017	31.03.2017
	CHF	CHF
Current assets		
Cash and cash equivalents	52'889.04	0.00
Trade accounts receivables		
to third parties	71'913.44	131'976.84
Bad debt allowance	-5'000.00	-5'000.00
	66'913.44	126'976.84
Other current receivables		
to third parties	41'466.61	2'399.55
	41'466.61	2'399.55
Accrued income and prepaid expenses	113'056.90	120'571.86
Total current assets	274'325.99	249'948.25
Non-current assets		
Participations	37'415.68	37'417.68
Tangible assets		
Furniture and facilities	23'000.00	27'000.00
Office equipment, IT systems	22'384.26	30'400.00
	45'384.26	57'400.00
Intangible assets		
Software development	1'004'000.00	1'029'000.00
	1'004'000.00	1'029'000.00
Total non-current assets	1'086'799.94	1'123'817.68
Total assets	1'361'125.93	1'373'765.93

Balance sheet

Liabilities	31.12.2017	31.03.2017
	CHF	CHF
Current liabilities		
Trade accounts payable		
to third parties	107'560.99	111'578.05
to participations	7'110.13	0.00
	114'671.12	111'578.05
Current interest-bearing liabilities		
Bank current account	132.30	381'605.57
to participating interests/related parties	0.00	57'337.17
	132.30	438'942.74
Other current liabilities		
to third parties	14'095.77	77'437.62
	14'095.77	77'437.62
Deferred income and accrued expenses	326'075.77	91'658.55
Total current liabilities	454'974.96	719'616.96
Long-term liabilities		
Long-term interest-bearing liabilities		
to participating interests	240'140.00	388'000.00
Other long-term liabilities		
to participations	54'221.39	53'922.15
to related parties	348'855.21	0.00
	403'076.60	53'922.15
Total long-term liabilities	643'216.60	441'922.15
Total liabilities	1'098'191.56	1'161'539.11

Equity	31.12.2017	31.03.2017
	CHF	CHF
Share capital	946'300.00	469'400.00
Participation capital	7'500.00	7'500.00
Nominal capital	953'800.00	476'900.00
Reserves from capital contributions	3'986'807.14	3'345'853.54
Statutory capital reserves	3'986'807.14	3'345'853.54
Statutory retained earnings	845.00	845.00
Accumulated losses		
Balance carried forward	-3'611'371.72	-2'044'237.99
Annual loss	-1'067'146.05	-1'567'133.73
	-4'678'517.77	-3'611'371.72
Total equity	262'934.37	212'226.82
Total liabilities and shareholder's equity	1'361'125.93	1'373'765.93

Income statement

	01.04.-31.12.2017 CHF	2016/17 CHF
Net proceeds from sales of goods and services		
Income from services	757'870.30	1'656'575.70
Own work capitalised	500'000.00	600'000.00
Revenue reductions	-0.52	0.00
	1'257'869.78	2'256'575.70
Direct expenditure		
Purchase of services	-437'166.14	-732'678.00
	-437'166.14	-732'678.00
Gross profit	820'703.64	1'523'897.70
Personnel expenses		
Wage costs	-979'731.64	-1'654'946.11
Social security contributions	-100'766.62	-202'622.07
Other personnel expenses	-78'867.78	-20'622.52
	-1'159'366.04	-1'878'190.70
Gross profit 2	-338'662.40	-354'293.00
Other operating expenses		
Rent	-46'177.25	-148'690.28
Repairs and maintenance	-3'351.62	-4'558.36
Vehicle costs	-2'810.60	-1'643.93
Insurance and duties	-6'657.35	-9'646.72
Energy and waste disposal	-1'322.46	-3'823.98
Office and administrative costs	-86'162.95	-79'825.87
Advertising	-31'538.72	-48'999.21
Other operating expenses	-1'160.82	-2'538.52
	-179'181.77	-299'726.87
EBITDA	-517'844.17	-654'019.87
Depreciation of non-current assets		
Depreciation of participations	-2.00	0.00
Depreciation of tangible assets	-22'516.56	-29'111.15
Depreciation of intangible assets	-525'000.00	-789'000.00
	-547'518.56	-818'111.15
EBIT (carry-over)	-1'065'362.73	-1'472'131.02

Income statement

	01.04.-31.12.2017 CHF	2016/17 CHF
EBIT (carry-over)	-1'065'362.73	-1'472'131.02
Financial result		
Financial income	6'803.67	300.00
Financial expenditure	-33'296.72	-51'214.11
	-26'493.05	-50'914.11
Operating result before taxes	-1'091'855.78	-1'523'045.13
Extraordinary, non-recurring or prior-period costs and income		
extraordinary, non-recurring or prior-period income	27'777.78	3'321.35
extraordinary, non-recurring or prior-period costs	-1'236.00	-42'810.50
	26'541.78	-39'489.15
Year-end result before taxes	-1'065'314.00	-1'562'534.28
Direct taxes	-1'832.05	-4'599.45
Annual loss	-1'067'146.05	-1'567'133.73

Notes to financial statements

	31.12.2017 CHF	2016/17 CHF
1. Information regarding the accounting principles applied in the annual accounts		
This annual financial statements were prepared in accordance with the provisions of Swiss Law, in particular with the articles on commercial accounting and financial reporting in the Swiss Code of Obligations (Art. 957 to Art. 962).		
The accounting principles applied comply with legal requirements. Here, in addition to the circumstances disclosed below, no accounting options have been relevant nor any discretionary decisions made that have a significant impact on the preparation of this annual financial statements. Furthermore, there are no entity-specific aspects to be disclosed.		
Intangible assets		
Value-enhancing development costs that are directly connected with the development activity are capitalised under the item 'Software development'. These are primarily Divio AG personnel costs and purchased services.		
The software is written off on a straight-line basis over five years.		
2. Number of full-time positions		
Number of full-time headcounts on annual average	10.35	21.76
3. Direct participations		
Divio Aldryn GmbH, Zürich		
<i>Purpose: Development and licensing of software</i>		
Nominal capital CHF 20,000, voting and capital share in %	0%	100%
Nephila AG, Zürich		
<i>Purpose: Implementation, operation and marketing of websites/online portals</i>		
Share capital CHF 100,000, voting and capital share in %	0%	40%
Divio Inc, Delaware		
<i>Purpose: Provision of services in the IT sector, development of software products</i>		
Share capital USD 40,000, voting and capital share in %	100%	100%

Notes to financial statements

	31.12.2017 CHF	2016/17 CHF
4. Residual amount of liabilities from sale-like leasing transactions and other lease obligations		
Rental of business premises	235'040.00	271'200.00
5. Liabilities owed to pension schemes		
Liabilities to collective foundation	65.30	21'119.10
6. Total amount of assets used to secure the company's own liabilities and assets subject to reservation of title		
Trade accounts receivables	71'913.44	131'976.84
7. Explanations of extraordinary, non-recurring or prior-period costs and income		
OASI Co2 refund	1'582.50	1'822.35
Write-off of loan repayment, Divio Aldryn GmbH	0.00	1'000.00
Other insignificant items	163.13	499.00
Profit from the sale of fixed assets	26'032.15	0.00
Extraordinary, non-recurring or prior-period income	27'777.78	3'321.35
Energy costs 2015	0.00	3'073.70
Final accounts for cantonal and municipal taxes 2014	0.00	9'737.80
Value adjustment for loan, Nephila Ltd, London	0.00	29'999.00
Expenses for sale of shares, Divio Aldryn GmbH	1'236.00	0.00
Extraordinary, non-recurring or prior-period costs	1'236.00	42'810.50

Notes to financial statements

31.12.2017	2016/17
CHF	CHF

8. Ability to continue as a going concern

Divio AG is currently undergoing a restructuring phase. As part of this, an existing business segment has been discontinued and the company is now increasingly focusing its efforts on the development and marketing of software. Income from this new business model for the past financial year totals approximately CHF 187'806 and does not cover the development and operating costs incurred. In light of this, the company is experiencing problems with liquidity. The liquidity required to further develop and market the software during the current financial year was secured through capital increase and contribution to equity capital. Divio Holding AB, which is to take on Divio AG's equity stake, secured liquidity after the reporting date by granting loans and is prepared to continue to do so.

The company's ability to continue as a going concern depends on whether the budget targets can be achieved and the necessary financing can continue to be provided to the company. The Board of Directors assumes this will be the case based on the performance of the business and the financing received thus far; there is, however, there is a material uncertainty that may cast significant doubt about Divio's ability to continue as a going concern.

The recoverability of the capitalised development costs is directly related to the achievement of the budget targets. Should these targets not be reached, there is the risk of impairment.

9. Other information

From the total of reserves from capital contributions amounting to CHF 3'986'807.14, CHF 3'342'326.30 was confirmed by the Swiss Federal Tax Administration. At present, the Swiss Federal Tax Administration has not provided formal confirmation of the remaining amount.

The reporting date was postponed from 31 March to 31 December. Accordingly, the income statement depicted covers the period from 1 April 2017 to 31 December 2017 (nine months). The prior year period corresponds to a business year of 12 months.