

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 2018**

(for the year ended 31.12.2018)

7 June 2019
17056752/21320092/E/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 2018.

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.

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.

We draw attention to the fact that the financial statements of Divio AG disclose an over-indebtedness as per art. 725 para. 2 CO. As a capital increase with immediate effect on the balance sheet was carried out on 22 February 2019, the Board of Directors has refrained from notifying the court.

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, a serious concern of over-indebtedness as per art. 725 para. 2 CO would exist, which is not covered by the afore mentioned capital increase and the relevant provisions of the law would have to be complied with.

Lucerne, 7 June 2019

BDO Ltd

René Krügel

Licensed Audit Expert

Daniel Zumbühl

Auditor in Charge
Licensed Audit Expert

Enclosure
Financial statements

Balance sheet

Assets	31.12.2018	31.12.2017
	CHF	CHF
Current assets		
Cash and cash equivalents	503'783.80	52'889.04
Trade accounts receivables		
to third parties	78'872.27	71'913.44
Bad debt allowance	-5'000.00	-5'000.00
	73'872.27	66'913.44
Other current receivables		
to third parties	57'871.12	41'466.61
	57'871.12	41'466.61
Accrued income and prepaid expenses	66'567.00	113'056.90
Total current assets	702'094.19	274'325.99
Non-current assets		
Participations	37'415.68	37'415.68
Tangible assets		
Furniture and facilities	3'003.00	23'000.00
Office equipment, IT systems	13'584.44	22'384.26
	16'587.44	45'384.26
Intangible assets		
Software development	1'276'467.00	1'004'000.00
	1'276'467.00	1'004'000.00
Total non-current assets	1'330'470.12	1'086'799.94
Total assets	2'032'564.31	1'361'125.93

Balance sheet

Liabilities

	31.12.2018	31.12.2017
	CHF	CHF

Current liabilities

Trade accounts payable

to third parties	59'361.87	107'560.99
to companies holding an equity interest	493'342.72	0.00
to companies in which an equity interest is held	15'081.97	7'110.13
	567'786.56	114'671.12

Current interest-bearing liabilities

Bank current account	420'166.00	132.30
	420'166.00	132.30

Other current liabilities

to third parties	13'687.76	14'095.77
	13'687.76	14'095.77

Deferred income and accrued expenses

	510'521.64	326'075.77
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Total current liabilities

	1'512'161.96	454'974.96
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Long-term liabilities

Long-term interest-bearing liabilities

to companies holding an equity interest	1'941'316.98	240'140.00
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Other long-term liabilities

to companies in which an equity interest is held	54'221.39	54'221.39
to related parties	0.00	348'855.21
	54'221.39	403'076.60

Total long-term liabilities

	1'995'538.37	643'216.60
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Total liabilities

	3'507'700.33	1'098'191.56
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Equity	31.12.2018	31.12.2017
	CHF	CHF
Share capital	946'300.00	946'300.00
Participation capital	7'500.00	7'500.00
Nominal capital	953'800.00	953'800.00
Reserves from capital contributions	3'986'807.14	3'986'807.14
Statutory capital reserves	3'986'807.14	3'986'807.14
Statutory retained earnings	845.00	845.00
Accumulated losses		
Balance carried forward	-4'678'517.77	-3'611'371.72
Annual loss	-1'738'070.39	-1'067'146.05
	-6'416'588.16	-4'678'517.77
Total equity	-1'475'136.02	262'934.37
Total liabilities and shareholder's equity	2'032'564.31	1'361'125.93

Income statement

	1.1.-31.12.2018 CHF	1.4.-31.12.2017 CHF
Net proceeds from sales of goods and services		
Income from services	1'241'649.84	757'870.30
Own work capitalised	767'516.79	500'000.00
Revenue reductions	-105.09	-0.52
	2'009'061.54	1'257'869.78
Direct expenditure		
Purchase of services	-983'006.91	-437'166.14
	-983'006.91	-437'166.14
Gross profit	1'026'054.63	820'703.64
Personnel expenses		
Wage costs	-1'156'865.72	-979'731.64
Social security contributions	-130'092.12	-100'766.62
Other personnel expenses	-114'769.52	-78'867.78
	-1'401'727.36	-1'159'366.04
Gross profit 2	-375'672.73	-338'662.40
Other operating expenses		
Rent	-67'227.48	-46'177.25
Repairs and maintenance	0.00	-3'351.62
Vehicle costs	-33.30	-2'810.60
Insurance and duties	-6'745.52	-6'657.35
Energy and waste disposal	-1'121.70	-1'322.46
Office and administrative costs	-640'652.14	-86'162.95
Advertising	-47'998.47	-31'538.72
Other operating expenses	-4'026.47	-1'160.82
	-767'805.08	-179'181.77
EBITDA	-1'143'477.81	-517'844.17
Depreciation of non-current assets		
Depreciation of participations	0.00	-2.00
Depreciation of tangible assets	-38'836.26	-22'516.56
Depreciation of intangible assets	-495'107.00	-525'000.00
	-533'943.26	-547'518.56
EBIT (carry-over)	-1'677'421.07	-1'065'362.73

Income statement

	1.1.-31.12.2018 CHF	1.4.-31.12.2017 CHF
EBIT (carry-over)	-1'677'421.07	-1'065'362.73
Financial result		
Financial income	24'623.09	6'803.67
Financial expenditure	-119'269.87	-33'296.72
	-94'646.78	-26'493.05
Operating result before taxes	-1'772'067.85	-1'091'855.78
Extraordinary, non-recurring or prior-period costs and income		
extraordinary, non-recurring or prior-period income	34'177.26	27'777.78
extraordinary, non-recurring or prior-period costs	-74.45	-1'236.00
	34'102.81	26'541.78
Year-end result before taxes	-1'737'965.04	-1'065'314.00
Direct taxes	-105.35	-1'832.05
Annual loss	-1'738'070.39	-1'067'146.05

Divio AG, Zürich

Notes to financial statements

	31.12.2018	31.12.2017
	CHF	CHF

1. Information regarding the accounting principles applied in the annual accounts

These annual financial statements have been 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 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 these 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.

Software is amortised on a straight-line basis over five years.

2. Number of full-time positions

Number of full-time headcounts on annual average	9.76	10.35
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3. Direct participations

Divio Inc, Delaware

Purpose: Provision of services in the IT sector, development of software products

Share capital USD 40,000, voting and capital share in %	100%	100%
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Divio AG, Zürich

Notes to financial statements

	31.12.2018 CHF	31.12.2017 CHF
4. Residual amount of liabilities from sale-like leasing transactions and other lease obligations		
Rental of business premises	180'800.00	235'040.00
5. Liabilities owed to pension schemes		
Liabilities to collective foundation	0.00	65.30
6. Total amount of assets used to secure the company's own liabilities and assets subject to reservation of title		
Trade accounts receivable	0.00	71'913.44
7. Explanations of extraordinary, non-recurring or prior-period costs and income		
OASI Co2 refund	0.00	1'582.50
Other insignificant items	0.00	163.13
Profit from the sale of fixed assets	4'178.26	26'032.15
Income from adjustment to impairment on loan to Nephila Ltd.	29'999.00	0.00
Extraordinary, non-recurring or prior-period income	34'177.26	27'777.78
Final accounts for cantonal and municipal taxes 2016	74.45	0.00
Expenses for sale of capital contributions Divio Aldryn GmbH	0.00	1'236.00
Extraordinary, non-recurring or prior-period costs	74.45	1'236.00

Divio AG, Zürich

Notes to financial statements

31.12.2018	31.12.2017
CHF	CHF

8. Ability to continue as a going concern

Divio AG is currently undergoing a restructuring phase. The existing agency business has been gradually reduced and at the same time a scalable product business based on recurring income has been established. Although the revenue from this new business model is growing steadily, for the past financial year it came to approximately CHF 574,730 (previous year: CHF 187,806) and thus does not cover the development and operating costs incurred. The company therefore still needs additional liquidity. The liquidity required to further develop and market the software during the previous financial year was secured through a loan from the shareholder, Divio Holding AB. Divio Holding AB intends to raise further capital of SEK 20-30 million (roughly CHF 2.1-3.2 million). This will be provided to Divio AG. So far, SEK 21.3 million has been raised already.

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, significant uncertainty in this regard, posing serious doubts as to the company'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, this will be taken as an indication of impairment.

9. Events after the reporting date

Divio AG discloses an over-indebtedness at the reporting date. Immediate action was taken to remedy this by converting CHF 1,701,176.98 of debt into equity on 22 February 2019. A capital increase of CHF 55,700 took place and the difference of CHF 1,647,476.98 was added to the reserves from capital contributions.

10. Other information

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