Parent of Bynder Limited 09160623

Bynder Holding B.V.
Amsterdam

Report on the annual accounts 2018

25 September 2019

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Consolidated financial statements

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Bynder Holding B.V.
Amsterdam

Consolidated Balance Sheet as at 31 December, 2018
(after appropriation of result)

	Notes	Year ended 31/12/18	Year ended 31/12/17
## Assets			
Fixed assets			
Intangible fixed assets	1	39.301.467	2.402.742
Tangible fixed assets	2	1.028.630	1.030.802
		40.330.097	**3.433.544**
Current assets			
Receivables, prepayments and accrued income	3	3.331.213	7.524.540
Cash		5.667.159	2.457.326
		8.998.372	**9.981.866**
Total assets		**49.328.469**	**13.415.410**
Equity and liabilities			
Group Equity			
Share of the legal entity in the group equity	4	(9.539.845)	2.271.663
Third-party share in group equity	5	0	0
		(9.539.845)	**2.271.663**
Long-term liabilities			
Debts to banks	6	0	574.306
Debts to participants	7	0	1.070.000
		0	**1.644.306**
Current liabilities, accruals and deferred income			
Debts to banks	6	574.042	1.127.712
Debts to participants	7	37.786.484	0
Current liabilities and accruals	8	7.080.142	2.303.602
Deferred income		13.427.647	6.068.127
		58.868.315	**9.499.441**
Total equity and liabilities		**49.328.470**	**13.415.410**

Bynder Holding B.V.
Amsterdam

Consolidated profit and loss account 2018

	Notes	Year ended 31/12/18	Year ended 31/12/17
Net turnover	9	33.354.355	17.359.596
Capitalised development costs		327.604	325.101
Total operating income		**33.681.959**	**17.684.697**
Cost of sales		3.940.404	1.390.399
Wages, salaries and social security charges	10	27.637.863	15.379.697
Amortisation/depreciation of intangible and tangible fixed assets	1, 2	5.785.099	828.650
Other reductions in value of intangible and tangible fixed assets	1	435.858	210.134
Other operating expenses	11	14.333.509	7.820.331
Total operating expenses		**52.132.733**	**25.629.211**
Operating result		**(18.450.774)**	**(7.944.514)**
Financial income and expense	12	(1.917.112)	(541.917)
Result before taxation		**(20.367.886)**	**(8.486.431)**
Taxation	13	0	0
Consolidated result after taxation		**(20.367.886)**	**(8.486.431)**
Third-party share	5	0	(16.203)
Result of the legal entity		**(20.367.886)**	**(8.502.634)**

Bynder Holding B.V.
Amsterdam

Consolidated cash flow statement 2018

	Year ended 31/12/18	Year ended 31/12/17
Income from customers	39.865.058	20.888.906
Payments to suppliers and personnel	(41.015.800)	(23.846.890)
Cash flow from operating activities	**(1.150.742)**	**(2.957.984)**
Investments in tangible fixed assets	(284.134)	(331.294)
Investments in intangible fixed assets	0	(325.101)
Investments from Webdam acquisition	(40.452.944)	0
Investments in other financial fixed assets	(19.442)	(118.165)
Cash flow from investment activities	**(40.756.520)**	**(774.560)**
Income from long-term liabilities	32.980.938	(1.127.982)
Income from issuance of share capital	13.594.212	5.000.000
Interest received	146.666	70.047
Interest paid	(1.582.953)	(218.974)
Cash flow from financing activities	**45.138.863**	**3.723.091**
Movement in cash	**3.231.601**	**(9.453)**
Cash and cash equivalents at the beginning of the year	2.457.326	2.878.448
Exchange rate differences on cash	(21.767)	(411.669)
Cash and cash equivalents at the end of the year	**5.667.160**	**2.457.326**

Notes to the consolidated financial statements

General

Activities

The activities of Bynder Holding B.V., with its registered office at Amsterdam and its actual place of business in Amsterdam, Max Euweplein 46, 1017 MB and filed with the Trade Register at the Chamber of Commerce under number 64165183, and its group companies, primarily consist of:

• Developing, producing and publishing software related to Digital Asset Management;
• Developing, designing, managing, operating online image solutions as the case may on online platforms.

Group structure

Bynder Holding B.V. heads a group of companies. A summary of the information required under Articles 2:379 and 2:414 of the Dutch Civil Code is included below.

Consolidated companies:

Name	Registered office	Share in issued share capital
Bynder B.V.	Rotterdam, NL	100%
Luma Marketing Technologies B.V.	Rotterdam, NL	100%
Bynder LLC	Boston, USA	100%
Bynder Ltd	London, UK	100%
Bynder Software S.L.	Barcelona, Spain	100%
Bynder Software FZ LLC	Dubai, UAE	100%
Stichting Administratiekantoor Bynder Option Plan*	Amsterdam	0%

*Consolidated company due to the control being held within Bynder.

Business combinations

On February 26, 2018 Bynder BV and Bynder LLC acquired the business, assets and liabilities of the Digital Asset Management solution, Webdam, from Shutterstock Inc. for a purchase consideration of USD 49.807.000.

The goodwill has been recorded in the statement of movements of the intangible fixed assets as "acquisitions goodwill". This has been determined as follows:

Purchase consideration:	$ 49.807.000
Less: fair value of assets and liabilities	$ 25.090.000
Goodwill	$ 24.717.000

We have chosen a useful life of 10 years for the acquired Goodwill based on our current projections and understanding of the 'software as a service' market in which we operate.

The acquisition was financed by a 'bridge loan' from Insight Venture Partners for an amount of USD 42,000,000 aside from a capital injection. The 'bridge loan' had a term of one year and was repayable on February 26, 2019. In February 2019, Bynder refinanced the Insight Bridge Loan and other external loans through a Senior Financing Agreement with Wells Fargo National Bank. Refer to the subsequent events note in the notes to the consolidated financial statements where this is disclosed.

On November 1, 2018 Bynder BV acquired the minority share in Bynder Ltd. With regards to this transaction new shares were issued by Bynder Holding BV in favor of Insight Venture Partners.

Consolidation principles

Financial information relating to group companies and other legal entities controlled by Bynder Holding B.V. or where central management is conducted, has been consolidated in the financial statements of Bynder Holding B.V. The consolidated financial statements have been prepared in accordance with the accounting principles of Bynder Holding B.V.

The financial information relating to Bynder Holding B.V. is presented in the consolidated financial statements. Accordingly, in accordance with art. 2:402 of the Netherlands Civil Code, the company-only financial statements only contain an abridged profit and loss account.

Financial information relating to the group companies and the other legal entities and companies included in the consolidation is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions. Third-party shares in equity and results of group companies are disclosed separately in the consolidated financial statements.

The results of newly acquired group companies and the other legal entities and companies included in the consolidation are consolidated from the acquisition date. On that date the assets and liabilities acquired are measured at the fair values. If the acquisition price exceeds the fair values of the acquired assets and liabilities this is goodwill, which is capitalised and amortised over the expected useful life.

General accounting principles for the preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with Title 9 of Book 2 of the Netherlands Civil

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless stated otherwise.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on the balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Going concern

For the year ending December 31, 2018 the Company made a loss of Euro 20.367.886 and as a result a negative equity origined of Euro 9.539.845, this primarily as a result of the continued investment in new features and people as well as the fact that we acquired Webdam during the year.

Bynder expects the activities to grow further in the coming years, both through internal and external expansion as well as the impact of the newly developed features. The market for DAM and related services continues to grow. Bynder believes it is well prepared and has the support from its investors to grow our market share through focused marketing activities in targeted markets as well as through acquisitions. This is inline with the support our investors provided for the acquisition of Webdam as well as the additional financing obtained in July 2019 for an amount of Euro 3.5 million.

In February 2019, Bynder refinanced the Insight Bridge Loan and other external loans through a Senior Financing Agreement with Wells Fargo National Bank. Refer to the subsequent events note in the notes to the consolidated financial statements.

Bynder will continue to invest in developing new features and keeping the technology leading edge. We believe we have sufficient cash available to fund our further expansion. The initiatives in predictability of the spend and the effect on the results have led to a better performance on an EBITDA basis as expected in the first half of 2019 (with postitive EBITDA's achieved for some months in 2019), which confirms that Bynder is in a position to manage the spend and adjust as and when required. Management monitors spend and results from initiatives on a monthly basis in order to maintain a robust control over the results and performance. As and when required cost reduction plans are put into place to maintain financial performance.

In conclusion, Bynder has had another year with significant growth combined with improved cost control. This current revenue base, in combination with the growth potential and predictability of the spend has led management to conclude to prepare the financial statements on a going concern basis.

Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts) and derivative financial instruments (derivatives). The company does not use derivative financial instruments.

<u>Primary financial instruments</u>

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item of the 'Principles for the valuation of assets and liabilities'.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date. Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Foreign group companies outside the Netherlands qualify as carrying on of business operations in a foreign country, with a functional currency different from that of the company. For the translation of the financial statements of these business operations in a foreign country the balance sheet items are translated at the exchange rate as at balance sheet date and the profit and loss account items at the average rate. The exchange rate differences that arise are directly deducted from or added to group equity and recognised in the translation differences reserve. This likewise applies to the translation differences on loans that form part of the net investment in the business operations abroad.

If business operations in a foreign country with a different functional currency than that of the company are disposed of, the cumulative translation differences are recognized in the profit and loss account as part of the result from the disposal of the business operations abroad.

Share-based payments (including personnel option plans)

For the recognition of personnel option plans reference is made to the item wages and salaries under the principles for the determination of the result.

<u>Principles of valuation of assets and liabilities</u>

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The expected useful life and the amortisation method are reassessed at the end of each financial year. For the costs of development a statutory reserve is formed in the amount of the capitalised amount.

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments. Depreciation is based on the estimated future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Tangible fixed assets are capitalised if the economic ownership held by the company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreement is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement.

Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash

The cash is valued at the face value. If cash equivalents are not freely disposable, then this has been taken into account upon valuation.

Third-party share in group equity

The share of third parties in the group equity concerns the minority interest of third parties in the shareholders' equity of consolidated companies. In the profit and loss account the share of third parties in the result of consolidated companies is deducted from the group result.

Long-term and short-term liabilities

Upon initial recognition, loans and liabilities recorded are stated at fair value and then valued at amortized cost.

Principles for the determination of the result

Net-turnover

Recurring SaaS revenues are recognised monthly in proportion to agreed contract. Professional service revenues are recognised based on percentage of project completion at reporting date. Other revenues are recognised in proportion to services delivered.

Cost of sales

The cost of sales consists of the costs of primarily hosting and providing the SaaS online platform. Costs are recognised in proportion to the services received.

Wages and salaries

Pension plans personnel

The group (Bynder Holding B.V.) has various pension plans. The Dutch plans are financed through contributions to pension providers, i.e., insurance companies and industry pension funds. The foreign pension plans can be compared to how the Dutch pension system has been designed and functions. The pension obligations of both the Dutch and the foreign plans are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

As at year-end 2018 (and 2017) no pension receivables and no obligations existed for the group in addition to the payment of the annual contribution due to the pension provider.

Bonus plans and profit-sharing plans

A liability is recorded for bonus plans and profit-sharing plans based on relevant performance plans. The liability is recorded as such under the current liabilities.

Equity-settled share option plan
The Company has a share option plan for all employees of the Group. In accordance with the terms of the plan, as approved by the shareholders, employees with more than one years' service with the Company may be granted options to purchase certificates of the STAK.

Each employee share option converts into one certificate of the STAK on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the share option plan and is based on the annual salary of the employees. The Company calculates the value of the options granted using the intrinsic value method, the amounts are presented under Salary and Wages, with a corresponding entry in Equity. The Company does not enter into hedge transactions with regard to the share option plan.

The intrinsic value of an option is furthermore determined on every balance sheet date and on the settlement date. Any change in the intrinsic value is recorded in the profit and loss account.

Options are exercisable at a price equal to the market value of the Company's shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of five years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Detail of the number of share options outstanding for the year are as follows:	Year ended 31/12/18
Outstanding at the beginning of the year	0
Granted during the year	3.207.468
Outstanding at the end of the year	3.207.468
Exercisable at the end of the year	3.207.468

Please refer to Shareholders' Equity note within the notes to the specific items of the company-only balance sheet where the equity effect of the share option plan is disclosed.

Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax assets (if applicable) are recognized only to the extent that realization is probable.

Principles for preparation of the consolidated cash flow statement

The cash flow statement is prepared according to the direct method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered to be highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes and dividends received are presented under the cash flow from operating activities. Interest paid, interest received, issuance of share capital, and dividends paid are presented under the cash flow from financing activities.

The cost of business combinations acquired is presented under the cash flow from investment activities, as far as payment has been made with cash and cash equivalents. The cash and cash equivalents of the group companies acquired are deducted from the purchase cost.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payments of the lease instalments on account of the financial lease contract are presented as redemptions of debts for the redemption component and as paid interest for the interest component.

Notes to the specific items in the consolidated balance-sheet

	Development costs	Intellectual property	Goodwill	Customer relationships	Total
1. Intangible fixed assets					
Carrying amount as at 1 January 2017	282.416	209.384	2.320.819	0	2.812.619
Acquisitions	325.101	0	0	0	325.101
Amortisation	(98.679)	(102.955)	(323.210)	0	(524.844)
Other impairments in value	0	0	(210.134)	0	(210.134)
Carrying amount as at 31 December 2017	**508.838**	**106.429**	**1.787.475**	**0**	**2.402.742**
Acquisitions	327.604	8.527.229	20.073.097	11.694.485	40.622.415
Amortisation	(92.186)	(1.527.634)	(1.870.626)	(1.949.081)	(5.439.527)
Other impairments in value	(356.667)	0	(79.191)	0	(435.858)
Foreign exchange differences	0	0	1.406.675	745.020	2.151.695
Carrying amount as at 31 December 2018	**387.589**	**7.106.024**	**21.317.430**	**10.490.424**	**39.301.467**
Cost as at 31 December 2017	655.946	514.776	2.789.750	0	3.960.472
Accumulated amortisation	(147.108)	(408.347)	(1.002.275)	0	(1.557.730)
Carrying amount as at 31 December 2017	**508.838**	**106.429**	**1.787.475**	**0**	**2.402.742**
Cost as at 31 December 2018	597.340	8.527.229	23.793.717	12.588.509	45.506.795
Accumulated amortisation	(209.751)	(1.421.205)	(2.476.287)	(2.098.085)	(6.205.328)
Carrying amount as at 31 December 2018	**387.589**	**7.106.024**	**21.317.430**	**10.490.424**	**39.301.467**
Amortisation percentages	20%	20%	10%	20%	

In 2018 an impairment of EUR 435.858 (2017: EUR 210.134) has been charged to the result of the financial year. EUR 79.191 (2017: EUR 210.134) in relation to the impairment on Luma Marketing Technologies B.V. goodwill and customer base. Luma Marketing Technologies B.V. has ceased the majority of its operations and associated goodwill is no longer value adding to Bynder. EUR 356.667 (2017: nil) in relation to the impairment on the Orbit platform. In 2018 it was decided that the Orbit platform would be discontinued.

	Depreciation rate	Year ended 31/12/18	Year ended 31/12/17
2. Tangible fixed assets		Office equipment	
Carrying amount as at 1 January		1.030.802	1.003.314
Acquisitions		343.400	331.294
Depreciation	20%	(345.572)	(303.806)
Carrying amount as at 31 December		**1.028.630**	**1.030.802**
Cost as at 31 December		1.854.247	1.601.028
Accumulated depreciation		(825.617)	(570.226)
Carrying amount as at 31 December		**1.028.630**	**1.030.802**

	Year ended 31/12/18	Year ended 31/12/17
3. Receivables, prepayments and accrued income		
Trade receivables	2.196.048	1.042.475
Doubtful debts	(294.476)	(23.678)
	1.901.572	1.018.797
Participant loans receivable	0	5.000.000
Deposits and cash guarantees	401.580	382.138
Interest receivable Insight BH Sarl	0	146.666
Accrued income	141.432	229.208
Prepayments	785.820	745.653
Other receivables	100.809	2.078
	1.429.641	6.505.743
	3.331.213	**7.524.540**

The 2017 participant loan receivable relates to share premium payable in 2018 by Insight BH Sarl. This amount has now been received.

4. Share of the legal entity in the group equity

Issued capital	13.977	12.500
Share premium	29.283.439	20.690.704
Statutory reserves	636.934	898.656
Retained losses	(39.474.195)	(19.330.197)
	(9.539.845)	**2.271.663**

Please refer to company-only financial statements for the movements in equity schedule.

5. Third-party share in group equity

Carrying amount as at 1 January	0	(16.203)
Third-party share in result	0	(23.556)
Revaluations/adjustments	0	39.759
	0	**0**

On November 1, 2018 Bynder BV acquired the minority share in Bynder Ltd. With regards to this transaction new shares were issued by Bynder Holding BV in favor of Insight Venture Partners. The 2017 non-controlling interest equity was adjusted to nil as this amount was deemed not receivable from third party shareholders.

6. Debts to banks

Current portion	574.042	1.127.712
Non-current portion	0	574.306
	574.042	**1.702.018**

	Interest rate	Term end	Amount
ABN AMRO Bank loans			
44.39.73.571	1-mth Euribor+5,40%	30/06/2019	120.000
46.56.65.012	1-mth Euribor+4,75%	31/03/2019	51.111
46.56.64.121	1-mth Euribor+4,95%	31/03/2019	25.555
46.56.65.152	5,60%	30/09/2021	57.376
46.56.64.024	1-mth Euribor+4,75%	30/09/2019	120.000
44.39.83.992	1-mth Euribor+4,85%	30/06/2019	200.000
			574.042

	Year ended 31/12/18	Year ended 31/12/17
Interest expenditure		
ABN AMRO Bank loans	41.111	99.414

7. Debts to participants

Loan balance				
Current portion			37.786.484	0
Non-current portion			0	1.070.000
			37.786.484	**1.070.000**
		Term end		
CNBB loan		04/12/2019	500.000	500.000
KV Invest loan		04/12/2019	70.000	70.000
Label A loan		04/12/2019	500.000	500.000
			1.070.000	**1.070.000**
Insight BH Sarl Bridge loan	Prime rate -3,50%	26/02/2019	**36.716.484**	**0**
			37.786.484	**1.070.000**

The loans of EUR 1,070,000 (2017: EUR 1,070,000) are subordinated to all existing and future liabilities arising from the debts to banks. These balances were repaid in full, including accrued interest, upon the refinancing of the company on February 22, 2019 (term loan for a period of 5 years). Please refer to the subsequent events note where this is disclosed.

The 'bridge loan' had a term of one year and was repayable on February 26, 2019. This was repaid in full, including accrued interest, upon the refinancing of the company on February 22, 2019 (term loan for a period of 5 years). Please refer to the subsequent events note where this is disclosed.

	Interest rate		
Interest expenditure			
CNBB loan	7,0%	35.000	34.808
KV Invest loan	7,0%	4.900	4.976
Label A loan	7,0%	35.000	35.000
Insight BH Sarl Bridge loan	4,0 - 8,0%	1.414.389	0

	1.489.289	**74.784**

8. Current liabilities and accruals	Year ended 31/12/18	Year ended 31/12/17
Debts to suppliers and trade credits	942.839	532.191
Taxes and social security contributions	1.445.495	676.098
Holiday allowance commitment	516.730	458.508
Salaries payable	2.303.981	227.801
Other current liabilities	1.871.097	409.004
	7.080.142	**2.303.602**

Financial Instruments

For the notes to financial instruments reference is made to the specific item by item note. The group's policy in respect of financial risks is included below. In addition, the financial derivatives of the group and the related risks are disclosed.

General

The main financial risks the group is exposed to are the currency risk, the interest rate risk, the liquidity risk and the credit risk. The group aims at mitigating the impact of currency and interest rate fluctuations on the result in the short term and to follow the market exchange rates and market interest rates in the long term. The group does not (yet) use financial derivatives to control financial risks linked to business operations at control. In case the company would use financial derivatives, the group would not take any speculative positions.

Currency risk

The group does not yet have a policy to hedge the currency risks resulting from sales and purchases. The main currencies causing such risk are American dollars and British pound sterling. The risk is mitigated by the fact that the company aside from receipts in American dollars and British pound sterling also has presence (and therefore expenses) in the United Stated and the United Kingdom. Despite that there is a (net) cash inflow from the US and a (net) cash outflow for the UK. The company will consider financial derivatives in further mitigating foreign currency risk.

Interest rate risk

In respect of interest rate risk the company aims at mitigating the interest rate risks originating from the financing of the group and optimizing the net interest expenses at the same time. The interest rate from the loan with Wells Fargo is based on EURIBOR plus a margin. The company will consider using financial instruments to mitigate the risk in 2019.

Liquidity risk and cash flow risk

Periodically, liquidity budgets are prepared. Liquidity risks are controlled through interim monitoring. The liquidity budgets take account of restricted availability of cash, among which bank guarantees. The group has committed credit facilities, since the refinancing with Wells Fargo National Bank, London Branch, on February 22, 2019, of EUR 39,400,000 as a term loan for a period of five (5) year and EUR 3,100,000 as revolving credit facility, of which currently EUR 600,000 is drawn. The agreement on the committed credit facilities includes financial covenants and adjustment clauses in the event of substantial negative changes in line with normal market conditions. Please refer to the subsequent events note where this is disclosed.

Credit risk

The group mitigates the credit risk through credit limits for each financial institution and debtors by exclusively engaging financial institutions and debtors with a high creditworthiness. No significant concentrations of credit risk existed as at balance sheet date.

Non-recognised assets and liabilities and contingent assets and liabilities

As of 31 December 2018, the legal entities that are part of the Bynder Holding group have granted guarantees amounting to EUR

532 thousand (2017: EUR 396 thousand).

Bynder Holding B.V. is part of a fiscal unity for corporate income tax with Bynder B.V., in which capacity it is jointly and severally liable for the tax liability of the fiscal unity as a whole.

A conditional right to tax loss set-off amounting to EUR 42.012.796 (2017: EUR 21.644.910) is not included as at balance sheet date.

Commitments

	< 1 year	1 - 5 years	> 5 years	Total
Office leases and vehicle leases	2.018.940	1.444.705	175.555	3.639.200
Other commitments	2.432.335	1.687.327	0	4.119.662
	4.451.275	**3.132.032**	**175.555**	**7.758.862**

The group has been (jointly) involved in legal proceedings due to a claim for damage suffered filed by a third party. The Court has ruled in favor of the third party but the joint parties have filed for appeal. The potential damage is still uncertain and, although it cannot be reliably estimated, it is unlikely to have a material impact on the company's accounts.

The legal entity is liable for the debts arising from the transactions of its subsidiaries. Bynder Holdings B.V has 100% ownership of all subsidiaries. Bynder Limited is exempt from audit, in accordance with section 479A of the 2006 Companies Act. A list of subsidiaries is disclosed in the notes to the consolidated financial statements.

Notes to the specific items in the consolidated profit and loss

		Year ended 31/12/18	Year ended 31/12/17
9. Net turnover			
Recurring SaaS revenue		28.215.111	14.539.812
Professional services		4.610.265	2.677.897
Other income		528.979	141.887
		33.354.355	**17.359.596**
10. Wages, salaries and social security charges			
Salaries		18.877.207	12.517.758
Commissions and bonuses		4.560.261	1.086.493
Payroll tax		3.040.936	2.122.742
Pension premiums		607.510	79.161
Other employee related expenditure		749.329	(10.329)
Share option plan		102.639	0
		27.937.882	15.795.825
R&D payroll tax subsidy		(300.019)	(416.128)
		27.637.863	**15.379.697**
Average number of employees (full-time equivalents)		313	240
Of which working abroad (full-time equivalents)		140	71

		Year ended 31/12/18	Year ended 31/12/17
11. Other operating expenses			
Sales and marketing expenditure		5.018.196	2.848.809
Other personnel expenditure		2.186.836	1.065.195
Building related expenditure		2.072.594	1.617.653
General expenditure		5.055.883	2.288.674
		14.333.509	**7.820.331**
12. Financial income and expense			
Other interest income and similar income			
Interest on participant loans receivable		0	130.278
Other interest		0	1.435
		0	131.713
Interest and similar charges			
Interest on bank loan	6	41.111	99.414
Interest on participant loans payable	7	1.489.289	74.784
Bank charges and interest		45.784	35.322
Foreign exchange variances		340.928	464.110
		1.917.112	673.630
		(1.917.112)	**(541.917)**

13. Taxation

Corporate income tax	0	0
Release deferred taxes	0	0
	0	**0**

The company and its wholly owned subsidiary Bynder B.V. in the Netherlands constitute a fiscal entity.

14. Remuneration of directors

In 2018 an amount of EUR 379.368 (2017: EUR 342.522) for the remuneration of directors and for benefits for former directors of the legal entity was charged to the company and its subsidiaries or group companies.

15. Subsequent events

As per February 22, 2019 the company entered into a Senior Facility Agreement with Wells Fargo National Bank, London Branch. The company attracted EUR 39,400,000 in a term loan (for a period of 5 years) and EUR 600,000 under a Revolving Credit Facility of EUR 3,100,000, in total. The loan has conditions, in terms of interest and covenants, in line with current market conditions. The loan was used to repay the 'bridge loan' from Insight, which is disclosed as a current liability as at December 31, 2018, and all other debt outstanding to banks and participants.

On July 19, 2019, Insight Venture Partners and other current shareholders invested an additional EUR 3.5 million into Bynder Holding B.V.

Company-only financial statements

Company-only balance sheet
Company-only profit and loss account
Notes to the company-only financial statements

Bynder Holding B.V.
Amsterdam

Company-Only balance sheet as at 31 December, 2018
(after appropriation of result)

	Notes	Year ended 31/12/18	Year ended 31/12/17
Assets			
Fixed assets			
Intangible fixed assets	1	21.317.430	1.721.271
Financial fixed assets	2	5.738.130	0
		27.055.560	**1.721.271**
Current assets			
Receivables, prepayments and accrued income	3	97.454	5.155.449
Cash		233.063	1.882
		330.517	**5.157.331**
		27.386.077	**6.878.602**
Equity and Liabilities			
Equity			
Shareholders' equity	4	**(9.539.845)**	**2.271.663**
Long-term liabilities			
Provisions	2	**0**	**4.497.347**
Current liabilities, accruals and deferred income			
Debts to participants		36.716.484	**0**
Trade and other payables		209.438	109.592
		36.925.922	**109.592**
		27.386.077	**6.878.602**

Bynder Holding B.V.
Amsterdam

Company-only profit and loss account 2018

	Year ended 31/12/18	Year ended 31/12/17
Share in result of associated companies	(20.724.629)	(8.846.454)
Other income and expense after taxation	356.743	343.820
Result after taxation	**(20.367.886)**	**(8.502.634)**

Notes to the company-only financial statements

General accounting principles for the preparation of the financial statements

The company-only financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.

Participations in group companies

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by Bynder Holding B.V. If the net asset value is negative, the participating interest is valued at nil. This likewise takes into account other long-term interests that should effectively be considered part of the net investment in the participating interest. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

Legal reserve

The legal reserve for associated companies is formed in the amount of the share of Bynder Holding B.V. in the results and direct increases of the associated companies since the initial valuation of these associated companies at net asset value, insofar as Bynder B.V. cannot realise a distribution without limitations. The statutory reserve for associated companies is determined individually.

The company also forms a legal reserve for any capitalised development costs.

Notes to the specific items of the company-only balance sheet

		Year ended 31/12/18	Year ended 31/12/17
1. Intangible fixed assets	Amortisation rate		Goodwill
Carrying amount as at 1 January		1.721.271	1.927.758
Acquisitions		20.139.301	0
Amortisation	10%	(1.870.626)	(206.487)
Other impairments in value		(79.191)	0
Foreign exchange differences		1.406.675	0
Balance as at 31 December		**21.317.430**	**1.721.271**
Cost as at 31 December		23.793.717	2.185.866
Accumulated amortisation		(2.476.287)	(464.595)
Balance as at 31 December		**21.317.430**	**1.721.271**

	Year ended 31/12/18	Year ended 31/12/17
2. Financial fixed assets / Provisions		
Provisions for Bynder B.V.		
Balance as at 1 January	(4.497.347)	(1.495.481)
Correction of errors	0	(135.329)
Share result in participation	(20.724.629)	(8.846.454)
Other equity movements of participations	(140.473)	327.510
Current account movements with Bynder B.V.	(16.665.629)	652.407
Loans granted	47.766.208	5.000.000
Balance as at 31 December	**5.738.130**	**(4.497.347)**

Loan receivable and current account from Bynder B.V. bears interest at 4% per year. The increase in loans granted primarily relates to the funding from Bynder Holding B.V. for the purchase of Webdam by Bynder LLC. The decrease in the current account primarily relates to the transfer of acquired Goodwill (from Webdam acquisition) from Bynder LLC to Bynder Holding B.V.

Other equity movements relate to the foreign exchange translation as detailed in the movement in shareholders equity.

3. Receivables, prepayments and accrued income

Interest receivable Insight BH Sarl	0	146.666
Participant loans receivable	0	5.000.000
Other receivables	97.454	8.783
	97.454	**5.155.449**

4. Shareholders' equity

	Issued capital	Share premium	Statutory reserves	Retained losses	Total
Balance as at 1 January 2017	12.500	20.690.704	282.416	(10.403.504)	10.582.116
Correction of errors	0	0	(5.223)	(130.106)	(135.329)
Share issue	0	0	0	0	0
Net result	0	0	0	(8.502.634)	(8.502.634)
Foreign exchange translation	0	0	395.041	0	395.041
Development reserve	0	0	226.422	(226.422)	0
Other equity movements	0	0	0	(67.531)	(67.531)
Balance as at 31 December 2017	**12.500**	**20.690.704**	**898.656**	**(19.330.197)**	**2.271.663**
Share issue	1.477	8.592.735	0	0	8.594.212
Net result	0	0	0	(20.367.886)	(20.367.886)
Foreign exchange translation	0	0	(140.473)	0	(140.473)
Share option plan	0	0	0	102.639	102.639
Development reserve	0	0	(121.249)	121.249	0
Balance as at 31 December 2018	**13.977**	**29.283.439**	**636.934**	**(39.474.195)**	**(9.539.845)**

Share capital

The issued share capital of the company amounts to EUR 29.297.416, divided into EUR 24.297.416 ordinary shares and EUR 5.000.000 preference shares. The total number of issued shares is 139.698.000.

Statutory reserves

Statutory reserves includes a legal reserve for development costs of EUR 387.589 (2017: EUR 508.838) and a translation reserve of EUR 249.345 (2017: EUR 389.818).

Other Notes

Subsequent events

Reference is made to the subsequent events in the notes to the consolidated financial statements for a description of the subsequent events relevant to the company.

Signing of the financial statements

Amsterdam, 25 September 2019

Management board:

A.R. van Nieuwland

Supervisory board:

A.R. van Nieuwland

C.A. Hall

J. Horing

Other information

Independent auditor's report

Reference is made to the auditor's report as included hereinafter.

Special statutory voting rights

Pursuant to the articles of association of Bynder Holding B.V. rights are connected to preference shares for the appointment, suspension and dismissal of one supervisory director. The other supervisory directors are appointed, suspended and dismissed by the class meeting of holders of ordinary shares. In addition, the articles of association provide that certain resolutions of the general meeting are subject to the approval of the class meeting of holders of preference shares.

Appropriation of result for the financial year 2018

The board of directors proposes, with the approval of the supervisory board, that the result for the financial year 2018 amounting to (EUR -20.367.886) should be transferred to reserves without payment of dividend (2017: (EUR -8.502.634) transferred to reserves without payment of dividend.

The financial statements reflect this proposal.

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Independent auditor's report

To the shareholders and the supervisory board of Bynder Holding B.V.

REPORT ON THE FINANCIAL STATEMENTS 2018 INCLUDED IN THE ANNUAL ACCOUNTS

Qualified Opinion

We have audited the financial statements 2018 of Bynder Holding B.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

Except for the possible effects of the matter described in the "Basis for qualified opinion" section the consolidated and company financial statements included in these annual accounts give a true and fair view of the financial position of Bynder Holding B.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company balance sheet as at 31 December 2018.

2. The consolidated and company profit and loss account for 2018.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for qualified opinion

As a result of deficiencies identified during our audit 2017 with regard to the IT General Controls related to the Bynder platform database, we were not able to obtain sufficient and appropriate audit evidence to determine whether all active platforms open to clients during the year 2017 have resulted in recurring SaaS revenues resulting in a potential understatement of revenues in the financial statements 2017. Due to this we were unable to determine whether any adjustments were necessary in respect of revenue and revenue related account balances for the period ended December 31, 2017. As a result we have expressed a disclaimer of opinion on the 2017 financial statements. Mentioned circumstances have been resolved for the revenue related to the year ended December 31, 2018. However, since the revenue related account balances (e.g. deferred revenue) as per December 31, 2017 impact the determination of the result over 2018, we were unable to determine whether any corrections were necessary with regard to the result for 2018 and the retained earnings per December 31, 2018.

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

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We are independent of Bynder Holding B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Financial position

We draw attention to the going concern paragraph in the notes on page 10 of the financial statements in which management shares their view on the ability of going concern of the company for the foreseeable future. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report, the annual accounts contain other information that consists of:

- Management Board's Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.

- Obtaining 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.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding 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.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Amsterdam, 26 September 2019

Deloitte Accountants B.V.

Signed on the original: R. Nolte

Report of the Executive Team

Company Profile

The activities of Bynder Holding B.V. with its legal seat in Amsterdam (The Netherlands), primarily consist of the development and provision of a 'Software-as-a-Service' ('SaaS') platform for Digital Asset Management (DAM) - the simple solution to manage digital content.

Bynder gives organizations that are going through change a platform to manage brand, campaign, and product assets consistently and confidently. It provides all departments with one central location to store marketing, product, and brand assets—making them directly available for users across the world and reducing risk of incorrect assets and files being used. It simplifies everyday processes such as searching for images, establishing copyrights, and sharing large files, enabling customers to reduce time, risk, and hassle when working with media. With state-of-the-art security and compliance standards, two-factor authentication, user rights and access controls, the customer stays in full control of its brand, campaign, or product assets. "It's our central resource for creating, managing and sharing assets for over 100 AkzoNobel brands (Sarah Roozendaal, Brand Manager at AkzoNobel)."

Strategy

The company is set for further growth both autonomously and through acquisitions. It has a solid partner in its investor Insight Venture Partners. The combination allowed for the acquisition of US-competitor Webdam from Shutterstock Inc. on February 26, 2018. With this acquisition Bynder has increased its share in DAM-software on the US market to become the dominant supplier to small and medium-size enterprises. It also benefited from the adjacent knowledge available in the Webdam platform. At the same time the company managed to grow the revenues from the Bynder platform; both developments leading to a spectacular growth in revenues against last year of 92%.

Market development

The market for Digital Asset Management is still on the rise, culminating in an increasing demand for our solutions. At the same time, we aim to expand our product offering with new features to be able to offer our solution outside marketing.

In terms of positioning we will continue to aim at small and medium-size business and enterprise customers. We also continue to deliver our services to large strategic customers. The company pursues a 'land-and-expand' strategy whereby after an initial implementation of our product suite, more features are added to assist our customers in their brand management.

Organizational Development

In 2018 the company decided to discontinue its development of the Orbit platform. The platform was supposed to be the successor to the Bynder Flagship platform however it was determined that a minimal viable product could not be achieved within a reasonable time frame.

The Supervisory Board consists of 2 members Mr. Arco van Nieuwland (Chairman) and Mr. Jeff Horing. The Board exercises control over the Executive Team and supports it with advice. In 2018 the Supervisory Board convened a number of times and discussed the Webdam acquisition, the integration of the Bynder and Webdam, the strategy of the Company as well as matters for appointment and dismissal of Executive Team members.

The Supervisory Board has delegated the executive management of the Company to the CEO and other members of the Executive Team. The Executive Team is primarily responsible for implementing and monitoring the company strategy as well as the financial and operational management. The Executive team is headed by Mr. Chris Hall, Founder, CEO and sole Director of the Company. As per 1 November Mr. Ralph de Kleermaeker, CFO and Director of the Company, left Bynder. We would like to thank Ralph for his contribution to the growth and the success of the company in the past years. Ralph was replaced by Mr. Aad Verveld on an interim basis. Other members of the Executive Team consist of Mrs. Shelley Perry (co-CEO), Mr. Bob Hickey (COO), Mr. Kevin Broom (CPO – appointed 1 January 2019) and Mr. Jason Knapp (General Counsel – appointed 1 January 2019).

During the year the Company have further formalized their management policies in terms of approval policies. Further policies are being developed as the Company continuous to grow.

Legal Structure

The legal form of Bynder Holding B.V. ("The Company") is a limited liability company with its registered office in Amsterdam. The Company is the ultimate holding Company of a group of Companies with subsidiaries in the Netherlands, Spain, United Kingdom, United States and Dubai.

Financial Information

The developments throughout the financial year

The financial year has been another remarkable year for the Company in terms of growth and market position. Key developments were the acquisition of Webdam and the addition of new customers, including Fortune 500 Companies. Following these developments, the Company invested heavily in staff and software tooling to further scale the business.

The situation on the balance sheet date

Revenues in the financial year 2018 rose to Euro 33.4 million (2017: Euro 17.4 million) - an increase of 92%

2018 was a successful year in terms of adding new customers to our portfolio. The Webdam acquisition fueled our presence in the US. At the same time, we managed to expand our product portfolio with our existing customers. Number of new 'logo's' (customers) and 'net retention' are amongst the most critical drivers for the Company.

In order for the company to continue its growth path it spent significant amounts in marketing efforts. At the same time it is increasing its expenditure in the development of the platform. As these costs are made to derive future benefit, the company made a loss in 2018 of Euro 20.4 million (2017: a loss of Euro 8.5 million).

The current ratio (Current assets/Current liabilities) of the company at balance sheet date amounts to 0.15 (2017: 1.1), the change is the result of loans outstanding becoming due within one year.

The solvency rate (Shareholder's equity/Total liabilities) of the company at balance sheet date amounts to negative 0.2 (2017: 0.2). The acquisition of Webdam was financed with equity and a bridge loan facility from Insight Venture Partners. The bridge loan had a term of one year. On February 22, 2019 Bynder B.V. entered into a Senior Financing Agreement with Wells Fargo Capital Finance (UK) to refinance the bridge-loan. "This is a positive signal for the European tech industry, showing an increased confidence in recurring revenue models and our future growth ambitions," said Chris Hall, chief executive officer of Bynder. "The European SaaS industry is maturing and we're excited to partner with Wells Fargo, as the bank will help support us towards an exciting future." Wells Fargo, in return, commented "Wells Fargo is delighted to be backing Bynder, which is one of the most exciting SaaS companies in Europe, and we look forward to working with them during the next phase of their global expansion," said James Cunnah, associate director, Technology Finance, Wells Fargo Capital Finance UK. "We are finding that software companies are increasingly turning to recurring revenue-based facilities, as they can be more flexible and supportive for growing businesses, and Bynder represents a fantastic example of how this approach can work far better than traditional financing options."

The main cash flows and financing needs

Our initiatives in predictability of our spend and the effect on our results have led 2018 to our first months with a positive cash flow, which confirms that we are in a position to manage our spend and adjust as and when required.

The company is continuing in 2019 its marketing efforts to expand its customer base. It will also invest in new features for its Bynder Flagship platform. The Senior Financing Agreement with Wells Fargo provides a sound basis for the funding of the company. The company is backed by Insight Venture Partners, one of the world's leading private equity and venture capital firms in growth-stage technology, software and internet businesses.

Personnel Development

The company grew significantly in staff over 2018, also due to the acquisition of Webdam. Average number of FTE's increased to 313 (2017: 240).

In terms of Learning and Development several milestones were achieved in 2018; to name a few:

- Our Byndies have done 6725 online lessons combined
- Our Byndies have attended 74 different training / workshops
- Our Byndies have visited 40 different conferences
- We have done 142 'skills' assessments
- We onboarded 93 new colleagues
- We had 26 colleagues participated in a GDPR workshop
- We had 24 Byndies get Scrum certified
- We offered 9 Leadership Programs, 4 in the US and 5 in Europe

As of 1 January 2018, the company offers its employees a pension arrangement. The pension scheme is a defined contribution plan to which both the employee and the employer contribute. On 1 November 2018 the company introduced an Employee Stok Option Plan (ESOP) for its employees thereby aligning employee commitment with the long-term goals of the company and retaining key employees.

The company has a 'Culture Council' ('Ondernemingsraad"). In 2018 the Culture Council convened 4 times and was consulted and advised on the Webdam acquisition, the leaving of the Finance Director, the appointment of a co-CEO, and the introduction of the Employee Share Option Program.

Given our investments to maintain our leading position in the market place and further increase our customer base, we are expecting the number of employees to increase in 2019, especially in the area of Sales and Marketing and Engineering.

Bynder is an equal opportunity employer. We celebrate diversity and are committed to creating an inclusive environment for all employees. In return, we expect our employees to act lawfully, honestly, ethically, and in the best interests of the company while performing duties on behalf of Bynder.

Risk profile and risk management

Risk attitude

The company operates in a fast-changing environment whereby strategic advantages may be short-lived. The Board of Directors and Executive Team act to remain competitive in this environment by continuously responding to market needs. In doing so, it limits risks to the minimum possible and not to enter into any substantial risks without being able to control these risks.

General

The following important elements can be distinguished in risk management and control:

- Strategic risks/market risks;
- Financial risks;
- Operational risks;
- Financial Reporting & Regulatory Risk

We are aware that our system of risk management does not provide absolute certainty.

Strategic risks / market risks
The success of our business depends on sustaining and even further improving our unique market position. Competitive advantages tend to be temporary. This is why the company is continuously investing in expanding its platform to develop new features that address the needs of our customers in the marketing area and beyond.

The company is of the opinion that the current addressable market allows for significant autonomous growth of the company. Our expense pattern in e.g. sales and marketing and engineering is based on achieving this growth.

Another pillar of growth are acquisitions. Achieving this goal heavily depends on the availability of targets in the market, a successful acquisition process followed by a proper integration into the current business.

Our revenues primarily relate to subscription fees for our platform paid on an annual basis. In addition, we have revenues as a result of our professional services which primarily relate to the implementation of our platform. Our ability to attract more customers to our platform and renew contracts depends on maintaining our unique cutting-edge position of our platform in the DAM market. Once secured our revenues are negatively impacted by churn and contraction. We have been able to report a positive net retention over the past years, which means that our gross churn and down sells were more than fully compensated by the impact of upsells to our existing customers. It also is a reflection of the stickiness of our product in other words our customers tend to stay with us for the longer term.

If we do not achieve our revenue goals, we may need and can adjust our spend, in particular our marketing and sales initiatives.

Financial risks
The main financial risks the group is exposed to are the cash flow and liquidity risk, the credit risk, the currency risk and the interest rate risk.

In 2018 we have continued our efforts to closely monitor cash flow and liquidity position as our customer base became *even more global and we were able to attract more reputable customers. We believe considering the future growth* potential of the market that we will have sufficient cash available to fund our expansion. As our business model has resulted in a year on year increase in revenues of our existing customer base, we are in a position to determine our cash spend and the related impact on our result today and in the future. As such we have the ability to adjust our spend as and when required. Throughout 2018 we have improved our cash flow management and in 2018 certain months were cash flow positive, which in turn will improve the predictability and our outlook. In July 2019 we obtained additional financing from our shareholders to further continue our growth path and the continuation of trust in our future.

Due to our widespread customer base we have no specific concentration of credit risk.

We are aware of our pricing and foreign currency risk considering the markets we are in, mainly Europe and US. 60% of our revenues are out of the US. As we operate both from Boston and San Mateo, we also have significant expenditure in US Dollar. In 2019, we will evaluate whether we need to reduce our risk e.g. through foreign exchange contracts.

The financing arrangement that we have with Wells Fargo entails an interest rate risk on any movements in the Euribor. On an annual basis, or even more frequently when needed we can adept our activity level, should the interest rate risk materialize to a significant extent. In 2019 we will evaluate whether the use of financial derivatives may lower this risk.

Operational risks
Resources are scarce, and we may have to invest more resources in development than anticipated, which could negatively impact our operational result. If new competitors, technological advances by existing competitors and/or development of new technologies or other competitive factors require us to significantly invest more in resources for our development our results might even be more impacted. Management is of the view that being unique is a significant factor in our successful operation and as such a continued investment is required.

The company has dedicated significant time and effort to information security resulting into ISO 27001 (Information Security) and ISO 27018 (Cloud Privacy) certification. Despite this our business and operations could suffer in the event of a security breach. Attempts by others to gain unauthorized access to our platform are becoming more sophisticated. We seek to detect and investigate all security incidents and to prevent recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. While we have not identified any material incidents of unauthorized access to date, the theft, unauthorized use of our intellectual property and/or confidential business information could harm our competitive position and reputation, reduce the value of our platform and other strategic initiatives or otherwise adversely affect our business. To the extent that any future security breach results in appropriate disclosure of our customers confidential information, we may incur a liability e.g. under GDPR legislation.

A substantial portion of our revenue is derived from sources outside of the Netherlands and this revenue and our business are subject to risks related to international operations that are often beyond our control. We expect that future revenue derived from international sources will continue to represent a significant portion of our total revenue. However, management is of the view that while there is a risk of having international customers, the risk is spread over several geographical areas and as such is acceptable to the Company.

As the Company grows and attracts more international customers there is an inherent increased risk of litigation. To date the Company, from time to time, has been involved in certain cases, which have been rather limited. Management has considered these risks in terms of the continued growth of the Company and as a result legal involvement has increased in terms of involvement of the contract closure process as well as any disputes which may arise and deems the risk at an acceptable level. Management will continue to monitor the risk going forward.

Financial Reporting & Regulatory Risk

The Company is required to prepare financial statements for each reporting period which give a true and fair view of the state of affairs of the Company at the end of the reporting period and of the profit or loss and cash flows for that period. Financial statements for the reporting year are then submitted to the Supervisory Board for approval, before being disclosed to the public. The Executive Committee is responsible for the preparation of the financial statements which comply with Dutch GAAP.

Under Dutch GAAP the major financial reporting risk identified is related to revenue recognition including the completeness of such revenues. As the Company grows, continuous improvements are made to strengthen the control environment and ensure that all our contracts are billed, and we recognize all our revenues.

Bynder and its subsidiaries do not only need to comply with the local laws and regulations, but also with certain laws and regulations with worldwide application, including the EU's directive on data protection (GDPR). If the Companies efforts to comply with laws, regulations and standards differ from the activities intended by regulatory bodies or these bodies may initiate legal and regulatory proceedings against Bynder. Although Bynder has policies and procedures that it believes are sufficient to comply with currently applicable anti-money laundering, anti-corruption and sanctions rules and regulations, it cannot guarantee that such policies and procedures completely prevent situations of money laundering or corruption, including actions by Bynder's employees, agents, merchants, third-party suppliers or other related persons for which Bynder might be held responsible. Such events may have severe consequences, including litigation, sanctions, administrative measures, fines, criminal penalties and reputational consequences.

Subsequent Events

On February 22, 2019 Bynder B.V. entered into a Senior Financing Agreement with Wells Fargo National Bank, London Branch, to refinance the bridge-loan from Insight Ventures Partners, one of our shareholders. The loan bears interest at (favorable) market conditions and has covenants that are customary for fast growing SAAS-companies.

On July 19, 2019 Bynder received an additional capital investment from Insight Venture Partners and other current shareholders in the order of Euro 3.5 Million, this to facilitate the investment of further growth of the Company.

Bynder recruited an experienced permanent chief financial officer, Jean-Marie Arnould who began on 1 September 2019. His interim predecessor, Aad Verveld, therefore ended his service at Bynder.

As the Company has grown successfully to the next level of maturity, Chris Hall decided to resign his role as CEO and member of the management board of Bynder Holding BV, and he left the employment of Bynder on 31 August 2019. On this date he also became a member of the supervisory board of Bynder Holding BV.

His previous roles are being covered on an interim basis by Shelley Perry (interim CEO) and supervisory board chairman Arco van Nieuwland (interim member of management board). Bynder is recruiting a new CEO who will also serve as management board member.

Outlook

We expect our activities to grow further in the coming years, both through autonomous growth as through acquisitions. The market for Digital Asset Management and related services continues to grow. We believe we are well prepared and have the support from our investors to grow our market share through focused marketing activities in targeted markets.

We will continue to invest in developing new features and keeping our technology leading edge as well as the continued effort in expanding our talent of personnel within the Company, which will further increase along the expansion of the activities. This continues to be an important part of our business.

For the longer term we continue our focus on the market and look for opportunities for further growth, which could also be in the form of acquisitions.

Also this year, we would like to thank our employees, customers and our business partners for their commitment and enthusiasm. With their continued support we will remain a market leader for DAM.

Amsterdam
25 September 2019