

Newsycle Solutions A/S

Visionsvej 51, 9000 Aalborg

CVR no. 17 46 81 46



Annual report 2015

Approved at the annual general meeting of shareholders on 30 May 2016

Chairman:

.....
Justin Cho



Building a better
working world



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Newscycle Solutions A/S for the financial year 1 January - 31 December 2015.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aalborg, 30 May 2016
Executive Board:

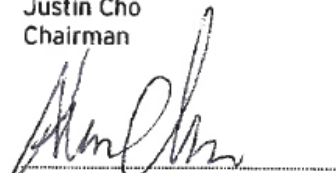


John Preston McKenzie

Board of Directors:



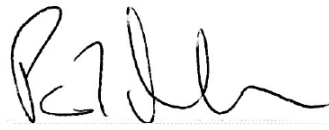
Justin Cho
Chairman



Alan C. Cline



Rachel Arnold



Nils Pål Erik Malmros



Robert B. Rogers

Independent auditors' report

To the shareholders of Newscycle Solutions A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Newscycle Solutions A/S for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

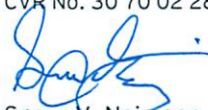
Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aalborg, 30 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Søren V. Nejmann
State Authorised Public Accountant



Henrik K. Andersen
State Authorised Public Accountant

Management's review

Company details

Name	Newscycle Solutions A/S
Address, Postal code, City	Visionsvej 51, 9000 Aalborg
CVR No.	17 46 81 46
Established	1 December 1993
Registered office	Aalborg
Financial year	1 January - 31 December
Website	www.newscyclesolutions.com
Telephone	+45 96 31 42 00
Telefax	+45 96 31 42 42
Board of Directors	Justin Cho, Chairman Rachel Arnold Robert B. Rogers Alan C. Cline Nils Pål Erik Malmros
Executive Board	John Preston McKenzie
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, P O Box 710, 9100 Aalborg, Denmark

Management's review

Operating review

The Company's business review

Newscycle Solutions A/S as a part of Newscycle Solution group develops and markets software and services to the media industry. The product range primarily consists of enterprise-level digital and print systems for multi-channel publishing, audience management, and advertising and circulation, all available as managed hosted solutions.

Financial review

The income statement for 2015 shows a profit of DKK 10,369 thousand against a loss of DKK 21,403 thousand last year, and the balance sheet at 31 December 2015 shows equity of DKK 47,092 thousand.

Management considers the Company's financial performance in the year satisfying.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2015	2014
	Gross profit	40,520	23,674
2	Staff costs	-23,531	-31,406
	Depreciation, amortization and impairment losses	-6,255	-12,790
	Operating profit/loss	10,734	-20,522
3	Financial income	2,334	5,636
4	Financial expenses	-2,823	-2,097
	Profit/loss before tax	10,245	-16,983
5	Tax for the year	124	-4,420
	Profit/loss for the year	10,369	-21,403
	 Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	10,369	-21,403
		10,369	-21,403

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Development cost	1,722	7,674
		<u>1,722</u>	<u>7,674</u>
7	Property, plant and equipment		
	Tools and equipment	543	747
		<u>543</u>	<u>747</u>
	Investments		
	Deposits	681	682
		<u>681</u>	<u>682</u>
	Total non-current assets	<u>2,946</u>	<u>9,103</u>
	Current assets		
	Receivables		
	Trade receivables	9,253	14,671
8	Contract work in progress	0	389
	Receivable from group entities	42,002	27,207
10	Deferred tax assets	15,428	15,304
	Other receivables	25	0
	Prepayments	1,130	968
		<u>67,838</u>	<u>58,539</u>
	Cash	10,565	1,395
	Total current assets	<u>78,403</u>	<u>59,934</u>
	TOTAL ASSETS	<u><u>81,349</u></u>	<u><u>69,037</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	13,763	13,763
	Retained earnings	33,329	22,960
	Total equity	47,092	36,723
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	239	0
	Prepayments received from customers	15,942	15,637
8	Prepayments on work in progress	229	0
	Trade payables	1,381	1,152
	Payables to group entities	11,436	9,337
	Other payables	5,030	6,188
		34,257	32,314
	Total liabilities other than provisions	34,257	32,314
	TOTAL EQUITY AND LIABILITIES	81,349	69,037

- 1 Accounting policies
- 11 Collateral
- 12 Contractual obligations and contingencies, etc.

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2015	13,763	22,960	36,723
Profit/loss for the year	0	10,369	10,369
Equity at 31 December 2015	13,763	33,329	47,092

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Newscycle Solutions A/S has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Income statement

Revenue

When entering into sales contracts that consist of several separate components, the contract amount is allocated by the individual components based on the relative fair value approach. The separate components are recognized as revenue when the criteria applicable to sale of goods and services have been met.

A contract is allocated by individual components when the fair value of these individual components can be reliably measured and when each component represents a separate value to the buyer. Sales components are deemed to represent a separate value to the buyer when the component is individually identifiable and is normally sold separately.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognized in revenue.

Income from the sale of services, comprising service contracts, is recognized in revenue on a straight-line basis as delivered as the services are delivered in the form of an indefinite number of actions over a specific period of time.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Costs of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit'.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

External expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, administration and premises.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense and realized and unrealized gains and losses on deposits, receivables, payables and transactions denominated in foreign currencies.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Development costs comprise costs and salaries directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable, where the technical rate of utilization, sufficient resources and a potential future market or development opportunities in the Company are evidenced, and where the Company intends to produce, market or use the project, are recognized as intangible assets provided that the cost can be reliably measured and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognized in profit or loss as incurred.

Capitalized development costs are measured at the lower of cost less accumulated amortization or recoverable amount.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Following the completion of the development work, development costs are amortized on a straight-line basis over the estimated useful life.

Other intangible assets are measured at cost less accumulated amortization or at the recoverable amount if this is lower than the carrying amount. Amortization is provided on a straight-line basis over the expected useful lives of the assets.

The expected useful lives are as follows:

Development costs and rights 3-10 years

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Tools and equipment 3-5 years

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortized cost. Write-down is made for expected losses at the net realisable value.

Contract work in progress

Contract work in progress is recognized at cost comprising materials at cost and wages and salaries and other costs indirectly attributable to the individual orders.

Advance billing exceeding the value of work in progress on the individual order is recognized as current liabilities.

Selling costs and costs incurred in securing contracts are recognized in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions

Provisions comprise expected costs of completion on work in progress, completion liabilities and warranties relating to completed projects, losses on work in progress, restructuring, etc.

Other provisions also include remaining amounts after set-off of receivables, if any, against the negative net asset value of a group enterprise.

Corporation tax

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognized under other non-current assets at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognized in the statement of comprehensive income.

Liabilities

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are recognized at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities other than provisions comprising trade payables, payables to group enterprises and associates and other payables are measured at amortized cost.

Deferred income

Deferred income comprises income regarding subsequent financial years.

DKK'000	2015	2014
2 Staff costs		
Wages/salaries	21,586	27,692
Pensions	1,217	1,662
Other social security costs	230	569
Other staff costs	498	1,483
	23,531	31,406

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2015	2014
3 Financial income		
Interest receivable, group entities	2,057	2,112
Other financial income	277	3,524
	<u>2,334</u>	<u>5,636</u>
4 Financial expenses		
Interest expenses, group entities	1,742	1,752
Other financial expenses	1,081	345
	<u>2,823</u>	<u>2,097</u>
5 Tax for the year		
Deferred tax adjustments in the year	2,255	-2,782
Tax adjustments, prior years	0	10
Reversal of write down/write down of deferred tax asset	-2,379	7,192
	<u>-124</u>	<u>4,420</u>
6 Intangible assets		
DKK'000		Development cost
Cost at 1 January 2015		<u>256,144</u>
Cost at 31 December 2015		<u>256,144</u>
Impairment losses and amortisation at 1 January 2015		248,470
Amortisation/depreciation in the year		<u>5,952</u>
Impairment losses and amortisation at 31 December 2015		<u>254,422</u>
Carrying amount at 31 December 2015		<u>1,722</u>
7 Property, plant and equipment		
DKK'000		Tools and equipment
Cost at 1 January 2015		<u>22,208</u>
Additions in the year		99
Disposals in the year		<u>-50</u>
Cost at 31 December 2015		<u>22,257</u>
Impairment losses and depreciation at 1 January 2015		21,461
Amortisation/depreciation in the year		303
Reversal of prior-year impairment losses		<u>-50</u>
Impairment losses and depreciation at 31 December 2015		<u>21,714</u>
Carrying amount at 31 December 2015		<u>543</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2015	2014
8 Contract work in progress		
Selling price of work performed	190	389
Progress billings	-419	0
	<u>-229</u>	<u>389</u>
recognised as follows:		
Contract work in progress (assets)	0	389
Contract work in progress (liabilities)	-229	0
	<u>-229</u>	<u>389</u>

9 Share capital

The share capital consist of 13,762,434 shares at a nominal value of DKK 1 each. All shares rank equally.

The Company's share capital has remained DKK 13,763 thousand over the past 5 years.

10 Deferred tax

The Company's deferred tax asset is total DKK 15,428 thousand at 31 December 2015. The deferred tax asset consists of tax losses and significant time differences of intangible and tangible fixed assets, which are realisable within a foreseeable future.

11 Collateral

The Company has issued floating charges in tools and equipment and unsecured claim regarding trade receivables totalling DKK 21.6 million, to Silicon Valley Bank, as collateral for debt in group companies.

12 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company has rental obligations of DKK 7.1 million regarding leases.

The Company is jointly taxed with its parent, Newsyke Denmark ApS, which acts as management company, and is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2015 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.