

**Copenhagen Institute of Interaction
Design ApS
Central Business Registration No
29916489
Toldbodgade 37 B
DK-1253 Copenhagen K**

Annual report 2015

The Annual General Meeting adopted the annual report on 16.06.2016

Chairman of the General Meeting

Name: Simona Maschi

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Entity details

Entity

Copenhagen Institute of Interaction Design ApS
Toldbodgade 37 B
DK-1253 Copenhagen K

Central Business Registration No: 29916489
Registered in: Copenhagen
Financial year: 01.01.2015 - 31.12.2015

Internet: www.ciid.dk
E-mail: info@ciid.dk

Supervisory Board

Jakob Riis
Lars Pedersen

Executive Board

Simona Maschi

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Supervisory Board and the Executive Board have today considered and approved the annual report of Copenhagen Institute of Interaction Design ApS for the financial year 01.01.2015 - 31.12.2015.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 16.06.2016

Executive Board

Simona Maschi

Supervisory Board

Jakob Riis

Lars Pedersen

Independent auditor's reports

To the owner of Copenhagen Institute of Interaction Design ApS

Report on the financial statements

We have audited the financial statements of Copenhagen Institute of Interaction Design ApS for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity'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 Entity'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 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 audit 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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Emphasis of matter affecting the financial statements

Without modifying our opinion, we point out that great uncertainty exists regarding the Company's going concern. We refer to the information provided in note 1, in which it appears that the Company's going concern is dependent on either extra commitment of funding through loans or increase of capital through investments. According to Management's assessment, sufficient funding will be accommodated through either extra commitment of funding through loans or increase of capital through investments and they present the annual report under the assumption of going concern.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 16.06.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Bjørn Winkler Jakobsen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

Copenhagen Institute of Interaction Design (CIID) is a design institute that builds on an integrated structure which incorporates education, consultancy services and research.

Development in activities and finances

The Company has realised a loss of DKK 3,308 thousand which is not considered satisfactory. Management will be providing sufficient funding and, therefore, the annual report is presented under the assumption of going concern.

Management expects positive results for next year.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C enterprises.

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

Income statement

Revenue

Revenue comprises the invoiced fees for the year. These fees are recognised in the income statement when invoiced.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including grants received from public institutions and private funds.

Grants are recognised when the following terms have been met:

- The Company has obtained definite undertaking from the grantor
- The Company is likely to meet the terms related to the grant
- It is very likely that the Company will not have to repay the grant.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, administration cost, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income and net capital gains on payables and transactions in foreign currencies.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses and net capital losses on payables and transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price and costs directly attributable to the acquisition.

The basis of depreciation is cost plus revaluation minus estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Fixtures and fittings, tools and equipment	3 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortised positive, or negative, goodwill and minus or plus unrealised intra-group profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Accounting policies

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to completion of the service agreed.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Revenue		11.897.102	9.342.291
Other operating income	2	3.742.715	3.229.011
Other external expenses		<u>(9.344.719)</u>	<u>(7.767.260)</u>
Gross profit/loss		6.295.098	4.804.042
Staff costs	3	(9.164.472)	(7.705.082)
Depreciation, amortisation and impairment losses		<u>(195.419)</u>	<u>(198.109)</u>
Operating profit/loss		(3.064.793)	(3.099.149)
Income from investments in group enterprises		(50.000)	0
Other financial income		4.852	1.613
Other financial expenses		<u>(174.896)</u>	<u>(66.314)</u>
Profit/loss from ordinary activities before tax		(3.284.837)	(3.163.850)
Tax on profit/loss from ordinary activities	4	<u>(22.962)</u>	<u>104.561</u>
Profit/loss for the year		<u>(3.307.799)</u>	<u>(3.059.289)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(3.307.799)</u>	<u>(3.059.289)</u>
		<u>(3.307.799)</u>	<u>(3.059.289)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Other fixtures and fittings, tools and equipment		451.403	288.036
Property, plant and equipment	5	<u>451.403</u>	<u>288.036</u>
Investments in group enterprises		0	0
Receivables from group enterprises		380	0
Other investments		20	0
Other receivables		408.492	373.794
Fixed asset investments	6	<u>408.892</u>	<u>373.794</u>
Fixed assets		<u>860.295</u>	<u>661.830</u>
Trade receivables		2.762.864	1.927.688
Deferred tax assets		100.578	123.540
Other short-term receivables		1.183.695	1.324.764
Income tax receivable		0	46.506
Prepayments		39.120	34.318
Receivables		<u>4.086.257</u>	<u>3.456.816</u>
Cash		<u>1.064.046</u>	<u>1.044.622</u>
Current assets		<u>5.150.303</u>	<u>4.501.438</u>
Assets		<u><u>6.010.598</u></u>	<u><u>5.163.268</u></u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	7	125.000	125.000
Retained earnings		<u>(5.613.304)</u>	<u>(2.305.505)</u>
Equity		<u>(5.488.304)</u>	<u>(2.180.505)</u>
Subordinate loan capital		<u>4.481.572</u>	<u>2.032.438</u>
Non-current liabilities other than provisions		<u>4.481.572</u>	<u>2.032.438</u>
Prepayments received from customers		4.477.214	3.395.614
Trade payables		648.569	622.764
Debt to group enterprises		16.399	0
Other payables		<u>1.875.148</u>	<u>1.292.957</u>
Current liabilities other than provisions		<u>7.017.330</u>	<u>5.311.335</u>
Liabilities other than provisions		<u>11.498.902</u>	<u>7.343.773</u>
Equity and liabilities		<u><u>6.010.598</u></u>	<u><u>5.163.268</u></u>
Going concern	1		
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Assets charged and collateral	10		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	125.000	(2.305.505)	(2.180.505)
Profit/loss for the year	0	(3.307.799)	(3.307.799)
Equity end of year	125.000	(5.613.304)	(5.488.304)

Notes

1. Going concern

The Company's going concern is dependent on either extra commitment of funding through loans or increase of capital through investments. According to Management's assessment, sufficient funding will be accommodated through either extra commitment of funding through loans or increase of capital through investments and they present the annual report under the assumption of going concern.

2. Other operating income

Other operating income includes grants regarding the MELA project, the FOOD project and other grants.

	2015 DKK	2014 DKK
3. Staff costs		
Wages and salaries	9.085.111	7.622.431
Other social security costs	79.361	82.651
	9.164.472	7.705.082
	2015 DKK	2014 DKK
4. Tax on ordinary profit/loss for the year		
Change in deferred tax for the year	22.962	(123.540)
Adjustment relating to previous years	0	18.979
	22.962	(104.561)
		Other fix- tures and fittings, tools and equipment DKK
5. Property, plant and equipment		
Cost beginning of year		1.714.611
Additions		358.786
Cost end of year		2.073.397
Depreciation and impairment losses beginning of the year		(1.426.575)
Depreciation for the year		(195.419)
Depreciation and impairment losses end of the year		(1.621.994)
Carrying amount end of year		451.403

Notes

	Investments in group en- terprises DKK	Receivables from group enterprises DKK	Other invest- ments DKK	Other recei- vables DKK
6. Fixed asset invest- ments				
Cost beginning of year	0	0	0	373.794
Additions	50.000	380	20	34.698
Cost end of year	50.000	380	20	408.492
Share of profit/loss after tax	(50.000)	0	0	0
Impairment losses end of year	(50.000)	0	0	0
Carrying amount end of year	0	380	20	408.492

	Registered in	Corpo- rate form	Equity interest %
Subsidiaries:			
CIID Nest	Copenhagen	ApS	100,00

	Number	Par value DKK	Nominal value DKK
7. Contributed capital			
Ordinary shares	125.000	1,00	125.000
	125.000		125.000

	2015 DKK	2014 DKK
8. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	752.299	712.018

Notes

	<u>2015</u> <u>DKK</u>	<u>2014</u> <u>DKK</u>
9. Contingent liabilities		
Other contingent liabilities	<u>752.299</u>	<u>712.014</u>
Contingent liabilities	<u>752.299</u>	<u>712.014</u>

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

10. Assets charged and collateral

Cash and cash equivalents totaling DKK 50,000 have been provided as security.