

GRAVITY4 INTERNATIONAL APS
Nørregade 40, 4
1165 København K

Annual report for 2016

Adopted at the annual general meeting on
27 June 2017



chairman

CVR-nr. 32 88 32 06

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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The supervisory and executive boards have today discussed and approved the annual report of Gravity4 International ApS for the financial year 1 January - 31 December 2016.

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 2016 and of the results of the company's operations for the financial year 1 January - 31 December 2016.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.


Copenhagen, 27 June 2017

Executive board



Grant Kenneth Allaway
direktør

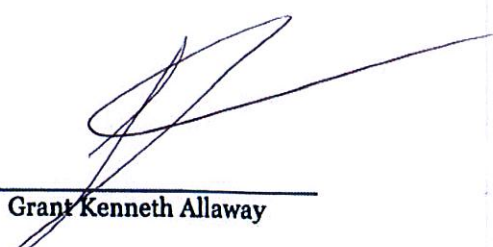
Supervisory board



Farai Alfred Mativi



Julian David Miall



Grant Kenneth Allaway

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Gravity4 International ApS

Auditors' Report on the Financial Statements

Opinion

We have audited the financial statements of Gravity4 International ApS for the financial year 1 January - 31 December 2016, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under 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 2016 and of the results of the company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. 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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements 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.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

INDEPENDENT AUDITOR'S REPORT

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Report on other legal and regulatory requirements

Reporting obligations under section 7(2) of the Danish Executive Order on Approved Auditors' Reports

Violation of the Danish Criminal Code and non-compliance with Danish tax legislation.

The company has in some months declared a delayed VAT filling, and Management could become liable in this respect.

Non-compliance with the Bookkeeping Act

The Company has not complied with the Bookkeeping Act and the Board of Directors can be held responsible for this.

København, 27 June 2017

MAZARS

Statsautoriseret Revisionspartnerselskab

CVR no. 31 06 17 41



Christian Hjortshøj
statsautoriseret revisor

COMPANY DETAILS

| | |
|-------------------|---|
| The company | Gravity4 International ApS Nørregade 40, 4 1165 København K |
| | CVR no.: 32 88 32 06 |
| | Reporting period: 1 January - 31 December |
| | Domicile: Copenhagen |
| Supervisory board | Farai Alfred Mativi Julian David Miall Grant Kenneth Allaway |
| Executive board | Grant Kenneth Allaway, direktør |
| Auditors | Mazars Statsautoriseret Revisionspartnerselskab Østerfælled Torv 10, 2. sal 2100 København Ø |

MANAGEMENT'S REVIEW

Business activities

The company's purpose is to have company performance-based digital marketing on the internet and related company.

Business review

The Company's income statement for the year ended 31 December shows a loss of DKK 2.174.759, and the balance sheet at 31 December 2016 shows negative equity of DKK 3.572.925.

The result is not satisfactory.

Significant events occurring after end of reporting period

The company has in February 2017 received a capital contribution from the parent company in order to reestablish the equity. The contribution were decided on a general meeting 22nd of February 2017.

ACCOUNTING POLICIES

The annual report of Gravity4 International ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2016 is presented in DKK

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

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 are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective indication of individual impairment are reviewed for impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

| | Note | 2016 DKK | 2015 TDKK |
|---|------|-------------|--------------|
| GROSS PROFIT | | -2.059.123 | -201 |
| Staff costs | 2 | -112.426 | 0 |
| PROFIT/LOSS BEFORE FINANCIAL INCOME AND EXPENSES | | -2.171.549 | -201 |
| Financial costs | 3 | -3.210 | -31 |
| PROFIT/LOSS BEFORE TAX | | -2.174.759 | -232 |
| Tax on profit/loss for the year | 4 | 0 | 55 |
| Net profit/loss for the year | | -2.174.759 | -177 |
| Proposed distribution of profit | | | |
| Retained earnings | | -2.174.759 | -177 |
| | | -2.174.759 | -177 |

BALANCE SHEET 31 DECEMBER

| | <u>Note</u> | <u>2016</u> DKK | <u>2015</u> TDKK |
|---------------------------------|-------------|-----------------------|---------------------|
| ASSETS | | | |
| Trade receivables | | 259.184 | 0 |
| Other receivables | | 240.824 | 16 |
| Corporation tax | | <u>54.504</u> | <u>55</u> |
| Receivables | | <u>554.512</u> | <u>71</u> |
| Cash at bank and in hand | | <u>7.790</u> | <u>34</u> |
| CURRENT ASSETS TOTAL | | <u>562.302</u> | <u>105</u> |
| ASSETS TOTAL | | <u><u>562.302</u></u> | <u><u>105</u></u> |

BALANCE SHEET 31 DECEMBER

| | Note | 2016 DKK | 2015 TDKK |
|--|------|-------------------|---------------|
| LIABILITIES AND EQUITY | | | |
| Share capital | | 80.000 | 80 |
| Retained earnings | | -3.652.925 | -1.478 |
| Equity | 5 | -3.572.925 | -1.398 |
| Banks | | 411 | 0 |
| Trade payables | | 74.968 | 94 |
| Payables to subsidiaries | | 3.996.742 | 1.409 |
| Deferred income | | 63.106 | 0 |
| Short-term debt | | 4.135.227 | 1.503 |
| DEBT TOTAL | | 4.135.227 | 1.503 |
| LIABILITIES AND EQUITY TOTAL | | 562.302 | 105 |
| Uncertainty about the continued operation (going concern) | 1 | | |
| Contingent assets, liabilities and other financial obligations | 6 | | |
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NOTES

1 UNCERTAINTY ABOUT THE CONTINUED OPERATION (GOING CONCERN)

The Company has in February 2017 received a capital contribution from the parent company in order to reestablish the equity. The contribution amount to TDKK 3,997 and the equity is reestablished. The management has therefore prepared the financial statement under the going concern assumption.

| | 2016 | 2015 |
|--|---------|------|
| | DKK | TDKK |
| 2 STAFF COSTS | | |
| Wages and salaries | 106.253 | 0 |
| Other staff costs | 6.173 | 0 |
| | 112.426 | 0 |
| | | |
| Average number of employees | 1 | 0 |
| | | |
| 3 FINANCIAL COSTS | | |
| Other financial costs | 3.210 | 31 |
| | 3.210 | 31 |
| | | |
| 4 TAX ON PROFIT/LOSS FOR THE YEAR | | |
| Current tax for the year | 0 | -55 |
| | 0 | -55 |

NOTES

5 EQUITY

| | <u>Share capital</u> | <u>Retained earnings</u> | <u>Total</u> |
|-----------------------------------|----------------------|--------------------------|-------------------|
| Equity at 1 January 2016 | 80.000 | -1.478.166 | -1.398.166 |
| Net profit/loss for the year | 0 | -2.174.759 | -2.174.759 |
| Equity at 31 December 2016 | 80.000 | -3.652.925 | -3.572.925 |

6 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Joint taxation

The Company is jointly taxed with Gravity4 Europe A/S. The Danish income tax is allocated between the jointly taxed Danish companies in proportion of their taxable income. The jointly taxed companies are taxed under the advance payment tax scheme.

7 CHARGES AND SECURITIES

The Company provided a joint and several absolute guarantee as collateral to the Company's bank regarding the following current accounts with Danske bank:

Gravity4 Denmark A/S
Gravity4 Europe A/S
Gravity4 Norway AS
Gravity4 Finland OY
EuroAds Sweden AB

Total bank debt 31. December 2016 is DKK 7,975 thousand.

8 RELATED PARTIES AND OWNERSHIP

Other related parties

Gravity4 International ApS' nærtstående parter omfatter følgende:
Gravity4 Europe A/S: Nørregade 40, 4., 1165 København K
Gravity4 inc.: San Francisco, USA