

**Falcon.io ApS**  
**Central Business Registration No**  
**33362226**  
**H.C. Andersen Blvd. 27**  
**1553 Copenhagen V**  
  
**Annual report 2015/16**

The Annual General Meeting adopted the annual report on 04.07.2016

**Chairman of the General Meeting**

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Name: Ulrik Bo Larsen

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## Entity details

### Entity

Falcon.io ApS  
H.C. Andersen Blvd. 27  
1553 Copenhagen V

Central Business Registration No: 33362226

Registered in: Copenhagen

Financial year: 01.02.2015 - 31.01.2016

### Board of Directors

Thomas Weilby Knudsen, Chairman  
Roeland de Hoop  
Andy Hanwei Chen  
David Carratt  
Ulrik Bo Larsen

### Executive Board

Ulrik Bo Larsen

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Falcon.io ApS for the financial year 01.02.2015 - 31.01.2016.

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 31.01.2016 and of the results of its operations for the financial year 01.02.2015 - 31.01.2016.

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, 04.07.2016

## Executive Board

Ulrik Bo Larsen

## Board of Directors

Thomas Weilby Knudsen  
Chairman

Roeland de Hoop

Andy Hanwei Chen

David Carratt

Ulrik Bo Larsen

## **Independent auditor's reports**

### **To the owners of Falcon.io ApS**

#### **Report on the financial statements**

We have audited the financial statements of Falcon.io ApS for the financial year 01.02.2015 - 31.01.2016, 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.

## Independent auditor's reports

### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.01.2016 and of the results of its operations for the financial year 01.02.2015 - 31.01.2016 in accordance with the Danish Financial Statements Act.

### 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, 04.07.2016

### Deloitte

Statsautoriseret Revisionspartnerselskab

Jacob Simonsen  
State Authorised Public Accountant

Stinus Andersen  
State Authorised Public Accountant

CVR-nr. 33963556

## **Management commentary**

### **Primary activities**

The objectives of the company is to carry out business in the field of development, commercialisation and sale/licensing of innovative software solutions as well as business related thereto.

Falcon.io offers a unified social media management platform to help enterprises listen, engage, publish, measure and manage social media count.

### **Development in activities and finances**

The income statement of the Company for 2015/16 shows a loss DKK 89.400k and at 31 January 2016 the balance sheet of the Company shows equity of DKK 40.721k.

The result is in line with expectations for the year, due to investment in growth and product development.

The prior financial year comprised only one month, as such the comparison figures in the income statement are not comparable.

### **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.

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

The prior financial year comprised only one month, as such the comparison figures in the income statement are not comparable.

### **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.

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.



## Accounting policies

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, 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 intangible assets and 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 intangible assets as well as plant and equipment.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### 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.

## Accounting policies

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

#### Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less 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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

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 measured at cost and are written down to the lower of recoverable amount and carrying amount.

#### Receivables

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

## **Accounting policies**

### **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 provisions**

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

### **Operating leases**

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### **Other financial liabilities**

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

### **Deferred income**

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

## Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2015 DKK'000</u>
<b>Gross loss</b>		<b>(6.935.870)</b>	<b>1.177</b>
Staff costs	1	(87.735.014)	(4.886)
Depreciation, amortisation and impairment losses	2	<u>(250.269)</u>	<u>0</u>
<b>Operating profit/loss</b>		<b>(94.921.153)</b>	<b>(3.709)</b>
Other financial income	3	379.524	199
Other financial expenses	4	<u>(733.409)</u>	<u>0</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>(95.275.038)</b>	<b>(3.510)</b>
Tax on profit/loss from ordinary activities	5	<u>5.875.000</u>	<u>0</u>
<b>Profit/loss for the year</b>		<b><u>(89.400.038)</u></b>	<b><u>(3.510)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(89.400.038)</u>	<u>(3.510)</u>
		<b><u>(89.400.038)</u></b>	<b><u>(3.510)</u></b>

**Balance sheet at 31.01.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2015 DKK'000</u>
Acquired rights		626.896	0
<b>Intangible assets</b>	6	<b>626.896</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		413.464	0
Leasehold improvements		1.547.776	0
<b>Property, plant and equipment</b>	7	<b>1.961.240</b>	<b>0</b>
Investments in group enterprises		258.563	0
Deposits		2.853.811	0
<b>Fixed asset investments</b>	8	<b>3.112.374</b>	<b>0</b>
<b>Fixed assets</b>		<b>5.700.510</b>	<b>0</b>
Trade receivables		14.565.528	6.815
Receivables from group enterprises		0	40
Other short-term receivables		1.625.890	273
Income tax receivable		9.874.133	3.999
Prepayments		692.290	50
<b>Receivables</b>		<b>26.757.841</b>	<b>11.177</b>
<b>Cash</b>		<b>48.633.958</b>	<b>8.415</b>
<b>Current assets</b>		<b>75.391.799</b>	<b>19.592</b>
<b>Assets</b>		<b>81.092.309</b>	<b>19.592</b>

**Balance sheet at 31.01.2016**

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2015 DKK'000</u>
Contributed capital	9	206.846	142
Retained earnings		<u>40.513.759</u>	<u>(9.896)</u>
<b>Equity</b>		<b><u>40.720.605</u></b>	<b><u>(9.754)</u></b>
Other provisions		<u>132.126</u>	<u>238</u>
<b>Provisions</b>		<b><u>132.126</u></b>	<b><u>238</u></b>
Bank loans		765.477	0
Trade payables		1.267.413	1.090
Debt to group enterprises		1.225.699	0
Other payables		13.761.613	10.241
Deferred income		<u>23.219.376</u>	<u>17.777</u>
<b>Current liabilities other than provisions</b>		<b><u>40.239.578</u></b>	<b><u>29.108</u></b>
<b>Liabilities other than provisions</b>		<b><u>40.239.578</u></b>	<b><u>29.108</u></b>
<b>Equity and liabilities</b>		<b><u>81.092.309</u></b>	<b><u>19.592</u></b>

Unrecognised rental and lease commitments

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**Statement of changes in equity for 2015/16**

	<b>Contributed capital DKK</b>	<b>Retained ear- nings DKK</b>	<b>Total DKK</b>
Equity beginning of year	141.939	(9.895.723)	(9.753.784)
Increase of capital	66.260	141.673.270	141.739.530
Decrease of capital	(1.353)	(1.863.750)	(1.865.103)
Profit/loss for the year	0	(89.400.038)	(89.400.038)
<b>Equity end of year</b>	<b>206.846</b>	<b>40.513.759</b>	<b>40.720.605</b>

## Notes

	<b>2015/16 DKK</b>	<b>2015 DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	86.679.946	4.804
Other social security costs	1.055.068	82
	<b>87.735.014</b>	<b>4.886</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	27.256	0
Depreciation of property, plant and equipment	223.013	0
	<b>250.269</b>	<b>0</b>
<b>3. Other financial income</b>		
Interest income	1.229	0
Exchange rate adjustments	378.295	199
	<b>379.524</b>	<b>199</b>
<b>4. Other financial expenses</b>		
Interest expenses	55.760	0
Exchange rate adjustments	644.397	0
Other financial expenses	33.252	0
	<b>733.409</b>	<b>0</b>
<b>5. Tax on ordinary profit/loss for the year</b>		
Current tax	(5.875.000)	0
	<b>(5.875.000)</b>	<b>0</b>



## Notes

	<b>Acquired rights DKK</b>	
<b>6. Intangible assets</b>		
Additions		654.152
<b>Cost end of year</b>		<b>654.152</b>
Amortisation for the year		(27.256)
<b>Amortisation and impairment losses end of year</b>		<b>(27.256)</b>
<b>Carrying amount end of year</b>		<b>626.896</b>
	<b>Other fix- tures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>7. Property, plant and equipment</b>		
Additions	464.860	1.719.393
<b>Cost end of year</b>	<b>464.860</b>	<b>1.719.393</b>
Depreciation for the year	(51.396)	(171.617)
<b>Depreciation and impairment losses end of the year</b>	<b>(51.396)</b>	<b>(171.617)</b>
<b>Carrying amount end of year</b>	<b>413.464</b>	<b>1.547.776</b>
	<b>Investments in group enterprises DKK</b>	<b>Deposits DKK</b>
<b>8. Fixed asset investments</b>		
Additions	258.563	2.853.811
<b>Cost end of year</b>	<b>258.563</b>	<b>2.853.811</b>
<b>Carrying amount end of year</b>	<b>258.563</b>	<b>2.853.811</b>

## Notes

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity interest %</u>	<u>Equity DKK</u>	<u>Profit/loss DKK</u>
Subsidiaries:					
Falcon.io Inc	New York	Inc	100,00	335.440	335.434
Falcon.io GmbH	Berlin	GmbH	100,00	206.951	20.201
Falcon.io Kft	Budapest	Kft	100,00	87.953	16.133

The above figures for equity and profit/loss are based on non-audited trial balances.

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
<b>9. Contributed capital</b>			
Ordinary shares	78.645	1,00	78.645
Seed shares	17.099	1,00	17.099
Series A shares	44.840	1,00	44.840
Series B shares	66.262	1,00	66.262
	<u><b>206.846</b></u>		<u><b>206.846</b></u>

	<u>2015/16 DKK</u>	<u>2015 DKK</u>	<u>2014 DKK</u>	<u>2013 DKK</u>
<b>Changes in contributed capital</b>				
Contributed capital beginning of year	141.939	141.939	119.519	88.000
Increase of capital	66.260	0	22.420	31.519
Decrease of capital	(1.353)	0	0	0
<b>Contributed capital end of year</b>	<u><b>206.846</b></u>	<u><b>141.939</b></u>	<u><b>141.939</b></u>	<u><b>119.519</b></u>

The Board of Directors has been authorised to issue warrants with the right to subscribe for up to nominally DKK 10,900 (EUR 1,461) Ordinary shares. In 2013 the Board of Directors has been authorised until August 2018 to issue additional warrants with the right to subscribe for up to nominally DKK 4,100 (EUR 549.6542) Ordinary shares.

	<u>2015/16 DKK</u>	<u>2015 DKK'000</u>
<b>10. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<u><b>19.529.174</b></u>	<u><b>361.324</b></u>

Unrecognised rental and lease commitments relates to rent on leased premises which can be vacated at the earliest on march 2021.