

Arpedio Solutions ApS
Central Business Registration No
34219591
Frederiksgade 7, 2
1265 Copenhagen K

Annual report 2015

The Annual General Meeting adopted the annual report on 04.05.2016

Chairman of the General Meeting

Name: Torben Frigaard Rasmussen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	6
Income statement for 2015	9
Balance sheet at 31.12.2015	10
Statement of changes in equity for 2015	12
Notes	13

Entity details

Entity

Arpedio Solutions ApS
Frederiksgade 7, 2
1265 Copenhagen K

Central Business Registration No: 34219591

Registered in: Copenhagen

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Torben Frigaard Rasmussen, chairman
Ulrik Monberg
Jakob Christen Eke Søderberg
Thomas Holger Bülow - Nicolaisen
Jan Sindesen

Executive Board

Ulrik Monberg
Jakob Christen Eke Søderberg
Thomas Holger Bülow - Nicolaisen

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 Arpedio Solutions 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 , 04.05.2016

Executive Board

Ulrik Monberg

Jakob Christen Eke Søderberg

Thomas Holger Bülow - Nicolaisen

Board of Directors

Torben Frigaard Rasmussen
chairman

Ulrik Monberg

Jakob Christen Eke Søderberg

Thomas Holger Bülow - Nicolaisen

Jan Sindesen

Independent auditor's reports

To the owners of Arpedio Solutions ApS

Report on the financial statements

We have audited the financial statements of Arpedio Solutions 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 qualifying our opinion, we have considered the adequacy of the disclosures made in the Management commentary and Note 1 concerning the Company's ability to continue as a going-concern considering that for the year ended 31 December 2015 the Company has realised a pre-tax loss of DKK 5.2 million. As stated in the Management Commentary and Note 1 Management has concluded that it is appropriate to prepare the Annual Report assuming that the Company is a going-concern. Based on the audit performed we concur with this conclusion.

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, 04.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Bjørn Winkler Jakobsen
State Authorised Public Accountant

Henrik Hartmann Olesen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The company's activity consists in the development of software and related services.

Development in activities and finances

The income statement of the Company for 2015 shows a loss of DKK 4,779k which is below expectations for the year.

The Company sees an increase in the interest for their products in the market, especially in the US market space. To pursue the growth in revenue from US customers the Company wants to secure more capital to grow the business in 2016. This will enable the Company to develop and marketing its products with a focus on the US market. Management expects that the necessary financing for future activities, including completion of development projects and marketing, will be provided in line with the capital requirements. Moreover, Management expects to generate an increase in Annual recurring revenue, which will support the capital foundation for increasing internal development activities, marketing and a larger sales force in line with the increasing activities.

Uncertainty relating to recognition and measurement

In 2015, the Company had total development cost in terms of software developed of DKK 2,404k which has been recognised as an asset on the balance sheet. The Company expects this software to contribute significantly to future profits.

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.

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

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

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.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost.

Accounting policies

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 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.

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 dividends etc received on other investments, interest income, net capital gains on securities, 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, 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.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise

Accounting policies

can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 3 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects 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.

Receivables

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

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.

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.

Deferred income

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

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Revenue		1.206.310	929.063
Cost of sales		(1.052.074)	(536.212)
Other external expenses		<u>(2.806.495)</u>	<u>(391.667)</u>
Gross profit/loss		(2.652.259)	1.184
Staff costs	2	(1.882.014)	(1.312.834)
Depreciation, amortisation and impairment losses		<u>(590.893)</u>	<u>(339.711)</u>
Operating profit/loss		(5.125.166)	(1.651.361)
Income from investments in group enterprises		86.715	0
Other financial income	3	37.812	0
Other financial expenses	4	<u>(175.455)</u>	<u>(39.985)</u>
Profit/loss from ordinary activities before tax		(5.176.094)	(1.691.346)
Tax on profit/loss from ordinary activities	5	<u>397.514</u>	<u>405.570</u>
Profit/loss for the year		<u>(4.778.580)</u>	<u>(1.285.776)</u>
Proposed distribution of profit/loss			
Reserve for net revaluation according to the equity method		86.715	0
Retained earnings		<u>(4.865.295)</u>	<u>(1.285.776)</u>
		<u>(4.778.580)</u>	<u>(1.285.776)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Completed development projects		2.404.298	1.303.641
Intangible assets	6	2.404.298	1.303.641
Investments in group enterprises		93.796	0
Deposits		57.000	27.000
Fixed asset investments	7	150.796	27.000
Fixed assets		2.555.094	1.330.641
Trade receivables		327.840	297.500
Receivables from group enterprises		(13.604)	0
Other short-term receivables		155.530	28.357
Income tax receivable	8	397.514	218.445
Receivables		867.280	544.302
Cash		0	1.789.891
Current assets		867.280	2.334.193
Assets		3.422.374	3.664.834

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	9	140.523	130.719
Reserve for net revaluation according to the equity method		86.715	0
Retained earnings		181.362	2.056.441
Equity		408.600	2.187.160
Payables to shareholders and management		350.000	350.000
Non-current liabilities other than provisions		350.000	350.000
Bank loans	10	1.585.481	0
Trade payables		177.074	158.753
Payables to shareholders and management		16.432	136.192
Other payables	11	514.603	288.221
Deferred income		370.184	544.508
Current liabilities other than provisions		2.663.774	1.127.674
Liabilities other than provisions		3.013.774	1.477.674
Equity and liabilities		3.422.374	3.664.834
Going concern	1		

Statement of changes in equity for 2015

	Contributed capital DKK	Reserve for net revalua- tion accor- ding to the equity me- thod DKK	Retained earnings DKK	Total DKK
Equity beginning of year	130.719	0	2.056.441	2.187.160
Increase of capital	9.804	0	2.990.216	3.000.020
Profit/loss for the year	0	86.715	(4.865.295)	(4.778.580)
Equity end of year	140.523	86.715	181.362	408.600

Notes

1. Going concern

The Company's future is dependent on whether the Company is able to increase revenue, obtain the necessary capital for further development and marketing of its products.

The Company expects to increase the revenue in 2016 based on healthy growth in product KPIs. The increase in revenue will reduce the need for external financing.

Management expects that the necessary financing for future activities, including completion of development projects and marketing, will be raised in line with the capital requirements. On this basis Management has concluded that it is appropriate to prepare the annual report assuming that the Company is a going-concern.

	2015 DKK	2014 DKK
2. Staff costs		
Wages and salaries	2.585.623	1.456.597
Pension costs	113.501	47.500
Other social security costs	25.940	10.122
Other staff costs	92.950	38.615
Staff costs classified as assets	(936.000)	(240.000)
	1.882.014	1.312.834
	2015 DKK	2014 DKK
3. Other financial income		
Interest income	37.812	0
	37.812	0
	2015 DKK	2014 DKK
4. Other financial expenses		
Interest expenses	175.455	39.985
	175.455	39.985

Notes

	2015 DKK	2014 DKK
5. Tax on ordinary profit/loss for the year		
Current tax	(397.514)	(218.445)
Change in deferred tax for the year	0	38.357
Adjustment relating to previous years	0	(225.482)
	(397.514)	(405.570)

Current tax represents tax credit provided on the tax value of the Company's development activities.

	Completed development projects DKK
6. Intangible assets	
Cost beginning of year	1.921.041
Additions	1.691.550
Cost end of year	3.612.591
Amortisation and impairment losses beginning of year	(617.400)
Amortisation for the year	(590.893)
Amortisation and impairment losses end of year	(1.208.293)
Carrying amount end of year	2.404.298

	Investments in group enterprises DKK	Deposits DKK
7. Fixed asset investments		
Cost beginning of year	0	30.000
Additions	7.081	27.000
Cost end of year	7.081	57.000
Share of profit/loss after tax	86.715	0
Revaluations end of year	86.715	0
Carrying amount end of year	93.796	57.000

Notes

	Equity interest %
Subsidiaries:	
Arpedio Solutions US, INC.	100,00

8. Short-term income tax receivable

Tax receivable represents tax credit provided on the value of the Company's development activities.

	Number	Par value DKK	Nominal value DKK
9. Contributed capital			
A-kapitalandele	130.719	1,00	130.719
B-kapitalandele	9.804	1,00	9.804
	140.523		140.523

	2015 DKK	2014 DKK	2013 DKK
Changes in contributed capital			
Contributed capital beginning of year	130.719	105.263	100.000
Increase of capital	9.804	25.456	5.263
Contributed capital end of year	140.523	130.719	105.263

10. Long-term bank debt

The Company's bank loan has been secured by way of a growth guarantee. This guarantee is written down on a straight-line and annual basis – initially effective from July 2016.

	2015 DKK	2014 DKK
11. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc. payable	105.719	69.081
Holiday pay obligation	333.481	156.941
Other costs payable	75.403	62.199
	514.603	288.221