

Cylindo ApS

Flæsketorvet 68, 1. sal, 1711 København V

Central Business Registration no. 34 47 81 71

**Annual Report for the periode
1st of May 2015 til 30th of April 2016**

The Annual Report was presented
and adopted at the Annual General
Meeting of the Company on 30/10
2016

Janus Bækkelund Jagd
Chairman of the Meeting

Contents

Page

Statements

Statement by Management on the annual report	1
Independent Auditor's Report	2

Management's review

Company details	4
Management's review	5

Financial statements

Income statement 1 May - 30 April 2016	6
Balance sheet at 30 April 2016	7
Notes to the annual report	9
Accounting policies	13

Statement by Management on the annual report

The Executive Board has today discussed and approved the annual report of Cylindo ApS for the financial year 1 May 2015 - 30 April 2016.

The annual report has been 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 30 April 2016 and of the results of the the Company's operations for the financial year 1 May 2015 - 30 April 2016.

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

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 30 October 2016

Executive Management

Janus Bækkelund Jagd
chief executive officer

Lasse Lundegaard Krügermeier

Morten Weber

Jesper Kiær Brandt

Independent Auditor's Report

To the shareholders of Cylindo ApS

Report on the Financial Statements

We have audited the financial statements of Cylindo ApS for the financial year 1 May 2015 - 30 April 2016, which comprise income statement, balance sheet, notes and 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

The 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 the 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 the 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 opinion.

The audit has not resulted in any qualification.

Independent Auditor's Report

Opinion

In our opinion, the financial statements gives a true and fair view of the Company's financial position at 30 April 2016 and of the results of the Company's operations for the financial year 1 May 2015 - 30 April 2016 in accordance with the Danish Financial Statements Act.

Emphasis of Matter

Without qualifying our opinion, we refer to the disclosures in note 1 in which Management describes the preconditions for the going concern of the Company. Management has presented the financial statement on a going concern basis.

Report on Other Legal and Regulatory Requirements

Other Matter

The Company has failed to report VAT in due time, contrary to the Danish Value Tax Act, for which Management may be held liable.

The Company has failed to report A-tax and social security contributions in due time, contrary to the Danish Withholding Tax Act, for which Management may be held liable.

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 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's review is consistent with the Financial Statements.

Copenhagen, 30 October 2016

Baker Tilly Denmark

Godkendt Revisionspartnerselskab
CVR-no. 35 25 76 91

Morten Friis Munksgaard
state authorized public accountant

Company details

The Company

Cylindo ApS
Flæsketorvet 68, 1. sal
1711 København V

CVR no.: 34 47 81 71
Financial year: 1 May - 30 April 2016
Incorporated: 12. April 2012
Financial year: 4th financial year
Domicile: Copenhagen

Executive Management

Janus Bækkelund Jagd, chief executive officer
Lasse Lundegaard Krügermeier
Morten Weber
Jesper Kiær Brandt

Auditors

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Poul Bundgaards Vej 1, 1.
2500 Valby

Management's review

Business activities

The Company's primary activities are related to development and providing visual content and software as a service to its costumers.

Business review

The Company's income statement for the year ended 30 April shows a loss of DKK 4.440.978, and the balance sheet at 30 April 2016 showes negative equity of DKK 4.380.555.

Management was expecting negative results in the fiscal year due to substantial restructuring and investments in the product pipeline as well as investments in product development and hiring more people to the Company's sales team.

During the fiscal year the Company has lost the share capital, which is expected to be restored with profits in the next couple of years.

The Company has received a loan from Vækstfonden to secure the capital reserves until the cash flow from the operations are positive. Management expects the capital reserves are adequate to meet all financial liabilites as they mature. Management has experienced a positive return of product and sales team investments after the balance sheet date and expects positive results. The financial statements are therefore presented on a going concern basis.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the group's and the parent company's financial position.

Income statement

1 May - 30 April 2016

	Note	2015/16 DKK	2014/15 DKK
Gross profit		-1.736.531	-844.796
Staff costs	2	-3.395.549	-3.423.196
Earnings Before Interest Taxes Depreciation and Amortization		-5.132.080	-4.267.992
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-386.194	-812.515
Profit/loss from ordinary operating activities before gains/losses from fair value adjustments		-5.518.274	-5.080.507
Financial income	3	207	19.051
Financial costs	4	-71.793	-466.973
Profit/loss before tax		-5.589.860	-5.528.429
Tax on profit/loss for the year	5	1.148.882	1.269.363
Net profit/loss for the year		-4.440.978	-4.259.066
 Proposed distribution of profit			
Retained earnings		-4.440.978	-4.259.066
		-4.440.978	-4.259.066

Balance sheet at 30 April 2016

	Note	2015/16 DKK	2014/15 DKK
Assets			
Completed development projects		0	343.194
Intangible assets	6	0	343.194
Other fixtures and fittings, tools and equipment		0	43.000
Tangible assets		0	43.000
Investments in subsidiaries	8	80.000	80.000
Deposits		0	60.000
Fixed asset investments		80.000	140.000
Anlægsaktiver i alt		80.000	526.194
Trade receivables		414.620	167.932
Receivables from subsidiaries		10.000	659.092
Other receivables		46.760	59.500
Corporation tax		2.418.245	1.269.363
Prepayments		0	50.104
Receivables		2.889.625	2.205.991
Cash at bank and in hand		1.425.562	1.257.054
Currents assets total		4.315.187	3.463.045
Assets total		4.395.187	3.989.239

Balance sheet at 30 April 2016

	Note	2015/16 DKK	2014/15 DKK
Liabilities and equity			
Share capital		112.409	112.409
Retained earnings		-4.492.964	-51.986
Equity	9	-4.380.555	60.423
Convertible and profit-yielding instruments of debt		2.161.871	332.500
Other payables		2.162.950	0
Long-term debt		4.324.821	332.500
Prepayments received from customers		1.813.125	1.112.297
Trade payables		0	16.371
Payables to subsidiaries		81.365	81.365
Other payables		2.556.431	2.386.283
Short-term debt		4.450.921	3.596.316
Debt total		8.775.742	3.928.816
Liabilities and equity total		4.395.187	3.989.239
Uncertainty about the continued operation (going concern)	1		
Charges and securities	10		

Notes to the Annual Report

1 Uncertainty about the continued operation (going concern)

During the fiscal year the Company has lost the share capital, which is expected to be restored with profits in the next couple of years.

The Company has received a loan from Vækstfonden to secure the capital reserves until the cash flow from the operations are positive. Management expects the capital reserves are adequate to meet all financial liabilities as they mature. Management has experienced a positive return of product and sales team investments after the balance sheet date and expects positive results. The financial statements are therefore presented on a going concern basis.

	<u>2015/16</u>	<u>2014/15</u>
	DKK	DKK
2 Staff costs		
Wages and salaries	3.171.963	3.329.560
Other social security costs	41.625	63.402
Other staff costs	181.961	30.234
	<u>3.395.549</u>	<u>3.423.196</u>
3 Financial income		
Financial income arising from group enterprises	0	19.051
Other financial income	207	0
	<u>207</u>	<u>19.051</u>
4 Financial costs		
Other financial costs	50.651	466.328
Exchange loss	21.142	645
	<u>71.793</u>	<u>466.973</u>

Notes to the Annual Report

	<u>2015/16</u> DKK	<u>2014/15</u> DKK
5 Tax on profit/loss for the year		
Current tax for the year	-1.148.882	-927.577
Adjustment of tax concerning previous years	0	-341.786
	<u>-1.148.882</u>	<u>-1.269.363</u>
6 Intangible assets		Completed development projects <u>DKK</u>
Cost at 1 May 2015		<u>2.257.545</u>
Cost at 30 April 2016		<u>2.257.545</u>
Impairment losses and amortisation at 1 May 2015		1.914.351
Depreciation for the year		<u>343.194</u>
Impairment losses and amortisation 30 April 2016		<u>2.257.545</u>
Carrying amount at 30 April		<u>0</u>

Notes to the Annual Report

7 Tangible assets

	Other fixtures and fittings, tools and equipment <u>DKK</u>
Cost at 1 May 2015	<u>223.000</u>
Cost at 30 April 2016	<u>223.000</u>
Impairment losses and depreciation at 1 May	180.000
Depreciation for the year	<u>43.000</u>
Impairment losses and depreciation at 30 April	<u>223.000</u>
Carrying amount at 30 April	<u><u>0</u></u>

8 Investments in subsidiaries

Cost	<u>80.000</u>	<u>80.000</u>
Cost	<u>80.000</u>	<u>80.000</u>
Revaluations	<u>0</u>	<u>0</u>
Revaluations	<u>0</u>	<u>0</u>
Carrying amount at 30 April	<u><u>80.000</u></u>	<u><u>80.000</u></u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Cylindo International ApS	Copenhagen	100%	75.000	-5.000
Cylindo LLC	San Francisco, USA	100%	0	0

Notes to the Annual Report

9 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 May	112.409	-51.986	60.423
Net profit/loss for the year	0	-4.440.978	-4.440.978
Equity at 30 April	112.409	-4.492.964	-4.380.555

The share capital has developed as follows:

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 May	112.409	80.000	80.000	80.000	0
Additions for the year	0	37.000	0	0	0
Disposals for the year	0	-4.591	0	0	0
Share capital	112.409	112.409	80.000	80.000	0

10 Charges and securities

As security for mortgage debt to Vækstfonden totalling DKK 2.250 thousand, the Company has granted floating charge of DKK 2.250 thousand.

Accounting policies

The annual report of Cylindo ApS for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

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

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, etc.

Accounting policies

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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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

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.

Balance sheet

Intangible assets

Development costs and costs relating to rights developed by the company are recognised in the income statement as costs in the year of acquisition.

Tangible assets

Items of Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

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

Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

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.

Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.