

Opbeat ApS

Nørre Farimagsgade 11, 2. tv., 1364 København K

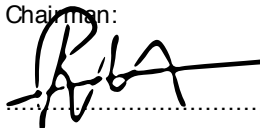
CVR no. 34 48 80 10



Annual report 2015/16

Approved at the annual general meeting of shareholders on 24 February 2017

Chairman:



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working world



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Opbeat ApS for the financial year 1 October 2015 - 30 September 2016.

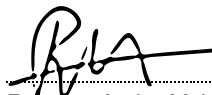
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 September 2016 and of the results of the Company's operations for the financial year 1 October 2015 - 30 September 2016.

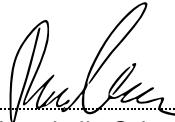
Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 24 February 2017
Executive Board:



Rasmus Amby Makwarth




Ron Langballe Cohen

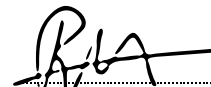
Board of Directors:



Thomas Madsen-Mygdal
Chairman



Ron Langballe Cohen



Rasmus Amby Makwarth

Independent auditors' report

To the shareholders of Opbeat ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Opbeat ApS for the financial year 1 October 2015 - 30 September 2016, which comprise an income statement, balance sheet and notes, including a 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

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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company'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 Company'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 evaluating 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.

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 30 September 2016 and of the results of its operations for the financial year 1 October 2015 - 30 September 2016 in accordance with the Danish Financial Statements Act.

Emphasis of matter regarding matters in the financial statements

Without modifying our opinion, we draw attention to the fact that there is material uncertainty as to the Company's ability to continue as a going concern. We refer to note 2 to the financial statements, from which it appears that it is uncertain whether binding commitments will be entered into for the financing of operations and the necessary investments in the coming years, but that, in the opinion of Management, such a commitment will be entered into, and consequently, the financial statements have been prepared on a going concern basis.

Independent auditors' report

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 other 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, 24 February 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'Kim Nicolajsen', written over a horizontal line.

Kim Nicolajsen
State Authorised Public Accountant



Management's review

Company details

Name	Opbeat ApS
Address, Postal code, City	Nørre Farimagsgade 11, 2. tv., 1364 København K
CVR no.	34 48 80 10
Registered office	København
Financial year	1 October 2015 - 30 September 2016
Board of Directors	Thomas Madsen-Mygdal, Chairman Ron Langballe Cohen Rasmus Amby Makwarth
Executive Board	Rasmus Amby Makwarth Ron Langballe Cohen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Management commentary

Business review

The company develops and sell access to an online platform for development and maintenance of applications.

Financial review

The income statement for 2015/16 shows a loss of DKK 10,031,916 against a DKK 9,951,770 last year, and the balance sheet at 30 September 2016 shows a negative equity of DKK -27,508,130.

The company had lost its equity at 30 September 2016 and is therefore subject to the capital loss provisions of the Danish Companies Act. For further details, reference is made to note 2.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 1 October 2015 - 30 September 2016

Income statement

Note	DKK	<u>2015/16</u>	<u>2014/15</u>
	Gross margin	-3,598,659	-3,123,832
3	Staff costs	-6,135,660	-4,829,123
	Amortisation/ depreciation and impairment of intangible assets and property, plant and equipment	<u>-40,378</u>	<u>-11,149</u>
	Profit/loss before net financials	-9,774,697	-7,964,104
	Financial income	13	246
4	Financial expenses	<u>-257,232</u>	<u>-1,987,912</u>
	Profit/loss for the year	<u><u>-10,031,916</u></u>	<u><u>-9,951,770</u></u>
	Proposed profit appropriation/distribution of loss		
	Retained earnings/accumulated loss	<u>-10,031,916</u>	<u>-9,951,770</u>
		<u><u>-10,031,916</u></u>	<u><u>-9,951,770</u></u>

Financial statements for the period 1 October 2015 - 30 September 2016

Balance sheet

Note	DKK	2015/16	2014/15
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Leasehold improvements	29,754	39,874
		<u>29,754</u>	<u>39,874</u>
	Investments		
	Other receivables	97,950	117,550
		<u>97,950</u>	<u>117,550</u>
	Total fixed assets	<u>127,704</u>	<u>157,424</u>
	Non-fixed assets		
	Receivables		
	Other receivables	30,708	81,206
	Prepayments	31,963	101,840
		<u>62,671</u>	<u>183,046</u>
	Cash at bank and in hand	3,465,140	6,671,873
	Total non-fixed assets	<u>3,527,811</u>	<u>6,854,919</u>
	TOTAL ASSETS	<u><u>3,655,515</u></u>	<u><u>7,012,343</u></u>
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	102,000	102,000
	Retained earnings	-27,610,130	-17,578,214
	Total equity	<u>-27,508,130</u>	<u>-17,476,214</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	116,261	166,641
	Payables to group entities	30,500,779	23,742,475
	Other payables	546,605	579,441
		<u>31,163,645</u>	<u>24,488,557</u>
	Total liabilities other than provisions	<u>31,163,645</u>	<u>24,488,557</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>3,655,515</u></u>	<u><u>7,012,343</u></u>

- 1 Accounting policies
- 2 Financial resources
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral

Financial statements for the period 1 October 2015 - 30 September 2016

Notes to the financial statements

1 Accounting policies

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

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating 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.

Depreciation

The item comprises depreciation of property, plant and equipment.

Leasehold improvements	4 years
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Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial statements for the period 1 October 2015 - 30 September 2016

Notes to the financial statements

1 Accounting policies (continued)

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 has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is 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. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Other payables

Other payables are measured at amortized cost.

Financial statements for the period 1 October 2015 - 30 September 2016

Notes to the financial statements

2 Financial resources

At 30 September 2016, the company's equity was negative making the company subject to section 119 of the Danish Companies Act. Management is currently preparing plans to restore equity.

The parent company has issued a letter of support guaranteeing to provide the company with sufficient funds to enable it to meet its financial obligations as they fall due through to 30 September 2017. Consequently, the loan given by Opbeat Inc. of DKK 30.5 million will not fall due for repayment before sufficient financing is in place. In order for the parent company to be able to continue to support Opbeat ApS, new financing facilities must be established before 30 September 2017. Management of Opbeat Inc. - which is the same as for Opbeat ApS - is currently negotiating financing terms with potential investors and sufficient financing is expected to be in place before July 2017.

Management is of the opinion, that necessary financing facilities will be established before 30 September 2017, and consequently, the financial statements have been prepared on a going concern basis.

DKK	2015/16	2014/15
3 Staff costs		
Wages/salaries	5,832,263	4,581,347
Pensions	136,800	136,800
Other social security costs	26,300	19,794
Other staff costs	140,297	91,182
	<u>6,135,660</u>	<u>4,829,123</u>
4 Financial expenses		
Interest expenses, group entities	170,644	63,832
Exchange adjustments	86,588	1,924,080
	<u>257,232</u>	<u>1,987,912</u>

5 Share capital

Analysis of changes in the share capital over the past 4 years:

DKK	2015/16	2014/15	2013/14	2012/13
Opening balance	102,000	102,000	102,000	80,000
Capital increase	0	0	0	22,000
	<u>102,000</u>	<u>102,000</u>	<u>102,000</u>	<u>102,000</u>

6 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>806,876</u>	<u>132,420</u>
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7 Collateral

The Company has placed a bank account as security for corporate card debt at 30/9 2016.