

Tattodo ApS
Central Business Registration No
34687684
Artillerivej 86, 2. tv.
DK-2300 Copenhagen S

Annual report 2015

The Annual General Meeting adopted the annual report on 22.06.2016

Chairman of the General Meeting

Name: Mik Thobo-Carlsen

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Entity details

Entity

Tattoodo ApS
Artillerivej 86, 2. tv.
DK-2300 Copenhagen S

Central Business Registration No: 34687684

Founded: 13.08.2012

Registered in: Copenhagen

Financial year: 01.01.2015 - 31.12.2015

Internet: www.tattoodo.com

Board of Directors

Mik Thobo-Carlsen, Chairman

Andy Chen

Thomas Ryan

Christian Stadil

Johan Plenge

Executive Board

Johan Plenge

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P.O. Box 1600

0900 Copenhagen 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 Tattooedo 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, 22.06.2016

Executive Board

Johan Plenge

Board of Directors

Mik Thobo-Carlsen
Chairman

Andy Chen

Thomas Ryan

Christian Stadil

Johan Plenge

Independent auditor's reports

To the owners of Tattoodo ApS

Report on the financial statements

We have audited the financial statements of Tattoodo 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.

Emphasis of matter affecting the financial statements

Without qualifying our opinion, we refer to the disclosures in note 1 to the financial statements, in which Management describes the assumptions of going concern. Management has presented the financial statements on a going concern basis. We did not find any reason to take a different view on this matter.

Independent auditor's reports

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, 22.06.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Nikolaj Thomsen
State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

Tattoodo.com is a global online community for tattoo professionals and customers. Tattoodo is facilitating a digital interaction between all stakeholders of the tattoo industry and operates an independent media platform, a marketplace, and booking facilitation for tattoo professionals.

Development in activities and finances

The Company has realised a loss of DKK 10,895 thousand compared to a loss of DKK 2,874 thousand in FY 2014. Management considers the loss to be as expected and is positive about the future.

The Company has lost its equity at 31 December 2015. In 2016, capital increases paid in cash and by debt conversion have restored the equity and provide liquidity for the Company's going concern.

Events after the balance sheet date

Besides the above-mentioned capital increases, 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.

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. Other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, direct costs and other external expenses.

Accounting policies

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed 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.

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.

Other financial income

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

Balance sheet

Intellectual property rights etc

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 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.

Accounting policies

Development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 3 years.

Property, plant and equipment

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 years
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Property, plant and equipment 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.

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.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross loss		(5,781,707)	(1,435,138)
Staff costs	2	(5,015,880)	(1,113,566)
Depreciation, amortisation and impairment losses	3	<u>(283,238)</u>	<u>(273,385)</u>
Operating profit/loss		(11,080,825)	(2,822,089)
Other financial income	4	187,036	(293)
Other financial expenses	5	<u>(1,137)</u>	<u>(51,535)</u>
Profit/loss for the year		<u>(10,894,926)</u>	<u>(2,873,917)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(10,894,926)</u>	<u>(2,873,917)</u>
		<u>(10,894,926)</u>	<u>(2,873,917)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Completed development projects		349,049	332,439
Intangible assets	6	<u>349,049</u>	<u>332,439</u>
Other fixtures and fittings, tools and equipment		92,508	19,696
Property, plant and equipment	7	<u>92,508</u>	<u>19,696</u>
Deposits		408,313	0
Fixed asset investments	8	<u>408,313</u>	<u>0</u>
Fixed assets		<u>849,870</u>	<u>352,135</u>
Trade receivables		446,847	69,561
Other short-term receivables		820,314	117,661
Receivables		<u>1,267,161</u>	<u>187,222</u>
Cash		<u>3,686,011</u>	<u>832,786</u>
Current assets		<u>4,953,172</u>	<u>1,020,008</u>
Assets		<u>5,803,042</u>	<u>1,372,143</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	9	163,723	143,807
Retained earnings		<u>(6,463,251)</u>	<u>(3,047,180)</u>
Equity		<u>(6,299,528)</u>	<u>(2,903,373)</u>
Trade payables		544,956	363,365
Other payables		<u>11,557,614</u>	<u>3,912,151</u>
Current liabilities other than provisions		<u>12,102,570</u>	<u>4,275,516</u>
Liabilities other than provisions		<u>12,102,570</u>	<u>4,275,516</u>
Equity and liabilities		<u><u>5,803,042</u></u>	<u><u>1,372,143</u></u>
Going concern	1		
Contingent liabilities	10		
Assets charged and collateral	11		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	143,807	(3,047,180)	(2,903,373)
Increase of capital	19,916	7,478,855	7,498,771
Profit/loss for the year	0	(10,894,926)	(10,894,926)
Equity end of year	163,723	(6,463,251)	(6,299,528)

Notes

1. Going concern

At 31 December 2015, the Company's equity is negative by DKK 6,300 thousand. As mentioned in the management commentary, capital increases in 2016 have fully restored the equity. As of 21 June 2016, capital increase paid in cash of DKK 9,981 and capital increase by debt conversion of DKK 13,256 have been completed. Based on current liquidity and capital increases, Management assesses that the Company is capable of fulfilling all financial obligations as they fall due and, therefore, the annual report is submitted based on a going concern assumption.

	2015	2014
	DKK	DKK
2. Staff costs		
Wages and salaries	4,683,041	1,058,148
Other social security costs	68,841	16,679
Other staff costs	263,998	38,739
	5,015,880	1,113,566
	2015	2014
	DKK	DKK
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	267,481	273,385
Depreciation of property, plant and equipment	15,757	0
	283,238	273,385
	2015	2014
	DKK	DKK
4. Other financial income		
Exchange rate adjustments	187,036	(293)
	187,036	(293)
	2015	2014
	DKK	DKK
5. Other financial expenses		
Exchange rate adjustments	0	48,847
Other financial expenses	1,137	2,688
	1,137	51,535

Notes

	Completed development projects DKK
6. Intangible assets	
Cost beginning of year	820,155
Additions	<u>284,091</u>
Cost end of year	<u>1,104,246</u>
Amortisation and impairment losses beginning of year	(487,716)
Amortisation for the year	<u>(267,481)</u>
Amortisation and impairment losses end of year	<u>(755,197)</u>
Carrying amount end of year	<u>349,049</u>
	Other fix- tures and fittings, tools and equipment DKK
7. Property, plant and equipment	
Cost beginning of year	19,696
Additions	<u>88,569</u>
Cost end of year	<u>108,265</u>
Depreciation for the year	<u>(15,757)</u>
Depreciation and impairment losses end of the year	<u>(15,757)</u>
Carrying amount end of year	<u>92,508</u>
	Deposits DKK
8. Fixed asset investments	
Additions	<u>408,313</u>
Cost end of year	<u>408,313</u>
Carrying amount end of year	<u>408,313</u>

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
9. Contributed capital			
Ordinary shares	16,372,300	0.01	163,723
	<u>16,372,300</u>		<u>163,723</u>

	<u>2015 DKK</u>	<u>2014 DKK</u>	<u>2013 DKK</u>	<u>2012 DKK</u>
Changes in contributed capital				
Contributed capital beginning of year	143,807	143,807	119,718	80,000
Increase of capital	19,916	0	24,089	39,718
Contributed capital end of year	<u>163,723</u>	<u>143,807</u>	<u>143,807</u>	<u>119,718</u>

10. Contingent liabilities

TattooDo ApS has entered into an interminable rental contract effective until 31 August 2019. The commitment amounts to DKK 2,994 thousand.

11. Assets charged and collateral

There are no contingent liabilities incumbent on the Company and the Company has no assets charged.