ANNUAL REPORT

Stockholm IT Ventures Aktiebolag

Company reg. no. 556788-2807

The 01/01/2016 – 31/12/2016 financial year

MD’s foreword

2016 was a year which consisted exclusively of consolidation and winding up in the face of the company’s new strategy. Following a very trying period when the company’s previous management left the company, a new board was appointed, mainly represented by the company’s major interested parties.

The new board continued the work which had previously begun by winding up the company’s previous operations, although to some extent, made the most of the worked-up systems which existed in the business, but the focus has been on preparing the company for impending new acquisitions.

In autumn 2016, the company’s shares were again put up for sale on Deutsche Boerse and the company submitted a late annual report for 2015 in the winter of 2017. The company then changed its name to Stockholm IT Ventures AB.

In spring 2017, the company suffered a setback when the company’s auditor, Per-Åke Bergstrand, who had been a great support and a close cooperation partner of the company suddenly passed away.

Then, in 2017, the company has made four acquisitions which have helped to improve the company’s financial position. In order to give the management space to work and fulfil these and safeguard the values of all interested parties, company reconstruction was applied for in spring 2017 and, at the time of writing this, the company is being restructured. The company is not expected to need to negotiate a scheme of arrangement in connection with the completion of the reconstruction.

We now look forward to a continued positive business development and to be able to complete the company reconstruction shortly.

Wayne Lochner
Managing Director

The board of Stockholm IT Ventures Aktiebolag (publ) submits the following annual report for the busines for the 01/01/2016 – 31/12/2016 financial year.

Director's report

General information

Formalities

Stockholm IT Ventures AB (publ) has been listed on the Frankfurt Stock Exchange in the General Standard segment in Germany since 18 September 2014. This means that the company comes under the Swedish Financial Supervisory Authority's supervision.

Ownership

The total number of shares in the company is 365 551 375. The share price at the close of the market on 31 December 2016 was 0.091 Euro per share, corresponding to a company value of approx. 33.1 million Euros.

In 2017, the company's ownership has been more widespread, where two owners are influential, Angel Business Club and Trig Media Group AB, although the latter did reduce its holdings during the year.

The Trig group of companies

In 2016, the company had no subsidiaries or associated companies, except for a company which was acquired in 2016 but which is not yet operating. This means that the company does not need to draw up consolidated accounts.

Essential events during the period

The company's incumbent board and MD left in May 2016.

The company found itself without any management until September 2016 when Dominic Berger, Philip Reid and Joao de Saldanha were appointed as a new board and Anthony Norman started as acting MD.

Shortly thereafter, the company's shares once again became available on Deutsche Boerse.

In November 2016, the company entered into a capital contribution agreement with Ixellion Technologies OÜ and they did not end up contributing promised funds.

Essential events after the end of the period

When, with the support of the agreement with Ixellion, the company with had negotiated a voluntary scheme of arrangement and conversion of debts to shares, confidence was lost when Ixellion failed to deliver the agreed funds. This led to further work with new acquisitions during the first few months of 2017.

The company entered into an agreement to acquire Fantrac Limited AB and Akvendia AB in March 2017 and, due to the transaction, Dominic Berger and Philip Reid were replaced by Wayne Landner and Matthew Connelly. The board also received a new addition in the form of Alberto Cuellar, and Joao de Saldanha was reappointed.

In this connection, the company changed its name to Stockholm IT Ventures AB and started reprofiling the business, and a further acquisition of Block Trade Technologies Limited took place in mid-2017 which immediately brought in a cash flow to the parent company, something which has facilitated a continued clearing of the company's balance sheet.

The board and the Managing Director guarantee that the annual report has been drawn up in accordance with the Annual Reports Act and that it gives a fair picture of the parent company's financial profit/loss and position as at 31/12/2016.

For the financial year 2016 (Jan. 1 2016 – Dec. 31 2016), the turnover amounted to 45 977 Euros.

The board proposes to carry forward the profit/loss for the year.

The board and the Managing Director guarantee that the consolidated annual report has been drawn up in accordance with the international accounting principle IFRS in accordance with regulations adopted by the EU, and that it gives a fair picture of the parent company's financial position and describes essential risks and uncertainty factors which affect the Group.

This annual report has been audited by the company's auditor.

Regarding corporate governance and questions related to this, the board makes reference to the independent report on corporate governance for Stockholm IT Ventures AB (publ.) which will be supplied for the annual general meeting.

The board proposes to carry forward the profit/loss for the year.

Key ratios for Stockholm IT Ventures AB
01/01/2016 – 31/12/2016 (Euros)

Net turnover	45 977
Operating profit/loss	- 8 592
Operating margin	neg.
Total capital employed	1 077 658
Equity/assets ratio	3.3%
Investments in fixed assets	0
Number of shares at the end of the financial year	365 551 375
Profit/loss per share	-0.00002
Dividend per share	N/A
Number of employees at the end of the financial year	0

Amounts in Euros

PROFIT/LOSS ACCOUNT	**Note**	**01/01/2016 31/12/2016**	**01/01/2015 31/12/2015**
Operating income			
Net turnover	7	45 977	4 448
Gross contribution		**45 977**	**4 448**
Operating expenses			
Other external operating expenses	8, 9 , 10	-50 620	-425 330
Personnel expenses	6	0	-310 080
Depreciation and write-downs	11	0	-6 725
Total operating expenses		*-50 620*	*-742 135*
Operating profit/loss		**- 4 643**	**- 737 687**
Financial income and expenses	12, 13	- 3 949	- 1 705 504
Write-downs	13	0	0
Profit/loss before tax		**- 8 592**	**- 2 443 191**
Income tax	14	0	0
Profit/loss for the year		**- 8 592**	**- 2 443 191**
Average number of shares	15	365 551 375	365 551 375

Amounts in Euros

BALANCE SHEET	Note	31/12/2016	31/12/2015
ASSETS			
Fixed assets			
Intangible fixed assets		938 771	976 526
Tangible fixed assets	16	0	0
Total fixed assets		**938 771**	**976 526**
Current assets			
Trade debtors and other claims	17	82 372	87 811
Interim claims		45 977	0
Prepaid tax		0	1 747
Cash and bank	18	10 538	10 562
Total current assets		**138 887**	**100 520**
TOTAL ASSETS		**1 077 658**	**1 077 046**
EQUITY AND DEBT			
Equity			
Restricted equity			
Share capital (365 551 375 shares)	17	73 110	73 110
Non-restricted equity			
Profit/loss carried forward		-28 884	2 418 592
Profit/loss for the year		- 8 592	-2 443 191
Total equity		**35 634**	**48 511**
Short-term debts			
Trade creditors and other debts		579 164	1 028 535
Other short-term debts		442 860	0
Accrued expenses and prepaid income	19	20 000	0
Total short-term debts		**1 042 024**	**1 028 535**
TOTAL EQUITY AND DEBT		**1 077 658**	**1 077 046**

Pledged securities and contingent liabilities

Contingent liabilities	**None**	**None**
Pledged securities	**None**	**None**

THE COMPANY'S REPORT OF THE TOTAL PROFIT/LOSS	01/01/2016 31/12/2016	01/01/2015 31/12/2015
Amounts in Euros		
Profit/loss for the year	- 8 592	- 2 443 191
Translation differences	0	0
Sum total profit/loss for the year	**- 8 592**	**- 2 443 191**

Net turnover	45 977
Operating profit/loss	- 8 592
Operating margin	neg.
Total capital employed	1 077 658
Equity/assets ratio	3.3%
Investments in fixed assets	0
Number of shares at the end of the financial year	365 551 375
Profit/loss per share	-0.00002
Dividend per share	N/A
Number of employees at the end of the financial year	0

CASH FLOW ANALYSIS

Amounts in Euros

		01/01/2016 31/12/2016	01/01/2015 31/12/2015
Cash flow from current operations			
Operating profit/loss		**- 4 904**	**- 737 687**
Adjustment for items which are not in the cash flow		- 7 563	388 578
Interest paid		- 3 949	- 9 988
Interest received		0	1 336
Income tax paid		0	0
Cash flow from current operations before changes to the working capital		**16 416**	**- 357 761**
Cash flow from changes to the working capital			
Increase in (-) / Reduction (+) of short-term claims		- 55 612	+ 123 301
Increase in (+) / Reduction (-) of short-term debts		+ 51 066	- 416 748
Cash flow from current operations		**+ 5 454**	**651 208**
Cash flow from investments			
Investments in intangible fixed assets	0	0	
Investments in tangible fixed assets	0	0	
Acquisitions of subsidiaries		0	0
Cash flow from investments		**0**	**0**
Cash flow from financing			
Shareholders' contributions received		0	756 796
Shareholders' contributions paid		0	0
New issue		0	0
Equity instrument at actual value		0	0
Cash flow from financing		**0**	**756 796**
Cash flow for the year		0	-94 626
Liquid assets at the start of the year		10 962	105 588
Monetary alignment		+ 424	0
Liquid assets at the end of the year		**10 538**	**10 962**

Supplementary information to the cash flow analysis - the Group

Liquid assets

The following subcomponents are included in liquid assets

Cash and bank	**10 962**	**105 588**

CHANGE TO EQUITY

Amounts in Euros

	Share capital	**Profit/loss brought forward, incl. profit/loss for the year**	**Total equity**
Equity, 01/07/2012	**11 000**	**0**	**11 000**
New issue 28 April 2014	54 000		54 000
New issues July - August 2014	7 750	1 593 405	1 601 155
Sum total profit/loss		- 8 415 372	- 8 415 372
Equity value at actual value		573 360	573 360
Shareholders' contributions received		6 725 868	6 725 868
Equity, 21/12/2014	**72 750**	**477 261**	**550 011**
Sum total profit/loss		- 2 443 191	- 2 443 191
Equity value at actual value		0	0
Shareholders' contributions received		1 941 691	1 941 691
Equity, 21/12/2015	**73 110**	**- 24 239**	**48 511**
Sum total profit/loss		- 2 443 191	- 2 443 191
Shareholders' contributions received		0	0
Equity, 31/12/2016	**73 110**	**- 32 154**	**35 634**

Notes

Note 1 General information

The Group previously consisted of the parent company Trig Social Media AB (TSM) and its subsidiaries Trig Entertainment AB (TME), Trig Royalty Ltd, Trig Entertainment Asia Pty Ltd and Trig Spain SL. There were no Group conditions during the 2016 financial year. Stockholm IT Ventures AB is a public limited company registered and with its headquarters in Sweden. The address of the head office is Vikdalsgränd 10B, Box 1268, 131 28 Nacka Strand. The company's business is to develop, manage and run an international social media platform under the trademark of trig.com. Linked to the platform is a partly patent pending income generator with the brand name Trig Money. In 2014, the board decided to apply for listing on the Frankfurt Stock Exchange's regulated market. The listing took place on 18 September 2014.
Unless otherwise stated, all figures are stated in Euros as the reporting currency.

The company applies the Annual Reports Act and the Swedish Financial Reporting Board 2, Reporting for legal persons. The application of the Swedish Financial Reporting Board 2 means that the company as far as possible applies all EU-approved IFRS as part of the Annual Reports Act and the Companies Act and with regard to the connection between reporting and taxation.

1.1 Basis for establishment and accounting principles

In April 2014, a decision was made at an extraordinary meeting to extend the company's financial year by 6 months, which means that the previous financial year is 18 months long and covers the period from 1 July 2013 to 31 December 2014. The following financial year, which starts on 1 January - 31 December 2015 and the current financial year will be a calendar year.

Stockholm IT Ventures AB (publ.), formerly Grundstenen 126558 AB, was formed in 2009. On 27 March 2014 the shares in Trig Social Media AB (publ) were acquired by Trig Media Group AB (publ) from Svenska Standardbolag AB for 11 000 Euros. On the same day when Trig Media Group AB (publ) had influence and control of what was then Trig Social Media AB (publ.), a new issue took place amounting to 54 000 Euros in Trig Social Media AB (publ.). On 28 March 2014, Trig Social Media AB (publ.) acquired the subsidiary Trig Entertainment AB from Trig Media Group AB (publ.) for 2 648 949 Euros.

From an accounting perspective, the acquisition is to be viewed as a transaction under common control.

Bearing in mind that IFRS does not deal with these types of transaction, the group has chosen an accounting principle which prepares consolidated accounts based on the historically-entered values. The method means that assets and liabilities are reported on the basis of the reported amounts of the units acquired for the highest level of common control for which the financial reports are drawn up. This also means that the group decided to include comparison figures and the current financial year's profit/loss as if the company was always a part of the same group.

The price of purchasing Trig Entertainment was 2 648 949 Euros. The net liability which was taken over at historical value was 709 713 Euros. The effect of the acquisition, 3 358 662 Euros, is reported in equity.

Setting up the financial reports in accordance with IFRS requires the use of some important accounting estimates. The management is also required to make specific assessments regarding the application of the Group's accounting principles (see note 5 below).

Note 2 Changeover to IFRS
This report is the fifth report by the Group which was established in accordance with IFRS. The accounting principles described in note 1 have been applied while drawing up this report. The changeover to IFRS for the Group and Trig Entertainment AB has had no impact on the Group or Trig Entertainment AB's accounting, financial position, profit/loss or cash flow.

Note 3 Information on critical estimates and assumptions which have affected the financial reports

* Regarding acquisitions of intangible rights, these have been acquired on the basis of the last known transaction on the market which the board assesses to be the market value. The board will regularly assess the need for any write-downs of the value. At the moment, there is no need for any write-down.

Note 4 Other information
This is the sixth report, the first of which was the annual report which the Group sets up in accordance with IFRS. The companies in the Group's last annual report applied the Annual Reports Act and The Accounting Board's general advice. The changeover to IFRS has not had any impact on the Group or on Trig Entertainment AB.

Note 5 Definitions

Operating margin: Operating profit/loss as a percentage of the net turnover
Equity/assets ratio: Adjusted equity as a percentage of the total capital employed
Profit per share: Profit/loss after tax divided by the number of shares
Dividend per share: Dividend divided by the number of shares

Note 6 Personnel expenses and number of employees

Number of personnel at the end of the period	2016	2015
Sweden	0	0
Germany	0	0
Spain	0	0
Total	0	0

The average number of employees	2016	2015
Men	0	0
Women	0	0
Total	0	0

Gender distribution at the company	2016	2015
	Share women as a %	Share women, %
Number of women		
The board	0	0
The company management	0	0

Salaries, other remunerations and social expenses	01/01/2016 - 31/12/2016	01/01/2015 - 21/12/2015
Board, MD and members of the management	0	0
Other employees	0	269 210
Total	**0**	**269 210**
Social expenses	0	28 405
Pension expenses	0	12 465
Total	**0**	**0**

Note 7 Net turnover

Amounts in Euros	01/01/2016 – 31/12/2016	01/01/2015 – 21/12/2015
Commission income	0	0
Other sale	45 997	4 448
Total	**45 997**	**4 448**

Note 8 Payment of auditors

Amounts in EUR	01/01/2016 - 31/12/2016	01/01/2015 - 21/12/2015

The parent company	01/01/2016 - 31/12/2016	01/01/2015 - 21/12/2015
PwC		
Audit assignment	0	0
Audit-related advice	0	0
Tax advice	0	0
Other advice	0	0
Total payment to auditors	***0***	***0***

Note 9 Lump-sum items

Items which are essential either due to their size or which do not recur are seen as exceptional items and are reported in the relevant profit/loss account entry. Exceptional items which have occurred during the year have been reported as an expense for sold goods. An analysis of the amount which constitutes an exceptional item in these financial reports is shown below.

Amounts in EUR	**01/01/2016 - 31/12/2016**	**01/01/2015 - 21/12/2015**
Operating item		
Issue and stock exchange listing expenses	0	0

Note 10 Depreciation of tangible and intangible assets per asset group

Amounts in EUR	**01/01/2016 - 31/12/2016**	**01/01/2015 - 21/12/2015**

	31/12/2016	**21/12/2015**
Depreciation, intangible assets		
Depreciation, tangible fixed assets	0	6 725
Write-downs	0	0
Total depreciation and write-downs	0	**0**
	0	**6 725**

Note 11 Financial income

Amounts in EUR	01/01/2016 - 31/12/2016	01/01/2015 - 21/12/2015
Interest income	0	0
Other financial income	0	0
Total financial income	**0**	**0**

Note 12 Financial expenses

Amounts in EUR	01/01/2016 - 31/12/2016	01/01/2015 - 21/12/2015
Interest expenses	3 949	-41 640
Exchange rate differences	0	-1 917
Other financial expenses	0	0
Total financial expenses	**- 3 949**	**- 43 558**

Note 13 Income tax

Amounts in EUR	%	01/01/2016 - 31/12/2016	%	01/01/2015 - 21/12/2015
Profit/loss before tax		-8 595		-2 443 191
Tax acc. to applicable tax rate for	22.3	-1 974	22,3	-537 502
Tax effect of:				
Non-deductible expenses		4 640		-41
Non-taxable income		522		7
Tax effect of net loss/profit from the business which does not …		-2 144		-537 468
Reported current tax	**0%**	**0**	**0%**	**0**

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Note 14 Profit/loss per share, before and after dilution

Profit/loss per share before dilution is calculated by dividing the profit/loss which is attributable to the parent company's shareholders by a weighted average number of outstanding ordinary shares during the period.
The Group has no financial instruments which could lead to dilution, so the diluted profit/loss per share is the same as the undiluted.

Amounts in EUR	**01/01/2016 – 31/12/2016**	**01/01/2015 21/12/2015**
Profit/loss which is attributable to the parent company's shareholders	- 8 592	-2 443 191
weighted average number of outstanding ordinary shares	365 551 375	365 551 375

Note 15 Trade debtors and other claims

Amounts in EUR	**31/12/2016**	**21/12/2015**
Trade debtors	0	0
Deposits	0	0
VAT claim	19 351	87 811
Accrued income and prepaid expenses	45 977	0
Other claims	63 021	0
Reported value at the end of the year	**128 349**	**87 811**

The company has no depositions with other companies.

Note 16 Liquid assets

Liquid assets in the balance sheet and cash flow analysis include the following:

Amounts in EUR	31/12/2016	21/12/2015
Cash and bank balances	10 538	10 962
Reported value at the end of the year	**10 538**	**10 962**

Note 17 Share capital

The table shows the changes to Trig Social Media AB's share capital. Trig Social Media AB has a class of shares. All shares are fully paid up.

Amounts in EUR	Number of shares	Euro
Share capital, 01/07/2012	275 000	32 164
Effect of reversed acquisitions, 28/03/2014	-274 000	-21 164
New issue, 28/04/2014	324 999 000	54 000
New issue, 25/07/2014	32 500 000	6 500
New issue, 05/08/2014	6 168 339	1 234
New issue, 08/08/2014 6 168 339	81 339	1 234 6 168 339 1 23
		16
New issue, 08/08/2014	1 801 377	360
Total share capital, 31/12/2016	**365 551 375**	**73 110**

Note 18 Trade creditors and other expenses

Amounts in EUR	31/12/2016	21/12/2015
Trade creditors	579 164	699 872
Other short-term debts	442 861	328 883
Reported value at the end of the year	**1 042 025**	**1 028 535**

Note 19 Accrued expenses and prepaid income

Amounts in EUR	31/12/2016	21/12/2015
Accrued interest	0	0
Consultancy fees	0	0
Accounting and audit	20 000	0
Other items	0	0
Total 31 December	**20 000**	**0**

Appendix 1 Accounting principles

Consolidation

The consolidated accounts cover Stockholm IT Ventures AB /SITAB/ (publ.) and the companies over which the parent company has a direct or indirect determining influence (subsidiaries). Subsidiaries are all of the companies (including structural units) over which the Group has control. The group controls a unit when the group is exposed to, or is entitled to, a variable return from its involvement in the company and has the capacity to affect this return through its power over the company. Subsidiaries are included in the consolidated accounts as of the day when the determining influence is transferred to the Group.
They are excluded from the day when the determining influence ceases.
When assessing whether there is a determining influence, the shareholders' agreement and potential votes which may be used or converted are taken into account. Control normally exists when the parent company directly or indirectly owns shares which represent more than 50 % of the votes.

Subsidiaries are included in the consolidated accounts from the time of acquisition and are excluded from the consolidated accounts from the day when the determining influence ceases.
The accounting principles for subsidiaries have been adapted where appropriate in accordance with the Group's accounting principles.

All intra-Group transactions and balance sheet items plus unrealised profits and losses regarding intra-Group transactions have been eliminated while drawing up the consolidated accounts.

For 2016, no consolidated accounts were drawn up since all companies were wound down or made bankrupt (Trig Entertainment AB)

Segment reporting

Operating segments are reported in a manner which tallies with the internal reporting which is given to the highest operating decision-maker. The highest operating decision-maker is the function which is responsible for the allocation of resources and assessment of the operating segments. The company management represents SITAB's highest operating decision-making body.

Internal pricing between segments takes place on market terms.

The Group presents no segment information since the whole Group is defined as a segment.

Reporting income
Income is reported at the actual value of that which has been received or will be received, and represents claims for services provided, net following discounts, returns and VAT. The Group reports an income when its amounts can be reliably measured, when it is likely that future economic benefits will fall to the company, and when special criteria have been satisfied for each and every one of the Group's businesses as described below.

Income from commission income
The Group has income from commission. The incomes from this commission are reported when the amount of these incomes can be reliably measured. This is normally 60-90 days after the customer has made his purchases in stores which are affiliated with trig.com.

Income from advertising
The Group will have income from advertising. The incomes from this advertising are reported when the amount of these incomes can be reliably measured. This is normally when the advert is made public on trig.com.

Interest income
Interest income is reported in the period to which it refers with the application of the effective interest method. The effective interest is the interest which makes the current value of all future incoming and outgoing payments during the fixed interest term equal to the reported value of the claim.

Remunerations to employees
Remunerations to employees in the form of salaries, paid holiday, paid sick leave, etc. and pensions are reported in line with the accrued entitlement. Pensions and other remunerations after employment has ended are classified as defined contribution or defined benefit plan.

Defined contribution plans
For, defined contribution plans, the company pays established charges to a separate, independent legal unit and has no obligation to pay additional charges. The Group's profit/loss is charged in line with the benefits being earned, which normally coincides with the time when premiums are paid.

Defined benefit plans
The Group has started work with introducing defined benefit plans or other pension plans for its employees. The Group aims to have implemented this before mid-2015.

Severance pay
Severance pay is paid when an employee has been dismissed before retirement age or when an employee accepts voluntary redundancy in exchange for payment. The company reports severance pay when it has to dismiss employees in accordance with a detailed formal plan with no possibility of re-employing them or when a dismissal offer to encourage voluntary redundancy is accepted by the person who received the offer. Benefits which fall due for more than 12 months after the accounting year-end are discounted to current value if they are significant.

Loan expenses
Loan expenses are reported in the profit/loss for the period in which they arise.

Taxes
The tax expense corresponds to the total of current tax and deferred tax.

Current tax
Current tax is calculated on the taxable profit/loss for the period. Taxable profit differs from the reported profit/loss in the profit/loss account when it has been adjusted for non-taxable income and non-deductible expenses as well as income and expenses which are taxable or deductible in other periods. The Group's current tax debt is calculated in accordance with the tax rates which have been determined or rejected at the accounting year-end.

Deferred tax
Deferred tax is reported in temporary differences between the reported values for assets and liabilities in the financial reports and the tax-related information is used when calculating taxable profit. Deferred tax is reported in accordance with the balance sheet method. Deferred tax debts are reported for in principle all taxable temporary differences and deferred tax claims are reported for all deductible temporary differences to the extent that it is likely that the amounts can be used against future taxable surpluses. Deferred tax debts and tax claims are not reported if the temporary difference are attributable to goodwill or if they arise from a transaction which constitutes the first reporting of an asset or a debt (other than a business acquisition), and which at the time of the transaction affect neither reported nor taxable profit/loss.

Deferred tax debts are reported for taxable temporary differences arising on shares in subsidiaries, except where the Group can control cancellation of the temporary differences and it is likely that they will not be cancelled in the foreseeable future. The deferred tax claims regarding deductible temporary differences in connection with such investments are reported only to the extent that is likely that the amount can be used against future taxable surpluses and is likely that such exploitation will occur within the foreseeable future.

The reported value of deferred tax claims is tested at the time of each accounting year-end and reduced to the extent that it is no longer likely that sufficient taxable surpluses will be available to compensate, in full or in part, the deferred prepaid tax.

Deferred tax is calculated in accordance with the tax rates which are expected to apply to the period when the asset is recovered or the debt is adjusted, based on the tax rates (and tax rules) which have been determined or rejected at the accounting year-end.

Deferred tax claims and tax debts are offset when they are attributable to income tax which is charged by the same authority and when the Group intends to adjust the tax by a net amount.

Current and deferred tax for the period
Current and deferred tax are reported as an expense or income in the profit/loss account, except when the tax refers to items which are reported in other total profit/loss or directly in equity. In such cases, the tax is also reported in other total profit/loss or directly in equity. Regarding current and deferred tax arising when reporting business acquisitions, the tax effect is reported at the calculated procurement value.

Intangible assets
Intangible assets are reported at procurement value minus accumulated depreciation and write-downs.
The expense consists of the purchase price. Additional outlays are added to the asset or are reported as a separate asset only if it is likely that future economic benefits which can be attributed to the asset will fall to the Group and the procurement value for the same can be reliably calculated.
Depreciation on the asset's value minus calculated residual value at the end of the period of use is written off over the calculated period of use, which is estimated at:
* Licences and intangible rights: 10 years
* Platforms and systems: 5 years

The calculated periods of use, the residual values and the depreciation methods are tested at the end of each financial year as a minimum; the effect of any changes to estimates is reported in the future.

The reported value of an intangible asset is removed from the report on the financial position at the time of being scrapped or sold or when no future economic benefits are expected from the use or scrappage / sale of the asset. The profit or loss arising when the asset is disposed of or sold is the difference between the net income at the time of the sale and the reported value of the asset, and is reported in the profit/loss in the period when the asset is removed from report on the financial position.

Write-down of intangible assets
At every accounting year-end, the Group analyses the entered values of intangible assets to establish whether there are indications that these assets have fallen in value. If that is the case, the assets are assessed at the recovery value to determine the value of any write-downs. If it is not possible to calculate the recovery value for an individual asset, the Group calculates the recovery value for the cash-generating unit to which the asset belongs.

The recovery value is the highest of the actual value minus sales expenses and utility value.

When calculating the actual value, the estimated future cash flow is discounted to current value using a pre-tax interest rate which reflects current market assessments of time value of money and the risks that are associated with the asset.
If the recovery value of an asset (or cash-generating unit) is set to a value which is lower than the reported value, a write-down will take place which is entered as an expense in the profit/loss account.

If a write-down is then cancelled, the asset (cash-generating unit) has increased to the revalued recovery value. The increased reported value must not exceed the reported value which would have been determined had the asset (cash-generating unit) not been written down in the previous year. A cancellation of a write-down is reported directly in the profit/loss account.

Lease contracts
All lease contracts are classed as operational lease contracts since the Group currently has no financial lease contracts. Lease charges regarding operational lease contracts are entered as expenses on a linear basis over the lease period unless another systematic manner better reflects the user's economic benefit over the period.

Financial instruments
A financial asset or financial liability is included in the balance sheet when the company becomes party to the contract terms. A financial asset or part of a financial asset is removed when the rights are realised, fall due or the company loses control of it. A financial liability or part of a financial liability is removed when the obligation in the contract is fulfilled or removed in some other way.

At each time of reporting, the company assesses whether there is objective proof that a financial asset or group of financial assets needs to be written down due to previous events. Examples of such events are a significant deterioration in financial position for the respondent or failure to pay amounts due.
Financial assets and financial liabilities which, at subsequent statements, are valued at actual value through the profit/loss account are reported at the first reporting value plus or minus transaction expenses. Financial assets and financial liabilities which, at subsequent statements, are valued at actual value through the profit/loss account are reported at the first instance of reporting at actual value. In the subsequent transaction, the acknowledgement, financial instruments are reported at accrued procurement value or actual value, depending on the initial categorisation under IAS 39.

At the first instance of reporting, a financial asset or a financial debt is classified in one of the following categories:

Financial assets
* Actual value through the profit/loss account
* Loans and claims
* Investments which are held until maturity
* Financial assets which can be sold

Financial liabilities
* Actual value through the profit/loss account
* Other financial liabilities at accrued procurement value

TSM only holds financial assets in the category of “loans receivable and trade debtors” and financial liabilities in the category of “Other financial liabilities at accrued procurement value”.

Financial instruments at actual value
Regarding all financial assets and liabilities, the value is deemed to be a good approximation of actual value unless otherwise stated in the following notes.

Accrued procurement value
Accrued procurement value is the amount at which the asset or liability is reported initially, minus instalments, plus or minus accumulated depreciation according to the original difference between the amount received or paid and the amount to pay or receive on the due date and minor write-down.

The effective interest is the interest on all expected future cash flows discounted during the expected period of the financial asset or financial liability.

Liquid assets
Liquid assets include cash and bank balances and other short-term liquid investments which can easily be converted into cash and are subject to insignificant risk of value changes. In order to be classified as liquid assets, the length must not exceed three months from the time of procurement.
Liquid assets are classified as “Loans receivable and trade debtors”, which means valuation at accrued procurement value. Since bank funds are paid on demand, the accrued procurement value is a nominal amount. Short-term investments are classified as “held for trade” and are valued at actual value with value changes reported in the profit/loss account.

Trade debtors
Trade debtors are classified as “Loans receivable and trade debtors”, which means valuation at accrued procurement value. The expected duration of trade debtors is short, so they are reported at nominal amount without being discounted. Deductions are made for claims which are deemed to be uncertain.
Write-downs of trade debtors are reported in operating expenses.

Trade creditors

Trade creditors are classified as “Other financial liabilities” which are valued at accrued procurement value. The expected duration of trade creditors is short, , so they are reported at nominal amount without being discounted.

Debts to credit institutions and other loans
Interest-bearing bank loans, bank overdraft facilities and other loans are categorised as “other financial liabilities” and are valued at accrued procurement value. Any differences between the loan amounts received (net after transaction expenses) and the loan repayment amount are accrued for the duration of the loan with the application of the effective interest method and are reported in the profit/loss account as an interest expense.

Foreign currency
Items which are included in the financial reports for the different units in the Group are reported in the currency of the primary economic environment in which each company is principally active (functional currency). In the accounting, all amounts have been translated to Euros, which is the company’s accounting currency.

Transactions in foreign currency are translated for each unit into the company’s functional currency at the exchange rate which applies on the transaction date. At each accounting year-end, monetary items in foreign currency are translated to the accounting year-end rate. Non-monetary items which are valued at actual value in a foreign currency are translated to the exchange rate which prevailed at the time when the actual value was established. Non-monetary items which are valued at procurement value in a foreign currency are not translated to the accounting year-end rate.

Exchange rate differences are reported in the profit/loss account in the period in which they arise, with the exception of transactions such as hedge transactions which satisfy the terms for cash flow or net investments hedging, when profits and losses are reported in other total profit/loss.
Profit/loss and financial position for Group companies which have a different functional currency from the accounting currency are translated to the company’s accounting currency as follows:

a) Assets and liabilities for each reported balance sheet are translated to the accounting year-end rate at the time of this balance;
b) Income and expenses in the profit/loss accounts are translated to the average exchange rate; and
c) All exchange rate differences arising are reported in other total profit/loss

Goodwill and adjustments of actual value arising at the time of acquiring a foreign business are treated like assets and liabilities with this business and are translated to the accounting year-end rate.
Exchange rate differences arising are reported in other total profit/loss.

Allocations

Allocations are reported when the company has an existing obligation (legal or informal) as a consequence of an event that has occurred and it is likely that an outflow of resources will be required to adjust the obligation and so that a reliable estimate can be made.

Risk exposures

The company runs operations in the Ukraine and the UK. At the moment, the turnover in these countries is low, but a currency risk cannot be precluded in these operations. The effects of the UK leaving the EU may also affect the business.

The development of the Ukraine's political situation may constitute a risk, although the company deems this to be low since development resources can be placed elsewhere at very short notice.

The company's liquidity risk may currently be assessed as average since older debts are still ongoing.

Today, the company has trade creditors which are more than 12 months old but expects to be able to adjust this shortly, which means that suppliers can be paid in accordance with the time limit.

Signatures

Stockholm, on 2017

Wayne Landner
Chairperson of the Board

Wayne Landner
Managing Director and member

Joao de Saldanha
Member

Alberto Cuellar
Member

Matt Connelly
Member

SamRev Revisionsbyrå AB

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Audit report

For the Stockholm IT Ventures AB AGM
Co. reg. no. 556788-2807

Report regarding the annual report

Statement with reservation plus no statement is made

I have audited the annual report for Stockholm IT Ventures AB for the year 2016.

I am of the opinion that the annual report, apart from the possible effects of the circumstance described in the section entitled "Grounds for the statements", has been drawn up in accordance with the Annual Reports Act and gives a fair picture in all essential respects of Stockholm IT Ventures AB's financial position on 31/12/2016 and of its financial results for the year in accordance with the Annual Reports Act. The Director's report is compatible with the other sections of the Annual Report.
In my opinion, the annual report, due to the significance of the circumstance described in the section entitled "Grounds for the statements", has not been drawn up in accordance with the Annual Reports Act and does not give a fair picture of Stockholm IT Ventures AB's financial position on 31/12/2016 and of its financial results for the year in accordance with the Annual Reports Act. The Director's report is compatible with the other sections of the Annual Report.

As a consequence of the above statement, I advise the AGM against establishing the profit/loss account and the balance sheet.

Grounds for the statements
The several years' overview is missing from the Director's report. The trade debtors entry is misclassified, which is shown by note 17, and accrued income is actually a claim on the parent company (see below).
We do not have audit evidence to be able to confirm the value of the intangible assets, which amount to 938 711 EUR, which is an important entry, no write-down of the entry has taken place, and the company has recorded a VAT claim of 19 351 EUR, plus the fact that there is a claim on the parent company of 45 977 EUR. In my opinion, the parent company lacks the reimbursement capacity and the VAT claim is uncertain, so the profit/loss for the year has been recorded too high with corresponding amounts.

The company management has not given an account of its assessment of the company's capacity to be able to continue its operations. In this connection, it has not been possible for me to obtain sufficient and appropriate audit evidence regarding continued operation.

I am independent in relation to Stockholm IT Ventures AB in accordance with good auditing practice in Sweden and have fulfilled my professional and ethical responsibility in accordance with these requirements.

Other information
The audit of the annual report for 2015 the financial year has been carried out by another auditor whose assignment ceased early and who left an audit report dated 10 February 2017 with modified statements in the Report on the Annual Report.

The board's and the Managing Director's responsibility
The board and the Managing Director are responsible for ensuring that the annual report is drawn up and that it gives a fair picture in accordance with the Annual Reports Act. The board and the Managing Director are also responsible for the internal auditing that they consider to be necessary to draw up an annual report that does not contain essentially erroneous information, irrespective of whether this is down to fraud or error. When drawing up the annual report, the board and the Managing Director are responsible for assessing the company's capacity to continue to operate. They provide, where appropriate, information on the circumstances which may affect the capacity to continue operating and to use the supposition regarding continued operation. The supposition regarding continued operation is not applies, however, if the board and the Managing Director intend to liquidate the company, cease operations or have no realistic alternative of doing something with it.

The auditor's responsibility
My objectives are to achieve a reasonable degree of certainty as to whether the annual report as a whole does not contain any essential errors, be they down to fraud or error, and to provide an audit report which contains my statements. Owing to the circumstances described in the section entitled "Grounds for the statements", I was not able to obtain sufficient and appropriate audit evidence as grounds for my statements regarding this annual report.

As a part of an audit in accordance with ISA, I use professional judgement and have a professionally sceptical attitude throughout the audit. In addition:

- I identify and assess the risks of essential errors in the annual report, be these down to fraud or error, design and carry out audit measures on the basis of these risks and obtain sufficient and appropriate audit evidence to constitute a basis for my statements. The risk of not uncovering an essential error as a consequence of fraud is greater than that of an essential error which is due to an error, since fraud can involve action in collusion, falsification, deliberate omissions, erroneous information or disregarding the internal audit,

- I obtain an understanding of the part of the company's internal audit which is important to my audit to design audit measures which are suitable with regard to the circumstances, but not to express an opinion regarding the effectiveness of the internal audit,

- I assess the suitability of the accounting principles used and the reasonableness of the board's and the Managing Director's estimates in the accounts and associated information,

- I draw a conclusion regarding the suitability of the board and the Managing Director utilising the supposition regarding continued operation when drawing up the annual report. I also draw a conclusion, based on audit evidence obtained, as to whether there is any essential uncertainty factor which refers to such events or circumstances which may lead to significant doubt regarding the company's capacity to continue operating. If I draw the conclusion that there is an essential uncertainty factor, I must draw attention in the audit report to the information in the annual report regarding the essential uncertainty factor or, if such information is inadequate, modify the statement regarding the annual report. My conclusions are based on the audit evidence obtained until the date of the audit report. However, future events or circumstances may mean that a company can no longer continue to operate,

- I assess the overall presentation, structure and content of the annual report, including the information, and if the annual report reports the underlying transactions and events in a manner which gives a fair picture, I must inform the board of the planned scope and direction of the audit as well as the time thereof. I must also provide information on significant observations during the audit, including the significant shortcomings in the internal audit which I have identified.

Report on other requirements in accordance with laws and other statutes

Statement with dissenting opinion and statement
As well as the assignment I have had to audit the annual report, I have also audited the board's and the Managing Director's management of Stockholm IT Ventures AB for the 2016 financial year and have been asked to audit the proposal for the utilisation of the company's profit or loss.

As a consequence of the circumstance described in the section entitled "Grounds for the statements", I advise the AGM against handling the loss in accordance with the proposal in the Director's report.

I confirm that the AGM grants the board's members and the Managing Director discharge from liability for the financial year.

Ground for the statements
As shown by my Report on the annual report, I do not consider the annual report to give a fair picture of the company's profit/loss and position.

I have audited the board's and the Managing Director's management in accordance with good auditing practice in Sweden. My responsibility in accordance with this is described in greater detail in the section entitled "Auditor's responsibility". I am independent in relation to Stockholm IT Ventures AB in accordance with good auditing practice in Sweden and have fulfilled my professional and ethical responsibility in accordance with these requirements.

I consider the audit evidence I have obtained to be sufficient and appropriate as grounds for my statement.

The board's and the Managing Director's responsibility

The board is responsible for the proposed utilisations regarding the company's profit or loss. If a dividend is proposed, this includes an assessment of whether the dividend is justified with regard to the demands which the company's type of operation, scope and risks make on the size of the company's equity, need for consolidation, liquidity and overall position.

The board is responsible for the company’s organisation and the management of the company’s affairs. This includes continuously assessing the company’s financial situation and ensuring that the company’s organisation is formulated so that the book-keeping, management of funds and the company’s other financial affairs are securely controlled. The Managing Director has to deal with the continuous management in accordance with the board’s guidelines and instructions and take measures which are necessary for the company’s book-keeping to be completed in accordance with the law and for funds to be managed securely.

The auditor’s responsibility

My objective regarding the audit of the management and thereby my statement regarding discharge from liability is to obtain audit evidence in order, with a reasonable degree of certainty, to be able to assess whether any board member or the Managing Director has in any essential respect:

- taken action or been guilty of negligence which may lead to liability for compensation vis-à-vis the company, or

- has in any other respect acted in contravention of the Companies Act, the Annual Reports Act or the articles of association.

My objective regarding the audit of the proposed utilisations regarding the company’s profit or loss, and thereby my statement regarding this, is to with a reasonable degree of certainty assess whether the proposal is compatible with the Companies Act.

Reasonable certainty is a high degree of certainty, but no guarantee that an audit which is carried out in accordance with good auditing practice in Sweden will always discover measures or negligence which may lead to liability for compensation vis-à-vis the company, or that a proposal for utilisations of the company’s profit or loss is not compatible with the Companies Act.

As a part of an audit in accordance with good auditing practice in Sweden, I use professional judgement and have a professionally sceptical attitude throughout the audit. The review of the management and proposed utilisations regarding the company’s profit or loss is based primarily on the audit of the accounts. Which review measures are used are based on my professional assessment of risk and materiality. This means that I focus the review on such measures, areas and circumstances that are essential to the business and where departures and infringements would be of substantial significance to the company’s situation. I examine and test decisions made, decision bases, measures taken and other circumstances which are relevant to my statement regarding discharge from liability. As a basis for my statement regarding the board’s proposed utilisations of the company’s profit or loss, I have examined whether proposal is compatible with the Companies Act.

SamRev Revisionsbyrå AB

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Observations
The annual report has not been drawn up in time for it to be possible, in accordance with Chap. 7, Section 10 of the Companies Act, to hold an AGM within six months of the end of the financial year.

As shown by the annual report's balance sheet, the company's equity is less than half of the share capital so, in accordance with Chap. 25, Section 13 of the Companies Act, the board is obliged to draw up a balance sheet for liquidation purposes. No balance sheet for liquidation purposes has been drawn up.

During the financial year, the company has not provided reports with correct amounts in time or paid VAT.

Stockholm, 25 August 2017

Hans-Olof Olsson
Approved auditor