

Mobodexter Inc.

Consolidated Financial Statements

Years Ended December 31, 2014 and 2015

Mobodexter Inc.

Consolidated Financial Statements for Years Ended December 31, 2014 and 2015

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Mobodexter Inc.**Consolidated Financial Statements for Years Ended December 31, 2014 and 2015**

Consolidated Balance Sheets
(in USD)

	December 31,	
	2014	2015
Assets		
Current assets		
Cash	\$ 20,421	\$ 24,475
Accounts receivable	20,129	4,152
Other current assets	9,902	19,755
Total current assets	50,452	48,382
Equipment, net	12,404	8,921
Other noncurrent assets	-	139
Total Assets	\$ 62,856	\$ 57,442
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 6,915	\$ 6,620
Accrued liabilities	31,383	46,499
Total current liabilities	38,298	53,119
Notes payable	80,561	122,545
Common stock		
Common stock; par value of \$0.01 per share; 1,000 shares authorized; 200 shares issued and outstanding as of December 31, 2015	2	2
Additional paid-in capital	17,852	22,708
Accumulated deficit	(73,857)	(140,932)
Total stockholders' equity	(56,003)	(118,222)
Total Liabilities and Stockholders' Equity	\$ 62,856	\$ 57,442

Mobodexter Inc.**Consolidated Financial Statements for Years Ended December 31, 2014 and 2015**

Consolidated Statements of Operations
(in USD)

	Year ended December 31,	
	2014	2015
	<u> </u>	<u> </u>
Revenues	\$ 151,680	\$ 205,606
Cost of revenues	-	-
Gross profit	<u>151,680</u>	<u>205,606</u>
Operating expenses		
Sales & marketing expense	15,097	19,220
Research & development expense	149,045	193,370
General & administrative expense	<u>51,528</u>	<u>61,976</u>
Total operating expenses	<u>215,670</u>	<u>274,566</u>
Operating income (loss)	(63,990)	(68,960)
Other income (loss)	2,165	2,821
Income tax benefit (expense)	<u>(571)</u>	<u>(936)</u>
Net income (loss)	<u>\$ (62,396)</u>	<u>\$ (67,075)</u>

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Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2014 and 2015
(in USD)

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-In Capital	Deficit	Stockholders' Deficit
Balances - December 31, 2013	\$ -	\$ -	\$ 1,617	\$ (11,461)	\$ (9,844)
Capital contribution	200	2	16,629	-	16,631
Currency translation	-	-	(34)	-	(34)
Net income (loss)	-	-	-	(62,396)	(62,396)
Balances - December 31, 2014	200	2	18,212	(73,857)	(55,643)
Capital contribution	-	-	5,000	-	5,000
Currency translation	-	-	(504)	-	(504)
Net income (loss)	-	-	-	(67,075)	(67,075)
Balances - December 31, 2015	200	\$ 2	\$ 22,708	\$ (140,932)	\$ (118,222)

Mobodexter Inc.**Consolidated Financial Statements for Years Ended December 31, 2014 and 2015**

Consolidated Statements of Cash Flows
(in USD)

	Year Ended December 31,	
	2014	2015
Cash Flows from Operations		
Net income (loss)	\$ (62,396)	\$ (67,075)
Adjustments to net income (loss)		
Depreciation and amortization	3,195	3,614
Stock-based compensation	-	-
Changes in assets and liabilities	-	-
Accounts receivable	(17,429)	15,977
Other assets	(9,802)	(10,831)
Accounts payable	5,559	544
Accrued liabilities	31,383	15,116
Deferred revenues	-	-
Total Cash Flows from Operations	<u>(49,490)</u>	<u>(42,655)</u>
Cash Flows from Investments		
Purchase of equipment	(12,907)	(726)
Total Cash Flows from Investments	<u>(12,907)</u>	<u>(726)</u>
Cash Flows from Financing		
Capital contribution	16,269	5,000
Issuance of Common Stock	2	-
Issuance of notes payable	62,916	42,435
Total Cash Flows from Financing	<u>79,187</u>	<u>47,435</u>
Total Cash Flows	16,790	4,054
Beginning Cash Balance	<u>3,631</u>	<u>20,421</u>
Ending Cash Balance	<u>\$ 20,421</u>	<u>\$ 24,475</u>

Mobodexter Inc.**Consolidated Financial Statements for Years Ended December 31, 2014 and 2015**

Note 1 – Company Background and Basis of Presentation

Mobodexter Inc. (“Mobodexter” or the “Company”), was incorporated as a Delaware corporation on November 22, 2013. The Company’s headquarters are in Valley Cottage, New York.

Mobodexter is in the process of endeavoring to develop and commercialize a platform-as-a-service (“PaaS”) solution through which customers can access and interact with the Internet of Things (“IoT”).

Consolidation

Currently, the Company is owned by the two cofounders, who together own 100% of the outstanding stock of the Company. In addition to Mobodexter Inc., the Company’s two stockholders also own and exercise complete control of three other related entities, two in India and one in Singapore, all of which operate under the name of “Mobodexter”.

The accounts and transactions of all four related entities have been consolidated in these financial statements. All balances and transactions between related entities have been eliminated in consolidation.

Foreign Currency Translation

The functional currency of the two related entities in India is the Indian Rupee, and the functional currency of the related entity in Singapore is the Singaporean Dollar. The functional currency of the entity in the United States is the United States Dollar. The reporting currency of the consolidated financial statements is the United States Dollars. In consolidation, the financial statements of the international entities have been translated to be presented in United States Dollars.

The international entities’ statements of operations and statements of cash flows have been translated using the average exchange rates for the years presented. Their balance sheets and statements of equity have been translated using the exchange rates effective on December 31, 2014 and 2015, respectively.

Revenue Recognition

To date, all revenues have been earned through engineering consulting services, rather than through delivery of the Company’s PaaS solution. Revenues for consulting services are recognized when such services have been delivered, the Company has invoiced for such services, and collection of invoiced amounts is reasonably assured.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions about future events that affect certain currently reported amounts and disclosures. Actual future results may differ significantly from management’s estimates.

Mobodexter Inc.***Consolidated Financial Statements for Years Ended December 31, 2014 and 2015***

Note 2 – Cash

Substantially all of the Company's cash is held in a large, widely recognized bank, which management considers financially stable. Cash balances were approximately \$20,000 and \$24,000 as of December 31, 2014 and 2015, respectively.

Note 3 – Accounts Receivable

Accounts receivable consist of amounts the Company has invoiced to customers for services and which the Company has not yet collected. Such amounts totaled approximately \$20,000 and approximately \$4,000 at December 31, 2014 and 2015, respectively.

Note 4 – Other Current Assets

Other current assets consist primarily of prepayments for expenses. Such amounts totaled approximately \$10,000 and \$20,000 at December 31, 2014 and 2015, respectively.

Note 5 – Equipment

Equipment, net of accumulated depreciation, consists of tangible equipment, such as computer equipment, office equipment and furniture and fixtures, purchased by the Company. Computer equipment and office equipment are being depreciated over a period of three years. Furniture and fixtures are being depreciated over a period of five years.

The net equipment balances were approximately \$12,000 and \$9,000 as of December 31, 2014 and 2015, respectively. Depreciation expense totaled approximately \$20,000 and \$61,000 during the years ended December 31, 2014 and 2015, respectively.

Note 6 – Accounts Payable

Accounts payable consist of outstanding amounts owed to trade creditors. Such balances were approximately \$7,000 and \$7,000 at December 31, 2014 and 2015, respectively.

Note 7 – Accrued Liabilities

Accrued liabilities consist primarily of accrued payroll obligations and related costs and lease obligations. Accrued liabilities were approximately \$31,000 and \$46,000 as of December 31, 2014 and 2015, respectively.

Note 8 – Notes Payable

Notes payable represent amounts of outstanding debts owed to lenders. Such debts totaled approximately \$81,000 and \$123,000 as of December 31, 2014 and 2015, respectively.

Mobodexter Inc.

Consolidated Financial Statements for Years Ended December 31, 2014 and 2015

Note 9 – Common Stock

The Company is authorized to issue 1,000 shares of Common Stock. As of December 31, 2015, 200 shares were issued and outstanding. All of these shares were held by the Company's two cofounders, who continue to direct the strategy and operations of the Company.

Note 10 – Additional Paid-in Capital

Additional paid-in capital consists of monetary contributions by the stockholders in excess of the par value of the Common Stock (\$0.01 per share). Such cumulative amounts totaled approximately \$18,000 and \$23,000 as of December 31, 2014 and 2015.
