



Results 2014

**2014 Annual 360 Cities Holding B.V.
Joint Preferred and Common
Shareholders' Meeting**

April 24th, 2015

Consolidated Financial View*

(In €000)

Balance Sheet	<u>31-Dec-14</u>	<u>31-Dec-13</u>	<u>31-Dec-12</u>	<u>31-Dec-11</u>	<u>31-Dec-10</u>	<u>31-Dec-09</u>	<u>31-Dec-08</u>	<u>Nov-07</u>
Assets								
Cash	114	39	83	38	106	151	358	685
Trade receivables	25	25	12	7	4			
Receivable VAT	7	12	12	9	10	8	5	
Receivable SDF					30			
Software	19	38	30					
Other Assets		3			11	11	3	
Total Assets	165	117	137	54	161	170	366	
Liabilities								
Trade Payables	7	7	9	9	1	4	2	
Payables to Management Team & Contractors	18	27	25	21	20	0	9	
Advance payments received from customers	90							
Payables to members for image licensing				3				
Pre-payments for gigapixel project hosting				6				
Convertible loan			213					
Other Liabilities		10	6			3	3	
Total Liabilities	115	44	253	39	21	7	14	
Equity								
Paid-in Capital	1358	1255	910	910	910	685	685	685
Retained Earnings	-1284	-1142	-1020	-895	-770	-522	-333	
Exchange / other reserves	-24	-39	-6					
Total Shareholder Equity	50	73	-116	15	140	163	352	
Total Liabilities & Equity	165	117	137	54	161	170	366	

Income Statement

Revenue	359	335	334	254	68	71	3
Cost of Sales	-98	-114	-111	-74	-18	-22	-2
Gross Margin	261	221	223	180	50	49	1
Operating Expenses	-391	-348	-345	-271	-314	-235	-329
Operating Income / -Loss	-130	-127	-122	-91	-264	-186	-328
Interest Income	0	-14	0	2	0	5	12
Bank Fees	-7	-6	-5	-4	-2	-10	
Exchange Rate Gain / -Loss	-5	13	14	-32	18	2	-17
Net Income / -Loss	-142	-134	-113	-125	-248	-189	-333

2014 Net (Loss) across all three legal entities: (€ 142.127)

***Explanation**

The accounting results for the three limited liability companies (360 Cities Holding B.V., 360 Cities B.V., and 360 Cities s.r.o.) in the 360Cities group are not consolidated. Each legal entity reports financial results separately. The purpose of this report is to provide a consolidated view of the activities of all three legal entities as if they were one company. The Balance Sheet and Income Statement in this report have been prepared specifically with the goal of providing a simple, yet meaningful, overview of the financial activities and position of the legal entities over the past 12 months. Intercompany transactions and balances are excluded from this report. The number of accounts shown in this report has been kept to a minimum.

Notes to the Results:

Assets

The ending cash balance can be explained by a cash-flow from normal activities plus a number of extraordinary factors as described below:

in thousands of EUR

Beginning balance - Jan 1, 2014	€39
<i>Symfonie investment</i>	€100
<i>Microsoft prepayment for two years</i>	€96
<i>Oculus start up payment</i>	€31
<i>Website redesign</i>	-€54
Total Extraordinary cash-flow	€173
Cash-flow from operations	-€98
Ending balance – Dec 31, 2014	€114

Liabilities

Salaries due to the management team and contractors are related to December services and related social and health taxes paid in January. Advance payment is from Microsoft and will be booked as revenue in 2015 and 2016

Equity

The increase in paid-in-capital in 2014 is related to Symfonie investment.

The paid-in capital is broken down as follows:

Share type	Nominal share price	Actual paid-in
Common shares:	€501,865	-----
Preferred shares A:	€196,900	€685,345
Preferred shares B:	€672,712	€672,712
Total:	€1,371,477	€1,358,057*

*€13,420 of share grants are not included in paid-in capital.

Revenue:

79% of revenue was generated via B2B activities, mainly content licensing and partnerships with Microsoft and Oculus. The remaining 21% of revenue came from premium memberships, site ads, and our iOS mobile app.

Cost of Sales and Gross Margin:

Only external direct costs are allocated to Cost of Sales. The following costs are excluded from Cost of Sales and included in Operating Expenses:

- B2B projects: Employee time spent in implementation
- Premium membership, mobile app and site ad revenue: Image hosting and data transport costs

The 72.65% aggregate Gross Margin assumes standard costs for specific categories of revenue and projects.

Operating Expenses:

The increase in operating expenses in 2014 (as compared to 2012 and 2013) was attributable to the €54K in external website redesign expenses.