

Syntonetic ApS
Vognmagergade 7, 5.
1120 København K
Business Registration No
26260299

Annual report 2018

The Annual General Meeting adopted the annual report on 19.06.2019

Chairman of the General Meeting

Name: Mickey Lund

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Entity details

Entity

Syntonetic ApS
Vognmagergade 7, 5.
1120 København K

Central Business Registration No (CVR): 26260299

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

Executive Board

Mickey Lund
Peter Berg Steffensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Syntonetic ApS for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 19.06.2019

Executive Board

Mickey Lund

Peter Berg Steffensen

Independent auditor's report

To the shareholder of Syntonetic ApS

Opinion

We have audited the financial statements of Syntonetic ApS for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities 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.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 19.06.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Kim Takata Mücke
State Authorised Public Accountant
Identification No (MNE) mne10944

Morten Dandanell Kiærskou
State Authorised Public Accountant
Identification No (MNE) mne33749

Management commentary

Primary activities

The Entity's primary activity is to own patents.

Development in activities and finances

The financial result of the Entity's fiscal year is a profit of DKK 47k. The result is in line with expectations.

In 2019 the Entity expects to transfer the acquired intangible assets to the shareholder Moodagent A/S and the Entity will be liquidated thereafter.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Revenue		0	65.000
Other external expenses	1	<u>(21.202)</u>	<u>(20.146)</u>
Gross profit/loss		(21.202)	44.854
Depreciation, amortisation and impairment losses		<u>(38.868)</u>	<u>(36.214)</u>
Operating profit/loss		(60.070)	8.640
Other financial income		118.963	0
Other financial expenses	2	<u>(12.269)</u>	<u>(12.877)</u>
Profit/loss for the year		<u>46.624</u>	<u>(4.237)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>46.624</u>	<u>(4.237)</u>
		<u>46.624</u>	<u>(4.237)</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired intangible assets		432.645	418.439
Intangible assets	3	432.645	418.439
 Fixed assets		 432.645	 418.439
 Other receivables		 0	 535
Receivables		0	535
 Cash		 0	 2.375
Current assets		0	2.910
 Assets		 432.645	 421.349

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		203.084	203.084
Retained earnings		<u>(29.071)</u>	<u>(75.695)</u>
Equity		<u>174.013</u>	<u>127.389</u>
Payables to group enterprises		246.130	268.987
Payables to shareholders and management		0	12.473
Other payables		<u>12.502</u>	<u>12.500</u>
Current liabilities other than provisions		<u>258.632</u>	<u>293.960</u>
Liabilities other than provisions		<u>258.632</u>	<u>293.960</u>
Equity and liabilities		<u>432.645</u>	<u>421.349</u>
Contingent liabilities	4		
Assets charged and collateral	5		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	203.084	(75.695)	127.389
Profit/loss for the year	<u>0</u>	<u>46.624</u>	<u>46.624</u>
Equity end of year	<u>203.084</u>	<u>(29.071)</u>	<u>174.013</u>

Notes

1. Other external expenses

The Entity does not have any employees.

	2018	2017
	DKK	DKK
2. Other financial expenses		
Financial expenses from group enterprises	12.224	12.877
Exchange rate adjustments	45	0
	12.269	12.877

	Acquired intangible assets DKK
3. Intangible assets	
Cost beginning of year	724.276
Additions	53.074
Cost end of year	777.350
Amortisation and impairment losses beginning of year	(305.837)
Amortisation for the year	(38.868)
Amortisation and impairment losses end of year	(344.705)
Carrying amount end of year	432.645

4. Contingent liabilities

The Entity participates in a joint taxation arrangement in which Songco ApS as of 1 January 2018 serves as the administration company (Moodagent A/S until 31 December 2017). According to the joint taxation provisions of the Danish Corporation Tax Act, the entity is therefore liable for income taxes etc. for the jointly taxed entities, and obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. Corporate income tax payable for the Danish jointly taxed companies amounted to DKK 10k at 31 December 2018 (2017: DKK 0k).

5. Assets charged and collateral

For all balances between the bank and the parent company, Moodagent A/S, the Entity has pledged acquired intangible assets as security with an amount up to DKK 2.000k. At 31 December 2018 acquired intangible assets had a carrying amount of DKK 433k (2017: DKK 418k).

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 to these financial statements are consistent with those applied last year.

Income statement

Revenue

Revenue is recognised in the income statement concurrently with the patent user earning revenue from the use of the patents. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets.

Other financial income

Other financial income comprise interest income and exchange gains on transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and exchange losses on transactions in foreign currencies.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise patents.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over 20 years equal to the patent period.

Intellectual property rights etc are written down if the recoverable amount is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises bank deposits.

Accounting policies

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.