

## **Linkfire ApS**

Artillerivej 86, 3. th.  
2300 Copenhagen S  
Central Business Registration No  
35835431

## **Annual report 2016**

The Annual General Meeting adopted the annual report on 24.05.2017

### **Chairman of the General Meeting**

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Name: Tobias Demuth

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## Entity details

### Entity

Linkfire ApS  
Artillerivej 86, 3. th.  
2300 Copenhagen S

Central Business Registration No: 35835431

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

### Board of Directors

Thomas John Hart Sehested  
Jeppe Rothausen Faurfelt  
Lars Wiberg Ettrup  
Jacob Christian Bratting Pedersen

### Executive Board

Jeppe Rothausen Faurfelt  
Lars Wiberg Ettrup

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København 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 Linkfire ApS for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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, 24.05.2017

### Executive Board

Jeppe Rothausen Faurfelt

Lars Wiberg Ettrup

### Board of Directors

Thomas John Hart Sehested

Jeppe Rothausen Faurfelt

Lars Wiberg Ettrup

Jacob Christian Bratting  
Pedersen

# Independent auditor's report

## To the shareholders of Linkfire ApS

### Opinion

We have audited the financial statements of Linkfire ApS for the financial year 01.01.2016 - 31.12.2016, 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 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, 24.05.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Jacob Simonsen

State Authorised Public Accountant

## Management commentary

### Primary activities

The company's main activity is to conduct business within information services, software and related activities.

### Development in activities and finances

The loss of the year is DKK (8.897)k. Last year's loss was DKK (3.719)k. Total assets is DKK 14.505k, and equity is DKK 589k.

"Development" and "Growth" have been the major themes of 2016 for Linkfire. Driven by a constant focus on strengthening our current service while investing in developing our product portfolio further, the activities in 2016 heavily equip us for significant growth over the coming years.

Revenue growth YoY accelerated in 2016 by more than 3x as well as building and servicing an infrastructure routing more than 250 million music fans from all over the world.

The Management of Linkfire is very satisfied with the general development of the company in 2016 and look forward to the further rapid growth in the coming year.

The Management is aware of the company's capital resources. The company has after year-end made an increase in capital as well as an increase in convertible loan.

### Events after the balance sheet date

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

### Treasury shares

The company has in the financial year realized its portfolio of treasury shares with an associated gain.



## Income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
<b>Gross loss</b>		<b>(2.626.020)</b>	<b>(1.786)</b>
Staff costs	1	(7.197.323)	(3.021)
Depreciation, amortisation and impairment losses	2	<u>(398.795)</u>	<u>(153)</u>
<b>Operating profit/loss</b>		<b>(10.222.138)</b>	<b>(4.960)</b>
Other financial income	3	141.079	557
Other financial expenses	4	<u>(1.049.579)</u>	<u>(213)</u>
<b>Profit/loss before tax</b>		<b>(11.130.638)</b>	<b>(4.616)</b>
Tax on profit/loss for the year	5	<u>2.233.175</u>	<u>897</u>
<b>Profit/loss for the year</b>		<b><u>(8.897.463)</u></b>	<b><u>(3.719)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(8.897.463)</u>	<u>(3.719)</u>
		<b><u>(8.897.463)</u></b>	<b><u>(3.719)</u></b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Completed development projects		1.293.506	1.651
Development projects in progress		8.047.112	0
<b>Intangible assets</b>	<b>6</b>	<b>9.340.618</b>	<b>1.651</b>
Other fixtures and fittings, tools and equipment		77.448	64
Leasehold improvements		91.131	98
<b>Property, plant and equipment</b>	<b>7</b>	<b>168.579</b>	<b>162</b>
Investments in group enterprises		1	0
Deposits		417.000	417
<b>Fixed asset investments</b>	<b>8</b>	<b>417.001</b>	<b>417</b>
<b>Fixed assets</b>		<b>9.926.198</b>	<b>2.230</b>
Trade receivables		1.246.083	687
Receivables from group enterprises		378.690	2.234
Other receivables		303.298	341
Income tax receivable		2.287.005	897
Prepayments		363.476	5
<b>Receivables</b>		<b>4.578.552</b>	<b>4.164</b>
<b>Cash</b>		<b>0</b>	<b>874</b>
<b>Current assets</b>		<b>4.578.552</b>	<b>5.038</b>
<b>Assets</b>		<b>14.504.750</b>	<b>7.268</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital		78.565	63
Reserve for development expenditure		8.047.112	0
Retained earnings		<u>(7.536.367)</u>	<u>782</u>
<b>Equity</b>		<b><u>589.310</u></b>	<b><u>845</u></b>
Other payables		<u>8.307.594</u>	<u>4.134</u>
<b>Non-current liabilities other than provisions</b>	9	<b><u>8.307.594</u></b>	<b><u>4.134</u></b>
Bank loans		534.648	0
Prepayments received from customers		1.761.315	1.163
Trade payables		1.053.522	262
Other payables		<u>2.258.361</u>	<u>864</u>
<b>Current liabilities other than provisions</b>		<b><u>5.607.846</u></b>	<b><u>2.289</u></b>
<b>Liabilities other than provisions</b>		<b><u>13.915.440</u></b>	<b><u>6.423</u></b>
<b>Equity and liabilities</b>		<b><u>14.504.750</u></b>	<b><u>7.268</u></b>
Unrecognised rental and lease commitments	10		
Mortgages and securities	11		

## Statement of changes in equity for 2016

	<b>Contributed capital DKK</b>	<b>Share premium DKK</b>	<b>Reserve for development expenditure DKK</b>	<b>Retained earnings DKK</b>
Equity beginning of year	63.213	0	0	781.692
Increase of capital	15.352	7.507.948	0	0
Transferred from share premium	0	0	0	7.507.948
Sale of treasury shares	0	0	0	1.118.568
Transfer to reserves	0	(7.507.948)	8.047.112	(8.047.112)
Profit/loss for the year	0	0	0	(8.897.463)
<b>Equity end of year</b>	<b>78.565</b>	<b>0</b>	<b>8.047.112</b>	<b>(7.536.367)</b>
				<b>Total DKK</b>
Equity beginning of year				844.905
Increase of capital				7.523.300
Transferred from share premium				7.507.948
Sale of treasury shares				1.118.568
Transfer to reserves				(7.507.948)
Profit/loss for the year				(8.897.463)
<b>Equity end of year</b>				<b>589.310</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	7.095.833	3.004
Other social security costs	101.490	17
	<b>7.197.323</b>	<b>3.021</b>
Number of employees at balance sheet date	<b>42</b>	<b>24</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	357.493	136
Depreciation of property, plant and equipment	41.302	17
	<b>398.795</b>	<b>153</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>3. Other financial income</b>		
Exchange rate adjustments	141.079	86
Other financial income	0	471
	<b>141.079</b>	<b>557</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>4. Other financial expenses</b>		
Interest expenses	893.888	157
Exchange rate adjustments	121.191	16
Other financial expenses	34.500	40
	<b>1.049.579</b>	<b>213</b>
	<b>2016</b>	<b>2015</b>
	<b>DKK</b>	<b>DKK'000</b>
<b>5. Tax on profit/loss for the year</b>		
Tax on current year taxable income	(2.233.175)	(897)
	<b>(2.233.175)</b>	<b>(897)</b>

## Notes

	<b>Completed develop- ment projects DKK</b>	<b>Develop- ment projects in progress DKK</b>
<b>6. Intangible assets</b>		
Cost beginning of year	1.787.469	0
Additions	0	8.047.112
<b>Cost end of year</b>	<b>1.787.469</b>	<b>8.047.112</b>
Amortisation and impairment losses beginning of year	(136.470)	0
Amortisation for the year	(357.493)	0
<b>Amortisation and impairment losses end of year</b>	<b>(493.963)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>1.293.506</b>	<b>8.047.112</b>

### Development projects in progress

Development project in progress consists of project relating to new products that the company is developing.

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improve- ments DKK</b>
<b>7. Property, plant and equipment</b>		
Cost beginning of year	74.493	104.915
Additions	31.681	15.850
<b>Cost end of year</b>	<b>106.174</b>	<b>120.765</b>
Depreciation and impairment losses beginning of the year	(10.054)	(7.004)
Depreciation for the year	(18.672)	(22.630)
<b>Depreciation and impairment losses end of the year</b>	<b>(28.726)</b>	<b>(29.634)</b>
<b>Carrying amount end of year</b>	<b>77.448</b>	<b>91.131</b>

## Notes

	<b>Investment s in group enterprises DKK</b>	<b>Deposits DKK</b>
<b>8. Fixed asset investments</b>		
Cost beginning of year	1	417.000
<b>Cost end of year</b>	<b>1</b>	<b>417.000</b>
<b>Carrying amount end of year</b>	<b>1</b>	<b>417.000</b>

	<b>Registered in</b>	<b>Equity inte- rest %</b>	<b>Equity DKK</b>	<b>Profit/loss DKK</b>
Investments in group enterprises comprise:				
Linkfire Inc	USA	100,0	(133.798)	52.168

	<b>Outstanding after 5 years DKK</b>
<b>9. Liabilities other than provisions</b>	
Other payables	8.307.594
	<b>8.307.594</b>

	<b>2016 DKK</b>	<b>2015 DKK'000</b>
<b>10. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>1.390.000</b>	<b>1.807</b>

### 11. Mortgages and securities

The Company has provided a bankguarantee to the landlord of DKK 521k.

## 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 with addition of certain provisions for reporting class C.

The accounting policies applied to 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.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

#### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made 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 goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### 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 writedowns of receivables recognised in current assets.



## Accounting policies

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment 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 as well as property, plant and equipment.

### 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 securities, 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 securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot

## Accounting policies

be estimated reliably, it is fixed at 10 years. For development projects, protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

### Property, plant and equipment

Other 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	5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

### Receivables

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

### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises bank deposits.

## Accounting policies

### **Other financial liabilities**

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

### **Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.