



HEARTBEATS

Annual Report 2017

HEARTBEATS ApS

Prags Boulevard 47, st
DK-2300 Copenhagen

CVR-no. 36500875

The Annual Report was presented and adopted at the
Annual General Meeting of the company on 16 May 2018

Trine Bøgelund
Chairman of the meeting

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Company Information

The Company

HEARTBEATS ApS
Prags Boulevard 47, st
DK-2300 Copenhagen

CVR-no. 36500875
Established: 23 January 2015
Registered Office: København
Financial Year: 1 January - 31 December

Board of Directors

Niels Erik Blangstrup Zibrandtsen (Chairman)
Christian Læsø Jensen
Peter Bredgaard
Martin Rune Gammeltoft
Le Rune Gammeltoft

Executive Board

Le Rune Gammeltoft

Auditor

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen, Danmark
Postboks 1600

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of HEARTBEATS ApS for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

We recommend that the Annual Report to be adopted at the Annual General Meeting.

København, 16 May 2018

Executive Board



Le Rune Gammeltoft

Board of Directors



Niels Erik Blangstrup Zibrandtsen (Chairman)



Peter Bredgaard



Le Rune Gammeltoft



Christian Læsø Jensen



Martin Rune Gammeltoft

Independent Auditor's Report

To the Shareholder of HEARTBEATS ApS

Opinion

We have audited the Financial Statements of HEARTBEATS ApS for the financial year 1 January - 31 December 2017, 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 financial position of the Company at 31 December 2017, and of the results of the Company operations for the financial year 1 January - 31 December 2017 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:

- 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.

Independent Auditor's Report

- 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 Management's Review

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.

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, 16 May 2018

Deloitte Statsautoriseret Revisionspartnerselskab
CVR-no. 33963556



Thomas Rosquist Andersen
State Authorised Public Accountant
Identification number: mne31482

Management's Review

Main activity

The company's main activity is as a media platform. The company has built its own platform as distribution channel for video, sound and text – all produced by the company itself. Furthermore, the company has its own radio channel, which is distributed via web, app and iTunes.

Development in the year

The income statement of the Company for 2017 shows a loss of TDKK -2.465, and at 31 December 2017 the balance sheet of the Company shows equity of TDKK -2.804.

The company is in a start up phase and during 2017 budget has been spent on hiring full time employees to help scale the company in 2018 and 2019 to a break even.

The loss has been predicted and is therefore satisfactory.

During 2017 half of the company's shareholder capital was lost. The board has presented a plan for recapitalization.

Subsequent events

After the reporting period the company has secured access to funds to carry through the budgeted activities in 2018.

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017 TDKK (12 mth)	2016 TDKK (12 mth)
Gross profit		167	245
Staff costs	1	2.521	513
Depreciation, amortisation and write-down		58	0
Operating profit		<u>-2.412</u>	<u>-268</u>
Other financial costs	2	156	19
Loss before tax		<u>-2.568</u>	<u>-287</u>
Tax on loss for the year	3	-103	0
Net loss for the year		<u>-2.465</u>	<u>-287</u>

Distribution of loss

Proposed distribution of loss

Retained earnings	-2.465	-287
	<u>-2.465</u>	<u>-287</u>

Balance Sheet 31 December

	Note	2017 TDKK	2016 TDKK
Assets			
Other fixtures and fittings, tools and equipment		125	0
Leasehold improvements		67	0
Tangible fixed assets		192	0
Other receivables		54	54
Financial fixed assets		54	54
Fixed assets		246	54
Trade receivables		653	157
Receivables from group companies		3	0
Other receivables		28	0
Joint tax contribution		103	0
Prepayments		174	0
Receivables		961	157
Cash and cash equivalents		0	93
Current assets		961	250
Assets		1.207	305
Liabilities and equity			
Share capital		50	50
Retained earnings		-2.854	-389
Equity	4	-2.804	-339
Bank & bank debt		0	34
Long-term liabilities		0	34
Bank & bank debt, current portion of long-term liabilities		0	32
Other liabilities, current portion of long-term liabilities		0	41
Amounts due to group companies		2.445	0
Trade payables		434	90
Payables to shareholders and management		0	285
Other liabilities		557	162
Deferred income		575	0
Current liabilities		4.011	610
Liabilities		4.011	644
Liabilities and equity		1.207	305
Contingencies etc.	5		
Consolidated financial statements	6		

Notes to the Financial Statements

	<u>2017</u>	<u>2016</u>
	TDKK	TDKK
	(12 mth)	(12 mth)
1 Staff costs		
Wages and salaries	2.352	478
Pensions	49	0
Other social security costs	-14	35
Other staff costs	134	0
	<u>2.521</u>	<u>513</u>
Average number of employees:	<u>6</u>	<u>1</u>
2 Other financial costs		
Interest expense to group enterprises	147	0
Other interest expenses	9	19
	<u>156</u>	<u>19</u>
3 Tax on loss for the year		
Calculated tax on taxable income of the year	<u>-103</u>	<u>0</u>
	<u>-103</u>	<u>0</u>

Notes to the Financial Statements

4 Equity

	Share capital	Retained earnings	
Equity at 1 January	50	-389	-339
Proposed distribution of loss	0	-2.465	-2.465
Equity at 31 December	50	-2.854	-2.804

5 Contingencies etc.

Joint liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The amount of corporation tax payable in the period 1st January – 21st December is disclosed in the joint tax with ZS Holding ApS. The amount of corporation tax payable in the period 22nd December – 31st December is disclosed in the Annual Report of LNZ Holding Zibra ApS, which is the management company of the joint taxation purposes.

Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

6 Consolidated financial statements

HEARTBEATS ApS is included in the consolidated financial statements of:

LNZ Holding Zibra ApS
Høveltevej 67
DK-3460 Birkerød
CVR-no. 39 18 89 96

Accounting Policies

Financial Statements of HEARTBEATS ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the adoption of rules from reporting class C.

Financial Statements are presented in DKK.

The accounting policies applied to these financial statements are consistent with those applied last year, except for minor adjustments concerning classifications without effect on result and equity.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

INCOME STATEMENT

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from the sale of goods and services is recognised when the risks and rewards relating to the goods and services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Accounting Policies

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible and tangible fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

BALANCE SHEET

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Depreciation based on cost reduced by any residual value is calculated on a straightline basis over the expected useful lives of the assets, which are:

		Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0%

Depreciation period and residual value are reassessed annually.

Profit or loss on disposal of tangible fixed assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Accounting Policies

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Cash

Cash comprises of bank deposits.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.