

SYNESIS Holdings ApS

c/o Neil Gordon Smith
Tietgensvej 17
3400 Hillerød

CVR no. 37 93 21 91

Annual report for 2019/20
(4th Financial year)

Adopted at the annual general meeting
on 17 August 2020

Neil Gordon Smith
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	5
Management's review	6
Financial statements	
Accounting policies	7
Income Statement	10
Balance Sheet	11
Notes to the annual report	13

Statement by management on the annual report

The executive board has today discussed and approved the annual report of SYNESIS Holdings ApS for the financial year 1 April 2019 - 31 March 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the company's financial position at 31 March 2020 and of the results of the company's operations for the financial year 1 April 2019 - 31 March 2020.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Hillerød, 14 August 2020

Executive board

Neil Gordon Smith

Independent auditor's report

To the shareholder of SYNESIS Holdings ApS

Opinion

We have audited the financial statements of SYNESIS Holdings ApS for the financial year 1 April 2019 - 31 March 2020, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 March 2020 and of the results of the company's operations for the financial year 1 April 2019 - 31 March 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the company in accordance with the International Ethics Standards Board for 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.

Material uncertainty related to going concern

We refer to note 1, which mentions that there are ongoing negotiations with the company's shareholders regarding refinancing/prolongation of the credits etc. The company's continued operations are reliable on the refinancing. The management expects a positive outcome of the negotiations, and therefore have prepared the financial statements on a going concern assumption.

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

Independent auditor's report

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 judgment and maintain professional skepticism 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.
- 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 company'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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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.

Independent auditor's report

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, 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 management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that management's review 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 management's review.

Hellerup, 14 August 2020

CVR no. 33 25 68 76



Søren Jonassen
Statsautoriseret revisor
MNE no. mne18488

Company details

The company

SYNESIS Holdings ApS
c/o Neil Gordon Smith
Tietgensvej 17
3400 Hillerød

CVR no.: 37 93 21 91

Reporting period: 1 April 2019 - 31 March 2020

Incorporated: 15. August 2016

Domicile: Hillerød

Executive board

Neil Gordon Smith

Auditors

Crowe
Statsautoriseret Revisionsinteressentskab v.m.b.a.
Rygårds Allé 104
2900 Hellerup

Management's review

Business review

The company's principal activities consist of owning shares and financing external as well as group companies.

Financial review

The company's income statement for the year ended 31 March 2020 shows a loss of DKK 948.522, and the balance sheet at 31 March 2020 shows negative equity of DKK 8.707.049.

The company has still lost its equity.

The main investment in a mid size Polish designhouse of electronics is showing a profit for the financial year while growing organically. The management expects increased profits of the Polish entity the coming years and believe that the market value of the Polish company is significantly higher than the booked value. This assessment is based on the profit of the company in the year up to 31 December 2019, the excellent performance in the six month period up to 30 June 2020, and the large demand for the knowhow of the company within the area especially IoT.

The company's investments and costs are funded by associated entities and the company has no third party debt. The management is in dialog with the main lender about a restructuring of the company which could include conversion of debt to equity. The company has no fixed cost and the management therefore expect that the debt to related parties can be serviced through return on the underlying investments over time.

The positive development of the company's main investment means that the management believes that the company has positive equity should it realize its investments.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of SYNESIS Holdings ApS for 2019/20 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2019/20 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Financial income and expenses

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investments is recognised in the financial year where the dividend is declared.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Other securities and investments, fixed assets

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Receivables

Receivables are measured at amortised cost.

Accounting policies

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

As management company, SYNESIS Holdings ApS is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Income statement
1 April 2019 - 31 March 2020

	<u>Note</u>	<u>2019/20</u> DKK	<u>2018/19</u> TDKK
Gross profit		-61.984	-703
Profit/loss before net financials		-61.984	-703
Income from investments in subsidiaries		206.040	-1.627
Financial income		44.883	319
Financial costs		<u>-1.137.461</u>	<u>-1.314</u>
Profit/loss before tax		-948.522	-3.325
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		<u>-948.522</u>	<u>-3.325</u>
 Recommended appropriation of profit/loss			
Retained earnings		<u>-948.522</u>	<u>-3.325</u>
		<u>-948.522</u>	<u>-3.325</u>

Balance sheet at 31 March 2020

	<u>Note</u>	<u>2019/20</u> DKK	<u>2018/19</u> TDKK
Assets			
Investments in subsidiaries	2	<u>1.394.970</u>	<u>1.189</u>
Fixed asset investments		<u>1.394.970</u>	<u>1.189</u>
Total non-current assets		<u>1.394.970</u>	<u>1.189</u>
Trade receivables		29.799	0
Receivables from subsidiaries		559.479	559
Other receivables		<u>46.055</u>	<u>0</u>
Receivables		<u>635.333</u>	<u>559</u>
Cash at bank and in hand		<u>44.226</u>	<u>121</u>
Total current assets		<u>679.559</u>	<u>680</u>
Total assets		<u><u>2.074.529</u></u>	<u><u>1.869</u></u>

Balance sheet at 31 March 2020

	<u>Note</u>	<u>2019/20</u> DKK	<u>2018/19</u> TDKK
Equity and liabilities			
Share capital		500.000	500
Retained earnings		-9.207.049	-8.258
Equity	3	-8.707.049	-7.758
Payables to related parties		10.588.090	9.452
Total non-current liabilities		10.588.090	9.452
Trade payables		43.488	25
Other payables		150.000	150
Total current liabilities		193.488	175
Total liabilities		10.781.578	9.627
Total equity and liabilities		2.074.529	1.869
Uncertainty about the continued operation (going concern)	1		

Notes

1 Uncertainty about the continued operation (going concern)

The company has still lost its equity. The company's investments and costs are funded by associated entities and the company has no third party debt. The management is in dialog with the lenders about a restructuring of the company which could include conversion of debt to equity. The company has no fixed cost and the management therefore expect that the debt to related parties can be serviced through return on the underlying investments over time.

The positive development of the companys investments means, that the management believes the company would have positive equity should it realize its investments.

2 Investments in subsidiaries

Cost at 1 April 2019	4.716.060	5.216
Disposals for the year	<u>0</u>	<u>-500</u>
Cost at 31 March 2020	<u>4.716.060</u>	<u>4.716</u>
Revaluations at 1 April 2019	-3.527.130	-2.400
Disposals for the year	0	500
Revaluations for the year, net	<u>206.040</u>	<u>-1.627</u>
Revaluations at 31 March 2020	<u>-3.321.090</u>	<u>-3.527</u>
Carrying amount at 31 March 2020	<u>1.394.970</u>	<u>1.189</u>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest	Equity	Profit/loss for the year
GRINN	Poland (PLN)	60%	2.324.949	302.757

3 Equity

	Share capital	Retained earnings	Total
Equity at 1 April 2019	500.000	-8.258.527	-7.758.527
Net profit/loss for the year	<u>0</u>	<u>-948.522</u>	<u>-948.522</u>
Equity at 31 March 2020	<u>500.000</u>	<u>-9.207.049</u>	<u>-8.707.049</u>