
Movellas ApS

Fruebjergvej 3, DK-2100 København Ø

Annual Report for 1 January - 31 December 2016

CVR No 31 46 79 77

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
7 /7 2017

Joram Felbert
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Movellas ApS for the financial year 1 January - 31 December 2016.

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 2016 of the Company and of the results of the Company operations for 2016.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

København, 7 July 2017

Executive Board

Joram Felbert
CEO

Board of Directors

Joram Felbert

Independent Auditor's Report on the Financial Statements

To the Shareholders of Movellas ApS

We have performed an extended review of the Financial Statements of Movellas ApS for the financial year 1 January - 31 December 2016, which comprise 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.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the Financial Statements. We conducted our extended review in accordance with the Danish Business Authority's assurance standard for small enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared under the Danish Financial Statements Act.

This requires that we comply with the Danish Act on Approved Auditors and Audit Firms and FSR – Danish Auditors' Code of Ethics and that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

Conclusion

Based on the extended review, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Independent Auditor's Report on the Financial Statements

Emphasis of Matter

It should be noted that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. We refer to note 1 to the Financial Statements disclosing that, this year, it is uncertain whether a promise of the requested prepayments will be obtained for the financing of operations and the necessary investments to be made within the next couple of years, but that obtaining such a promise is considered likely by Management. Accordingly, the Financial Statements have been prepared on the assumption of the Company continuing as a going concern.

Our opinion has not been modified in respect of this matter.

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 extended review 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 extended review, 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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Hellerup, 7 July 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lasse Hartlev

statsautoriseret revisor

Company Information

The Company

Movellas ApS
Fruebjergvej 3
DK-2100 København Ø

CVR No: 31 46 79 77
Financial period: 1 January - 31 December
Incorporated: 8 March 2008
Financial year: 9th financial year
Municipality of reg. office: København

Board of Directors

Joram Felbert

Executive Board

Joram Felbert

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Lawyers

Joseph Nivaro
Gustav Adolfsgade 5, 2. TH
DK-2100 København Ø

Bankers

Danske Bank
Holmens Kanal 2
DK-1090 København K

Management's Review

Key activities

The Company's primary activities comprise development of web portals and computer programming as well as related activities.

Development in the year

The income statement of the Company for 2016 shows a loss of DKK 2,409,766, and at 31 December 2016 the balance sheet of the Company shows negative equity of DKK 1,152,713.

According to Management, capitalised development cost for this year prior years are to be written down to DKK 0. Write-downs for the year affect profit/loss for the year negatively by DKK 2,346,592.

According to Management, the Financial Statements have been prepared on the assumption of the Company continuing as a going concern. Reference is made to note 1 for a going concern assessment.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit/loss		-767,931	-329,487
Staff expenses	2	-256,993	-242,873
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-2,352,715</u>	<u>-2,595,442</u>
Profit/loss before financial income and expenses		-3,377,639	-3,167,802
Financial income	3	31,242	118,580
Financial expenses		<u>-188,109</u>	<u>-3,982</u>
Profit/loss before tax		-3,534,506	-3,053,204
Tax on profit/loss for the year	4	<u>1,124,740</u>	<u>2,110,473</u>
Net profit/loss for the year		<u>-2,409,766</u>	<u>-942,731</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>-2,409,766</u>	<u>-942,731</u>
		<u>-2,409,766</u>	<u>-942,731</u>

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Completed development projects		0	0
Intangible assets	5	0	0
Other fixtures and fittings, tools and equipment		6,124	12,247
Property, plant and equipment		6,124	12,247
Deposits		32,384	15,782
Fixed asset investments		32,384	15,782
Fixed assets		38,508	28,029
Trade receivables		22,560	0
Receivables from group enterprises		218,595	1,242,523
Other receivables		6,238	182,403
Corporation tax		1,124,740	0
Receivables		1,372,133	1,424,926
Cash at bank and in hand		1,849	1,147,611
Currents assets		1,373,982	2,572,537
Assets		1,412,490	2,600,566

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2016</u> DKK	<u>2015</u> DKK
Share capital		3,638,507	3,638,507
Retained earnings		-4,791,220	-2,381,454
Equity		<u>-1,152,713</u>	<u>1,257,053</u>
Trade payables		176,708	180,462
Payables to group enterprises		928,543	941,180
Payables to owners and Management		68,412	0
Other payables		391,540	221,871
Deferred income		1,000,000	0
Short-term debt		<u>2,565,203</u>	<u>1,343,513</u>
Debt		<u>2,565,203</u>	<u>1,343,513</u>
Liabilities and equity		<u>1,412,490</u>	<u>2,600,566</u>
Going concern	1		
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	3,638,507	-2,381,454	1,257,053
Net profit/loss for the year	0	-2,409,766	-2,409,766
Equity at 31 December	3,638,507	-4,791,220	-1,152,713

Notes to the Financial Statements

1 Going concern

As mentioned in the Management's Review according to Management, the Financial Statements have been prepared on the assumption of the Company continuing as a going concern.

The Company expects to finish the development of their software in the third quarter of 2017 and as a result hereof starting generating revenue. The Company expects a profit in 2017.

Furthermore the parent Company has signed a letter of postponement resulting in the parent Company standing back for other creditors regarding its claim of DKK 928,543.

The Company furthermore expects to receive prepayments from business partners in the third quarter of 2017. The promise of the requested prepayments for the financing of operations are uncertain in nature.

Despite the above mentioned the Company is furthermore searching for capital investments from external parties.

Although the above mentioned circumstances support the assumption made by Management that the Financial Statements have been prepared for the Company continuing as a going concern there is significant uncertainty that can raise doubts about the going concern.

	<u>2016</u> DKK	<u>2015</u> DKK
2 Staff expenses		
Wages and salaries	211,808	199,740
Pensions	11,000	0
Other social security expenses	8,394	33,600
Other staff expenses	<u>25,791</u>	<u>9,533</u>
	<u>256,993</u>	<u>242,873</u>
Average number of employees	<u>4</u>	<u>4</u>
3 Financial income		
Interest received from group enterprises	31,242	108,083
Other financial income	<u>0</u>	<u>10,497</u>
	<u>31,242</u>	<u>118,580</u>

Notes to the Financial Statements

	<u>2016</u> DKK	<u>2015</u> DKK
4 Tax on profit/loss for the year		
Current tax for the year	-516,250	-2,110,473
Adjustment of tax concerning previous years	-608,490	0
	<u>-1,124,740</u>	<u>-2,110,473</u>
5 Intangible assets		Completed development projects DKK
Cost at 1 January		14,902,191
Additions for the year		<u>2,346,592</u>
Cost at 31 December		<u>17,248,783</u>
Impairment losses and amortisation at 1 January		14,902,191
Impairment losses for the year		<u>2,346,592</u>
Impairment losses and amortisation at 31 December		<u>17,248,783</u>
Carrying amount at 31 December		<u>0</u>

Notes to the Financial Statements

	<u>2016</u> DKK	<u>2015</u> DKK
6 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	<u>18,000</u>	<u>38,000</u>
	<u>18,000</u>	<u>38,000</u>
Other contingent liabilities		

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Felbert Holding ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Movellas ApS for 2016 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 remain unchanged from last year.

The Financial Statements for 2016 are presented in DKK.

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.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

7 Accounting Policies (continued)

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 services is recognised when the risks and rewards relating to the 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.

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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 Felbert Holding ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

7 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

Property, plant and equipment 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.

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

Other fixtures and fittings, tools and equipment 3-5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 12,900 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

Financial debts

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.