

Annual report 2020

CVR-nr. 26 16 19 83

Syniverse Technologies
Messaging ApS

Central Business Registration
No 26 16 19 83

The Annual General Meeting adopted the annual
report on 11 June 2021



Chairman of the General Meeting

Syniverse Technologies Messaging ApS
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Company details

Company

Syniverse Technologies Messaging ApS

c/o TMF Denmark A/S

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Executive Board

Thomas Peter Langmaid Ford

Laura Elrod Binion

Company auditors

Grant Thornton

State Authorized Public Accountants

Statement by the executive board on the annual report

Today, the executive board has presented the annual report of Syniverse Technologies Messaging ApS for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January - 31 December 2020.

We are of the opinion that the management's review presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

11 June 2021

Executive board:



Thomas Peter Langmaid Ford



Laura Elrod Binion

Independent auditor's report

To the shareholders of Syniverse Technologies Messaging ApS

Opinion

We have audited the financial statements of Syniverse Technologies Messaging ApS for the financial year 1 January 2020 - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 October 2019 - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 unless management either intends to liquidate the company 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report (continued)

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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.
- Obtain an understanding of the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management review and to consider whether the management review is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Independent auditor's report (continued)

Based on the work we have performed, we believe that management review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act.

We did not discover any material misstatement in the management review.

Copenhagen, 11 June 2021

Grant Thornton

State Authorized Public Accountants

Company reg. no. 34 20 99 36

Kim Kjellberg

State Authorized Public Accountant

mne29452

Management's review**Financial highlights**

	2020	2019	2018	2017	2016
	€'000	€'000	€'000	€'000	€'000
Revenue	8,924	13,202	12,620	12,580	13,142
Gross profit	1,273	1,526	1,311	1,754	3,042
Profit from primary activities	(4,312)	(16,679)	(4,227)	(4,047)	(4,097)
Net financials	(38)	125,035	(2,880)	(2,944)	(1,541)
Net profit for the year	(4,389)	108,308	(7,121)	(7,045)	(4,373)
Equity	3,541	7,910	16,994	24,115	31,160
Balance sheet total	8,806	21,421	66,695	69,114	80,743
Investments in the year	-	-	1	16	-

Ratios

	2020	2019	2018	2017	2016
Gross margin (%)	14.3	11.6	10.4	13.9	23.1
EBITDA-margin (%)	3.9	4.6	3.5	7.3	14.7
Return on assets ratio (%)	(28.9)	245.8	(10.5)	(9.4)	(5.2)
Equity ratio (%)	40.2	36.9	25.5	34.9	38.6
Return on equity (%)	(76.3)	869.8	(34.6)	(25.5)	(13.1)

Management's review (continued)

Business activities and mission

Syniverse Technologies Messaging ApS is a Data MVNO. The company has an operator code, number series, network access, roaming footprint and interface facilities for peer-to-peer networks interfacing capabilities. Syniverse Technologies Messaging focuses on mobile data services as its core business. The company's vision is to become a significant player in independent mobile Messaging for the application-based mobile data market. Syniverse Technologies offers its clients seamless and stable GSM connections, technical integration, session-controlled messaging and billing integration. Syniverse Technologies Messaging is focused on attracting business that generates incremental revenue, based on utilising the existing infrastructure, by working with partners or directly with clients.

Business review

The Company's income statement for the year ended 31 December 2020 shows a loss of €'000 4,369 (2019 gain: €'000 108,306). The reason for this decrease is mainly the disposal in 2019 of the subsidiary Syniverse Technologies Solutions Ltd. with a recognized gain of €'000 121,946.

The balance sheet at 31 December 2020 shows an equity of €'000 3,541 (2019: €'000 7,910).

Recognition and measurement uncertainties

No significant uncertainties.

Special risks

Operational risks

Software is a cornerstone for the Company, therefore the primary business risks are related to lack of ability to keep pace with or be ahead of development compared to our competitors. An important prerequisite for this to be possible is that the necessary resources for the employee development are provided on a continuing basis.

Financial exposure

Given its international scope, the Company is exposed to financial market risks; i.e. the risk of losses as a result of adverse movement in exchange rates and interest rates.

The Company is continuously evaluating this risk. The main currencies other than EUR are USD and DKK. As the risk is evaluated to be low, there is no systematic hedging of this exposure.

Intellectual capital resources

Qualified employees, including staff in our remote support centers, are the key to growth and success. Syniverse Technologies Messaging ApS is in a market where innovation time gets still shorter, and where the demand for adaptability and willingness to change are continuously growing.

Research and development activities

Currently Syniverse Technologies Messaging ApS has no research and development activities.

Environmental issues

By 31 December 2020, there were no assets dedicated to protecting and improving the environment, nor had there been any costs of this nature during the year.

Syniverse Technologies Messaging considers the environmental risks that may arise from its activities minimal and properly addressed and believe that no additional liabilities may arise related to those risks.

Management's review (continued)

Outlook

Syniverse Technologies Messaging anticipates for 2021 that both revenue and result will remain stable compared to prior year as consequence of the expected messaging traffic. Syniverse Technologies Messaging will continue to develop its cooperation with existing customers as regards current services and new products, based on a combination of Syniverse Technologies Messaging's infrastructure and Syniverse Technologies' infrastructure, expertise and business model.

Events subsequent to the financial year

There has been no events after the balance sheet date that has a significant impact on the presentation of the annual report.

Accounting policies

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium-sized).

The accounting policies are consistent with those of last year.

With reference to the Danish financial statements Act, section 112, paragraph 1, Syniverse Technologies Messaging ApS has not prepared consolidated accounts.

With reference to the Danish financial statements Act, section 86, paragraph 4, the Company has not prepared a cash flow statement.

In addition, the Company with reference to the preliminary section 96 (1) has not compiled segment information relating to net sales.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when the Company 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 Company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected 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 recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Reporting currency

As in prior years, the financial statements are presented in euros, based on bookkeeping records expressed in euros, to ensure increased comparability in relation to the enterprise's European competitors.

Foreign currency translation

Transactions denominated in foreign currencies are translated into euro at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into euro at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Accounting policies (continued)

Income statement

Revenue

Revenue is recognized in profit & loss when delivery has taken place and risk has been transferred to the buyer. Revenue is stated excluding VAT, other sales taxes and discounts related to the sale and is measured at market value of the agreed fee.

Transmission costs and other direct costs

Transmission costs and other direct costs comprise commission for group enterprises and agents, licensing costs, traffic costs, etc.

Staff costs

Staff costs comprise salaries and wages, social security costs, pension benefits etc. for the Company's staff.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Amortisation/depreciation and write-downs

The item includes amortisation/depreciation and write-downs of intangible assets and property, plant and equipment. Amortisation/depreciation is provided using the straight-line method on the basis of the cost and the below assessments of the useful life of the assets.

Intangible assets are amortised on a straight-line basis over the expected useful life of the individual assets, measured by reference to the following assessment of the useful life:

	Useful life	Residual value
Goodwill	10 years	0%
Completed development projects	3 years	0%

Property, plant and equipment are depreciated on a straight-line basis, based on the cost, measured by reference to the following assessment of the useful life:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3 years	0%

Gains or losses on the sale of fixed assets are recognised in the income statement under 'Amortisation/-depreciation'.

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies (continued)

Net financials

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, dividends declared, realised and unrealised capital and exchange gains and losses concerning financial assets and liabilities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

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

Balance sheet

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortization. The amortization period is set at 10 years based on the experience gained by Management for each business area. Goodwill is written down to the lower of recoverable amount and carrying amount.

Completed development projects

Development projects that are clearly defined and identifiable and in respect of which the technological feasibility, sufficient resources and a potential future market or development potential in the enterprise can be demonstrated, and where the intention is to produce, market or use the product or the process, are recognised as intangible assets provided that it is sufficiently certain that the future earnings are adequate to cover the production, sales and administrative expenses and the aggregate development costs. Other development costs are expensed in the income statement as incurred.

Development costs are measured at direct costs and a portion of the costs that can be related indirectly to the individual development projects.

An impairment test is made for acquired intangible assets if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. Furthermore, an impairment test is made each year for development projects in progress.

The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If cost exceeds the net realizable value, write-down is made to such lower value.

Accounting policies (continued)

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

Available funds

Available funds comprise cash at bank.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent reporting years.

Deferred income

Deferred income recognized as a liability comprises payments received concerning income in subsequent reporting years.

Liabilities

Liabilities are measured at amortised cost, which usually corresponds to the nominal value.

Income taxes

The current tax payable or receivable recognised in the balance sheet is stated as the estimated tax calculated on this year's estimated taxable income, adjusted for prepaid tax and any outstanding balances from prior years.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2019" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula
Gross margin (%)	= $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITA margin (%)	= $\frac{\text{Operating profit/loss}}{\text{Revenue}} \times 100$
Return on equity (%)	= $\frac{\text{Net profit/loss} \times 100}{\text{Average equity}}$
Equity ratios (%)	= $\frac{\text{Equity} \times 100}{\text{Equity and liabilities}}$
Return on assets (%)	= $\frac{\text{Net profit/loss} \times 100}{\text{Average operating assets}}$

Accounting policies (continued)

Ratios reflect

EBITDA margin

The enterprise's operating profitability.

Return on equity

The enterprise's return on capital invested in the enterprise by the owners.

Equity ratio

Equity share of total equity and liabilities.

Return on assets

The enterprise's return on average operating assets.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is defined as operating profit plus the year's amortisation of goodwill. The year's impairment losses on goodwill are not added.

Syniverse Technologies Messaging ApS
Income statement for 2020

		2020	2019
		€'000	€'000
Revenue		8,924	13,202
Cost of sales		(7,489)	(10,459)
Other external costs		(162)	(1,217)
Gross Profit		1,273	1,526
Staff costs	3	(927)	(920)
Amortisation and impairment losses	4	(4,658)	(17,285)
Result before Financials		(4,312)	(16,679)
Income from equity investments in group enterprises	5	-	127,749
Financial income		5	35
Financial expenses	6	(43)	(2,749)
Profit before tax		(4,351)	108,356
Tax on profit for the year	7	(18)	(50)
Result for the year		(4,369)	108,306

Syniverse Technologies Messaging ApS
Balance sheet 31.12.2020

	31-Dec 2020	31-Dec 2019
	€000	€000
Goodwill	6,044	10,702
Intangible assets	8	6,044
Investments in subsidiaries	10	72
Fixed asset investments	72	72
Fixed assets	6,116	10,774
Trade receivables	1,277	4,114
Receivables from group enterprises	1,131	6,372
Other receivables	13	46
Prepayments	12	50
Receivables	2,437	10,582
Cash	253	65
Current assets	2,690	10,647
Assets	8,806	21,421

Syniverse Technologies Messaging ApS
Balance sheet 31.12.2020

		31-Dec 2020	31-Dec 2019
		€'000	€'000
Share capital	11	134	134
Retained earnings		3,407	7,776
Equity		3,541	7,910
Trade payables		87	310
Payable to group enterprises		4,378	12,643
Deferred income	12	27	5
Other payables		773	553
Short-term liabilities other than provisions		5,265	13,511
Liabilities		5,265	13,511
Equity and liabilities		8,806	21,421

Subsequent events	1
Special items	2
Other notes	13-15

Syniverse Technologies Messaging ApS
Statement of changes in equity 2020

	Share capital	Share Premium	Retained earnings	Total
	€'000	€'000	€'000	€'000
Equity at 01.01.2020	134	-	7,776	7,910
Net profit for the year	-	-	(4,369)	(4,369)
Equity at 31.12.2020	134	-	3,407	3,541

Syniverse Technologies Messaging ApS
Statement of changes in equity 2020

1. Subsequent events

There has been no events after the balance sheet date that has a significant impact on the presentation of the annual report.

2. Special items

Special items include significant income and expenses of a special nature relative to the company's ordinary operating activities. Special items also include other significant amounts of nonrecurring nature.

As mentioned in the Management's review, the net profit for the year is affected by a number of factors that differ from what is considered by the management to be part of operating activities.

There were no special items for the year.

	<u>2020</u>	<u>2019</u>
	€'000	€'000
Income:		
Profit from disposal of subsidiary	-	121,946
Expenses:		
Impairment of goodwill following disposal of subsidiary	-	(12,588)
Special items are recognised in the following items in the financial statements:		
Amortisation and impairment losses	-	(12,588)
Income from equity investments in group enterprises	-	121,946
Profit of special items, net	-	109,358

3. Staff costs

	<u>2020</u>	<u>2019</u>
	€'000	€'000
Salaries and wages	857	857
Pension costs	68	61
Other social security costs	3	2
	<u>927</u>	<u>920</u>
Executive Board	-	-
Average number of employees	6	5

None of the executive board members received any remuneration.

Notes

4. Amortisation/depreciation and write downs of intangible assets and property, plant and equipment

	<u>2020</u>	<u>2019</u>
	€000	€000
Completed development projects	-	-
Goodwill	4,658	17,246
Other fixtures and fittings, tools and equipment	-	39
	<u>4,658</u>	<u>17,285</u>

5. Income from equity investments in group enterprises

	<u>2020</u>	<u>2019</u>
	€000	€000
Dividend received from group enterprises	-	5,804
Profit from disposal of group enterprise	-	121,946
	<u>-</u>	<u>127,749</u>

6. Other financial expenses

	<u>2020</u>	<u>2019</u>
	€000	€000
Interest payable, group enterprises	-	2,676
Interest payable, exchange losses and similar expenses	43	73
	<u>43</u>	<u>2,749</u>

Syniverse Technologies Messaging ApS
Notes

7. Tax on profit for the year

	2020	2019
	€000	€000
Estimated income tax charge, excl. interest surcharges	18	50
Change in provision for deferred tax	-	-
	18	50
analysed as follows:		
Tax for the year	18	50
	18	50

8. Intangible assets

	Goodwill	Completed development projects	Intangible Assets
	€000	€000	€000
Cost at 01.01.2020	46,580	2,263	48,843
Additions	-	-	-
Transferred to finished projects	-	-	-
Retirements	-	(3,199)	(3,199)
Adjustment prior year	-	936	936
Cost at 31.12.2020	46,580	(0)	46,680
Amortisation and impairment losses at 01.01.2020	(35,878)	(2,263)	(38,141)
Amortisation for the year	(4,658)	-	(4,658)
Retirements	-	3,199	3,199
Adjustment prior year	-	(936)	(936)
Amortisation and impairment losses at 31.12.2020	(40,536)	0	(40,536)
Carrying amount at 31.12.2020	6,044	-	6,044

Notes

9. Property plant and equipment

	Other fixtures and fittings, tools and equipment
	€'000
Cost at 01.01.2020	11
Additions	-
Disposals	(11)
Cost at 31.12.2020	-
Amortisation and impairment losses at 01.01.2020	(11)
Amortisation for the year	-
Amortisation on disposed assets	11
Amortisation and impairment losses 31.12.2020	-
Carrying amount at 31.12.2020	-

10. Fixed asset investment

	Investments in subsidiaries
	€'000
Cost at 01.01.2020	72
Additions	-
Disposals	-
Impairments	-
Cost at 31.12.2020	72

	Result	Equity
	€'000	€'000
Investments in subsidiaries comprise:		
Syniverse Technologies Mobile Solutions (Singapore) Pte. Ltd., Singapore, 100 % *	20	1,405
Syniverse Middle East FZ-LLC, Dubai, 100 % *	198	2,797

* 2019 audited Financial Statements

11. Share capital

The share capital of KDKK 1,000 ('000 EUR 134) is distributed on 100,000 shares of DKK 10. The share capital has not changed in the past 5 years.

12. Deferred income and Prepayments

Deferred income comprises payments relating to sales, which will not be recognised as income until in the subsequent financial year once the recognition criteria are satisfied.

Prepayments relate to expenses paid during the year but relating to subsequent years.

13. Security for loans and contingent liabilities

The company has terminated its lease agreements as of 31 December 2020. Therefore, the contingent liability as of 31 December 2020 is tEUR 0.

14. Consolidation

Syniverse Technologies Messaging ApS is included in the consolidated financial statements of:

Syniverse Holdings, Inc.
8125 Highwoods Palm Way
Tampa, Florida 33647
U.S.A.

15. Related parties

Parent company

Syniverse Technologies SARL
15 Rue Edmond Reuter
L-5326 Contern
Luxembourg

Other related parties consist of other group enterprises in the Syniverse group.

Transactions with related parties in 2020 are composed of revenue and cost of sales.

The transactions have been performed according the arms-length principle.