

**Unisense Environment A/S  
Central Business Registration No  
25570588  
Tueager 1  
8200 Aarhus N**

**Annual report 2015**

The Annual General Meeting adopted the annual report on 09.05.2016

**Chairman of the General Meeting**

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Name: Christian Buur

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## **Entity details**

### **Entity**

Unisense Environment A/S

Tueager 1

8200 Aarhus N

Central Business Registration No: 25570588

Registered in: Aarhus

Financial year: 01.01.2015 - 31.12.2015

### **Board of Directors**

Carl Erik Skovgaard Sørensen, formand

Flemming Besenbacher

Lars Rabe Tønnesen

Ole Pedersen

Michael Gustav Brock

### **Executive Board**

Niels Christian Buur

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus 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 Unisense Environment A/S for the financial year 01.01.2015 - 31.12.2015.

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 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

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.

Aarhus, 18.04.2016

### **Executive Board**

Niels Christian Buur

### **Board of Directors**

Carl Erik Skovgaard Sørensen  
formand

Flemming Besenbacher

Lars Rabe Tønnesen

Ole Pedersen

Michael Gustav Brock

## Independent auditor's reports

### To the owners of Unisense Environment A/S

#### Report on the financial statements

We have audited the financial statements of Unisense Environment A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

#### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

#### Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Aarhus, 18.04.2016

#### Deloitte

Statsautoriseret Revisionspartnerselskab

Klaus Tvede-Jensen

State Authorised Public Accountant

Jens Lauridsen

State Authorised Public Accountant

CVR-nr. 33963556

## **Management commentary**

### **Primary activities**

The purpose of the company is the development, production, marketing, and sales of technology to optimize wastewater treatment plants and other related activities within bioprocess optimization.

### **Development in activities and finances**

The sale of sensor systems to wastewater treatment plants and wastewater scientists grew by 229% in comparison to last year, which was the consequence of intensified focus on sales activities. Due to continued investments in development of the the company's products and markets, the financial result was a loss of 3.0 million kr. compared with last year' loss at 2.3 million kr. The activities were financed by a loan from Unisense A/S and a bank loan from Nordea.

The negative financial result and the loan financing created a negative equity, which is expected to be restored in the coming years.

In order to increase focus on sales and business development, the company strengthened its sales activities in Germany, as well as other markets were approached from the company's home office and on wastewater conferences. However, these efforts turned out to generate less sales momentum than originally anticipated, which was mainly explained by the lack of regulation of N2O emission. The company also had a high activity level regarding the establishment of N2O lighthouse projects at significant wastewater plants as well as the dialog with regulatory authorities in various countries.

The company still believes that there is a large commercial potential for N2O sensors in the wastewater industry, based on the belief that N2O regulation will be adopted in the future. The coming year will focus on continues sales and business development as well as on improved cash flow and result.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## **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 for 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.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

## Accounting policies

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed 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 costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

### 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 write-downs of receivables recognised in current assets.

### Staff costs

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

### 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.

### Income taxes

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.

The Entity is jointly taxed with the parent. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights.

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 ques-



## Accounting policies

tion, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

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

### 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
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Receivables

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

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

## **Accounting policies**

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.

### **Prepayments**

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

### **Cash**

Cash comprises cash in hand and bank deposits.

### **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.

**Income statement for 2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
<b>Gross loss</b>		<b>(680.526)</b>	<b>(772.174)</b>
Staff costs	1	(2.917.651)	(2.265.357)
<b>Operating profit/loss</b>		<b>(3.598.177)</b>	<b>(3.037.531)</b>
Other financial expenses		(376.132)	(51.618)
<b>Profit/loss from ordinary activities before tax</b>		<b>(3.974.309)</b>	<b>(3.089.149)</b>
Tax on profit/loss from ordinary activities	2	971.608	756.000
<b>Profit/loss for the year</b>		<b><u>(3.002.701)</u></b>	<b><u>(2.333.149)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		(3.002.701)	(2.333.149)
		<b><u>(3.002.701)</u></b>	<b><u>(2.333.149)</u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Development projects in progress		3.961.084	3.151.351
<b>Intangible assets</b>	<b>3</b>	<b><u>3.961.084</u></b>	<b><u>3.151.351</u></b>
Other fixtures and fittings, tools and equipment		114.024	109.718
<b>Property, plant and equipment</b>	<b>4</b>	<b><u>114.024</u></b>	<b><u>109.718</u></b>
Other receivables		46.966	45.598
<b>Fixed asset investments</b>	<b>5</b>	<b><u>46.966</u></b>	<b><u>45.598</u></b>
<b>Fixed assets</b>		<b><u>4.122.074</u></b>	<b><u>3.306.667</u></b>
Raw materials and consumables		138.149	101.816
<b>Inventories</b>		<b><u>138.149</u></b>	<b><u>101.816</u></b>
Trade receivables		277.864	68.618
Receivables from group enterprises		85.830	0
Deferred tax assets		191.000	430.000
Other short-term receivables		219.154	139.110
Prepayments		18.750	11.587
<b>Receivables</b>		<b><u>792.598</u></b>	<b><u>649.315</u></b>
<b>Cash</b>		<b><u>1.798.851</u></b>	<b><u>585.734</u></b>
<b>Current assets</b>		<b><u>2.729.598</u></b>	<b><u>1.336.865</u></b>
<b>Assets</b>		<b><u><u>6.851.672</u></u></b>	<b><u><u>4.643.532</u></u></b>

**Balance sheet at 31.12.2015**

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	6	500.000	500.000
Retained earnings		<u>(3.885.227)</u>	<u>(882.526)</u>
<b>Equity</b>		<b><u>(3.385.227)</u></b>	<b><u>(382.526)</u></b>
Other credit institutions		4.000.000	0
Convertible, profit-yielding or dividend-yielding debt instruments		5.737.485	4.046.162
Prepayments received from customers		22.133	22.133
Trade payables		55.800	201.280
Debt to group enterprises		16.469	110.454
Other payables		<u>405.012</u>	<u>646.029</u>
<b>Current liabilities other than provisions</b>		<b><u>10.236.899</u></b>	<b><u>5.026.058</u></b>
<b>Liabilities other than provisions</b>		<b><u>10.236.899</u></b>	<b><u>5.026.058</u></b>
<b>Equity and liabilities</b>		<b><u><u>6.851.672</u></u></b>	<b><u><u>4.643.532</u></u></b>
Contingent liabilities	7		
Assets charged and collateral	8		
Ownership	9		

**Statement of changes in equity for 2015**

	<b>Contributed capital DKK</b>	<b>Retained ear- nings DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	(882.526)	(382.526)
Profit/loss for the year	0	(3.002.701)	(3.002.701)
<b>Equity end of year</b>	<b>500.000</b>	<b>(3.885.227)</b>	<b>(3.385.227)</b>

## Notes

	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	2.488.627	1.915.245
Pension costs	135.282	127.765
Other social security costs	26.870	17.216
Other staff costs	266.872	205.131
	<b>2.917.651</b>	<b>2.265.357</b>
	<b>2015</b>	<b>2014</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Tax on ordinary profit/loss for the year</b>		
Change in deferred tax for the year	(971.608)	(756.000)
	<b>(971.608)</b>	<b>(756.000)</b>
		<b>Develop- ment pro- jects in progress DKK</b>
<b>3. Intangible assets</b>		
Cost beginning of year		3.151.351
Additions		997.773
<b>Cost end of year</b>		<b>4.149.124</b>
Impairment losses for the year		(188.040)
<b>Amortisation and impairment losses end of year</b>		<b>(188.040)</b>
<b>Carrying amount end of year</b>		<b>3.961.084</b>

## Notes

		<b>Other fixtures and fittings, tools and equipment DKK</b>	
<b>4. Property, plant and equipment</b>			
Cost beginning of year		137.303	
Additions		56.995	
<b>Cost end of year</b>		<b>194.298</b>	
Depreciation and impairment losses beginning of the year		(27.585)	
Depreciation for the year		(52.689)	
<b>Depreciation and impairment losses end of the year</b>		<b>(80.274)</b>	
<b>Carrying amount end of year</b>		<b>114.024</b>	
<b>5. Fixed asset investments</b>			
Cost beginning of year		45.598	
Additions		1.368	
<b>Cost end of year</b>		<b>46.966</b>	
<b>Carrying amount end of year</b>		<b>46.966</b>	
<b>6. Contributed capital</b>			
	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>
Shares	50.000	10,00	500.000
	<b>50.000</b>		<b>500.000</b>

## 7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Unisense Holding II A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.



## Notes

### **8. Assets charged and collateral**

Bank debt has been secured by a deposited all-monies mortgage providing security in a floating charge of DKK 2,000k on the Company's intangible assets, property, plant and equipment, inventories as well as receivables.

### **9. Ownership**

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Unisense A/S, Tueager 1, DK-8240 Aarhus N