

Cavius ApS
Julsøvej 16
8600 Silkeborg
Business Registration No
32659292

**Annual report 01.05.2018
- 30.04.2019**

The Annual General Meeting adopted the annual report on 30.09.2019

Chairman of the General Meeting

Name: Tom Deichmann

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Entity details

Entity

Cavius ApS
Julsøvej 16
8600 Silkeborg

Central Business Registration No (CVR): 32659292

Founded: 21.12.2009

Registered in: Silkeborg

Financial year: 01.05.2018 - 30.04.2019

Website: www.cavius.com

E-mail: glenn@cavius.com

Board of Directors

Torben Hartvigsen
Glenn Højmosé
Kent Posselt Pedersen
Tom Deichmann
Rasmus Sandorff Jacobsen
Stephen Henry Ellwood

Executive Board

Glenn Højmosé

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Cavius ApS for the financial year 01.05.2018 - 30.04.2019.

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 30.04.2019 and of the results of its operations for the financial year 01.05.2018 - 30.04.2019.

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.

Silkeborg, 30.09.2019

Executive Board

Glenn Højmosé

Board of Directors

Torben Hartvigsen

Glenn Højmosé

Kent Posselt Pedersen

Tom Deichmann

Rasmus Sandorff Jacobsen

Stephen Henry Ellwood

Independent auditor's report

To the shareholders of Cavius ApS

Opinion

We have audited the financial statements of Cavius ApS for the financial year 01.05.2018 - 30.04.2019, 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 Entity's financial position at 30.04.2019 and of the results of its operations for the financial year 01.05.2018 - 30.04.2019 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:

Independent auditor's report

- 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 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 the management commentary

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.

Independent auditor's report

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.

Silkeborg, 30.09.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Bo Blaabjerg Odgaard
State Authorised Public Accountant
Identification No (MNE) mne32122

Management commentary

Primary activities

As in prior years, the Company's activities consisted of product development, production and trade as well as related business activities.

Development in activities and finances

After reorganizing the distribution channels and launching of a new product range, we expect a rise in turnover.

The profit in 2018/19 is considered satisfactory.

Outlook

With the Home automation startup, we expect to see increased profit in 2019/20 and the years to come.

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.

Income statement for 2018/19

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Gross profit		7.970.867	6.790.301
Staff costs	1	(4.724.916)	(4.365.447)
Depreciation, amortisation and impairment losses	2	<u>(3.544.853)</u>	<u>(3.289.961)</u>
Operating profit/loss		(298.902)	(865.107)
Other financial income		435.198	109
Other financial expenses	3	<u>(27.673)</u>	<u>(799.801)</u>
Profit/loss before tax		108.623	(1.664.799)
Tax on profit/loss for the year	4	<u>(31.000)</u>	<u>364.000</u>
Profit/loss for the year		<u>77.623</u>	<u>(1.300.799)</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		600.000	1.000.000
Retained earnings		<u>(522.377)</u>	<u>(2.300.799)</u>
		<u>77.623</u>	<u>(1.300.799)</u>

Balance sheet at 30.04.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Completed development projects		1.819.779	4.674.635
Development projects in progress		<u>2.719.858</u>	<u>1.400.373</u>
Intangible assets	5	<u>4.539.637</u>	<u>6.075.008</u>
Other fixtures and fittings, tools and equipment		<u>1.018.185</u>	<u>1.092.466</u>
Property, plant and equipment	6	<u>1.018.185</u>	<u>1.092.466</u>
Fixed assets		<u>5.557.822</u>	<u>7.167.474</u>
Raw materials and consumables		821.285	870.474
Manufactured goods and goods for resale		<u>1.506.104</u>	<u>2.447.277</u>
Inventories		<u>2.327.389</u>	<u>3.317.751</u>
Trade receivables		3.394.239	49.481
Receivables from group enterprises		527.136	916.779
Other receivables		75.549	107.798
Income tax receivable		1.288.000	493.800
Prepayments		<u>142.541</u>	<u>97.322</u>
Receivables		<u>5.427.465</u>	<u>1.665.180</u>
Cash		<u>14.403</u>	<u>1.062.675</u>
Current assets		<u>7.769.257</u>	<u>6.045.606</u>
Assets		<u>13.327.079</u>	<u>13.213.080</u>

Balance sheet at 30.04.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Contributed capital		149.296	149.296
Reserve for development expenditure		3.669.480	3.405.800
Retained earnings		4.320.236	5.106.293
Proposed dividend		600.000	1.000.000
Equity		<u>8.739.012</u>	<u>9.661.389</u>
Deferred tax		905.000	874.000
Other provisions	7	20.000	460.000
Provisions		<u>925.000</u>	<u>1.334.000</u>
Bank loans		1.047.626	0
Prepayments received from customers		0	1.345.162
Trade payables		2.191.290	440.913
Payables to shareholders and management		8.446	5.000
Other payables		415.705	426.616
Current liabilities other than provisions		<u>3.663.067</u>	<u>2.217.691</u>
Liabilities other than provisions		<u>3.663.067</u>	<u>2.217.691</u>
Equity and liabilities		<u>13.327.079</u>	<u>13.213.080</u>
Contingent liabilities	8		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	149.296	3.405.800	5.106.293
Ordinary dividend paid	0	0	0
Profit/loss for the year	<u>0</u>	<u>263.680</u>	<u>(786.057)</u>
Equity end of year	<u>149.296</u>	<u>3.669.480</u>	<u>4.320.236</u>

	Proposed dividend DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	1.000.000	9.661.389
Ordinary dividend paid	(1.000.000)	(1.000.000)
Profit/loss for the year	<u>600.000</u>	<u>77.623</u>
Equity end of year	<u>600.000</u>	<u>8.739.012</u>

Notes

	2018/19	2017/18
	DKK	DKK
1. Staff costs		
Wages and salaries	4.324.602	4.007.130
Pension costs	314.234	315.928
Other social security costs	39.132	42.389
Other staff costs	46.948	0
	4.724.916	4.365.447
Average number of employees	5	6
	2018/19	2017/18
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3.129.953	2.933.886
Depreciation of property, plant and equipment	414.900	356.075
	3.544.853	3.289.961
	2018/19	2017/18
	DKK	DKK
3. Other financial expenses		
Exchange rate adjustments	0	797.604
Other financial expenses	27.673	2.197
	27.673	799.801
	2018/19	2017/18
	DKK	DKK
4. Tax on profit/loss for the year		
Change in deferred tax	31.000	(364.000)
	31.000	(364.000)

Notes

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
	<u>DKK</u>	<u>DKK</u>
5. Intangible assets		
Cost beginning of year	14.088.871	1.469.210
Transfers	140.157	(140.157)
Additions	275.097	1.459.642
Disposals	(140.157)	0
Cost end of year	<u>14.363.968</u>	<u>2.788.695</u>
Amortisation and impairment losses beginning of year	(9.414.236)	(68.837)
Amortisation for the year	(3.129.953)	0
Amortisation and impairment losses end of year	<u>(12.544.189)</u>	<u>(68.837)</u>
Carrying amount end of year	<u>1.819.779</u>	<u>2.719.858</u>
Development projects		
Cavius prioritize R&D to continuously stay innovative and, in some cases, first mover.		
The company's products and development relate to all types of home alarms and the company continuously develops new and innovative products and solutions.		
		Other fixtures and fittings, tools and equipment DKK
		<u>DKK</u>
6. Property, plant and equipment		
Cost beginning of year		2.544.055
Additions		340.619
Cost end of year		<u>2.884.674</u>
Depreciation and impairment losses beginning of year		(1.451.589)
Impairment losses for the year		(414.900)
Depreciation and impairment losses end of year		<u>(1.866.489)</u>
Carrying amount end of year		<u>1.018.185</u>

Notes

7. Other provisions

Provisions include warranty commitments.

8. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Cavius Holding ApS serves as the administration company. According to the joint taxation provision of the Danish Corporation Tax Act, the Entity is therefore alternatively liable from the financial year 2016 for income taxes etc for the jointly taxed entities, but only for the share by which the Entity is included in the Group, and from 14 October 2015 also for obligations, if any, relating to the withholding tax on interest, royalties and dividends for these entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

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 to these financial statements are consistent with those applied last year.

Income statement

Gross profit or loss

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

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 goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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 writedowns 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.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange 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.

Tax on profit/loss for the year

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.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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 question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 3 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

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.

Accounting policies

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

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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.

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

Receivables

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

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

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

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.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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.