



Cavius ApS

Julsøvej 16
8600 Silkeborg
CVR No. 32659292

Annual report 01.05.2019 - 30.04.2020

The Annual General Meeting adopted the
annual report on 15.09.2020

Tom Deichmann

Chairman of the General Meeting

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Entity details

Entity

Cavius ApS

Julsøvej 16

8600 Silkeborg

CVR No.: 32659292

Registered office: Silkeborg

Financial year: 01.05.2019 - 30.04.2020

Board of Directors

Torben Hartvigsen

Stephen Henry Ellwood

Glenn Højmosé

Rasmus Sandorff Jacobsen

Tom Deichmann

Kent Posselt Pedersen

Executive Board

Glenn Højmosé

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Papirfabrikken 26

8600 Silkeborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Cavius ApS for the financial year 01.05.2019 - 30.04.2020.

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 30.04.2020 and of the results of its operations for the financial year 01.05.2019 - 30.04.2020.

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, 15.09.2020

Executive Board

Glenn Højmosé

Board of Directors

Torben Hartvigsen

Stephen Henry Ellwood

Glenn Højmosé

Rasmus Sandorff Jacobsen

Tom Deichmann

Kent Posselt Pedersen

Independent auditor's report

To the shareholders of Cavius ApS

Opinion

We have audited the financial statements of Cavius ApS for the financial year 01.05.2019 - 30.04.2020, 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 30.04.2020 and of the results of its operations for the financial year 01.05.2019 - 30.04.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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:

- 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.

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, 15.09.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bo Blaabjerg Odgaard

State Authorised Public Accountant
Identification No (MNE) mne32122

Rasmus Villadsen Madsen

State Authorised Public Accountant
Identification No (MNE) mne45822

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 2019/20 is considered satisfactory.

Outlook

With the outlook startup in Australia, we expect to see increased profit in 2020/21 and the years to come.

Events after the balance sheet date

The spread of COVID-19 throughout the world can potentially have an influence on the business for the company in 2020/21.

Year to date 2020, the spread of COVID-19 has not impacted the company significantly, however at this time it is not possible to predict the influence in the coming months.

As the potential impact is unknown at this time, this has not been included when setting the expectations for activity and earnings in 2020.

Other than the above no events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		8,902,241	7,970,867
Staff costs	1	(5,389,445)	(4,724,916)
Depreciation, amortisation and impairment losses	2	(2,752,776)	(3,544,853)
Operating profit/loss		760,020	(298,902)
Other financial income from group enterprises		12,762	0
Other financial income		315,643	435,198
Other financial expenses		(55,002)	(27,673)
Profit/loss before tax		1,033,423	108,623
Tax on profit/loss for the year	3	(232,337)	(31,000)
Profit/loss for the year		801,086	77,623
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		0	600,000
Retained earnings		801,086	(522,377)
Proposed distribution of profit and loss		801,086	77,623

Balance sheet at 30.04.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Completed development projects	5	1,562,557	1,819,779
Development projects in progress	5	1,115,504	2,719,858
Intangible assets	4	2,678,061	4,539,637
Other fixtures and fittings, tools and equipment		996,796	1,018,185
Property, plant and equipment	6	996,796	1,018,185
Fixed assets		3,674,857	5,557,822
Raw materials and consumables		820,320	821,285
Manufactured goods and goods for resale		1,366,968	1,506,104
Inventories		2,187,288	2,327,389
Trade receivables		2,755,506	3,394,239
Receivables from group enterprises		944,711	527,136
Other receivables		211,007	75,549
Joint taxation contribution receivable		592,000	1,288,000
Prepayments		131,323	142,541
Receivables		4,634,547	5,427,465
Cash		1,232,046	14,403
Current assets		8,053,881	7,769,257
Assets		11,728,738	13,327,079

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		149,296	149,296
Reserve for development expenditure		2,678,061	3,669,480
Retained earnings		6,112,741	4,320,236
Proposed dividend		0	600,000
Equity		8,940,098	8,739,012
Deferred tax		573,000	905,000
Other provisions		0	20,000
Provisions		573,000	925,000
Joint taxation contribution payable		564,337	0
Other payables		257,721	0
Non-current liabilities other than provisions		822,058	0
Bank loans		0	1,047,626
Trade payables		912,886	2,191,290
Payables to shareholders and management		0	8,446
Other payables		480,696	415,705
Current liabilities other than provisions		1,393,582	3,663,067
Liabilities other than provisions		2,215,640	3,663,067
Equity and liabilities		11,728,738	13,327,079
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Assets charged and collateral	9		

Statement of changes in equity for 2019/20

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	149,296	3,669,480	4,320,236	600,000	8,739,012
Ordinary dividend paid	0	0	0	(600,000)	(600,000)
Transfer to reserves	0	(991,419)	991,419	0	0
Profit/loss for the year	0	0	801,086	0	801,086
Equity end of year	149,296	2,678,061	6,112,741	0	8,940,098

Notes

1 Staff costs

	2019/20	2018/19
	DKK	DKK
Wages and salaries	4,929,979	4,324,602
Pension costs	376,743	314,234
Other social security costs	45,754	39,132
Other staff costs	36,969	46,948
	5,389,445	4,724,916
Average number of full-time employees	6	5

2 Depreciation, amortisation and impairment losses

	2019/20	2018/19
	DKK	DKK
Amortisation of intangible assets	2,319,834	3,129,953
Depreciation of property, plant and equipment	432,942	414,900
	2,752,776	3,544,853

3 Tax on profit/loss for the year

	2019/20	2018/19
	DKK	DKK
Current tax	564,337	0
Change in deferred tax	(332,000)	31,000
	232,337	31,000

4 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	14,363,968	2,788,695
Transfers	2,067,694	(2,067,694)
Additions	63,755	394,503
Cost end of year	16,495,417	1,115,504
Amortisation and impairment losses beginning of year	(12,544,189)	(68,837)
Transfers	(68,837)	68,837
Amortisation for the year	(2,319,834)	0
Amortisation and impairment losses end of year	(14,932,860)	0
Carrying amount end of year	1,562,557	1,115,504

5 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.

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	2,884,674
Additions	411,553
Cost end of year	3,296,227
Depreciation and impairment losses beginning of year	(1,866,489)
Impairment losses for the year	(432,942)
Depreciation and impairment losses end of year	(2,299,431)
Carrying amount end of year	996,796

7 Unrecognised rental and lease commitments

	2019/20 DKK	2018/19 DKK
Liabilities under rental or lease agreements until maturity in total	102,000	102,000

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.

9 Assets charged and collateral

To guarantee the company's debt to credit institution is deposited indemnified - corporate mortgage nom. 1,500 t.DKK with a mortgage on simple claims regarding sale of goods and services, inventories, goodwill, operating equipment, etc. The carrying amount of pledged assets is 8,660 t.DKK

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.

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.

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, and 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 from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

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.

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 less deferred tax 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 10 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.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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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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.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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 of the planned settlement of each liability.

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.