

Apator Miitors ApS
Bautavej 1 A
8210 Aarhus V

Telephone +45 51 41 82 42
www.miitors.com

Apator Miitors ApS

**Annual report for the period
1 January – 31 December 2017**

The annual report was presented and adopted at the
Company's annual general meeting
on 24 April 20 18
chairman Julie Nielsen

CVR no. 32 76 32 86

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Operating review	7
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aparator Miitors ApS for the financial year 1 January – 31 December 2017.

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

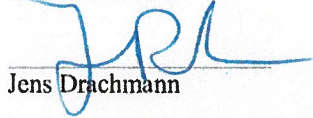
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's activities for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.


We recommend that the annual report should be approved at the annual general meeting.

Aarhus, 24 April 2018


Executive Board:

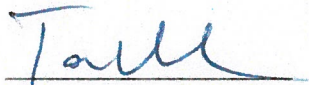

Jens Drachmann

Board of Directors:


Jacek Marek
Kryskiewicz
Chairman


Bartosz Sebastian
Kazmierczak


Barbara Smigaj


Tom Ruhan

Independent auditor's report

Opinion

We have audited the financial statements of Apator Miitors ApS for the financial year 1 January – 31 December 2017, comprising income statement, balance sheet and notes, including 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 Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 that 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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 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 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 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view

Independent auditor's report

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

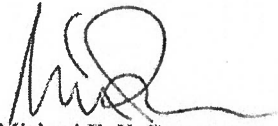
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24 April 2018

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Michael E. K. Rasmussen
State Authorised
Public Accountant
MNE-no. 41364

Management's review

Company details

Apator Miitors ApS
Bautavej 1 A
DK-8210 Aarhus V

Telephone: +45 51 41 82 42
Website: www.miitors.com
E-mail: info@miitors.com
CVR no.: 32 76 32 86
Established: 27 January 2010
Registered office: Aarhus
Financial year: 1 January – 31 December

Board of Directors

Jacek Marek Kryszkiewicz, Chairman
Bartosz Sebastian Kazmierczak
Barbara Smigaj
Tom Ruhan

Executive Board

Jens Drachmann

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Bredskifte Allé 13
DK-8210 Aarhus V

Management's review

Operating review

Principal activities

The principal activities of the Company are to develop and sell various meters and remote meter reading systems as well as to engage in any related business.

Development in activities and financial position

The results of the Company's operations during the year under review and its financial position at the end of the financial year are shown in the income statement and balance sheet.

Results and financial position at 31 December 2017 are in line with expectations.

Major events after the balance sheet date

No events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any substantial way.

Financial statements 1 January – 31 December 2017

Income statement

	Note	2017	2016
Gross profit		9,058,057	8,088,222
Staff costs	2	-2,600,111	-1,396,019
Amortisation/depreciation of intangible assets and property, plant and equipment		-2,191,458	-2,191,458
Ordinary operating profit		4,266,488	4,500,745
Financial income		0	8,958
Financial expenses	3	-54,526	-38,042
Profit before tax		4,211,962	4,471,661
Tax on profit for the year	4	-1,004,978	-869,914
Profit for the year		<u>3,206,984</u>	<u>3,601,747</u>
 Proposed profit appropriation			
Retained earnings		-558,285	-2,293,100
Reserve development projects		3,765,269	5,894,847
		<u>3,206,984</u>	<u>3,601,747</u>

Financial statements 1 January – 31 December 2017

Balance sheet

	Note	2017	2016
ASSETS			
Non-current assets			
Intangible assets			
	5		
Finished development projects		23,415,428	13,506,278
Development projects in progress		284,156	5,894,847
		23,699,584	19,401,125
Property, plant and equipment			
Fixtures and fittings, tools and equipment	6	42,500	0
Total non-current assets		23,742,084	19,401,125
Inventories			
Finished goods		92,673	123,397
Total inventories		92,673	123,397
Receivables			
Receivables from group entities		1,038,818	928,075
Other receivables		302,689	583,765
Corporation tax receivable		7,469	0
Prepayments		88,104	80,383
		1,437,080	1,592,226
Cash at bank and in hand		2,483,304	1,816,532
Total current assets		4,013,057	3,532,152
TOTAL ASSETS		27,755,141	22,933,277

Financial statements 1 January – 31 December 2017

Balance sheet

	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital		588,908	588,908
Retained earnings		4,817,590	5,375,875
Reserve developments projects		9,660,116	5,894,847
Total equity		<u>15,066,614</u>	<u>11,859,630</u>
Provisions			
Provisions for deferred tax		3,368,204	2,258,459
Other provisions		0	1,234,000
Total provisions		<u>3,368,204</u>	<u>3,492,459</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Amounts owed to parent company	7	7,968,435	6,478,022
		<u>7,968,435</u>	<u>6,478,022</u>
Current liabilities other than provisions			
Trade payables		583,894	513,584
Other payables		767,994	589,582
		<u>1,351,888</u>	<u>1,103,166</u>
Total liabilities other than provisions		<u>12,688,527</u>	<u>7,581,188</u>
TOTAL EQUITY AND LIABILITIES		<u>27,755,141</u>	<u>22,933,277</u>

Financial statements 1 January – 31 December 2017

Statement of changes in equity

	Share capital	Retained earnings	Reserve developments projects	Total
Opening balance	588,908	5,375,875	5,894,847	11,859,630
Profit for the year	0	-558,285	3,765,269	3,206,984
Closing equity	588,908	4,817,590	9,660,116	15,066,614

Changes in share capital in recent years are specified as follows:

	2017	2016	2014/15	2013/14	2012/13
Opening balance	588,908	588,908	511,745	510,245	293,328
Cash capital increase	0	0	77,163	1,500	216,917
Closing balance	588,908	588,908	588,908	511,745	510,245

Financial statements 1 January – 31 December 2017

Notes

1 Accounting policies

The annual report of Apator Miitors ApS for 2017 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with a few options from a higher reporting.

The financial statements are consistent with those of last year.

Accounting estimates and uncertainties

The preparation of the financial statements relies on the condition that Management makes a number of estimates and assessments of future aspects which will strongly impact the carrying amount of certain assets and liabilities. Development projects in progress is an item subject to critical estimates and assessments with a major impact on the financial statements. The measurement thereof relies predominantly on future earnings. It is likely that future earnings will deviate from forecast earnings as expected events do not always occur.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income contains fee and royalty under the Patent License Agreement with Apator Miitors S.A. and is recognised in the income statement when delivery and transfer of risk to the buyer have taken place, and the income may be reliably measured and is expected to be received. Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties.

Financial statements 1 January – 31 December 2017

Accounting policies

1 Accounting policies (continued)

Other external costs

Other external costs comprise items relating to distribution, sales, advertising, administration, premises, bad debts and consultants and other costs.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities and payroll costs capitalised as development costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense as well as other income and expenses.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 January – 31 December 2017

Accounting policies

1 Accounting policies (continued)

Balance sheet

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be reliably measured and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses. Capitalised development projects are amortised over seven years from the date on which the development project is ready for commissioning.

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 7 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 7 years.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3 years
--	---------

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Financial statements 1 January – 31 December 2017

Accounting policies

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Receivables

Receivables are measured at the lower of amortised cost and net realisable value, corresponding to nominal value less write-down for bad debts.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise bank deposits.

Equity

Reserve development projects

Reserve development projects comprises capitalised development costs. The reserve cannot be used for dividend, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Financial statements 1 January – 31 December 2017

Accounting policies

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Provisions comprise anticipated legal cases. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value or fair value if the obligation is expected to be settled in the distant future.

Other provisions comprise commitments regarding pending patent participation.

Liabilities other than provisions

Current liabilities are measured at cost, which usually correspond to nominal value.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December 2017

Notes

		2017	2016
2	Staff costs		
	Wages and salaries	6,669,907	4,940,570
	Pensions	30,925	22,785
	Other social security costs	58,990	41,859
	Capitalised development work	-4,159,711	-3,609,195
		2,600,111	1,396,019
	Average number of full-time employees	14	10
3	Financial expenses		
	Interest expense to group entities	127,036	127,625
	Interest expense to banks	1	69
	Other financial expenses	9,516	9,494
	Capitalised development work	-82,027	-99,146
		54,526	38,042
4	Tax on profit/loss for the year		
	Tax credit for research and development activities	-7,469	-272,291
	Adjustment of deferred tax	1,109,745	1,142,205
	Adjustment of tax, previous years	-97,298	0
		1,004,978	869,914

Financial statements 1 January – 31 December 2017

Notes

5 Intangible assets

	Develop- ment projects in progress	Finished develop- ment projects
Opening cost at 1 January 2017	5,894,847	17,181,648
Additions for the year	6,489,917	0
Change to finished development projects	-12,100,608	12,100,608
Closing cost at 31 December 2017	284,156	29,282,256
Opening amortisation and impairment losses at 1 January 2017	0	3,675,370
Amortisation for the year	0	2,191,458
Closing amortisation and impairment losses for the year at 31 December 2017	0	5,866,828
Closing carrying amount at 31 December 2017	284,156	23,415,428

6 Property, plant and equipment

	Fixtures and fittings, tools and equipment
Opening cost at 1 January 2017	0
Additions for the year	42,500
Closing cost at 31 December 2017	42,500
Opening depreciation and impairment losses at 1 January 2017	0
Depreciation for the year	0
Closing depreciation and impairment losses for the year at 31 December 2017	0
Closing carrying amount at 31 December 2017	42,500

Financial statements 1 January – 31 December 2017

Notes

7 Non-current liabilities other than provisions

	Total liabilities at 31 December 2016	Total liabilities at 31 December 2017	Repay- ment next year	Non- current portion	Out- standing debt after 5 years
Amounts owed to parent company	6,478,022	7,968,435	0	7,968,435	0
	<u>6,478,022</u>	<u>7,968,435</u>	<u>0</u>	<u>7,968,435</u>	<u>0</u>

8 Unrecognised rental and lease commitments

Liabilities under rental or lease agreements until maturity represent DKK 55 thousand.

9 Related parties

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

Apator Powogaz S.A.
 Klemensa Janickiego no. 23/25
 60-542 Poznan
 Poland

The consolidated financial statements of Apator Powogaz S.A. are available at the above address.