

Unisense A/S
Central Business Registration No
33762593
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

Name: Lars R. Damgaard

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Entity details

Entity

Unisense A/S
Tueager 1
8200 Aarhus N

Central Business Registration No: 33762593

Registered in: Aarhus

Financial year: 01.01.2015 - 31.12.2015

Board of Directors

Carl Erik Skovgaard Sørensen
Flemmning Besenbacher
Lars Rabe Tønnesen
Michael Gustav Brock
Ole Pedersen

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 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

Flemmning Besenbacher

Lars Rabe Tønnesen

Michael Gustav Brock

Ole Pedersen

Independent auditor's reports

To the owners of Unisense A/S

Report on the financial statements

We have audited the financial statements of Unisense 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 Company's primary activities are manufacturing of equipment for measurement, testing, navigation and control, as well as manufacturing of other electronic equipment and components

Development in activities and finances

The sale of sensor systems to bio-geochemists had a strong development in comparison to last year, and this resulted in 19% growth in total net turnover. The result of direct business activities before depreciation, amortization and impairment losses was 4.9 million kr, and operating profit was 2.8 million kr. Investment in daughter company Unisense Environment A/S created a loss of 3.0 million kr. Total loss of the year was 1.1 million kr.

The company believes in increased digitalization and handling of big data in the future, and so it continued its process of industrialization, in order to enable the use of microsenors in a number of demanding industrial applications. It successfully developed the first prototype of its kind of an industrially manufactured microsenor during the year, and the development work of such sensors will be further intensified in the future. The agreement about a joint development with a leading Danish industrial company continued, and discussions with a number of other large companies regarding the development and use of industrial manufactured microsenors was going on during the year.

A positive financial result is expected for the coming financial year.

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.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation 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.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

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 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

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc from payables to group enterprises.

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

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually ten years. However, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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.

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

Accounting policies

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

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

Property, plant and equipment

Plant and machinery as well as 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:

Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

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

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises 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.

Accounting policies

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

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 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 tax receivable or payable

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

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross profit		14.042.719	11.311.365
Staff costs	1	(9.097.708)	(9.014.849)
Depreciation, amortisation and impairment losses	2	<u>(2.099.613)</u>	<u>(2.187.225)</u>
Operating profit/loss		2.845.398	109.291
Income from investments in group enterprises		(3.027.482)	(2.333.149)
Other financial income		549.269	260.234
Financial expenses from group enterprises		(126.839)	0
Other financial expenses		<u>(167.408)</u>	<u>(133.881)</u>
Profit/loss from ordinary activities before tax		72.938	(2.097.505)
Tax on profit/loss from ordinary activities	3	<u>(1.151.125)</u>	<u>(403.632)</u>
Profit/loss for the year		<u>(1.078.187)</u>	<u>(2.501.137)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(1.078.187)</u>	<u>(2.501.137)</u>
		<u>(1.078.187)</u>	<u>(2.501.137)</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Acquired patents		38.936	41.400
Goodwill		8.989.822	10.787.786
Development projects in progress		416.454	0
Intangible assets	4	<u>9.445.212</u>	<u>10.829.186</u>
Plant and machinery		470.868	393.576
Other fixtures and fittings, tools and equipment		84.433	202.644
Leasehold improvements		324.978	130.738
Property, plant and equipment	5	<u>880.279</u>	<u>726.958</u>
Investments in group enterprises		75.219	0
Other receivables		397.782	300.056
Fixed asset investments	6	<u>473.001</u>	<u>300.056</u>
Fixed assets		<u>10.798.492</u>	<u>11.856.200</u>
Raw materials and consumables		1.132.084	1.286.320
Manufactured goods and goods for resale		3.324.026	3.436.450
Inventories		<u>4.456.110</u>	<u>4.722.770</u>
Trade receivables		1.833.351	2.604.619
Receivables from group enterprises		2.997.703	3.992.993
Deferred tax assets		0	19.000
Other short-term receivables		801.854	498.638
Prepayments		154.598	31.280
Receivables		<u>5.787.506</u>	<u>7.146.530</u>
Cash		<u>3.785.901</u>	<u>378.376</u>
Current assets		<u>14.029.517</u>	<u>12.247.676</u>
Assets		<u>24.828.009</u>	<u>24.103.876</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital	7	2.158.300	2.158.300
Retained earnings		<u>11.262.017</u>	<u>12.340.204</u>
Equity		<u>13.420.317</u>	<u>14.498.504</u>
Provisions for deferred tax		<u>130.000</u>	<u>0</u>
Provisions		<u>130.000</u>	<u>0</u>
Bank loans		0	405.795
Prepayments received from customers		2.098.922	1.987.592
Trade payables		1.423.233	963.714
Debt to group enterprises		4.196.861	4.059.050
Income tax payable		1.002.125	424.632
Other payables	8	<u>2.556.551</u>	<u>1.764.589</u>
Current liabilities other than provisions		<u>11.277.692</u>	<u>9.605.372</u>
Liabilities other than provisions		<u>11.277.692</u>	<u>9.605.372</u>
Equity and liabilities		<u>24.828.009</u>	<u>24.103.876</u>
Contingent liabilities	9		
Assets charged and collateral	10		
Ownership	11		

Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	2.158.300	12.340.204	14.498.504
Profit/loss for the year	0	(1.078.187)	(1.078.187)
Equity end of year	2.158.300	11.262.017	13.420.317

Notes

	2015 DKK	2014 DKK
1. Staff costs		
Wages and salaries	8.568.975	8.747.809
Pension costs	472.440	450.294
Other social security costs	147.113	165.914
Other staff costs	(90.820)	(349.168)
	9.097.708	9.014.849

	2015 DKK	2014 DKK
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.836.928	1.829.788
Depreciation of property, plant and equipment	312.442	357.437
Profit/loss from sale of intangible assets and property, plant and equipment	(49.757)	0
	2.099.613	2.187.225

	2015 DKK	2014 DKK
3. Tax on ordinary profit/loss for the year		
Current tax	1.002.125	424.632
Change in deferred tax for the year	149.000	(21.000)
	1.151.125	403.632

	Acquired patents DKK	Goodwill DKK	Development projects in progress DKK
4. Intangible assets			
Cost beginning of year	159.107	17.979.643	0
Additions	36.500	0	416.454
Cost end of year	195.607	17.979.643	416.454
Amortisation and impairment losses beginning of year	(117.707)	(7.191.857)	0
Impairment losses for the year	(38.964)	(1.797.964)	0
Amortisation and impairment losses end of year	(156.671)	(8.989.821)	0
Carrying amount end of year	38.936	8.989.822	416.454

Notes

	Plant and machinery DKK	Other fix- tures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
5. Property, plant and equipment			
Cost beginning of year	618.841	1.115.776	270.308
Additions	226.705	80.225	246.445
Disposals	0	(321.336)	0
Cost end of year	845.546	874.665	516.753
Depreciation and impairment losses beginning of the year	(225.265)	(913.132)	(139.570)
Depreciation for the year	(149.413)	(110.824)	(52.205)
Reversal regarding disposals	0	233.724	0
Depreciation and impairment losses end of the year	(374.678)	(790.232)	(191.775)
Carrying amount end of year	470.868	84.433	324.978
		Investments in group enterprises DKK	Other recei- vables DKK
6. Fixed asset investments			
Cost beginning of year		2.000.000	300.056
Additions		100.000	97.726
Cost end of year		2.100.000	397.782
Impairment losses beginning of year		(2.000.000)	0
Share of profit/loss after tax		(3.027.482)	0
Other adjustments		3.002.701	0
Impairment losses end of year		(2.024.781)	0
Carrying amount end of year		75.219	397.782
	Registered in	Corpo- rate form	Equity interest %
Subsidiaries:			
Unisense Environment A/S	Aarhus	A/S	100,00
Unisense Diagnostics ApS	Aarhus	ApS	66,67

Notes

			Number	Nominal value DKK
7. Contributed capital				
Shares			215.830	2.158.300
			215.830	2.158.300
	2015 DKK	2014 DKK	2013 DKK	2012 DKK
Changes in contributed capital				
Contributed capital beginning of year	2.158.300	2.158.300	2.158.300	2.000.000
Increase of capital	0	0	0	158.300
Contributed capital end of year	2.158.300	2.158.300	2.158.300	2.158.300

A share option scheme has been established according to which a right to subscribe for up to 10,790 new shares in the Company, a total of DKK 107,900 nominal, is earned in the period from 2013 to 2016 provided certain objectives are met.

On the presentation of the annual report for 2015, a total right of subscription for 7.553 new shares was earned.

The exercise period runs from the vesting time until 31 December 2019.

	2015 DKK	2014 DKK
8. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc. payable	1.866.835	1.676.906
Other costs payable	689.716	87.683
	2.556.551	1.764.589

9. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Unisense Holding 2 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

10. Assets charged and collateral

Bank debt has been secured by a deposited all-monies mortgage providing security in a floating charge of DKK 2,500k on the Company's intangible assets, property, plant and equipment, inventories as well as receivables.

The Company has provided security of a maximum of DKK 4m to the bank on the shares in Unisense Environment A/S.

The carrying amount of the charged shares amounts to DKK 0k.

11. Ownership

The Entity has registered the following shareholders as holding more than 5% of the voting share rights or more than 5% of the nominal value of share capital:

Unisense Holding A/S, Aarhus