

Infuser ApS

Ole Maaløes Vej 5

2200 København N

Central Business Registration No

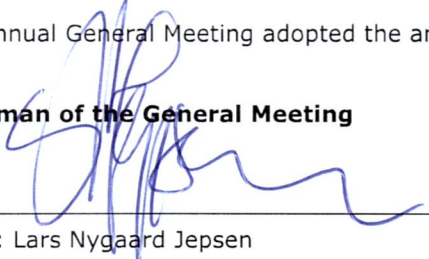
34091978

Annual report 2016

The Annual General Meeting adopted the annual report on

7/6-2017

Chairman of the General Meeting


Name: Lars Nygaard Jepsen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2016	7
Balance sheet at 31.12.2016	8
Statement of changes in equity for 2016	10
Notes	11
Accounting policies	15

Entity details

Entity

Infuser ApS
Ole Maaløes Vej 5
2200 København N

Central Business Registration No: 34091978
Registered in: København
Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Lars Nygaard Jepsen
Finn Mogensen
Oh Kim Sun
Antonio Jose Mugica Rivero
Matthew Stanley Johnson

Executive Board

Lars Nannerup, CEO
Lars Nygaard Jepsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København 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 Infuser ApS for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

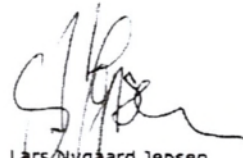
We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen,

Executive Board


Lars Napperup
CEO



Lars Nygaard Jepsen


Board of Directors


Lars Nygaard Jepsen


Finn Mogensen


Oh Kim Sun


Antonio Jose Mugica Rivero


Matthew Stanley Johnson

Independent auditor's report

To the shareholders of Infuser ApS

Opinion

We have audited the financial statements of Infuser ApS for the financial year 01.01.2016 - 31.12.2016, 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 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.

København, 09.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Jacob Simonsen

State Authorised Public Accountant



Management commentary

Primary activities

The company's main activities is to develop, manufacture, promote and sell environmental friendly air purification technologies.

Development in activities and finances

The loss of the year is DKK (22,862)k. Last year's loss was DKK (21,208)k. The total assets is DKK 38,986k. and the equity is DKK 6,693k.

Events after the balance sheet date

The company has after year-end signed a license agreement with a large operator servicing the hot metal processing industry segment. The agreement grants certain rights to use the company's technology in this industry segment. The Management expects the cooperation to have a positive impact on the company's activities within industrial pollution control in 2017 and onwards. The contract, together with other measures, secures the company cash flow for the remainder of 2017.

Apart from 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 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Gross loss		(10.523.704)	(10.180)
Staff costs	2	(8.638.530)	(5.856)
Depreciation, amortisation and impairment losses	3	<u>(2.901.824)</u>	<u>(5.230)</u>
Operating profit/loss		(22.064.058)	(21.266)
Other financial income	4	0	23
Other financial expenses	5	<u>(2.078.008)</u>	<u>(1.425)</u>
Profit/loss before tax		(24.142.066)	(22.668)
Tax on profit/loss for the year	6	<u>1.279.635</u>	<u>1.460</u>
Profit/loss for the year		<u>(22.862.431)</u>	<u>(21.208)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(22.862.431)</u>	<u>(21.208)</u>
		<u>(22.862.431)</u>	<u>(21.208)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Completed development projects		5.437.994	2.225
Acquired patents		33.234	0
Development projects in progress		<u>3.766.449</u>	<u>6.864</u>
Intangible assets	7	<u>9.237.677</u>	<u>9.089</u>
Other fixtures and fittings, tools and equipment		<u>5.787.033</u>	<u>6.236</u>
Property, plant and equipment	8	<u>5.787.033</u>	<u>6.236</u>
Investments in group enterprises		12.192.399	10.780
Deposits		<u>233.994</u>	<u>220</u>
Fixed asset investments	9	<u>12.426.393</u>	<u>11.000</u>
Fixed assets		<u>27.451.103</u>	<u>26.325</u>
Work in progress		<u>2.229.174</u>	<u>1.131</u>
Inventories		<u>2.229.174</u>	<u>1.131</u>
Trade receivables		223.634	1.015
Contract work in progress		741.524	3.337
Receivables from group enterprises		767.096	694
Other receivables		528.273	2.012
Income tax receivable		1.879.875	1.515
Prepayments		<u>744.311</u>	<u>202</u>
Receivables		<u>4.884.713</u>	<u>8.775</u>
Cash		<u>4.421.125</u>	<u>4.016</u>
Current assets		<u>11.535.012</u>	<u>13.922</u>
Assets		<u>38.986.115</u>	<u>40.247</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital	10	2.917.459	2.441
Reserve for development expenditure		1.669.049	0
Retained earnings		<u>2.106.555</u>	<u>12.922</u>
Equity		<u>6.693.063</u>	<u>15.363</u>
Other payables		<u>19.360.566</u>	<u>12.594</u>
Non-current liabilities other than provisions	11	<u>19.360.566</u>	<u>12.594</u>
Current portion of long-term liabilities other than provisions	11	7.032.484	1.800
Trade payables		4.371.647	9.117
Payables to group enterprises		40.939	0
Other payables		<u>1.487.416</u>	<u>1.373</u>
Current liabilities other than provisions		<u>12.932.486</u>	<u>12.290</u>
Liabilities other than provisions		<u>32.293.052</u>	<u>24.884</u>
Equity and liabilities		<u>38.986.115</u>	<u>40.247</u>
Going concern	1		
Unrecognised rental and lease commitments	12		
Contingent assets	13		
Mortgages and securities	14		

Statement of changes in equity for 2016

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.441.209	0	12.922.036	15.363.245
Increase of capital	476.250	0	13.715.999	14.192.249
Profit/loss for the year	0	1.669.049	(24.531.480)	(22.862.431)
Equity end of year	2.917.459	1.669.049	2.106.555	6.693.063

Notes

1. Going concern

The Management is aware of the company's capital resources. The company has after year-end signed a license agreement with a new customer which will ensure the cash flow for the rest of 2017.

	2016	2015
	DKK	DKK'000
2. Staff costs		
Wages and salaries	8.369.111	5.660
Other social security costs	104.223	70
Other staff costs	165.196	126
	8.638.530	5.856
Average number of employees	5	3

	2016	2015
	DKK	DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.428.527	941
Impairment losses on intangible assets	98.138	3.912
Depreciation of property, plant and equipment	1.348.196	377
Profit/loss from sale of intangible assets and property, plant and equipment	26.963	0
	2.901.824	5.230

	2016	2015
	DKK	DKK'000
4. Other financial income		
Exchange rate adjustments	0	23
	0	23

	2016	2015
	DKK	DKK'000
5. Other financial expenses		
Interest expenses	1.954.599	1.425
Exchange rate adjustments	123.409	0
	2.078.008	1.425

Notes

	2016	2015
	DKK	DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	(699.041)	(973)
Change in deferred tax for the year	0	964
Adjustment concerning previous years	(580.594)	(1.451)
	(1.279.635)	(1.460)

Adjustment relating to previous years relates to recognition of tax credit to the tax year 2014.

	Completed develop- ment projects DKK	Acquired patents DKK	Develop- ment projects in progress DKK
7. Intangible assets			
Cost beginning of year	7.076.578	0	6.864.144
Transfers	4.739.781	0	(4.739.781)
Additions	0	33.234	1.669.049
Disposals	(4.673.762)	0	(26.963)
Cost end of year	7.142.597	33.234	3.766.449
Amortisation and impairment losses beginning of year	(4.851.700)	0	0
Impairment losses for the year	(98.138)	0	0
Amortisation for the year	(1.428.527)	0	0
Reversal regarding disposals	4.673.762	0	0
Amortisation and impairment losses end of year	(1.704.603)	0	0
Carrying amount end of year	5.437.994	33.234	3.766.449

Development projects in progress

Development projects in progress consist of project relating to new products that the company is developing.

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
10. Contributed capital			
A-shares	2.250.388	1	2.250.388
B-shares	190.821	1	190.821
C-shares	476.250	1	476.250
	<u>2.917.459</u>		<u>2.917.459</u>

	<u>Instalments within 12 months 2016 DKK</u>	<u>Instalments within 12 months 2015 DKK'000</u>	<u>Instalments beyond 12 months 2016 DKK</u>
11. Liabilities other than provisions			
Other payables	7.032.484	1.800	19.360.566
	<u>7.032.484</u>	<u>1.800</u>	<u>19.360.566</u>

All long term debt is due within 5 years.

	<u>2016 DKK</u>	<u>2015 DKK'000</u>
12. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	<u>716.507</u>	<u>862</u>

13. Contingent assets

The company has deferrable tax losses worth DKK 9.916k.

14. Mortgages and securities

Total shares in group enterprises worth DKK 12,192,399 is provided as security for other liabilities.

Loan is secured with company charge. The security includes other fixtures and fittings, tools and equipment, intangible assets, inventories and trade receivables.

The company has provided customs duty guarantee for SEK 500,000.

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, 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.

Accounting policies

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary write-downs of the relevant inventories.

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.

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

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.

Other financial income

Other financial income comprises interest income as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses 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.

Accounting policies

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.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 5 years. Development projects are written down to the lower of recoverable amount and carrying amount.

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:

Other fixtures and fittings, tools and equipment	3-8 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 measured at cost and 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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Accounting policies

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 write-downs for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Income tax payable or receivable

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.