

Infuser ApS

Ole Maaløes Vej 5
2200 Copenhagen N
Central Business Registration No
34091978

Annual report 2018

The Annual General Meeting adopted the annual report on 28.06.2019

Chairman of the General Meeting

Name: Lars Nannerup

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Entity details

Entity

Infuser ApS
Ole Maaløes Vej 5
2200 Copenhagen N

Central Business Registration No: 34091978
Registered in: Copenhagen
Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Lars Nygaard Jepsen
Finn Mogensen
Oh Kim Sun
Antonio Jose Mugica Rivero
Matthew 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 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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, 28.06.2019

Executive Board

Lars Nannerup
CEO

Lars Nygaard Jepsen

Board of Directors

Lars Nygaard Jepsen

Finn Mogensen

Oh Kim Sun

Antonio Jose Mugica Rivero

Matthew 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 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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.

Material uncertainty related to going concern

Management is in dialogue with potential investors and is confident that an agreement will be finalized shortly. As no agreement is finalized at the reporting date and as the Infuser Group is dependent on further financing, there is still uncertainty related to the company's ability to continue as a going concern.

As stated in note 1 to the financial statements, a material uncertainty is indicated which may raise considerable doubts about the Company's ability to continue as a going concern. We have not modified our opinion in this respect.

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

Independent auditor's report

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.

Independent auditor's report

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.

Copenhagen, 28.06.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Henrik Wolff Mikkelsen

State Authorised Public Accountant

Identification number (MNE) mne33747

Mads Juul Hansen

State Authorised Public Accountant

Identification number (MNE) mne44386

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 after taxes for the year are DKK (15.674)k. Last year's profit was DKK 1.061k. The total assets are DKK 28.252k. and the equity is DKK (19.921)k.

Management is aware of the company's financial situation and expects to restructure the equity by capital injections from existing and new investors. See further discription in note 1.

Events after the balance sheet date

Infuser Group Management has after year-end had dialogue with potential new investors. The dialogue is in its closing stage and Management expects that an agreement regarding a significant capital injection will be reach shortly. The capital injection will ensure both the capital structure of the Infuser Holding Group and secure cash flow needs for the remainder of 2019.

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 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Gross profit/loss		(324.358)	12.990
Staff costs	2	(10.481.131)	(7.487)
Depreciation, amortisation and impairment losses	3	<u>(2.881.054)</u>	<u>(2.067)</u>
Operating profit/loss		(13.686.543)	3.436
Other financial income	4	0	11
Other financial expenses	5	<u>(2.753.380)</u>	<u>(2.386)</u>
Profit/loss before tax		(16.439.923)	1.061
Tax on profit/loss for the year	6	<u>716.567</u>	<u>0</u>
Profit/loss for the year		<u>(15.723.356)</u>	<u>1.061</u>
Proposed distribution of profit/loss			
Extraordinary dividend distributed in the financial year		0	12.596
Retained earnings		<u>(15.723.356)</u>	<u>(11.535)</u>
		<u>(15.723.356)</u>	<u>1.061</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Completed development projects		5.338.086	5.075
Acquired patents		145.534	138
Development projects in progress		2.761.064	1.026
Intangible assets	7	8.244.684	6.239
Other fixtures and fittings, tools and equipment		3.842.064	4.538
Property, plant and equipment	8	3.842.064	4.538
Investments in group enterprises		9.771.049	9.568
Deposits		432.120	291
Fixed asset investments	9	10.203.169	9.859
Fixed assets		22.289.917	20.636
Work in progress		2.375.649	2.557
Inventories		2.375.649	2.557
Trade receivables		1.429.031	3.253
Receivables from group enterprises		840.089	202
Other receivables		0	339
Income tax receivable		1.076.655	639
Prepayments		188.086	113
Receivables		3.533.861	4.546
Cash		52.340	1.486
Current assets		5.961.850	8.589
Assets		28.251.767	29.225

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		3.061.393	3.061
Reserve for development expenditure		6.194.723	4.576
Retained earnings		<u>(29.226.632)</u>	<u>(11.885)</u>
Equity		<u>(19.970.516)</u>	<u>(4.248)</u>
Convertible and dividend-yielding debt instruments		0	11.746
Other payables		<u>905.178</u>	<u>3.016</u>
Non-current liabilities other than provisions	10	<u>905.178</u>	<u>14.762</u>
Current portion of long-term liabilities other than provisions	10	24.442.829	9.175
Bank loans		2.719.056	361
Trade payables		6.051.324	3.690
Payables to group enterprises		9.263.488	2.702
Other payables		4.840.408	2.597
Deferred income		<u>0</u>	<u>186</u>
Current liabilities other than provisions		<u>47.317.105</u>	<u>18.711</u>
Liabilities other than provisions		<u>48.222.283</u>	<u>33.473</u>
Equity and liabilities		<u>28.251.767</u>	<u>29.225</u>
Going concern	1		
Unrecognised rental and lease commitments	11		
Contingent assets	12		
Contingent liabilities	13		
Mortgages and securities	14		

Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	3.061.393	4.576.099	(11.884.652)	(4.247.160)
Transfer to reserves	0	1.618.624	(1.618.624)	0
Profit/loss for the year	0	0	(15.723.356)	(15.723.356)
Equity end of year	3.061.393	6.194.723	(29.226.632)	(19.970.516)

Notes

1. Going concern

The Management is aware of the company's capital resources. As mentioned in the Management Report, Management is close to finalizing an agreement with potential new investors securing a significant capital injection, that will ensure both the capital structure as well as the cash flow needs for 2019.

As no final agreement has currently been signed, there is uncertainty related to the company's ability to continue as a going concern. Management is confident that the necessary financing will be obtained and has therefore prepared the Annual report in accordance with the going concern assumption.

	2018	2017
	DKK	DKK'000
2. Staff costs		
Wages and salaries	11.326.408	9.830
Pension costs	87.750	39
Other social security costs	182.704	227
Other staff costs	85.269	81
Staff costs classified as assets	(1.201.000)	(2.690)
	10.481.131	7.487
Average number of employees	16	16

	2018	2017
	DKK	DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.408.937	597
Depreciation of property, plant and equipment	1.472.117	1.470
	2.881.054	2.067

	2018	2017
	DKK	DKK'000
4. Other financial income		
Financial income arising from group enterprises	0	3
Interest income	0	8
	0	11

Notes

	2018	2017
	DKK	DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	37.282	18
Interest expenses	2.681.949	2.303
Exchange rate adjustments	34.149	65
	2.753.380	2.386

	2018	2017
	DKK	DKK'000
6. Tax on profit/loss for the year		
Tax on current year taxable income	(716.567)	0
	(716.567)	0

	Completed develop- ment projects DKK	Acquired patents DKK	Develop- ment projects in progress DKK
7. Intangible assets			
Cost beginning of year	5.917.081	137.834	1.026.463
Additions	1.672.007	7.700	1.734.601
Cost end of year	7.589.088	145.534	2.761.064
Amortisation and impairment losses beginning of year	(842.065)	0	0
Amortisation for the year	(1.408.937)	0	0
Amortisation and impairment losses end of year	(2.251.002)	0	0
Carrying amount end of year	5.338.086	145.534	2.761.064

Development projects in progress

Development projects in progress consist of project relating to new products that the company is developing within the air pollution industry. The capitalized development costs consists of material costs and direct staff costs etc., which is handled and recorded in the company's internal project module.

The value of Development projects in progress are at 31 December 2018 2.761 t.DKK. The development projects are expected to be finalized during 2019.

The developments projects are expected to grant competitive advantages when they are finalized.

Notes

	Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment	
Cost beginning of year	7.769.997
Additions	<u>776.177</u>
Cost end of year	<u>8.546.174</u>
Depreciation and impairment losses beginning of the year	(3.231.993)
Depreciation for the year	<u>(1.472.117)</u>
Depreciation and impairment losses end of the year	<u>(4.704.110)</u>
Carrying amount end of year	<u>3.842.064</u>

	Investments in group enterprises DKK	Deposits DKK
9. Fixed asset investments		
Cost beginning of year	9.567.520	290.715
Additions	<u>203.529</u>	<u>141.405</u>
Cost end of year	<u>9.771.049</u>	<u>432.120</u>
Carrying amount end of year	<u>9.771.049</u>	<u>432.120</u>

	Instalments within 12 months 2018 DKK	Instalments within 12 months 2017 DKK'000	Instalments beyond 12 months 2018 DKK
10. Liabilities other than provisions			
Convertible and dividend-yielding debt instruments	11.878.927	0	0
Other payables	<u>12.563.902</u>	<u>9.175</u>	<u>905.178</u>
	<u>24.442.829</u>	<u>9.175</u>	<u>905.178</u>

All long term debt is due within 5 years.

Notes

	2018	2017
	DKK	DKK'000
11. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	1.497.426	717

12. Contingent assets

The company has unused tax losses worth DKK 12,082k from before joining the joint taxation.

13. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which Infuser Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

14. Mortgages and securities

Total shares in group enterprises worth DKK 9,771,049 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

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, patents 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

Accounting policies

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
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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. Work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

Receivables

Accounting policies

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

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 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.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.