

Remoni ApS

Sudkærvej 9
8752 Østbirk
Central Business Registration
No 35212124

Annual report 2019

The Annual General Meeting adopted the annual report on 29.04.2020

Chairman of the General Meeting

Name: Bo Eskerod Madsen

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Entity details

Entity

Remoni ApS
Sudkærvej 9
8752 Østbirk

Central Business Registration No (CVR): 35212124

Founded: 05.04.2013

Registered in: Horsens

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Karl Kenneth Vinther Iversen

Bo Eskerod Madsen

Jesper Bjarne Haugaard

Executive Board

Bo Eskerod Madsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Papirfabrikken 26

8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Remoni ApS for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Østbirk, 29.04.2020

Executive Board

Bo Eskerod Madsen

Board of Directors

Karl Kenneth Vinther Iversen

Bo Eskerod Madsen

Jesper Bjarne Haugaard

Independent auditor's report

To the shareholders of Remoni ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Remoni ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations for the financial year 01.01.2019 - 31.12.2019 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated

Independent auditor's report

financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Silkeborg, 29.04.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Bo Blaabjerg Odgaard
State Authorised Public Accountant
Identification No (MNE) mne32122

Rasmus Villadsen Madsen
State Authorised Public Accountant
Identification No (MNE) mne45822

Management commentary

Primary activities

The Company carries on development and sale of monitoring systemt and related activities.

Development in activities and finances

The primary focus in 2019 has been sales and test of our MVP (Minimal Viable Product) platform. Therefore, the Company's resources have primarily been allocated to market development and technical development.

The newly developed products are expected to be important sources of revenue for the Company in the long term, and both revenue and profit will therefore be significantly larger in the years to come. At the time of the financial reporting, the Company is still in the early market growth stage, the final market potential is therefore subject to some uncertainty.

If, contrary to expectations, it appears that it will not be possible to scale the product sales as estimated, it is Management's assessment that operations can be adjusted so that cash resources are sufficient until the time of the annual general meeting in 2021 and far beyond.

Events after the balance sheet date

After the balance sheet date, the Company has raised 20 million DKK in private equity investment, and won R&D projects with a total value of more than 25 million DKK, to be executed in the years 2020 to 2023. In total 10 million DKK of the new capital is invested in buying out the seed investor and reduce the Company depts, so the total debts by end of Q1 2020 is 7.5 million DKK.

The spread of COVID-19 throughout the world can potentially have an influence on the buisness for the company in 2020. Year to date 2020, the spread of COVID-19 has not impacted the company significantly, however at this time it is not possible to predict the influence in the coming months.

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

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

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		7.453.981	6.667.355
Staff costs	1	(6.239.094)	(6.715.515)
Depreciation, amortisation and impairment losses		(577.351)	(499.267)
Operating profit/loss		637.536	(547.427)
Other financial expenses		(663.530)	(99.410)
Profit/loss before tax		(25.994)	(646.837)
Tax on profit/loss for the year	2	11.792	170.487
Profit/loss for the year		(14.202)	(476.350)
Proposed distribution of profit/loss			
Retained earnings		(14.202)	(476.350)
		(14.202)	(476.350)

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Completed development projects		4.685.060	4.060.004
Development projects in progress		19.999.789	19.195.990
Intangible assets	3	<u>24.684.849</u>	<u>23.255.994</u>
Other fixtures and fittings, tools and equipment		65.097	57.560
Property, plant and equipment	4	<u>65.097</u>	<u>57.560</u>
Deposits		60.000	60.000
Fixed asset investments	5	<u>60.000</u>	<u>60.000</u>
Fixed assets		<u>24.809.946</u>	<u>23.373.554</u>
Manufactured goods and goods for resale		128.223	215.946
Inventories		<u>128.223</u>	<u>215.946</u>
Trade receivables		802.502	155.476
Contract work in progress	6	2.794.245	0
Receivables from group enterprises		0	4.325
Other receivables		1.080.370	25.056
Prepayments		4.231	21.200
Receivables		<u>4.681.348</u>	<u>206.057</u>
Cash		<u>1.985.012</u>	<u>2.989.798</u>
Current assets		<u>6.794.583</u>	<u>3.411.801</u>
Assets		<u>31.604.529</u>	<u>26.785.355</u>

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		111.667	111.667
Retained earnings		1.876.814	1.891.016
Equity		1.988.481	2.002.683
Deferred tax		2.183.000	1.445.000
Provisions		2.183.000	1.445.000
Subordinate loan capital	7	5.161.625	4.161.625
Debt to other credit institutions		4.856.680	4.920.115
Other payables		201.198	0
Deferred income	8	14.328.024	12.520.886
Non-current liabilities other than provisions	9	24.547.527	21.602.626
Current portion of long-term liabilities other than provisions	9	420.000	0
Bank loans		125.819	114.207
Trade payables		721.319	136.261
Payables to group enterprises		1.717	0
Joint taxation contribution payable		159.737	0
Other payables		1.456.929	1.484.578
Current liabilities other than provisions		2.885.521	1.735.046
Liabilities other than provisions		27.433.048	23.337.672
Equity and liabilities		31.604.529	26.785.355
Contingent liabilities	10		
Assets charged and collateral	11		
Transactions with related parties	12		
Subsidiaries	13		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	111.667	1.891.016	2.002.683
Profit/loss for the year	0	(14.202)	(14.202)
Equity end of year	111.667	1.876.814	1.988.481

Notes to consolidated financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	5.884.811	6.299.601
Pension costs	300.936	137.992
Other social security costs	53.347	110.267
Other staff costs	0	167.655
	6.239.094	6.715.515
Average number of employees	13	14
	2019 DKK	2018 DKK
2. Tax on profit/loss for the year		
Current tax	74.711	0
Change in deferred tax	(86.503)	(161.000)
Adjustment concerning previous years	0	(9.487)
	(11.792)	(170.487)
	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
3. Intangible assets		
Cost beginning of year	4.511.115	19.195.990
Transfers	1.195.741	(1.195.741)
Additions	0	1.999.540
Cost end of year	5.706.856	19.999.789
Amortisation and impairment losses beginning of year	(451.111)	0
Amortisation for the year	(570.685)	0
Amortisation and impairment losses end of year	(1.021.796)	0
Carrying amount end of year	4.685.060	19.999.789
Financial expenses included in carrying amount	239.526	-

Development projects

The capitalised development costs relate to various new products in progress for monitoring of technical installations in professional buildings in order to reap operating as well as environmental profits.

Notes to consolidated financial statements

The Company has received grants provided on the basis of the capitalised intangible assets. The grants received are recognised in the annual report under deferred assets. The net amount between capitalised intangible assets and grants received recognised as deferred assets is calculated as follows:

	2019
	DKK
Intangible assets	
Balance beginning of year	23.255.994
Additions during the year	1.999.540
Amortisation for the year	<u>(570.685)</u>
Carrying amount end of year	<u>24.684.849</u>
Grants received	
Balance beginning of year	(12.520.886)
Additions during the year	(2.647.176)
Amortisation for the year	<u>420.038</u>
Carrying amount end of year	<u>(14.748.024)</u>
Net value	<u>9.936.825</u>
	Other
	fixtures and
	fittings, tools
	and
	equipment
	DKK
4. Property, plant and equipment	
Cost beginning of year	94.005
Additions	<u>14.203</u>
Cost end of year	<u>108.208</u>
Depreciation and impairment losses beginning of year	(36.445)
Depreciation for the year	<u>(6.666)</u>
Depreciation and impairment losses end of year	<u>(43.111)</u>
Carrying amount end of year	<u>65.097</u>

Notes to consolidated financial statements

	Deposits DKK	
	<u>2019 DKK</u>	<u>2018 DKK</u>
5. Fixed asset investments		
Cost beginning of year		60.000
Cost end of year		<u>60.000</u>
Carrying amount end of year		<u>60.000</u>
6. Contract work in progress		
Contract work in progress	2.915.033	0
Progress billings regarding contract work in progress	(120.788)	0
	<u>2.794.245</u>	<u>0</u>

7. Subordinate loan capital

The Company has subordinated loans totalling DKK 5,161,625. The loans carry interest at 8-9% p.a.

8. Long-term deferred income

Deferred income consists of grants received relating to capitalised development projects in progress, see note 3. The grants received are not subject to repayment, but will be amortized as the related development project is depreciated.

The grants is broken down as follows:

	2019 DKK
	<u>2019 DKK</u>
Balance beginning of year	12.520.882
Grants received during the year, net	2.163.000
Set off against receivables relating to capitalised projects	484.180
Amortized due to depreciation	(420.038)
	<u>14.748.024</u>

Notes to consolidated financial statements

	Due within 12 months 2019 DKK	Due after more than 12 months 2019 DKK
9. Liabilities other than provisions		
Subordinate loan capital	0	5.161.625
Debt to other credit institutions	0	4.856.680
Other payables	0	201.198
Deferred income	420.000	14.328.024
	420.000	24.547.527

The Company has no liabilities which is outstanding after 5 years, other than deferred income. The Company has deferred income consisting of grants received relating to capitalised development projects. Since the deferred income relates to ongoing projects, it is not possible to determine how much is outstanding after 5 years.

10. Contingent liabilities

The Company has entered into leases with a total annual rent of DKK 240k. The lease can be terminated with 6 month of notice.

11. Assets charged and collateral

The Company has provided a floating charge of a nominal amount of DKK 5,000k as security for long term loans. The floating charge comprises trade receivables, inventories, operating equipment and rights, which at 31.12.2019 amounts to DKK 25,681k.

12. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

	Registered in	Corpo- rate form	Equity inte- rest %
13. Subsidiaries			
ReMoni Danmark ApS	Skanderborg	ApS	100,0
ReMoni Norge A/S	Enebakk	A/S	100,0

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		7.066.990	6.458.613
Staff costs	1	(6.239.094)	(6.547.860)
Depreciation, amortisation and impairment losses		(577.351)	(499.267)
Operating profit/loss		250.545	(588.514)
Income from investments in group enterprises		301.450	32.040
Other financial expenses	2	(663.015)	(99.363)
Profit/loss before tax		(111.020)	(655.837)
Tax on profit/loss for the year	3	96.818	179.487
Profit/loss for the year		(14.202)	(476.350)
Proposed distribution of profit/loss			
Retained earnings		(14.202)	(476.350)
		(14.202)	(476.350)

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Completed development projects		4.685.060	4.060.004
Development projects in progress		19.999.789	19.195.990
Intangible assets	4	<u>24.684.849</u>	<u>23.255.994</u>
Other fixtures and fittings, tools and equipment		65.097	57.560
Property, plant and equipment	5	<u>65.097</u>	<u>57.560</u>
Investments in group enterprises		407.087	105.637
Deposits		60.000	60.000
Fixed asset investments	6	<u>467.087</u>	<u>165.637</u>
Fixed assets		<u>25.217.033</u>	<u>23.479.191</u>
Manufactured goods and goods for resale		0	215.946
Inventories		<u>0</u>	<u>215.946</u>
Trade receivables		0	100.304
Receivables from group enterprises		3.797.959	4.325
Other receivables		772.438	25.056
Prepayments		4.231	21.200
Receivables		<u>4.574.628</u>	<u>150.885</u>
Cash		<u>1.249.544</u>	<u>2.909.909</u>
Current assets		<u>5.824.172</u>	<u>3.276.740</u>
Assets		<u>31.041.205</u>	<u>26.755.931</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital	7	111.667	111.667
Reserve for net revaluation according to the equity method		333.490	0
Reserve for development expenditure		19.254.182	14.060.198
Retained earnings		(17.710.858)	(12.169.182)
Equity		1.988.481	2.002.683
Deferred tax		2.183.000	1.436.000
Provisions		2.183.000	1.436.000
Subordinate loan capital	8	5.161.625	4.161.625
Debt to other credit institutions		4.856.680	4.920.115
Other payables		201.198	0
Deferred income	9	14.328.024	12.520.886
Non-current liabilities other than provisions	10	24.547.527	21.602.626
Current portion of long-term liabilities other than provisions	10	420.000	0
Bank loans		125.819	114.207
Trade payables		244.738	128.224
Joint taxation contribution payable		74.711	0
Other payables		1.456.929	1.472.191
Current liabilities other than provisions		2.322.197	1.714.622
Liabilities other than provisions		26.869.724	23.317.248
Equity and liabilities		31.041.205	26.755.931
Contingent liabilities	11		
Assets charged and collateral	12		
Transactions with related parties	13		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK
Equity beginning of year	111.667	0	14.060.198
Transfer to reserves	0	0	5.193.984
Profit/loss for the year	0	333.490	0
Equity end of year	111.667	333.490	19.254.182
		Retained earnings DKK	Total DKK
Equity beginning of year		(12.169.182)	2.002.683
Transfer to reserves		(5.193.984)	0
Profit/loss for the year		(347.692)	(14.202)
Equity end of year		(17.710.858)	1.988.481

Notes to parent financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	5.884.811	6.299.601
Pension costs	300.936	137.992
Other social security costs	53.347	110.267
	6.239.094	6.547.860
Average number of employees	13	14
	2019 DKK	2018 DKK
2. Other financial expenses		
Other interest expenses	368.550	196.844
Exchange rate adjustments	1.044	86
Other financial expenses	293.421	(97.567)
	663.015	99.363
	2019 DKK	2018 DKK
3. Tax on profit/loss for the year		
Current tax	74.711	0
Change in deferred tax	(171.529)	(170.000)
Adjustment concerning previous years	0	(9.487)
	(96.818)	(179.487)

Notes to parent financial statements

	Completed develop- ment projects DKK	Develop- ment projects in progress DKK
4. Intangible assets		
Cost beginning of year	4.511.115	19.195.990
Transfers	1.195.741	(1.195.741)
Additions	0	1.999.540
Cost end of year	5.706.856	19.999.789
Amortisation and impairment losses beginning of year	(451.111)	0
Amortisation for the year	(570.685)	0
Amortisation and impairment losses end of year	(1.021.796)	0
Carrying amount end of year	4.685.060	19.999.789
Financial expenses included in carrying amount	239.526	1.034.721

Development projects

The capitalised development costs relate to various new products in progress for monitoring of technical installations in professional buildings in order to reap operating as well as environmental profits.

The Company has received grants provided on the basis of the capitalised intangible assets. The grants received are recognised in the annual report under deferred assets. The net amount between capitalised intangible assets and grants received recognised as deferred assets is calculated as follows:

	2019 DKK
Intangible assets	
Balance beginning of year	23.255.994
Additions during the year	1.999.540
Amortisation for the year	(570.685)
Carrying amount end of year	24.684.849
Grants received	
Balance beginning of year	(12.520.886)
Additions during the year	(2.647.176)
Amortisation for the year	420.038
Carrying amount end of year	(14.748.024)
Net value	9.936.825

Notes to parent financial statements

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	94.005
Additions	14.203
Cost end of year	108.208
Depreciation and impairment losses beginning of year	(36.445)
Depreciation for the year	(6.666)
Depreciation and impairment losses end of year	(43.111)
Carrying amount end of year	65.097

	Invest- ments in group enterprises DKK	Deposits DKK
6. Fixed asset investments		
Cost beginning of year	73.597	60.000
Cost end of year	73.597	60.000
Revaluations beginning of year	32.040	0
Share of profit/loss for the year	301.450	0
Revaluations end of year	333.490	0
Carrying amount end of year	407.087	60.000

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

	Number	Nominal value DKK	Share of contributed capital %
7. Treasury shares			
Holding of treasury shares:			
Treasury shares	1.370	1.370	1,2
	1.370	1.370	1,2

Notes to parent financial statements

8. Subordinate loan capital

The Company has subordinated loans totalling DKK 5,161,625. The loans carry interest at 8-9% p.a.

9. Long-term deferred income

	2019
	DKK
Balance beginning of year	12.520.882
Grants received during the year, net	2.163.000
Set off against receivables relating to capitalised projects	484.180
Amortized due to deprecation	(420.038)
	14.748.024

	Due within 12 months	Due after more than 12 months
	2019	2019
	DKK	DKK
10. Liabilities other than provisions		
Subordinate loan capital	0	5.161.625
Debt to other credit institutions	0	4.856.680
Other payables	0	201.198
Deferred income	420.000	14.328.024
	420.000	24.547.527

The Company has no liabilities which is outstanding after 5 years, other than deferred income. The Company has deferred income consisting of grants received relating to capitalised development projects. Since the deferred income relates to ongoing projects, it is not possible to determine how much is outstanding after 5 years.

11. Contingent liabilities

The Company has entered into leases with a total annual rent of DKK 240k. The lease can be terminated with 6 month of notice.

The Entity participates in a Danish joint taxation arrangement where Sudkær Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Notes to parent financial statements

12. Assets charged and collateral

The Company has provided a floating charge of a nominal amount of DKK 5,000k as security for long term loans. The floating charge comprises trade receivables, inventories, operating equipment and rights, which at 31.12.2019 amounts to DKK 25,681k.

13. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

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.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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).

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Accounting policies

Other operating income

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, 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 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.

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

Accounting policies

statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

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

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 10 years.

Property, plant and equipment

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	5 years
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Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

In the parent financial statements, 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 value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Accounting policies

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.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

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

Receivables

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

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.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Prepayments

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

Cash

Cash comprises of bank deposits.

Accounting policies

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

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.

Joint taxation contributions receivable or payable

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

Deferred income

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