Leapcraft ApS

Strandgade 54, 1.
1401 Copenhagen
Denmark

CVR no. 35 47 27 62

Annual report 2018/19

The annual report was presented and approved at the Company's annual general meeting on

10 January 2020

Vinay Venkatraman
chairman

Contents

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Leapcraft ApS for the financial year 1 July 2018 – 30 June 2019.

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

In my opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 – 30 June 2019.

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

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 10 January 2020
Executive Board:

Vinay Venkatraman

Independent auditor's report

To the shareholders of Leapcraft ApS

Opinion

We have audited the financial statements of Leapcraft ApS for the financial year 1 July 2018 – 30 June 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 – 30 June 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 financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

Independent auditor's report

effectiveness of the Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, 10 January 2020
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Management's review

Company details

Leapcraft ApS
Strandgade 54, 1.
1401 Copenhagen
Denmark

CVR no.:	35 47 27 62
Financial year:	1 July – 30 June

Executive Board

Vinay Venkatraman

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

Leapcraft is an innovation provider working with big data and sensor technology exploration with a usercentered approach to design. Leapcraft works with companies & governments to create new offeringswith a breed of new tools and methods based on big data analytics, sensors, rapid prototyping andempathetic application to society. Leapcraft harnesses design and technology offerings to building newsolutions with the Internet of things, advanced sensors and big data. The company has built vertical focuson environmental sensing technologies for Air Quality, Noise and Traffic data in the past few years.

Development in activities and financial position

This year has been the sixth year for Leapcraft to formally offer a mature range of products in the market. The company has completed numerous cases within the environmental sensing space - especially for Air Quality for smart cities and Indoor climate for smart building applications. The past year has been the start of the scale up phase for Leapcraft based on its offering on CPH Sense (Copenhagen Sense) and Ambinode (for smart buildings) supported by software running on the cloud for supporting analytics.

A bulk of resources and man hours have been spent this year in refining and taking Ambinode to scale with various customers in Denmark, Sweden, Belgium and Switzerland. As part the product marketing process, Leapcraft has exhibited at various expos and trade shows, e.g ISH 2019, Active house symposium 2019 etc. Our solution was also part of the various EU supported projects like the European Data Incubator, Synchronicity etc. focused on delivering a healthy building experience for Schools via the Clean Air School Districts project that Leapcraft has created. The CASD project has created tremendous interest and traction in the education space for Leapcraft. The Leapcraft team has been working in a very focused way to scale up the product and supporting technologies. Our software and cloud computing infrastructure has been scaled and tested for massive multi user and multi device strategy. Our system has got a whole range of upgrades, in core infrastructure and more efficient sensor integration. The year has been very R&D intensive and a larger portion of the budgets have been spent on maturing the product delivery and support infrastructure. The impact of these efforts will be felt in the forthcoming years.

Profit/loss for the year

The Company's income statement for 2019 shows a profit of DKK 609,190 as against DKK 374,597 in 2018. Equity in the Company's balance sheet at 30 June 2019 stood at DKK 2,700,351 as against DKK 2,091,161 at 30 June 2018.

Events after the balance sheet date

After the balance sheet date, no event have occured that can materially affect the presentation of this financial statement.

Financial statements 1 July – 30 June

Income statement

DKK	Note	2018/19	2017/18
Gross profit		2,135,618	2,076,484
Staff costs	2	-790,454	-1,329,069
Depreciation, amortisation and impairment loasses		-345,790	-254,613
Operating profit		999,374	492,802
Financial expenses		-18,613	-12,550
Profit before tax		980,761	480,252
Tax on profit for the year	3	-371,571	-105,655
Profit for the year		609,190	374,597

Proposed profit appropriation

Retained earnings		609,190	374,597
		609,190	374,597

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	30/6 2019	30/6 2018
ASSETS			
Fixed assets			
Intangible assets			
Completed development projects		2,595,828	0
Development projects in progress		1,209,000	2,917,625
		3,804,828	2,917,625
Property, plant and equipment			
Fixtures and fittings, tools and equipment		0	23,993
Investments			
Deposits		45,577	45,577
Total fixed assets		3,850,405	2,987,195
Current assets			
Inventories			
Parts for asembly		75,002	84,376
Receivables			
Trade receivables		78,125	208,160
Other receivables		36,750	0
Corporation tax		240,313	465,491
		355,188	673,651
Cash at bank and in hand		16,994	95,425
Total current assets		447,184	853,452
TOTAL ASSETS		4,297,589	3,840,647

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	30/6 2019	30/6 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital		83,726	83,726
Share premium		87,524	87,524
Reserve for development costs		2,945,034	2,253,015
Retained earnings		-415,933	-333,104
Total equity		2,700,351	2,091,161
Provisions			
Provisions for deferred tax		862,927	663,753
Total provisions		862,927	663,753
Liabilities other than provisions			
Current liabilities other than provisions			
Payables to group entities		50,000	50,000
Corporation tax		10,650	0
Other payables		673,661	1,035,733
		734,311	1,085,733
Total liabilities other than provisions		734,311	1,085,733
TOTAL EQUITY AND LIABILITIES		4,297,589	3,840,647
Contractual obligations, contingencies, etc.	4		

Financial statements 1 July – 30 June

Statement of changes in equity

DKK	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity at 1 July 2018	83,726	87,524	2,253,015	-333,104	2,091,161
Transfers, reserves	0	0	-251,001	251,001	0
Transferred over the profit appropriation	0	0	943,020	-333,830	609,190
Equity at 30 June 2019	83,726	87,524	2,945,034	-415,933	2,700,351

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of Leapcraft ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of services is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All forms of discounts granted are deducted from revenue.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

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

Intangible assets

Development projects

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

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

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

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 10 years.

Equipment

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

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

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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

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

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash at bank and in hand

Cash comprises bank deposits.

Equity

Reserve for development costs

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

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Other liabilities are measured at net realisable value.

Corporation tax and deferred tax

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

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

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

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

Financial statements 1 July – 30 June

Notes

2 Staff costs

DKK	2018/19	2017/18
Wages and salaries	1,967,140	2,832,678
Transfered to development costs	-1,209,000	-1,554,500
Other social security costs	23,511	43,498
Other staff costs	8,803	7,393
	790,454	1,329,069
Average number of full-time employees	7	7

3 Tax on profit for the year

DKK	2018/19	2017/18
Current tax for the year	10,650	-266,652
Deferred tax for the year	360,921	372,307
	371,571	105,655

4 Contractual obligations, contingencies, etc.

Contingent liabilities

As part of the company´s ordinary project activity, the company enters into varrious agreements were the company dependig on the nature of deliveries and agreement can potentially be liable for certain deliveries.

The company is jointly taxed with Ideact ApS, and is jointly liable for taxes with the other entity of the co-taxation.