

LEAPCRAFT ApS

Strandgade 54, 1
1401 København K

Annual report
1 July 2016 - 30 June 2017

**The annual report has been presented and
approved on the company's general meeting the**

21/12/2017

Vinay Venkatraman
Chairman of general meeting

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Company information

Reporting company LEAPCRAFT ApS
Strandgade 54, 1
1401 København K

CVR-nr: 35472762
Reporting period: 01/07/2016 - 30/06/2017

Auditor

KPMG P/S
Dampfærgevej 28
2100 København Ø
DK Denmark
CVR-nr: 25578198
P-number: 1018974173

Statement by Management

The Management has today discussed and approved the annual report for the financial year 01. July 2016 - 30. June 2017 of LEAPCRAFT ApS. The annual report has been presented in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 30. June 2017 and of the results of the Company's operations for the financial year 01. July 2016 - 30. June 2017

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

Copenhagen, the 21/12/2017

Management

Vinay Venkatraman

The independent auditor's report on financial statements

To the shareholders of LEAPCRAFT ApS

Opinion

We have audited the financial statements of Leapcraft ApS for the financial year 01. July 2016 – 30. June 2017, comprising income statement, balance sheet 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 2017 and of the results of the Company's operations for the financial year 01. July 2016 – 30. June 2017 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.

Responsibilities of management 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 responsibility

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 financial statement 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 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 21/12/2017

Morten Høgh-Petersen , mne34283
State Authorised Public Accountant
KPMG P/S
CVR: 25578198

Management's Review

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

Development in the year

This year has been the fourth 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 - esp for Air Quality. The past year has been a major transition year for Leapcraft into a product - platforms company based on its offering on CPH Sense (Copenhagen Sense) which is an ambient sensor device for pollution measurement and software running on the cloud for supporting analytics. A bulk of resources and man hours have been sent this year in refining and taking CPH Sense to scale with various customers globally.

The year has been a tremendous year for leapcraft in terms of publicity and awards also. The highlight of this has been the Gold prize at the European Product Design Award - which was announced at the EU Parliament on April 12th. This has created thousands of views and engagement on social media. In addition the company won the 1st place at the Smart Cities Now competition and was a Danish finalist for the Nordic Startup Awards.

Leapcraft as part of its product marketing process has exhibited at various expos and trade shows - e.g Mobile World Congress, Smart City Expo, CISCO Live , Building Green etc and has gained significant attention and viability converting to numerous enquires and new customer acquisitions.

Our product CPH sense has picked up a decent amount of press coverage in both local and international media e.g it was featured on TeleBasel TV (Switzerland), was asked to be presented in the Mobile world congress in Barcelona (Spain) with over 50,000 visitors. The solution has also been promoted at the UNISDR conference in Mexico during this period focused on public health and emergency response for gas leaks etc. The team has also been invited to participate and give lectures at various other events including a hackathon with Maersk and Zeiss in Munich and an air quality event at Danish embassy in London.

The CPH sense solution has also been deployed in location in various countries e.g Norway, Mexico and Austria. The solution was also part of the organicity experiment with public transport buses in Aarhus and London. The rich international experience has both showcased the potential and challenges leading to big learnings, quick turnarounds and improvements over the last 12 months.

Internal Development : The Leapcraft team has been working in hard to build an highly scalable IoT platform to deploy the CPH sense solution. In addition the company has been working on a similar indoor product called Ambinode which measure important indoor climate parameters for homes and offices. Ambinode is expected to go commercial in the next Financial Year with pre orders from various customers in progress.

Expectation for the coming year

Leapcraft expects a steady continued growth in the coming year. Numerous relationships that were established in previous years are expected to bring scale and new market entry in the coming year. The company is gearing up to move into product platforms as a business model and this requires more focus and better technical maturity moving forward. We expect this pathway to pave the way for a much bigger growth story for the company. A big part of the effort in the coming year will be on creating a scalable business model that can work in tandem with a high growth strategy based on Sensor products, data platforms and environmental intelligence. This will involve raising capital, scaling the team and clear focus on key verticals. Leapcraft will focus on keeping the current pipeline active with some new growth while at the same time fund raise, grow the team and develop a long term growth strategy.

Subsequent events

There have been no significant subsequent events at the time of submitting the annual report.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B. There have been options of certain rules in reporting class C.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

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.

Staff costs

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

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Financial expenses

Financial expenses are recognised in the income statement at the amounts relating to the financial year. Financial items comprise interest expense.

Tax on profit for the year

The Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish companies. The Company serves as the administrative company for the joint taxation and consequently settles all payments of corporation tax with the tax authorities. Current Danish corporation tax is allocated by the settlement of joint taxation contributions between the jointly taxed enterprises in proportion to their taxable income. In relation thereto, enterprises with tax losses receive joint taxation contributions from enterprises, which have been able to use this loss to reduce their tax loss.

Tax for the year comprises current tax 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 at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Development projects

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

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

IT equipment, fixtures and fittings 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 when the asset is available for use.

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, which is calculated as cost less any residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life.

Investments

Other receivables and deposits are recognised at amortised cost.

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value. The value is reduced by write-down for bad debts.

Equity

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised on 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 measured on the planned use of the asset or settlement of the liability.

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. 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 in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement and in equity.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, equivalent to proceeds received less transaction costs paid. Other liabilities are measured at net realisable value.

Income statement 1 Jul 2016 - 30 Jun 2017

	Disclosure	2016/17 kr.	2015/16 kr.
Gross Result		2,988,886	3,987,684
Employee expense	1	-1,858,282	-3,041,763
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets		-93,714	-23,991
Profit (loss) from ordinary operating activities		1,036,890	921,930
Other finance expenses		-464	-20,171
Profit (loss) from ordinary activities before tax		1,036,426	901,759
Tax expense	2	-228,014	-198,387
Profit (loss)		808,412	703,371
Proposed distribution of results			
Proposed dividend recognised in equity		200,000	200,000
Retained earnings		608,412	503,371
Proposed distribution of profit (loss)		808,412	703,371

Balance sheet 30 June 2017

Assets

	Disclosure	2016/17 kr.	2015/16 kr.
Development projects in progress		1,324,753	0
Intangible assets		1,324,753	0
Fixtures, fittings, tools and equipment		47,984	71,973
Property, plant and equipment		47,984	71,973
Other investments		45,577	45,576
Investments		45,577	45,576
Total non-current assets		1,418,314	117,549
Trade receivables		1,045,866	1,085,847
Tax receivables		63,432	0
Other receivables		11,640	10,081
Receivables		1,120,938	1,095,928
Cash and cash equivalents		1,607,417	1,920,123
Current assets		2,728,355	3,016,051
Total assets		4,146,669	3,133,600

Balance sheet 30 June 2017

Liabilities and equity

	Disclosure	2016/17	2015/16
		kr.	kr.
Contributed capital		82,051	80,000
Share premium		48,644	0
Reserve for development expenditure		1,033,307	0
Retained earnings		312,009	736,904
Proposed dividend		200,000	200,000
Total equity		1,676,011	1,016,904
Provisions for deferred tax		291,446	0
Provisions, gross		291,446	0
Trade payables		1,000,000	702,159
Tax payables		157,934	312,718
Other payables, including tax payables, liabilities other than provisions		1,021,278	1,101,819
Short-term liabilities other than provisions, gross		2,179,212	2,116,696
Liabilities other than provisions, gross		2,179,212	2,116,696
Liabilities and equity, gross		4,146,669	3,133,600

Statement of changes in equity 1 Jul 2016 - 30 Jun 2017

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Reserve fund	Total
	kr.	kr.	kr.	kr.	kr.
Equity, beginning balance	80,000	736,904	200,000	0	1,016,904
Increase of capital	2,051	48,644	0	0	50,695
Dividend paid	0	0	-200,000	0	-200,000
Profit (Loss)	0	-424,895	200,000	1,033,307	808,412
Equity, ending balance	82,051	360,653	200,000	1,033,307	1,676,011

Disclosures

1. Employee expense

	2016/17	2015/16
	kr.	kr.
Wages and salaries	3.066.782	3.041.763
Post employment benefit expense	0	0
Social security contributions	0	0
	<u>3.066.782</u>	<u>3.041.763</u>
Average number of employees	<u>7</u>	<u>7</u>

Of 3.066.782 kr. 1.208.500 kr. has been capitalized as development costs.

2. Tax expense

	2016/17	2015/16
	kr.	kr.
Current tax	-63.432	198.387
Changes in deferred tax	291.446	0
	<u>228.014</u>	<u>198.387</u>

3. Disclosure of contingent liabilities

As Part of the company's ordinary project activity, the company enters into various agreements where the company depends on the nature of deliveries and agreement can potentially be liable for certain deliveries.

The company has a rental contract with a remaining contractual period of 6 months at the balance sheet date, and with a remaining lease cost of DKK 68 thousand.

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