

LEAPCRAFT ApS

Strandgade 54 1
1401 København K

CVR no. 35 47 27 62

Annual report for the period 1 July 2017 – 30 June 2018

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

14 December 2018

Vinay Venkatraman
chairman



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LEAPCRAFT ApS
Annual report 2017/18
CVR no. 35 47 27 62

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 2017 – 30 June 2018.

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 2018 and of the results of the Company's operations for the financial year 1 July 2017 – 30 June 2018.

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 14 December 2018

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 2017 – 30 June 2018 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 2018 and of the results of the Company's operations for the financial year 1 July 2017 – 30 June 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 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.

Independent auditor's report

- 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 14 December 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

LEAPCRAFT ApS
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Management's review

Company details

LEAPCRAFT ApS
Strandgade 54 1
1401 København K

CVR no.:	35 47 27 62
Established:	29 April 2013
Financial year:	1 July – 30 June

Executive Board

Vinay Venkatraman

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Management's review

Operating review

Principal activities

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 fifth 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 for smart cities and Indoor climate for smart building applications. The past year has been the completion of the transition for Leapcraft into a product - platforms company based on its offering on CPH Sense (Copenhagen Sense) for pollution measurement and software running on the cloud for supporting analytics. Thus the company decided in summer 2017 to invest in a product development on the indoor use cases with a solution called AmbiNode . This especially, has been a strategic move as the outdoor data is quite complementary to the indoor data and enables a whole host of new use cases to be addressed, thus expanding the market size potential with the same software infrastructure and a complimentary hardware addition. A bulk of resources and man hours have been sent this year in refining and taking Ambinode to scale with various early stage customers.

The year has been a tremendous year for leapcraft in terms of publicity and awards also. The highlight of this has been two awards at the IBM watson summit where Leapcraft won both the Best Startup Winner & People's choice award. 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 Smart City Expo 2017, Active house symposium 2017, Clean Tech Summit in Rotterdam, Utility Week in Amsterdam etc. Leapcraft has got extensive feedback and support from the Springboard Denmark when it was invited to present in its sessions.

The CPH sense solution has also been deployed in location in various new locations in Denmark, Greece etc. The solution was also part of the organicity experiment with a busy traffic intersection in Copenhagen city - helped optimise the air quality aspects of the city with better control of traffic lights. The Ambinode as a product was deployed in several commercial buildings and the highlight of that being the Green Solutions house conference and hotel in Bornholm.

Internal Development: The Leapcraft team has been working in a very focused way to scale up the Ambinode as a product and continue supporting the growth the CPH Sense solution. New software and cloud computing infrastructure has been built, a whole range of upgrades to core infrastructure and more efficient sensor integration and testing has also been the main activity. 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.

Management's review

Operating review

Expectation for the coming year

Leapcraft expects a steady continued growth in the coming year especially fuelled by the keen interest in smart city projects worldwide. The company is gearing up to scale up its operations and expand sales in an aggressive way in the coming years. A big part of the effort in the coming year will be on creating a scalable go to market strategy that can work in tandem with a high growth plan based on two sensor products, data platforms and environmental intelligence algorithms. This will involve fund raising with investors, many of which are in dialogue, 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.

Financial statements 1 July – 30 June

Income statement

DKK	Note	2017/18	2016/17
Gross profit		2,076,484	2,988,886
Staff costs	2	-1,329,069	-1,858,282
Depreciation, amortisation and impairment		<u>-254,613</u>	<u>-93,714</u>
Operating profit		492,802	1,036,890
Financial expenses		<u>-12,550</u>	<u>-464</u>
Profit before tax		480,252	1,036,426
Tax on profit/loss for the year	3	<u>-105,655</u>	<u>-228,014</u>
Profit for the year		<u>374,597</u>	<u>808,412</u>
Proposed profit appropriation			
Proposed dividends for the year		0	200,000
Retained earnings		<u>374,597</u>	<u>608,412</u>
		<u>374,597</u>	<u>808,412</u>

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	1/7-30/6 2018	1/7-30/6 2017
ASSETS			
Fixed assets			
Intangible assets			
Development projects in progress		<u>2,917,625</u>	<u>1,324,753</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment		<u>23,992</u>	<u>47,984</u>
Investments			
Other investments		<u>45,577</u>	<u>45,577</u>
Total fixed assets		<u>2,987,194</u>	<u>1,418,314</u>
Current assets			
Inventories			
Parts for assembly		<u>84,376</u>	<u>0</u>
Receivables			
Trade receivables		208,160	1,045,866
Other receivables		0	11,640
Tax receivables		<u>465,491</u>	<u>63,432</u>
		<u>673,651</u>	<u>1,120,938</u>
Cash at bank and in hand		<u>95,425</u>	<u>1,607,417</u>
Total current assets		<u>853,452</u>	<u>2,728,355</u>
TOTAL ASSETS		<u><u>3,840,646</u></u>	<u><u>4,146,669</u></u>

Financial statements 1 July – 30 June

Balance sheet

DKK	Note	1/7-30/6 2018	1/7-30/6 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		83,726	82,051
Share premium		87,524	48,644
Reserve for development expenditure		2,253,015	1,033,307
Retained earnings		<u>-333,104</u>	<u>512,009</u>
Total equity		<u>2,091,161</u>	<u>1,676,011</u>
Provisions			
Provisions for deferred tax		<u>663,753</u>	<u>291,446</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		0	1,000,000
Payables to group entities		50,000	0
Corporation tax		0	157,934
Other payables		<u>1,035,732</u>	<u>1,021,278</u>
		<u>1,085,732</u>	<u>2,179,212</u>
Total liabilities other than provisions		<u>1,085,732</u>	<u>2,179,212</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,840,646</u></u>	<u><u>4,146,669</u></u>

Financial statements 1 July – 30 June

Statement of changes in equity

DKK	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 July 2017	82,051	87,524	1,033,307	560,653	200,000	1,963,535
Capital increase	1,675	0	0	38,878	0	40,553
Profit (Loss)	0	0	1,219,708	-932,635	0	287,073
Equity at 30 June 2018	83,726	87,524	2,253,015	-333,104	0	2,091,161

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of LEAPCRAFT ApS for 2017/18 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

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

Income statement

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.

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.

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.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Tax on profit/loss 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 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.

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.

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost price. Where the net realisable value is lower than cost, inventories are written down to this lower value.

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

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 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 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. 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 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.

Financial statements 1 July – 30 June

Notes

2 Staff costs

Of 2.883.569 dkk, 1.554.500 dkk has been capitalized as development cost.

DKK	<u>2017/18</u>	<u>2016/17</u>
Wages and salaries	<u>2,883,569</u>	<u>3,066,782</u>
	<u>2,883,569</u>	<u>3,066,782</u>
Average number of full-time employees	<u>7</u>	<u>7</u>

3 Tax on profit/loss for the year

DKK	<u>2017/18</u>	<u>2016/17</u>
Current tax for the year	<u>-266,652</u>	<u>-63,432</u>
Deferred tax for the year	<u>372,307</u>	<u>291,446</u>
	<u>105,655</u>	<u>228,014</u>

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