



FaunaPhotonics Agriculture & Environmental A/S

Støberigade 14
2450 København SV
CVR No. 35642986

Annual report 2023

The Annual General Meeting adopted the annual report on 26.06.2024

Jesper Baagøe-Kronborg
Chairman of the General Meeting

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Entity details

Entity

FaunaPhotonics Agriculture & Environmental A/S

Støberigade 14

2450 København SV

Business Registration No.: 35642986

Registered office: København

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Torben Ladegaard

Frederik Taarnhøj

Duncan Trevor Aust

David Carl Christian von Kauffmann

Richard Paul Blundell

Executive Board

Richard Paul Blundell

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Lead Client Service Partner: Mads Fauerskov

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of FaunaPhotonics Agriculture & Environmental A/S for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

København, 26.06.2024

Executive Board

Richard Paul Blundell

Board of Directors

Torben Ladegaard

Frederik Taarnhøj

Duncan Trevor Aust

David Carl Christian von Kauffmann

Richard Paul Blundell

Independent auditor's extended review report

To the shareholders of FaunaPhotonics Agriculture & Environmental A/S

Conclusion

We have performed an extended review of the financial statements of FaunaPhotonics Agriculture & Environmental A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Material uncertainty related to going concern

As stated in the management commentary and note 1 to the financial statements, the Company expect to obtain additional capital in August 2024, which ensures adequate liquidity to continue as a going concern. No binding commitment is however provided at the time of adopting the annual report.

However, the Entity's ability to continue as a going concern is subject to considerable uncertainty as the going concern assumption relies on the Entity's ability to realize or exceed the capital need of DKK 2,5 mio. and still realize the budgeted income for 2024.

If the entity fail to realize the budget the entity need to obtain a new capital increase or new loan before end of 2024. The going concern uncertainty is related to the possibility to realize the needed capital in August 2024 and possibility to realize the budgets for 2024 or the possibility of obtaining additional capital through new loans or capital increase in second half of 2024.

Our opinion has not been modified as a result of this matter.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in

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

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

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our conclusion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aarhus, 26.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Jonas Thøstesen Svensson

State Authorised Public Accountant

Identification No (MNE) mne47824

Management commentary

Primary activities

The Company's object is to operate within technology for monitoring atmospheric and aquatic fauna and related activities.

Development in activities and finances

2023 was a transitional year for FaunaPhotonics A/S, as several business areas were discontinued to focus all activities on the opportunities associated with insect biodiversity monitoring, where revenues were growing and the market outlook the most promising, driven by ESG requirements from companies, investors and public requirements through coming regulations. During summer 2023 commercial strategies were prepared in terms of Go-to-Market strategy and Product roadmap for the insect biodiversity monitoring activities.

New sensor technology was developed, to replace current sensor technology, ready for the 2024 season. The new technology will simplify deployment, reduce needed power supply, reduce production costs, and ease of use, enabling FaunaPhotonics A/S to meet new customer segments with different pricing offering, and enable efficient and scalable production.

The focus on insect biodiversity monitoring led to organizational changes, and termination of employees in discontinued business areas. Provisions of DKK 2.570.007 are made in the balance sheet for employee costs impacting 2024. These costs will impact liquidity in 2024.

A write down of inventory, sensors and patents with the previous technology of DKK 2.960.016 is made and included in the balance sheet, reflecting the planned exchange of technology.

Events after the balance sheet date

Capital increase in two tranches provided funding of DKK 12.144.912 to FaunaPhotonics A/S in January and April, mainly from existing shareholders. The capital increase extended the runway until July 2024.

In March 2024 an asset purchase agreement was signed with a new entity FP Aquaculture & Ocean Health Aps and FaunaPhotonics A/S where certain Aqua assets have been acquired by FP Aquaculture & Ocean Health Aps. The purchased assets is paid by a convertible debt note. The debt note gives FaunaPhotonics A/S the right to convert the debt note into 10% shares in FP Aquaculture & Ocean Health Aps. The transaction is conditional to all shareholders in FaunaPhotonics A/S will be given the opportunity to invest in FP Aquaculture & Ocean Health Aps on pro rata conditions, based on current ownership in FaunaPhotonics A/S. FP Aquaculture & Ocean Health Aps is a newly established company owned and led by Frederik Taarnhøj.

In May, 4 employees were terminated, reducing the number of employees to 14, to bring costs further down.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss	2	(10,636,061)	(6,686,450)
Staff costs	3	(23,492,310)	(21,767,273)
Depreciation, amortisation and impairment losses		(1,728,110)	(1,058,599)
Operating profit/loss		(35,856,481)	(29,512,322)
Other financial income		43,786	3,761
Other financial expenses		(625,283)	(533,677)
Profit/loss before tax		(36,437,978)	(30,042,238)
Tax on profit/loss for the year	4	1,741,545	3,040,423
Profit/loss for the year		(34,696,433)	(27,001,815)
Proposed distribution of profit and loss			
Retained earnings		(34,696,433)	(27,001,815)
Proposed distribution of profit and loss		(34,696,433)	(27,001,815)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Acquired patents		763,106	1,737,219
Intangible assets	5	763,106	1,737,219
Other fixtures and fittings, tools and equipment		1,036,313	832,126
Leasehold improvements		11,598	19,628
Property, plant and equipment	6	1,047,911	851,754
Deposits		238,610	216,448
Financial assets		238,610	216,448
Fixed assets		2,049,627	2,805,421
Raw materials and consumables		14,435	1,361,144
Inventories		14,435	1,361,144
Trade receivables		549,841	74,382
Other receivables		1,508,711	3,436,418
Income tax receivable	7	1,741,545	3,040,423
Receivables from owners and management	8	75,281	72,347
Prepayments		49,202	0
Receivables		3,924,580	6,623,570
Cash		5,496,516	23,675,079
Current assets		9,435,531	31,659,793
Assets		11,485,158	34,465,214

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		799,988	698,988
Retained earnings		(1,611,879)	23,334,054
Equity		(811,891)	24,033,042
Debt to other credit institutions		4,544,323	6,211,887
Other payables		1,047,841	1,042,084
Non-current liabilities other than provisions	9	5,592,164	7,253,971
Payables to other credit institutions		2,146,368	491,504
Trade payables		603,433	1,011,468
Payables to owners and management		162,238	155,914
Other payables		3,699,647	1,384,515
Deferred income		93,199	134,800
Current liabilities other than provisions		6,704,885	3,178,201
Liabilities other than provisions		12,297,049	10,432,172
Equity and liabilities		11,485,158	34,465,214
Going concern	1		
Unrecognised rental and lease commitments	10		
Assets charged and collateral	11		

Statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	698,988	0	23,334,054	24,033,042
Increase of capital	101,000	9,999,000	0	10,100,000
Costs related to equity transactions	0	(248,500)	0	(248,500)
Transfer to reserves	0	(9,750,500)	9,750,500	0
Profit/loss for the year	0	0	(34,696,433)	(34,696,433)
Equity end of year	799,988	0	(1,611,879)	(811,891)

Notes

1 Going concern

FaunaPhotonics Agriculture & Environmental A/S has secured funding until August 2024.

To secure funding for the rest of 2024, a proposal has been made by the Board to the shareholders to increase the capital in FaunaPhotonics Agriculture & Environmental A/S with DKK 2-8 million at the AGM June 26th, 2024. This capital increase is however not guaranteed to be approved and uncertainty is therefore still present at the time of adopting the annual report.

With a capital increase of DKK 2,5-3,5m liquidity should be sufficient to fund the remaining part of 2024. Main risk is the budgeted topline, where DKK 2,9m is signed out of a budget of DKK 3,8m. If the entity fail to realize the budget the entity need to obtain a new capital increase or new loan before end of 2024.

2 Gross profit/loss

Other operating income included in the gross profit/loss includes DKK 640,027 in funds received.

3 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	20,794,987	19,646,552
Pension costs	1,940,102	1,745,840
Other social security costs	537,808	128,758
Other staff costs	219,413	246,123
	23,492,310	21,767,273
Average number of full-time employees	28	34

4 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	(1,741,545)	(3,040,423)
	(1,741,545)	(3,040,423)

5 Intangible assets

	Acquired patents DKK
Cost beginning of year	1,814,339
Additions	508,451
Disposals	(1,101,894)
Cost end of year	1,220,896
Amortisation and impairment losses beginning of year	(77,120)
Impairment losses for the year	(293,419)
Amortisation for the year	(96,045)
Reversal regarding disposals	8,794
Amortisation and impairment losses end of year	(457,790)
Carrying amount end of year	763,106

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	3,248,515	40,149
Additions	1,543,597	0
Cost end of year	4,792,112	40,149
Depreciation and impairment losses beginning of year	(2,416,389)	(20,521)
Impairment losses for the year	(1,127,739)	0
Depreciation for the year	(211,671)	(8,030)
Depreciation and impairment losses end of year	(3,755,799)	(28,551)
Carrying amount end of year	1,036,313	11,598

7 Tax receivable

The amount of TDKK 1.742 comprises tax receivable from the tax credit scheme for the income year 2023 and the amount is expected to be paid in 2024.

In recent years the danish tax authorities has intensified its focus on the tax credit scheme, which has led to an increased uncerntianty about the use of the rules including the possibilities for disbursement. As a result, the calculation of the tax receivable is subject to increased uncertainty. However, management believes that the company's tax receivable comply with the requirements for payment of the tax credits.

8 Receivables from owners and management

Receivables from owners and management comprises a receivable from FaunaPhotonics Founders Holding ApS and occurred before the change in the ownership structure.

9 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK
Debt to other credit institutions	4,544,323
Other payables	1,047,841
	5,592,164

Other payables is non-current holiday pay obligations.

10 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	288,553	301,845

11 Assets charged and collateral

Selected facilities are secured on domestic guarantees by way of a mortgage of a nominal amount of DKK 1,831k in a pledged account. The pledged account appears from the Company's cash.

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 a few provisions for reporting class C.

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales 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.

Other operating income

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

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

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, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to other fixtures and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and other fixtures.

Other financial income

Other financial income comprises interest income, including exchange gains on securities, payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including exchange losses on securities, payables and transactions in foreign currencies, and 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 patents.

Patents are amortised on a straight-line basis over their remaining duration.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements 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.

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

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.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

Receivables

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

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

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