

Seneco A/S

Bøgekildevej 4, 8361 Hasselager

Company reg. no. 35 68 05 86

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 26 March 2020.

Gert Braae
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Management commentary	6
Financial statements 1 January - 31 December 2019	
Income statement	7
Statement of financial position	8
Notes	10
Accounting policies	15

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Seneco A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Hasselager, 26 March 2020

Managing Director

Kurt Byskov

Board of directors

Gert Braae

Lars Nørgaard Bjørn

Kurt Byskov

Michael Brüer

Ole Ostenfeldt Mathiesen

Independent auditor's report

To the shareholders of Seneco A/S

Opinion

We have audited the annual accounts of Seneco A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Aarhus, 26 March 2020

Redmark

State Authorised Public Accountants
Company reg. no. 29 44 27 89

Morten Ryberg Nielsen

State Authorised Public Accountant
mne33221

Tim Dürr Nielsen

State Authorised Public Accountant
mne41385

Company information

The company

Seneco A/S
Bøgekildevej 4
8361 Hasselager

Company reg. no. 35 68 05 86
Established: 10 March 2014
Domicile: Hasselager
Financial year: 1 January - 31 December

Board of directors

Gert Braae
Lars Nørgaard Bjørn
Kurt Byskov
Michael Brüer
Ole Ostenfeldt Mathiesen

Managing Director

Kurt Byskov

Auditors

Redmark
Statsautoriseret Revisionspartnerselskab
Sommervej 31C
8210 Aarhus V

Bankers

Handelsbanken, Åboulevarden 11-13, 8000 Aarhus C

Management commentary

The principal activities of the company

The company's main activity has as in accordance to previous years consisted of developing and selling innovative monitoring devices for street lighting.

Development in activities and financial matters

The gross profit for the year is DKK 2.262.712 against DKK 51.567 last year. The results from ordinary activities after tax are -730.361 DKK against -3.455.406 DKK last year. The management consider the results satisfactory.

Special risks

The outbreak of Coronavirus (COVID-19) presents new challenges and risks for the company. A number of measures have been taken to ensure the health and health of employees. In connection with the health risks, the outbreak of viruses has meant uncertainty and instability both politically / socially and for the company. Current and any future political and economic measures that may be implemented could pose financial risks related to the company's operations and possibly limit the company's trading opportunities.

However, the company's current and planned activities do not give rise to particular financial risks, and the company's cash resources are expected to be adequately secured.

The expected development

The profit margin is less than the budget. This is due to a number of pilot installations, which are expected to turn into good business in the coming years.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	2.262.712	51.567
1 Staff costs	-2.224.908	-3.037.089
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-647.469	-1.315.752
Operating profit	-609.665	-4.301.274
Other financial income	1.288	793
2 Other financial costs	-327.465	-129.162
Results before tax	-935.842	-4.429.643
Tax on ordinary results	205.481	974.237
Results for the year	-730.361	-3.455.406
Proposed appropriation of net profit:		
Allocated from retained earnings	-730.361	-3.455.406
Total allocations and transfers	-730.361	-3.455.406

Statement of financial position 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Fixed assets			
3	Completed development projects, including patents and similar rights arising from development projects	4.095.189	3.455.262
4	Acquired concessions, patents, licenses, trademarks and similar rights	1.290.000	1.380.000
5	Development projects in progress and prepayments for intangible fixed assets	2.566.988	1.592.312
	Intangible fixed assets in total	<u>7.952.177</u>	<u>6.427.574</u>
6	Other plants, operating assets, and fixtures and furniture	17.105	50.936
	Tangible fixed assets in total	<u>17.105</u>	<u>50.936</u>
7	Deposits	36.019	36.019
	Financial fixed assets in total	<u>36.019</u>	<u>36.019</u>
	Fixed assets in total	<u>8.005.301</u>	<u>6.514.529</u>
Current assets			
	Raw materials and consumables	1.652.456	749.941
	Prepayments for goods	163.405	752.757
	Inventories in total	<u>1.815.861</u>	<u>1.502.698</u>
	Trade debtors	1.057.037	675.645
	Deferred tax assets	226.318	491.250
	Receivable corporate tax	470.413	450.851
	Other debtors	367.006	0
	Accrued income and deferred expenses	45.788	70.943
	Debtors in total	<u>2.166.562</u>	<u>1.688.689</u>
	Available funds	<u>270.250</u>	<u>94.522</u>
	Current assets in total	<u>4.252.673</u>	<u>3.285.909</u>
	Assets in total	<u>12.257.974</u>	<u>9.800.438</u>

Statement of financial position 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
8	Contributed capital	1.651.385	1.651.385
9	Reserve for development expenditure	4.775.438	3.446.491
10	Results brought forward	-792.645	1.266.663
	Equity in total	5.634.178	6.364.539
Liabilities			
11	Other debts	103.505	0
	Long-term liabilities in total	103.505	0
	Trade creditors	1.874.489	222.329
	Debt to shareholders and management	4.290.124	2.765.576
	Other debts	355.678	447.994
	Short-term liabilities in total	6.520.291	3.435.899
	Liabilities in total	6.623.796	3.435.899
	Equity and liabilities in total	12.257.974	9.800.438
12 Mortgage and securities			
13 Contingencies			

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	1.869.257	2.711.392
Pension costs	301.784	276.759
Other costs for social security	22.153	22.153
Other staff costs	<u>31.714</u>	<u>26.785</u>
	<u>2.224.908</u>	<u>3.037.089</u>
 Average number of employees	 <u>7</u>	 <u>7</u>
 2. Other financial costs		
Other financial costs	<u>327.465</u>	<u>129.162</u>
	<u>327.465</u>	<u>129.162</u>

Notes

All amounts in DKK.

3. Completed development projects, including patents and similar rights arising from development projects

Cost 1 January 2019	6.096.543	5.639.533
Additions concerning company transfer	462.205	0
Additions during the year	701.360	457.010
Cost 31 December 2019	7.260.108	6.096.543
Amortisation and writedown 1 January 2019	-2.641.281	-1.458.456
Amortisation for the year	-523.638	-1.182.825
Amortisation and writedown 31 December 2019	-3.164.919	-2.641.281
Book value 31 December 2019	4.095.189	3.455.262

Completed development projects

Completed development projects comprise the development and test of monitoring devices for street lighting. The devices was completed and put into service in 2016, 2017 and 2019 and the amortisation is over a period of 10 years.

The company has made a change in the estimate of the expected useful life of development projects. The expected useful lifetime has been changed from 5 years to 10 years as of 1 January 2019.

The change is based of experiences on the useful lifetime of the completed devices put into service in the previous years.

The management has not identified indication of impairment in proportion to the book value.

4. Acquired concessions, patents, licenses, trademarks and similar rights

Cost 1 January 2019	1.800.000	1.800.000
Cost 31 December 2019	1.800.000	1.800.000
Amortisation and writedown 1 January 2019	-420.000	-330.000
Amortisation for the year	-90.000	-90.000
Amortisation and writedown 31 December 2019	-510.000	-420.000
Book value 31 December 2019	1.290.000	1.380.000

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Development projects in progress and prepayments for intangible fixed assets		
Cost 1 January 2019	1.592.312	0
Additions during the year	1.436.881	1.592.312
Disposals during the year	<u>-462.205</u>	<u>0</u>
Cost 31 December 2019	<u>2.566.988</u>	<u>1.592.312</u>
Book value 31 December 2019	<u>2.566.988</u>	<u>1.592.312</u>
Development projects in progress		
Development projects in progress comprise the development and test of new monitoring devices for street lighting. The devices will be completed and put into service in 2019 and will be depreciated over a period of 10 years.		
The company has made a change in the estimate of the expected useful life of development projects. The expected useful lifetime has been changed from 5 years to 10 years as of 1 January 2019.		
The change is based on experiences on the useful lifetime of the completed devices put into service in the previous years.		
The management has not identified indication of impairment in proportion to the book value.		
6. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	159.440	147.440
Additions during the year	<u>0</u>	<u>12.000</u>
Cost 31 December 2019	<u>159.440</u>	<u>159.440</u>
Amortisation and writedown 1 January 2019	-108.504	-65.577
Depreciation for the year	<u>-33.831</u>	<u>-42.927</u>
Amortisation and writedown 31 December 2019	<u>-142.335</u>	<u>-108.504</u>
Book value 31 December 2019	<u>17.105</u>	<u>50.936</u>

Notes

All amounts in DKK.

	31/12 2019	31/12 2018
7. Deposits		
Cost 1 January 2019	36.019	36.019
Cost 31 December 2019	36.019	36.019
Book value 31 December 2019	36.019	36.019
8. Contributed capital		
Contributed capital 1 January 2019	1.651.385	1.651.385
	1.651.385	1.651.385
9. Reserve for development expenditure		
Reserve for development expenditure 1 January 2019	3.446.491	2.776.469
Transferred from results brought forward	1.328.947	670.022
	4.775.438	3.446.491
10. Results brought forward		
Results brought forward 1 January 2019	1.266.663	5.392.091
Transferred to reserve for development expenditure	-1.328.947	-670.022
Profit or loss for the year brought forward	-730.361	-3.455.406
	-792.645	1.266.663
11. Other debts		
Holiday pay obligation, salaried staff	103.505	0
	103.505	0
Share of liabilities due after 5 years	0	0
12. Mortgage and securities		
The company has no mortgages and securities.		

Notes

All amounts in DKK.

12. Mortgage and securities (continued)

13. Contingencies

Contingent liabilities

Seneco A/S has a rental obligation regarding the commercial premises they are renting. The annual rent amounts to t.DKK 150 with an annual increase in the rental expenses on 2 - 4 % of the rent. There is a six month termination notice corresponding to t.DKK 75.

Accounting policies

The annual report for Seneco A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Change in accounting estimates

The company has made a change in the expected useful life of development projects. The expected useful lifetime has been changed from 5 years to 10 years as of 1 January 2019. As a result of the change in accounting estimate the amortization of development projects has been reduced by DKK 770.000 in 2019.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Accounting policies

Income statement

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	<i>Useful life</i>	<i>Residual value</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>	<i>0-20 %</i>

Accounting policies

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Accounting policies

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Accounting policies

Liabilities

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