

Linc Systems ApS
Edison Park 4, 6715 Esbjerg N

Annual report

2020

Company reg. no. 36 54 43 41

The annual report was submitted and approved by the general meeting on the 2 July 2021.

Pranay Krishen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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

Today, the managing director has presented the annual report of Linc Systems ApS for the financial year 2020.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January - 31 December 2020.

The managing director consider the conditions for audit exemption of the 2020 financial statements to be met.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Esbjerg N, 9 June 2021

Managing Director

Pranay Krishen
Director

Auditor's report on compilation of the annual accounts

To the shareholders of Linc Systems ApS

We have compiled the financial statements of Linc Systems ApS for the financial year 1 January - 31 December 2020 based on the company's bookkeeping and on further information provided by you.

The financial statements comprise the accounting policies, income statement, statement of financial position and notes.

We performed this engagement in accordance with the international standard ISRS 4410 applying to compilation engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us in order to compile the financial statements. Accordingly, we express neither an audit opinion nor a review opinion as to whether the financial statements have been compiled in accordance with the Danish Financial Statements Act.

Esbjerg, 9 June 2021

Martinsen

State Authorised Public Accountants
Company reg. no. 32 28 52 01

Lars Æbelø-Nielsen

State Authorised Public Accountant
mne33693

Company information

The company

Linc Systems ApS
Edison Park 4
6715 Esbjerg N

Company reg. no. 36 54 43 41
Financial year: 1 January - 31 December
6th financial year

Managing Director

Pranay Krishen, Director

Auditors

Martinsen
Statsautoriseret Revisionspartnerselskab
Edison Park 4
6715 Esbjerg N

Management commentary

The principal activities of the company

Linc Systems is in the process of concluding development of hardware and software technologies for the effective management of building systems and microgrid networks. Our activities, to date, have focused on the ground-up development of a novel data-acquisition and control hardware that can be integrated into any type of building - to closely monitor and optimise all systems (energy, water, gas, indoor climate, etc.). At the same time, we have developed cloud-based data-processing and AI-based analytics systems that deliver value to our clients and end-users in the form of visualisations and actionable insights via any web or mobile device. To validate these development works, our milestones have been tied to the successful completion of pilot projects in targeted market segments (residential, commercial, industrial, and utilities/microgrids). All such projects have confirmed that development is on track, and that the pre-production prototypes are functioning as expected.

Uncertainties as to recognition or measurement

In preparing the company's annual report, a number of accounting assessments and estimates have been carried out in accordance with the provisions of the legislation. The assessments are related to valuation of development projects in progress 11.442.923 DKK. Such estimates are based on assumptions that management considers to be reasonable and realistic, but by nature it is subject to uncertainty.

Development in activities and financial matters

The income or loss from ordinary activities after tax totals DKK -315.112 against DKK -286.096 last year. Management considers the results to be unsatisfactory, but as expected due to the company's current project development.

The company has lost more than half of their share capital and is thereby subject to the Danish Companies Act §119. The primary share holder whom is the biggest creditor has committed transfer funds or convert existing debt to share capital in the future if needed to restore the company's share capital.

The primary shareholder has committed to continue to support the company financially through 2021 if needed.

Accounting policies

The annual report for Linc Systems ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross loss

Gross loss comprises external costs.

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 and administration.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

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 assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development project 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 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. Usually, the amortisation period is 10 years.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Available funds

Available funds comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross loss	-47.671	-58.924
Other financial income	77	0
Other financial costs	<u>-267.518</u>	<u>-307.492</u>
Pre-tax net profit or loss	-315.112	-366.416
3 Tax on ordinary results	<u>0</u>	<u>80.320</u>
Net profit or loss for the year	<u>-315.112</u>	<u>-286.096</u>
Proposed appropriation of net profit:		
Allocated from retained earnings	<u>-315.112</u>	<u>-286.096</u>
Total allocations and transfers	<u>-315.112</u>	<u>-286.096</u>

Statement of financial position at 31 December

All amounts in DKK.

Assets		<u>2020</u>	<u>2019</u>
<u>Note</u>			
Non-current assets			
4	Development projects in progress and prepayments for intangible assets	11.442.923	11.442.923
	Total intangible assets	<u>11.442.923</u>	<u>11.442.923</u>
	Total non-current assets	<u>11.442.923</u>	<u>11.442.923</u>
Current assets			
	Prepayments for goods	312	0
	Total inventories	<u>312</u>	<u>0</u>
	Receivable corporate tax	742.390	742.390
	Other receivables	0	43.760
	Total receivables	<u>742.390</u>	<u>786.150</u>
	Available funds	<u>113.201</u>	<u>32.328</u>
	Total current assets	<u>855.903</u>	<u>818.478</u>
	Total assets	<u>12.298.826</u>	<u>12.261.401</u>

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity and liabilities		
Equity		
5 Contributed capital	50.000	50.000
6 Other statutory reserves	8.895.081	8.895.081
7 Retained earnings	-9.962.869	-9.647.758
Total equity	-1.017.788	-702.677
Provisions		
Provisions for deferred tax	1.342.000	1.342.000
Total provisions	1.342.000	1.342.000
Liabilities other than provisions		
9 Accrued expenses and deferred income	5.341.037	5.341.037
Total long term liabilities other than provisions	5.341.037	5.341.037
Current portion of long term payables	389.543	354.130
Trade payables	114.116	39.000
Other payables	6.129.918	5.887.911
Total short term liabilities other than provisions	6.633.577	6.281.041
Total liabilities other than provisions	11.974.614	11.622.078
Total equity and liabilities	12.298.826	12.261.401
1 Uncertainties concerning the enterprise's ability to continue as a going concern		
2 Uncertainties concerning recognition and measurement		
10 Charges and security		
11 Contingencies		

Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The company has lost more than half of their share capital and is thereby subject to the Danish Companies Act §119. The primary share holder whom is the biggest creditor has committed transfer funds or convert existing debt to share capital in the future if needed to restore the company's share capital.

The primary shareholder has committed to continue to support the company financially through 2021 if needed.

2. Uncertainties concerning recognition and measurement

In preparing the company's annual report, a number of accounting assessments and estimates have been carried out in accordance with the provisions of the legislation. The assessments are related to valuation of development projects in progress 11.442.923 DKK. Such estimates are based on assumptions that management considers to be reasonable and realistic, but by nature it is subject to uncertainty.

	<u>2020</u>	<u>2019</u>
3. Tax on ordinary results		
Tax of the results for the year	0	75.680
Adjustment for the year of deferred tax	<u>0</u>	<u>-156.000</u>
	<u>0</u>	<u>-80.320</u>
4. Development projects in progress and prepayments for intangible assets		
Cost 1 January 2020	11.442.923	11.404.081
Additions during the year	<u>0</u>	<u>38.842</u>
Cost 31 December 2020	<u>11.442.923</u>	<u>11.442.923</u>
Carrying amount, 31 December 2020	<u>11.442.923</u>	<u>11.442.923</u>
5. Contributed capital		
Contributed capital 1 January 2020	<u>50.000</u>	<u>50.000</u>
	<u>50.000</u>	<u>50.000</u>

Notes

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
6. Other statutory reserves		
Other statutory reserves 1 January 2020	8.895.081	8.895.081
	<u>8.895.081</u>	<u>8.895.081</u>
7. Retained earnings		
Retained earnings 1 January 2020	-9.647.757	-9.361.662
Profit or loss for the year brought forward	-315.112	-286.096
	<u>-9.962.869</u>	<u>-9.647.758</u>
8. Other mortgage loans		
Total other mortgage loans	389.543	354.130
Share of amount due within 1 year	-389.543	-354.130
	<u>0</u>	<u>0</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>
9. Accrued expenses and deferred income		
Accrued expenses and deferred income in total	5.341.037	5.341.037
Share of amount due within 1 year	0	0
Accrued expenses and deferred income in total	<u>5.341.037</u>	<u>5.341.037</u>
Share of liabilities due after 5 years	<u>5.341.037</u>	<u>5.341.037</u>

Accrued expenses and deferred income contains public subsidies from public authorities regarding the development costs, and will be recognized as revenue in the future, in line with the depreciations of development costs.

Notes

All amounts in DKK.

10. Charges and security

None.

11. Contingencies

Contingent liabilities

None.