

Linc Systems ApS
Edison Park 4, 6715 Esbjerg N

Annual report
2021

Company reg. no. 36 54 43 41

The annual report was submitted and approved by the general meeting on the 1 July 2022.

Pranay Krishen
Chairman of the meeting

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Notes:

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

Today, the Managing Director has approved the annual report of Linc Systems ApS for the financial year 2021.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

The Managing Director consider the conditions for audit exemption of the 2021 financial statements to be met.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Esbjerg N, 1 July 2022

Managing Director

Pranay Krishen
Director

Practitioner's compilation report

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 2021 based on the company's bookkeeping and on information you have provided.

These financial statements comprise a summary of significant accounting policies, income statement, balance sheet and notes.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements under the Danish Act on Approved Auditors and Audit Firms and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) including principles of integrity, objectivity, professional competence and due care.

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

Since 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 to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the Danish Financial Statements Act.

Esbjerg, 1 July 2022

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
7th financial year

Managing Director

Pranay Krishen, Director

Auditors

Martinsen
Statsautoriseret Revisionspartnerselskab
Edison Park 4
6715 Esbjerg N

Management´s review

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 about 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.

Under Income Tax Receivables, a receivable of 742.390 DKK has been recognized relating to the payment of tax losses relating to research and development costs in accordance with the rules in section 8X of the Tax Assessment Act. There is uncertainty about this receivable.

Development in activities and financial matters

The loss from ordinary activities after tax totals DKK -229.039 against DKK -315.112 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 2022 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 the revenue and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses comprise expenses incurred for distribution, sales, advertising and administration.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

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 on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

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.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

The cost comprises acquisition cost and costs directly associated with 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, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

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

Accounting policies

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

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.

Cash and cash equivalents

Cash and cash equivalents 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.

Accounting policies

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.

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, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross profit	-81.143	-47.671
Depreciation and writedown relating to fixed assets	-20.883	0
Profit before net financials	-102.026	-47.671
Other financial income	0	77
3 Other financial expenses	-280.013	-267.518
Pre-tax net profit or loss	-382.039	-315.112
Tax on net profit or loss for the year	153.000	0
Net profit or loss for the year	-229.039	-315.112
Proposed appropriation of net profit:		
Allocated from retained earnings	-229.039	-315.112
Total allocations and transfers	-229.039	-315.112

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Non-current assets		
4 Development projects under construction and prepayments for intangible assets	11.442.923	11.442.923
Total intangible assets	11.442.923	11.442.923
5 Other fixtures and fittings, tools and equipment	58.252	0
Total property, plant, and equipment	58.252	0
Total non-current assets	11.501.175	11.442.923
Current assets		
Prepayments for goods	0	312
Total inventories	0	312
Income tax receivables	742.390	742.390
Total receivables	742.390	742.390
Cash and cash equivalents	119	113.201
Total current assets	742.509	855.903
Total assets	12.243.684	12.298.826

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity		
6 Contributed capital	50.000	50.000
7 Other statutory reserves	8.895.081	8.895.081
8 Retained earnings	<u>-10.191.908</u>	<u>-9.962.869</u>
Total equity	<u>-1.246.827</u>	<u>-1.017.788</u>
Provisions		
Provisions for deferred tax	<u>1.189.000</u>	<u>1.342.000</u>
Total provisions	<u>1.189.000</u>	<u>1.342.000</u>
Liabilities other than provisions		
Deferred income	<u>5.341.037</u>	<u>5.341.037</u>
Total long term liabilities other than provisions	<u>5.341.037</u>	<u>5.341.037</u>
Current portion of long term liabilities	428.497	389.543
Trade payables	129.741	114.116
Other payables	<u>6.402.236</u>	<u>6.129.918</u>
Total short term liabilities other than provisions	<u>6.960.474</u>	<u>6.633.577</u>
Total liabilities other than provisions	<u>12.301.511</u>	<u>11.974.614</u>
Total equity and liabilities	<u>12.243.684</u>	<u>12.298.826</u>

- 1 **Uncertainties concerning the enterprise's ability to continue as a going concern**
- 2 **Uncertainties concerning recognition and measurement**
- 9 **Charges and security**
- 10 **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 2022 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.

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	<u>2021</u>	<u>2020</u>
3. Other financial expenses		
Other financial costs	280.013	267.518
	<u>280.013</u>	<u>267.518</u>
	<u>31/12 2021</u>	<u>31/12 2020</u>
4. Development projects under construction and prepayments for intangible assets		
Cost 1 January 2021	11.442.923	11.442.923
Cost 31 December 2021	<u>11.442.923</u>	<u>11.442.923</u>
Carrying amount, 31 December 2021	<u>11.442.923</u>	<u>11.442.923</u>

Notes

All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
5. Other fixtures and fittings, tools and equipment		
Additions during the year	79.135	0
Cost 31 December 2021	<u>79.135</u>	<u>0</u>
Depreciation for the year	-20.883	0
Depreciation and writedown 31 December 2021	<u>-20.883</u>	<u>0</u>
Carrying amount, 31 December 2021	<u>58.252</u>	<u>0</u>
6. Contributed capital		
Contributed capital 1 January 2021	50.000	50.000
	<u>50.000</u>	<u>50.000</u>
7. Other statutory reserves		
Other statutory reserves 1 January 2021	8.895.081	8.895.081
	<u>8.895.081</u>	<u>8.895.081</u>
8. Retained earnings		
Retained earnings 1 January 2021	-9.962.869	-9.647.757
Profit or loss for the year brought forward	-229.039	-315.112
	<u>-10.191.908</u>	<u>-9.962.869</u>
9. Charges and security		
None.		
10. Contingencies		
Contingent liabilities		
The tax authorities have filed a claim against the company of DKK 965,000. The case is expected to be completed in the national tax court during the autumn of 2022. The management are positive that the case will fall in Linc Systems ApS 'favor and therefore the claim is not recognized as a liability in the balance sheet.		