

NORDSENSE ApS
Amaliegade 6, 4. tv.
1256 København K
Business Registration No
36693347

Annual report 2018

The Annual General Meeting adopted the annual report on 29.05.2019

Chairman of the General Meeting

Name: Anders Engdal

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Entity details

Entity

NORDSENSE ApS
Amaliegade 6, 4. tv.
1256 København K

Central Business Registration No (CVR): 36693347

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

Executive Board

Anders Engdal, CEO
Manuel Maestrini, director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of NORDSENSE ApS for the financial year 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Copenhagen, 29.05.2019

Executive Board

Anders Engdal
CEO

Manuel Maestrini
director

Independent auditor's extended review report

To the shareholders of NORDSENSE ApS

Conclusion

We have performed an extended review of the financial statements of NORDSENSE ApS for the financial year 01.01.2018 - 31.12.2018, 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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". We are independent of the Entity 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 requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

Without modifying our opinion, we draw attention to the comparative figures for 2017 are not covered by this extended review, due to the Company during the current financial year chose to have an extended review opinion, while the annual report for 2017 was filed including an independent auditor's compilation report.

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

Independent auditor's extended review report

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 opinion 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 29.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Keld Juel Danielsen
State Authorised Public Accountant
Identification No (MNE) mne26741

Management commentary

Primary activities

The Company's principal activity is to develop and offer sensors with different measuring capabilities and accompanying software to visualize the gathered data.

Development in activities and finances

The Company has realised a loss of DKK 11.588 thousand. As the Company is still in a startup phase the result is acceptable. Equity shows DKK -16.462 thousand.

Although profit of the year has been negative, management has positive expectations for the future and expect a more positive development.

Capital owner Nordsense Inc. have submitted a letter of support on continuing to ensure the company sufficient liquidity and has in 2019 converted DKK 25.000 thousand of its loan to the company (payables to group enterprises) to equity.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

On 28 May 2018 the Capital Owner has converted DKK 25.000 thousand of its loan to the company (payables to group enterprises) to equity. On this occasion, the company is also converted from IVS to ApS.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Gross loss		(4.631.911)	(2.269)
Staff costs	2	(7.301.584)	(3.163)
Depreciation, amortisation and impairment losses	3	<u>(93.810)</u>	<u>(55)</u>
Operating profit/loss		(12.027.305)	(5.487)
Other financial income	4	0	92
Other financial expenses	5	<u>(1.239.012)</u>	<u>(91)</u>
Profit/loss before tax		(13.266.317)	(5.486)
Tax on profit/loss for the year	6	<u>1.678.446</u>	<u>724</u>
Profit/loss for the year		<u>(11.587.871)</u>	<u>(4.762)</u>
Proposed distribution of profit/loss			
Retained earnings		<u>(11.587.871)</u>	<u>(4.762)</u>
		<u>(11.587.871)</u>	<u>(4.762)</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Other fixtures and fittings, tools and equipment		145.457	222
Property, plant and equipment	7	145.457	222
Deposits		270.822	310
Fixed asset investments	8	270.822	310
Fixed assets		416.279	532
Manufactured goods and goods for resale		75.000	0
Inventories		75.000	0
Trade receivables		301.458	0
Deferred tax		5.196	0
Other receivables		366.110	234
Income tax receivable		1.670.207	759
Prepayments		0	1
Receivables		2.342.971	994
Cash		768.643	328
Current assets		3.186.614	1.322
Assets		3.602.893	1.854

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		1.000	1
Retained earnings		<u>(16.462.646)</u>	<u>(4.875)</u>
Equity		<u>(16.461.646)</u>	<u>(4.874)</u>
Deferred tax		<u>0</u>	<u>3</u>
Provisions		<u>0</u>	<u>3</u>
Payables to group enterprises		<u>17.203.009</u>	<u>5.047</u>
Non-current liabilities other than provisions		<u>17.203.009</u>	<u>5.047</u>
Bank loans		64.697	1
Trade payables		500.893	60
Payables to group enterprises		1.207.717	1.084
Payables to shareholders and management		36.925	154
Other payables		<u>1.051.298</u>	<u>379</u>
Current liabilities other than provisions		<u>2.861.530</u>	<u>1.678</u>
Liabilities other than provisions		<u>20.064.539</u>	<u>6.725</u>
Equity and liabilities		<u>3.602.893</u>	<u>1.854</u>
Going concern	1		
Unrecognised rental and lease commitments	9		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	1.000	(4.874.775)	(4.873.775)
Profit/loss for the year	<u>0</u>	<u>(11.587.871)</u>	<u>(11.587.871)</u>
Equity end of year	<u>1.000</u>	<u>(16.462.646)</u>	<u>(16.461.646)</u>

Notes

1. Going concern

The company's balance sheet at 31 December 2018 shows a deficit on equity of DKK -16,462k. For the purpose of re-establishing equity, a debt conversion of the Parent's receivables has been performed by May 28 2019 at an amount of DKK 25.000 thousand.

The Company's parent company has pledged to provide the necessary cash to ensure the continued operation of the company for the coming year.

	2018	2017
	DKK	DKK'000
2. Staff costs		
Wages and salaries	6.954.550	3.029
Pension costs	52.650	0
Other social security costs	54.895	37
Other staff costs	<u>239.489</u>	<u>97</u>
	<u>7.301.584</u>	<u>3.163</u>
Average number of employees	<u>9</u>	<u>4</u>

	2018	2017
	DKK	DKK'000
3. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	<u>93.810</u>	<u>55</u>
	<u>93.810</u>	<u>55</u>

	2018	2017
	DKK	DKK'000
4. Other financial income		
Exchange rate adjustments	<u>0</u>	<u>92</u>
	<u>0</u>	<u>92</u>

Notes

	2018	2017
	DKK	DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	501.702	81
Other interest expenses	11.381	1
Exchange rate adjustments	725.929	0
Other financial expenses	<u>0</u>	<u>9</u>
	<u>1.239.012</u>	<u>91</u>
	2018	2017
	DKK	DKK'000
6. Tax on profit/loss for the year		
Current tax	(1.670.207)	(759)
Change in deferred tax	<u>(8.239)</u>	<u>35</u>
	<u>(1.678.446)</u>	<u>(724)</u>
		Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment		
Cost beginning of year		277.009
Additions		<u>17.679</u>
Cost end of year		<u>294.688</u>
Depreciation and impairment losses beginning of year		(55.421)
Depreciation for the year		<u>(93.810)</u>
Depreciation and impairment losses end of year		<u>(149.231)</u>
Carrying amount end of year		<u>145.457</u>

Notes

	Deposits	
	DKK	
	<u> </u>	
8. Fixed asset investments		
Cost beginning of year		309.650
Additions		<u>(38.828)</u>
Cost end of year		<u>270.822</u>
Carrying amount end of year		<u>270.822</u>
	2018	2017
	DKK	DKK'000
	<u> </u>	<u> </u>
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>426.778</u>	<u>739</u>

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 with addition of certain 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables 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.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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.

Accounting policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on net capital or exchange gains on securities, payables and transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies as well as 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

Property, plant and equipment

Other fixtures and fittings, tools and equipment 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.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3 years
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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.

Accounting policies

Cost consists of purchase price plus delivery 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.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income 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 hand and bank deposits.

Other financial liabilities

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