Grazper Technologies ApS

Frederiksgade 7, 1. sal, 1265 København K

Annual report

1 January 2020 - 31 March 2021

Company reg. no. 36 71 82 85

The annual report was submitted and approved by the general meeting on the 31 August 2021.

Chiharu Nakabayashi
Chairman of the meeting

Contents

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 report

Today, the board of directors and the managing director have presented the annual report of Grazper Technologies ApS for the financial year 1 January 2020 - 31 March 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 March 2021 and of the company’s results of activities in the financial year 1 January 2020 – 31 March 2021.

We are 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.

Copenhagen, 27 August 2021

Managing Director

Thomas Jakobsen

Board of directors

Chiharu Nakabayashi
Chairman

Koichi Taniguchi
Vice chairman

Thomas Jakobsen

Independent auditor's report

To the shareholders of Grazper Technologies ApS

Opinion

We have audited the financial statements of Grazper Technologies ApS for the financial year 1 January 2020 - 31 March 2021, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 March 2021 and of the results of the company's activities for the financial year 1 January 2020 - 31 March 2021 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one 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 and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on 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 financial statements 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 financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 27 August 2021

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

Leif Tomasson
State Authorised Public Accountant
mne25346

Company information

The company	Grazper Technologies ApS Frederiksgade 7, 1. sal 1265 København K	
	Company reg. no.	36 71 82 85
	Established:	20 April 2015
	Domicile:	Copenhagen
	Financial year:	1 January - 31 March 6th financial year
Board of directors	Chiharu Nakabayashi, Chairman Koichi Taniguchi, Vice chairman Thomas Jakobsen	
Managing Director	Thomas Jakobsen	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Øster Allé 42 2100 København Ø	
Parent company	Yokogawa Electric Corporation	

Management commentary

The principal activities of the company

Like previous years, the principal activities are development of facial recognition software.

Development in activities and financial matters

The gross profit for the year totals DKK 15.988.000 against DKK -343.000 last year. Income or loss from ordinary activities after tax totals DKK 1.844.000 against DKK -5.567.000 last year. Management considers the net profit or loss for the year satisfactory.

Accounting policies

The annual report for Grazper Technologies 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 the previous year, and the annual report is presented in DKK. The accounting period has been changed in the current financial year and comprises the period 1 January 2020 – 31 March 2021. The comparative figures in the income statement comprise the period 1 January 2019 – 31 December 2019.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined

Accounting policies

- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

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.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement under amortisation and writedown for impairment.

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

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.

Accounting policies

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 under depreciation.

Investments

Deposits

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

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.

Accounting policies

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Grazper Technologies ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

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.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Income statement

All amounts in DKK.

Note		1/1 2020 - 31/3 2021	1/1 2019 - 31/12 2019
	Gross profit	**15.988.338**	**-342.866**
1	Staff costs	-16.563.454	-6.550.855
	Depreciation, amortisation, and impairment	-6.582	-53.785
	Profit before net financials	**-581.698**	**-6.947.506**
	Other financial costs	-52.881	-16.909
	Pre-tax net profit or loss	**-634.579**	**-6.964.415**
	Tax on net profit or loss for the year	2.478.123	1.397.876
	Net profit or loss for the year	**1.843.544**	**-5.566.539**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	1.843.544	0
	Allocated from retained earnings	0	-5.566.539
	Total allocations and transfers	**1.843.544**	**-5.566.539**

Statement of financial position

All amounts in DKK.

Assets

Note		31/3 2021	31/12 2019
	Non-current assets		
2	Development projects	3.750	5.000
	Total intangible assets	3.750	5.000
3	Other fixtures and fittings, tools and equipment	30.861	36.193
	Total property, plant, and equipment	30.861	36.193
4	Deposits	339.300	339.300
	Total investments	339.300	339.300
	Total non-current assets	**373.911**	**380.493**
	Current assets		
	Trade receivables	0	4.500
	Amounts owed by group enterprises	5.347.500	0
	Deferred tax assets	735.671	0
5	Income tax receivables	1.758.929	0
	Tax receivables from group enterprises	0	2.176.613
	Other receivables	87.242	1.378.123
	Prepayments and accrued income	50.568	0
	Total receivables	7.979.910	3.559.236
	Cash on hand and demand deposits	8.683.838	5.271.043
	Total current assets	**16.663.748**	**8.830.279**
	Total assets	**17.037.659**	**9.210.772**

Statement of financial position

All amounts in DKK.

Equity and liabilities

Note		31/3 2021	31/12 2019
	Equity		
	Contributed capital	125.008	125.008
	Retained earnings	9.333.583	7.490.039
	Total equity	**9.458.591**	**7.615.047**
	Liabilities other than provisions		
	Trade payables	0	508.150
	Other payables	7.579.068	957.060
	Accruals and deferred income	0	130.515
	Total short term liabilities other than provisions	7.579.068	1.595.725
	Total liabilities other than provisions	**7.579.068**	**1.595.725**
	Total equity and liabilities	**17.037.659**	**9.210.772**
6	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	116.079	8.065.507	8.181.586
Cash capital increase	8.929	4.991.071	5.000.000
Profit or loss for the year brought forward	0	-5.566.539	-5.566.539
Equity 1 January 2020	125.008	7.490.039	7.615.047
Warrants	0	-7.920.236	-7.920.236
Profit or loss for the year brought forward	0	1.843.544	1.843.544
Warrants, paid out	0	7.920.236	7.920.236
	125.008	**9.333.583**	**9.458.591**

Notes

All amounts in DKK.

		1/1 2020 - 31/3 2021	1/1 2019 - 31/12 2019
1.	**Staff costs**		
	Salaries and wages	15.911.476	6.395.524
	Pension costs	545.756	65.000
	Other costs for social security	106.222	90.331
		16.563.454	**6.550.855**
	Average number of employees	12	11
2.	**Development projects**		
	Cost 1 January 2020	100.000	100.000
	Cost 31 March 2021	**100.000**	**100.000**
	Amortisation and writedown 1 January 2020	-95.000	-75.000
	Amortisation for the year	-1.250	-20.000
	Amortisation and writedown 31 March 2021	**-96.250**	**-95.000**
	Carrying amount, 31 March 2021	**3.750**	**5.000**
3.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2020	150.304	114.680
	Additions during the year	0	35.624
	Cost 31 March 2021	**150.304**	**150.304**
	Amortisation and writedown 1 January 2020	-114.111	-80.326
	Depreciation for the year	-5.332	-33.785
	Amortisation and writedown 31 March 2021	**-119.443**	**-114.111**
	Carrying amount, 31 March 2021	**30.861**	**36.193**

Notes

All amounts in DKK.

		31/3 2021	31/12 2019
4.	**Deposits**		
	Cost 1 January 2020	339.300	339.300
	Cost 31 March 2021	**339.300**	**339.300**
	Carrying amount, 31 March 2021	**339.300**	**339.300**

5. Income tax receivables

Tax receivable is taxcredit from LL 8X.

6. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into lease agreements, where the rent commitments amount to approx. DKK 339.000 in the notice period.

Joint taxation

Grazper Technologies ApS has withdrawn from joint taxation scheme as of March 20, 2020 with Acorn Invest ApS and shall not be liable for any tax claims against the other jointly taxed companies from the time of withdrawal from the joint taxation scheme.