

KMD Venture A/S

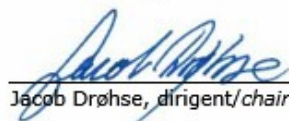
Lautrupparken 40

2750 Ballerup

CVR No. 36985356

Annual Report 2019/20

Godkendt på selskabets ordinære
generalforsamling d. 6. november 2020
*Approved at the annual general meeting
of the company on 6 November 2020*



Jacob Drøhse, dirigent/chair

KMD Venture A/S

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KMD Venture A/S

Management's Statement

Today, Management has considered and adopted the Annual Report of KMD Venture A/S for the financial year 1 April 2019 - 31 March 2020.

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

In our opinion, the Financial Statements provide a fair presentation of the Company's assets, liabilities and financial position at 31 March 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020.

In our opinion the Management's review provides a fair account of the circumstances discussed.

It is recommended that the annual report be approved by the Annual General Meeting.

Ballerup, 1 October 2020

Executive Board

Niklas Marschall
CEO

Board of Directors

Søren Henriksen
Chair

Eva Berneke

Jannich Lund

Independent Auditors' Report

To the shareholders of KMD Venture A/S

Opinion

We have audited the financial statements of KMD Venture A/S for the financial year 1 April 2019 - 31 March 2020, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditors' Report

The auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- * identify and assess the risks of material misstatement of the company 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 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 use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to 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 the disclosures, and whether the financial statements represent 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 internal control that we identify during our audit.

KMD Venture A/S

Independent Auditors' Report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. Moreover, 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 conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 1 October 2020

KPMG

Statsautoriseret Revisionspartnerskab

CVR-no. 25578198

Henrik Kyhnauv

State Authorised Public Accountant

mne40028

KMD Venture A/S

Company details

Company	KMD Venture A/S Lautrupparken 40 2750 Ballerup
CVR No.	36985356
Board of Directors	Søren Henriksen, Chair Eva Berneke Jannich Lund
Executive Board	Niklas Marschall, CEO

Management's Review

The entity's principal activities

The entity's principal activities is to identify and invest in opportunities that are not naturally captured by KMD's ongoing business, but in the long term may have significant strategic and financial importance for KMD. Through direct investment in innovative start-ups and in partnerships with other companies, KMD expects to develop a stronger innovation capability and a faster and more flexible approach to try out new business opportunities.

Development in activities and financial matters

The entity's income statement of the financial year 1 April 2019 - 31 March 2020, shows a result of TDKK 2.235 and the Balance sheet at 31 March 2020 a balance sheet total of TDKK 4.988 and an Equity of TDKK 3.035.

Comparative figures in the Annual Reports relates to 15 months due to alignment of the fiscal year with the NEC Group.

KMD Venture A/S will always invest together with other companies and contribute with knowledge as well as pre-seed or seed funding to concepts or newly established start-ups.

As the investments are made in startup companies uncertainties exist regarding the future cash flow from the investments.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

The effect of COVID-19 is limited on the Company due to the nature of activity. Management also assessed that there is no effect on the valuation of the long-term investments in group enterprises due the unusual circumstances.

KMD Venture A/S

Income Statement

	Note	2019/20 tkr.	2018/19 (15 months) tkr.
Gross profit (loss)		386	-842
Profit (loss) from ordinary operating activities		386	-842
Income from investments in group enterprises and associates		2.600	-4.215
Finance expenses	2	-31	-40
Profit (loss) from ordinary activities before tax		2.955	-5.097
Tax expense on ordinary activities		-720	185
Profit (loss)		2.235	-4.912
Proposed distribution of results	3		
Retained earnings		2.235	-4.912
Distribution of profit (loss)		2.235	-4.912

KMD Venture A/S

Balance Sheet as of 31 March

	Note	2020 tkr.	2019 tkr.
Assets			
Long-term investments in associates	4, 5	4.268	2.565
Investments		4.268	2.565
Fixed assets			
Short-term receivables from associates		473	38
Short-term tax receivables from group enterprises		0	213
Receivables		473	251
Cash and cash equivalents		247	173
Current assets		720	424
Assets		4.988	2.989

Balance Sheet as of 31 March

	Note	2020 tkr.	2019 tkr.
Liabilities and equity			
Contributed capital		501	501
Retained earnings		2.534	298
Equity		3.035	799
Payables to parent company		1.290	2.190
Tax payables to group enterprises		663	0
Short-term liabilities other than provisions		1.953	2.190
Liabilities other than provisions within the business		1.953	2.190
Liabilities and equity		4.988	2.989
Significant events occurring after end of reporting period	6		
Contingent liabilities	7		
Collaterals and assets pledged as security	8		
Related parties	9		

KMD Venture A/S

Statement of changes in Equity

	Share capital	Retained earnings	Total
Equity 1 April 2019	501	299	800
Profit (loss)		2.235	2.235
Equity 31 March 2020	501	2.534	3.035

The share capital was increased by DKK 1.000 in 2017. Except for this, there has been no changes in the last 5 years.

Accounting Policies

Reporting Class

The Annual Report of KMD Venture A/S for 2019/20 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

In 2018/19 the Company changed its financial reporting period. As a result, the Comparative figures includes 15 months.

Reporting currency

The Annual Report is presented in Thousand Danish kroner (t.kr.).

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Gross profit/loss

The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operation income, cost of raw and consumables and other external expenses.

Revenue

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts.

Income from delivery of services is recognised on a straight-line basis in net sales, as the service is delivered.

Other external expenses

Other external costs include costs for distribution, sales, advertising, administration, premises, loss of debtors, operating leasing costs etc.

Income from investments in group enterprises and associates

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest income and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Dividends and income from equity investments in Group enterprises

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Proposed dividend for the year is recognised as a separate item in equity.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the Income Statement over the life of the financial instrument.

Other liabilities, comprising deposits, trade payables and other accounts payable, are measured at amortised cost, which usually corresponds to the nominal value.

Notes

1. Staff expense

	2019/20	2018/19 (15 months)
Average number of employees	0	0

2. Finance expenses

Finance expenses arising from group enterprises	29	40
Other finance expenses	2	0
	31	40

3. Distribution of profit

Retained earnings	2.235	-4.912
	2.235	-4.912

4. Long-term investments in associates

Cost at the beginning of the year	4.565	4.051
Addition during the year, incl. improvements	2.802	514
Disposal during the year	-612	
Cost at the end of the year	6.755	4.565
Revaluations at the beginning of the year	-2.000	0
Revaluations for the year	-487	-2.000
Revaluations at the end of the year	-2.487	-2.000
Carrying amount at the end of the year	4.268	2.565

5. Disclosure in relation to long-term investments

	Registered office	Shares held in %	Equity	Profit / (loss)
Code Creation IVS	Copenhagen	15	-57	(98)
Kubo Robotics ApS	Odense	5	2,372	(5,745)
Kompis Holding ApS	Copenhagen	10	1,522	(33)
Scoutbase Holding ApS	Svendborg	15	544	(5)
Goal Station Digital ApS	Copenhagen	50	139	89
QLife	Copenhagen	2	62,477	(5,271)
DCR Solutions ApS	Copenhagen	4	4,957	(1,425)
Blue Atlas Robotics ApS	Copenhagen	7	497	(296)
Match Board ApS	Copenhagen	5	1,006	(95)

The fiscal results are from the latest available public information as of 31 March 2020.

Information has not been updated after 31 March 2020. Effects on current year does not have significant impact on the valuation.

Notes

6. Significant events occurring after end of reporting period

There have been no events after the balance sheet date with a material impact on the Company's financial position.

The effect of COVID-19 is limited on the Company due to the nature of activity. Management also assessed that there is no effect on the valuation of the long-term investments in group enterprises due to the unusual circumstances.

7. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

8. Collaterals and securities

The Company is jointly taxed with the other Danish companies in the KMD Group. The joint taxation also covers withholding tax in the form of tax on dividends, royalties and interest. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent corrections to the taxable income subject to joint taxation or withholding taxes may lead to a higher liability.

9. Related parties

KMD Venture ApS is fully owned by KMD A/S which is part of the KMD ApS Group. The Company is ultimately a 100% owned subsidiary of NEC Corporation and is included in the consolidated financial statements of NEC Corporation.

A copy of the consolidated financial statements can be obtained through the Company Secretary at Lautrupparken 40, 2750 Ballerup, Denmark.