

MiWire ApS
Diplomvej 381, st., 2800 Kongens Lyngby

Company reg. no. 38 13 90 29

Annual report

2019

The annual report was submitted and approved by the general meeting on the 2 July 2020.

David Fleischer
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 board of directors and the managing director have presented the annual report of MiWire ApS for the financial year 2019.

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 December 2019 and of the company's results of activities in the financial year 1 January – 31 December 2019.

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.

Kongens Lyngby, 2 July 2020

Managing Director

David Fleischer

Board of directors

Lars Priemé

Michael Lützenkirchen

Troels Karlog

David Fleischer

David Nikolaj Rachat-Nielsen

Independent auditor's report

To the shareholders of MiWire ApS

Opinion

We have audited the financial statements of MiWire ApS for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position 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 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 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 and 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.

Glostrup, 2 July 2020

PKF Munkebo Vindelev

State Authorised Public Accountants
Company reg. no. 14 11 92 99

H. Munkebo Christiansen
State Authorised Public Accountant
mne3644

Company information

The company

MiWire ApS
Diplomvej 381, st.
2800 Kongens Lyngby

Company reg. no. 38 13 90 29
Established: 26 October 2016
Domicile: Lyngby-Taarbæk
Financial year: 1 January 2019 - 31 December 2019
3rd financial year

Board of directors

Lars Priemé
Michael Lützenkirchen
Troels Karlog
David Fleischer
David Nikolaj Rachat-Nielsen

Managing Director

David Fleischer

Auditors

PKF Munkebo Vindelev, State Authorised Public Accountants
Hovedvejen 56
2600 Glostrup

Bankers

Jyske Bank, I.L. Tvedesvej 7, DK - 3000 Helsingør

Financial highlights

DKK in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>
Income statement:			
Gross profit	-2.109	-1.998	1.199
Profit from ordinary operating activities	-3.669	-2.950	631
Net financials	-302	-342	-70
Net profit or loss for the year	-3.097	-2.561	437
Statement of financial position:			
Balance sheet total	11.433	9.807	6.965
Equity	1.355	2.643	2.204
Employees:			
Average number of full-time employees	5	3	4

Management commentary

The principal activities of the company

Like previous years, the principal activities have been to develop and commercialize a fully automated directional antenna, which in a mobile network can increase the effective data rate, and all business, which in the opinion of the Board of Directors, is related to this.

Uncertainties about recognition or measurement

Management has chosen to recognize externally paid project costs as well as internally held wage costs as development projects in progress and acquired rights in the balance sheet. The total value is respectively 7.670 t. DKK. and 40 t. DKK per. 31. December. The value is based on management's expectations of the products' market potential and is thus associated with uncertainty, as the value depends on the company achieving sufficient success with the commercialization.

Development in activities and financial matters

The results from ordinary activities after tax totals DKK -3.097.000 against DKK -2.561.000 last year. Management considers the net loss for the year satisfactory.

Events occurring after the end of the financial year

Subsequent to the financial year, the outbreak of COVID-19 has impacted the company's major markets outside of Denmark in a very negative way and it is estimated that the company will be affected dramatically until at least Q4 2020. It is the management's opinion that the outbreak will result in significant financial consequences until the end of Q1 2021, however without being a direct threat to the existence of the company.

Besides this, no events have occurred that will significantly upset the company's financial position.

Accounting policies

The annual report for MiWire 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.

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 loss

Gross loss comprises the revenue, cost of sales and other 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 operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for sales, administration, cars and premises.

Accounting policies

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

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 comprise interest. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Tax of the results 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.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Patents and licenses are measured at cost with deduction of 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.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunity in the company can be demonstrated and where it is intended to manufacture, market or use the project, is recognized as intangible assets, if the cost price can be calculated reliably and there is sufficient assurance that future earnings can cover production-, sales- and administration costs. Other development costs are recognized in the income statement as costs are incurred.

Development costs recognized in the balance sheet are measured at cost with deductions of accumulated depreciation and writedowns.

After the completion of the development work, capitalized development costs are amortized on a straightline basis over the estimated useful life. The amortization period is usually 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 are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

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 on hand and demand deposits

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

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium. The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Reserve for unpaid contributed capital

Unpaid contributed capital is recognised on a gross basis, according to which the unpaid contributed capital is recognised and treated as a receivable in the statement of financial position called "Claims on contributed capital". An amount corresponding to the unpaid contributed capital is reclassified from "Retained earnings" to "Reserve for unpaid contributed capital".

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities. The reserve cannot be used as dividends or for covering losses. The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Accounting policies

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carry forward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross loss	-2.108.516	-1.998.330
3 Staff costs	-1.383.257	-946.593
Amortisation and impairment of intangible assets	-177.712	-5.000
Operating profit	-3.669.485	-2.949.923
Other financial income	1.236	0
Other financial costs	-303.407	-341.572
Results before tax	-3.971.656	-3.291.495
4 Tax on ordinary results	874.218	730.620
Results for the year	-3.097.438	-2.560.875
Proposed appropriation of net profit:		
Allocated from retained earnings	-3.097.438	-2.560.875
Total allocations and transfers	-3.097.438	-2.560.875

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Non-current assets		
5 Development projects	7.670.253	6.908.480
6 Acquired patents	40.000	45.000
Total intangible assets	<u>7.710.253</u>	<u>6.953.480</u>
Total non-current assets	<u>7.710.253</u>	<u>6.953.480</u>
Current assets		
Raw materials and consumables	1.157.110	1.010.383
Prepayments for goods	150.000	150.000
Total inventories	<u>1.307.110</u>	<u>1.160.383</u>
Trade receivables	977.027	7.494
7 Income tax receivables	205.587	553.953
Other receivables	358.071	354.639
Contributed capital in arrears	744.802	0
Total receivables	<u>2.285.487</u>	<u>916.086</u>
Cash on hand and demand deposits	<u>130.224</u>	<u>776.960</u>
Total current assets	<u>3.722.821</u>	<u>2.853.429</u>
Total assets	<u>11.433.074</u>	<u>9.806.909</u>

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity and liabilities		
Equity		
8 Contributed capital	203.128	190.479
9 Share premium	0	0
10 Reserve for contributed capital not paid	744.802	0
11 Reserve for development costs	5.982.798	5.388.615
12 Retained earnings	-5.575.446	-2.936.021
Total equity	1.355.282	2.643.073
Provisions		
13 Provisions for deferred tax	122.187	790.818
Total provisions	122.187	790.818
Liabilities other than provisions		
Other payables	8.678.194	5.405.867
14 Total long term liabilities other than provisions	8.678.194	5.405.867
14 Current portion of long term payables	0	0
Bank loans	0	4.495
Prepayments received from customers	345.444	0
Trade payables	659.973	726.919
Other payables	271.994	235.737
Total short term liabilities other than provisions	1.277.411	967.151
Total liabilities other than provisions	9.955.605	6.373.018
Total equity and liabilities	11.433.074	9.806.909
1	Uncertainties concerning recognition and measurement	
2	Unusual circumstances in the annual report	
15	Contingencies	

Notes

All amounts in DKK.

1. Uncertainties concerning recognition and measurement

When calculating the carrying amount of certain of the company's assets, an estimate is required of how future events affect the value. Estimates that are essential for the accounting of put gels one is made, for example. in the calculation of depreciation and impairment of fixed assets.

The estimates used are based on assumptions that management considers reasonable, but which are inherently uncertain and unpredictable. The prerequisites may be incomplete or inaccurate, and unexpected events or circumstances may arise.

2. Unusual circumstances in the annual report

There is pr. definition risk associated with the recognition of development projects in progress and associated acquired rights (patents). The value of the assets depends on, 1) that the company achieves sufficient success with the development of the technology and subsequently the commercialization of the developed technologies, and 2) that the company can obtain it to get you out the development and commercialization required liquidity. Reference is made to the management's review.

Management has chosen to recognize externally paid project costs as well as internally paid salaries on costs such as development projects in progress, and each wheat rights (patents) in the balance sheet. The total value amounts to 7.670 t.DKK, respectively. and 40 t.DKK per. 31 December 2019. The value is based on management's expectations of the project's market potential and is thus associated with uncertainty, as the value is dependent on the company achieving success with commercialization.

	<u>2019</u>	<u>2018</u>
3. Staff costs		
Salaries and wages	1.365.300	927.108
Pension costs	0	10.000
Other costs for social security	<u>17.957</u>	<u>9.485</u>
	<u>1.383.257</u>	<u>946.593</u>
Average number of employees	<u>5</u>	<u>3</u>

Staff costs, 809.519 DKK is capitalized under the item development projects.

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
4. Tax on ordinary results		
Tax of the results for the year, parent company	-205.587	-553.953
Adjustment for the year of deferred tax	-668.631	-176.667
	<u>-874.218</u>	<u>-730.620</u>
	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Development projects		
Cost 1 January 2019	6.908.480	4.390.515
Additions during the year	934.485	2.517.965
Cost 31 December 2019	<u>7.842.965</u>	<u>6.908.480</u>
Amortisation and writedown 1 January 2019	0	0
Amortisation for the year	-172.712	0
Amortisation and writedown 31 December 2019	<u>-172.712</u>	<u>0</u>
Carrying amount, 31 December 2019	<u>7.670.253</u>	<u>6.908.480</u>
6. Acquired patents		
Cost 1 January 2019	50.000	50.000
Cost 31 December 2019	<u>50.000</u>	<u>50.000</u>
Amortisation and writedown 1 January 2019	-5.000	0
Amortisation for the year	-5.000	-5.000
Amortisation and writedown 31 December 2019	<u>-10.000</u>	<u>-5.000</u>
Carrying amount, 31 December 2019	<u>40.000</u>	<u>45.000</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
7. Income tax receivables		
Income tax receivables 1 January 2019	553.953	844.127
Income tax received concerning last year	-553.953	-844.127
Income tax calculated for the current year	<u>205.587</u>	<u>553.953</u>
	<u>205.587</u>	<u>553.953</u>
8. Contributed capital		
Contributed capital 1 January 2019	190.479	171.129
Cash capital increase	<u>12.649</u>	<u>19.350</u>
	<u>203.128</u>	<u>190.479</u>
9. Share premium		
Share premium 1 January 2019	0	0
Share premium account for the year	1.796.998	2.980.950
Transferred to retained earnings	<u>-1.796.998</u>	<u>-2.980.950</u>
	<u>0</u>	<u>0</u>
10. Reserve for contributed capital not paid		
Reserve for contributed capital not paid 1 January 2019	0	0
Unpaid contributed capital for the year	<u>744.802</u>	<u>0</u>
	<u>744.802</u>	<u>0</u>
11. Reserve for development costs		
Reserve for development costs 1 January 2019	5.388.615	3.424.602
Transferred from retained earnings	<u>594.183</u>	<u>1.964.013</u>
	<u>5.982.798</u>	<u>5.388.615</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
12. Retained earnings		
Retained earnings 1 January 2019	-2.936.021	-1.392.083
Results for the year brought forward	-3.097.438	-2.560.875
Transferred from share premium	1.796.998	2.980.950
Transferred to reserve for development costs	-594.183	-1.964.013
Transferred to reserve for contributed capital not paid	-744.802	0
	<u>-5.575.446</u>	<u>-2.936.021</u>

13. Provisions for deferred tax

Provisions for deferred tax 1 January 2019	790.818	967.485
Deferred tax of the results for the year	-668.631	-176.667
	<u>122.187</u>	<u>790.818</u>

The following items are subject to deferred tax:

Intangible assets	1.689.970	1.521.909
Losses carried forward from previous years	-1.567.783	-731.091
	<u>122.187</u>	<u>790.818</u>

14. Liabilities

	<u>Total payables 31 Dec 2019</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2019</u>	<u>Outstanding payables after 5 years</u>
Other payables	8.678.194	0	8.678.194	8.678.194
	<u>8.678.194</u>	<u>0</u>	<u>8.678.194</u>	<u>8.678.194</u>

15. Contingencies

Contingent liabilities

Rent liabilities

The company has entered into a rent contract with an average annual rent of DKK 319.800. The rent contract has a 1 month notice and the total rent obligation is DKK 26.650.