
Lorenz Technology ApS

Sivlandvænget 3, 1., DK-5260 Odense S

Annual Report for 1 July 2018 - 30 June 2019

CVR No 38 45 92 28

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/10 2019

Helge Munk
Chairman of the General
Meeting



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Company Information	
Company Information	5
Management's Review	6
Financial Statements	
Income Statement 1 July - 30 June	7
Balance Sheet 30 June	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Lorenz Technology ApS for the financial year 1 July 2018 - 30 June 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 June 2019 of the Company and of the results of the Company operations for 2018/19.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 31 October 2019

Executive Board

Lars Kristian Skaarup

Board of Directors

Helge Munk
Chairman

Lars Lorenzt

Kirsten Winther

Independent Auditor's Report

To the Shareholders of Lorenz Technology ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lorenz Technology ApS for the financial year 1 July 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's 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 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.

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 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 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.

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 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

Independent Auditor's Report

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.

Odense, 31 October 2019

PricewaterhouseCoopers

State Authorised Public Accountants

CVR No 33 77 12 31

Poul Erik Jacobsen

State Authorized Public Accountant

mne10086

Company Information

The Company

Lorenz Technology ApS
Sivlandvænget 3, 1.
DK-5260 Odense S

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E-mail: info@lorenztechnology.dk
Website: www.lorenztechnology.com

CVR No: 38 45 92 28
Financial period: 1 July - 30 June
Financial year: 2nd financial year
Municipality of reg. office: Odense

Board of Directors

Helge Munk, Chairman
Lars Lorenzt
Kirsten Winther

Executive Board

Lars Kristian Skaarup

Auditors

PricewaterhouseCoopers
State Authorised Public Accountants
Rytterkasernen 21
DK-5000 Odense C

Management's Review

Financial Statements of Lorenz Technology ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

Key activities

The purpose of the company is development and sale of technological products, software and drones for security, safety and surveillance.

Development in the year

The income statement of the Company for 2018/19 shows a loss of DKK 4,225,804, and at 30 June 2019 the balance sheet of the Company shows equity of DKK 2,259,019.

The company has incurred research and development costs in P/L of approx MDKK 4.3 before tax during 2018/19. Management has chosen not to capitalize a development asset, although it is the assessment that the conditions for recognition of a development asset are met.

Capital resources

The company's liquidity reserve is limited at June 30th 2019. On the basis of this, the company's largest investor has issued a letter of support pledging the financial support necessary to finance its operating and development activities and pledging that existing and future loans will not be called, in whole or in part, unless the liquidity position of the company is adequate to justify such repayment. The letter of support is valid until June 30th 2020. Reference is made to Note 1.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 30 June 2019 of the Company and the results of the activities of the Company for the financial year for 2018/19 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 July - 30 June

	Note	2018/19 DKK	2017/18 DKK
Gross profit/loss		313.070	-1.852.262
Staff expenses	2	-5.212.785	-1.943.852
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-249.490	-49.260
Profit/loss before financial income and expenses		-5.149.205	-3.845.374
Financial income		111	0
Financial expenses	4	-98.386	-1.249
Profit/loss before tax		-5.247.480	-3.846.623
Tax on profit/loss for the year	5	1.021.676	787.116
Net profit/loss for the year		-4.225.804	-3.059.507

Distribution of profit

Proposed distribution of profit

Retained earnings		-4.225.804	-3.059.507
		-4.225.804	-3.059.507

Balance Sheet 30 June

Assets

	<u>Note</u>	<u>2018/19</u> DKK	<u>2017/18</u> DKK
Other fixtures and fittings, tools and equipment		1.201.756	377.055
Property, plant and equipment	6	1.201.756	377.055
Fixed assets		1.201.756	377.055
Trade receivables		115.344	0
Other receivables		1.223.785	260.973
Corporation tax		1.808.792	787.116
Prepayments		88.958	0
Receivables		3.236.879	1.048.089
Cash at bank and in hand		1.651.829	1.097.949
Currents assets		4.888.708	2.146.038
Assets		6.090.464	2.523.093

Balance Sheet 30 June

Liabilities and equity

	<u>Note</u>	<u>2018/19</u> DKK	<u>2017/18</u> DKK
Share capital		234.919	159.994
Retained earnings		<u>2.024.100</u>	<u>1.080.079</u>
Equity		<u>2.259.019</u>	<u>1.240.073</u>
Other payables		<u>1.844.548</u>	<u>800.000</u>
Long-term debt	7	<u>1.844.548</u>	<u>800.000</u>
Trade payables		622.927	127.564
Payables to associates		0	39.877
Deposits		0	26.000
Other payables	7	1.028.036	289.579
Deferred income		<u>335.934</u>	<u>0</u>
Short-term debt		<u>1.986.897</u>	<u>483.020</u>
Debt		<u>3.831.445</u>	<u>1.283.020</u>
Liabilities and equity		<u>6.090.464</u>	<u>2.523.093</u>
Going concern	1		
Key activities			
Contingent assets, liabilities and other financial obligations	8		
Accounting Policies	9		

Statement of Changes in Equity

	Share capital	Share premium	Retained	Total
	<u>DKK</u>	<u>account</u>	<u>earnings</u>	<u>DKK</u>
	DKK	DKK	DKK	DKK
Equity at 1 July	159.994	0	1.080.079	1.240.073
Cash capital increase	74.925	5.169.825	0	5.244.750
Transfer from share premium account	0	-5.169.825	5.169.825	0
Net profit/loss for the year	0	0	-4.225.804	-4.225.804
Equity at 30 June	234.919	0	2.024.100	2.259.019

Notes to the Financial Statements

1 Going concern

The net result for 2018/19 is TDKK -4,226 and equity at 30th June 2019 is TDKK 2,259.

In 2018/19 cash capital increases have been made, totalling TDKK 5,245.

The company's liquidity reserve is limited at June 30th 2019. On the basis of this, the company's largest investor has issued a letter of support pledging the financial support necessary to finance its operating and development activities and pledging that existing and future loans will not be called, in whole or in part, unless the liquidity position of the company is adequate to justify such repayment. The letter of support is valid until June 30th 2020.

	<u>2018/19</u>	<u>2017/18</u>
	DKK	DKK
2 Staff expenses		
Wages and salaries	4.694.691	1.843.546
Pensions	217.786	38.066
Other social security expenses	184.425	19.014
Other staff expenses	115.883	43.226
	<u>5.212.785</u>	<u>1.943.852</u>
Average number of employees	<u>9</u>	<u>3</u>
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	249.490	49.260
	<u>249.490</u>	<u>49.260</u>
4 Financial expenses		
Interest paid to group enterprises	17.811	0
Other financial expenses	80.446	787
Exchange loss	129	462
	<u>98.386</u>	<u>1.249</u>

Notes to the Financial Statements

	<u>2018/19</u>	<u>2017/18</u>
	DKK	DKK
5 Tax on profit/loss for the year		
Current tax for the year	-1.021.676	-787.116
	<u>-1.021.676</u>	<u>-787.116</u>

6 Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u>
	DKK
Cost at 1 July	426.315
Additions for the year	<u>1.074.191</u>
Cost at 30 June	<u>1.500.506</u>
Impairment losses and depreciation at 1 July	49.260
Depreciation for the year	<u>249.490</u>
Impairment losses and depreciation at 30 June	<u>298.750</u>
Carrying amount at 30 June	<u>1.201.756</u>
Depreciated over	<u>3-5 years</u>

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	<u>1.844.548</u>	<u>800.000</u>
Long-term part	1.844.548	800.000
Other short-term payables	<u>1.028.036</u>	<u>289.579</u>
	<u>2.872.584</u>	<u>1.089.579</u>

Notes to the Financial Statements

	<u>2018/19</u> DKK	<u>2017/18</u> DKK
8 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Rent, non-cancellation period 6 months	84.406	79.800

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Helge Munk Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Lorenz Technology ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2018/19 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. 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 flow 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 will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

9 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

9 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets, property, plant and equipment and gains from grants received regarding development-projects.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

9 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning leasing, accrual of development-projects, insurance premiums, subscriptions and interest.

Equity

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.