Lorenz Technology ApS

Sivlandvænget 3, 1., DK-5260 Odense S

Annual Report for 3 March 2017 - 30 June 2018

CVR No 38 45 92 28

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/11 2018

Peter Smedegaard
Chairman of the General Meeting

Contents

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 3 March 2017 - 30 June 2018.

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 2018 of the Company and of the results of the Company operations for 2017/18.

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

Odense, 30 November 2018

Executive Board

Lars Kristian Skaarup

Board of Directors

Helge Munk Chairman	Lars Lorenzt	Peter Smedegaard

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 2018 and of the results of the Company's operations for the financial year 3 March 2017 - 30 June 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lorenz Technology ApS for the financial year 3 March 2017 - 30 June 2018, 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.

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 misstate-

ment, 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 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, 30 November 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Erik Jacobsen
statsautoriseret revisor
mne10086

Company Information

The Company	Lorenz Technology ApS Sivlandvænget 3, 1. DK-5260 Odense S Telephone: + 45 61337073 E-mail: info@lorenztechnology.dk Website: www.lorenztechnology.com CVR No: 38 45 92 28 Financial period: 3 March 2017 - 30 June 2018 Financial year: 1st financial year Municipality of reg. office: Odense
Board of Directors	Helge Munk, Chairman Lars Lorenzt Peter Smedegaard
Executive Board	Lars Kristian Skaarup
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rytterkasernen 21 DK-5000 Odense C

Management's Review

Financial Statements of Lorenz Technology ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Key activities

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

Development in the year

The income statement of the Company for 2017/18 shows a loss of DKK 3,059,507, and at 30 June 2018 the balance sheet of the Company shows equity of DKK 1,240,073.

The company has incurred research and development costs of approx MDKK 3.6 during 2017/18. 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 30th June 2018. The general assembly has adopted a cash capital increase of TDKK 4,846 on 30th November 2018. It is management's assessment that this is sufficient to fund the company's operations in 2018/19 including the research and development projects. Reference is made to Note 1 to the annual report.

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 2018 of the Company and the results of the activities of the Company for the financial year for 2017/18 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 3 March - 30 June

	Note	2017/18
		DKK
Gross profit/loss		**-1.852.262**
Staff expenses	2	-1.943.852
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-49.260
Profit/loss before financial income and expenses		**-3.845.374**
Financial expenses	4	-1.249
Profit/loss before tax		**-3.846.623**
Tax on profit/loss for the year	5	787.116
Net profit/loss for the year		**-3.059.507**

Distribution of profit

Proposed distribution of profit	
Retained earnings	-3.059.507
	-3.059.507

Balance Sheet 30 June

Assets

	Note	2017/18
		DKK
Other fixtures and fittings, tools and equipment		377.055
Property, plant and equipment	6	**377.055**
Fixed assets		**377.055**
Other receivables		260.973
Corporation tax		787.116
Receivables		**1.048.089**
Cash at bank and in hand		**1.097.949**
Currents assets		**2.146.038**
Assets		**2.523.093**

Balance Sheet 30 June

Liabilities and equity

	Note	2017/18
		DKK
Share capital		159.994
Retained earnings		1.080.079
Equity		**1.240.073**
Other payables		800.000
Long-term debt	7	**800.000**
Trade payables		127.564
Payables to associates		39.877
Deposits		26.000
Other payables	7	289.579
Short-term debt		**483.020**
Debt		**1.283.020**
Liabilities and equity		**2.523.093**
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 account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 3 March	100.000	0	0	100.000
Cash capital increase	59.994	4.139.586	0	4.199.580
Transfer from share premium account	0	-4.139.586	4.139.586	0
Net profit/loss for the year	0	0	-3.059.507	-3.059.507
Equity at 30 June	**159.994**	**0**	**1.080.079**	**1.240.073**

Notes to the Financial Statements

1 Going concern

The net result for 2017/18 is TDKK -3,060 and equity at 30th June 2018 is TDKK 1,240.

In 2017/18 multiple cash capital increases have been made, totalling TDKK 4,200.

The company's liquidity reserve is limited at 30th June 2018. The general assembly has adopted a cash capital increase of TDKK 4,846 on 30th November 2018. It is management's assessment that this is sufficient to fund the company's operations in 2018/19 including the research and development projects.

Accordingly, the management presents the annual report under the assumption of going concern.

2 Staff expenses

	2017/18 DKK
Wages and salaries	1.843.546
Pensions	38.066
Other social security expenses	19.014
Other staff expenses	43.226
	1.943.852
Average number of employees	**3**

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation of property, plant and equipment	49.260
	49.260

4 Financial expenses

Other financial expenses	787
Exchange loss	462
	1.249

Notes to the Financial Statements

		2017/18
		DKK
5	**Tax on profit/loss for the year**	
	Current tax for the year	-787.116
		-787.116

		Other fixtures and fittings, tools and equipment
6	**Property, plant and equipment**	DKK
	Cost at 3 March	0
	Additions for the year	426.315
	Cost at 30 June	426.315
	Impairment losses and depreciation at 3 March	0
	Depreciation for the year	49.260
	Impairment losses and depreciation at 30 June	49.260
	Carrying amount at 30 June	**377.055**
	Depreciated over	3-5 years

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:

	2017/18
	DKK
Other payables	
Between 1 and 5 years	800.000
Long-term part	800.000
Other short-term payables	289.579
	1.089.579

Notes to the Financial Statements

8 Contingent assets, liabilities and other financial obligations

	2017/18
	DKK
Rental and lease obligations	
Rent, non-cancellation period 6 months	79.800

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Lorenz Technology ApS for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The Financial Statements for 2017/18 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, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

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 and property, plant and equipment.

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

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.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the

Notes to the Financial Statements

9 Accounting Policies (continued)

loan made over the term of the loan at the date of raising the loan.

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