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# ***Lorenz Technology ApS***

Sivlandvænget 3, 1., DK-5260 Odense S

## **Annual Report for 1 July 2019 - 30 June 2020**

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CVR No 38 45 92 28

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
27/11 2020

Helge Munk  
Chairman of the General  
Meeting



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# 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 2019 - 30 June 2020.

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 2020 of the Company and of the results of the Company operations for 2019/20.

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

Odense, 27 November 2020

## Executive Board

Lars Kristian Skaarup

## Board of Directors

Helge Munk  
Chairman

Lars Lorenzt

Kirsten Winther

Esben Hallundbæk Østergaard

Ralf Astrup

# 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 2020 and of the results of the Company's operations for the financial year 1 July 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lorenz Technology ApS for the financial year 1 July 2019 - 30 June 2020, 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-

# Independent Auditor's Report

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

## Independent Auditor's Report

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, 27 November 2020

**PricewaterhouseCoopers**

State Authorised Public Accountants

*CVR No 33 77 12 31*

Mette Holy Jørgensen  
State Authorised Public Accountant  
mne34359

Anders Kronborg Choy  
State Authorised Public Accountant  
mne44142

## Company Information

### The Company

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

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E-mail: [info@lorenztechnology.dk](mailto:info@lorenztechnology.dk)  
Website: [www.lorenztechnology.com](http://www.lorenztechnology.com)

CVR No: 38 45 92 28  
Financial period: 1 July - 30 June  
Financial year: 3rd financial year  
Municipality of reg. office: Odense

### Board of Directors

Helge Munk, Chairman  
Lars Lorenzt  
Kirsten Winther  
Esben Hallundbæk Østergaard  
Ralf Astrup

### Executive Board

Lars Kristian Skaarup

### Auditors

PricewaterhouseCoopers  
State Authorised Public Accountants  
Munkebjergvænget 1, 3. og 4. sal  
DK-5230 Odense M

## Management's Review

Financial Statements of Lorenz Technology ApS for 2019/20 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 Annual Report has been prepared under the same accounting policies as last year.

### 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 2019/20 shows a loss of DKK 6,372,561, and at 30 June 2020 the balance sheet of the Company shows equity of DKK 8,259,769.

The company has incurred research and development costs in P/L of approx MDKK 6.6 before tax during 2019/20. 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.

Management has evaluated the effect of the current Covid19 pandemic with the following conclusion:

Starting 2020 the company got its product (Lorenz AI-Link®) ready for market. The initial plan for the year was to market the product on fairs within the main market segments: Security and Ports.

The pandemic has the effect of limiting our access to export markets, fairs and integrator visits as well as most clients working from the distance and having limited possibilities to start new projects. These restrictions are expected to some degree to remain in force in the coming financial year, thus reducing the scope for full action on sales on export markets.

The supply chain has been performing without significant delays and current clients has grown their drone use over the lockdown period.

### Capital resources

The company has obtained additional financing after year end and management therefore expects that there is sufficient liquidity to realize the budget for the financial year 2020/21.

### Unusual events

The financial position at 30 June 2020 of the Company and the results of the activities of the Company for the financial year for 2019/20 have not been affected by any unusual events.



## **Management's Review**

### **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	2019/20 DKK	2018/19 DKK
<b>Gross profit/loss</b>		<b>1.202.091</b>	<b>313.070</b>
Staff expenses	1	-8.057.580	-5.212.785
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-841.658	-249.490
<b>Profit/loss before financial income and expenses</b>		<b>-7.697.147</b>	<b>-5.149.205</b>
Financial income		875	111
Financial expenses	3	-163.151	-98.386
<b>Profit/loss before tax</b>		<b>-7.859.423</b>	<b>-5.247.480</b>
Tax on profit/loss for the year	4	1.486.862	1.021.676
<b>Net profit/loss for the year</b>		<b>-6.372.561</b>	<b>-4.225.804</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		-6.372.561	-4.225.804
		<b>-6.372.561</b>	<b>-4.225.804</b>

## Balance Sheet 30 June

### Assets

	Note	2019/20 DKK	2018/19 DKK
Other fixtures and fittings, tools and equipment		1.234.882	1.201.756
<b>Property, plant and equipment</b>	5	<b>1.234.882</b>	<b>1.201.756</b>
<b>Fixed assets</b>		<b>1.234.882</b>	<b>1.201.756</b>
Trade receivables		51.194	115.344
Other receivables		1.104.895	1.223.785
Corporation tax		2.263.151	1.808.792
Prepayments		117.142	88.958
<b>Receivables</b>		<b>3.536.382</b>	<b>3.236.879</b>
<b>Cash at bank and in hand</b>		<b>7.761.477</b>	<b>1.651.829</b>
<b>Currents assets</b>		<b>11.297.859</b>	<b>4.888.708</b>
<b>Assets</b>		<b>12.532.741</b>	<b>6.090.464</b>

# Balance Sheet 30 June

## Liabilities and equity

	Note	2019/20 DKK	2018/19 DKK
Share capital		316.121	234.919
Retained earnings		7.943.648	2.024.100
<b>Equity</b>		<b>8.259.769</b>	<b>2.259.019</b>
Other payables		2.398.089	1.844.548
<b>Long-term debt</b>	6	<b>2.398.089</b>	<b>1.844.548</b>
Trade payables		157.965	622.927
Other payables	6	1.394.007	1.028.036
Deferred income		322.911	335.934
<b>Short-term debt</b>		<b>1.874.883</b>	<b>1.986.897</b>
<b>Debt</b>		<b>4.272.972</b>	<b>3.831.445</b>
<b>Liabilities and equity</b>		<b>12.532.741</b>	<b>6.090.464</b>
Key activities			
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

## Statement of Changes in Equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	234.919	0	2.024.101	2.259.020
Cash capital increase	81.202	12.292.108	0	12.373.310
Transfer from share premium account	0	-12.292.108	12.292.108	0
Net profit/loss for the year	0	0	-6.372.561	-6.372.561
<b>Equity at 30 June</b>	<b>316.121</b>	<b>0</b>	<b>7.943.648</b>	<b>8.259.769</b>

# Notes to the Financial Statements

	<u>2019/20</u>	<u>2018/19</u>
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	7.211.663	4.694.691
Pensions	426.817	217.786
Other social security expenses	313.614	184.425
Other staff expenses	105.486	115.883
	<u><b>8.057.580</b></u>	<u><b>5.212.785</b></u>
<b>Average number of employees</b>	<u><b>14</b></u>	<u><b>9</b></u>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Depreciation of property, plant and equipment	841.658	249.490
	<u><b>841.658</b></u>	<u><b>249.490</b></u>
<b>3 Financial expenses</b>		
Interest paid to group enterprises	134.432	17.811
Other financial expenses	27.139	80.446
Exchange loss	1.580	129
	<u><b>163.151</b></u>	<u><b>98.386</b></u>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	-1.486.862	-1.021.676
	<u><b>-1.486.862</b></u>	<u><b>-1.021.676</b></u>

# Notes to the Financial Statements

## 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 July	1.500.506
Additions for the year	<u>874.784</u>
Cost at 30 June	<u>2.375.290</u>
Impairment losses and depreciation at 1 July	298.750
Depreciation for the year	<u>841.658</u>
Impairment losses and depreciation at 30 June	<u>1.140.408</u>
<b>Carrying amount at 30 June</b>	<b><u>1.234.882</u></b>
Depreciated over	<u>2-5 years</u>

## 6 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:

	2019/20	2018/19
	DKK	DKK
<b>Other payables</b>		
Between 1 and 5 years	<u>2.398.089</u>	<u>1.844.548</u>
Long-term part	2.398.089	1.844.548
Other short-term payables	<u>1.394.007</u>	<u>1.028.036</u>
	<b><u>3.792.096</u></b>	<b><u>2.872.584</u></b>

## Notes to the Financial Statements

	<u>2019/20</u> DKK	<u>2018/19</u> DKK
<b>7 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	<u>36.070</u>	<u>43.284</u>
	<b><u>36.070</u></b>	<b><u>43.284</u></b>
Rent, non-cancellation period 6 months	118.604	84.406

### 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 unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.



# Notes to the Financial Statements

## 8 Accounting Policies

The Annual Report of Lorenz Technology ApS for 2019/20 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 2019/20 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

## 8 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 comprise drone rental, drone service agreements and other drone related services. Services are recognized as revenue linearly over the service period.

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.

#### 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

## 8 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      2-5      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

## 8 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.