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# *Lorenz Technology ApS*

Sivlandvænget 3, 1., DK-5260 Odense S

Annual Report for  
1 July 2021 - 30 June 2022

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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 23/12 2022

Ralf Astrup  
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 Financial Statements of Lorenz Technology ApS for the financial year 1 July 2021 - 30 June 2022.

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 2022 of the Company and of the results of the Company operations for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Odense S, 23 December 2022

## Executive Board

Lars Kristian Skaarup  
CEO

## Board of Directors

Ralf Astrup  
Chairman

Lars Lorenzt

Kirsten Winther

Esben Hallundbæk Østergaard

Helge Munk

# 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 2022 and of the results of the Company's operations for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lorenz Technology ApS for the financial year 1 July 2021 - 30 June 2022, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial statements, where management's assumptions for presenting the financial statements on the basis of going concern are set forth. The conditions described in note 1 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## 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 Financial 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 misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

## 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 M, 23 December 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Mette Holy Jørgensen

State Authorised Public Accountant

mne34359

Anders Kronborg Choy

State Authorised Public Accountant

mne44142

## Company information

<b>The Company</b>	Lorenz Technology ApS Sivlandvænget 3, 1. DK-5260 Odense S  Telephone: +45 61337073 Website: <a href="http://www.lorenztechnology.com">www.lorenztechnology.com</a>  CVR No: 38 45 92 28 Financial period: 1 July 2021 - 30 June 2022 Incorporated: 3 March 2017 Financial year: 5th financial year Municipality of reg. office: Odense
<b>Board of Directors</b>	Ralf Astrup, chairman Lars Lorenzt Kirsten Winther Esben Hallundbæk Østergaard Helge Munk
<b>Executive board</b>	Lars Kristian Skaarup
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal 5230 Odense M

# Management's review

## Key activities

The purpose of the company is development and sale and technological products, Intelligent Drone Solutions, and drones for security, safety, and surveillance. Throughout the financial year, the company has signed contracts with new clients and resellers and the focus on export markets has grown the number of contacts with potential customers within Europe.

## Development in the year

The income statement of the Company for 2021/22 shows a loss of DKK 10,901,299, and at 30 June 2022 the balance sheet of the Company shows positive equity of DKK 3,633,469.

The company has incurred research and development costs in P/L of approx. TDKK 6.934 before tax during 2021/22. 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, and management and investors are working on securing financing of sufficient liquidity to realize the budget for the financial year 2022/2023. The work is ongoing. Reference is made to Note 1.

## Market risks

Starting the financial year of 2021/22 most of the EU markets relevant for Lorenz Technology were more or less in lockdown, meaning all fairs and exhibitions and travel was limited. The markets started opening and at the end of the financial year, all markets were open again.

After the end of the financial year, export markets are again open and the activity level at fairs and exhibitions has been significant. Traveling has made it possible to reach export markets again.

The supply chain has during the end of the financial year been challenged by extended delivery times. The company has built up products in stock to make sure supply chain issues are not affecting sales and deliveries.

The outset for 2022/2023 is looking positive as markets are open and traveling within Europe is possible and the use of innovative technologies for security, safety, and surveillance is in focus again. Also, the situation in Ukraine has affected the way companies view security as a more important task and focus area.

## 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 on June 30th, 2022, of the company and the results of activities of the company for the financial year 2021/22 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.

## Income statement 1 July 2021 - 30 June 2022

	Note	2021/22	2020/21
		DKK	DKK
<b>Gross profit/loss</b>		<b>-1,676,808</b>	<b>1,609,827</b>
Staff expenses	2	-10,606,581	-9,861,946
Depreciation and impairment losses of property, plant and equipment	3	-692,179	-934,444
<b>Profit/loss before financial income and expenses</b>		<b>-12,975,568</b>	<b>-9,186,563</b>
Financial income		7,180	408
Financial expenses	4	-418,512	-182,247
<b>Profit/loss before tax</b>		<b>-13,386,900</b>	<b>-9,368,402</b>
Tax on profit/loss for the year	5	2,485,601	1,643,401
<b>Net profit/loss for the year</b>		<b>-10,901,299</b>	<b>-7,725,001</b>

### Distribution of profit

	2021/22	2020/21
	DKK	DKK
<b>Proposed distribution of profit</b>		
Retained earnings	-10,901,299	-7,725,001
	<b>-10,901,299</b>	<b>-7,725,001</b>



## Balance sheet 30 June 2022

### Assets

	Note	2021/22 DKK	2020/21 DKK
Other fixtures and fittings, tools and equipment		879,713	643,889
<b>Property, plant and equipment</b>	6	<b>879,713</b>	<b>643,889</b>
<b>Fixed assets</b>		<b>879,713</b>	<b>643,889</b>
Finished goods and goods for resale		0	68,145
<b>Inventories</b>		<b>0</b>	<b>68,145</b>
Trade receivables		141,464	466,186
Other receivables		1,502,743	1,360,782
Corporation tax		3,817,873	3,130,263
Prepayments		172,830	133,334
<b>Receivables</b>		<b>5,634,910</b>	<b>5,090,565</b>
<b>Cash at bank and in hand</b>		<b>7,363,838</b>	<b>3,597,437</b>
<b>Current assets</b>		<b>12,998,748</b>	<b>8,756,147</b>
<b>Assets</b>		<b>13,878,461</b>	<b>9,400,036</b>

## Balance sheet 30 June 2022

### Liabilities and equity

	Note	2021/22 DKK	2020/21 DKK
Share capital		477,343	331,927
Retained earnings		3,156,126	2,702,841
<b>Equity</b>		<b>3,633,469</b>	<b>3,034,768</b>
Payables to group enterprises		0	1,800,000
Other payables		7,823,022	1,999,316
<b>Long-term debt</b>	7	<b>7,823,022</b>	<b>3,799,316</b>
Trade payables		584,142	328,169
Other payables	7	1,525,322	2,034,004
Deferred income		312,506	203,779
<b>Short-term debt</b>		<b>2,421,970</b>	<b>2,565,952</b>
<b>Debt</b>		<b>10,244,992</b>	<b>6,365,268</b>
<b>Liabilities and equity</b>		<b>13,878,461</b>	<b>9,400,036</b>
Going concern	1		
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## Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	331,927	0	2,702,841	3,034,768
Capital increase	145,416	11,354,584	0	11,500,000
Net profit/loss for the year	0	0	-10,901,299	-10,901,299
Transfer from share premium account	0	-11,354,584	11,354,584	0
<b>Equity at 30 June</b>	<b>477,343</b>	<b>0</b>	<b>3,156,126</b>	<b>3,633,469</b>

# Notes to the Financial Statements

## 1. Going concern

Net loss after tax for the year amounts to TDKK 10.901 against TDKK 7.725 last year. The total equity amounts to TDKK 3.633 per June 30, 2022 against TDKK 3.035 the year before.

The company has been challenged in 2021/22 by lockdowns in relevant markets as a result of the Covid-19 pandemic. This resulted in most fairs and exhibitions and travel was limited. After the markets started to open in Q2 2022 there were still many customers in Europe who had restrictions on receiving visitors from abroad. This has led to a delay in the introduction of Lorenz Technology offering to new customers. In addition, the company is still affected by regulatory conditions in Denmark and EU, which has led to a delay in the signing of customer contracts and, in turn, postponement of expected revenues.

The outset for 2022/2023 is looking more positive as markets have opened. The company is now producing a 10-fold of sales leads and quotes per month compared to the year before. Based on the current liquidity resources, management expects that additional liquidity will be needed no later than Q1 2023. After the end of the financial year, a process has been initiated to raise additional capital. Management expects new investors to contribute with the necessary liquidity based on current investor dialogues. Based on this as well as management's expectations for revenues and capital injections from new investors, management presents the financial statements on the assumption of going concern.

Uncertainty exists in the liquidity budget as to the assumptions prepared by management, including revenues and the obtaining of new financing. This may indicate that a material uncertainty exists until new financing has been obtained that may cast significant doubt on the Company's ability to continue as a going concern.

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
<b>2. Staff Expenses</b>		
Wages and salaries	9,612,440	9,108,602
Pensions	563,616	490,568
Other social security expenses	239,381	162,481
Other staff expenses	191,144	100,295
	<u>10,606,581</u>	<u>9,861,946</u>
Average number of employees	<u>20</u>	<u>21</u>

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
<b>3. Depreciation and impairment losses of property, plant and equipment</b>		
Depreciation of property, plant and equipment	692,179	934,444
	<u>692,179</u>	<u>934,444</u>

## Notes to the Financial Statements

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
<b>4. Financial expenses</b>		
Interest paid to group enterprises	121,754	108,000
Other financial expenses	287,070	70,445
Exchange loss	9,688	3,802
	<u>418,512</u>	<u>182,247</u>

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
<b>5. Income tax expense</b>		
Current tax for the year	-1,613,034	-1,643,401
Adjustment of tax concerning previous years	-872,567	0
	<u>-2,485,601</u>	<u>-1,643,401</u>

## 6. Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u>
	DKK
Cost at 1 July	2,690,643
Additions for the year	928,002
Cost at 30 June	<u>3,618,645</u>
Impairment losses and depreciation at 1 July	2,046,754
Depreciation for the year	692,178
Impairment losses and depreciation at 30 June	<u>2,738,932</u>
<b>Carrying amount at 30 June</b>	<u><b>879,713</b></u>
Amortised over	<u>3-5 years</u>

# Notes to the Financial Statements

## 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:

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
<b>Payables to group enterprises</b>		
After 5 years	0	0
Between 1 and 5 years	<u>0</u>	<u>1,800,000</u>
Long-term part	<u>0</u>	<u>1,800,000</u>
Within 1 year	<u>0</u>	<u>0</u>
	<u>0</u>	<u>1,800,000</u>
<b>Other payables</b>		
After 5 years	0	0
Between 1 and 5 years	<u>7,823,022</u>	<u>1,999,316</u>
Long-term part	<u>7,823,022</u>	<u>1,999,316</u>
Within 1 year	0	0
Other short-term payables	<u>1,525,322</u>	<u>2,034,004</u>
	<u>9,348,344</u>	<u>4,033,320</u>

Total debt of 1.800 TDKK as of 30 June 2022 steps back for other interest-bearing debt.

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK

## 8. Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with :

Floating charge totalling 5.950 TDKK, which provides security in simple receivables, stocks of raw materials, semi-finished and finished goods, consumables and equipment and intellectual property rights etc., for a total carrying amount of:	1,021,177	1,178,220
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# Notes to the Financial Statements

## Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	66,440	0
	<u>66,440</u>	<u>0</u>

Rent, non-cancellation period 6 months	123,397	120,978
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# Notes to the Financial Statements

## 9. Accounting policies

The Annual Report of Lorenz Technology ApS for 2021/22 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 accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 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.

## Income statement

### Net sales

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.



# Notes to the Financial Statements

## 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 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 depreciation and impairment of property, plant and equipment.

## 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 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
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

# Notes to the Financial Statements

## Impairment of fixed assets

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

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

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

## 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 rent, insurance premiums, subscriptions and interest.

## 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, including the tax base of tax loss carry-forwards, 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 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.

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

# Notes to the Financial Statements

## Deferred income

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