Bifrost Communications ApS

Diplomvej 381, 2800 Kongens Lyngby

CVR no. 38 74 82 11

Annual report for 2019

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 30.03.20

Bo Pedersen
Dirigent

Table of contents

Company information etc.

The company

Bifrost Communications ApS
Diplomvej 381
2800 Kongens Lyngby
Registered office: Lyngby
CVR no.: 38 74 82 11
Financial year: 01.01 - 31.12

Executive Board

Jesper Bevensee Jensen
Bo Pedersen

Board of Directors

Søren Bøgesgaard Niebuhr, chairman
Basil Garabet
Morten Johansen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.19 - 31.12.19 for Bifrost Communications ApS.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.19 and of the results of the company's activities for the financial year 01.01.19 - 31.12.19.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Kongens Lyngby, March 30, 2020

Executive Board

Jesper Bevensee Jensen   Bo Pedersen

Board of Directors

Søren Bøgesgaard Niebuhr Chairman	Basil Garabet	Morten Johansen

To the capital owner of Bifrost Communications ApS

AUDITORS'S REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bifrost Communications ApS for the financial year 01.01.19 - 31.12.19, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.19 and of the results of the company's operations for the financial year 01.01.19 - 31.12.19 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "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 regarding the 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, we conclude that management’s review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management’s review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 International Standards on Auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

Statement regarding compliance audit and performance audit

The management is responsible for ensuring that any transactions included in the presentation of the financial statements are in accordance with the granted licences, acts and other regulations as well as agreements concluded and usual practice. The management is also responsible for ensuring that due financial considerations are made in the management of the funds and the operation of the enterprises covered by the financial statements. In this connection, the management is responsible for establishing systems and processes that support thrift, productivity and efficiency.

In connection with our audit of the financial statements, it is our responsibility to conduct a compliance audit and performance audit of selected areas in accordance with public auditing standards. In our compliance audit, we verify, with reasonable assurance for the selected areas, whether the examined transactions included in the presentation of the financial statements are in accordance with the relevant provisions of licences, acts and other regulations as well as agreements concluded and usual practice. In our performance audit, we assess, with reasonable assurance, whether the examined systems, processes or transactions support due financial considerations made in the management of the funds and the operation of the enterprises covered by the financial statements.

If, on the basis of the work performed, we conclude that our audit gives rise to material critical comments, we must report on this in this statement.

We have no material critical comments to report in this connection.

Slagelse, March 30, 2020

Beierholm
Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Anders Søding Paulsen
State Authorized Public Accountant
MNE-no. mne34326

Primary activities

The company's activities comprise commercialising and development of technology and thereby related business.

Development in activities and financial affairs

The income statement for the period 01.01.19 - 31.12.19 shows a loss of DKK -4,067,444 against DKK -3,293,664 for the period 01.01.18 - 31.12.18. The balance sheet shows an equity of DKK 336,548.

The management considers the net profit for the year to be expected.

The company has received grants to finance it's projects including a big part of the company's development costs.

Subsequent events

In 2020 the company has recieved funding comprised of DKK 6m as equity and a loan of DKK 2m, whereby the financing of the continued development operations is in place.

Income statement

Note		2019 DKK	2018 DKK
	Gross loss	**-802.403**	**-989.955**
1	Staff costs	-4.064.844	-3.001.075
	Loss before depreciation, amortisation, write-downs and impairment losses	**-4.867.247**	**-3.991.030**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-303.707	-209.840
	Loss before net financials	**-5.170.954**	**-4.200.870**
	Financial income	1.123	2.148
2	Financial expenses	-71.146	-23.851
	Loss before tax	**-5.240.977**	**-4.222.573**
3	Tax on profit or loss for the year	1.173.533	928.909
	Loss for the year	**-4.067.444**	**-3.293.664**

Proposed appropriation account

Retained earnings	-4.067.444	-3.293.664
Total	**-4.067.444**	**-3.293.664**

Balance sheet

ASSETS

Note		31.12.19 DKK	31.12.18 DKK
	Acquired rights	350.000	400.000
4	**Total intangible assets**	**350.000**	**400.000**
	Other fixtures and fittings, tools and equipment	288.373	503.080
5	**Total property, plant and equipment**	**288.373**	**503.080**
6	Deposits	38.125	38.125
	Total investments	**38.125**	**38.125**
	Total non-current assets	**676.498**	**941.205**
	Deferred tax asset	1.162.809	934.919
	Other receivables	520.149	1.031.789
	Prepayments	0	44.279
	Total receivables	**1.682.958**	**2.010.987**
	Cash	**736.190**	**2.522.637**
	Total current assets	**2.419.148**	**4.533.624**
	Total assets	**3.095.646**	**5.474.829**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.19 DKK	31.12.18 DKK
	Share capital	65.911	65.911
	Share premium	0	7.463.263
	Retained earnings	270.637	-3.125.182
	Total equity	**336.548**	**4.403.992**
	Provisions for deferred tax	0	10.724
	Total provisions	**0**	**10.724**
	Trade payables	280.176	569.015
	Payables to group enterprises	932.660	0
	Other payables	1.546.262	491.098
	Total short-term payables	**2.759.098**	**1.060.113**
	Total payables	**2.759.098**	**1.060.113**
	Total equity and liabilities	**3.095.646**	**5.474.829**
7	Contingent liabilities		

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Retained earnings	Total equity
Statement of changes in equity for 01.01.19 - 31.12.19				
Balance as at 01.01.19	65.911	7.463.263	-3.125.182	4.403.992
Transfers to/from other reserves	0	-7.463.263	7.463.263	0
Net profit/loss for the year	0	0	-4.067.444	-4.067.444
Balance as at 31.12.19	65.911	0	270.637	336.548

	2019 DKK	2018 DKK

1. Staff costs

	2019 DKK	2018 DKK
Wages and salaries	4.008.718	2.945.691
Other social security costs	49.671	22.526
Other staff costs	6.455	32.858
Total	4.064.844	3.001.075
Average number of employees during the year	7	6

2. Financial expenses

	2019 DKK	2018 DKK
Interest, group enterprises	32.660	0
Other interest expenses	27.410	13.407
Foreign currency translation adjustments	11.076	10.444
Other financial expenses total	38.486	23.851
Total	71.146	23.851

3. Tax on profit or loss for the year

	2019 DKK	2018 DKK
Adjustment of deferred tax for the year	-1.173.533	-928.909

4. Intangible assets

Figures in DKK	Acquired rights
Cost as at 01.01.19	500.000
Cost as at 31.12.19	500.000
Amortisation and impairment losses as at 01.01.19	-100.000
Amortisation during the year	-50.000
Amortisation and impairment losses as at 31.12.19	-150.000
Carrying amount as at 31.12.19	350.000

5. Property, plant and equipment

Figures in DKK	Other fixtures and fittings, tools and equipment
Cost as at 01.01.19	662.920
Additions during the year	39.000
Cost as at 31.12.19	701.920
Depreciation and impairment losses as at 01.01.19	-159.840
Depreciation during the year	-253.707
Depreciation and impairment losses as at 31.12.19	-413.547
Carrying amount as at 31.12.19	288.373

6. Non-current financial assets

Figures in DKK	Deposits
Cost as at 01.01.19	38.125
Cost as at 31.12.19	38.125

7. Contingent liabilities

Other contingent liabilities

The company is taxed jointly with Bifrost Communications Holding ApS and is liable for income taxes on a pro rata basis for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

8. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants received for the production or construction of assets are recognised as deferred income under payables. For depreciable and amortisable assets, the grant is recognised as the asset is depreciated or amortised.

8. Accounting policies - continued -

INCOME STATEMENT

Gross loss

Gross loss comprises other operating income and cost of sales and other external expenses.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including grants from Markedsmodningsfonden, INCOM and InnoBooster.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Acquired rights	10	0
Other plant, fixtures and fittings, tools and equipment	3	0

8. Accounting policies - continued -

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

8. Accounting policies - continued -

BALANCE SHEET

Intangible assets

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the ‘Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this

8. Accounting policies - continued -

is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

8. Accounting policies - continued -

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.