

Lyras DK ApS

Lyngvej 3
9000 Aalborg
CVR No. 38814656

Annual report 2023

The Annual General Meeting adopted the annual report on 05.07.2024

Mads Kristoffer Storgaard Mehlsen
Chairman of the General Meeting

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Entity details

Entity

Lyras DK ApS

Lyngvej 3

9000 Aalborg

Business Registration No.: 38814656

Registered office: Aalborg

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Jan Nygaard

Søren Birn

Karen Angelo Hækkerup

Mads Kristoffer Storgaard Mehlsen

Rasmus Mortensen

Executive Board

Rasmus Mortensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Lyras DK ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 05.07.2024

Executive Board

Rasmus Mortensen

Board of Directors

Jan Nygaard

Søren Birn

Karen Angelo Hækkerup

Mads Kristoffer Storgaard Mehlsen

Rasmus Mortensen

Independent auditor's report

To the shareholders of Lyras DK ApS

Opinion

We have audited the financial statements of Lyras DK ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aalborg, 05.07.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Sami Nikolai El-Galaly

State Authorised Public Accountant

Identification No (MNE) mne42793

Management commentary

Primary activities

The company's main activity is to hold shares in subsidiaries.

Development in activities and finances

The profit for the year is a deficit of DKK 29.376k against a deficit of DKK 30,952k by 2022. Lyras DK Group is further strengthening its capitalization to secure capital for the continuous development of the Lyras DK Group.

After the balance sheet date, the group have obtained funding of 38 m. DKK. It is management's assessment that the funds raised is adequate to ensure that the group has the capital needed for the remainder of 2024 at its disposal.

Uncertainty relating to recognition and measurement

Please refer to note 2 for elaboration of uncertainty relating to recognition and measurement regarding deferred tax asset in subsidiary affecting investments in group enterprises.

Events after the balance sheet date

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		(1,726,136)	(1,414,578)
Depreciation, amortisation and impairment losses		(185,321)	(136,186)
Operating profit/loss		(1,911,457)	(1,550,764)
Income from investments in group enterprises		(29,173,566)	(30,367,513)
Other financial income	3	3,115,451	1,624,094
Other financial expenses		(1,391,526)	(704,596)
Profit/loss before tax		(29,361,098)	(30,998,779)
Tax on profit/loss for the year	4	(15,455)	46,588
Profit/loss for the year		(29,376,553)	(30,952,191)
Proposed distribution of profit and loss			
Retained earnings		(29,376,553)	(30,952,191)
Proposed distribution of profit and loss		(29,376,553)	(30,952,191)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Acquired patents		2,929,968	2,298,774
Acquired rights		37,863	82,060
Intangible assets	5	2,967,831	2,380,834
Investments in group enterprises		46,536,968	15,666,012
Financial assets	6	46,536,968	15,666,012
Fixed assets		49,504,799	18,046,846
Receivables from group enterprises		9,643,899	24,934,700
Deferred tax		241,701	255,726
Other receivables		163,920	193,969
Joint taxation contribution receivable		0	18,395
Receivables		10,049,520	25,402,790
Other investments		0	14,956,200
Other investments		0	14,956,200
Cash		5,466,933	5,972,098
Current assets		15,516,453	46,331,088
Assets		65,021,252	64,377,934

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		83,449	83,449
Retained earnings		26,543,523	55,920,076
Equity		26,626,972	56,003,525
Debt to other credit institutions		3,389,934	4,254,859
Other payables		2,225,000	2,407,136
Non-current liabilities other than provisions	7	5,614,934	6,661,995
Current portion of non-current liabilities other than provisions	7	1,022,783	1,134,070
Convertible and dividend-yielding debt instruments	8	30,000,000	0
Trade payables		847,358	406,721
Payables to owners and management		129,143	0
Other payables		780,062	171,623
Current liabilities other than provisions		32,779,346	1,712,414
Liabilities other than provisions		38,394,280	8,374,409
Equity and liabilities		65,021,252	64,377,934
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Employees	9		
Contingent liabilities	10		
Assets charged and collateral	11		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	83,449	55,920,076	56,003,525
Profit/loss for the year	0	(29,376,553)	(29,376,553)
Equity end of year	83,449	26,543,523	26,626,972

Notes

1 Going concern

After the balance sheet date, the group have obtained funding of 38 m. DKK. It is management's assessment that the funds raised is adequate to ensure that the group has the capital needed for the remainder of 2024 at its disposal.

2 Uncertainty relating to recognition and measurement

The subsidiary Lyras A/S has recognised a tax asset amounting to DKK 14.612k at the balance sheet date.

The Management expects based on its projections that the recognised tax asset can be set off against future taxable income within a period not exceeding five years.

As recognition and valuation are based on expectations for the development over a longer period, the utilisation of the asset is inherently subject to budget uncertainty, but expresses Management's best estimate based on the assumptions at the time of preparing the annual report. On recognition at 31.12.2023, the tax asset in the subsidiary Lyras A/S has not been written down for impairment.

As a result of the above mentioned uncertainty relating to recognition and measurement in the subsidiary Lyras A/S. Investments in group enterprises is as a result of budget uncertainty in the subsidiary also subject to uncertainty as the equity method is applied to group enterprises.

3 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	3,115,451	1,624,094
	3,115,451	1,624,094

4 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	0	(17,583)
Change in deferred tax	31,937	(29,005)
Adjustment concerning previous years	(16,482)	0
	15,455	(46,588)

5 Intangible assets

	Acquired patents DKK	Acquired rights DKK
Cost beginning of year	2,436,305	132,592
Additions	772,317	0
Cost end of year	3,208,622	132,592
Amortisation and impairment losses beginning of year	(137,531)	(50,532)
Amortisation for the year	(141,123)	(44,197)
Amortisation and impairment losses end of year	(278,654)	(94,729)
Carrying amount end of year	2,929,968	37,863

6 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	58,748,065
Additions	60,000,000
Cost end of year	118,748,065
Impairment losses beginning of year	(43,082,053)
Amortisation of goodwill	(12,000)
Share of profit/loss for the year	(29,117,044)
Impairment losses end of year	(72,211,097)
Carrying amount end of year	46,536,968

Goodwill of DKK 72k is included in the carrying amount of investments in group enterprises.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Lyras A/S	Aalborg	A/S	100.00
*) Lyras Nordamerika ApS	Aalborg	ApS	100.00
***) Lyras North America Inc.	Delaware	Inc.	100.00

*) Lyras Nordamerika ApS is owned through Lyras A/S

***) Lyras North America Inc. is owned through Lyras Nordamerika ApS.

7 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Debt to other credit institutions	840,647	634,070	3,389,934	284,046
Other payables	182,136	500,000	2,225,000	2,225,000
	1,022,783	1,134,070	5,614,934	2,509,046

8 Convertible and dividend-yielding debt instruments

	Amounts outstanding DKK	Interest rate agreed %	Conversion price	Deadline for conversion to equity interests
Convertible debtsinstruments	30,000,000	8.95	4,717	31.12.2024
	30,000,000			

9 Employees

The Entity has no employees other than the Executive Board and Board of Directors. The Executive Officer has not received any remuneration.

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Lyras Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

11 Assets charged and collateral

Nordjysk Lånefond, Danske Bank and Vækstfonden have registered company charge as collateral for lending. The value of pledged assets is DKK 2.967k as of 31 December 2023.

Collateral provided for group enterprises

The Company has issued statements of deposit against Lyras A/S.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Income statement

Gross profit or loss

Gross profit or loss comprises other operating income and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to leasehold improvements and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc.

Intellectual property rights etc comprise development projects completed and in progress and acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost of investments and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.