

Envirosuite Denmark ApS

Generatorvej 6A, 2860 Søborg

Company reg. no. 39 15 15 37

Annual report

1 January 2019 - 30 June 2020

The annual report was submitted and approved by the general meeting on the 22 December 2020.

Matthew George Patterson
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

Today, the executive board has presented the annual report of Envirosuite Denmark ApS for the financial year 1 January 2019 - 30 June 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2020 and of the company's results of activities in the financial year 1 January 2019 – 30 June 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Søborg, 22 December 2020

Executive Board

Peter James White

Matthew George Patterson

Independent auditor's report

To the shareholders of Envirosuite Denmark ApS

Opinion

We have audited the financial statements of Envirosuite Denmark ApS for the financial year 1 January 2019 - 30 June 2020, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 June 2020 and of the results of the company's activities for the financial year 1 January 2019 - 30 June 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such 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 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 including an 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.

Independent auditor's report

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 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Glostrup, 22 December 2020

PKF Munkebo Vindelev

State Authorised Public Accountants
Company reg. no. 14 11 92 99

Kasper Vindelev
State Authorised Public Accountant
mne29389

Company information

The company

Envirosuite Denmark ApS
Generatorvej 6A
2860 Søborg

Company reg. no. 39 15 15 37
Financial year: 1 January 2019 - 30 June 2020
2nd financial year

Executive Board

Peter James White
Matthew George Patterson

Auditors

PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab
Hovedvejen 56
2600 Glostrup

Bankers

Danske Bank, Holmens Kanal 2, 1092 København K

Financial highlights

DKK in thousands.

	2019/20	2017/19
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Income statement:

Gross profit	22.344	3.174
Profit from ordinary operating activities	-24.024	-492
Net financials	454	29
Net profit or loss for the year	-23.772	-361

Statement of financial position:

Balance sheet total	39.194	47.415
Investments in property, plant and equipment	1.315	0
Equity	15.886	39.654

Employees:

Average number of full-time employees	23	0
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The financial highlights for 2017/19 comprise the period 11 December 2017 - 31 December 2018 and the financial highlights for 2019/20 comprise the period 1 January 2019 - 30 June 2020.

Management commentary

The principal activities of the company

The company acts as supplier of equipment for surveillance of environmental matters such as noise, vibrations and air quality.

Development in activities and financial matters

The gross profit for the year totals DKK 22.344.000 against DKK 3.174.000 last year. Income from ordinary activities after tax totals DKK -23.772.000 against DKK -361.000 last year.

The result is affected negatively by an impairment of software assets of DKK 17.904.634

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies

The annual report for Envirosuite Denmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in DKK. The accounting period has been changed in the current financial year and comprises the period 1 January 2019 – 30 June 2020. The comparative figures in the income statement comprise the period 11 December 2017 – 31 December 2018.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales. The net revenue from sale of service contracts is recognised in the income statement over the form of the individual contracts.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises costs incurred to generate revenue for the year less discounts and change in income.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Software

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which has been assessed as 8 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which has been assessed as 9 years.

Plant and equipment

Plant and equipment is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods comprise the cost of raw materials and consumables.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Income statement

All amounts in DKK.

<u>Note</u>	1/1 2019 - 30/6 2020	11/12 2017 - 31/12 2018
Gross profit	22.344.487	3.174.101
2 Staff costs	-20.853.337	0
Depreciation, amortisation, and impairment	-25.515.424	-3.666.215
Operating profit	-24.024.274	-492.114
Other financial income	573.562	95.549
Other financial costs	-119.924	-66.874
Pre-tax net profit or loss	-23.570.636	-463.439
3 Tax on net profit or loss for the year	-201.397	101.956
Net profit or loss for the year	-23.772.033	-361.483
Proposed appropriation of net profit:		
Allocated from retained earnings	-23.772.033	-361.483
Total allocations and transfers	-23.772.033	-361.483

Statement of financial position

All amounts in DKK.

Assets		
<u>Note</u>	<u>30/6 2020</u>	<u>31/12 2018</u>
Non-current assets		
4 Goodwill	6.102.876	7.426.393
5 Software	0	22.443.837
Total intangible assets	<u>6.102.876</u>	<u>29.870.230</u>
6 Other fixtures and fittings, tools and equipment	1.994.970	2.427.793
Total property, plant, and equipment	<u>1.994.970</u>	<u>2.427.793</u>
7 Deposits	24.658	0
Total investments	<u>24.658</u>	<u>0</u>
Total non-current assets	<u>8.122.504</u>	<u>32.298.023</u>
Current assets		
Manufactured goods and goods for resale	4.917.033	2.142.367
Total inventories	<u>4.917.033</u>	<u>2.142.367</u>
Trade receivables	1.486.692	5.296.299
Receivables from group enterprises	23.976.730	6.907.884
8 Deferred tax assets	0	101.956
Other receivables	201.474	0
Total receivables	<u>25.664.896</u>	<u>12.306.139</u>
Cash on hand and demand deposits	489.514	668.894
Total current assets	<u>31.071.443</u>	<u>15.117.400</u>
Total assets	<u>39.193.947</u>	<u>47.415.423</u>

Statement of financial position

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>30/6 2020</u>	<u>31/12 2018</u>
Equity		
9 Contributed capital	50.003	50.003
10 Share premium	0	0
11 Retained earnings	15.836.488	39.603.997
Total equity	15.886.491	39.654.000
Liabilities other than provisions		
Other payables, long term	1.082.466	0
12 Total long term liabilities other than provisions	1.082.466	0
Trade payables	4.500.173	2.090.210
Payables to group enterprises	11.788.416	2.027.926
Other payables	5.487.720	3.088.291
Accruals and deferred income	448.681	554.996
Total short term liabilities other than provisions	22.224.990	7.761.423
Total liabilities other than provisions	23.307.456	7.761.423
Total equity and liabilities	39.193.947	47.415.423
1 Special items		
13 Contingencies		
14 Related parties		

Notes

All amounts in DKK.

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by impairment of software which is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	1/1 2019 - 30/6 2020	11/12 2017 - 31/12 2018
	<u> </u>	<u> </u>
Expenses:		
Impairment of software	17.904.634	0
	<u>17.904.634</u>	<u>0</u>
Special items are recognised in the following items in the financial statements:		
Depreciation, amortisation and impairment	-17.904.634	0
Profit of special items, net	<u>-17.904.634</u>	<u>0</u>

2. Staff costs

Salaries and wages	19.602.411	0
Pension costs	1.003.574	0
Other costs for social security	63.050	0
Other staff costs	184.302	0
	<u>20.853.337</u>	<u>0</u>
Average number of employees	<u>23</u>	<u>0</u>

Notes

All amounts in DKK.

	1/1 2019 - 30/6 2020	11/12 2017 - 31/12 2018
3. Tax on net profit or loss for the year		
Adjustment of deferred tax for the year	101.956	-101.956
Adjustment of tax for previous years	99.441	0
	201.397	-101.956
	<u>30/6 2020</u>	<u>31/12 2018</u>
4. Goodwill		
Cost 1 January 2019	7.941.094	0
Additions as part of buyout	0	7.941.094
Cost 30 June 2020	7.941.094	7.941.094
Amortisation and writedown 1 January 2019	-514.701	0
Amortisation and depreciation for the year	-1.323.517	-514.701
Amortisation and writedown 30 June 2020	-1.838.218	-514.701
Carrying amount, 30 June 2020	6.102.876	7.426.393
5. Software		
Cost 1 January 2019	24.209.083	0
Additions as part of buyout	0	24.209.083
Cost 30 June 2020	24.209.083	24.209.083
Amortisation and writedown 1 January 2019	-1.765.246	0
Amortisation and depreciation for the year	-4.539.203	-1.765.246
Impairment loss for the year	-17.904.634	0
Amortisation and writedown 30 June 2020	-24.209.083	-1.765.246
Carrying amount, 30 June 2020	0	22.443.837

Notes

All amounts in DKK.

	<u>30/6 2020</u>	<u>31/12 2018</u>
6. Other fixtures and fittings, tools and equipment		
Cost 1 January 2019	9.674.026	0
Additions as part of buyout	0	9.674.026
Additions during the year	<u>1.315.246</u>	<u>0</u>
Cost 30 June 2020	<u>10.989.272</u>	<u>9.674.026</u>
Amortisation and writedown 1 January 2019	-7.246.233	0
Depreciation in the year as part of the buyout	0	-6.463.735
Amortisation and depreciation for the year	<u>-1.748.069</u>	<u>-782.498</u>
Amortisation and writedown 30 June 2020	<u>-8.994.302</u>	<u>-7.246.233</u>
Carrying amount, 30 June 2020	<u>1.994.970</u>	<u>2.427.793</u>
	<u>30/6 2020</u>	<u>31/12 2018</u>
7. Deposits		
Cost 1 January 2019	0	0
Additions during the year	<u>24.658</u>	<u>0</u>
Cost 30 June 2020	<u>24.658</u>	<u>0</u>
Carrying amount, 30 June 2020	<u>24.658</u>	<u>0</u>
8. Deferred tax assets		
Deferred tax assets 1 January 2019	101.956	0
Deferred tax of the net profit or loss for the year	<u>-101.956</u>	<u>101.956</u>
	<u>0</u>	<u>101.956</u>
The following items are subject to deferred tax:		
Intangible assets	0	-493.629
Plant and equipment	0	-4.417
Losses carried forward from previous years	<u>0</u>	<u>600.002</u>
	<u>0</u>	<u>101.956</u>

Notes

All amounts in DKK.

	30/6 2020	31/12 2018		
9. Contributed capital				
Contributed capital 1 January 2019	50.003	50.000		
Cash capital increase	0	3		
	50.003	50.003		
10. Share premium				
Share premium 1 January 2019	0	0		
Share premium for the year	0	39.965.480		
Transferred to retained earnings	0	-39.965.480		
	0	0		
11. Retained earnings				
Retained earnings 1 January 2019	39.603.997	0		
Adjustment retained earnings 1 January 2019	4.524	0		
Adjusted retained earnings 1 January 2019	39.608.521	0		
Retained earnings for the year	-23.772.033	-361.483		
Transferred from share premium	0	39.965.480		
	15.836.488	39.603.997		
12. Liabilities other than provision				
	Total payables 30 Jun 2020	Current portion of long term payables	Long term payables 30 Jun 2020	Outstanding payables after 5 years
Other payables, long term	1.082.466	0	1.082.466	0
	1.082.466	0	1.082.466	0

Notes

All amounts in DKK.

13. Contingencies

Contingent assets

A deferred tax asset of t.DKK 5.163 has not been recognised due to uncertainty regarding the timeline for future usage.

Contingent liabilities

Lease liabilities:

The company has entered into one operational leasing contract. The leasing contract has 36 months left to run, and the total outstanding leasing payment is t.DKK 61.

Rental liabilities:

The company has entered two tenancy agreements. The company has a rental commitment of t.DKK 25 as of 30 June 2020.

14. Related parties

Controlling interest

Envirosuite Holdings No 2 Pty. Ltd., L11 & 12, 432 St Kilda Road, Melbourn VIC 3004 Australia.

Consolidated financial statements

Envirosuite Denmark ApS is part of the consolidated financial statements of Envirosuite Limited, which is the largest group in which the company is included as a subsidiary.

The consolidated financial statements of Envirosuite Limited can be obtained by contacting the company.