

SKYSPECS APS  
Jyllandsgade 8,1  
7100 Vejle

Annual report for 2020/21

Adopted at the annual general meeting on  
31 May 2022

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Allan Møller Larsen  
chairman

CVR-nr. 39 70 09 80

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## STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The supervisory and executive boards have today discussed and approved the annual report of SkySpecs ApS for the financial year 1 October 2020 - 31 December 2021.

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 company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 October 2020 - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Vejle, 31 May 2022

### **Executive board**

Allan Møller Larsen  
Director

Thomas Kevin Brady Jr.  
Director

Daniel Alan Ellis  
Director

### **Supervisory board**

Allan Møller Larsen  
Chairman

Thomas Kevin Brady Jr.

Daniel Alan Ellis

# INDEPENDENT AUDITOR'S REPORT

## *To the shareholders of SkySpecs ApS*

### **Opinion**

We have audited the financial statements of SkySpecs ApS for the financial year 1 October 2020 - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 October 2020 - 31 December 2021 in accordance with the Danish Financial Statements Act.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 the 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 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:

## INDEPENDENT AUDITOR'S REPORT

- 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 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.

## **INDEPENDENT AUDITOR'S REPORT**

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 Act. We did not identify any material misstatement of management's review.

Copenhagen, 31 May 2022

**MAZARS**

Statsautoriseret Revisionspartnerselskab  
CVR no. 31 06 17 41

Nicklas Rasmussen  
State authorised public accountant  
MNE no. mne43474

## COMPANY DETAILS

The company	SkySpecs ApS Jyllandsgade 8,1 7100 Vejle
	CVR no.: 39 70 09 80
	Reporting period: 1 October 2020 - 31 December 2021
	Domicile: Vejle
Supervisory board	Allan Møller Larsen, chairman Thomas Kevin Brady Jr. Daniel Alan Ellis
Executive board	Allan Møller Larsen, director Thomas Kevin Brady Jr., director Daniel Alan Ellis, director
Auditors	Mazars Statsautoriseret Revisionspartnerselskab Midtermolen 1, 2.tv. 2100 København Ø

## **MANAGEMENT'S REVIEW**

### **Business review**

The objective of the Company is to develop and sell software and artificial intelligence for the predictive maintenance of industrial assets.

### **Financial review**

The company's income statement for the year ended 31 December 2021 shows a profit of DKK 5,097,525, and the balance sheet at 31 December 2021 shows equity of DKK 8,184,790.

### **Significant events occurring after the end of the financial year**

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

## ACCOUNTING POLICIES

The annual report of SkySpecs ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2020/21 is presented in DKK

### **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 amortisation, depreciation and impairment losses, 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 the asset 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 the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Income statement**

#### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, other operating income and other external expenses.

#### **Revenue**

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

#### **Other operating income**

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets.

#### **Other external expenses**

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

## ACCOUNTING POLICIES

### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

### Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

### Balance sheet

#### Tangible assets

Production plant and machinery as well as other plant, operating material and inventory are measured at cost price less deductions from write downs.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Interest expenses on loans obtained specifically for the purpose of financing the manufacturing of items of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Assets costing less than DKK 30,700 are expensed in the year of acquisition.

### Impairment of fixed assets

The carrying amount of items of property, plant and equipment is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

### Receivables

Receivables are measured at amortised cost.

## ACCOUNTING POLICIES

### **Equity**

#### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

#### **Liabilities**

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

#### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

## INCOME STATEMENT 1 OCTOBER - 31 DECEMBER

	Note	2020/21 DKK	2019/20 DKK
<b>Gross profit</b>		<b>14,585,593</b>	<b>669,918</b>
Staff costs	1	<u>-8,682,603</u>	<u>-2,534,676</u>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-49,023</u>	<u>-10,953</u>
Financial costs		<u>-214,538</u>	<u>-138,519</u>
<b>Profit/loss before tax</b>		<b>5,639,429</b>	<b>-2,014,230</b>
Tax on profit/loss for the year	2	<u>-541,904</u>	<u>571,239</u>
<b>Profit/loss for the year</b>		<b><u>5,097,525</u></b>	<b><u>-1,442,991</u></b>
Retained earnings		<u>5,097,525</u>	<u>-1,442,991</u>
		<b><u>5,097,525</u></b>	<b><u>-1,442,991</u></b>

## BALANCE SHEET 31 DECEMBER

	Note	2020/21 DKK	2019/20 DKK
<b>ASSETS</b>			
Other fixtures and fittings, tools and equipment		116,974	12,229
Leasehold improvements		191,734	44,694
<b>Tangible assets</b>	3	<b>308,708</b>	<b>56,923</b>
Deposits		0	72,000
<b>Fixed asset investments</b>		<b>0</b>	<b>72,000</b>
<b>Total non-current assets</b>		<b>308,708</b>	<b>128,923</b>
Trade receivables		15,185	0
Receivables from subsidiaries		7,907,146	0
Other receivables		666,720	658,336
Deferred tax asset		30,074	0
Corporation tax		233,200	544,478
<b>Receivables</b>		<b>8,852,325</b>	<b>1,202,814</b>
<b>Cash at bank and in hand</b>		<b>1,007,249</b>	<b>1,394,738</b>
<b>Total current assets</b>		<b>9,859,574</b>	<b>2,597,552</b>
<b>Total assets</b>		<b>10,168,282</b>	<b>2,726,475</b>

## BALANCE SHEET 31 DECEMBER

	Note	2020/21 DKK	2019/20 DKK
<b>EQUITY AND LIABILITIES</b>			
Share capital		72,000	72,000
Retained earnings		8,112,790	-1,679,979
<b>Equity</b>		<u><b>8,184,790</b></u>	<u><b>-1,607,979</b></u>
Convertible and profit-yielding instruments of debt		0	2,120,981
Other payables		0	1,735,511
<b>Total non-current liabilities</b>		<u><b>0</b></u>	<u><b>3,856,492</b></u>
Trade payables		422,328	8,171
Corporation tax		805,178	0
Other payables		755,986	469,791
<b>Total current liabilities</b>		<u><b>1,983,492</b></u>	<u><b>477,962</b></u>
<b>Total liabilities</b>		<u><b>1,983,492</b></u>	<u><b>4,334,454</b></u>
<b>Total equity and liabilities</b>		<u><u><b>10,168,282</b></u></u>	<u><u><b>2,726,475</b></u></u>

## STATEMENT OF CHANGES IN EQUITY

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 October 2020	72,000	-1,679,979	-1,607,979
Net profit/loss for the year	0	5,097,525	5,097,525
Contribution from group	0	4,695,244	4,695,244
Equity at 31 December 2021	<u>72,000</u>	<u>8,112,790</u>	<u>8,184,790</u>

## NOTES

	2020/21 DKK	2019/20 DKK
<b>1 STAFF COSTS</b>		
Wages and salaries	7,556,274	2,349,860
Pensions	636,357	136,280
Other social security costs	432,332	24,585
Other staff costs	<u>57,640</u>	<u>23,951</u>
	<u>8,682,603</u>	<u>2,534,676</u>
Average number of employees	<u>9</u>	<u>5</u>
<b>2 TAX ON PROFIT/LOSS FOR THE YEAR</b>		
Current tax for the year	<u>541,904</u>	<u>-571,239</u>
	<u>541,904</u>	<u>-571,239</u>
<b>3 TANGIBLE ASSETS</b>		
	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>
Cost at 1 October 2020	16,306	51,570
Additions for the year	<u>124,474</u>	<u>176,334</u>
Cost at 31 December 2021	<u>140,780</u>	<u>227,904</u>
Impairment losses and depreciation at 1 October 2020	4,077	6,876
Depreciation for the year	<u>19,729</u>	<u>29,294</u>
Impairment losses and depreciation at 31 December 2021	<u>23,806</u>	<u>36,170</u>
Carrying amount at 31 December 2021	<u>116,974</u>	<u>191,734</u>
	<u>2020/21 DKK</u>	<u>2019/20 DKK</u>
<b>4 RENT AND LEASE LIABILITIES</b>		
<b>RENT AND LEASE LIABILITIES</b>		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	216,000	180,000

## NOTES

### 4 RENT AND LEASE LIABILITIES (CONTINUED)

Between 1 and 5 years	<u>864,000</u>	<u>864,000</u>
	<u>1,080,000</u>	<u>1,044,000</u>

### 5 RELATED PARTIES AND OWNERSHIP STRUCTURE

#### Consolidated financial statements

The company is reflected in the group report of the parent company SkySpecs, Inc.