
Frontier Innovation ApS

c/o Hempel Invest A/S, Amaliegade 8, DK-1256 Copenhagen
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Annual Report for 2023

CVR No. 40 69 67 17

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 2/5 2024

Ulrik Thougard
Jensen
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of Frontier Innovation ApS for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

I recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 2 May 2024

Executive Board

Mark Terrell Sutton
Manager

Independent Auditor's report

To the shareholder of Frontier Innovation ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Frontier Innovation ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 2 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Nikolaj Erik Johnsen
State Authorised Public Accountant
mne35806

Amanda Sommer Degn
State Authorised Public Accountant
mne50598

Company information

The Company Frontier Innovation ApS
c/o Hempel Invest A/S
Amaliegade 8
DK-1256 Copenhagen K
CVR No: 40 69 67 17
Financial period: 1 January - 31 December
Incorporated: 31 July 2019
Financial year: 4th financial year
Municipality of reg. office: København

Executive Board Mark Terrell Sutton

Auditors PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's review

Key activities

The Company's main activities are research and development of innovation solutions within industrial products, applications, tools and the like, as well as business development related to this.

Development in the year

The income statement of the Company for 2023 shows a loss of DKK 1,844,396, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 4,393,703.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross loss		-1,906,993	-2,349,642
Amortisation and impairment losses of intangible assets	1	-570,330	-570,330
Profit/loss before financial income and expenses		-2,477,323	-2,919,972
Financial income	2	102,460	8,759
Financial expenses	3	-8,727	-7,277
Profit/loss before tax		-2,383,590	-2,918,490
Tax on profit/loss for the year	4	539,194	943,203
Net profit/loss for the year		-1,844,396	-1,975,287
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		-1,844,396	-1,975,287
		-1,844,396	-1,975,287

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Completed development projects		1,140,659	1,710,989
Intangible assets	5	1,140,659	1,710,989
Fixed assets		1,140,659	1,710,989
Corporation tax		670,615	629,521
Receivables		670,615	629,521
Cash at bank and in hand		4,191,595	4,233,001
Current assets		4,862,210	4,862,522
Assets		6,002,869	6,573,511

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		43,493	42,495
Reserve for development costs		889,714	1,710,990
Retained earnings		3,460,496	2,251,090
Equity		4,393,703	4,004,575
Provision for deferred tax		250,944	376,417
Provisions		250,944	376,417
Payables to group enterprises		0	38,616
Other payables		1,358,222	2,153,903
Short-term debt		1,358,222	2,192,519
Debt		1,358,222	2,192,519
Liabilities and equity		6,002,869	6,573,511
Contingent assets, liabilities and other financial obligations	6		
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	42,495	1,710,990	2,251,090	4,004,575
Capital increase	998	0	2,232,526	2,233,524
Development costs for the year	0	-376,419	376,419	0
Depreciation, amortisation and impairment for the year	0	-444,857	444,857	0
Net profit/loss for the year	0	0	-1,844,396	-1,844,396
Equity at 31 December	43,493	889,714	3,460,496	4,393,703

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
1. Amortisation and impairment losses of intangible assets		
Amortisation of intangible assets	570,330	570,330
	<u>570,330</u>	<u>570,330</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
2. Financial income		
Other financial income	102,460	8,741
Exchange adjustments	0	18
	<u>102,460</u>	<u>8,759</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
3. Financial expenses		
Other financial expenses	8,727	7,277
	<u>8,727</u>	<u>7,277</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
4. Income tax expense		
Current tax for the year	-413,721	-629,521
Deferred tax for the year	-125,473	-125,473
Adjustment of tax concerning previous years	0	-690,099
Adjustment of deferred tax concerning previous years	0	501,890
	<u>-539,194</u>	<u>-943,203</u>

Notes to the Financial Statements

5. Intangible fixed assets

	Completed development projects
	DKK
Cost at 1 January	2,851,648
Cost at 31 December	2,851,648
Impairment losses and amortisation at 1 January	1,140,659
Amortisation for the year	570,330
Impairment losses and amortisation at 31 December	1,710,989
Carrying amount at 31 December	1,140,659

6. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income as well as indirect taxes. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

7. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
The Hempel Foundation CVR-no: 21518018	Amaliegade 8 1256 Copenhagen K Denmark

Notes to the Financial Statements

8. Accounting policies

The Annual Report of Frontier Innovation ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income statement

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss comprises of other external expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation and impairment of intangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with koncernforbundne danske selskaber. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation.

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

Financial liabilities

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