Woodsense ApS

Lyngbyvej 11
DK-2100 København Ø

CVR no. 40 98 45 18

Annual report 2021

The annual report was presented and approved at the Company´s annual general meeting on

21 June 2022

Michael Kragh Rasmussen

Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report for Woodsense ApS for the financial year 1 January - 31 December 2021.

The annual report has been 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 assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

København Ø, 21 June 2022
Executive Board:

Jeppe Rasmussen
CEO

Board of Directors:

Lone Møller Sørensen Chairman	Jeppe Rasmussen	Karsten John Hjarsø
Lars Bonde Lindberg	Michael Kragh Rasmussen	

Independent auditor's report

To the shareholders of Woodsense ApS

Opinion

We have audited the financial statements of Woodsense ApS for the financial year 1 January - 31 December 2021, comprising income statement, balance sheet and notes, including 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 Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 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' 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 responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company 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

Independent auditor's report

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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 21 June 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised Public Accountant
mne34283

Management's review

Company details

Woodsense ApS
Lyngbyvej 11
DK-2100 Copenhagen

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E-mail:	jeppe@woodsense.dk
CVR no.:	40 98 45 18
Established:	3 December 2019
Registered office:	Copenhagen
Financial year:	1 January - 31 December

Board of Directors
Lone Møller Sørensen, Chairman
Jeppe Rasmussen
Karsten John Hjarsø
Lars Bonde Lindberg
Michael Kragh Rasmussen

Executive Board
Jeppe Rasmussen, CEO

Auditor
KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The Company's main activities include development of sensor technology, a data platform and sales/services related to this.

Events after the balance sheet date

Woodsense has obtained funding of 2.715.000 in February and will look to raise another round by april '23.

No other subsequent events have occurred after the end of the financial year which might materially affect the Company's financial position.

Development in activities and financial position

The Company's income statement for 2021 shows a loss of DKK 881,521 as against a profit of DKK 73,091 in 3/12 2019 - 31/12 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 415,011 as against DKK 195,043 at 31 December 2020.

The Company's results and financial development were as expected.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2021	3/12 2019 - 31/12 2020 (13 mth.)
Gross profit		78,596	110,780
Staff costs	2	-909,912	-31,637
Profit/loss before financial income and expenses		-831,316	79,143
Other financial expenses		-50,205	0
Profit/loss before tax		-881,521	79,143
Tax on profit/loss for the year	3	0	-6,052
Profit/loss for the year		-881,521	73,091

Proposed profit appropriation/distribution of loss

Other reserves	989,829	137,282
Retained earnings	-1,871,350	-64,191
	-881,521	73,091

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Intangible assets			
Development projects in progress		1,445,015	176,003
Investments			
Deposits		22,023	22,023
Total fixed assets		1,467,038	198,026
Current assets			
Inventories			
Finished goods and goods for resale		322,528	0
Receivables			
Trade receivables		188,384	0
Corporation tax		279,183	32,669
Other receivables		1,489	8,721
Prepayments		101,658	0
		570,714	41,390
Cash at bank and in hand		108,293	21,003
Total current assets		1,001,535	62,393
TOTAL ASSETS		2,468,573	260,419

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		138,742	121,952
Share premium		1,084,699	0
Reserve for development costs		1,127,111	137,282
Retained earnings		-1,935,541	-64,191
Total equity		415,011	195,043
Provisions			
Provisions for deferred tax		317,904	38,721
Other provisions		1,034,603	0
Total provisions		1,352,507	38,721
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments received from customers		536,843	0
Trade payables		3,681	0
Payables to associates		0	1,538
Other payables, including taxes payable		160,531	25,117
		701,055	26,655
Total liabilities other than provisions		701,055	26,655
TOTAL EQUITY AND LIABILITIES		2,468,573	260,419

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2021	121,952	0	137,282	-64,191	195,043
Cash capital increase	16,790	1,084,699	0	0	1,101,489
Transfers, reserves	0	0	989,829	0	989,829
Transferred over the distribution of loss	0	0	0	-1,871,350	-1,871,350
Equity at 31 December 2021	138,742	1,084,699	1,127,111	-1,935,541	415,011

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Woodsense ApS for 1 January - 31 December 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

Changes in accounting policies

The Company has changed its accounting policies regarding revenue and thus cost of goods sold, so that both is periodized over the contract period. Previously, all income from contracts was recognized when delivery and transfer of risk to the buyer had taken place . The changes in accounting policies were made in order to give a more true and fair view of the Company's activities, results and financial position.

Income statement

Revenue

Recognition of income from the sale of goods and services are periodized throughout the delivery period based on the contract terms, when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, excluding reimbursements from public authorities.

Other operating income

Other operating income comprises items secondary to the activities of the Company. Funds and grants are recognized in the income statement, as other operating income with the amounts relating to the financial year. Grants includes grants to support innovative development projects.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 10 years.

Investments

Other receivables and deposits are recognised at amortised cost.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries. Indirect production overheads and borrowing costs are not recognised in cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Securities and equity investments

Other securities and equity investments included in investment comprise unlisted shares that Management considers investment securities. The equity investments are measured at cost.

Other securities and equity investments recognised as current assets comprise listed securities measured at fair value at the balance sheet date, corresponding to market value.

Cash at bank and in hand

Cash at bank and in hand comprise cash.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

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

2 Staff costs

DKK	2021	3/12 2019 - 31/12 2020 (13 mth.)
Wages and salaries	878,421	77,200
Other social security expenses	31,491	757
Employee expenses transferred to assets	0	-46,320
	909,912	31,637
Average number of full-time employees	6	1

Financial statements 1 January – 31 December

Notes

3 Tax on profit/loss for the year

DKK	2021	3/12 2019 - 31/12 2020 (13 mth.)
Current tax for the year	-279,183	-32,669
Deferred tax adjustment for the year	279,183	38,721
	0	6,052

4 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company has contingent liabilities at an amount of DKK 22,000 regarding rent.