Woodsense ApS

Lyngbyvej 11, 1. 106.
2100 København Ø
Denmark

CVR no. 40 98 45 18

Annual report for the period 3 December 2019 – 31 December 2020

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

30 June 2021

Helle Monrad-Gylling
Chairman

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 of Woodsense ApS for the financial period 3 December 2019 – 31 December 2020.

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 2020 and of the results of the Company's operations for the financial period 3 December 2019 – 31 December 2020.

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, 30 June 2021
Executive Board:

Jeppe Rasmussen
CEO

Board of Directors:

Lone Møller Sørensen Chairman	Per Andersen	Helle Monrad-Gylling
Jeppe Rasmussen	Per Thomas Dahl	

Independent auditor's report

To the shareholder of Woodsense ApS

Opinion

We have audited the financial statements of Woodsense ApS for the financial period 3 December 2019 – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity 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 2020 and of the results of the Company's operations for the financial period 3 December 2019 – 31 December 2020 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 rules and requirements.

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 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 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.

Independent auditor's report

— 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 June 2021
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, 1. 106.
2100 København Ø
Denmark

Telephone:	42838752
CVR no.:	40 98 45 18
Established:	3 December 2019
Registered office:	København
Financial period:	3 December 2019 – 31 December 2020

Board of Directors

Lone Møller Sørensen, Chairman
Per Andersen
Helle Monrad-Gylling
Jeppe Rasmussen
Per Thomas Dahl

Executive Board

Jeppe Rasmussen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
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.

Development in activities and financial position

The Company's income statement for 2019/20 shows a profit of DKK 73,091. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 195,043.

Events after the balance sheet date

The Company has secured funding in January 2021 of DKK 2.1 million from a group of investors and Vækstfonden to secure finances until April 2022.

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

Financial statements 3 December – 31 December

Income statement

DKK	Note	3/12 2019-31/12 2020
Gross profit		110,780
Staff costs	2	-31,637
Profit before tax		79,143
Tax for the year	3	-6,052
Profit for the year		73,091

Proposed profit appropriation

Reserve for development costs	137,282
Retained earnings	-64,191
	73,091

Financial statements 3 December – 31 December

Balance sheet

DKK	Note	2020
ASSETS		
Fixed assets		
Intangible assets		
Development projects in progress		176,003
Total fixed assets		176,003
Current assets		
Receivables		
Other receivables		30,744
Corporation tax		32,669
		63,413
Cash at bank and in hand		21,003
Total current assets		84,416
TOTAL ASSETS		260,419

Financial statements 3 December – 31 December

Balance sheet

DKK	Note	2020
EQUITY AND LIABILITIES		
Equity		
Contributed capital		121,952
Reserve for development costs		137,282
Retained earnings		-64,191
Total equity		195,043
Provisions		
Provisions for deferred tax		38,721
Total provisions		38,721
Liabilities other than provisions		
Current liabilities other than provisions		
Payables to participating interests		1,538
Other payables		25,117
		26,655
Total liabilities other than provisions		26,655
TOTAL EQUITY AND LIABILITIES		260,419
Contractual obligations, contingencies, etc.	4	

Financial statements 3 December – 31 December

Statement of changes in equity

DKK	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 3 December 2019	40,000	0	0	40,000
Cash capital increase	81,952	0	0	81,952
Transferred over the profit appropriation	0	137,282	-64,191	73,091
Equity at 31 December 2020	121,952	137,282	-64,191	195,043

Financial statements 3 December – 31 December

Notes

1 Accounting policies

The annual report of Woodsense ApS for 2019/20 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.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods, comprising the sale of sensors for monitoring moisture levels in wood, is recognised in revenue 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 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.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 3 December – 31 December

Notes

1 **Accounting policies (continued)**

Tax on loss for the year

Tax for the year comprises current corporation 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, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

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.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables 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.

Cash at bank and in hand

Cash comprises bank deposits.

Financial statements 3 December – 31 December

Notes

1 Accounting policies (continued)

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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the 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.

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.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Financial statements 3 December – 31 December

Notes

DKK	3/12 2019- 31/12 2020

2 Staff costs

Wages and salaries	77,200
Other social security costs	757
	77,957

Staff costs are recognised in the financial statements as follows:

Staff costs	-77,957
Staff costs that have been capitalized on development projects	46,320
	-31,637

Average number of full-time employees	1

3 Tax on profit for the year

Current tax for the year	-32,669
Deferred tax for the year	38,721
	6,052

4 Contractual obligations, contingencies, etc.

Contingent liabilities

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