
Lotus Microsystems ApS

Stamholmen 153, DK-2650 Hvidovre

Annual Report for
1 April 2023 - 31 March 2024

CVR No. 41 95 02 50

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 20/6 2024

Caspar Høgh
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Lotus Microsystems ApS for the financial year 1 April 2023 - 31 March 2024.

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 financial position at 31 March 2024 of the Company and of the results of the Company operations for 2023/24.

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

Hvidovre, 4 June 2024

Executive Board

Hans Kristian Hasselby-Andersen
CEO

Ahmed Morsi Mohamed Morsi
Ammar
Executive officer

Yasser Abouelhassan Abdelnaeem
Nour
Executive officer

Thanh Hoa Le
Executive officer

Board of Directors

Arve Johan Andresen
Chairman

Caspar Høgh

Amir Ali Sheikh

Ashraf Wahig Lotfi

Arend van der Weijden

Independent Auditor's report

To the shareholders of Lotus Microsystems ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lotus Microsystems ApS for the financial year 1 April 2023 - 31 March 2024, 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.

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.

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.

Independent Auditor's report

- 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, 4 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Gösta Gauffin
State Authorised Public Accountant
mne45821

Company information

The Company	Lotus Microsystems ApS Stamholmen 153 2650 Hvidovre Telephone: 52783324 Email: info@lotus-microsystems.com Website: https://www.lotus-microsystems.com/ CVR No: 41 95 02 50 Financial period: 1 April 2023 - 31 March 2024 Incorporated: 16 December 2020 Financial year: 3rd financial year Municipality of reg. office: Hvidovre
Board of Directors	Arve Johan Andresen, chairman Caspar Høgh Amir Ali Sheikh Ashraf Wahig Lotfi Arend van der Weijden
Executive Board	Hans Kristian Hasselby-Andersen Ahmed Morsi Mohamed Morsi Ammar Yasser Abouelhassan Abdelnaeem Nour Thanh Hoa Le
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income statement 1 April 2023 - 31 March 2024

	Note	2023/24	2022/23
		EUR	EUR
Gross profit/loss		-73,067	322,343
Staff expenses	3	-1,167,434	-856,984
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-553,247	-29,582
Profit/loss before financial income and expenses		-1,793,748	-564,223
Financial income		1,155	3,978
Financial expenses		-5,323	-5,525
Profit/loss before tax		-1,797,916	-565,770
Tax on profit/loss for the year	4	142,953	153,562
Net profit/loss for the year		-1,654,963	-412,208
 Distribution of profit			
		2023/24	2022/23
		EUR	EUR
Proposed distribution of profit			
Retained earnings		-1,654,963	-412,208
		-1,654,963	-412,208

Balance sheet 31 March 2024

Assets

	Note	2023/24	2022/23
		EUR	EUR
Acquired patents		67,602	0
Development projects in progress		1,327,250	1,125,320
Intangible assets	5	1,394,852	1,125,320
Other fixtures and fittings, tools and equipment		104,328	129,592
Leasehold improvements		8,626	17,081
Property, plant and equipment	6	112,954	146,673
Investments in subsidiaries	7	2,280	2,285
Deposits	8	27,849	27,915
Fixed asset investments		30,129	30,200
Fixed assets		1,537,935	1,302,193
Trade receivables		9,064	11,568
Receivables from group enterprises		50,024	0
Other receivables		6	22,033
Corporation tax		142,953	153,562
Receivables		202,047	187,163
Cash at bank and in hand		2,696,868	1,164,478
Current assets		2,898,915	1,351,641
Assets		4,436,850	2,653,834

Balance sheet 31 March 2024

Liabilities and equity

	Note	2023/24	2022/23
		EUR	EUR
Share capital		21,807	19,885
Reserve for development costs		1,035,255	877,750
Retained earnings		975,227	485,743
Equity		<u>2,032,289</u>	<u>1,383,378</u>
Trade payables		42,456	9,473
Other payables		157,356	128,762
Deferred income		2,204,749	1,132,221
Short-term debt		<u>2,404,561</u>	<u>1,270,456</u>
Debt		<u>2,404,561</u>	<u>1,270,456</u>
Liabilities and equity		<u>4,436,850</u>	<u>2,653,834</u>
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	EUR	EUR	EUR	EUR
Equity at 1 April	19,885	877,750	485,743	1,383,378
Exchange adjustments	-22	-2,077	-1,150	-3,249
Capital increase	2,391	0	2,326,214	2,328,605
Capital reduction	-447	0	-21,035	-21,482
Development costs for the year	0	563,520	-563,520	0
Depreciation, amortisation and impairment for the year	0	-403,938	403,938	0
Net profit/loss for the year	0	0	-1,654,963	-1,654,963
Equity at 31 March	21,807	1,035,255	975,227	2,032,289

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

The company has in the financial year used its resources to develop new technology products. Costs directly related to these activities are capitalised as development projects. At the balance sheet date the net book value of development projects is EUR 1,327K. Management assess that demand from the markets will provide a revenue in the coming years that exceeds the capitalised development costs. However, the company operates on a market where response from the market can be difficult to predict for the future. In the event that future revenue is realised below expectations there is a risk that current value of the asset is overstated.

2. Key activities

Lotus Microsystems ApS is a fabless semiconductor manufacturing company with an aim to leverage groundbreaking research to deliver miniaturised Power Electronics solutions.

3. Staff Expenses

	<u>2023/24</u>	<u>2022/23</u>
	EUR	EUR
Wages and salaries	1,054,481	794,816
Pensions	96,664	53,533
Other social security expenses	16,289	8,635
	<u>1,167,434</u>	<u>856,984</u>
Average number of employees	<u>11</u>	<u>10</u>

4. Income tax expense

	<u>2023/24</u>	<u>2022/23</u>
	EUR	EUR
Current tax for the year	-159,022	-153,562
Adjustment of tax concerning previous years	16,069	0
	<u>-142,953</u>	<u>-153,562</u>

Notes to the Financial Statements

5. Intangible fixed assets

	Acquired patents	Develop- ment projects in progress
	EUR	EUR
Cost at 1 April	0	1,125,320
Exchange adjustment	0	-2,663
Additions for the year	57,303	722,461
Transfers for the year	12,599	-39,538
Cost at 31 March	<u>69,902</u>	<u>1,805,580</u>
Impairment losses and amortisation at 1 April	0	0
Impairment losses for the year	0	478,330
Amortisation for the year	2,300	0
Impairment losses and amortisation at 31 March	<u>2,300</u>	<u>478,330</u>
Carrying amount at 31 March	<u>67,602</u>	<u>1,327,250</u>

During this fiscal year, the company has been developing an integrated DC-DC converter IC and a module for low-power applications such as Internet-of-Things (IoT) and hearing aids markets. This module is expected to be released in the third quarter of 2024 with confirmed intent to buy from customers.

Also, the company has been developing the core technology – The Power Interposer Technology - and securing more patents and IP for it.

The company has enhanced the designs from last year and sampled them to potential customers. Moreover, multiple customer dialogs were initiated in the strategic domains where Lotus Microsystems' technology serves as enabling technology for the customers' next-generation products.

Notes to the Financial Statements

6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	EUR	EUR
Cost at 1 April	156,875	25,232
Exchange adjustment	-370	-60
Additions for the year	12,013	0
Transfers for the year	26,939	0
Cost at 31 March	<u>195,457</u>	<u>25,172</u>
Impairment losses and depreciation at 1 April	27,286	8,151
Exchange adjustment	-64	-19
Depreciation for the year	63,907	8,414
Impairment losses and depreciation at 31 March	<u>91,129</u>	<u>16,546</u>
Carrying amount at 31 March	<u>104,328</u>	<u>8,626</u>
	2023/24	2022/23
	EUR	EUR

7. Investments in subsidiaries

Cost at 1 April	2,285	2,285
Exchange adjustment	-5	0
Cost at 31 March	<u>2,280</u>	<u>2,285</u>
Carrying amount at 31 March	<u>2,280</u>	<u>2,285</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Owner- ship	Equity	Net profit/loss for the year
Lotus Microsystems Egypt LLC	Cairo, Egypt	99,9%	8,686	3,810

Notes to the Financial Statements

8. Other fixed asset investments

	<u>Deposits</u>
	EUR
Cost at 1 April	27,915
Exchange adjustment	-66
Cost at 31 March	<u>27,849</u>
Carrying amount at 31 March	<u>27,849</u>

9. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

	<u>2023/24</u>	<u>2022/23</u>
	EUR	EUR
Within 1 year	58,826	55,758
	<u>58,826</u>	<u>55,758</u>

Notes to the Financial Statements

10. Accounting policies

The Annual Report of Lotus Microsystems ApS for 2023/24 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 2023/24 are presented in EUR.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

EUR is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Government Grants

Government grants are recognised when it is fairly certain that the grant conditions will be complied with, and the grant will be received.

Grants compensating for costs incurred are recognised directly as other operating income in the income statement as costs eligible for grants are incurred. If the conditions for receiving the grant are not complied until after related costs have been recognised, the grant is to be recognised in the income statement when the conditions have been complied with and it is fairly certain that the grant will be awarded.

Grants to acquire assets are recognised in the balance sheet as deferred income and transferred to other operating income in the income statement line with depreciation/amortisation of the assets covered by the grant.

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

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.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Notes to the Financial Statements

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 changes in deferred tax for the year. The tax attributable to the profit for the 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 . The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

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.

Other intangible fixed assets

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 20 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Notes to the Financial Statements

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of

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, including the tax base of tax loss carry-forwards, 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.

Financial liabilities

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

Notes to the Financial Statements

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.