



Lotus Microsystems ApS

Stamholmen 153
2650 Hvidovre
Denmark

CVR no. 41 95 02 50

Annual report for the period 16 December 2020 – 31 March 2022

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

15 June 2022

Jørgen Bek Weiss Hansen
Chairman of the annual general meeting

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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 Lotus Microsystems ApS for the financial period 16 December 2020 – 31 March 2022.

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 March 2022 and of the results of the Company's operations for the financial period 16 December 2020 – 31 March 2022.

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.

Hvidovre, 15 June 2022
Executive Board:

Erik Helge Stangerup

Ahmed Morsi Mohamed
Morsi Ammar

Yasser Abouelhassan
Abdelnaeem Nour

Thanh Hoa Le

Board of Directors:

Amir Ali Sheikh
Chairman

Caspar Høgh

Erik Helge Stangerup

Yasser Abouelhassan
Abdelnaeem Nour

Independent auditor's report

To the shareholder of Lotus Microsystems ApS

Opinion

We have audited the financial statements of Lotus Microsystems ApS for the financial period 16 December 2020 – 31 March 2022 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 March 2022 and of the results of the Company's operations for the financial period 16 December 2020 – 31 March 2022 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 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, 15 June 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Lotus Microsystems ApS
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CVR no. 41 95 02 50

Management's review

Company details

Lotus Microsystems ApS
Stamholmen 153
2650 Hvidovre
Denmark

CVR no.:	41 95 02 50
Established:	16 December 2020
Registered office:	Hvidovre
Financial period:	16 December 2020 – 31 March 2022

Board of Directors

Amir Ali Sheikh, Chairman
Caspar Høgh
Erik Helge Stangerup
Yasser Abouelhassan Abdelnaeem Nour

Executive Board

Erik Helge Stangerup
Ahmed Morsi Mohamed Morsi Ammar
Yasser Abouelhassan Abdelnaeem Nour
Thanh Hoa Le

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Annual general meeting

The annual general meeting will be held on 15 June 2022.

Management's review

Operating review

Principal activities

Lotus Microsystems ApS was founded in December 2020 as a fab-less semiconductor manufacturing Company with an aim to leverage ground-breaking research to deliver miniaturised Power Electronics solutions.

Development in activities and financial position

In its first reporting period, the company received significant investments from reputable investors as well as grants and financial commitments from the Danish Innovation Fund and the European Innovation Council to further develop the company and the product portfolio over the coming years.

Further, the Company has completed development of three product families that are ready for mass production. Commercial agreements have been signed with customers in the designated target industries to be delivered in the upcoming fiscal year.

The result for the period ending March 31st, 2022, shows a financial loss of 200 thousand EUR in line with the expectations.

Events after the balance sheet date

There have been no events which may significantly affect the Company's financial position.

Financial statements 16 December 2020 - 31 March 2022

Income statement

EUR	Note	16/12 2020- 31/3 2022
Gross profit		-10,158
Staff costs	2	-206,850
Depreciation, amortisation and impairment losses		<u>-5,847</u>
Loss before financial income and expenses		-222,855
Other financial expenses		<u>-10,965</u>
Loss before tax		-233,820
Tax on loss for the year	3	<u>34,061</u>
Loss for the period		<u><u>-199,759</u></u>
Distribution of loss		
Retained earnings		<u>-199,759</u>
		<u><u>-199,759</u></u>

Financial statements 16 December 2020 - 31 March 2022

Balance sheet

EUR	Note	31/3 2022
ASSETS		
Fixed assets		
Intangible assets		
Development projects in progress		154,821
Property, plant and equipment		
Fixtures and fittings, tools and equipment		40,095
Leasehold improvements		16,014
		56,109
Investments		
Deposits		27,879
Total fixed assets		238,809
Current assets		
Receivables		
Trade receivables		2,456
Other receivables		1,361,517
Corporation tax		34,061
		1,398,034
Cash at bank and in hand		229,086
Total current assets		1,627,120
TOTAL ASSETS		1,865,929

Financial statements 16 December 2020 - 31 March 2022

Balance sheet

EUR	Note	31/3 2022
EQUITY AND LIABILITIES		
Equity		
Contributed capital		19,885
Retained earnings		<u>1,775,701</u>
Total equity		<u>1,795,586</u>
Liabilities		
Current liabilities		
Trade payables		20,967
Other payables		<u>49,376</u>
		<u>70,343</u>
Total liabilities		<u>70,343</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,865,929</u></u>
Contractual obligations, contingencies, etc.	4	

Financial statements 16 December 2020 - 31 March 2022

Statement of changes in equity

EUR	Contributed capital	Retained earnings	Total
Equity at 16 December 2020	13,423	0	13,423
Cash capital increase	5,746	1,874,113	1,879,859
Debt conversion	716	101,348	102,064
Transferred over the distribution of loss	0	-199,759	-199,759
Equity at 31 March 2022	19,885	1,775,702	1,795,587

Financial statements 16 December 2020 - 31 March 2022

Notes

1 Accounting policies

The annual report of Lotus Microsystems ApS for 2020/22 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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Gross profit

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

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 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/prepayments and transferred to other operating income in the income statement line with depreciation/amortisation of the assets covered by the grant.

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 16 December 2020 - 31 March 2022

Notes

1 Accounting policies (continued)

Financial expenses

Financial expenses comprise interest expense, losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges under the on-account tax scheme, etc.

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.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 16 December 2020 - 31 March 2022

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Investments

Deposits are recognised at amortised cost.

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.

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.

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.

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.

Financial statements 16 December 2020 - 31 March 2022

Notes

1 Accounting policies (continued)

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.

Liabilities

Other liabilities are measured at net realisable value.

Financial statements 16 December 2020 - 31 March 2022

Notes

	16/12 2020- 31/3 2022
EUR	
2 Staff costs	
Wages and salaries	293,863
Pensions	17,799
Other social security costs	1,819
Transferred to development projects	-106,631
	<u>206,850</u>
Average number of full-time employees	<u>4</u>
3 Tax on profit/loss for the year	
EUR	16/12 2020- 31/3 2022
Tax credit schemes (LL8x)	-34,061
	<u>-34,061</u>
4 Contractual obligations, contingencies, etc.	
Operating lease obligations	
The Company has entered into operating leases with a remaining term of 11 months, totalling EUR 51 thousand.	