Lotus Microsystems ApS

Stamholmen 153, DK-2650 Hvidovre

Annual Report for 1 April 2022 - 31 March 2023

CVR No 41 95 02 50

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27/6 2023

Caspar Høgh
Chairman of the General Meeting

Contents

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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 2022 - 31 March 2023.

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 2023 of the Company and of the results of the Company operations for 2022/23.

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

Hvidovre, 26 June 2023

Executive Board

Caspar Høgh
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 Wagih 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 2023 and of the results of the Company’s operations for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lotus Microsystems ApS for the financial year 1 April 2022 - 31 March 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.

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.

- 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, 26 June 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorized Public Accountant
mne16675

Gösta Gauffin
State Authorized Public Accountant
mne45821

Company Information

The Company	Lotus Microsystems ApS Stamholmen 153 DK-2650 Hvidovre Telephone: + 45 52783324 E-mail: info@lotus-microsystems.com Website: www.lotus-microsystems.com CVR No: 41 95 02 50 Financial period: 1 April - 31 March Municipality of reg. office: Hvidovre
Board of Directors	Arve Johan Andresen, Chairman Caspar Høgh Amir Ali Sheikh Ashraf Wagih Lotfi Arend van der Weijden
Executive Board	Caspar Høgh 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 - 31 March

	Note	2022/23	2021/22
		EUR	EUR
Gross profit/loss		**322,343**	**96,473**
Staff expenses	3	-856,984	-313,481
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-29,582	-5,847
Profit/loss before financial income and expenses		**-564,223**	**-222,855**
Financial income		3,978	0
Financial expenses		-5,525	-10,965
Profit/loss before tax		**-565,770**	**-233,820**
Tax on profit/loss for the year	4	153,562	34,061
Net profit/loss for the year		**-412,208**	**-199,759**

Distribution of profit

Proposed distribution of profit

Retained earnings	-412,208	-199,759
	-412,208	**-199,759**

Balance Sheet 31 March

Assets

	Note	2022/23	2021/22
		EUR	EUR
Development projects in progress		1,125,320	154,821
Intangible assets	5	**1,125,320**	**154,821**
Other fixtures and fittings, tools and equipment		129,592	40,095
Leasehold improvements		17,081	16,014
Property, plant and equipment		**146,673**	**56,109**
Investments in subsidiaries		2,285	0
Deposits		27,915	27,879
Fixed asset investments		**30,200**	**27,879**
Fixed assets		**1,302,193**	**238,809**
Trade receivables		11,568	2,456
Other receivables		22,033	1,382,813
Corporation tax		153,562	34,061
Receivables		**187,163**	**1,419,330**
Cash at bank and in hand		**1,164,478**	**229,086**
Currents assets		**1,351,641**	**1,648,416**
Assets		**2,653,834**	**1,887,225**

Balance Sheet 31 March

Liabilities and equity

	Note	2022/23	2021/22
		EUR	EUR
Share capital		19,885	19,885
Reserve for development costs		877,750	120,914
Retained earnings		485,743	1,654,787
Equity		**1,383,378**	**1,795,586**
Trade payables		9,473	20,968
Corporation tax		0	10,586
Other payables		128,762	60,085
Deferred income		1,132,221	0
Short-term debt		**1,270,456**	**91,639**
Debt		**1,270,456**	**91,639**
Liabilities and equity		**2,653,834**	**1,887,225**
Uncertainty relating to recognition and measurement	1		
Key activities	2		
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	EUR	EUR	EUR	EUR
Equity at 1 April	19,885	120,914	1,654,787	1,795,586
Development costs for the year	0	756,836	-756,836	0
Net profit/loss for the year	0	0	-412,208	-412,208
Equity at 31 March	**19,885**	**877,750**	**485,743**	**1,383,378**

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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 book value of development projects is EUR 1,125k. 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 ground-breaking research to deliver miniaturised Power Electronics solutions.

	2022/23	2021/22
	EUR	EUR

3 Staff expenses

	2022/23	2021/22
Wages and salaries	794,816	293,851
Pensions	53,533	17,799
Other social security expenses	8,635	1,831
	856,984	**313,481**
Average number of employees	**10**	**4**

4 Tax on profit/loss for the year

	2022/23	2021/22
Current tax for the year	-153,562	-34,061
	-153,562	**-34,061**

5 Intangible assets

	Development projects in progress
	EUR
Cost at 1 April	155,018
Additions for the year	970,302
Cost at 31 March	1,125,320
Impairment losses and amortisation at 1 April	0
Impairment losses and amortisation at 31 March	0
Carrying amount at 31 March	**1,125,320**

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 early 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.

6 Contingent assets, liabilities and other financial obligations

	2022/23	2021/22
	EUR	EUR
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	55,758	51,000
	55,758	**51,000**

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Lotus Microsystems ApS for 2022/23 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 2022/23 are presented in EUR.

Adjustment of comparative figures

Certain reclassifications have been made in the income statement and balance sheet for the Company. Comparative and key figures have been adjusted accordingly.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

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

Notes to the Financial Statements

7 **Accounting Policies** (continued)

discounts relating to sales.

Goverment 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 farily 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 and distribution 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 and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

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 Goverment Grants, gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

7 **Accounting Policies** (continued)

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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

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 3 years.

Notes to the Financial Statements

7 **Accounting Policies** (continued)

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 raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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 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 deposits.

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.

7 Accounting Policies (continued)

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.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

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