

ImpactSphere ApS
Sensommervej 153, 8600 Silkeborg

Company reg. no. 42 51 32 61

Annual report

2022/23

The annual report was submitted and approved by the general meeting on the 12 March 2024.

Michael Pedersen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of ImpactSphere ApS for the financial year 2022/23.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 August 2023 and of the results of the Company's operations for the financial year 1 September 2022 – 31 August 2023.

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

We recommend that the annual report be approved at the Annual General Meeting.

Silkeborg, 12 March 2024

Managing Director

Michael Pedersen

Board of directors

Michael Pedersen

Morten Wind Lindegaard

Independent auditor's report on extended review

To the Shareholders of ImpactSphere ApS

Opinion

We have performed an extended review of the financial statements of ImpactSphere ApS for the financial year 1 September 2022 - 31 August 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 August 2023 and of the results of the Company's operations for the financial year 1 September 2022 - 31 August 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review 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 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 extended review of the Financial Statements

Our responsibility is to express a opinion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our opinion.

Independent auditor's report on extended review

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

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 opinion thereon.

In connection with our extended review 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 extended review, 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 in the Management's Review.

Silkeborg, 12 March 2024

Partner Revision

State Authorised Public Accountants
Company reg. no. 15 80 77 76

René Meilandt Mortensen
State Authorised Public Accountant
mne32101

Company information

The company

ImpactSphere ApS
Sensommervej 153
8600 Silkeborg

Phone 60257020

Company reg. no. 42 51 32 61

Established: 1 July 2021

Domicile: Silkeborg

Financial year: 1 September - 31 August

Board of directors

Michael Pedersen
Morten Wind Lindegaard

Managing Director

Michael Pedersen

Auditors

Partner Revision statsautoriseret revisionsaktieselskab
Ballevej 2 B
8600 Silkeborg

Management's review

The principal activities of the company

The primary activity of Company ImpactSphere® is to develop the ImpactSphere® End to End ESG Digital Twin SaaS framework and platform, as well as any related business as consulting and marketing in collaboration with Partners in relation to our platform.

During the fiscal year we accomplished to release the first market ready release of the ImpactSphere® End to End ESG Digital Twin SaaS framework and platform, ready for fully scalable operations in High Availability by mainly IBM Cloud, for any size of Corporates and even at On-prem or at any other of the big Cloud providers.

In the fiscal year, ImpactSphere® also engaged into a pilot project with the world largest pump manufacturer, Grundfos, which by successful implementation for a full manufacturing line and plant have proven the capabilities of our very unique framework and platform.

Besides the longstanding and close collaboration with IBM Global for resell and co-development for which we are very thankful, we also engaged into a parallel and similar cooperation with Schneider Electric, which likewise is a global R&D and reselling collaboration, starting in the US.

Thereby ImpactSphere® will leave its so far accomplished Seed stage, and now enter into our Growth stage, servicing our strong reselling and co-developing Partners, meanwhile also establishing our next and professional laid out marketing and branding of ImpactSphere® in the market. During the current fiscal year, we plan to engage with professional growth investors – as our growth stage would require some considerable investments to boost our market entrance and acceptance, meanwhile co-developing with our market driven Partners.

On the academic Research and Development side we are working closely, especially with Aarhus University into areas as otherwise too complex multifactor scenarios in the Agri-culture field of LCA and operations management, and for Copenhagen Business School it's mainly for assessments and mitigations of disruptions in supply chains, as well as simulations of trade-off for advancing into more resilient value chains.

With the unique ImpactSphere® framework and platform, clients can:

- Model Shadow and Digital Twins for single and real-time processing of their business and manufacturing, gaining visualization, detailed insight and auto-assessment as PEF, GHG, ESG as well as auto-LCA and EPD's in a dynamic and more reliable and multifactored context than the past 30 years LCA-practice ever had offered.
- Simulate on any Shadow or Digital Twin structure of processes and assessments, at any level in the corporate complexes.

With ImpactSphere our clients gain real-time insight and automation of ESG and LCA reporting and a tool to proactively optimizing their business for any quantifiable KPI of wish.

Management's review

Development in activities and financial matters

Revenue for the year amounts to DKK -1.014.980, and profit after tax amounts to DKK -611.359. Revenue and profit are considered satisfactory and meet expectations for the year in the light of our so far Seed stage and high investment level.

Events occurring after the end of the financial year

To the knowledge of the management, no significant events have occurred after the end of the fiscal year of material importance for the Company's financial position. However, a considerable amount of R&D TAX credits from Danish SKAT have been unexpectedly delayed for months despite officially approved for pay out by SKAT - which we currently are awaiting. Together with our new Growth stage investor a financially sound Growth and Go-to-Market plan will be set up to lay path for a sound and healthy growth.

Accounting policies

The annual report for ImpactSphere ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Accounting policies

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Development costs are measured at cost less accrued amortisation. The amortisation period is set at 10 years.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

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

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement

All amounts in DKK.

<u>Note</u>	1/9 2022 - 31/8 2023	1/1 2021 - 31/8 2022
Gross profit	-1.615.549	84.374
1 Staff costs	-360.595	-253.798
Depreciation and impairment of non-current assets	-372.113	0
Operating profit	-2.348.257	-169.424
Other financial income	1.664.697	0
Other financial expenses	-331.420	-149.813
Pre-tax net profit or loss	-1.014.980	-319.237
2 Tax on net profit or loss for the year	403.621	358.611
Net profit or loss for the year	-611.359	39.374
Proposed distribution of net profit:		
Transferred to retained earnings	0	39.374
Allocated from retained earnings	-611.359	0
Total allocations and transfers	-611.359	39.374

Balance sheet at 31 August

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
3 Completed development projects, including patents and similar rights arising from development projects	3.349.015	0
4 Development projects in progress and prepayments for intangible assets	0	4.370.954
Total intangible assets	<u>3.349.015</u>	<u>4.370.954</u>
5 Deposits	0	19.955
Total investments	<u>0</u>	<u>19.955</u>
Total non-current assets	<u>3.349.015</u>	<u>4.390.909</u>
Current assets		
Trade receivables	10.719	712.205
Income tax receivables	990.596	1.261.429
Other receivables	36.620	379.595
Prepayments	137.856	150.133
Total receivables	<u>1.175.791</u>	<u>2.503.362</u>
Cash and cash equivalents	<u>500.000</u>	<u>503.599</u>
Total current assets	<u>1.675.791</u>	<u>3.006.961</u>
Total assets	<u>5.024.806</u>	<u>7.397.870</u>

Balance sheet at 31 August

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity		
Contributed capital	40.000	40.000
Reserve for development costs	2.612.232	3.409.344
Retained earnings	-3.184.217	-3.369.970
Total equity	-531.985	79.374
Provisions		
Provisions for deferred tax	233.364	653.000
Total provisions	233.364	653.000
Liabilities other than provisions		
Bank loans	5.034.024	4.458.189
Trade payables	111.638	678.927
Payables to group enterprises	0	1.000.000
Other payables	177.765	528.380
Total short term liabilities other than provisions	5.323.427	6.665.496
Total liabilities other than provisions	5.323.427	6.665.496
Total equity and liabilities	5.024.806	7.397.870

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 September 2021	40.000	3.409.344	-3.409.344	40.000
Retained earnings for the year	0	0	39.374	39.374
Equity 1 September 2022	40.000	3.409.344	-3.369.970	79.374
Retained earnings for the year	0	0	-611.359	-611.359
Transferred from retained earnings	0	-797.112	0	-797.112
Adjustment	0	0	797.112	797.112
	40.000	2.612.232	-3.184.217	-531.985

Notes

All amounts in DKK.

	1/9 2022 - 31/8 2023	1/1 2021 - 31/8 2022
	<u> </u>	<u> </u>
1. Staff costs		
Salaries and wages	316.416	253.230
Pension costs	43.081	0
Other costs for social security	947	568
Other staff costs	151	0
	<u>360.595</u>	<u>253.798</u>
Average number of employees	<u>1</u>	<u>1</u>
2. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	-132.066	-1.011.611
Adjustment of deferred tax for the year	-419.636	653.000
Adjustment of tax for previous years	148.081	0
	<u>-403.621</u>	<u>-358.611</u>

Notes

All amounts in DKK.

	<u>31/8 2023</u>	<u>31/8 2022</u>
3. Completed development projects, including patents and similar rights arising from development projects		
Additions during the year	3.721.128	0
Cost 31 August 2023	3.721.128	0
Amortisation and depreciation for the year	-372.113	0
Amortisation and write-down 31 August 2023	-372.113	0
Carrying amount, 31 August 2023	3.349.015	0

During the 2022-2023 fiscal year, ImpactSphere® have continued the development and have successfully released a first market ready version of ImpactSphere®, version 2.1.2.14 - which also was the basis for a successful pilot project implementation at the world largest pump manufacturer Grundfos.

Besides our co-development and reselling agreement with IBM Global, we had entered a similar R&D and reselling collaboration with Schneider Electric in US and France - also a Global collaboration which also will generate turnover from February or March already because Schneider will have to pay for their own internal implementation.

The technological roadmap of ImpactSphere count more than 180 development points and features, which will be awaiting either sufficient turnover from IBM and Schneider Electric, or that we engage with a new Growth stage investor, whatever comes first.

4. Development projects in progress and prepayments for intangible assets		
Cost 1 September 2022	4.370.954	54.400
Additions during the year	0	4.316.554
Disposals during the year	-4.370.954	0
Cost 31 August 2023	0	4.370.954
Carrying amount, 31 August 2023	0	4.370.954

Notes

All amounts in DKK.

	<u>31/8 2023</u>	<u>31/8 2022</u>
5. Deposits		
Cost 1 September 2022	19.955	19.955
Disposals during the year	<u>-19.955</u>	<u>0</u>
Cost 31 August 2023	<u>0</u>	<u>19.955</u>
Carrying amount, 31 August 2023	<u>0</u>	<u>19.955</u>

6. Contingencies

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Fourgate Holding ApS, which serves as management Company for the joint taxation.

Charges and security

As security for bank debt of DKK ('000) 5.034, the company has provided a corporate pledge of nominal DKK ('000) 4.750. The corporate pledge includes the following assets, whose accounting value on the balance sheet date is:

Development projects: 3.349.016

Trade receivables: 10.719

Bank deposits of DKK ('000) 500 have been provided as security for the total commitment with the bank.

Michael Pedersen

Navnet returneret af dansk MitID var:
Michael Pedersen
Bestyrelsesmedlem
ID: cca26227-90ed-40dd-a1fa-d0c139699503
Tidspunkt for underskrift: 12-03-2024 kl.: 14:23:28
Underskrevet med MitID



Michael Pedersen

Navnet returneret af dansk MitID var:
Michael Pedersen
Direktør
ID: cca26227-90ed-40dd-a1fa-d0c139699503
Tidspunkt for underskrift: 12-03-2024 kl.: 14:23:28
Underskrevet med MitID



Morten Wind Lindegaard

Navnet returneret af dansk MitID var:
Morten Wind Lindegaard
Bestyrelsesmedlem
ID: f99a2144-e339-4299-a649-ab4756365b98
Tidspunkt for underskrift: 12-03-2024 kl.: 10:23:26
Underskrevet med MitID



René Meilandt Mortensen

Navnet returneret af dansk MitID var:
Rene Meilandt Mortensen
Revisor
ID: 50ea52a3-6df3-447a-a2d2-abea1072a690
CVR-match med dansk MitID
Tidspunkt for underskrift: 12-03-2024 kl.: 14:32:45
Underskrevet med MitID



Michael Pedersen

Navnet returneret af dansk MitID var:
Michael Pedersen
Dirigent
ID: cca26227-90ed-40dd-a1fa-d0c139699503
Tidspunkt for underskrift: 12-03-2024 kl.: 14:37:14
Underskrevet med MitID

