

Nordetect ApS

Ole Maaløes Vej 3
DK-2200 Copenhagen

CVR no. 37996532

Annual report 2021

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

on 20 June 2022

Keenan Pinto



Chairman of the annual general meeting

Nordetect ApS
Annual report 2021
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Statement by the Executive Board

The Executive Board have today discussed and approved the annual report of Nordetect ApS for the financial year 1 January – 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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.

Copenhagen, 20 June 2022
Executive Board:



Keenan Pinto



Palak Sehgal



Independent auditor's report

To the shareholders of Nordetect ApS

Opinion

We have audited the financial statements of Nordetect ApS for the financial year 1 January – 31 December 2021, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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.



Independent auditor's report

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 financial statement 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.*
- 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 20 June 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR-nr./CVR no. 29 57 61 98

A large, stylized handwritten signature in blue ink, which appears to be 'H. V. Jensen', written over the printed name and title.

Henrik V. Jensen

State Authorised Public Accountant

mne: 6442

Nordetect ApS

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Management's review

Company details

Nordetect ApS
Ole Maaløses vej 3
2200 Copenhagen

CVR no.	37 99 64 32
Established:	9 September 2016
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Executive Board

Keenan Pinto
Palak Sehgal

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The company's purpose is to develop technology and instruments for life science, as well as trade and related business, according to the management's discretion. The company has developed a patent-pending method of chemical analysis for agriculture and environmental testing. The company's technological strengths span chemistry and nanotech, the Internet of Things, computer vision, and web development.

Development in activities and financial position

The Company's income statement for 2021 shows a deficit of DKK 1,886,238 as against a deficit of DKK 92,866 in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 110,968 as against DKK 1,070,428 at 31 December 2020.

Events after the balance sheet date

No events have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2021	2020
Gross Profit/Loss		830,297	1,001,386
Staff costs	2	-3,339,288	-1,213,012
Depreciation		-8,359	0
Loss before financial income and expenses		-2,517,350	-211,626
Other financial income		107,497	65
Other financial expenses		-209,599	-62,457
Loss before tax		-2,619,452	-274,018
Tax on profit/loss for the year	3	733,208	181,152
Loss for the year		-1,886,244	-92,866
Proposed distribution of loss			
Reserve for development costs		2,735,431	1,463,434
Retained earnings		-4,621,675	-1,556,300
		-1,886,244	-92,866

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2021	2020
ASSETS			
Fixed assets			
Intangible assets	4		
Development projects in progress		6,141,981	2,635,019
Property, plant and equipment	5		
Plant and machinery		73,354	0
Total fixed assets		6,215,335	2,635,019
Current assets			
Receivables			
Trade receivables		1,250	1,250
Other receivables		334,656	132,240
Tax		768,901	103,680
		1,104,807	295,734
Cash at bank and in hand		5,701,730	2,212,181
Total current assets		6,806,537	2,758,436
TOTAL ASSETS		13,021,872	5,393,455

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		109,679	100,000
Reserve for development costs		4,790,748	2,055,317
Retained earnings		-7,206,564	-2,584,889
Equity instruments		2,417,099	1,500,000
Total equity		110,962	1,070,428
Provisions			
Provisions for deferred tax		318,284	282,590
Total provisions		318,278	282,590
Liabilities other than provisions			
Non-current liabilities other than provisions			
Convertible and profit-sharing debt instruments		5,133,737	3,499,623
Long-term loan		5,562,244	0
		10,695,981	3,499,623
Current liabilities other than provisions			
Trade payables		243,509	318,700
Deferred income		1,232,981	0
Payables to group entities		0	2,588
Other payables		420,155	219,526
		1,849,447	540,814
Total liabilities other than provisions		12,592,626	4,040,437
TOTAL EQUITY AND LIABILITIES		13,021,872	5,393,455

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Reserve for development costs	Retained earnings	Equity instruments	Total
Balance at 1 January 2021	100,000	2,055,317	-2,584,889	1,500,000	1,070,428
Cash and capital increase	9,679				9,679
Transferred over the distribution of loss		2,735,431	-4,621,675		-1,886,244
Conversion of debt				917,099	917,099
Balance at 31 January 2021	109,679	4,790,748	-7,206,564	2,417,099	110,962

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Nordetect ApS for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

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.

Income statement

Gross loss

Gross loss Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit/loss.

Revenue

Income from the sale of goods, comprising the sale of manufactured goods and goods for resale, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Other external costs

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/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 at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities. Capitalized development costs are in progress, and are not depreciated, before the technology becomes commercial.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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:

Plant and machinery	5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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 1 January – 31 December

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1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and participating interests (including associates) 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.

Receivables

Receivables are measured at amortised cost.

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

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less, which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

The company's equity is an expression of net assets. Equity is the assets, deducted provisions and liabilities.

Own equity interests

Capital reduction by cancellation of treasury shares reduces the company's capital by an amount equal to the nominal value of the shares and increases transferred earnings. Dividends from treasury shares are recognized directly in equity under retained earnings. Purchase and sales figures for own shares are recognized directly in 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.

Equity instruments

Equity instruments are investments in the form of equity instruments that will be converted to equity.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value

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Notes

2 Staff costs

DKK	2021	2020
Wages and salaries	3,148,847	1,163,263
Pensions	0	0
Other social security costs	190,441	49,749
	<u>3,339,288</u>	<u>1,213,012</u>
Average number of full-time employees	<u>8</u>	<u>3</u>

Capitalised staff costs in 2021 amount to DKK 2,528,283 (2020: DKK 956,969)

3 Tax on loss for the year

DKK	2021	2020
Current tax for the year	768,901	-412,764
Deferred tax for the year	-35,693	231.612
	<u>733,208</u>	<u>-181,152</u>

4 Intangible assets

In the annual report development projects are recognized with a net book value of DKK 6,141,981. The assessed valuation at the balance sheet date involves a degree of estimation uncertainty.

Development projects relates to development of a platform, for a portable analysis system for tracking of nutrients, in the environmental and agricultural sector. The development projects are progressing in line with management's expectations.

DKK	Development projects in progress
Cost at 1. January 2021	2,635,019
Additions for the year	<u>3,506,962</u>
Cost at 31 December 2021	<u>6,141,981</u>