Deloitte.

MDSI ApS

Strandboulevarden 96
2100 Copenhagen
CVR No. 38341170

Annual report 2024

The Annual General Meeting adopted the annual report on 16.06.2025

Christian Ulrich Zander Olsen
Chairman of the General Meeting

Contents

Entity details

Entity
MDSI ApS
Strandboulevarden 96
2100 Copenhagen

Business Registration No.: 38341170
Registered office: Copenhagen
Financial year: 01.01.2024 - 31.12.2024

Board of Directors
Karsten Anderskov Madsen, Chairman
Christian Steinø
Jesper Duevang Rasmussen
Kim Nødskov

Executive Board
Christian Steinø

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of MDSI ApS for the financial year 01.01.2024 - 31.12.2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 13.06.2025

Executive Board

Christian Steinø

Board of Directors

Karsten Anderskov Madsen
Chairman

Christian Steinø

Jesper Duevang Rasmussen

Kim Nødskov

Independent auditor's report

To the shareholders of MDSI ApS

Opinion

We have audited the financial statements of MDSI ApS for the financial year 01.01.2024 - 31.12.2024, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity’s financial position at 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor’s report. We are independent of the Entity 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 Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity’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 Entity’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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 13.06.2025

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Wolff Mikkelsen
State Authorised Public Accountant
Identification No (MNE) mne33747

Anders Rødgaard Østdal
State Authorised Public Accountant
Identification No (MNE) mne50620

Management commentary

Primary activities

The company's main purpose is to research, develop and sell products within the following business areas:

Payload Integration and Navigation (System Integration)
Design and integration of mission-critical payloads that optimize payload performance and navigation accuracy, ensuring seamless operations in complex environments.

Payload Carriers (Effect Delivery)
Development of robust, reliable payload carriers for the precise and effective delivery of mission-critical assets.

Activity-Based Intelligence
Subscription-based data analysis (software) services gathering actionable insights by analyzing activities across a range of platforms, enabling faster, more informed decision-making.

Description of material changes in activities and finances

The income statement for 2024 shows a loss of tDKK 6,725 against a profit of tDKK 3,994 last year, and the balance sheet at 31 December 2024 shows a total balance of tDKK 58,244 and equity of tDKK 26,826. The negative development in the net result from 2023 to 2024 is primarily affected by higher staff cost as the company has invested in additional resources for development and sales.

It is expected that the investments made in additional development and sales resources will strengthen the company's market position and generate future revenue streams.

In April 2025, a current shareholder has provided the parent company MDSI Holding ApS with a convertible loan facility totalling up to DKK 20 million to be paid out in installments during 2025 based on the Groups financing requirements. The loan is due for payment on April 1st, 2026, and is expected to be fully or partially repaid or converted into equity before this date. Subsequentually, MDSI Holding ApS has entered into an agreement with MDSI ApS to transfer the loan on the same conditions as above to support the companys planned acitivites and operations.

Based on management's budgets and with the loan facility MDSI ApS has sufficient financing and liquidity resources for the planned activities and operations in 2025 and into Q1 2026, and therefore the annual report for 2024 has been prepared under the assumption of going concern.

Research and development activities

As part of the company's main activities, the company incurs costs for the development of products and services within the following business areas:

1. PISAPS - a “Platform Independent Stand-Alone Payload System” which is an advanced, computer solution, designed to be mounted on or in aircraft without the hassle of new certification

2 MAILMAN - a series of EDGE devices ranging from deployable terminals to droppable devices

3. QUANTUM EYE - a subscription-based data analysis (software) service that provides customers with a comprehensive view of maritime activity.

Existing and future development activities related to above products and business areas should ensure that the company can establish a strong market position and thereby contribute to future earnings.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2024

	Notes	2024 DKK'000	2023 DKK'000
Gross profit/loss	2	**9,392**	**16,847**
Staff costs	3	(14,248)	(9,661)
Depreciation, amortisation and impairment losses	4	(2,281)	(2,230)
Operating profit/loss		**(7,137)**	**4,956**
Other financial income	5	136	3
Other financial expenses	6	(1,809)	(125)
Profit/loss before tax		**(8,810)**	**4,834**
Tax on profit/loss for the year	7	2,085	(840)
Profit/loss for the year		**(6,725)**	**3,994**
Proposed distribution of profit and loss			
Retained earnings		(6,725)	3,994
Proposed distribution of profit and loss		**(6,725)**	**3,994**

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK'000	2023 DKK'000
Completed development projects	9	16,029	18,034
Acquired intangible assets		281	352
Development projects in progress	9	34,646	23,049
Intangible assets	8	**50,956**	**41,435**
Other fixtures and fittings, tools and equipment		63	47
Property, plant and equipment	10	**63**	**47**
Deposits		182	165
Financial assets	11	**182**	**165**
Fixed assets		**51,201**	**41,647**
Raw materials and consumables		867	187
Prepayments for goods		203	500
Inventories		**1,070**	**687**
Trade receivables		83	0
Receivables from group enterprises		0	417
Other receivables		302	0
Joint taxation contribution receivable		2,281	1,255
Prepayments		29	19
Receivables		**2,695**	**1,691**
Cash		**3,278**	**1,787**
Current assets		**7,043**	**4,165**
Assets		**58,244**	**45,812**

Equity and liabilities

	Notes	2024 DKK'000	2023 DKK'000
Contributed capital		40	40
Reserve for development expenditure		39,527	32,043
Retained earnings		(12,741)	(18,870)
Equity		**26,826**	**13,213**
Deferred tax		3,474	3,278
Provisions		**3,474**	**3,278**
Holiday pay obligation		545	511
Non-current liabilities other than provisions	12	**545**	**511**
Bank loans		19	0
Trade payables		274	228
Other payables		905	2,102
Deferred income		26,201	26,480
Current liabilities other than provisions		**27,399**	**28,810**
Liabilities other than provisions		**27,944**	**29,321**
Equity and liabilities		**58,244**	**45,812**
Uncertainty related to going concern	1		
Contingent liabilities	13		

Statement of changes in equity for 2024

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	40	32,043	(18,870)	13,213
Group contributions etc.	0	0	20,338	20,338
Transfer to reserves	0	7,484	(7,484)	0
Profit/loss for the year	0	0	(6,725)	(6,725)
Equity end of year	**40**	**39,527**	**(12,741)**	**26,826**

Notes

1 Uncertainty related to going concern

In April 2025, a current shareholder has provided the parent company MDSI Holding ApS with a convertible loan facility totalling up to DKK 20 million to be paid out in installments during 2025 based on the Groups financing requirements. The loan is due for payment on April 1st, 2026, and is expected to be fully or partially repaid or converted into equity before this date. Subsequentually, MDSI Holding ApS has entered into an agreement with MDSI ApS to transfer the loan on the same conditions as above to support the companys planned acitivites and operations.

Based on management's budgets and with the loan facility MDSI ApS has sufficient financing and liquidity resources for the planned activities and operations in 2025 and into Q1 2026, and therefore the annual report for 2024 has been prepared under the assumption of going concern.

2 Gross profit/loss

Gross profit includes Own work capitalised of 8,346 t.DKK (2023: 8,440 t.DKK) which relates to the capilatisation of staff costs regarding the Company's development projects.

3 Staff costs

	2024 DKK'000	2023 DKK'000
Wages and salaries	12,876	8,995
Pension costs	1,223	575
Other social security costs	149	91
	14,248	**9,661**
Average number of full-time employees	**20**	**13**

4 Depreciation, amortisation and impairment losses

	2024 DKK'000	2023 DKK'000
Amortisation of intangible assets	2,238	2,207
Depreciation of property, plant and equipment	43	23
	2,281	**2,230**

5 Other financial income

	2024 DKK'000	2023 DKK'000
Other interest income	67	3
Exchange rate adjustments	69	0
	136	**3**

6 Other financial expenses

	2024 DKK'000	2023 DKK'000
Financial expenses from group enterprises	1,755	17
Other financial expenses	54	108
	1,809	**125**

7 Tax on profit/loss for the year

	2024 DKK'000	2023 DKK'000
Current tax	(1,996)	(1,255)
Change in deferred tax	196	2,095
Refund in joint taxation arrangement	(285)	0
	(2,085)	**840**

Joint taxation contribution receivable on the balance sheet relates to refund of tax credit under the Danish Tax Credit Scheme.

It is Management's assessment that MDSI qualifies for using the scheme. The Danish Tax authorities may have another view hereon. The potential risk of repayment is maximazed to approx. 3,351 t.DKK related to the income years of 2022-2024.

8 Intangible assets

	Completed development projects DKK'000	Acquired intangible assets DKK'000	Development projects in progress DKK'000
Cost beginning of year	20,037	773	23,049
Additions	0	163	11,597
Cost end of year	**20,037**	**936**	**34,646**
Amortisation and impairment losses beginning of year	(2,004)	(421)	0
Amortisation for the year	(2,004)	(234)	0
Amortisation and impairment losses end of year	**(4,008)**	**(655)**	**0**
Carrying amount end of year	**16,029**	**281**	**34,646**

9 Development projects

Development projects include:

1. PISAPS - a Platform Independent Stand-Alone Payload System
2. MAILMAN - a series of EDGE devices ranging from deployable terminals to droppable devices
3. QUANTUM EYE - a subscription-based data analysis (software) service that provides customers with a comprehensive view of maritime activity.

The relating expenses primarily consist of payroll costs and external costs related to the development of the projects. The systems is expected to result in considerable competitive advantages and, hence, at significant increase in the level of activity and results expected from 2025.

The carrying amount totalled DKK 50,675 thousand at 31 December 2024.

The development projects is partially financed by grants, amounting to DKK 26,201 thousand as of 31 December 2024, which is presented as deferred income in the financial statement. The net value of the development projects in progress amounts to DKK 24,474 thousand as of 31 December 2024. The Company has no repayment obligations on the grants.

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	332
Additions	59
Cost end of year	**391**
Depreciation and impairment losses beginning of year	(285)
Depreciation for the year	(43)
Depreciation and impairment losses end of year	**(328)**
Carrying amount end of year	**63**

11 Financial assets

	Deposits DKK'000
Cost beginning of year	165
Additions	17
Cost end of year	**182**
Carrying amount end of year	**182**

12 Non-current liabilities other than provisions

	Due after more than 12 months 2024 DKK'000
Holiday pay obligation	545
	545

13 Contingent liabilities

	2024 DKK'000	2023 DKK'000
Recourse and non-recourse guarantee commitments	521	604
Contingent liabilities	**521**	**604**

Rent and lease liabilities include a rent obligation totalling 521 t.DKK in interminable rent agreements with remaining contract terms of 6 months

The Entity participates in a Danish joint taxation arrangement where MDSI Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, own work capitalised, other operating income, cost of sales and other external expenses.

Revenue

Revenue from the sale of manufactured software and hardware is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs incurred in the financial year and recognised in cost for proprietary intangible assets.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including public grants regarding development projects.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income
Other financial income comprises interest income, including transactions in foreign currencies, and other financial income.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, and other financial expenses.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries, external costs and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of tangible assets used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement, but not exceeding 3 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	2-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income
Deferred income recognised as a liability comprises grants received to acquire assets. The grants are recognised as a cut off item and are taken to income as the asset to which the grant relates is amortised.