Lægård Revision
Statsautoriseret revisionsfirma

NextM2M A/S

Lindholm Havnevej 31, 2.
5800 Nyborg

CVR no. 32 88 00 53

Annual report
1 October 2021 to 31 December 2022

(12th Financial year)

Adopted at the annual general meeting on 13 July 2023

Graeme Drostan Millar
chairman

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Company details

The company	NextM2M A/S Lindholm Havnevej 31, 2. 5800 Nyborg	
	CVR no.:	32 88 00 53
	Reporting period:	1 October 2021 - 31 December 2022
	Domicile:	Nyborg
Supervisory board	Henrik Hvistendal Hansen Graeme Drostan Millar, chairman Barna Levente Kutvolgyi	
Executive board	David Charles Edley, director	
Auditors	Lægård Revision Statsautoriseret revisionsfirma Østbanegade 123 2100 København Ø	

Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of NextM2M A/S for the financial year 1 October 2021 - 31 December 2022.

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 company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 October 2021 - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Nyborg, 13 July 2023

Executive board

David Charles Edley
Director

Supervisory board

Henrik Hvistendal Hansen	Graeme Drostan Millar chairman	Barna Levente Kutvolgyi

Independent auditor's report on extended review

To the shareholder of NextM2M A/S

Opinion

We have performed extended review of the financial statements of NextM2M A/S for the financial year 1 October 2021 - 31 December 2022, 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 performed work it is our opinion, that the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 October 2021 - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's standard on auditor's report for small enterprises and FSR - danish auditors' standard on extended review of financial statements 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 responsibility for the extended review of the financial statements

Our responsibility is to express a conclusion on the accompanying financial statements. This requires us to perform procedures in order to obtain limited assurance for our conclusion on these financial statements, and in addition perform specifically required supplementary procedures in order to obtain additional assurance for our conclusion.

An extended review of financial statements includes procedures primarily consisting of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and the specifically required supplementary procedures, and evaluating the evidence obtained.

Independent auditor's report on extended review

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 these financial statements.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 13 July 2023

Lægård Revision
Statsautoriseret revisionsfirma
CVR no. 18 43 70 82

Kurt Lægård
Statsautoriseret revisor
MNE no. mne15013

Business review

The company's main activity is trading and investment.

Accounting policies

The annual report of NextM2M A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2021/22 is presented in DKK

Changes in accounting policies

The accounting period has been changed to the current accounting year and includes the period 1. October 2021 - 31. December 2022. The comparative figures in the income statement cover the period 1. October 2020 - 30. September 2021.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

The item Other operating income includes items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment, operating losses, indemnities relating to operating losses and conflicts as well as payroll refunds. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

Other external expenses

Other external expenses include expenses related to sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Tangible assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	**Residual value**
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Deposits

Deposits are measured at amortized cost, which normally corresponds to nominal value.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for development costs

An amount corresponding to capitalised development costs is recognised in the reserve. The reserve is reduced as development costs are amortised.

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Income statement 1 October - 31 December

	Note	2021/22	2020/21
		DKK	DKK
Gross profit		**3.843.860**	**3.558.690**
Staff costs	1	-1.157.927	-1.658.652
Profit/loss before amortisation/depreciation and impairment losses		**2.685.933**	**1.900.038**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-431.888	-135.449
Profit/loss before net financials		**2.254.045**	**1.764.589**
Financial income		0	1.726
Financial costs		-201.281	-72.822
Profit/loss before tax		**2.052.764**	**1.693.493**
Tax on profit/loss for the year		-451.638	-376.092
Profit/loss for the year		**1.601.126**	**1.317.401**
Transferred to reserve for development expenditure		-33.198	629.242
Retained earnings		1.634.324	688.159
		1.601.126	**1.317.401**

Balance sheet 31 December

	Note	2021/22	2020/21
		DKK	DKK
Assets			
Completed development projects		905.217	1.201.023
Intangible assets	2	**905.217**	**1.201.023**
Other fixtures and fittings, tools and equipment		90.362	150.116
Tangible assets		**90.362**	**150.116**
Deposits		15.362	34.500
Fixed asset investments		**15.362**	**34.500**
Total non-current assets		**1.010.941**	**1.385.639**
Trade receivables		5.038.872	3.825.700
Receivables from subsidiaries		0	5.000
Other receivables		5.000	211
Prepayments		0	75.766
Receivables		**5.043.872**	**3.906.677**
Cash at bank and in hand		**2.296.394**	**948.801**
Total current assets		**7.340.266**	**4.855.478**
Total assets		**8.351.207**	**6.241.117**

Balance sheet 31 December

	Note	2021/22	2020/21
		DKK	DKK
Equity and liabilities			
Share capital		1.000.000	1.000.000
Reserve for development expenditure		706.069	739.267
Retained earnings		3.862.764	2.228.490
Equity		**5.568.833**	**3.967.757**
Provision for deferred tax		84.308	205.000
Total provisions		**84.308**	**205.000**
Banks		134	4.584
Trade payables		1.778.787	1.115.605
Payables to subsidiaries		0	466.955
Corporation tax		572.330	174.463
Other payables		70.260	306.753
Deferred income		276.555	0
Total current liabilities		**2.698.066**	**2.068.360**
Total liabilities		**2.698.066**	**2.068.360**
Total equity and liabilities		**8.351.207**	**6.241.117**
Contingent liabilities	3		

Notes

		2021/22	2020/21
		DKK	DKK
1	**Staff costs**		
	Wages and salaries	1.061.490	1.610.190
	Pensions	78.000	38.000
	Other social security costs	18.437	10.462
		1.157.927	**1.658.652**
	Average number of employees	2	2

2 Intangible assets

It strengthens the company's opportunities to increase market shares in the home market and in the Nordics by integrating and implementing several suppliers. The most recent integration also strengthens the opportunities in the North American market, where a technology change opens up new players in a growing and interesting IoT market. It is the assessment that the latest measures will result in increased revenue already in the coming year period.

3 Contingent liabilities

The company's total contingent liabilities amount to approx. DKK 28.300.

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Kurt Lægård
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