

# Dialight A/S

Ejby Industrivej 91B  
2600 Glostrup  
Denmark

CVR no. 13 89 14 43

## Annual report 2021

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

7 July 2022



Morten Haaning Christensen  
Chairman of the annual general meeting

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**Dialight A/S**  
Annual report 2021  
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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Dialight A/S 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.

Glostrup, 7 July 2022  
Executive Board:



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Morten Haaning  
Christensen

Board of Directors:



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Arne Karschunke  
Chairman

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John Charles Simmons



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Morten Haaning  
Christensen

## Independent auditor's report

### To the shareholders of Dialight A/S

#### Opinion

We have audited the financial statements of Dialight A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity 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.

#### 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 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.

## Independent auditor's report

- 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 7 July 2022

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Kenn Wolff Hansen  
State Authorised  
Public Accountant  
mne30154

**Dialight A/S**  
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## Management's review

### Company details

Dialight A/S  
Ejby Industrivej 91B  
2600 Glostrup  
Denmark

CVR no.:	13 89 14 43
Established:	1 January 1990
Registered office:	Glostrup
Financial year:	1 January – 31 December

### Board of Directors

Arne Karschunke, Chairman  
John Charles Simmons  
Morten Haaning Christensen

### Executive Board

Morten Haaning Christensen

### Auditor

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

## **Management's review**

### **Operating review**

#### **Principal activities**

The principal activities of the Company consist of development, production and trading activity mainly within aircraft warning signal lightning and maritime navigation equipment for windmills and any related business in connection with this according to the board of Director's assesment.

The Company has not had any operating activities in 2021.

#### **Development in activities and financial position**

The Company's income statement for 2021 shows a loss of DKK -107 thousand as against DKK -195 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 37 thousand as against DKK 144 thousand at 31 December 2020.

#### **Events after the balance sheet date**

No significant events have occurred as the Company has had no significant activities.

#### **Going Concern**

The Company has lost more than 50% of its share capital. Management expect that the Company will be liquidated when it has settled its liabilities.

In order to ensure the Company's continued operations, the Company has received a letter of support from the shareholder SABIK Offshore GmbH. The letter of support is limited to DKK 300 thousand.

In Management's opinion the amount is sufficient to settle the Company's normal expected obligations as they fall due at least until the date of the general meeting, where the annual report for 2022 is approved or until the Company eventually is dissolved during 2022 or 2023. Furthermore, reference is made to the statement of changes in equity.

The Company has been informed by a former customer, that there are some technical problems with some products delivered in prior years. Any formal claim has not yet been received and based on the information available beginning of July 2022, the likelihood that an actual claim will be received is limited and any magnitude of such a claim is not possible to estimate. Due to the uncertainties no provision has been incorporated in the financial statements for 2021. However, if a formal claim will occur and the company can be held liable, there is a risk that the Company will not have sufficient resources to fulfil the claim and thus not continue it's operations as a going concern.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2021	2020
<b>Gross profit/loss</b>		-177	913
Staff costs	2	-35	-1,495
Depreciation, amortisation and impairment losses		0	-17
<b>Loss before financial income and expenses</b>		-212	-599
Financial income		2	13
Financial expenses		-10	-13
<b>Loss before tax</b>		-220	-599
Tax on loss for the year	3	113	404
<b>Loss for the year</b>		-107	-195
<b>Proposed distribution of loss</b>			
Retained earnings		-107	-195
		-107	-195



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	<u>31/12 2021</u>	<u>31/12 2020</u>
<b>ASSETS</b>			
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		27	27
Receivables from group entities		0	2,123
Other receivables		4	955
Deferred tax asset		402	404
Corporation tax		<u>12</u>	<u>0</u>
		<u>445</u>	<u>3,509</u>
<b>Cash at bank and in hand</b>		<u>117</u>	<u>1,763</u>
<b>Total current assets</b>		<u>562</u>	<u>5,272</u>
<b>TOTAL ASSETS</b>		<u>562</u>	<u>5,272</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		500	500
Retained earnings		-463	-356
<b>Total equity</b>		<u>37</u>	<u>144</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		62	4,750
Payables to group entities		<u>463</u>	<u>378</u>
		<u>525</u>	<u>5,128</u>
<b>Total liabilities</b>		<u>525</u>	<u>5,128</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>562</u></u>	<u><u>5,272</u></u>
<b>Contractual obligations, contingencies, etc.</b>	4		
<b>Related party disclosures</b>	5		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2021	500	-356	144
Transferred over the distribution of loss	0	-107	-107
<b>Equity at 31 December 2021</b>	<b>500</b>	<b>-463</b>	<b>37</b>

The Company has lost more than 50% of its share capital. Management expect that the Company will be liquidated when it has settled its liabilities.

In order to ensure the Company's continued operations, the Company has received a letter of support from the shareholder SABIK Offshore GmbH. The letter of support is limited to DKK 300 thousand.

In Management's opinion the amount is sufficient to settle the Company's normal expected obligations as they fall due at least until the date of the general meeting, where the annual report for 2022 is approved or until the Company eventually is dissolved during 2022 or 2023.

As mentioned in the Annual Report for 2020, the Company has been informed by a former customer, that there are some technical problems with some products delivered in prior years. Any formal claim has not yet been received and based on the information available beginning of July 2022, the likelihood that an actual claim will be received is limited and any magnitude of such a claim is not possible to estimate. Due to the uncertainties no provision has been incorporated in the financial statements for 2021. However, if a formal claim will occur and the company can be held liable, there is a risk that the Company will not have sufficient resources to fulfil the claim and thus not continue it's operations as a going concern.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Dialight A/S for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

### Income statement

#### Gross profit

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

#### Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

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

#### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

#### Other external costs

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

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

#### Financial income and expenses

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

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Tax on loss for the year

The Company is part of a Danish joint taxation, with Sabik Offshore ApS as administrative company.

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, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

##### Balance sheet

###### 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.

###### Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

###### 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.

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. 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.

###### Liabilities

Other liabilities are measured at amortised cost.

## Financial statements 1 January – 31 December

### Notes

DKK'000	<u>2021</u>	<u>2020</u>
<b>2 Staff costs</b>		
Wages and salaries	0	1,133
Pensions	0	259
Other social security costs	35	80
Other staff costs	<u>0</u>	<u>23</u>
	<u>35</u>	<u>1,495</u>
Average number of full-time employees	<u>0</u>	<u>4</u>
<b>3 Tax on loss for the year</b>		
Deferred tax for the year	<u>113</u>	<u>404</u>
	<u>113</u>	<u>404</u>

At 31 December 2021 the Company has a total deferred tax asset of DKK 2,994 thousand. Hereof Management has decided to recognize DKK 402 thousand corresponding to the part of the tax asset, that Management expect will be utilized in the Danish joint taxation for the years 2021, 2022 and 2023.

### 4 Contractual obligations, contingencies, etc.

The Company is jointly and severally liable for tax on the jointly taxed incomes in the Danish subsidiaries of the Sabik Offshore Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income.

The Company has been informed by a former customer, that there are some technical problems with some products delivered in prior years. Any formal claim has not yet been received and based on the information available beginning of July 2021, the possible magnitude if a claim actually will be received, is not possible to estimate.

Due to the uncertainties no provision has been incorporated in the financial statements for 2021. However, if a formal claim will occur and the Company can be held liable, there is a risk that the Company will not have sufficient resources to fulfil the claim and thus not continue it's operations as a going concern.

### 5 Related party disclosures

Dialight A/S' related parties comprise the following:

#### Control

SABIK Offshore GmbH, Wilhelm-Maybach-Str. 3, 19061 Schwerin, Germany.

SABIK Offshore GmbH holds the majority of the contributed capital in the Company.

Dialight A/S is part of the consolidated financial statements of Sedna Wind Technologies Inc. 250 Bay Street Victoria, BC, V9a 3K5 Canada, which is the smallest group, in which the Company is included as a subsidiary.