
TeeJet Technologies Denmark ApS

Mølhavevej 2, DK-9440 Aabybro

Annual Report for 1 January - 31 December 2021

CVR No 25 49 91 82

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
5 /7 2022

Anne Mette Skovbjerg
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Cash Flow Statement 1 January - 31 December	13
Notes to the Financial Statements	14

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of TeeJet Technologies Denmark ApS for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aabybro, 5 July 2022

Executive Board

Mark Grypdon
Executive Officer

Anne Mette Skovbjerg
Executive Officer

Board of Directors

Raoul De Winne
Chairman

Thomas Albert Cioni

Martin Francis Hynes

Independent Auditor's Report

To the Shareholders of TeeJet Technologies Denmark ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TeeJet Technologies Denmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Group 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.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the Financial Statements, which states that investigations are currently underway from the Danish Business Authority in relation to registration of the Company's beneficial owners. It is the Company's management's opinion that an exemption will be received for registration of beneficial owners. If this waiver request is not obtained, there may be risks of forced dissolution of the company. As a result, there is material uncertainty that could raise significant doubt about the Company's ability to continue its operations.

Our conclusion has not been modified in respect of this matter.

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.

Independent Auditor's Report

In connection with our audit 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 audit, 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 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.

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 and the Group'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 Group's and 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 Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Aarhus, 5 July 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Trangeled Kristensen

State Authorised Public Accountant

mne23333

Company Information

The Company

TeeJet Technologies Denmark ApS
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DK-9440 Aabybro

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Website: www.teejet.dk

CVR No: 25 49 91 82
Financial period: 1 January - 31 December
Incorporated: 10 July 2000
Financial year: 22nd financial year
Municipality of reg. office: Jammerbugt

Board of Directors

Raoul De Winne, Chairman
Thomas Albert Cioni
Martin Francis Hynes

Executive Board

Mark Grypdon
Anne Mette Skovbjerg

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Gross profit/loss	28.744	18.036	13.723	18.836	34.874
Operating profit/loss	-1.319	-15.112	-25.627	-16.823	489
Net financials	-847	-135	-47	-309	-1.421
Net profit/loss for the year	-2.655	-15.712	-23.053	-17.851	-2.996
Balance sheet					
Balance sheet total	62.835	101.200	91.375	72.971	54.620
Equity	-13.028	-10.352	6.450	-5.123	13.387
Cash flows					
Cash flows from:					
- operating activities	-13.446	1.556	-25.098	-16.913	-1.350
- investing activities	-430	-2.864	-1.399	-1.164	-371
including investment in property, plant and equipment	-430	-2.864	-1.399	-1.164	-371
- financing activities	13.685	-1.509	28.742	17.993	3.078
Change in cash and cash equivalents for the year	-192	-2.818	2.246	-84	1.357
Number of employees	53	62	72	73	65
Ratios					
Return on assets	-2,1%	-14,9%	-24,6%	-23,1%	0,9%
Solvency ratio	-20,7%	-10,2%	7,1%	-7,0%	24,5%
Return on equity	22,7%	805,3%	-3.474,5%	-432,0%	-19,9%

Management's Review

Key activities

TeeJet Technologies Denmark ApS is based in Aabybro, Denmark and the main business activity in the Group is development, production and marketing of electronic components and systems for mobile equipment within the agricultural sector and acts as a non-exclusive distributor of the parent Company, Spraying Systems Co. products in Europe. TeeJet Technologies Denmark ApS manages the Group's sales subsidiaries in Germany, Belgium, France, UK, Poland and South Africa. The subsidiaries act as non-exclusive sales agents for Group products in their respective markets.

Development in the year

The income statement of the Group for 2021 shows a loss of DKK 2,654,625, and at 31 December 2021 the balance sheet of the Group shows negative equity of DKK 13,027,827.

The income statement of Teejet Technologies Denmark ApS for 2021 shows a loss of DKK 2,665,352, and at 31 December 2021 the balance sheet of Teejet Technologies Denmark ApS shows negative equity of DKK 12,996,866.

The past year and follow-up on development expectations from last year

Unfortunately, the result for 2021 was not as expected mainly due to downturn in the agricultural sector in Europe, Middle East and Africa in general.

Capital resources

The financial statements have been prepared for continued operation, as the parent company has provided the necessary credit facilities. The parent company has issued a letter of support in favor of the company covering the period up to May 31, 2023.

Management's Review

Strategy

The strategy adopted by TeeJet Technologies Denmark ApS in relation to the precision farming market is to primarily target OEMs and simultaneously generate end-user demand. The product characteristics, which TeeJet Technologies Denmark ApS's research has shown to be most valued by its customers, are quality/reliability, simplicity, technical support and responsiveness, customer service, price, lead-time, personal credibility, account presence and native language skills of the sales people.

Nowadays, the subject of sustainability also plays an increasingly important role in the agricultural machinery industry, as is the case in almost all sectors. The term "sustainability" itself originates from the forestry sector and is thus closely associated with the agricultural machinery industry. When sustainability is demanded from agriculture, the focus is therefore on both the environment and society. Thus, the challenge is to intensify agricultural production on the existing or shrinking areas and, at the same time, cause as little environmental degradation as possible. Intelligent production methods, which have been developed in recent years and grouped under the umbrella term "precision farming", are a revolutionary step in this direction.

The Group and the Parent Company will continue to develop, manufacture and market electronic components and systems for mobile equipment and systems for mobile equipment within the agricultural sector.

Targets and expectations for the year ahead

The expectations for 2022 are on the same level as well as net result for the year. This is due to both large price increases and long lead time. However, it is not expected to have an influence on going concern and the fact that TeeJet Technologies Denmark ApS continues its operation as until now.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	Group		Parent company	
		2021	2020	2021	2020
		DKK	DKK	DKK	DKK
Gross profit/loss		28.744.150	18.036.017	16.126.020	6.028.774
Staff expenses	2	-28.366.139	-31.596.243	-19.408.619	-20.577.196
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-1.696.604	-1.552.029	-1.618.136	-1.439.156
Profit/loss before financial items		-1.318.593	-15.112.255	-4.900.735	-15.987.578
Income from investments in subsidiaries		0	0	3.492.203	1.771.888
Financial income	4	715.078	1.961.930	200.638	218.833
Financial expenses	5	-1.562.305	-2.096.588	-1.457.458	-1.715.660
Profit/loss before tax		-2.165.820	-15.246.913	-2.665.352	-15.712.517
Tax on profit/loss for the year	6	-488.805	-464.791	0	0
Net profit/loss for the year		-2.654.625	-15.711.704	-2.665.352	-15.712.517

Balance Sheet 31 December

Assets

	Note	Group		Parent company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Land and buildings		2.452.248	3.137.890	2.452.248	3.137.890
Plant and machinery		2.950.769	3.240.108	2.950.769	3.240.108
Other fixtures and fittings, tools and equipment		574.837	851.609	292.296	600.821
Property, plant and equipment	7	5.977.854	7.229.607	5.695.313	6.978.819
Investments in subsidiaries	8	0	0	10.967.586	9.618.565
Other securities and investments	9	25.980	17.910	25.980	17.910
Other receivables	9	12.149	11.439	12.149	11.439
Fixed asset investments		38.129	29.349	11.005.715	9.647.914
Fixed assets		6.015.983	7.258.956	16.701.028	16.626.733
Inventories	10	15.411.234	13.815.571	15.310.120	13.700.649
Trade receivables		19.012.800	13.307.043	6.964.535	13.307.043
Receivables from group enterprises		12.726.056	58.842.104	13.360.407	59.826.803
Other receivables		6.167.061	6.045.213	4.620.011	5.582.131
Deferred tax asset	11	171.485	70.407	0	0
Prepayments	12	2.068.042	406.932	1.561.809	290.806
Receivables		40.145.444	78.671.699	26.506.762	79.006.783
Cash at bank and in hand		1.262.358	1.454.001	10.497	15.774
Currents assets		56.819.036	93.941.271	41.827.379	92.723.206
Assets		62.835.019	101.200.227	58.528.407	109.349.939

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2021 DKK	2020 DKK	2021 DKK	2020 DKK
Share capital		2.000.000	2.000.000	2.000.000	2.000.000
Reserve for net revaluation under the equity method		0	0	6.476.617	2.957.880
Other reserves		-1.088.427	-1.088.427	0	0
Retained earnings		-13.908.439	-11.243.087	-21.473.483	-15.289.394
Equity attributable to shareholders of the Parent Company		-12.996.866	-10.331.514	-12.996.866	-10.331.514
Minority interests		-30.961	-20.234	0	0
Equity		-13.027.827	-10.351.748	-12.996.866	-10.331.514
Provisions relating to investments in group enterprises		0	0	4.183.893	0
Other provisions	14	400.000	800.000	400.000	800.000
Provisions		400.000	800.000	4.583.893	800.000
Trade payables		1.863.607	4.470.743	620.125	3.569.769
Payables to group enterprises		63.479.824	95.900.290	59.093.327	106.967.502
Corporation tax		177.659	154.020	0	0
Other payables		9.941.756	10.226.922	7.227.928	8.344.182
Short-term debt		75.462.846	110.751.975	66.941.380	118.881.453
Debt		75.462.846	110.751.975	66.941.380	118.881.453
Liabilities and equity		62.835.019	101.200.227	58.528.407	109.349.939
Going concern	1				
Distribution of profit	13				
Contingent assets, liabilities and other financial obligations	17				
Related parties	18				
Accounting Policies	19				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Other reserves	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	2.000.000	0	-1.088.427	-11.243.087	-10.331.514	-20.234	-10.351.748
Exchange adjustments	0	0	0	-9.490	-9.490	0	-9.490
Other equity movements	0	0	0	-11.964	-11.964	0	-11.964
Net profit/loss for the year	0	0	0	-2.643.898	-2.643.898	-10.727	-2.654.625
Equity at 31 December	2.000.000	0	-1.088.427	-13.908.439	-12.996.866	-30.961	-13.027.827

Parent company

Equity at 1 January	2.000.000	2.957.880	0	-15.289.394	-10.331.514	0	-10.331.514
Exchange adjustments relating to foreign entities	0	26.534	0	0	26.534	0	26.534
Net profit/loss for the year	0	3.492.203	0	-6.184.089	-2.691.886	0	-2.691.886
Equity at 31 December	2.000.000	6.476.617	0	-21.473.483	-12.996.866	0	-12.996.866

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 DKK	2020 DKK
Net profit/loss for the year		-2.654.625	-15.711.704
Adjustments	15	3.015.338	1.086.848
Change in working capital	16	-12.385.460	16.420.925
Cash flows from operating activities before financial income and expenses		-12.024.747	1.796.069
Financial income		707.008	1.961.930
Financial expenses		-1.562.305	-2.096.588
Cash flows from ordinary activities		-12.880.044	1.661.411
Corporation tax paid		-566.243	-105.715
Cash flows from operating activities		-13.446.287	1.555.696
Purchase of property, plant and equipment		-430.211	-2.864.126
Cash flows from investing activities		-430.211	-2.864.126
Reduction of receivables, net to group enterprises		13.695.582	-1.508.634
Minority interests		-10.727	-813
Cash flows from financing activities		13.684.855	-1.509.447
Change in cash and cash equivalents		-191.643	-2.817.877
Cash and cash equivalents at 1 January		1.454.001	4.271.878
Cash and cash equivalents at 31 December		1.262.358	1.454.001
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1.262.358	1.454.001
Cash and cash equivalents at 31 December		1.262.358	1.454.001

Notes to the Financial Statements

1 Going concern

During the financial year 2019, the Danish Business Authority initiated an investigation into the Company's registration of its beneficial owners. Management has submitted an application where they apply for an exemption from registration of beneficial owners. If this waiver request is not obtained, there may be risks of forced dissolution of the company. As a result, there is significant uncertainty that could raise considerable doubt about the Company's ability to continue its operations.

Management has not yet received an answer to their application, but expects to receive the exemption as the company currently does not comply with the requirements to disclose beneficial owners. Therefore, Management has prepared the financial statements on a going concern basis.

The Company has realized a loss of DKK 2,655k, and has a negative equity of DKK 13,027k at 31 December 2021.

The Company's parent company has decided to financially support the Company in the form of a letter of financial support. The letter of financial support issued by the parent company covers the period to May 31, 2023. It is Management's opinion that it has ensured the necessary liquidity resources for continued operations.

	Group		Parent company	
	<u>2021</u> DKK	<u>2020</u> DKK	<u>2021</u> DKK	<u>2020</u> DKK
2 Staff expenses				
Wages and salaries	25.109.020	29.451.059	16.151.500	18.432.012
Pensions	1.469.934	1.649.287	1.469.934	1.649.287
Other social security expenses	128.668	149.201	128.668	149.201
Other staff expenses	1.658.517	346.696	1.658.517	346.696
	<u>28.366.139</u>	<u>31.596.243</u>	<u>19.408.619</u>	<u>20.577.196</u>
Including remuneration to the Executive Board and Board of Directors	<u>650.317</u>	<u>573.078</u>	<u>650.317</u>	<u>573.078</u>
Average number of employees	<u>53</u>	<u>62</u>	<u>38</u>	<u>44</u>

Notes to the Financial Statements

	Group		Parent company	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Depreciation of property, plant and equipment	1.696.604	1.552.029	1.618.136	1.439.156
	1.696.604	1.552.029	1.618.136	1.439.156
4 Financial income				
Income from fixed asset investments	8.070	0	8.070	0
Interest received from group enterprises	0	0	192.568	113.082
Other financial income	707.008	1.961.930	0	105.751
	715.078	1.961.930	200.638	218.833
5 Financial expenses				
Interest paid to group enterprises	0	0	678.727	575.643
Other financial expenses	1.445.593	256.674	662.019	150.598
Exchange adjustments, expenses	116.712	1.839.914	116.712	989.419
	1.562.305	2.096.588	1.457.458	1.715.660
6 Tax on profit/loss for the year				
Current tax for the year	589.883	421.892	0	0
Deferred tax for the year	-101.078	42.899	0	0
	488.805	464.791	0	0

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	14.469.992	8.248.649	3.705.987	26.424.628
Exchange adjustment	0	0	19.302	19.302
Additions for the year	0	334.630	95.581	430.211
Disposals for the year	0	-127.937	-357.623	-485.560
Cost at 31 December	<u>14.469.992</u>	<u>8.455.342</u>	<u>3.463.247</u>	<u>26.388.581</u>
Impairment losses and depreciation at 1 January	11.332.102	5.008.541	2.818.535	19.159.178
Exchange adjustment	0	0	43.397	43.397
Depreciation for the year	685.642	623.969	384.101	1.693.712
Impairment and depreciation of sold assets for the year	0	-127.937	-357.623	-485.560
Impairment losses and depreciation at 31 December	<u>12.017.744</u>	<u>5.504.573</u>	<u>2.888.410</u>	<u>20.410.727</u>
Carrying amount at 31 December	<u>2.452.248</u>	<u>2.950.769</u>	<u>574.837</u>	<u>5.977.854</u>
Depreciated over	<u>20 years</u>	<u>3-5 years</u>	<u>3-7 years</u>	

Notes to the Financial Statements

7 Property, plant and equipment (continued)

Parent company

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
	DKK	DKK	DKK	DKK
Cost at 1 January	14.469.992	8.248.649	2.670.833	25.389.474
Additions for the year	0	334.630	0	334.630
Disposals for the year	0	-127.937	-357.623	-485.560
Kostpris at 31 December	<u>14.469.992</u>	<u>8.455.342</u>	<u>2.313.210</u>	<u>25.238.544</u>
Impairment losses and depreciation at 1 January	11.332.102	5.008.541	2.070.012	18.410.655
Depreciation for the year	685.642	623.969	308.525	1.618.136
Impairment and depreciation of sold assets for the year	0	-127.937	-357.623	-485.560
Impairment losses and depreciation at 31 December	<u>12.017.744</u>	<u>5.504.573</u>	<u>2.020.914</u>	<u>19.543.231</u>
Carrying amount at 31 December	<u>2.452.248</u>	<u>2.950.769</u>	<u>292.296</u>	<u>5.695.313</u>
Depreciated over	<u>20 years</u>	<u>3-5 years</u>	<u>3-7 years</u>	

Notes to the Financial Statements

	Parent company	
	2021	2020
	DKK	DKK
8 Investments in subsidiaries		
Cost at 1 January	307.076	308.961
Disposals for the year	0	-1.885
Cost at 31 December	<u>307.076</u>	<u>307.076</u>
Value adjustments at 1 January	2.957.880	5.317.569
Disposals for the year	0	-3.953.491
Exchange adjustment	26.534	-178.086
Net profit/loss for the year	<u>3.492.203</u>	<u>1.771.888</u>
Value adjustments at 31 December	<u>6.476.617</u>	<u>2.957.880</u>
Equity investments with negative net asset value amortised over receivables	<u>0</u>	<u>6.353.609</u>
Equity investments with negative net asset value transferred to provisions	<u>4.183.893</u>	<u>0</u>
Carrying amount at 31 December	<u>10.967.586</u>	<u>9.618.565</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
TeeJet Tournai SprL	Belgium	EUR 6k	99%
TeeJet Technologies GmbH	Germany	EUR 25k	100%
TeeJet LH Agro Polska Spolka Z.o.o.	Poland	PLN 50k	100%
TeeJet UK Ltd.	England	GBP 0k	100%
TeeJet Agro LH Orleans	France	EUR 9k	100%
TeeJet South Africa	South Africa	ZAR 0k	100%

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

9 Other fixed asset investments

	Group		Parent company	
	Other securities and investments DKK	Other receiv- ables DKK	Other securities and investments DKK	Other receiv- ables DKK
Cost at 1 January	10.290	11.439	10.290	11.439
Additions for the year	0	710	0	710
Cost at 31 December	10.290	12.149	10.290	12.149
Revaluations at 1 January	7.620	0	7.620	0
Revaluations for the year	8.070	0	8.070	0
Revaluations at 31 December	15.690	0	15.690	0
Carrying amount at 31 December	25.980	12.149	25.980	12.149

	Group		Parent company	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
Raw materials and consumables	12.711.229	9.270.445	12.711.229	9.270.445
Finished goods and goods for resale	2.700.005	4.545.126	2.598.891	4.430.204
	15.411.234	13.815.571	15.310.120	13.700.649

11 Provision for deferred tax

Provision for deferred tax at 1 January	-70.407	-113.306	0	0
Amounts recognised in the income statement for the year	-101.078	42.899	0	0
Provision for deferred tax at 31 December	-171.485	-70.407	0	0

The recognised tax asset comprises tax loss carry-forwards expected to be utilised within the next three to four years. It is expected that the Group's revenue will increase and affect the gross margin.

Notes to the Financial Statements

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

	Group		Parent company	
	2021 DKK	2020 DKK	2021 DKK	2020 DKK
13 Distribution of profit				
Reserve for net revaluation under the equity method	0	0	3.518.737	-1.271.262
Minority interests' share of net profit/loss of subsidiaries	-10.727	813	0	0
Retained earnings	-2.643.898	-15.712.517	-6.184.089	-14.441.255
	-2.654.625	-15.711.704	-2.665.352	-15.712.517

14 Other provisions

The Group provides warranties on certain products and thereby undertakes repairs or replacement of items which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of DKK 400k (2020: DKK 800k) have been recognised for expected warranty claims.

Warranty accruals	400.000	800.000	400.000	800.000
	400.000	800.000	400.000	800.000

15 Cash flow statement - adjustments

	Group	
	2021 DKK	2020 DKK
Financial income	-715.078	-1.961.930
Financial expenses	1.562.305	2.096.588
Depreciation, amortisation and impairment losses, including losses and gains on sales	1.696.604	1.575.826
Tax on profit/loss for the year	488.805	464.791
Exchange adjustment	0	1.088.427
Other adjustments	-17.298	-2.176.854
	3.015.338	1.086.848

Notes to the Financial Statements

	Group	
	2021	2020
	DKK	DKK
16 Cash flow statement - change in working capital		
Change in inventories	-1.595.663	4.978.076
Change in receivables	-7.497.495	9.145.387
Change in other provisions	-400.000	0
Change in trade payables, etc	-2.892.302	2.297.462
	-12.385.460	16.420.925

	Group		Parent company	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
17 Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	447.620	744.578	162.522	181.298
Between 1 and 5 years	601.372	318.021	26.807	113.248
After 5 years	211.754	0	0	0
	1.260.746	1.062.599	189.329	294.546

Other contingent liabilities

The subsidiary in France has a pension liability of DKK 484k which is due after 4 years.

The subsidiary in Germany has a pension liability of DKK 74k which is due after 4 years.

18 Related parties

Basis

Controlling interest

Spraying Systems Co., Wheaton, Illinois, USA

Parent company

Notes to the Financial Statements

18 Related parties (continued)

Transactions

Referring to section 98 C, litra 7 of the Danish Financial Statements Act, no information describing transactions with related parties is provided.

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of TeeJet Technologies Denmark ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, TeeJet Technologies Denmark ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

Notes to the Financial Statements

19 Accounting Policies (continued)

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

19 Accounting Policies (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Notes to the Financial Statements

19 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

19 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-7 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Notes to the Financial Statements

19 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposit related to rent for the Parent Company.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Notes to the Financial Statements

19 Accounting Policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Notes to the Financial Statements

19 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

19 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$