

Sky-Watch A/S

Østre Alle 6, 9530 Støvring

CVR no. 32 65 38 47

Annual report 2021

Approved at the Company's annual general meeting on 18 March 2022

Chair of the meeting:

.....
Julie Nielsen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Sky-Watch A/S 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 give a true and fair view of the financial position of the Company 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.

Støvring, 18 March 2022
Executive Board:

.....
Martin Schousboe

Board of Directors:

.....
Per-Erik Edvard Svehag
Chair

.....
Søren Pedersen

.....
Niels Jesper Jespersen
Jensen

Independent auditor's report

To the shareholders of Sky-Watch A/S

Opinion

We have audited the financial statements of Sky-Watch A/S for the financial year 1 January - 31 December 2021, which comprise 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 financial position of the Company 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements regarding material uncertainty related to going concern.

We have not modified our opinion in respect of this matter.

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 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 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 the 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 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Odense, 18 March 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Schougaard Sørensen
State Authorised Public Accountant
mne32129

Management's review

Company details

| | |
|----------------------------|---|
| Name | Sky-Watch A/S |
| Address, Postal code, City | Østre Alle 6, 9530 Støvring |
| CVR no. | 32 65 38 47 |
| Established | 1 September 2009 |
| Registered office | Aalborg |
| Financial year | 1 January - 31 December |
| Board of Directors | Per-Erik Edvard Svehag, Chair Søren Pedersen Niels Jesper Jespersen Jensen |
| Executive Board | Martin Schousboe |
| Auditors | EY Godkendt Revisionspartnerselskab Cortex Park Vest 3, 5230 Odense M, Denmark |
| Bankers | Nordea |

Management's review

Business review

The purpose of Sky-Watch is to develop and commercialize market leading mini UAS (Unmanned Aerial Systems) for professional users, primarily in the Defense & Security segment. The company collaborates with world leading corporations to develop leading edge system components and solutions and serves a growing international customer base.

The company has continued to experience a negative Covid-19 impact throughout the year but has, towards the end of the year, seen indications of gradually improving market conditions.

Throughout 2021, and into 2022, the Sky Watch product and technology platform has continued to improve and seen substantial progress on and increased range of defense & security features and value propositions.

Seeking a stronger financial basis for operations and continued business development Sky-Watch is in late-stage discussions with American based AIRO Group, Inc. with the intent to join its business model and corporate structure. The AIRO Group business model is to consolidate several companies in the aerospace market under joint ownership.

Financial review

The Company continued its expansive investments in both technology and product development and positioning in the Defense & Security segment and incurred a loss after tax of DKK 23,528 thousand in the fiscal year 2021.

In 2021 the shareholders increased the shareholder loan from the majority shareholder, Dangroup Aps, to cover the increased needs for net working capital and the cumulated investments in tangible and intangible assets, and to strengthen the overall liquidity of the company.

Equity and reserves are negative at the end of 2021 with DKK -102,198 thousand. The company has lost its capital. Management expects the capital to be regained over the coming years through positive earnings or through capital increase.

The Company expects operating losses and negative cash flows into the foreseeable future as it continues to develop and commercialize its products. These conditions, combined with the fact that, as of December 31, 2021, the Company's cash is not sufficient to fund operations for at least one year after issuance of this report, raise substantial doubt about the Company's ability to continue as a going concern.

Management's current goals include increasing the Company's revenue as well as working to align the working capital position with operations, market demand, and projected sales. If projected sales do not materialize, management may need to reduce expenses. It will be necessary to raise additional funds through the issuance of debt and/or equity financing. There can be no assurance that such financings will be available at terms acceptable to the Company, if at all and further there is no assurance that the current debt to the shareholders can be retained. Failure to generate sufficient cash flows from operations, raise additional capital and reduce discretionary spending could have a material adverse effect on the Company's ability to achieve its intended business objectives and continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management's review

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

| Note | DKK'000 | 2021 | 2020 |
|------|---|---------|---------|
| | Gross loss | -10,566 | -5,667 |
| 4 | Staff costs | -11,783 | -10,704 |
| | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -381 | -22,012 |
| | Profit/loss before net financials | -22,730 | -38,383 |
| | Financial expenses, group enterprises | -3,880 | -2,925 |
| | Financial expenses | -151 | -102 |
| | Profit/loss before tax | -26,761 | -41,410 |
| 5 | Tax for the year | 3,233 | 2,353 |
| | Profit/loss for the year | -23,528 | -39,057 |
| | Recommended appropriation of profit/loss | | |
| | Other statutory reserves | 0 | -13,905 |
| | Retained earnings/accumulated loss | -23,528 | -25,152 |
| | | -23,528 | -39,057 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2021 | 2020 |
|------|--|--------|--------|
| | ASSETS | | |
| | Fixed assets | | |
| 6 | Intangible assets | | |
| | Acquired intangible assets | 103 | 250 |
| | | 103 | 250 |
| 7 | Property, plant and equipment | | |
| | Plant and machinery | 174 | 208 |
| | Other fixtures and fittings, tools and equipment | 57 | 110 |
| | Leasehold improvements | 188 | 316 |
| | | 419 | 634 |
| | Total fixed assets | 522 | 884 |
| | Non-fixed assets | | |
| | Inventories | | |
| | Raw materials and consumables | 3,787 | 5,530 |
| | Finished goods and goods for resale | 1,445 | 316 |
| | | 5,232 | 5,846 |
| | Receivables | | |
| | Trade receivables | 784 | 316 |
| | Income taxes receivable | 3,234 | 2,351 |
| | Other receivables | 511 | 667 |
| | Deferred income | 233 | 0 |
| | | 4,762 | 3,334 |
| | Cash | 29 | 28 |
| | Total non-fixed assets | 10,023 | 9,208 |
| | TOTAL ASSETS | 10,545 | 10,092 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK'000 | 2021 | 2020 |
|------|--|-----------------|----------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 8 | Share capital | 1,000 | 1,000 |
| | Reserve for development costs | 0 | 0 |
| | Retained earnings | -103,198 | -79,670 |
| | Total equity | -102,198 | -78,670 |
| | Provisions | | |
| | Other provisions | 0 | 4 |
| | Total provisions | 0 | 4 |
| | Liabilities other than provisions | | |
| | Current liabilities other than provisions | | |
| | Bank debt | 6,388 | 9,743 |
| | Prepayments received from customers | 0 | 32 |
| | Prepayments grant | 0 | 1,421 |
| | Trade payables | 647 | 854 |
| | Payables to group entities | 100,601 | 72,328 |
| | Other payables | 5,107 | 4,374 |
| | Deferred income | 0 | 6 |
| | | 112,743 | 88,758 |
| | Total liabilities other than provisions | 112,743 | 88,758 |
| | TOTAL EQUITY AND LIABILITIES | 10,545 | 10,092 |

- 1 Accounting policies
- 2 Going concern uncertainties
- 3 Recognition and measurement uncertainties
- 9 Contractual obligations and contingencies, etc.
- 10 Contingent assets
- 11 Collateral
- 12 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

| DKK'000 | Share capital | Reserve for development costs | Retained earnings | Total |
|---|---------------|-------------------------------------|----------------------|-----------------|
| Equity at 1 January 2020 | 1,000 | 13,905 | -54,518 | -39,613 |
| Transfer through appropriation of loss | 0 | -13,905 | -25,152 | -39,057 |
| Equity at 1 January 2021 | 1,000 | 0 | -79,670 | -78,670 |
| Transfer through appropriation of loss | 0 | 0 | -23,528 | -23,528 |
| Equity at 31 December 2021 | 1,000 | 0 | -103,198 | -102,198 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Sky-Watch A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses. Non-current assets acquired in foreign currencies are measured at the exchange rate at the transaction date.

Income statement

Revenue

Income from the sale of goods and services is recognised in the income statement when delivery and transfer of risk to the buyer have taken place before year end and provided that the income can be reliably measured and is expected to be received. Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Gross loss

The items revenue, cost of sales, other external costs and other operating income have been aggregated into one item called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Other external expenses

Other external costs comprise costs of distribution, sale, advertising, administration, premises, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost of completed development projects and intellectual property rights acquired is amortised on a straight-line basis over the expected useful life.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

| | |
|--------------------------------|-------------|
| Completed development projects | 3 - 5 years |
| Acquired intangible assets | 3 - 5 years |

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

| | |
|--|--------------|
| Plant and machinery | 5 - 15 years |
| Other fixtures and fittings, tools and equipment | 3 - 8 years |
| Leasehold improvements | 3 - 5 years |

Profit from investments in subsidiaries, associates and participating interests

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement.

Financial expenses

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Development costs comprise costs, salaries and amortisation directly or indirectly attributable to the Company's development activities.

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

Development costs that are 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 five years.

Gains and losses on the disposal of development projects are determined as the difference between the selling price less selling costs 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 costs, respectively.

Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost.

Plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Gains and losses on the disposal of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as depreciation.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where net realisable value is lower than cost, inventories are written down to this lower value.

Cost comprises the purchase price plus delivery costs.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

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 has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected 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.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash

Cash comprise cash.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Provisions

Provisions comprise anticipated costs related to warranties. Provisions are recognised when, as a result of past events, the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

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.

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

Deferred tax is measured according to 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 due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to external lenders are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years and received grants concerning ongoing development projects.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Going concern uncertainties

Sky-Watch will, due to expected sales activity growth, and continued focus on research and development activities, still need further funding in 2022, to assure the financial situation.

Equity and reserves are negative at the end of 2021 with DKK 102.198 thousand. The company has lost its capital. Management expects the capital to be regained over the coming years through positive earnings or through capital increase.

The Company expects operating losses and negative cash flows into the foreseeable future as it continues to develop and commercialize its products. These conditions, combined with the fact that, as of December 31, 2021, the Company's cash is not sufficient to fund operations for at least one year after issuance of this report, raise substantial doubt about the Company's ability to continue as a going concern.

Management's current goals include increasing the Company's revenue as well as working to align the working capital position with operations, market demand, and projected sales. If projected sales do not materialize, management may need to reduce expenses. It will be necessary to raise additional funds through the issuance of debt and/or equity financing. There can be no assurance that such financings will be available at terms acceptable to the Company, if at all and further there is no assurance that the current debt to the shareholders can be retained. Failure to generate sufficient cash flows from operations, raise additional capital and reduce discretionary spending could have a material adverse effect on the Company's ability to achieve its intended business objectives and continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

3 Recognition and measurement uncertainties

Uncertainty related to valuation of the inventory

Based on the early stage of the UAS Technologies and the delay in sales due to Covid-19 the inventories has been moving slow and valuation of inventories is connected with uncertainty. Management has impaired inventories accordingly however there is a higher uncertainty associated with the valuation than usually.

| DKK'000 | 2021 | 2020 |
|---|--------|--------|
| 4 Staff costs | | |
| Wages/salaries | 15,493 | 14,715 |
| Pensions | 1,659 | 1,945 |
| Other social security costs | 220 | 198 |
| Other staff costs | 176 | 101 |
| Thereof capitalised under development projects and inventories/cost of goods sold | -5,765 | -6,255 |
| | 11,783 | 10,704 |
| Average number of full-time employees | 29 | 32 |
| 5 Tax for the year | | |
| Estimated tax charge for the year | -3,232 | -2,351 |
| Tax adjustments, prior years | -1 | -2 |
| | -3,233 | -2,353 |

Financial statements 1 January - 31 December

Notes to the financial statements

6 Intangible assets

| DKK'000 | <u>Acquired intangible assets</u> |
|--|---------------------------------------|
| Cost at 1 January 2021 | 757 |
| Cost at 31 December 2021 | 757 |
| Impairment losses and amortisation at 1 January 2021 | 507 |
| Amortisation/depreciation in the year | 147 |
| Impairment losses and amortisation at 31 December 2021 | 654 |
| Carrying amount at 31 December 2021 | 103 |

7 Property, plant and equipment

| DKK'000 | <u>Plant and machinery</u> | <u>Other fixtures and fittings, tools and equipment</u> | <u>Leasehold improvements</u> | <u>Total</u> |
|--|--------------------------------|---|-----------------------------------|--------------|
| Cost at 1 January 2021 | 540 | 692 | 813 | 2,045 |
| Additions in the year | 0 | 18 | 0 | 18 |
| Cost at 31 December 2021 | 540 | 710 | 813 | 2,063 |
| Impairment losses and depreciation at 1 January 2021 | 332 | 582 | 497 | 1,411 |
| Amortisation/depreciation in the year | 34 | 71 | 128 | 233 |
| Impairment losses and depreciation at 31 December 2021 | 366 | 653 | 625 | 1,644 |
| Carrying amount at 31 December 2021 | 174 | 57 | 188 | 419 |

| | | |
|---------|-------------|-------------|
| DKK'000 | <u>2021</u> | <u>2020</u> |
|---------|-------------|-------------|

8 Share capital

Analysis of the share capital:

| | | |
|---|--------------|--------------|
| 1,000,000 shares of DKK 1.00 nominal value each | <u>1,000</u> | <u>1,000</u> |
| | <u>1,000</u> | <u>1,000</u> |

Financial statements 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

Share options comprising 30,900 shares have been granted to the Executive Board and employees. The subscription period expires upon termination of employment.

The Company is jointly taxed with the other Danish enterprises in Dangroup ApS. As a consolidated enterprise, together with the other consolidated enterprises included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes. The jointly taxed enterprises' total known net liabilities to SKAT are stated in the financial statements of the administrative company, Dangroup ApS, CVR No. 29 93 07 59. Any subsequent corrections of joint taxation income, etc., may entail that the Company's liability will increase.

Other financial obligations

Other rent and lease liabilities:

| DKK'000 | 2021 | 2020 |
|----------------------------|------|------|
| Rent and lease liabilities | 660 | 647 |

10 Contingent assets

The company has a deferred tax asset of DKK 12,328 thousand that has not been capitalized.

11 Collateral

A company charge of DKK 3,400 thousand has been provided as collateral for amounts owed to credit institutions and banks.

12 Related parties

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

| Name | Domicile |
|--------------|---------------------------------|
| Dangroup ApS | Brogade 10A, 1., 5700 Svendborg |

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Martin Schousboe

Direktion

På vegne af: SkyWatch AS

Serienummer: PID:9208-2002-2-540702727603

IP: 85.191.xxx.xxx

2022-03-18 10:16:23 UTC

NEM ID 

Søren Pedersen

Bestyrelse

På vegne af: SkyWatch AS

Serienummer: PID:9208-2002-2-889528945845

IP: 2.104.xxx.xxx

2022-03-18 10:24:13 UTC

NEM ID 

Niels Jesper Jespersen Jensen

Bestyrelse

På vegne af: SkyWatch AS

Serienummer: PID:9208-2002-2-085073257459

IP: 178.155.xxx.xxx

2022-03-18 11:02:51 UTC

NEM ID 

Per-Erik Edvard Svehag

Bestyrelse

På vegne af: SkyWatch AS

Serienummer: PID:9208-2002-2-781283037278

IP: 62.243.xxx.xxx

2022-03-18 14:21:59 UTC

NEM ID 

Morten Schougaard Soerensen

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:40820229

IP: 145.62.xxx.xxx

2022-03-18 14:26:10 UTC

NEM ID 

Julie Nielsen

Dirigent

På vegne af: SkyWatch AS

Serienummer: PID:9208-2002-2-685254796041

IP: 185.229.xxx.xxx

2022-03-19 12:42:10 UTC

NEM ID 

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