



SHUTE Sensing Solutions A/S

Oldenvej 1 A, 3490 Kvistgård

Company reg. no. 36 53 72 21

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 16 June 2022.

Jens Rysgaard
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the board of directors and the executive board have presented the annual report of SHUTE Sensing Solutions A/S for the financial year 1 January - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Kvistgård, 16 June 2022

Executive board

Bjørn Henrik Stenbock Andersen Kristian Nielsen

Board of directors

Jens Palludan Rysgaard Ole Bang Monika Luniewska Jensen

Kristian Nielsen Bjørn Henrik Stenbock Andersen

Independent auditor's report

To the shareholders of SHUTE Sensing Solutions A/S

Opinion

We have audited the financial statements of SHUTE Sensing Solutions A/S for the financial year 1 January - 31 December 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and a summary of significant accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the results of the company's activities 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the 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 commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that Management's Review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the Management's Review.

Copenhagen, 16 June 2022

Redmark

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Henrik Juul Thomsen

State Authorised Public Accountant
mne33734

Company information

The company	SHUTE Sensing Solutions A/S Oldenvej 1 A 3490 Kvistgård
	Company reg. no. 36 53 72 21 Established: 9 February 2015 Financial year: 1 January - 31 December
Board of directors	Jens Palludan Rysgaard Ole Bang Monika Luniewska Jensen Kristian Nielsen Bjørn Henrik Stenbock Andersen
Executive board	Bjørn Henrik Stenbock Andersen Kristian Nielsen
Auditors	Redmark Godkendt Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg

Management's review

The principal activities of the company

The company's purpose is to develop, manufacture and sell fiber based optical sensors for use in industry.

Development in activities and financial matters

The gross profit for the year totals DKK 1.764.784 against DKK 986.920 last year. The results from ordinary activities after tax are DKK -2.017.197 against DKK -3.084.731 last year. The management consider the results unsatisfactory.

During the financial year, the company has made a capital increase of DKK 40.001 paid in cash at a price of DKK 2,400 amounting in total to DKK 1,000,000 recorded on the equity on date 26th february 2021. Furthermore the company has made another capital increase of DKK 47.822 paid in cash at a price of 2,300 DKK amounting in total to DKK 703.901 recorded on the equity on date 30 September 2021.

Capital readiness

The company has as of 31 December 2021 an equity of DKK 1,1 million and the current assets are larger than the short-term liabilities. The losses for the previous years show that the continued operations and development require additional capital. Therefore, one shareholder has giving the company a loan of DKK 600k in 2022, which is subordinating to other creditors and furthermore a letter of support of DKK 0,4 million confirming that the shareholder will support continued operations in 2022 has been granted to the company. On this basis the management consider the company is a going concern.

Events occurring after the end of the financial year

After the end of the financial year, no events have occurred that could alter the compan's financial position significant.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross profit	1.764.784	986.920
2 Staff costs	-4.479.080	-4.401.299
Depreciation and impairment of property, land, and equipment	<u>-164.834</u>	<u>-154.289</u>
Operating profit	-2.879.130	-3.568.668
Other financial income	35	18
Other financial expenses	<u>-8.549</u>	<u>-3.929</u>
Pre-tax net profit or loss	-2.887.644	-3.572.579
Tax on net profit or loss for the year	<u>881.590</u>	<u>487.848</u>
Net profit or loss for the year	<u>-2.006.054</u>	<u>-3.084.731</u>
Proposed appropriation of net profit:		
Allocated from retained earnings	<u>-2.006.054</u>	<u>-3.084.731</u>
Total allocations and transfers	<u>-2.006.054</u>	<u>-3.084.731</u>

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Non-current assets		
3 Other fixtures and fittings, tools and equipment	357.024	521.858
Total property, plant, and equipment	<u>357.024</u>	<u>521.858</u>
Total non-current assets	<u>357.024</u>	<u>521.858</u>
Current assets		
Trade receivables	133.235	303.390
Income tax receivables	1.545.224	663.634
Other receivables	217.845	125.875
Prepayments	3.138	15.295
Total receivables	<u>1.899.442</u>	<u>1.108.194</u>
Cash and cash equivalents	<u>300.280</u>	<u>750.675</u>
Total current assets	<u>2.199.722</u>	<u>1.858.869</u>
Total assets	<u>2.556.746</u>	<u>2.380.727</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		<u>2021</u>	<u>2020</u>
<u>Note</u>			
Equity			
Contributed capital		702.901	615.078
Retained earnings		435.040	428.920
Total equity		<u>1.137.941</u>	<u>1.043.998</u>
Long term liabilities other than provisions			
Other payables		350.294	350.294
Total long term liabilities other than provisions		<u>350.294</u>	<u>350.294</u>
Trade payables		86.198	119.039
Other payables		907.813	655.451
Deferred income		74.500	211.945
Total short term liabilities other than provisions		<u>1.068.511</u>	<u>986.435</u>
Total liabilities other than provisions		<u>1.418.805</u>	<u>1.336.729</u>
Total equity and liabilities		<u>2.556.746</u>	<u>2.380.727</u>

- 1 Capital readiness**
- 4 Charges and security**
- 5 Contingencies**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity 1 January 2021	615.078	0	428.919	1.043.997
Cash capital increase	87.823	-2.012.175	0	-1.924.352
Profit or loss for the year brought forward	0	0	-2.006.054	-2.006.054
Transferred to retained earnings	0	2.012.175	2.012.175	4.024.350
	<u>702.901</u>	<u>0</u>	<u>435.040</u>	<u>1.137.941</u>

Notes

All amounts in DKK.

1. Capital readiness

The company has as of 31 December 2021 an equity of DKK 1,1 million and the current assets are larger than the short-term liabilities. The losses for the previous years show that the continued operations and development require additional capital. Therefore, one shareholder has giving the company a loan of DKK 600k in 2022, which is subordinating to other creditors and furthermore a letter of support of DKK 0,4 million confirming that the shareholder will support continued operations in 2022 has been granted to the company. On this basis the management consider the company is a going concern.

	<u>2021</u>	<u>2020</u>
2. Staff costs		
Salaries and wages	4.315.964	4.260.201
Pension costs	81.600	70.400
Other costs for social security	<u>81.516</u>	<u>70.698</u>
	<u>4.479.080</u>	<u>4.401.299</u>
Average number of employees	<u>9</u>	<u>9</u>
3. Other fixtures and fittings, tools and equipment		
Cost 1 January 2021	824.168	667.078
Additions during the year	<u>0</u>	<u>157.090</u>
Cost 31 December 2021	<u>824.168</u>	<u>824.168</u>
Depreciation and writedown 1 January 2021	-302.310	-148.021
Depreciation for the year	<u>-164.834</u>	<u>-154.289</u>
Depreciation and writedown 31 December 2021	<u>-467.144</u>	<u>-302.310</u>
Carrying amount, 31 December 2021	<u>357.024</u>	<u>521.858</u>

4. Charges and security

The company has no mortgages or collateral obligations as of 31 December 2021.

Notes

All amounts in DKK.

5. Contingencies

Contingent liabilities

The company has agreed to a rental contract with a notice period of 6 months and a monthly payment of 18.545 DKK. A total contingent liability of this noticed period equal 111 t.DKK.

Accounting policies

The annual report for SHUTE Sensing Solutions A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue and other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Accounting policies

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, and premises.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

Accounting policies

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

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

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.