

SHUTE Sensing Solutions A/S

Oldenvej 1 A, 3490 Kvistgård

Company reg. no. 36 53 72 21

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 24 June 2021.

Jens Rysgaard
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of SHUTE Sensing Solutions A/S for the financial year 1 January to 31 December 2020.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Kvistgård, 15 June 2021

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 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and 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 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 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 international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 commentary

Management is responsible for the management commentary.

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 commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary 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 commentary.

Copenhagen, 15 June 2021

Redmark

Statsautoriseret 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
Statsautoriseret Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg

Management commentary

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 is DKK 986.921 against DKK 1.975.130 last year. The results from ordinary activities after tax are DKK -3.084.731 against DKK -1.136.638 last year. The management consider the results unsatisfactory.

During the financial year, the company have made a capital increase of DKK 61.507 paid in cash at a price of DKK 3,300 amounting in total to DKK 2.029.731 recorded on the equity. The registered capital then amounts to DKK 615.078.

The economic development in 2021 will significantly depend on the type and extent of the restrictions in Denmark to maintain or introduce to stop the spread of the coronavirus. The current uncertainty about the development of the coronavirus crisis means that it is not currently possible to quantify the expectations for the coming financial year with sufficient certainty. For the company it can have implications of meetings, participating in exhibitions and overall distribution of the company's products by interaction in external parties.

Capital readiness

With the purpose of financing the activities in 2021 the company's shareholders have made a capital increase in March 2021.

Events subsequent to the financial year

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

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	986.921	1.975.130
2 Staff costs	-4.401.300	-3.492.721
Depreciation and writedown relating to tangible fixed assets	-154.289	-119.683
Operating profit	-3.568.668	-1.637.274
Other financial income	18	191
3 Other financial costs	-3.929	-1.342
Pre-tax net profit or loss	-3.572.579	-1.638.425
4 Tax on ordinary results	487.848	501.787
Net profit or loss for the year	-3.084.731	-1.136.638
Proposed appropriation of net profit:		
Allocated from retained earnings	-3.084.731	-1.136.638
Total allocations and transfers	-3.084.731	-1.136.638

Statement of financial position at 31 December

All amounts in DKK.

Assets		<u>2020</u>	<u>2019</u>
<u>Note</u>			
Non-current assets			
5	Other fixtures and fittings, tools and equipment	<u>521.858</u>	<u>519.057</u>
	Total property, plant, and equipment	<u>521.858</u>	<u>519.057</u>
	Total non-current assets	<u>521.858</u>	<u>519.057</u>
Current assets			
	Trade debtors	303.390	622.872
	Income tax receivables	663.634	501.787
	Other debtors	125.875	8.000
	Accrued income and deferred expenses	<u>15.295</u>	<u>0</u>
	Total receivables	<u>1.108.194</u>	<u>1.132.659</u>
	Available funds	<u>750.675</u>	<u>963.271</u>
	Total current assets	<u>1.858.869</u>	<u>2.095.930</u>
	Total assets	<u>2.380.727</u>	<u>2.614.987</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		<u>2020</u>	<u>2019</u>
<u>Note</u>			
Equity			
Contributed capital		615.078	553.571
Results brought forward		428.920	1.545.427
Total equity		<u>1.043.998</u>	<u>2.098.998</u>
Liabilities other than provisions			
Other debts		350.294	107.721
6 Total long term liabilities other than provisions		<u>350.294</u>	<u>107.721</u>
Trade creditors		119.039	82.503
Other debts		655.451	325.765
Accruals and deferred income		211.945	0
Total short term liabilities other than provisions		<u>986.435</u>	<u>408.268</u>
Total liabilities other than provisions		<u>1.336.729</u>	<u>515.989</u>
Total equity and liabilities		<u>2.380.727</u>	<u>2.614.987</u>
1 Capital readiness			
7 Charges and security			
8 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 2020	553.571	0	1.545.427	2.098.998
Cash capital increase	61.507	1.968.224	0	2.029.731
Profit or loss for the year brought forward	0	0	-3.084.731	-3.084.731
Transferred to retained earnings	0	-1.968.224	1.968.224	0
	<u>615.078</u>	<u>0</u>	<u>428.920</u>	<u>1.043.998</u>

Notes

All amounts in DKK.

1. Capital readiness

With the purpose of financing the activities in 2021 the company's shareholders have made a capital increase in March 2021.

	<u>2020</u>	<u>2019</u>
2. Staff costs		
Salaries and wages	4.260.202	3.451.915
Pension costs	70.400	0
Other costs for social security	70.698	40.806
	<u>4.401.300</u>	<u>3.492.721</u>
 Average number of employees	 <u>9</u>	 <u>7</u>
 3. Other financial costs		
Other financial costs	3.929	1.342
	<u>3.929</u>	<u>1.342</u>
 4. Tax on ordinary results		
Tax of the results for the year	-663.634	-501.787
Adjustment of tax for previous years	175.786	0
	<u>-487.848</u>	<u>-501.787</u>
 5. Other fixtures and fittings, tools and equipment		
Cost 1 January 2020	667.078	505.525
Additions during the year	157.090	161.553
Cost 31 December 2020	<u>824.168</u>	<u>667.078</u>
 Depreciation and writedown 1 January 2020	 -148.021	 -28.338
Depreciation for the year	-154.289	-119.683
Depreciation and writedown 31 December 2020	<u>-302.310</u>	<u>-148.021</u>
 Carrying amount, 31 December 2020	 <u>521.858</u>	 <u>519.057</u>

Notes

All amounts in DKK.

6. Liabilities other than provision

	Total payables 31 Dec 2020	Current portion of long term payables	Long term payables 31 Dec 2020	Outstanding payables after 5 years
Other debts	350.294	0	350.294	350.294
	350.294	0	350.294	350.294

7. Charges and security

The company has no mortgages or collateral obligations as of 31 December 2020.

8. Contingencies

Contingent liabilities

The company has agreed to a rental contract with a notice period of 6 months and a monthly payment of 17.045 DKK. A total contingent liability of this noticed period equal 103 t.DKK.

Accounting policies

The annual report for SHUTE Sensing Solutions A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

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.

Accounting policies

Income statement

Gross profit

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

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.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

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

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to tangible fixed 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 of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Property, plant, and equipment

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

Accounting policies

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.

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.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

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.

Accounting policies

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.

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

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.