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SulfiLogger A/S

Tueager 1
8200 Aarhus N
CVR No. 41489359

Annual report 01.07.2020 - 31.12.2020

The Annual General Meeting adopted the annual report on 17.05.2021

Carl Erik Skovgaard
Chairman of the General Meeting

Contents

Entity details

Entity
SulfiLogger A/S
Tueager 1
8200 Aarhus N

CVR No.: 41489359
Registered office: Aarhus
Financial year: 01.07.2020 - 31.12.2020

Board of Directors
Carl Erik Skovgaard, Chairman
Flemming Besenbacher
Ole Pedersen
Michael Reeslev
Lars Rabe Tønnesen

Executive Board
Søren Porsgaard

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of SulfiLogger A/S for the financial year 01.07.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.07.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 12.03.2021

Executive Board

Søren Porsgaard

Board of Directors

Carl Erik Skovgaard
Chairman

Flemming Besenbacher

Ole Pedersen

Michael Reeslev

Lars Rabe Tønnesen

Independent auditor's report

To the shareholders of SulfiLogger A/S

Opinion

We have audited the financial statements of SulfiLogger A/S for the financial year 01.07.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.07.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, 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 conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aarhus, 12.03.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jens Lauridsen
State Authorised Public Accountant
Identification No (MNE) mne34323

Management commentary

Primary activities

The Company's primary activities are manufacturing of sensors and related equipment for various industrial applications.

Description of material changes in activities and finances

SulfiLogger A/S was established by Unisense Holding 2 A/S and the company initially acquired the industry activities from Unisense A/S.

The company focuses on the commercialization of the microelectrochemical sensors for various industrial applications and expects a significant growth during the next years. The primary product is a sensor for H2S measurements in directly wastewater, but it is expected that new sensors will be developed in the next years to enter new industrial applications.

Several large publicly funded projects have contributed to the development activities in 2020. A large Horizon 2020 EU-project on H2S measurements in wastewater was completed in 2020.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020

	Notes	2020 DKK
Gross profit/loss		**(168,206)**
Staff costs	1	(601,600)
Depreciation, amortisation and impairment losses	2	(119,266)
Operating profit/loss		**(889,072)**
Other financial expenses		(29,005)
Profit/loss before tax		**(918,077)**
Tax on profit/loss for the year	3	411,211
Profit/loss for the year		**(506,866)**
Proposed distribution of profit and loss		
Retained earnings		(506,866)
Proposed distribution of profit and loss		**(506,866)**

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK
Acquired intangible assets		25,277
Development projects in progress	5	15,634,218
Intangible assets	4	**15,659,495**
Plant and machinery		197,230
Other fixtures and fittings, tools and equipment		86,985
Leasehold improvements		142,081
Property, plant and equipment	6	**426,296**
Deposits		4,305
Financial assets	7	**4,305**
Fixed assets		**16,090,096**
Manufactured goods and goods for resale		668,197
Inventories		**668,197**
Trade receivables		931,123
Other receivables		5,159,502
Income tax receivable		737,340
Joint taxation contribution receivable		2,966,871
Prepayments		53,577
Receivables		**9,848,413**
Cash		**537,270**
Current assets		**11,053,880**
Assets		**27,143,976**

Equity and liabilities

	Notes	2020 DKK
Contributed capital		16,000,000
Reserve for development expenditure		2,616,296
Retained earnings		(3,123,162)
Equity		**15,493,134**
Deferred tax		3,293,000
Provisions		**3,293,000**
Debt to other credit institutions		2,453,000
Deferred income	8	225,995
Non-current liabilities other than provisions	9	**2,678,995**
Trade payables		389,561
Payables to group enterprises		3,576,587
Other payables	10	1,712,699
Current liabilities other than provisions		**5,678,847**
Liabilities other than provisions		**8,357,842**
Equity and liabilities		**27,143,976**
Unrecognised rental and lease commitments	11	
Contingent liabilities	12	
Assets charged and collateral	13	

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Contributed upon formation	2,000,000	0	0	2,000,000
Increase of capital	14,000,000	0	0	14,000,000
Transfer to reserves	0	2,616,296	(2,616,296)	0
Profit/loss for the year	0	0	(506,866)	(506,866)
Equity end of year	**16,000,000**	**2,616,296**	**(3,123,162)**	**15,493,134**

Notes

1 Staff costs

	2020 DKK
Wages and salaries	2,999,010
Pension costs	144,631
Other social security costs	46,872
Other staff costs	84,922
	3,275,435
Staff costs classified as assets	(2,673,835)
	601,600

Average number of full-time employees	11

2 Depreciation, amortisation and impairment losses

	2020 DKK
Amortisation of intangible assets	8,847
Depreciation of property, plant and equipment	110,419
	119,266

3 Tax on profit/loss for the year

	2020 DKK
Current tax	(737,340)
Change in deferred tax	3,293,000
Refund in joint taxation arrangement	(2,966,871)
	(411,211)

4 Intangible assets

	Acquired intangible assets DKK	Development projects in progress DKK
Additions	34,124	15,634,218
Cost end of year	**34,124**	**15,634,218**
Amortisation for the year	(8,847)	0
Amortisation and impairment losses end of year	**(8,847)**	**0**
Carrying amount end of year	**25,277**	**15,634,218**

5 Development projects

The Company continued its development, certification and demonstration of industrial microelectrochemical sensors (SulfiLogger™). These sensors were targeting various industrial applications such as wastewater, biogas and natural gas applications, and they demonstrated similar high measurement performance as the Company's other electrochemical microsensors for scientific customers, but with superior robustness and user friendliness. The development project are supported by grants from Denmark and from the EU. Integration of this novel and patented technology into a range of CE and ATEX certified industry products was initiated, and the first IMEC™ products were launched on the market. Management see no impairment issues regarding the projects.

6 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Additions	251,847	115,731	169,137
Cost end of year	**251,847**	**115,731**	**169,137**
Depreciation for the year	(54,617)	(28,746)	(27,056)
Depreciation and impairment losses end of year	**(54,617)**	**(28,746)**	**(27,056)**
Carrying amount end of year	**197,230**	**86,985**	**142,081**

7 Financial assets

	Deposits DKK
Additions	4,305
Cost end of year	**4,305**
Carrying amount end of year	**4,305**

8 Deferred income

Long-term deferred income included grants related to development project in progress.

9 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Debt to other credit institutions	2,453,000
Deferred income	225,995
	2,678,995

10 Other payables

	2020 DKK
Wages and salaries, personal income taxes, social security costs, etc payable	778,652
Holiday pay obligation	934,047
	1,712,699

11 Unrecognised rental and lease commitments

	2020 DKK
Liabilities under rental or lease agreements until maturity in total	860,508
Of this, liabilities under rental or lease agreements with group enterprises	860,508

12 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

13 Assets charged and collateral

Bank debt and loans from Vækstfonden are secured on a registered all-monies mortgage with a floating charge of DKK 2,500k on goodwill, rights, operating equipment, fixtures and fittings, inventories and unsecured claims.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

Non-comparability
This is the first annual report for the company for the period 01.07.2020 - 31.12.2020.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Public grants
Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales
Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-10 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	2-5 years
Other fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	2-3 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions receivable or payable
Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.