



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 998 068 266
Organisasjonsform: Aksjeselskap
Foretaksnavn: SAFRAN SENSING TECHNOLOGIES NORWAY AS
Forretningsadresse: Langmyra 6
3185 SKOPPUM

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Thomas Bull Larsen
Dato for fastsettelse av årsregnskapet: 02.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 03.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	4	163 681 175	133 087 658
Annen driftsinntekt		280 019	246 763
Sum inntekter		163 961 194	133 334 421
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	14	-13 694 751	-982 950
Endring i beholdning av egentilvirkede anleggsmidler	11	-2 951 281	-2 265 995
Varekostnad		42 847 155	28 190 940
Lønnskostnad	7, 8	52 211 402	51 133 094
Avskrivning	11, 12	7 867 467	7 268 040
Annen driftskostnad	7, 9	46 627 605	42 747 524
Sum kostnader		132 907 597	126 090 653
Driftsresultat		31 053 597	7 243 768
Finansinntekter og finanskostnader			
Annen finansinntekt	10	13 152 526	5 815 257
Sum finansinntekter		13 152 526	5 815 257
Annen finanskostnad	10	9 174 218	12 557 280
Sum finanskostnader		9 174 218	12 557 280
Netto finans		3 978 308	-6 742 023
Ordinært resultat før skattekostnad		35 031 905	501 745
Skattekostnad på ordinært resultat	24	-6 400 000	-6 600 000
Ordinært resultat etter skattekostnad		41 431 905	7 101 745
Årsresultat		41 431 905	7 101 745
Overføringer og disponeringer			
Udekket tap	25	6 077 140	7 101 745
Overføringer annen egenkapital	25	35 354 765	



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Sum overføringer og disponeringer		41 431 905	7 101 745



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Forskning og utvikling	6, 11	11 416 348	13 198 955
Utsatt skattefordel	24	13 000 000	6 600 000
Sum immaterielle eiendeler		24 416 348	19 798 955
Varige driftsmidler			
Maskiner og anlegg	12, 18	10 190 088	12 146 929
Driftsløsøre, inventar, verktøy, kontormaskiner ol	12, 18	1 720 501	2 160 197
Sum varige driftsmidler		11 910 589	14 307 126
Finansielle anleggsmidler			
Investering i datterselskap	13	1	
Investeringer i aksjer og andeler	13	68 958	68 959
Sum finansielle anleggsmidler		68 959	68 959
Sum anleggsmidler		36 395 896	34 175 040
Omløpsmidler			
Varer			
Varer	14, 18	82 306 318	60 518 790
Sum varer		82 306 318	60 518 790
Fordringer			
Kundefordringer	15, 18	14 283 237	11 378 366
Andre fordringer	16	6 459 585	2 791 676
Sum fordringer		20 742 822	14 170 042
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	3	1 880 783	1 920 623
Sum bankinnskudd, kontanter og lignende		1 880 783	1 920 623
Sum omløpsmidler		104 929 923	76 609 455
SUM EIENDELER		141 325 819	110 784 495



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	25, 26	42 204 172	42 204 172
Overkurs	25		71 469 908
Annen innskutt egenkapital	25	-39 451 726	
Sum innskutt egenkapital		2 752 446	113 674 080
Opptjent egenkapital			
Annen egenkapital	25	35 354 766	-116 998 774
Sum opptjent egenkapital		35 354 766	-116 998 774
Sum egenkapital		38 107 212	-3 324 694
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	17, 18	63 239 400	79 116 049
Øvrig langsiktig gjeld	19	15 255 703	13 105 272
Sum annen langsiktig gjeld		78 495 103	92 221 321
Sum langsiktig gjeld		78 495 103	92 221 321
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	17, 18	4 791 212	1 193 280
Leverandørgjeld	20	7 919 150	8 991 122
Skyldige offentlige avgifter		3 586 031	3 570 726
Annen kortsiktig gjeld	21	8 427 111	8 132 740
Sum kortsiktig gjeld		24 723 504	21 887 868
Sum gjeld		103 218 607	114 109 189
SUM EGENKAPITAL OG GJELD		141 325 819	110 784 495



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Sensoror AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sensoror AS, which comprise the balance sheet as at 31 December 2020, the income statement statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, 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 other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, 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 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Independent auditor's report - Sensoror AS

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Pemneo Dokumentnøkkel: PHNEO-TW5GF-SGE4-M6MEX-4Z487-VKQTA



Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Tønsberg, 19 March 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Morten Mobråthen
State Authorized Public Accountant (Norway)

Penneo Dokumentnøkkel: PHNEO-TW5GF-SGE4-M6MEX-4Z487-VKQTA



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Morten Mobraåthen

Partner

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Morten Mobraåthen

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Director's Annual report 2020 Sensor AS

Sensor AS has in 2020 expanded its position in the rapidly growing gyro business, while maintaining a high level of technology competence. Significant effort has gone into building the platform for further growth in this area.

In 2021, the company expects to continue its growth and improve its market position. Key points are;

- Sensor AS is building a leading and robust position in the growing market for gyroscopes and inertial systems
- Sensor AS had MNOK 163 in revenues in 2020, up from NOK 133 in 2019; a growth of 22 %. The company was profitable at all levels.
- All indications point in direction of further growth and increased profitability in 2021 and beyond

Focus – building a leading position within gyroscopes and inertial systems

The company has spent 2020 to increase focus on its strong products within the inertial area. Sensor AS has managed to establish a unique position within high precision MEMS based inertial systems. This area has shown strong growth from 2012 to 2020 (sales increase from MNOK 38 to MNOK 163). The company has a good platform for further growth.

Market trends

Use and demand for gyroscopes and inertial systems (IMUs) is rapidly increasing. This is driven by some fundamental trends. The most important are:

- **Digitalization:** The world is becoming more and more digitalized driven by the internet and other systems. Further, the need for more precise information about position and movement being fed into various algorithms is increasing. As a case in point, digital satellite photos are giving precise information about movements which are being used to manage flows, e.g. people or traffic. The satellites require precise gyroscopes to perform its task. McKinsey writes in its report "Digital America" that digitalization is the key driver for the increase in productivity in the United States up till 2025. The STIM series is particularly strong since it gives information about position and movement through a flexible interface to many applications.
- **Robots and "Autonomous Systems";** robots combined with artificial intelligence are being used in more and more applications, e.g. from robots being integrated in work processes to Self Driving Cars (SDCs). There is a rapid development within this area and precise and small inertial systems are



key to control many of these systems. The key feature of the STIM series is “small and light”.

- **Combination of GPS signals with inertial systems;** the need for reliable signals about position and its change is steadily increasing. Much is based on GPS systems, but these give information about location (coordinates) and not full information about position. Further, GPS signals are inherently unreliable (fall out in urban areas and can easily be spoofed or spammed) since they require a direct line of sight to the sky. Therefore, the GPS signals are being combined with inertial systems to secure a reliable signal supply in phases when GPS signals are not available.
- **Stabilization:** Stable platforms are increasingly important for “leading edge” applications. This is observed in the film/movie industry, in recording of digital libraries for “virtual reality” as well as for modern weapon or camera platforms.

Driven by these developments, the market for MEMS based gyroscopes and IMUs have increased significantly over the past years. The market is still growing and the increased product performance will even increase the rate of growth. Various market surveys indicate a growth of 25 % per year over the next 5 years. This implies that Sensoror’s market may potentially increase by 3 X over the next 5 years.

Products

Sensoror has developed high precision gyroscope sensors for the measurement of angular acceleration as well as associated products utilizing the inertial technology platform. The products are sold under the STIM name in the product families STIM 202/210 (gyro clusters) and STIM 300/318 (IMUs). The STIM products have established a strong market position and have been classified as “best of breed” by several market research organizations (e.g. Yole).

The STIMs excel compared to its competition by being less resource intensive (size, power and price) while having a comparable performance to significantly more expensive technologies (Fiber Optic Gyros (FOGs) or Ring Laser Gyros (RLGs)). This is made possible by Sensoror’s ability to combine MEMS sensors with electronics as well as advanced algorithms for inertial systems. In 2020, the products have improved through two STIM300 product releases. Further, we have launched a STIM 318 with a better accelerometer performance. This product is now ready for mass production.

Geographies

Sensoror AS has a global customer base and has significant sales in most relevant geographies. In the Americas, the Company has a customer base of industry leading customers. In Europe, Sensoror AS is delivering into programs of the leading defence



contractors as well as globally leading industrial companies. In Asia, the market is rapidly growing and Sensoror is well placed in the key markets.

Sensoror has a mix of direct sales representatives and distributors in its markets. The significant investments in building a distributor network are now starting to bear fruits.

Customers and applications

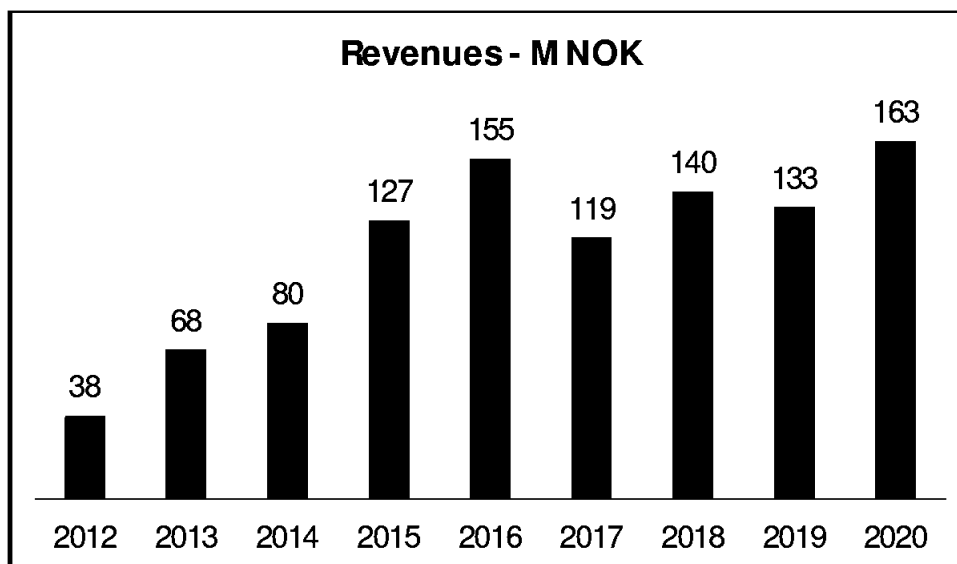
Sensoror has entered into contracts with leaders in their respective application areas over the last 36 months. Sensoror has today a vibrant global customer base with global leaders within their respective application areas. The company has a very strong position in the fields of;

- Satellites, Satellite operators find the STIMs very useful due to its low weight and high precision. As a result, a number of the new satellite programs have chosen the STIMs as the gyroscope for both navigation as well as camera stabilization. Customers say that Sensoror is the global leader in Low Orbit Satellites (LEOs).
- Robotics, leading robotics companies use the STIMs for getting stability into their robotic platforms.
- Integration with GPS systems, a number of customers use the STIMs to integrate with GPS based systems to allow for functionality in GPS denied environments.
- Self Driving Cars (SDCs) is currently an area of great attention and multiple of the leading companies in this field use the STIMs as a key element of their navigation system.
- Pipeline inspections; STIMs have been defined as the gyroscope solution for the leading pipeline inspection companies in the world.
- STIMs are being used by the leading LIDAR and mapping companies in the world.
- Defence. Sensoror is an attractive supplier to the defence industry with its strong position for platform stabilization. The company pays close attention to adhering to the applicable regulatory frameworks, in particular the regulations regarding export control.

Sensoror believes it has a strong position in an attractive markets, and is expecting significant growth.

Financial results – consolidation and adaptation

Sensoror had revenues of MNOK 163 for 2020, up from MNOK 133 in 2019. Net profit were MNOK 41 in 2020, compared to MNOK 7 in 2019. The net profit includes a change in the deferred tax asset of MNOK 6.4.



Significant changes in the currency rates on USD and EUR in Q2 2020 resulted in a significant net gain in foreign currency effects, which explains the net positive financial items in 2020 of MNOK 4.

Sensoror reported a positive cash flow from operations of MNOK 17 and an operating result of MNOK 31. The key difference was primarily in depreciation and changes in working capital.

The equity amounts to MNOK 38 at the end of 2020. The equity base has been strengthened through the positive operating result as well as a capitalization of the deferred tax asset.

Sensoror has invested MNOK 2 in 2020 compared to MNOK 3 in 2019. It has been invested in assets and equipment to improve the yield of the components as well securing robust operations over time.

Further, our investments in capacity to build hermetic products over the past years has been completed in 2020.

A license fee agreement on core technology has in a period starting from 2014 and onwards mistakenly not been reflected in the annual accounts for 2014, 2015, 2016, 2017, 2018 and 2019. The mutual license agreement was entered into as a part of the restart of Sensoror in 2012. Caused by management changes in the immediate years after 2012, in the conduct of ordinary business neither party gave notice of the use of the licensable technology. Sensoror detected this omission at the end of 2020 and immediately gave notice to the counterpart of the Technology License Agreement. The company pays a 1 % license fee on gross sales for the use of the licensed technology. At the end of 2020, total royalty obligation amounts to NOK 13.4, which shall be paid back over three years. The prior year misstatement is significant, and consequently the effect up to 2020 has been charged directly to equity. The comparative information for 2019 has been changed accordingly.



The Board confirms that the annual accounts for 2020 provides a true and fair view of the company's assets, liabilities, financial position, its results and cash flows.

Financial outlook – further growth and stronger profitability

The sales outlook for 2021 is positive, as Sensoror is starting to harvest from a focused product solution strategy, a developed and proven gyro product range and rapidly growing sales to a broader global customer base. The company is increasingly starting to get stable and predictable recurring business as a consequence of the customers using our products in their ongoing production.

A key priority is to secure the liquidity. The cash balance forecast for the next 12 months shows cash surplus, and a satisfactory liquidity situation. Key contributors include the positive sales momentum, a continuous high margin, good management of working capital and secured orders committed from Sensoror's largest clients.

The cooperation with Sensoror's bank (DNB) is constructive and positive. It is good alignment of the debt and covenant structure to future earnings and cash flows. While the level of bank debt is high, the repayment schedule is well aligned with the company's cash generation capability. In April 2020, a new bank agreement was established regulating the bank relationship for the next 3 years.

Sensoror has also increased its Factoring facilities in 2020 to facilitate the financing of sales growth. Further, the Company has established with its bank hedging facilities to allow forward selling a large portion of USD and EUR denominated sales. For 2021 most of the USD and EUR denominated sales have been hedged with monthly forward contracts.

Going Concern

The equity situation has improved markedly over the last 2 years. Further, the positive trading situation and outlook as well as the liquidity situation gives the board confidence that there is a secured foundation for the continuation of the business.

The budget/forecast for 2021 is to a large extent built on binding agreements and concrete requests from customers using our products. The budget/forecast for 2021 will be sufficient to build further equity and liquidity reserves and meet all commitments and bank covenants.

The Board confirms that the annual accounts for 2020 have been prepared under the going concern assumption.

Covid19 pandemic

Despite of the Covid19 outbreak resulted in delays in sales to customers in certain geographical markets in 2020, total sales in 2020 was in line with the budget.



During January and February 2021, Sensoror has not experienced any further major delays on sales due to Covid19. However, the increasing number of infections both in Norway and certain other countries has caused some concerns. It is difficult to predict possible effects of Covid19 going forward, but the management are closely monitoring the situation, and will seek to have an immediate response if the Sensoror's business and/or financial situation should be affected.

Sensoror operates in a global market and are dependent on suppliers both locally and from outside Norway. Delays in inbound deliveries may occur. Customer projects may be postponed or cancelled. Critical staff may suffer from sickness or quarantine regulations. Sensoror has currently a buffer in its inventories which reduces the risk to a certain extent.

The budget for 2021 are prepared based on inherent uncertainties on Covid19, and based on current knowledge management still believes the budget to be conservative. To the extent, the covid19, should have a material impact on sales in 2021 beyond what Sensoror has taken into account when setting the budget, it may be challenging to meet loan commitments and credit covenants going forward.

Organisation and HR

The company has in 2020 slowly increased the number of employees from 54 in January to 60 in December. This was a combination of competence strengthening in development and application engineering, and capacity building in production.

Equal opportunities

The Board of Directors and the management give equal opportunities to men and women in all occupations at the company. There are no differences in the salaries of men and women in the same position with equal qualifications. There are 14 women and 46 men employed by the company.

Safety, health and environment

Safety, health and environment (SHE) is an integrated part of Sensoror's business processes. The internal control system and employee representation system encompass and support SHE. Sensoror is participating in a government initiative to follow up long term sick-leave, integrate employees with disabilities and maintain the statutory age of retirement, and as a consequence the company has adjusted its routines.

SHE data indicate a good working environment. The total sick leave for Sensoror was 1.27 % and short-term sick-leave (less than 16 days) was 1.14 %. It was reported 12 SME deviations with no personnel injury The H-value is 0 (number of injuries with sick leave divided by the number for work hours times one million).

Emissions from the production facilities, including products that could be harmful to the environment, are well within government regulations and granted permits. The production largely takes place in clean rooms and follows strict quality regulations,



especially related to dust and other particles. Special category waste is collected according to regulations and is delivered to hazardous waste landfills. Regular waste materials are sorted.

Technology, research and development

The Company's long history and experience has built a substantial technology platform to build upon going forward. Since inception and until 31.12.19, MNOK 42.7 has been capitalised after passing commercial and technical milestones. In 2020 total expenses related to R&D amounts to MNOK 8.8, whereas 2.9 has been capitalized in connection with the finalization of our hermetic encapsulation program. Total R&D expenses in 2019 amounted to 2.3 million.

Further, Sensoror has several promising development projects; a new development around the current STIM portfolio and more variants around specific customer requirements. This will enable us a position both in the higher end of the market as well as in the price conscious segments. Several of these products has already been launched in the market in 2020.

The evolution of existing products, combined with new technology platforms and investment in application know how, play a significant role in fulfilling the ambitious growth target for the Company.

Shareholders

The 100 % shareholder in Sensoror AS is Sensoror Holding AG in Zürich, Switzerland.

Profit distribution

The Board of Directors proposes that the net result for the financial year 2020 of NOK 41,431,905 should be transferred to other equity by NOK 35,354,765 and NOK 6,077,140 to cover accumulated losses from previous years.

Horten, March 18 2021
Board of Directors Sensoror AS

Thomas Bull-Larsen
Member of Board and CEO

Knut Erling Øyehaug
Chairman of the Board

Ingo Effertz;
Member of the Board
Elected from Employees



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Knut Erling Øyehaug

Styreleder

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Ingo Edgar Martin Effertz

Styremedlem

Serienummer: 9578-5999-4-1688491

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Thomas Bull-Larsen

Kunde

På vegne av: Sensoror AS

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Thomas Bull-Larsen

Daglig leder

På vegne av: Sensoror AS

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SENSOR AS
Knudsrødveien 7
3189 HORTEN

Att. Thomas Bull-Larsen

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Sensor AS, org.nr. 998 068 266

Vi viser til deres brev innsendt 2. april 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Sensor AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Sensor AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Sensor AS er eid av et utenlandsk selskap. Selskapet driver i en internasjonal bransje med leveranse av sensorprodukter til kunder i Nord-Amerika, Europa og Asia. Kundene består hovedsakelig av større internasjonale aktører med engelsk som arbeidsspråk. Et av styremedlemmene er utenlandsk, og styrets arbeidsspråk er engelsk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i



samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er direkte eid av et utenlandsk selskap. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

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Sensor AS

Company registration no.: 998068266

Annual report 2020

Board of directors' report

Annual accounts

- **Income statement**
- **Balance sheet**
- **Cash flow statement**
- **Notes**

Auditors' report

Penneo Dokumentnøkkel: WPN0T-HBDBM-5C8HK-GN1NK-Z3DOA-X2BF2



Sensor AS

Company registration no.: 998068266

Income statement

	Note	2020	2019
Revenue			
Sales revenue	4	163 681 175	133 087 658
Other operating income		280 019	246 763
Total revenue		<u>163 961 194</u>	<u>133 334 421</u>
Operating expenses			
Changes in stocks of work in progress/ finished goods	14	-13 694 751	-982 950
Capitalization of intangible fixed assets	11	-2 951 281	-2 265 995
Cost of goods		42 847 155	28 190 940
Payroll expenses	7, 8	52 211 402	51 133 094
Depreciation	11, 12	7 867 467	7 268 040
Other operating expenses	7, 9	46 627 605	42 747 524
Total operating expenses		<u>132 907 597</u>	<u>126 090 653</u>
Operating result		<u>31 053 597</u>	<u>7 243 768</u>
Financial income and expenses			
Financial income	10	13 152 526	5 815 257
Financial expenses	10	9 174 218	12 557 280
Net financial items		<u>3 978 308</u>	<u>-6 742 023</u>
Ordinary result before tax		<u>35 031 905</u>	<u>501 745</u>
Tax expense	24	<u>-6 400 000</u>	<u>-6 600 000</u>
Net profit		<u>41 431 905</u>	<u>7 101 745</u>
Allocations			
Transferred to other equity	25	35 354 765	0
Uncovered losses	25	6 077 140	7 101 745
Total allocations		<u>41 431 905</u>	<u>7 101 745</u>

Penneo Dokumentnøkkel: WPN0T-HBDBM-5C8HK-GN1NK-Z3DOA-X2BF2



Sensor AS

Company registration no.: 998068266

Balance sheet as at December 31

	Note	2020	2019
Fixed assets			
<i>Intangible assets</i>			
Capitalized development expenses	6, 11	11 416 348	13 198 955
Deferred tax asset	24	13 000 000	6 600 000
Total intangible assets		<u>24 416 348</u>	<u>19 798 955</u>
<i>Tangible assets</i>			
Production equipment	12, 18	10 190 088	12 146 929
Other equipment, tools etc.	12, 18	1 720 501	2 160 197
Total tangible assets		<u>11 910 589</u>	<u>14 307 126</u>
<i>Financial assets</i>			
Investments in shares	13	68 959	68 959
Total financial assets		<u>68 959</u>	<u>68 959</u>
Total fixed assets		<u>36 395 896</u>	<u>34 175 040</u>
Current assets			
Inventories	14, 18	<u>82 306 318</u>	<u>60 518 790</u>
<i>Receivables</i>			
Trade receivables	15, 18	14 283 237	11 378 366
Other receivables	16	6 459 585	2 791 676
Total accounts receivable		<u>20 742 822</u>	<u>14 170 042</u>
Cash	3	<u>1 880 783</u>	<u>1 920 623</u>
Total current assets		<u>104 929 923</u>	<u>76 609 455</u>
Total assets		<u>141 325 819</u>	<u>110 784 495</u>

Pennco Dokumentnøkkel: WPN0T-HBDBM-5C8HK-GN1NK-Z3DOA-X2BF2



Sensor AS

Company registration no.: 998068266

Balance sheet as at December 31

	Note	2020	2019
Equity			
<i>Paid-in capital</i>			
Share capital	25, 26	42 204 172	42 204 172
Share capital decrease (not registered)	25	-39 451 726	0
Share premium reserve	25	0	71 469 908
Total paid-in capital		<u>2 752 446</u>	<u>113 674 080</u>
<i>Retained earnings</i>			
Other equity	25	<u>35 354 766</u>	<u>-116 998 774</u>
Total retained earnings		<u>35 354 766</u>	<u>-116 998 774</u>
Total equity		<u>38 107 212</u>	<u>-3 324 694</u>
Liabilities			
<i>Long-term liabilities</i>			
Liabilities to financial institutions	17, 18	63 239 400	79 116 049
Other long-term liabilities	19	<u>15 255 703</u>	<u>13 105 272</u>
Total other long-term liabilities		<u>78 495 103</u>	<u>92 221 321</u>
<i>Short-term liabilities</i>			
Bank overdraft	17, 18	4 791 212	1 193 280
Trade creditors	20	7 919 150	8 991 122
Public duties payable		3 586 031	3 570 726
Other short-term liabilities	21	<u>8 427 111</u>	<u>8 132 740</u>
Total short-term liabilities		<u>24 723 504</u>	<u>21 887 868</u>
Total liabilities		<u>103 218 607</u>	<u>114 109 189</u>
Total equity and liabilities		<u>141 325 819</u>	<u>110 784 495</u>

31 December 2020
Horten, 18 March 2021

Knut Erling Øyehaug
Chairman of the Board

Ingo Effertz
Board Member

Thomas Bull-Larsen
Board Member/ CEO

Penneo Dokumentnøkkel: WPN0T-HBDBM-5C8HK-GN1NK-Z3DOA-X2BF2



Sensor AS

Company registration no.: 998068266

Cash flow statement

	Note	2020	2019
Cash flow from operating activities			
Profit before tax		35 031 905	501 745
Depreciation		7 867 467	7 268 040
Changes in inventories, trade receivables and trade payables		-25 764 371	-5 742 595
Foreign currency effects		-583 100	132 731
Changes in other current balance sheet items		256 630	2 932 207
Net cash flow from operating activities		<u>16 808 531</u>	<u>5 092 128</u>
Cash flow from investing activities			
Development of intangible assets		-2 951 281	-2 265 995
Received government grants on intangible assets		0	692 600
Purchase of tangible fixed assets		<u>-2 201 473</u>	<u>-3 029 270</u>
Net cash flow from investing activities		<u>-5 152 754</u>	<u>-4 602 665</u>
Cash flow from financing activities			
Payments on financial leases		0	-381 299
Installments on long-term loans		-15 293 549	-8 760 188
Net change in bank overdraft		<u>3 597 932</u>	<u>1 193 280</u>
Net cash flow from financing activities		<u>-11 695 617</u>	<u>-7 948 207</u>
Net change in cash		-39 840	-7 458 744
Cash at 01.01		<u>1 920 623</u>	<u>9 379 367</u>
Cash at 31.12		<u>1 880 783</u>	<u>1 920 623</u>

Pennco Dokumentnøkkel: WPN0T-HBDBM-5C8HK-GN1NK-Z3DOA-X2BF2



Sensor AS

Company registration no.: 998068266

Notes to the accounts for 2020

Note 1 - Accounting principles

The annual report is prepared according to the Norwegian Accounting Act and generally accepted accounting principles.

Sales revenue

Sales revenues are recognized at the time of delivery. Revenues from services are recognized at execution. Costs relating to recognized revenues are recognized at the same time as the related revenues. Costs not relating to any revenues are recognized when they are accrued.

Balance sheet classification

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long-term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Fixed assets are valued by the cost of acquisition. In the case of non-incidentally reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments.

Inventories

Inventories are valued at the lower of average cost and market value. Finished goods and work in progress are valued at lower of full production cost and market value. Full production cost includes direct material and labor and an allocation of fixed and variable production overheads that incurred in converting materials into work in progress and finished goods. Write-downs are carried out for foreseeable obsolescence.

Government grants

Government grants related to certain costs are recognized as a reduction to these costs. The timing of recognition of government grants follows the accruals principle with reference to the associated costs. Other government grants are recognized as gross income and presented as other operating income in the income statement. In case the grants are related to a R&D project, the basis for recognition in the income statement is the progress of the project. The share of the grants that can be related to capitalized development expenses or other assets in the balance sheet are balanced as a reduction to the investment and recognized in the income statement according to the depreciation rate of the asset.

Customer contributions

Customer contributions are recognized as gross operating income or as reduction to cost based on an evaluation of the underlying agreement. The distinction between recognizing the contribution in the balance sheet or the income statement follows the same principles as government grants

Foreign currency translation

Foreign currency items are translated using the year end exchange rates.

Pennco Dokumentnøkkel: WPN0T-HBD8M-5C8HK-GNTNK-Z3DOA-X2BF2



Sensor AS

Company registration no.: 998068266

Notes to the accounts for 2020

Financial derivatives and hedging

As long as a financial derivative is not defined as an effective hedging instrument for a hedged item, the derivative is valued at fair value with changes recognized in the income statement.

If the financial derivative is designated as an effective hedging instrument for a hedged item, changes in fair value of the hedging instrument are not recognized as profit or loss until the underlying hedged item affects the income statement. Fair value of the hedging instrument is not presented in the balance sheet.

A designated hedging relationship between a hedging instrument and a hedged item exists if changes in fair value of the hedging instrument effectively offset changes in the hedged item. An effective cash flow hedge exists if there is a close relationship between due dates for the hedging instrument and the hedged item. In addition, the future hedged transaction has to be reasonably likely to occur.

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

Leases / rental agreements

Leases are classified as an operating lease or a finance lease based on an evaluation of the lease agreement. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Other leases are classified as operating leases. In case of finance lease an asset and a liability are recognized in the balance sheet at amounts equal to the fair value of the leased asset. The asset is classified as tangible equipment, while the liability is classified as other long-term debt.

In case of an operating lease, leasing costs are expensed in the income statement and classified as other operating costs.

Intangible assets

Research and development costs are capitalized providing that a future economic benefit associated with a development project can be identified. Recognition in the balance sheet occur when it is probable that the project will result in technological and commercial success, the R&D costs can be measured reliably and that the company has the ability and intention to complete the project. Otherwise, the costs are expensed as incurred. Capitalized research and development are amortized linearly over the economic lifetime.

Acquisitions of other intangible assets are recognized at cost and are depreciated based on an evaluation of economic life.

Pensions

Cash payments to the define contribution plan are expensed as pension costs.

Income tax

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative are balance out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized. Tax expenses are recognized directly to equity if the tax items refer to equity transactions.



Sensor AS

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Notes to the accounts for 2020

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term highly liquid placement with original maturities of three months or less

Note 2 - Prior year misstatement

A license fee agreement on core technology applications has in a period starting from 2014 and onwards mistakenly not been reflected in the annual accounts for 2014, 2015, 2016, 2017, 2018 and 2019. The mutual license agreement was entered into as a part of the restart of Sensor in 2012. Caused by management changes in the immediate years after 2012, in the conduct of ordinary business neither party gave notice of the use of the licensable technology. Sensor detected this omission in the end of 2020 and immediately gave notice to partner of the Technology License Agreement. The license fee amounts to:

Financial year	License fee
2014	1 144 457
2015	1 889 730
2016	2 273 848
2017	1 775 070
2018	2 013 283
2019	1 304 751

The license fee is nominated in EUR and accumulated error amounts to NOK 9,834,089 as at 01.01.2019. The error is considered material to 2019 accounts, consequently the comparative information for 2019 has been changed accordingly.

Note 3 - Cash deposits

	2020
Restricted cash for employee taxation payable	1 880 784

Note 4 - Sales

	2020	2019
<i>By business area</i>		
Sensor products	163 681 176	130 511 191
R&D Services	0	2 576 468
	<u>163 681 176</u>	<u>133 087 659</u>
<i>Geographical distribution</i>		
Norway	3 972 308	2 074 548
Rest of Europe	47 304 863	45 466 296
North America	37 478 925	22 552 671
Rest of World	74 025 080	62 994 144
	<u>163 681 176</u>	<u>133 087 659</u>

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Sensoror AS

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Notes to the accounts for 2020

Note 5 - Customer contributions

The company's R&D projects are conducted in cooperation with certain customers. The ownership of the projects is mainly withheld by Sensoror, whereas the contributions are classified as gross income. The company has in 2020 received no customer contributions. In 2019 the company received 2.5 million in contributions from customers.

Note 6 - Government grants

Sensoror receives different types of government grants as contributions to their development programs. The grants refer to specific projects from Norsk Forskningsråd, Innovasjon Norge and the EU committee. The grants are based on standard terms and conditions with reference to the progress on each project. The project costs include payroll expenses, external services and other direct costs. In total, the company has received government grants of NOK 2,184,220 in 2020 and NOK 242,557 in 2019.

Note 7 - Wage costs, number of employees, remuneration, loans to employees and auditor's fee

<i>Wage costs</i>	2020	2019
Salaries	41 577 813	39 983 597
Social security tax	6 095 733	6 171 918
Pension costs	2 219 674	2 891 556
Other payroll expenses	2 318 183	2 086 022
Total	<u>52 211 403</u>	<u>51 133 093</u>

The total number of FTEs during the year: 55

Management remuneration

Sensoror's CEO is employed by the parent company, Sensoror Holding AG in Switzerland, and receives no salary from Sensoror. The parent company has invoiced Sensoror for management services of NOK 3.5 million in 2020.

Remuneration to the Board amounts to NOK 80,000 in 2020.

There has not been issued any loans or securities to management or shareholders. There has not been agreed any option-, pension- or severance arrangements for the management or the Board of Directors.

Auditor fee has been divided as follows

	2020
Statutory audit fee	398 000
Other services	104 895

VAT is not included in the figures of auditor's fee.

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Sensor AS

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Notes to the accounts for 2020

Note 8 - Pensions

The company is obligated to have pension arrangements for their employees in accordance with Norwegian regulations. The company pension plan is in accordance with these regulations. All employees are members of the company's ordinary define contribution pension plan.

Note 9 - Operating leases

		2020	2019
<i>Expensed rent of the following premises:</i>			
Knudsrødveien 7 - seksjon 2 (*)	30-03-2032	2 671 004	2 625 020
Knudsrødveien 7	30-06-2023	1 599 508	1 595 352
Langmyra 6 (*)	30-03-2032	4 245 756	4 172 667
		<u>8 516 268</u>	<u>8 393 039</u>

(*) In a period up to 1 January 2016, Sensor had agreed to reduced rental payments in exchange for increased annual rent over the remaining rental period. As at 31 December 2020 the company has made a provision of NOK 1,876,495 to cover the obligations under this agreement.

Note 10 - Financial income and expenses

Interest income	59 239	191 562
Foreign currency gain (*)	13 093 287	5 623 695
Financial income	<u>13 152 526</u>	<u>5 815 257</u>
Interest costs	4 100 809	5 032 577
Foreign currency loss	3 294 001	6 153 013
Other financial expenses	1 779 408	1 371 690
Financial expenses	<u>9 174 218</u>	<u>12 557 280</u>

(*) The Covid19 pandemic and decreasing oil prices resulted in a significant increase in the NOK/USD rate in March 2020. Sensor has recognized a significant gain from cash holdings on USD from this period.

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Sensor AS

Company registration no.: 998068266

Notes to the accounts for 2020

Note 11 - Intangible assets

	Capitalized development expenses
Acquisition cost at 01.01.20	42 670 065
Capitalized development expenses	2 951 281
Government grants	-1 463 660
Acquisition cost 31.12.20	44 157 686
Acc.amortization at 31.12.20	-32 741 338
Net carrying amount at 31.12.20	11 416 348
Amortization for the year	3 270 228
Useful economic life	5 år
Amortization plan	Lineær

Capitalized development expenses consist of projects within current and future product portfolio of sensor units with both gyro, accelerometers and electronic compass for use in demanding positioning, guidance and navigational systems. Capitalized expenses in 2020 consists of development of a hermetic encapsulation for a wider range of Sensor's product portfolio. The hermetic encapsulation is an important and necessary product improvement for certain applications for Sensor's customers. Based on an analysis of the products' technical features, the current and future market situation and the company's financial ability and willingness to complete the projects, the company is confident that it is likely that future economic benefits will flow to the company at an amount above the capitalized net costs.

The company's total expenses on research and development activities amounts to 8.8 million in 2020 and 2.3 million in 2019.

Note 12 - Tangible assets

	Production equipment	Other assets	Total
Acquisition cost at 01.01.20	62 076 451	5 883 025	67 959 476
Purchased tangibles	1 648 593	552 880	2 201 473
Acquisition cost at 31.12.20	63 725 044	6 435 905	70 160 949
Acc.amortization at 31.12.20	-53 534 956	-4 715 405	-58 250 361
Net carrying amount at 31.12.20	10 190 088	1 720 500	11 910 588
Depreciation for the year	3 604 659	992 578	4 597 237
Useful economic life	5 years	5 years	
Amortization plan	Linear	Linear	

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Sensoror AS

Company registration no.: 998068266

Notes to the accounts for 2020

Note 13 - Subsidiaries and other investments

Company	Ownership	Office location	Acquisition cost	Book value
Sensoror North America LLC	100%	Orlando, USA	0	0
Microtech Innovation AS	0,92%	Horten, Norway	68 969	68 959
			<u>68 969</u>	<u>68 959</u>

The subsidiary in the US was established in 2020 as a sales agency office with a simple setup of one employee. The subsidiary has no sales, and all costs in the subsidiary are refunded and expensed by Sensoror AS on a monthly basis. Due to the insignificance of the US subsidiary, the omission from consolidation is insignificant to the assessment of the Sensoror Group's financial position and result. In accordance with Norwegian accounting Act § 3-8, no consolidated financial statements are prepared.

Note 14 - Inventories

	2020	2019
Raw materials	17 365 705	9 734 026
Work in progress	63 565 213	49 870 462
Finished products	366 857	72 015
Spare parts	1 008 543	842 287
Total	<u>82 306 318</u>	<u>60 518 790</u>

Sensoror has a significant net increase in inventory levels on sensor dies in 2020. Since the inventory book value of work in progress and semi-finished products includes both a share of fixed salary cost and fixed indirect cost in the production line and there is no overrun of normal production capacity, the increase in inventory levels has a corresponding positive effect in the profit and loss statement for 2020.

Accumulated write-downs on inventories are included in the figures above with 8.7 million at 31.12.20 and 8.6 million at 31.12.19. The impairment of inventories is based on both technical and commercial obsolescence reviews. Materials in stock that are currently not part of the company's primary sales and growth strategy have been written off completely. Furthermore, the company has written down the value of material in stock with technical discrepancies, where a repairment does not appear financially justifiable or not expected to be prioritized.

Note 15 - Accounts receivables

The company has signed a factoring agreement to fund their accounts receivables on certain pre-approved customers under the agreement. Under this agreement, the company sells 90 % of running invoices to the financial institution within a limit of NOK 20 million.



Sensor AS

Company registration no.: 998068266

Notes to the accounts for 2020

Note 16 - Other short-term receivables

	2020	2019
VAT receivable	338 737	652 453
Government grants	1 937 343	0
Prepayments to suppliers	3 833 733	1 080 000
Other	349 772	1 059 223
Total	<u>6 459 585</u>	<u>2 791 676</u>

Note 17 - Credits and covenants

	2020	2019
Long-term loan	63 239 400	79 116 049
Cash overdraft (facility of NOK 5 million)	<u>4 791 212</u>	<u>1 193 280</u>
Total	<u>68 030 612</u>	<u>80 309 329</u>

The long-term loan and the cash credit facility has final due date 30 June 2023. Annual installments has been agreed at NOK 9.8 million and USD 350,000, with an addition cash sweep conditional upon annual free cash flow. Free cash flow includes the net of EBITDA, working capital effects, investments and interest/installments on credits and loans.

Sensor AS has cash overdraft facility of 5 million with an annual renewal policy.

The loan agreement includes financial covenants. Sensor AS are compliant with all covenants as at 31.12.2020. Covenants for 2021 includes requirements on Debt to EBITDA ratio, measured on accumulated quarterly basis. There is a 10 % headroom between the 2021 budgeted EBITDA and the covenants. Further, there has been agreed to a minimum equity ratio measured on quarterly basis.

Note 18 - Securities

<i>Book value of liabilities with pledged securities</i>	2020	2019
Liabilities to financial institutions	63 239 400	79 116 049
Bank overdraft facility	<u>4 791 212</u>	<u>1 193 280</u>
Total book value of liabilities with pledged securities	<u>68 030 612</u>	<u>80 309 329</u>

<i>Book value of assets pledged as security:</i>	2020	2019
Fixed assets	11 910 589	14 307 126
Trade receivables	14 283 237	11 378 366
Inventories	<u>82 306 318</u>	<u>60 518 790</u>
Total	<u>108 500 144</u>	<u>86 204 282</u>

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Note 19 - Other long-term liabilities

	2020	2019
License fees (See note 2)	13 379 208	11 083 453
Rental payment accrual (See note 9)	1 876 495	2 021 819
Total	<u>15 255 703</u>	<u>13 105 272</u>

The license fee liability is due with three equal annual installments over the next 3-year period.

Note 20 - Intra-group payables

	2020	2019
Supplier credits Sensoror Holding AG	75 785	460 640

Note 21 - Other short-term liabilities

	2020	2019
Salaries, holiday pay etc.	5 191 195	4 753 771
Deferred income and prepayment from customers	0	735 370
Warranty provisions	1 640 000	1 527 000
Other	1 595 918	1 116 599
Total	<u>8 427 113</u>	<u>8 132 740</u>

Note 22 - Financial risk

Sensoror is exposed to financial risks in various areas. The company goal is to reduce the financial risk to a minimum.

Foreign currency risk:

The company's income is generally in EUR and USD. The company's current strategy includes the use of financial instruments to hedge future proceeds from sales. The company has in 2020 hedged a major part of their customer payments in USD and EUR to a fixed rate between of 8.45 and 8.90 on USD 7.1 million and a fixed rate between 9.83 and 10.14 on EUR 4.8 million. The company has also signed future contracts of USD 6.0 million and EUR 3.0 million with reference to estimated customer payments from January to October 2021. The contracts are due on a linear basis throughout January-October 2021 with a fixed rate on USD contracts between 8.63 and 10.41 and a fixed rate on EUR contracts between 10.42 and 11.37. The calculated net value of the future f/x contracts is positive by NOK 5.9 million as at 31.12.2020.

Sensoror has a USD loan of 2.3 million, which is exposed to changes in USD rate. Non-hedged parts of sales in USD mitigates the exposure to some degree. Net currency gain on the loan amounts to 0.6 million in 2020.

Interest risk:

Sensoror has floating interest rate on all credits. The company is exposed to interest rate fluctuations.

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Notes to the accounts for 2020

Credit risk:

The company has signed a factoring agreement to fund accounts receivables on certain pre-approved customers under the agreement. Under this agreement the company sells 90 % of running invoices to the financial institution within a limit of NOK 20 million. The financial institution assumes credit risk for their purchased share of the outstanding amount.

Liquidity risk:

The cash flow statement is showing a positive cash flow from operating activities, both in 2020 and 2019. Sensor also expects a positive operating cash flow in 2020. Accounts receivables are funded by factoring, whereas the company receives settlement on a running basis for their invoiced sales within a credit limit of NOK 20 million. For further information please refer the Board of Director's report.

Note 23 - Related parties

The parent company, Sensor Holding AG, has in 2020 charged NOK 3.5 million in consultancy fees for work performed by the Chairman of the Board, Thomas Bull-Larsen. The consultancy fee is calculated based on a standard cost-plus model (10 %). In 2019, the charged amount was 2.7 million.

The subsidiary, Sensor Noth America LLC was established in October 2020, and has charged NOK 1.0 million in consultancy fees for sales agency work. The consultancy fee is calculated based on a preliminary principle of refunding all costs in the subsidiary.

Skylight Navigation Technology has in 2020 charged Sensor NOK 80,000 in consultancy fees for work performed by Michael Perlmutter (Member of the Board of Sensor). In 2019, the charged amount was NOK 80,000.

Note 24 - Income taxes

<i>Income tax expenses</i>	2020	2019
Change in deferred tax	-6 400 000	-6 600 000
Total income tax expense	<u>-6 400 000</u>	<u>-6 600 000</u>
<i>Tax base estimation</i>	2020	2019
Ordinary result before tax	35 031 905	501 746
Permanent differences	-1 442 188	36 542
Change in temporary differences	636 010	-12 177 950
Losses carried forward	-34 225 727	0
Tax base	<u>0</u>	<u>-11 639 662</u>
Tax payable (22%)	0	0
Tax refund government grant	<u>1 463 660</u>	<u>0</u>
Net tax receivable at 31.12	<u>1 463 660</u>	<u>0</u>

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Notes to the accounts for 2020

<i>Temporary differences outlined</i>	2020	2019
Fixed assets	-4 474 415	-1 831 300
Inventories	8 418 530	6 138 330
Accounts receivables	-187 595	-27 500
Provisions	-1 640 000	-1 527 000
Losses carried forward	-90 119 981	-124 345 708
Interest on group loan carried forward	-525 600	-525 600
Net temporary differences at 31.12	<u>-88 529 061</u>	<u>-122 118 778</u>
Deferred tax asset (22%)	19 476 393	26 866 131
Deferred tax asset not recognized	6 476 393	20 266 131
Book value at 31.12	<u>13 000 000</u>	<u>6 600 000</u>
<i>Effective tax rate</i>	2020	
Expected income taxes, statutory tax rate 22%	7 707 019	
Permanent differences (22%)	-317 281	
Change in deferred tax asset not recognized	-13 789 738	
Income tax expense	<u>-6 400 000</u>	

Sensor has in 2020 recognized a deferred tax asset of 13.0 million with a 6.4 million effect on the income statement. The recognition of the tax asset is based on an analysis of taxable profits with the next 3-4 years period. The analysis is supported by the 2021 budget and forecasts going forward.

NOK 7 768 295 of the accumulated losses carried forward as at 31.12.2019 and 31.12.2020 is conditional upon Norwegian Tax authorities accepts changes to the tax return for 2016-2019 to reflect the error described in note 2.

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Notes to the accounts for 2020

Note 25 - Owners equity

	Share capital	Share capital decrease (not registered)	Share premium	Other equity	Accumulated losses	Total
Equity 31.12.18	42 204 172	0	71 469 908	0	-114 266 430	-592 350
Prior year misstatement*	0	0	0	0	-9 834 089	-9 834 089
Equity 01.01.19	42 204 172		71 469 908		-124 100 519	-10 426 439
Net profit 2019	0		0		7 101 745	7 101 745
Equity 31.12.19	42 204 172	0	71 469 908	0	-116 998 774	-3 324 694
Allocation of share premium	0	0	-71 469 908	0	71 469 908	0
Share capital decrease	0	-39 451 726	0	0	39 451 726	0
Net profit 2020	0	0	0	35 354 765	6 077 140	41 431 905
Equity 31.12.20	42 204 172	-39 451 726	0	35 354 765	0	38 107 211

*) See note 2

Note 26 - Share capital and shareholder information

Share capital:

	Number of shares	Face value	Book value
Ordinære aksjer	917 482	46 kr	42 204 172

Shareholders per 31.12:

	Ordinary shares	Ownership share	Voting rights
Sensor Holding AG	917 482	100 %	100 %

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Notes to the accounts for 2020

Note 27 - Covid19 pandemic

The Covid19 outbreak has in 2020 resulted in delays in sales to customers in certain geographical markets. Additionally, the significant increase in USD/NOK currency rate during the outbreak phase of the pandemic in March to May 2020 did release an additional installment on the company's USD loan of USD 275,000. On the other hand, Sensor had significant currency gains on cash holdings in USD from the same period.

Sensor has not experienced any major impact from Covid19 so far in 2021. However, the increasing number of infections both in Norway and certain other countries has caused some concerns. Covid19 effects going forward is difficult to predict. Sensor operates in a global market and are dependent on suppliers both locally and from outside Norway. The pandemic may have an impact on company's operations going forward. Delays in inbound deliveries may occur. Customer projects may be postponed or cancelled. Critical staff may suffer from sickness or quarantine regulations. Sensor has currently a buffer in its inventories which reduces the risk to a certain extent.

To the extent, the covid19, should have a material impact on sales in 2021 beyond what Sensor has taken into account when setting a conservative budget for 2021, it may be challenging to meet loan commitments and credit covenants going forward.

The management and the Board are closely monitoring the situation and will seek to respond rapidly if the company's business operations and/or financial situation should be affected.

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Knut Erling Øyehaug

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Ingo Edgar Martin Effertz

Styremedlem

Serienummer: 9578-5999-4-1688491

IP: 62.92.xxx.xxx

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Thomas Bull-Larsen

Kunde

På vegne av: Sensoror AS

Serienummer: 9578-5997-4-734668

IP: 85.2.xxx.xxx

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Thomas Bull-Larsen

Daglig leder

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