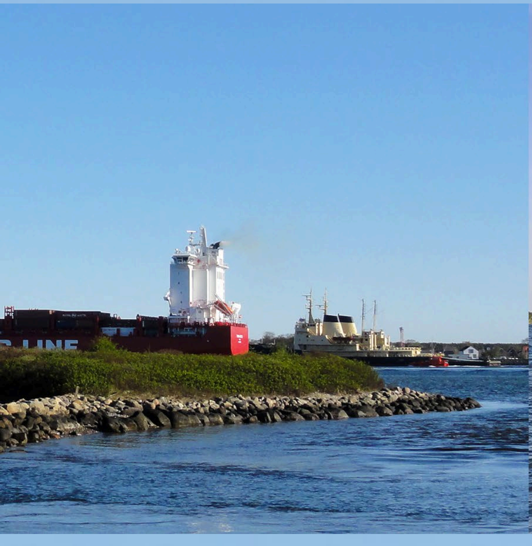
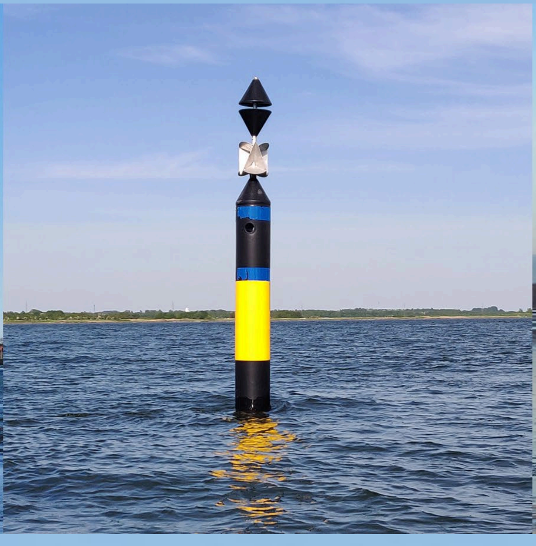
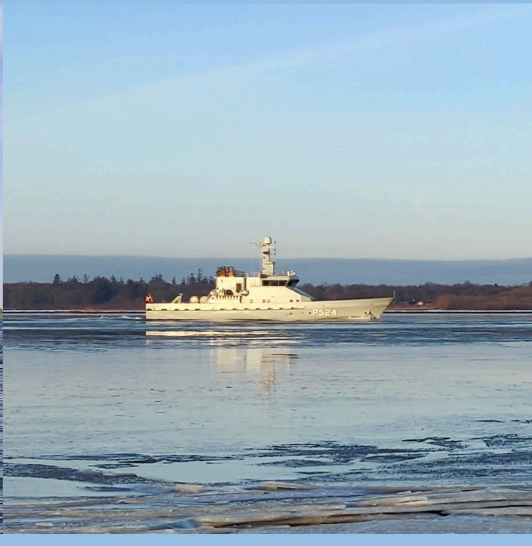
ANNUAL REPORT

2021

Sternula ApS
Niels Jernes Vej 10
9220 Aalborg Øst
CVR no.: 40650709







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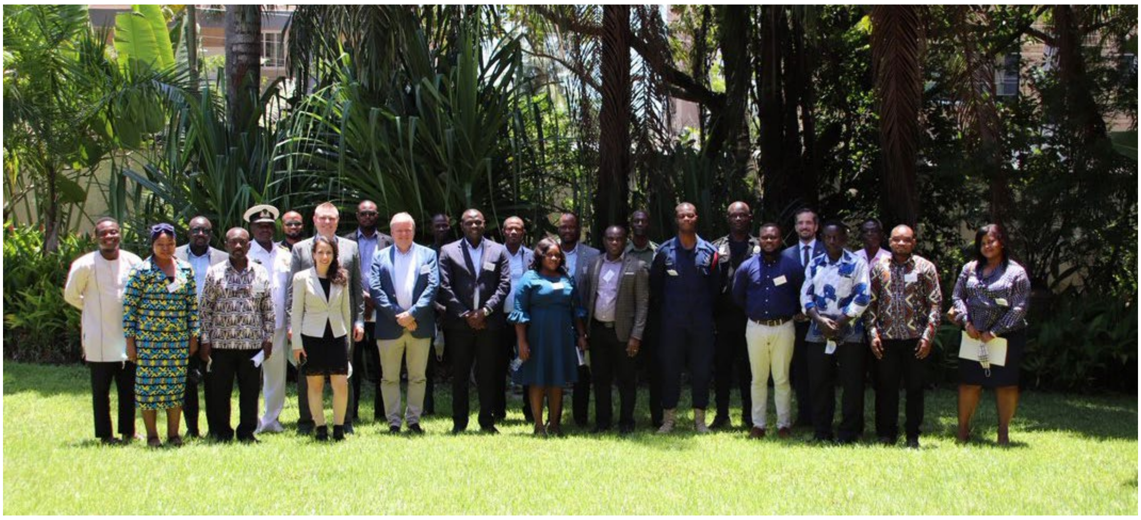

September 2021: Sternula, represented by Lars Moltsen, Patricia Broda, and Donald Nunieh, together with the Danish Export Council and Danish ambassador, Tom Nørring, visited the Ghana Maritime Authority

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Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Sternula ApS for the financial year 1 January – 31 December 2021.

The Financial Statement has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

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

Aalborg, 08 April 2022

Executive Board:

Lars Moltsen CEO	Stefan Werner Pielmeier CTO

Board of Directors:

Morten Lindblad chairman	Bengt Gustav Sangberg	Peter Grøftehauge
Martin Bo Hjort Løbel	Anja Erichsen Studier	Stefan Werner Pielmeier

Independent auditor's report

To the shareholders of Sternula ApS

Opinion

We have audited the Financial Statement of Sternula ApS for the financial year 1 January – 31 December 2021, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The Financial Statement are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the Financial Statement give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

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 International Financial Reporting Standards as adopted by the EU. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

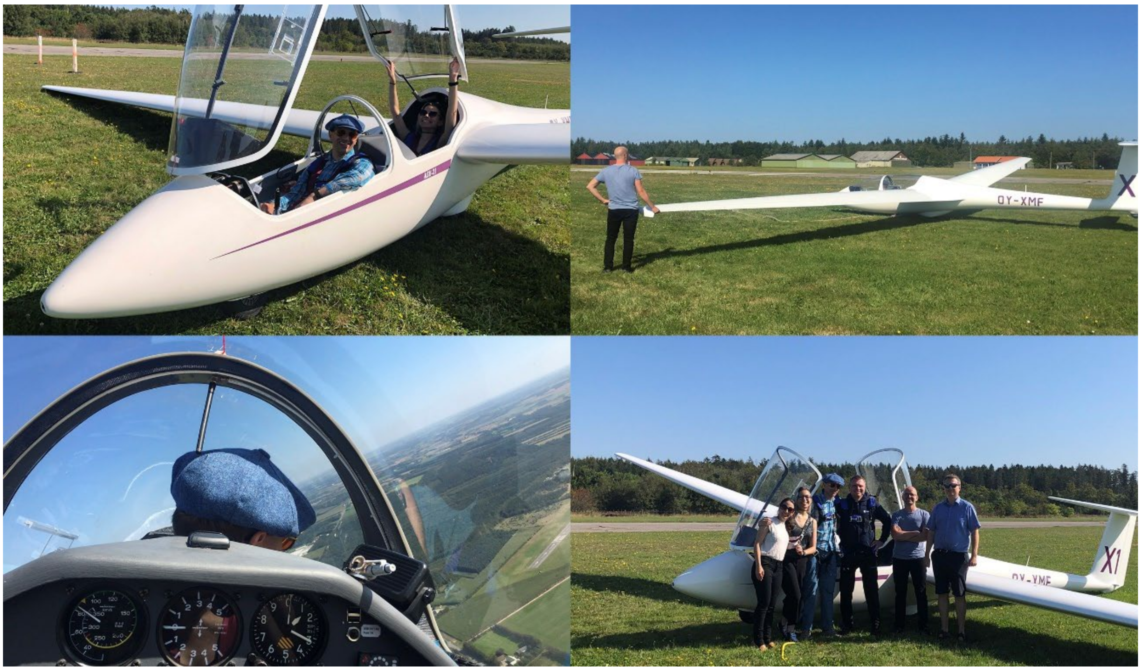
Aalborg, 08 April 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Hans B. Vistisen
State Authorised Public Accountant
mne23254

Management's review

Company details

Name	Sternula ApS
Address, postal code, city	Niels Jernes Vej 10, 9220 Aalborg
CVR no.	40 65 07 09
Established	1 July 2019
Financial year	1 January – 31 December
Board of Directors	Morten Lindblad, Chairman Bengt Gustav Sangberg Peter Grøftehauge Martin Bo Hjort Løbel Anja Erichsen Studier Stefan Werner Pielmeier
Executive Board	Lars Moltsen Stefan Werner Pielmeier
Auditors	EY Godkendt Revisionspartnerselskab Vestre Havnepromenade 1A, 9000 Aalborg



Sternula is building a strong team using the skills and interests of individual team members

Management's review

Corporate Background

Sternula ApS was founded in July 2019 by Stefan Pielmeier and Lars Moltsen with the aim of becoming the world's first commercial provider of standardized, global satellite connectivity to the maritime industry based on the new AIS 2.0 technology also known as VDES. The vision of the founders was to exploit maturing New Space principles to implement a cost-effective satellite network offering affordable, global AIS 2.0 connectivity as supplementary coverage to coastal AIS 2.0 networks. Moreover, based out of Denmark, a strong maritime nation with one of the world's biggest merchant fleets and huge territorial waters in a Commonwealth with the Faroe Islands and Greenland, the Company taps into a growing eco system of maritime industry needs, solutions, and technology.

Principle Activities of the Company

Sternula provides a new type of standardized satellite connectivity for maritime authorities, ship owners, coast guards, and industrial service providers based on the VHF Data Exchange System (VDES) standard, which is an extension of the widely used AIS technology. We use the popular term, "AIS 2.0", because this makes the relation to the old AIS technology more explicit to users and customers (similar to the use of "3G", "4G", and "5G" in mobile telecommunication).

The AIS 2.0 satellite connection offered by Sternula will be available from 2023, following the launch of our first satellite in 2nd half of 2022. We enable the maritime authority to implement key digital services at a much lower total cost than what can be achieved using other technologies.

The key difference between AIS 2.0 and alternative satellite technologies is that to have AIS 2.0 on board the ship, only a newer model AIS transceiver is required. The existing VHF antenna is reused for both terrestrial and satellite-based AIS 2.0 connectivity. Other satellite networks require special antennas and proprietary terminal units with significant extra cost to the ship owner. Moreover, AIS 2.0 (VDES) is a global telecom standard defined by the ITU and in progress to become an IMO requirement under the Safety-of-Life-at-Sea (SOLAS) convention.

This means that AIS 2.0 connectivity is expected onboard all commercial vessels of all sizes and in all parts of the world within a limited number of years. We expect the total number of AIS 2.0 terminals on ships and other marine infrastructure to pass 500,000 in 2030.

Maritime authorities of coastal nations are obliged under IMO regulation to implement services for effective and safe maritime commerce while enforcing regulations and protection. An obstacle for realizing such obligations, in particular as digital solutions, is the lack of cost-effective, standardized connectivity options integrating with critical ship equipment without opening the door to cyberattacks. AIS 2.0 will effectively remove this obstacle.

During the coming years, maritime authorities globally will deploy terrestrial AIS 2.0 in coastal VHF radio networks with a coverage of up to 50 nautical miles from shore. We expect that most developed coastal nations will have terrestrial AIS 2.0 deployed by 2026. Sternula's satellite network provides additional AIS 2.0 coverage in anywhere. The maritime authority can subscribe to AIS 2.0 satellite coverage from Sternula for full AIS 2.0 coverage in their waters. This can also be used to achieve early AIS 2.0 coverage in waters that will later be covered by the coastal radio.

AIS 2.0 can be seen as a maritime internet-of-things (IoT) technology, which can also be utilized for a range of commercial services within preventive maintenance of onboard critical systems (engines, boilers, etc.) as well as to connect remote Aids-to-Navigation and special purpose buoys e.g. for monitoring of water pollution. Sternula will offer global connectivity for such IoT-type solutions to service providers on a volume subscription basis.

Sternula is strategically active in the standardization of AIS 2.0 and other enabling technologies. AIS and VDES is standardized by ITU, the United Nations agency for telecommunications and information technology. Technology development is carried out by both industry and authority representatives in the IALA e-Navigation Working Group 3: Digital Communication Systems, where our CTO, Stefan Pielmeier, is leading the VDES activities. IMO represents the end users in the maritime sector and defines how and when standardized equipment must be deployed. Sternula provides support to the Danish Maritime Authority and the Danish Energy Authority (the radio spectrum authority) on matters around AIS 2.0 standardization.

Management's review

Development in Activities

During 2021, the second fiscal year of the company, Sternula transformed itself from an ambitious start-up to a solid organization prepared to launch and operate its first satellite. Activities in 2021 were still highly technical in nature, with the ongoing development of a satellite network infrastructure. However, commercial activities were kicked off in parallel on a global scale, and Letters-of-Intent on the use of our satellite capacity were signed with leading maritime authorities in different parts of the world.

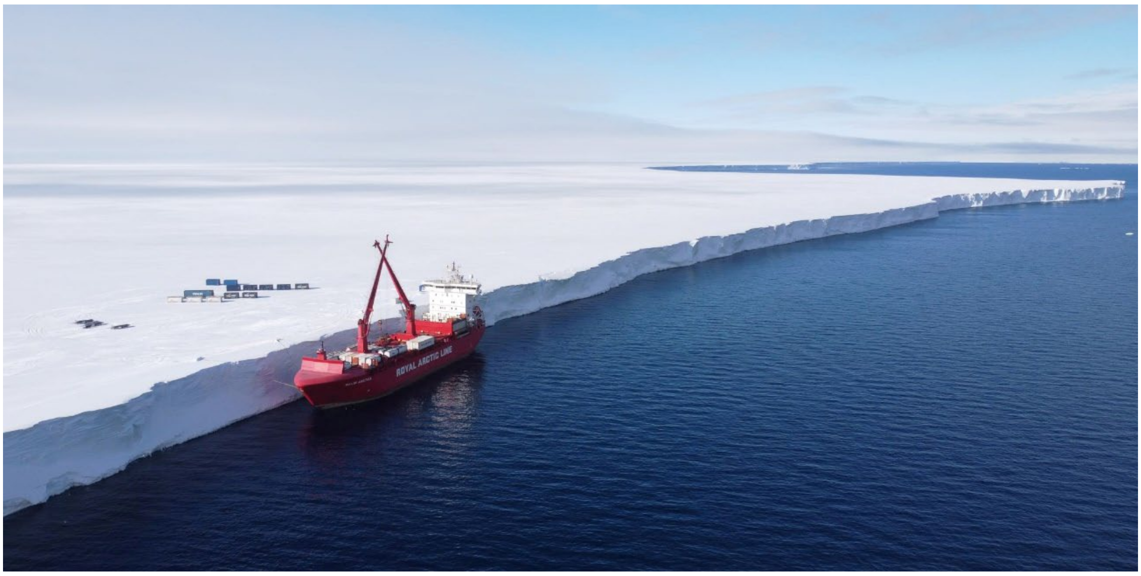
Growth was made possible from a combination of private investors and R&D funding ("soft money"). A total of DKK 8.18 million of new private capital was raised in two investment rounds, and the number of private owners of the company grew from 3 to 40.

Sternula is building a Low-Earth Orbit (LEO) satellite infrastructure, where the first satellite is scheduled to launch in 2022. The main R&D activity for this development is the MARIOT project, which is partly funded by DKK 20 million from Innovation Fund Denmark over a three-year period. This project is carried out in collaboration with key technology partners, including the Danish Meteorological Institute (DMI), who needs to provide digital weather and ice services to vessels in Danish territorial waters, including the Arctic waters around Greenland. During 2021, the project made good progress against the plan despite a challenging period for the delivery of certain hardware components. The satellite launch is expected to go ahead with no delay.

In addition to the MARIOT project, Sternula is and has been involved in a number of collaboration projects with both technical and commercial focus together with selected partners. The VDES Living Lab project, supported by The Danish Maritime Fund, is implementing a virtual environment for service providers to implement and test AIS 2.0 services prior to satellite network availability. The OPSAT project, supported by Nordjysk Lånefond, develops the technical infrastructure for satellite network operations as well as the commercial platform. Furthermore, during the start-up, Sternula has been supported by the European Space Agency business incubation program (ESA BIC Denmark), as well as the Danish Maritime Stars program.

Significant progress was made during 2021 in core technology standardization. In March, it was agreed by the MSC committee under IMO to start the work of including AIS 2.0 (VDES) to SOLAS chapter IV and V and to define new performance standards. In December, a critical update to the ITU-R M.2092 recommendation (the VDES standard) was agreed in the Working Party 5B committee. This development enables and ensures the implementation of aligned equipment by the industry as well as the definition of future IMO requirements.

Overall, the development in activities during fiscal year 2021 was very satisfactory and in line with plans.



Malik Arctica delivering supplies for Norwegian station and airfield, Troll, Antarctica

Management's review

Financial Development

The net result of the fiscal year was negative DKK 699 thousand in line with the budget. The most important cash contribution for the year was new share capital and premium of DKK 8,175 thousand. Support funding for R&D activities from public and private funds made a significant supplement to the private investments. The main expenses during the year were salaries and costs of satellite components. A total of DKK 5,572 of development costs are activated as intangible assets by the end of the year, compared with 1,564 in 2020. The resulting equity by the end of the year is DKK 7,373 thousand.

These numbers are in line with the budget, and they demonstrate a company in pre-revenue phase where significant R&D investments are converted into assets that will be the basis of future revenues. Overall, the financial result is satisfactory.

Events after the Balance Date

In February 2022, Russia escalated its ongoing conflict in South/East Ukraine into a full-scale war on the country. This war will have a significant impact on Western economy and businesses in coming years, thereby also indirectly on Sternula. We do not foresee any direct loss to the company. Russia has been working actively against the AIS 2.0 technology in ITU, and therefore we have had no expectation to do business with Russian maritime authorities in near future. On the other hand, the Russia/Ukraine war has led to increased demands and budgets for naval surveyance and safety solutions, which could be enabled through Sternula's satellite capacity.

Future Expectations

AIS 2.0 is the next generation of the AIS technology, which is already a carriage requirement under the IMO SOLAS convention. AIS is deployed today in more than 200,000 vessels globally, a number that has been growing by 15% annually in recent years (except for some stagnation during the COVID-19 pandemic). AIS 2.0 adds new secure data channels, significantly more capacity, and global two-way connectivity to the AIS system. This means that new, relevant digital services will be made available to the sailors. We expect that this will make the technology even more popular and further increase the growth rate, also because it will be possible to deploy the technology on buoys and marine drones. Thus, we expect that there will be more than 500,000 connected AIS 2.0 terminals by 2030. Such growth will be further strengthened by the expected integration of AIS 2.0 to the IMO SOLAS convention.

Sternula was the world's first to announce a global, commercial AIS 2.0 satellite network, and the company will continue its efforts to standardization activities under IALA, ITU, and IMO. At Sternula, we want to secure that the technology develops and matures. We believe that this will have a positive impact on both the maritime sector and to our own business.

The COVID-19 pandemic has resulted in increased demands for digitalization in the maritime industry. Many types of maintenance services have traditionally been dependent on onboard physical inspections by technicians, but travel restrictions and reductions in face-to-face meetings means that service providers are looking for remote-controlled solutions. This argument was high-lighted in the discussion in the IMO MSC committee leading to the decision to start the integration of AIS 2.0 in the SOLAS convention in March 2021.

We plan to execute our business plan and satellite constellation expansions with financing from a series of capital increases over the coming years, supplemented by the commercial ramp-up. During 2022, capital shall be increased as an unlisted company. The current expectation is to complete a stock market listing in 2023 on a suitable stock market.

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2021 (12 month)	2019/20 (18 month)
2	**Revenue**	9	0
	Other external costs	-750	-192
	Gross loss	-741	-192
3	Staff costs	-2,063	-973
3	Own work capitalized	1,798	693
4	Depreciation	-118	-47
	Loss before net financials	-1,124	-519
5	Financial expenses	-108	-64
	Loss before tax	-1,232	-583
6	Tax for the year	533	231
	Loss for the year	-699	-352
	Allocation of loss for the year:		
	Reserve for development costs	3,126	1,220
	Retained earnings	-3,825	-1,572
		-699	-352

Statement of other comprehensive income

Note	DKK'000	2021	2019/20
	Net result	-699	-352
	Other comprehensive income	0	0
	Total comprehensive income	-699	-352

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Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Non-current assets		
7	Intangible assets	5,572	1,564
8	Lease assets	71	189
9	Deposits	41	41
	Total non-current assets	5,684	1,794
	Current assets		
	Other receivables	270	169
10	Tax receivables	871	251
	Prepayments	5	52
	Cash and cash equivalents	5,572	0
	Total current assets	6,718	472
	TOTAL ASSETS	12,402	2,266

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	69	53
	Reserve for development costs	4,346	1,220
	Retained earnings	2,958	-1,075
	Total equity	7,373	198
	Non-current liabilities		
12	Deferred tax	273	20
8	Lease liabilities	71	125
13	Other payables	25	25
	Total non-current liabilities	369	170
	Current liabilities		
8	Short-term part of long-term liabilities, lease liabilities	0	64
	Bank debt	12	127
	Shareholder debt	0	52
	Trade payables	100	9
	Other payables	215	171
7	Deferred income	4,333	1,475
	Total current liabilities	4,660	1,898
	TOTAL EQUITY AND LIABILITIES	12,402	2,266

1 Accounting policies
14 Capital management
15 Changes in liabilities arising from financing activities
16 Collateral
17 Financial risks
18 Related parties

Financial statements 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Reserve for development costs	Total
	Equity at 1 July 2019	50	0	0	50
	Capital injection	3	497	0	500
	Transferred; see distribution of profit/loss	0	-1,572	1,220	-352
	Equity at 1 January 2021	53	-1,075	1,220	198
	Capital injection	16	8,159	0	8,175
	Cost related to capital injection	0	-386	0	-386
	Tax on equity transactions	0	85	0	85
	Transferred; see distribution of profit/loss	0	-3,825	3,126	-699
	Equity at 31 December 2021	69	2,958	4,346	7,373

In the financial year 2021, two capital injections have been completed in May and November based on investment agreements with several investors.

The two capital injections amounting to a total of DKK 8,175 thousand. In connection with the capital injections, the share capital has been increased with 15,802 new shares. Retained earnings has been increased with a premium of DKK 8,159 thousand.

Financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	2021 (12 month)	2019/20 (18 month)
	Loss before net financials	-1,124	-519
	Depreciation and amortisation	118	47
	Equity transactions	-386	0
	Cash generated from operations before changes in working capital	-1,392	-472
19	Changes in working capital	2,922	1,418
	Cash generated from operations	1,530	946
	Interest paid	-92	-64
10	Corporation tax received	251	0
	Cash flows from operating activities	1,689	882
7	Acquisition of intangible assets	-4,008	-1,564
	Cash flows from investing activities	-4,008	-1,564
	Debt to shareholders	-52	52
	Change in bank debt	-115	127
	Lease payments	-117	-47
	Capital injections	8,175	550
	Cash flows from financing activities	7,891	682
	Cash flows for the year	5,572	0
	Cash and cash equivalents, beginning of year	0	0
	Cash and cash equivalents, year end	5,572	0

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Sternula ApS is a public limited company registered in Denmark. Sternula ApS is a public limited company registered in Denmark. The financial statements section of the annual report for the period 1 January 2021 – 31 December 2021 comprises the financial statements of Sternula ApS.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements of the Danish Financial Statements Act (class B entities).

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

Basis for preparation

The financial statements are presented in DKK which is the functional currency of the Sternula ApS.

Going concern statement

In connection with the financial reporting, the Board of Directors, and the Executive Board have assessed whether presentation of the annual report under the going concern assumption is well-founded. The Board of Directors and the Executive Board have concluded that no such factors exist at the balance sheet date that may cast doubt on the Company's ability to continue as a going concern at least until the next balance sheet date. The conclusion is based on knowledge of the Company, the outlook and the uncertainties and risks identified in this respect as well as an examination of budgets, including the expected developments in liquidity, capital base, etc., existing credit facilities, including contractual and expected maturity periods as well as other terms and conditions. Thus, it is considered appropriate, reasonable and well-founded to base the financial reporting on the going concern assumption.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue comprises external consultancy.

Revenue is divided into individually identifiable performance obligations, which are recognised and measured separately at fair value. If a sales agreement comprises several performance obligations, the total selling price of the sales agreement is allocated proportionately to the individual performance obligations of the agreement.

Revenue is recognised when control over the individual identifiable performance obligation is trans-ferred to the customer.

The recognised revenue is measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue. The fair value cor-responds to the agreed price discounted at present value where payment terms exceed 12 months.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to sale, advertising, administration, premises etc.

Staff costs

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

Depreciation

The item comprises depreciation of lease assets.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are 2-3 years.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, exchange gains and losses on transactions denominated in foreign currencies. Furthermore, surcharges and allowances under the on-account tax scheme.

Tax for the year

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

Balance sheet

Intangible assets

Intangible assets include development projects.

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

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

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

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively. Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

Leased assets and lease commitments are recognised in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the Company in the lease term, and when the Company obtains the right to almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease commitments are measured at the present value of the future lease payments discounted by an incremental borrowing rate (5%). The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the lease asset in a similar economic environment. The Company estimates the IBR using observable inputs.

The lease commitment is measured at amortised cost according to the effective interest method. The lease commitment is recalculated when the underlying contractual cash flows change due to changes in an index or an interest rate if the Company's estimate of a residual value guarantee changes or if the Company changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

On initial recognition, the leased asset is measured at cost, corresponding to the value of the lease commitment adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like and less discounts or other types of incentive payments received from the lessor. Leased assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant & Machinery 2 - 3 years

The Company has chosen not to recognise leased assets of a low value and short-term leases in the balance sheet. Instead, related lease payments are recognised on a straight-line basis in the income statement.

Impairment of fixed assets

Development projects in progress are subject to an annual impairment test.

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

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

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

Government grants

Government grants include grants for development projects. Grants are recognised when there is reasonable certainty that the grants will be received.

Grants for development projects are recognised as deferred income.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost. Write-down for bad and doubtful debts is made in accordance with the simplified expected credit loss model according to which the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet based on the expected loss in the useful life of the receivable.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for development costs

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

Proposed dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognized at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

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1 Accounting policies (continued)

Deferred income

Deferred income recognised as a liability comprises government grants and payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid. Interest received is classified as cash flows from operating activities. Furthermore, dividends received are classified as operating activity.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

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	DKK'000	2021 (12 month)	2019/20 (18 month)
2	**Revenue**		
	Europe	9	0
3	**Staff costs**		
	Wages and salaries	1,933	921
	Pension	110	45
	Other social security costs	20	7
		2,063	973
	Wages and salaries capitalised as development projects	-1,798	-693
		265	280
	Average number of full-time employees	4	1
4	**Depreciation**		
	Leasing assets	-118	-47
5	**Financial expenses**		
	Other financial expenses	-101	-59
	Leasing expenses	-7	-5
		-108	-64
6	**Tax for the year**		
	Current tax for the year	786	251
	Deferred tax adjustment for the year	-253	-20
		533	231
	Tax for the year can be specified as follows:		
	Estimated 22 % tax on the loss before tax	271	128
	Tax effect of:		
	Other tax adjustments	262	103
		533	231
	Effective tax rate	43%	40%

A part of the current tax for the year is caused by development costs. According to the Danish tax leg-islation the tax value (22%) of development costs can be paid out subsequent to the filing of the taxable income for the year. Accordingly, the tax loss carried forward is reduced.

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7 Intangible assets

DKK'000	Development projects in progress
Cost at 1 January 2021	1,564
Additions	4,008
Cost at 31 December 2021	5,572
Amortisation and impairment losses at 1 January 2021	0
Amortisation	0
Amortisation and impairment losses at 31 December 2021	0
Carrying amount at 31 December 2021	5,572

Completed development projects

There is not any completed development projects yet.

Development projects in progress

Development projects in progress primarily include development of a new systems for maritime authorities. The systems offers secure, global satellite-based connectivity for maritime authorities, ship owners, coast guards, and industrial services based on the VDES standard. Sternula is building a Low-Earth Orbit (LEO) satellite infrastructure, where the first satellite is scheduled to launch in 2nd half of 2022. Sternula enables the maritime authority to implement key digital services defined by IMO (e-Navigation) at a much lower cost than what can be achieved using other technologies.

The relating expenses primarily consists of wages, salaries and other costs which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition.

Government grants

The development projects are partly financed by government grants, amounting to DKK 4,333 thousand as of 31 December 2021, which are presented as deferred income under current liabilities.

Impairment testing of development projects in process

Management has high expectations for the future sales of the systems and has not identified an indication of impairment in relation to the carrying amount.

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8 Leases

Leasing assets

DKK'000	**2021**
Cost at 1 January 2019	236
Additions	0
Cost at 31 December 2020	236
Amortisation and impairment losses at 1 January 2019	-47
Amortisation	-118
Amortisation and impairment losses at 31 December 2020	-165
Carrying amount at 31 December 2020	71

Leasing liabilities

When measuring the leasing liability, the Company has used an average alternative borrowing rate to discount future leasing payments of 5%.

Maturity Analysis

DKK'000	**2021**
Under 1 year	71
Between 1-3 years	0
Between 3-5 years	0
Total non-discounted leasing debt at **31 December** 2021	71
Short Term Leasing debt	71
Long Term Leasing debt	0

Leasing in profit and loss

DKK'000	**2021**
Interests related to leasing	7
Expenses related to low value leasing:	
Assets	111

For 2021, the Company has paid DKK 125 thousand relating to leasing contracts of which interest payments related to recognized leasing liabilities amount to DKK 7 thousand, and installments on recognized leasing debt amount to DKK 118 thousand.

9 Deposits

Deposits consist of a deposit of DKK 41 thousand regarding a rental contract.

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10 Tax receivables

DKK'000	2021	2020
Tax receivables, beginning of the year	251	0
Received tax	-251	0
Current tax for the year	786	251
Tax on equity transactions	85	0
Tax receivables at year end	871	251

A part of the tax loss for the year is caused by development costs. According to the Danish tax legislation the tax value (22%) of development costs can be paid out subsequent to the filing of the taxable income for the year. Accordingly, the tax loss carried forward is reduced to zero.

DKK'000	2021	2020
11 Share capital		
Opening balance	53	50
Capital increase	16	3
Share capital at year end	69	53

The registered capital amounts to a nominal DKK 68,302 split into 68,302 shares.

12 Deferred tax

Deferred tax, beginning of the year	20	0
Deferred tax adjustment for the year	253	20
Deferred tax at year end	273	20

Deferred tax relates to:

Intangible assets	1,226	344
Deferred income	-953	-324
	273	20

13 Other payables

Deposits consist of a deposit of DKK 25 thousand regarding a rental contract.

14 Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company is in a start-up phase and does not have formalised capital management objectives besides ensuring that it is appropriate to prepare the financial statements based on a going concern assumption.

The Company is not subject to any covenants.

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15 Changes in liabilities arising from financing activities

DKK	2021	Cash flow	Non-cash changes	31 Decem-ber 2021
Lease liability	189	-117	0	72
Bank debt	127	-115	0	12
Shareholder debt	52	-52	0	0
Total liabilities from financing activities	368	-284	0	84

16 Collateral

The company have deposited 40 t.DKK, as security for bank debt which comprises 12 t.DKK on 31 December 2021.

The Company has not provided any other security pledges on 31 December 2021.

17 Financial risks

General risk management

The Company does not actively engage in speculation of financial risks.

Credit risks

Credit risk is the risk that a counterparty will not meet its obligations. Its financing activities include deposits with banks and financial institutions. Maximum exposure corresponds to the carrying amount.

The Company assesses the risks of losses on an ongoing basis and, if necessary, write-downs are made according to the Company's policies.

Foreign exchange risks

The Company's expenses are mainly incurred in DKK. There is no foreign currency hedging regarding transactions in foreign currency.

Interest rate risk

The Company's loans are carried at fixed interest rates. A change in the interest level will have a limited effect on the result or equity.

Liquidity risks

Funding and adequate liquidity are fundamental factors in driving an expanding business, and management of both is an integrated part of the Company's budget and forecasting process. To ensure focus on managing the risks related to funding and liquidity, the Company manages and monitors funding and liquidity and ensures the availability of required liquidity through cash management and borrowing facilities.

The Company's long-term financing consists of subsidies regarding the development projects and will be complemented by capital increases and an expected listing on Nasdaq First North in 2023.

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18 Related parties

Related parties comprise the Board of Directors and management team. Furthermore, related parties comprise companies in which the above-mentioned persons have significant interests.

There has been no related parties transactions besides wages, salaries and smaller loans and credits to Board of Directors and management team.

19 Changes in working capital

	2021 (12 month)	2019/20 (18 month)
Changes in receivables	-54	-262
Changes in payables	2,976	1,680
	2,922	1,418