

Annual Report for 2019

Dantec Dynamics A/S

Tonsbakken 16-18
2740 Skovlunde

CVR-nr. 15 10 75 88

Approved by the General Meeting

August 28th 2020



Janet Barbookles

Chairman of the Meeting

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Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dantec Dynamics A/S for the financial year 1 January to 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2019 and of its financial performance and cash flow for the financial year 1 January to 31 December 2019.

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

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

Skovlunde, August 28th 2020

Executive Board

Anders Lisberg Petersen

Supervisory Board

Janet Barbookles
Chairman

Michael Larkin

Jesper Dela

Jørgen Frandsen

Jean-Marc Muller

Independent auditor's report

To the shareholder of Dantec Dynamics A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of Dantec Dynamics A/S for the financial year 1 January - 31 December 2019, which comprise profit and loss account, balance sheet, statement of changes in equity, and notes, including a summary of accounting policies used, for both the group and the company, as well as consolidated statement of cash flows. The consolidated annual accounts and the annual accounts are prepared under the Danish Financial Statements

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets and liabilities, of the financial position of the group and the company at 31 December 2019, and of the results of the group and the company operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the group in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

The management is responsible for the preparation of consolidated annual accounts and annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of consolidated annual accounts and annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of these consolidated annual accounts and annual accounts.

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

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and 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 consolidated annual accounts and the annual accounts 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, August 28th 2020

Grant Thornton

Statsautoriseret Revisionspartnerselskab

Company reg.no. 34 20 99 36



Michael Beuchert

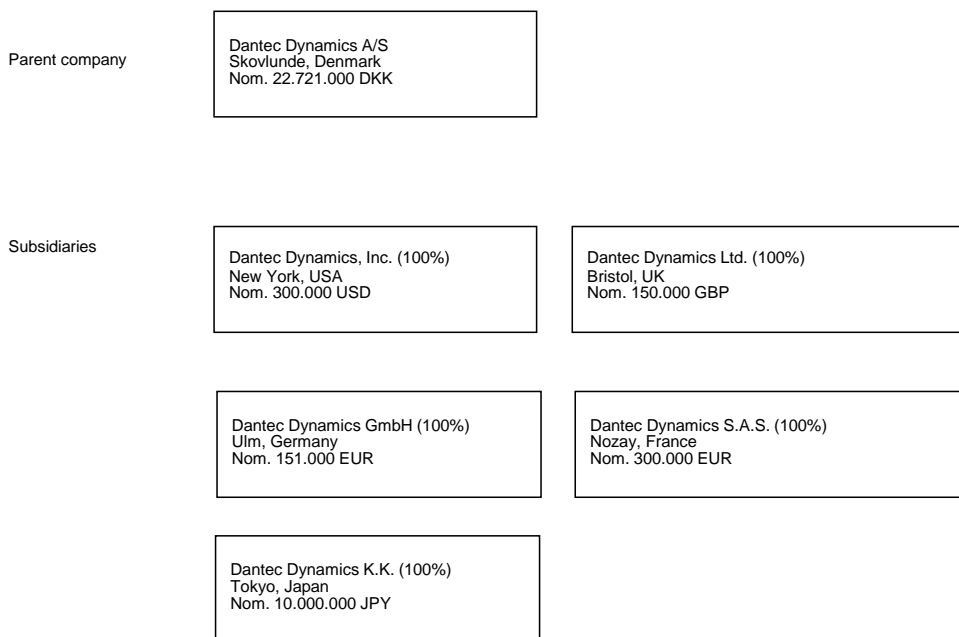
State Authorised Public Accountant

MNE-nr. 32794

Company details

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Supervisory Board
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Jean-Marc Muller
Jesper Dela
Michael Larkin
Jørgen Frandsen
Executive Board
Anders Lisberg Petersen
Auditors
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Bank
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Group chart



Financial highlights

5-year summary:

Key figures (in DKK million)	2019	2018	2017	2016	2015
Result					
Revenue	155,1	156,7	161,6	180,9	207,8
Operating profit or loss	-8,5	-4,4	-3,2	11,5	12,1
Result of net financials	-0,8	-1,2	-2,4	-2,7	0,2
Pre-tax profit or loss	-9,3	-5,6	-5,5	8,8	12,3
Net profit/loss for the year	-9,7	-6,0	-6,2	6,3	8,5
Balance sheet					
Shareholders' equity	31,2	42,1	42,2	49,6	49,0
Balance sheet total	103,1	103,9	108,1	127,3	128,9
Investments in property, plant and equipment	4,0	3,7	3,3	3,2	2,8
Number of employees	100	103	111	111	114
Ratios					
EBIT	-6%	-3%	-2%	6%	6%
EBITDA	0%	2%	4%	12%	10%
EBIT, adjusted	2%	5%	7%	16%	14%
EBITDA, adjusted	7%	10%	12%	21%	18%
Return on equity	-26%	-14%	-13%	13%	19%
Equity ratio	30%	41%	39%	39%	38%

Definition of financial ratios:

EBIT margin:

$$\frac{\text{Operating profit or loss} \times 100}{\text{Revenue}}$$

EBITDA margin:

$$\frac{(\text{Operating profit or loss} + \text{depreciations} + \text{amortisations}) \times 100}{\text{Revenue}}$$

EBIT adjusted:

$$\frac{\text{Operating profit or loss adjusted for management fee} \times 100}{\text{Revenue}}$$

EBITDA adjusted:

$$\frac{(\text{Operating profit or loss adjusted for management fee} + \text{depreciations} + \text{amortisations}) \times 100}{\text{Revenue}}$$

Return on equity:

$$\frac{\text{Income or loss from ordinary activities after tax} \times 100}{\text{Average equity attributable to equity holders of the parent}}$$

Equity ratio:

$$\frac{\text{Total equity attributable to equity holders of the parent, at year-end} \times 100}{\text{Equity and liabilities at year-end}}$$

Management's Review

Business activities and mission

Dantec Dynamics develops, manufactures and markets measurement equipment and software for measurements and simulation of flows, speed and particle size in liquids and gasses, as well as equipment and software for analyzing strain/stress/vibration and defects in solid materials.

Dantec Dynamics' customers primarily use the products for optimising energy consumption but they can also be used to improve the performance, efficiency and safety in such markets such as aviation, automotive and wind farms. In addition, the products are used to analyse thermal and chemical processes.

Customers include researchers within leading universities and institutes around the world as well as research and development departments in prominent international and domestic industrial companies.

The Group includes a business segment in the UK, which distributes medical measurement equipment and consumables.

In addition to its own sales and service offices in Europe, North America and Japan, Dantec Dynamics has a global network of independent distributors.

Business review

Results of operations

The demand for the Group's products in 2019 decreased by 2,706 kDKK from 2018. The Group had an operating result of 3,475 kDKK, exclusive of Related Third Party Management Services and Restructuring Expenses. The Group generated a net loss before tax of 9,280 kDKK in 2019 as compared to a loss of 5,580 kDKK in 2018.

Group structure

The group structure remained unchanged in 2019.

Development activities

The Group holds dominant global positions within its core activities. With a view to maintaining and strengthening this position, the Group regularly invests in the development of new products. In 2019, the Group capitalized research and development projects amounting to 4,1 mDKK.

Financial risks

Due to its international structure and presence, the group's results are affected by exchange rate movements in a number of currencies, primarily EUR, USD, GBP and JPY.

At the end of the financial year, the Group had no open forward exchange contracts.

The group does not engage in speculative foreign exchange positions.

External environment

Dantec Dynamics effect on the external environment is quite limited, as production is not energy intensive, and hazardous chemicals are not used in production. Still the group continuously works to reduce its effects on the external environment.

Knowledge resources

Dantec Dynamics generates the greater part of its earnings from high-tech niche products involving a high degree of self-development and application knowledge. The Group continues to offer competitive measurement systems that address its customers needs. A strength of the Group is its ability to maintain, and if necessary, recruit employees with strong skills in development, production, selling and industry applications. In addition, the Group maintains and promotes collaboration with well-respected strategic research partners to expand its ability to develop and deliver products to meet the needs of its customers.

The Group allocates time and resources for the maintenance and improvement of employee skills and frequently monitors to ensure that the allocated resources are applied as intended.

Post balance sheet events

In December 2019, a novel strain of coronavirus (SARS-CoV-2), which causes COVID-19, was reported to have surfaced in China. The spread of this virus has caused business disruption beginning in January 2020 resulting in a slowdown of new orders from customers, temporary closures at customer sites and a limitation of the activities of our sales and service teams to reach out to customers due to the travel restrictions. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic, and the global economy began to experience pronounced effects resulting in lower orders from customers. While the disruption is currently expected to be temporary, there is uncertainty around the extent and duration.

Therefore, while we expect this matter to negatively impact our results, the related financial impact cannot be reasonably

estimated at this time

To offset the negative effects of this disruption the Dantec group has e.g. applied for government relief packages and salary compensation programs, negotiated rent deferrals and deferred tax payments.

Also on March 1st 2020 Anders Lisberg was named as Managing Director for the Dantec group replacing Anders Faurholt.

No other significant events have occurred after the financial year-end which could significantly affect the Group's financial position

Outlook for 2020

The demand for Dantec Dynamics' scientific measurement systems is impacted by the economic crisis triggered by the Covid-19 pandemic leading to lower than expected year to date orders and sales as of August 2020. While the company keeps a strong focus on innovating both for existing and new markets, the outcome of these investments is expected to show results by the end of the year, strengthening our future position.

Accounting policies

The Annual Report of Dantec Dynamics A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards medium-sized reporting class C enterprises.

Consolidation

The consolidated financial statements comprise the parent, Dantec Dynamics A/S, and enterprises in which the parent - directly or indirectly - holds more than 50% of the voting rights or otherwise has a controlling interest.

The financial statements of the subsidiaries are prepared in accordance with the accounting policies applied by the parent. The consolidated financial statements are prepared on the basis of the financial statements of the parent and the subsidiaries by aggregating items of a similar nature and by subsequently eliminating intra-group revenue, interest, dividends, shareholdings and balances and by reversing unrealised consolidated gross margin.

In connection with the acquisition of subsidiaries, the difference between the cost and the net book value of the acquired enterprise is calculated at the time of acquisition. The net asset value implies a fair value adjustment of the acquired assets and liabilities at the time of acquisition and that a provision for expenses related to adopted and published restructurings in the acquired enterprise is in connection with the acquisition.

When subsidiaries are sold, gains or losses are made up as the difference between the market value and the divested company's net asset value using the Group's accounting policies. Provisions for sales expenses are deducted from the market value.

Divested enterprises are included in the income statement in the consolidated financial statements until the time of sale. Comparative figures are not restated for divested enterprises.

The results of subsidiaries after tax are recognised in the income statement of the parent after eliminating unrealised intercompany gains and losses.

Foreign subsidiaries

As for foreign subsidiaries, items in the income statement are translated into Danish kroner at average exchange rates that do not deviate significantly from the rate at the date of the transaction.

Balance sheet items are translated at closing rates. Any significant exchange differences resulting from the translation of the opening equity and the exchange adjustments resulting from translation of items in the income statement at closing rates are taken directly to equity.

Items in the income statement of foreign related entities are also translated into Danish kroner at average exchange rates that do not deviate significantly from the rate at the date of the transaction. Current assets and short-term liabilities in foreign currency are translated at closing rates, while fixed assets and long-term liabilities are recognised at historic rates. All exchange adjustments are recognised in the income statement.

Currency translation

Transactions denominated in foreign currencies are translated into monthly standard rates that do not deviate significantly from the exchange rate at the date of the transaction. Exchange differences between the monthly standard rates and the exchange rate at the date of payment are recognised in the income statement.

Receivables, payables and other monetary items denominated in foreign currency are translated into Danish kroner at closing rates. All exchange adjustments are recognised in the income statement as financial income/expenses.

Accounting policies (continued)

Income statement

Revenue

Income is recognised in revenue at the time of delivery of goods and services. VAT, indirect taxes and discounts are excluded from revenue.

Other operating income

Other operating income comprises income that does not relate to the main course of business, e.g. fee from subsidiaries for management services and gains on sale of fixed assets.

Raw materials and consumables

Expenses relating to raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to premises, sale, distribution and administration. Furthermore, research and development costs that do not meet the criteria for capitalisation are expensed.

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, with exception of tax which concerns changes in equity that are taken directly to equity.

Current tax includes the estimated tax charge for the year, measured by reference to the year's expected taxable income and prior-year adjustments.

Balance sheet

Intangible assets

Development projects, patents and licenses are measured at the lower of cost less accumulated amortisation and the recoverable amount. Development costs include expenses, wages and salaries and amortisation directly and indirectly relating to the Company's development activities. No scrap values are used.

Development projects which are clearly defined and identifiable, which have a potential future market value, and where the intention is to produce and market the products, are recognised as intangible assets.

Any development project subsidies are set off as hours are spent and expenses are incurred on the projects.

Amortisation is provided using the straight-line method over the expected economic life, which is usually five years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment charges. No scrap values are used.

Property, plant and equipment are depreciated on a straight-line basis over the expected economic life of the individual assets. The following depreciation periods are used:

Plant 5 years
Furniture and cars, etc. 3-5 years
IT equipment 3-5 years

Leasehold improvements are depreciated over the expected remaining lease period, however maximum 10 years.

Gains and losses on the sale of property, plant and equipment are recognised in the income statement under Other operating income/other operating expenses.

Investments

In the parent financial statements, investments in subsidiaries are recognised according to the equity method, i.e. at the such enterprises' net asset value less minority interests.

Subsidiaries whose net asset value is negative are recognised at DKK 0, and any receivables are written down by the parent's share of the negative equity value to the extent that it is considered irrecoverable. Provided that the net asset value exceeds the receivable, the excess is stated under 'Provisions'.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, or net realisable value.

Raw materials and consumables are measured at cost, which includes the cost of acquisition plus costs of delivery. Contract work in progress and finished goods include cost for raw materials, consumables, direct labour costs and production overheads. Production overheads include indirect material and labour costs as well as maintenance of and depreciations on machinery, properties and equipment used in the production process as well as administrative expenses and management fees.

Accounting policies (continued)

Receivables

Trade receivables are measured at amortised cost less write-downs for bad debts. Write-downs for bad debts are calculated on the basis of an individual assessment of each individual receivable.

Prepayments

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

Prepayments recognised as a liability comprises payments received concerning income in subsequent reporting years.

Treasury shares

Cost and considerations as well as dividend for treasury shares are recognised directly in retained earnings under equity. Consequently, gains and losses on sales are not recognised in the income statement.

Capital reduction by way of a cancellation of treasury shares reduces the share capital by an amount corresponding to the nominal value of the shares.

Income taxes and deferred tax

Current tax payable is recognised under 'Short-term liabilities' and deferred tax is recognised under 'Provisions'. Tax receivable and deferred tax assets are recognised under 'Current assets'.

Deferred tax is provided using the balance sheet liability methods of all temporary differences between carrying amounts and tax values, with the exception of temporary differences concerning investments in subsidiaries provided that the assets are not expected to be disposed of within a short period of time.

Deferred tax assets, including the tax base of losses, are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities within the same legal entity.

Deferred tax is recognised using the tax rates and tax rules applicable in the countries concerned.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Provisions

Provisions are recognised when, at the balance sheet date, the Group has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions expected to be settled after more than one year after the balance sheet date are made up at the net present value of the expected payments. The provisions are made up in all material respects using actuarial calculation methods.

Warranty commitments include expenses for remedial action within a warranty period of one year. Provisions are measured and recognised using experience from guarantee work.

Financial liabilities

Long-term financial liabilities are measured at amortised cost, which essentially corresponds to the nominal value.

Cash flow statement

The cash flow statement for the Group is presented using the indirect method and shows the Group's net cash flows, broken down by operating, investing and financing activities, respectively, and the year's changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are made up as the Group's profit or loss before net financials, adjusted for non-cash operating items, changes in working capital, paid financial and extraordinary expenses and paid income taxes.

Cash flows from investing activities comprise payments related to additions and disposals of fixed assets, enterprises and activities.

Cash flows from financing activities comprise borrowings and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities in respect of which the risk of changes in value is insignificant, as well as short-term operating credits with credit institutions.

Income statement for the year ended 31 December

kDKK

Parent Company			Group	
2019	2018	Notes	2019	2018
101.794	100.770		155.090	156.669
		Revenue		
2.290	(1.927)		4.608	(2.868)
		Change in stock of finished goods and work in progress		
5.620	9.017		-	-
		Other operating income		
109.704	107.861		159.698	153.801
		Total income		
53.178	51.818		69.171	60.433
		Raw materials and consumables		
19.403	20.100		31.992	31.052
		Other external expenses		
37.123	35.942		58.535	62.315
		Gross margin		
29.634	28.579	1	59.104	58.632
		Staff costs		
6.779	6.488	2	7.967	8.063
		Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment		
710	875		(8.536)	(4.379)
		Operating profit/loss		
(10.919)	(7.134)	3	-	-
		Income/(loss) from investments in group enterprises,		
2.077	1.462	4	1.775	1.009
		Financial income		
1.153	844	5	2.519	2.209
		Financial expenses		
(9.285)	(5.640)		(9.280)	(5.580)
		Profit/loss from ordinary activities before tax		
(382)	331	6	(387)	392
		Tax on ordinary result current year		
-	26	6	-	26
		Adjustment tax, regarding last year		
(9.667)	(5.998)	7	(9.667)	(5.998)
		Net loss for the year		

Balance sheet at 31 December

kDKK

Parent Company		Assets		Group	
2019	2018	Notes		2019	2018
8.952	11.221		Completed development projects	8.962	11.248
3.103	1.835		Development projects in progress	3.103	1.835
318	489		Acquired rights	360	489
12.373	13.545	8	Intangible assets	12.425	13.572
2.864	1.281		Plant and machinery	2.864	1.170
218	2.227		Other fixtures and fittings, tools and equipment	3.176	4.643
96	26		Leasehold improvements	96	26
3.178	3.534	9	Property, plant and equipment	6.136	5.839
1.354	9.396	10	Investments in group enterprises	-	-
527	544	11	Other receivables	1.026	1.038
1.881	9.940		Investments	1.026	1.038
17.432	27.019		Total fixed assets	19.587	20.450
11.529	13.921		Raw material and consumables	12.856	15.197
1.583	1.298		Production in progress	2.070	1.365
6.902	4.897		Manufactured goods and goods for resale	10.244	6.342
20.014	20.116		Inventories	25.170	22.904
4.395	5.593		Trade receivables	41.718	45.781
38.615	31.898		Receivables from group enterprises	-	-
-	-		Prepaid company tax	-	-
911	1.122	12	Other receivables	1.417	2.149
403	574	13	Prepayments	702	964
44.324	39.187		Receivables	43.837	48.893
7	4		Cash	14.516	11.698
64.345	59.307		Total current assets	83.523	83.495
81.777	86.326		Total assets	103.110	103.944

Balance sheet at 31 December

kDKK

Parent Company		Equity and liabilities		Group	
2019	2018	Notes		2019	2018
22.721	22.721		Share capital	22.721	22.721
(896)	13.919		Retained earnings	(896)	13.919
9.403	5.461		Reserve for development projects	9.403	5.461
31.228	42.101	14	Total shareholders' equity	31.228	42.101
-	-		Provisions for pensions and similar liabilities	6.228	7.265
-	1.952		Negative equity group enterprises	-	-
2.877	3.282		Deferred tax liability	2.877	3.282
305	305		Warranty provisions	424	424
3.182	5.539	15	Provisions	9.529	10.972
10.739	7.762		Long term loan from group enterprises	10.739	7.762
-	-		Other long term liabilities	48	106
10.739	7.762	16	Long-term liabilities	10.787	7.868
14.373	6.766		Debt to Credit Institutions	14.373	6.766
264	92		Prepayments received from customers	-	434
11.659	12.218		Trade payables	14.087	14.026
3.718	2.563		Payables to group enterprises	3.718	2.563
224	716	17	Income tax	229	720
3.272	6.180	18	Other payables	16.041	14.977
3.118	2.390	19	Deferred income	3.118	3.518
36.628	30.924		Short-term liabilities	51.566	43.003
47.367	38.686		Total liabilities other than provisions	62.353	50.872
81.777	86.326		Total equity and liabilities	103.110	103.944

- 20 Security for loans and contingent liabilities
23 Ownership structure and transactions with related parties
24 Events occurring after the end of the financial year 2019

Cash flow statement

kDKK

		Group	
Notes		2019	2018
	Operating income of ordinary activities	(8.536)	(4.379)
21	Adjustments	9.460	8.220
22	Changes in working capital	920	1.424
	Net interest and similar payments received and made	(744)	(1.200)
	Income tax paid	(1.263)	(384)
Cash flows from operating activities before net financials		(163)	3.680
	Additions of intangible assets	(4.099)	(2.234)
	Additions of property, plant and equipment	(4.044)	(3.675)
	Change in investments	12	(16)
	Disposals of property, plant and equipment	-	-
Cash flows from investing activities		(8.131)	(5.925)
	Borrowings of long term debt	(58)	13
	Borrowings from group enterprises	3.563	(805)
Cash flows from financing activities		3.505	(791)
Changes in cash and cash equivalents		(4.789)	(3.037)
	Cash and cash equivalents at 1/1	4.932	7.969
Cash and cash equivalents at 31/12		143	4.932
Cash and cash equivalents at 31/12 include:			
	Cash	14.516	11.698
	Credit institutions, operating cash flow	(14.373)	(6.766)
		143	4.932

Statement of changes in equity

kDKK

Group	Share capital	Reserve for capitalized development projects	Retained earnings/ Accumulated loss	Proposed dividend for the year	Total
Shareholders' equity at 1/1 2018	22.721	4.549	14.948	-	42.218
Adjustments of pension liabilities			5.789		5.789
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			92		92
Reserve for capitalized development projects		912	(912)		-
Net profit/loss for the year			(5.998)		(5.998)
Shareholders' equity at 31/12 2018	22.721	5.461	13.919	-	42.101
Shareholders' equity at 1/1 2019	22.721	5.461	13.919	-	42.101
Adjustments of pension liabilities			298		298
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			(1.504)		(1.504)
Reserve for capitalized development projects		3.942	(3.942)		-
Net profit/loss for the year			(9.667)		(9.667)
Shareholders' equity at 31/12 2019	22.721	9.403	(896)	-	31.228
Parent	Share capital	Reserve for capitalized development projects	Retained earnings/ Accumulated loss	Proposed dividend for the year	Total
Shareholders' equity at 1/1 2018	22.721	4.549	14.948	-	42.218
Adjustments of pension liabilities in subsidiaries			5.789		5.789
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			92		92
Reserve for capitalized development projects		912	(912)		-
Net profit/loss for the year			(5.998)		(5.998)
Shareholders' equity at 31/12 2018	22.721	5.461	13.919	-	42.101
Shareholders' equity at 1/1 2019	22.721	5.461	13.919	-	42.101
Adjustments of pension liabilities in subsidiaries			298		298
Exchange valuation of opening balance sheet and other adjustments in subsidiaries			(1.504)		(1.504)
Reserve for capitalized development projects		3.942	(3.942)		-
Net profit/loss for the year			(9.667)		(9.667)
Shareholders' equity at 31/12 2019	22.721	9.403	(896)	-	31.228

Parent Company			Group	
2019	2018	Notes	2019	2018
		1 Staff costs		
27.883	26.841	Wages and salaries	51.738	51.325
1.278	1.245	Pension contribution	2.430	2.410
473	493	Other social security costs etc.	4.936	4.896
29.634	28.579	Total staff costs	59.104	58.632
1.054	1.168	Total salaries and fees paid to members of the Executive and Supervisory Boards	1.054	1.168
50	50	Average number of employees	100	103
		2 Amortisation/depreciation and write-downs of intangible assets and property, plant and equipment		
5.100	5.232	Completed development projects	5.126	5.391
172	58	Acquired rights	179	74
170	217	Plant and machinery	403	217
1.314	966	Other fixtures and fittings, tools and equipment	2.236	2.367
23	14	Leasehold improvements	23	14
-	-	Profit/(loss) on disposal of intangible assets	-	-
6.779	6.488	Total amortisations/depreciations	7.967	8.063

Parent Company			Group	
2019	2018	Notes	2019	2018
		3		
		Income from investments in group enterprises		
-	-	Share of profit in subsidiaries		
(13.141)	(6.888)	Share of loss in subsidiaries		
367	(245)	Changes in internal profit on inventories bought within the group		
(12.774)	(7.134)	Total income from investments in group enterprises, before tax		
		4		
		Financial income		
1.439	1.145	Interest receivable from group enterprises	-	-
638	317	Exchange gains	621	87
-	-	Other financial income	1.154	922
2.077	1.462	Total financial income	1.775	1.009
		5		
		Financial expenses		
196	164	Interest payable, group enterprises	196	164
-	-	Exchange losses	-	-
957	680	Other financial expenses	2.323	2.045
1.153	844	Total financial expenses	2.519	2.209
		6		
		Tax on profit/loss from ordinary activities		
767	716	Current tax	772	777
19	26	Adjustment tax, regarding last year	19	26
(404)	(385)	Deferred tax adjustments	(404)	(385)
382	357	Total tax on profit/loss from ordinary activities	387	418
		7		
		Proposed appropriation of profit/loss		
-	-	Proposed dividend		
-	-	Equity method transfer to net revaluation reserve		
(8.788)	(6.173)	Retained earnings		

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Notes

8 Intangible assets**Group**

	Completed develop- ment projects	Development projects in progress	Acquired rights	Total
Cost at 1/1 2019	47.912	1.835	2.182	51.928
Exchange adjustments 1/1 and other adjustments				-
Additions in the year	2.831	1.268	-	4.099
Disposals in the year	-	-	-	-
Cost at 31/12 2019	50.743	3.103	2.182	56.027
Amortisation and write-downs at 1/1 2019	36.664	-	1.692	38.356
Exchange adjustments 1/1 and other adjustments				-
Amortisation in the year	5.117	-	129	5.246
Reversed amortisations, disposals	-	-	-	-
Amortisation and write-downs at 31/12 2019	41.781	-	1.821	43.602
Carrying amount at 31/12 2019	8.962	3.103	360	12.425

Completed development projects consist of software projects, which is the core value-adding component in Dantec products.

Development projects in progress consist of base software update projects. Technological and market feasibility has been established, and all resources necessary to complete the projects are available.

Parent

	Completed develop- ment projects	Development projects in progress	Acquired rights	Total
Cost at 1/1 2019	45.622	1.835	2.084	49.540
Additions in the year	2.831	1.268	-	4.099
Disposals in the year	-	-	-	-
Cost at 31/12 2019	48.453	3.103	2.084	53.639
Amortisation and write-downs at 1/1 2019	34.401	-	1.594	35.995
Amortisation and write-downs in the year	5.100	-	171	5.271
Reversed amortisations, disposals	-	-	-	-
Amortisation and write-downs at 31/12 2019	39.501	-	1.765	41.266
Carrying amount at 31/12 2019	8.952	3.103	318	12.373

Completed development projects consist of software projects, which is the core value-adding component in Dantec products.

Development projects in progress consist of base software update projects. Technological and market feasibility has been established, and all resources necessary to complete the projects are available.

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Notes

9 Property, plant and equipment

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Cost at 1/1 2019	6.385	29.169	3.179	38.734
Exchange adjustments at 1/1 and other adjustments				-
Additions in the year	3.951	-	93	4.044
Disposals in the year	-	3.374	-	3.374
Cost at 31/12 2019	10.336	25.795	3.272	39.404
Amortisation and write-downs at 1/1 2019	5.215	24.526	3.154	32.895
Exchange adjustments 1/1 and other adjustments	(111)	-	(13)	(124)
Amortisation in the year	2.368	1.365	36	3.769
Reversed amortisations, disposals	-	3.272	-	3.272
Amortisation and write-downs at 31/12 2019	7.472	22.619	3.177	33.268
Carrying amount at 31/12 2019	2.864	3.176	96	6.136

Parent

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Cost at 1/1 2019	6.178	14.216	2.692	23.086
Additions in the year	3.951	-	93	4.044
Disposals in the year	-	3.374	-	3.374
Cost at 31/12 2019	10.129	10.842	2.785	23.756
	10.129	10.842	2.785	23.756
Amortisation and write-downs at 1/1 2019	4.897	11.989	2.667	19.552
Amortisation in the year	2.368	1.365	23	3.756
Reversed amortisations, disposals	-	2.730	-	2.730
Amortisation and write-downs at 31/12 2019	7.265	10.624	2.690	20.578
Carrying amount at 31/12 2019	2.864	218	96	3.178

		Parent Company	
Notes		2019	2018
10	Investments in group enterprises		
	Cost at 1/1	47.604	47.604
	Additions in the year	-	-
	Cost at 31/12	47.604	47.604
	Value adjustments at 1/1	(66.717)	(64.657)
	Exchange valuation of opening balance sheet and other adjustments in subsidiaries	(1.218)	90
	Profit shares of the year	(9.346)	(1.904)
	Changes in internal profit	(367)	(245)
	Value adjustments at 31/12	(77.648)	(66.717)
	Investments with negative net asset value written down on receivables	31.398	28.509
	Investments with negative value	31.398	28.509
	Total investments in group enterprises	1.354	9.396

The Company's shares in group enterprises are:
Profit/loss & Equity stated in kDKK, Share capital stated in local currency.

Name	Country	City	Profit/loss 2019	Equity	Proportion held	Share capital
Dantec Dynamics, Inc.	USA	Holtsville, NY	(4.493)	(480)	100,00%	300.000 USD
Dantec Dynamics Ltd.	England	Bristol	(308)	(20.703)	100,00%	150.000 GBP
Dantec Dynamics GmbH	Germany	Ulm	(4.691)	1.584	100,00%	151.000 EUR
Dantec Dynamics S.A.S.	France	Nozay	(45)	(3.184)	100,00%	300.000 EUR
Dantec Dynamics K.K.	Japan	Tokyo	(1.015)	(6.181)	100,00%	10.000.000 JPY

Parent Company			Group	
2019	2018	Notes	2019	2018
		11 Other Receivables		
		<i>Deposits:</i>		
544	537	Cost at 1/1	1.038	1.022
-	6	Additions in the year	-	16
17		Disposals in the year	12	-
527	544	Carrying amount at 31/12	1.026	1.038

Parent Company			Group	
2019	2018	Notes	2019	2018
		12 Other receivables		
795	743	VAT and other duties	1.301	1.247
116	379	Other receivables	116	902
911	1.122	Total other receivables	1.417	2.149

13 Prepayments

Prepayments represent prepaid expenses on subscriptions and housing costs.

Parent Company			Group	
2019	2018	Notes	2019	2018
		14 Equity		
		The share capital consists of 227,210 shares of DKK 100 nominal value or multiple hereof. The Company's shares are not divided into different classes. The share capital was increased in 2010 with 77,210 shares of DKK 100 paid in cash at face value.		
		Treasury shares:		
9.362	9.362	Number of shares at 1/1	9.362	9.362
-	-	Additions in the year	-	-
9.362	9.362	Number of shares at 31/12	9.362	9.362
936	936	Nominal value at 1/1	936	936
-	-	Additions in the year	-	-
936	936	Nominal value at 31/12	936	936
4,12%	4,12%	Percentage of share capital at 1/1	4,12%	4,12%
-	-	Dilution due to capital increase	-	-
4,12%	4,12%	Percentage of share capital at 31/12	4,12%	4,12%
		15 Provisions		
305	305	Warranty provisions	424	424
-	-	Provisions for pensions and similar liabilities	6.228	7.265
-	1.952	Negative equity group enterprises	-	-
		Deferred tax liability		
3.282	3.666	Deferred tax at 1/1	3.282	3.666
(405)	(385)	Change of deferred tax	(405)	(385)
		Change of deferred tax liability includes:		
(649)	(502)	Intangible assets	(649)	(502)
244	126	Property, plant and equipment	244	126
-	(8)	Current assets	-	(8)
2.877	3.282	Deferred tax liability 31/12	2.877	3.282
		Deferred tax liability includes:		
3.013	3.370	Intangible assets	3.013	3.370
(109)	(135)	Property, plant and equipment	(109)	(135)
(27)	46	Current assets	(27)	46
2.877	3.282	Deferred tax liability 31/12	2.877	3.282
		Hereof allocated on companies:		
2.877	3.282	Dantec Dynamics A/S, Danmark	2.877	3.282
2.877	3.282	Deferred tax liability 31/12	2.877	3.282
3.182	5.539	Total provisions	9.529	10.972

Parent Company			Group	
2019	2018	Notes	2019	2018
		16 Long term debt		
10.739	7.762	Long term loan from group enterprises	10.739	7.762
-	-	Other long term liabilities falls due within 1 to 5 years	48	106
10.739	7.762	Total long term debt	10.787	7.868
		17 Income tax		
716	354	Income tax at 1/1	720	357
767	716	Current tax in the year	772	720
(1.259)	(354)	Settled tax	(1.259)	(354)
-	-	Settled by group enterprises	(4)	(4)
224	716	Income tax at 31/12	229	720
		18 Other payables		
-	-	VAT and other tax and duties	4.450	3.258
3.272	6.180	Other account liabilities	11.591	11.719
3.272	6.180	Total other payables	16.041	14.977
		19 Deferred Income		
		Prepayments represent payments received concerning income for services in subsequent reporting years.		
		20 Security for loans and contingent liabilities		
524	524	Rent commitments, Skovlunde	524	524
-	-	Other rent and lease commitments	4.005	3.328
159	335	Performance guarantees	159	335

An all-moneys mortgage of DKK 16 million has been given to Nordea Bank, where the underlying assets represent a carrying amount at 31 December 2019 of DKK 81,8 million and a letter of subordination of DKK 6,2 million from Nova Instruments LLC on the long-term loan balance of DKK 10,8 million.

Group		
Notes	2019	2018
21	Cash flow statement - adjustments	
	Gain on disposal of fixed assets	(347) (1.014)
	Amortisation	7.967 7.049
	Changes in provisions	1.840 2.185
	Total adjustments	9.460 8.220
22	Cash flow statement - change in working capital	
	Change in inventories	(2.266) (1.186)
	Change in receivables	5.056 330
	Changes in trade payables and other payables etc.	(1.870) 2.280
	Total change in working capital	920 1.424

23 **Ownership structure and related party transactions**

Ownership:

Nova Instruments LLC, Wakefield, Massachusetts, USA

Interest

100,00% of outstanding shares

Related parties:

Dantec Dynamics A/S' related parties with significant control include:

- the parent company
- remuneration for board and management of the enterprises, see note 1

Transactions:

In the year:

- consolidated company transactions were concluded
- ordinary remuneration to management and employees was paid
- services were purchased from affiliated companies

Beyond this, no transactions have been made with the supervisory and executive boards, employees, significant shareholders, group enterprises or other related parties.

24 **Events occurring after the end of the financial year 2019**

In December 2019, a novel strain of coronavirus (SARS-CoV-2), which causes COVID-19, was reported to have surfaced in China. The spread of this virus has caused business disruption beginning in January 2020 resulting in a slowdown of new orders from customers, temporary closures at customer sites and a limitation of the activities of our sales and service teams to reach out to customers due to the travel restrictions. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic, and the global economy began to experience pronounced effects resulting in lower orders from customers. While the disruption is currently expected to be temporary, there is uncertainty around the extent and duration. Therefore, while we expect this matter to negatively impact our results, the related financial impact cannot be reasonably estimated at this time.

To offset the negative effects of this disruption the Dantec group has e.g. applied for government relief packages and salary compensation programs, negotiated rent deferrals and deferred tax payments.

Also on March 1st 2020 Anders Lisberg was named as Managing Director for the Dantec group replacing Anders Faurholt.

No other significant events have occurred after the financial year-end which could significantly affect the Group's financial position.