

COMET Technologies Denmark A/S

Helgeshøj Alle 38, 2630 Taastrup, Denmark

CVR no. 18 21 52 33

Annual report 2020

Approved at the Company's annual general meeting on 26 May 2021

Chair of the meeting



Hans Rysgaard

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of COMET Technologies Denmark A/S for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Taastrup, 26 May 2021

Executive Board:



Hans Rysgaard

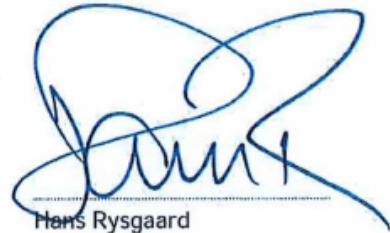
Board of Directors:



Kevin Timothy Crofton
Chair



Elisabeth Anne Pataki



Hans Rysgaard

Independent auditor's report

To the shareholders of COMET Technologies Denmark A/S

Opinion

We have audited the financial statements of COMET Technologies Denmark A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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.

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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▷ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▷ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▷ 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.

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 form of 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 26 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Alex Petersen
State Authorised Public Accountant
mne28604

Management's review

Company details

Name
Address, Postal code, City

COMET Technologies Denmark A/S
Helgeshøj Alle 38, 2630 Taastrup, Denmark

CVR no.
Registered office
Financial year

18 21 52 33
Høje Taastrup
1 January - 31 December

Board of Directors

Kevin Timothy Crofton, Chairman
Elisabeth Anne Pataki
Hans Rysgaard

Executive Board

Hans Rysgaard

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg,
Denmark

Management's review

Business review

The Company develops, produces and sells X-ray equipment for industrial use in connection with Non-Destructive Testing (NDT). The Products comprise standard X-ray components, software and hardware purchased or developed by the Company.

Parts of the sales on a global level are channelled through the other group companies in USA, Japan and China, whereof other parts are handled through distributors or directly to customers.

Financial review

The income statement for 2020 shows a loss of DKK 2,757 thousand against a profit of DKK 2,377 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 8,420 thousand. The Company was impacted during 2020 by the global Covid-19 situation, resulting in decreased revenue from the lockdowns and unstable oil prices

The Company was successfully during 2020 developing new products according to their new business plan, which is expected to have a significant positive impact on the following year's sales and financial results.

Events after the balance sheet date

As of the date of the balance sheet and up to today no events have been recovered that changes the valuation of the annual report.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Gross profit	18,604	26,064
3	Staff costs	-21,171	-22,245
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-348	-339
	Other operating expenses	-2	0
	Profit/loss before net financials	-2,917	3,480
	Financial income	312	177
4	Financial expenses	-691	-462
	Profit/loss before tax	-3,296	3,195
	Tax for the year	539	-818
	Profit/loss for the year	<u>-2,757</u>	<u>2,377</u>
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	<u>-2,757</u>	<u>2,377</u>
		<u>-2,757</u>	<u>2,377</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2020</u>	<u>2019</u>
	ASSETS		
	Fixed assets		
	Intangible assets		
	Acquired intangible assets	0	17
		<u>0</u>	<u>17</u>
	Property, plant and equipment		
	Plant and machinery	998	910
	Other fixtures and fittings, tools and equipment	171	189
		<u>1,169</u>	<u>1,099</u>
	Total fixed assets	<u>1,169</u>	<u>1,116</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	7,063	5,985
	Work in progress	7,209	5,639
	Finished goods and goods for resale	3,361	2,399
		<u>17,633</u>	<u>14,023</u>
	Receivables		
	Trade receivables	3,667	6,786
	Receivables from group entities	5,391	3,606
	Deferred tax assets	2,476	1,937
	Other receivables	40	571
	Prepayments	189	246
		<u>11,763</u>	<u>13,146</u>
	Cash	2,271	3,374
	Total non-fixed assets	<u>31,667</u>	<u>30,543</u>
	TOTAL ASSETS	<u><u>32,836</u></u>	<u><u>31,659</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	601	601
	Retained earnings	7,819	10,576
	Total equity	8,420	11,177
	Provisions		
	Other provisions	308	431
	Total provisions	308	431
	Liabilities other than provisions		
5	Non-current liabilities other than provisions		
	Other payables	1,944	736
		1,944	736
	Current liabilities other than provisions		
	Prepayments received from customers	111	527
	Trade payables	3,370	2,213
	Payables to group entities	17,153	12,992
	Other payables	1,530	3,583
		22,164	19,315
	Total liabilities other than provisions	24,108	20,051
	TOTAL EQUITY AND LIABILITIES	32,836	31,659

- 1 Accounting policies
- 2 Unusual circumstances
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral
- 8 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2020	601	10,576	11,177
Transfer through appropriation of loss	0	-2,757	-2,757
Equity at 31 December 2020	601	7,819	8,420

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of COMET Technologies Denmark A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales, change in inventories of finished goods and work in progress and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

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 distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as foreign exchange differences.

Tax

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 recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

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

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses arising from the sale of items of property, plant and equipment are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is evidence of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

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

Cash

Cash comprise cash and bank deposits

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes

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 using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

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 and based on Management's intended use of the asset. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net 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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

2 Unusual circumstances

The Company was impacted during 2020 by the global Covid-19 situation, resulting in decreased revenue from the lockdowns and unstable oil prices

DKK'000	2020	2019
3 Staff costs		
Wages/salaries	19,603	20,601
Pensions	1,238	1,399
Other social security costs	330	245
	<u>21,171</u>	<u>22,245</u>
Average number of full-time employees	<u>36</u>	<u>35</u>
4 Financial expenses		
Interest expenses, group entities	60	100
Exchange adjustments	613	339
Remission of debt and similar	18	23
	<u>691</u>	<u>462</u>

5 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 160 thousand falls due for payment between 1 - 5 years after the balance sheet date.

6 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	<u>4,713</u>	<u>1,495</u>
----------------------------	--------------	--------------

Rent and lease liabilities include a rent obligation totalling DKK 4,713 thousand in interminable rent agreement with remaining contract terms of 36 months.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Collateral

As security for the Company's rental of leasehold premises, the Company has issued a guarantee at a total amount of DKK 888 thousand to lessor.

8 Related parties

Information about consolidated financial statements

Parent	Domicile
Comet Holding AG	Herrengasse 10 Flamatt