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GSGroup Esbjerg ApS

Skagerrakvej 1, 6715 Esbjerg N

Annual report

2018

Company reg. no. 19 67 05 46

The annual report was submitted and approved by the general meeting on the 27 May 2019.

Espen Virik Ranvik
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The executive board has today presented the annual report of GSGroup Esbjerg ApS for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Esbjerg N, 27 May 2019

Executive board

Dorthe Lendal Kisum

Espen Virik Ranvik

Independent auditor's report

To the shareholder of GSGroup Esbjerg ApS

Opinion

We have audited the annual accounts of GSGroup Esbjerg ApS for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for 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 annual accounts". We are independent of the company 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 annual accounts

The management is responsible for the preparation of 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 annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating 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 annual accounts, unless the management either intends to liquidate 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 annual accounts

Our objectives are to obtain reasonable assurance about whether 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 the annual accounts.

Independent auditor's report

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 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 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 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 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 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 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 annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of 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 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 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.

Esbjerg, 27 May 2019

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Søren Rishøj
State Authorised Public Accountant
mne19733

Company data

The company	GSGroup Esbjerg ApS Skagerrakvej 1 6715 Esbjerg N	
	Company reg. no.	19 67 05 46
	Established:	1 November 1996
	Financial year:	1 January - 31 December 23rd financial year
Executive board	Dorthe Lendal Kisum Espen Virik Ranvik	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Edison Park 4 6715 Esbjerg N	
Parent company	GSGroup AS	

Management's review

The principal activities of the company

The company's purpose is development, production, sales, etc. of electronics and related business.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 1.603.000 against DKK 2.674.000 last year. The management consider the results satisfactory.

During the year, the company has been purchased by GSGroup AS.

The result for the year is affected by the following factors:

- Royalty settlements cease as a result of the acquisition of rights, that are amortized over the expected useful period. The change has had a positive effect on the result by DKK 160,000.
- Change in the recognition of the sales value of tracking units on active subscriptions. The change has had a positive impact on the result of the year by DKK 772,000.
- One-time costs in connection with reorganization and changes in management have negatively affected the result for the year by approximately DKK 5,000,000.

Accounting policies used

The annual report for GSGroup Esbjerg ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

Changes in the accounting policies used

Change in the recognition of the sales value of tracking units on active subscriptions. The change has had a positive impact on the result of the year by DKK 772,000.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Accounting policies used

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

Rights are measured at cost with deduction of accrued amortisation. Rights are amortised over the useful period of 5 years.

Tangible fixed assets

Land and buildings are measured at cost with addition of revaluations and with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Technical plants and machinery	*5 years*
Other plants, operating assets, fixtures and furniture	*3-5 years*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Leasing contracts

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

Accounting policies used

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income, deferred expenses and sales value of active tracking units are recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, GSGroup Esbjerg ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry?over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set?off in deferred tax liabilities within the same legal tax unit.

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.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Gross profit	**19.882.454**	**16.094.248**
2	Staff costs	-17.183.889	-12.268.404
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-396.520	-361.289
	Results before net financials	**2.302.045**	**3.464.555**
	Other financial income	20.000	65.492
3	Other financial costs	-262.109	-98.029
	Results before tax	**2.059.936**	**3.432.018**
4	Tax on ordinary results	-456.766	-757.810
	Results for the year	**1.603.170**	**2.674.208**

Proposed distribution of the results:		
Dividend for the financial year	0	2.600.000
Allocated to results brought forward	1.603.170	74.208
Distribution in total	**1.603.170**	**2.674.208**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Fixed assets		
5	Acquired concessions, patents, licenses, trademarks and similar rights	1.490.159	0
	Intangible fixed assets in total	1.490.159	0
6	Production plant and machinery	5.960	16.178
7	Other plants, operating assets, and fixtures and furniture	461.255	830.012
	Tangible fixed assets in total	467.215	846.190
	Deposits	288.903	274.352
	Financial fixed assets in total	288.903	274.352
	Fixed assets in total	**2.246.277**	**1.120.542**
	Current assets		
	Manufactured goods and trade goods	5.889.727	5.368.860
	Prepayments for goods	1.101.627	615.003
	Inventories in total	6.991.354	5.983.863
	Trade debtors	3.127.445	3.116.881
	Amounts owed by group enterprises	595.891	160.583
	Deferred tax assets	19.000	83.000
	Tax receivables from group enterprises	227.960	0
	Other debtors	118.519	32.806
	Accrued income and deferred expenses	905.674	73.059
	Debtors in total	4.994.489	3.466.329
	Available funds	7.540.302	6.177.237
	Current assets in total	**19.526.145**	**15.627.429**
	Assets in total	**21.772.422**	**16.747.971**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2018	2017
	Equity		
8	Contributed capital	572.000	572.000
9	Results brought forward	8.084.807	6.481.637
10	Proposed dividend for the financial year	0	2.600.000
	Equity in total	**8.656.807**	**9.653.637**
	Liabilities		
	Bank debts	1.113	4.104
	Trade creditors	1.308.621	1.492.921
	Debt to group enterprises	1.432.279	2.602.000
	Tax payables to group enterprises	0	809.334
	Other debts	10.373.602	2.185.975
	Short-term liabilities in total	13.115.615	7.094.334
	Liabilities in total	**13.115.615**	**7.094.334**
	Equity and liabilities in total	**21.772.422**	**16.747.971**

1 Special items

11 Contingencies

Notes

All amounts in DKK.

	2018	2017

1. Special items

Special items include significant income and expenses of a special nature in proportion to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any gains and losses related and which over time have a significant impact. Special items also include other significant amounts of non-recurring nature.

As mentioned in the management's review, the results for the year are affected by a number of factors that differ from what the management consider a part of the operating profit.

Special items for the year are specified below, showing where these are recognised in the income profit and loss account.

Income:	
Recognition of sales value on tracking units	772.000
	772.000
Costs:	
Reorganization of the company	5.000.000
Purchase and depreciation of rights	-160.000
	4.840.000
Special items are recognised in the following items in the annual accounts:	
Gross profit	772.000
Staff costs	-5.000.000
Gross profit and depreciations	160.000
Results of special items, net	**-4.068.000**

2. Staff costs

	2018	2017
Salaries and wages	15.838.643	11.253.403
Pension costs	603.289	312.769
Other costs for social security	108.883	115.861
Other staff costs	633.074	586.371
	17.183.889	**12.268.404**
Average number of employees	28	31

Notes

All amounts in DKK.

		2018	2017
3.	**Other financial costs**		
	Financial costs, group enterprises	50.222	30.403
	Other financial costs	211.887	67.626
		262.109	**98.029**
4.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	392.766	810.810
	Adjustment for the year of deferred tax	64.000	-53.000
		456.766	**757.810**

		31/12 2018	31/12 2017
5.	**Acquired concessions, patents, licenses, trademarks and similar rights**		
	Additions during the year	1.609.516	0
	Cost 31 December 2018	**1.609.516**	**0**
	Amortisation for the year	-119.357	0
	Amortisation and writedown 31 December 2018	**-119.357**	**0**
	Book value 31 December 2018	**1.490.159**	**0**
6.	**Production plant and machinery**		
	Cost 1 January 2018	51.090	51.090
	Cost 31 December 2018	**51.090**	**51.090**
	Depreciation and writedown 1 January 2018	-34.912	-24.694
	Depreciation for the year	-10.218	-10.218
	Depreciation and writedown 31 December 2018	**-45.130**	**-34.912**
	Book value 31 December 2018	**5.960**	**16.178**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
7.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	2.585.540	2.456.963
	Additions during the year	72.076	128.577
	Disposals during the year	-198.729	0
	Cost 31 December 2018	**2.458.887**	**2.585.540**
	Depreciation and writedown 1 January 2018	-1.755.528	-1.404.457
	Depreciation for the year	-266.945	-351.071
	Reversal of depreciation, amortisation and writedown, assets disposed of	24.841	0
	Depreciation and writedown 31 December 2018	**-1.997.632**	**-1.755.528**
	Book value 31 December 2018	**461.255**	**830.012**
8.	**Contributed capital**		
	Contributed capital 1 January 2018	572.000	572.000
		572.000	**572.000**
9.	**Results brought forward**		
	Results brought forward 1 January 2018	6.481.637	6.407.429
	Profit or loss for the year brought forward	1.603.170	74.208
		8.084.807	**6.481.637**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
10.	**Proposed dividend for the financial year**		
	Dividend 1 January 2018	2.600.000	2.500.000
	Distributed dividend	-2.600.000	-2.500.000
	Dividend for the financial year	0	2.600.000
		0	**2.600.000**

11. Contingencies

Contingent liabilities

The company has entered into operating leases with an average annual lease payment of DKK 82,000. The leasing contracts have a obligation period of 33 months and a total residual lease payment of DKK 226,000.

The company has entered into lease contracts with an average annual rent of DKK 560,000. The lease contracts can be terminated with 6-9 months notice. The total rental obligation amounts to DKK 414,000.

Joint taxation

GSGroup Danmark A/S, company reg. no 27047599 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.