Charlie Tango A/S

Rosenvængets Allé 11, 2.

2100 København Ø

CVR No. 21029807

Annual Report 2019/20

Godkendt på selskabets ordinære
generalforsamling d. 6. november 2020
Approved at the annual general meeting
of the company on 6 November 2020

Jacob Drøhse, dirigent/*chair*

Contents

Management's Statement

Today, Management has considered and adopted the Annual Report of Charlie Tango A/S for the financial year 1 April 2019 - 31 March 2020.

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 assets, liabilities and financial position of the Company at 31 March 2020 and of the results of the Company's operations and cash flow for the financial year 1 April 2019 - 31 March 2020.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen,1 October2020

Executive Board

Uffe Henriksen
CEO

Board of Directors

Merete Søby Chair	Anne-Lykke Mau Jacobsen	Jannich Lund

Independent Auditors' Report

To the shareholders of Charlie Tango A/S

Opinion
We have audited the financial statements of Charlie Tango A/S for the financial year 1 April 2019 - 31 March 2020, comprising 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 Company's assets, liabilities and financial position at 31 March 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report

The 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

* obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

* conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* evaluate the overall presentation, structure and contents of the financial statements, including the 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.

Independent Auditors' Report

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, 1 October 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR-no. 25578198

Henrik Kyhnauv
State Authorised Public Accountant
mne40028

Company details

Company	CharlieTangoA/S Rosenvængets Allé 11,2. 2100 København Ø
CVR No.	21029807
Registered office	København
Board of Directors	Merete Søby Jannich Lund Anne-Lykke Mau Jacobsen
Executive Board	Uffe Henriksen,CEO

Management's Review

The Company's principal activities
The Company's principal activities consist in development of innovative digital products, services and solutions across digital platforms as well as investments in other companies.

Development in activities and financial matters
The Company's Income Statement of the financial year 1 April 2019 - 31 March 2020 shows a result of DKK -20.077.130 and the Balance Sheet at 31 March 2020 a balance sheet total of DKK 22.392.513 and an equity of DKK 4.432.178.

Comparative figures in the Annual Reports relates to 15 months due to alignment of the fical year with the NEC Group.

Capital ressources and liquidity
The Company is financed through its parent company and have sufficient capital ressources available to continue its operations. The company has received a capital contribution on DKK 26.9m in 2019/20.

Post financial year events
After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Income Statement

	Note	2019/20 kr.	2018/19 kr.
Gross profit		**27.855.135**	**53.681.868**
Staff expenses	1	-52.453.113	-65.507.817
Depreciation and amortisation expenses		-1.009.596	-1.730.130
Profit from ordinary operating activities		**-25.607.574**	**-13.556.079**
Other finance income		52.809	0
Financial expenses	2	-185.195	-150.966
Profit from ordinary activities before tax		**-25.739.960**	**-13.707.045**
Tax expense on ordinary activities		5.662.830	2.998.525
Profit / (loss)		**-20.077.130**	**-10.708.520**
Proposed distribution of results	3		
Retained earnings		-20.077.130	-10.708.520
Distribution of profit		**-20.077.130**	**-10.708.520**

Charlie Tango A/S

Balance Sheet as of 31 March

	Note	2020 kr.	2019 kr.
Assets			
Goodwill		0	76.561
Intangible assets		**0**	**76.561**
Fixtures, fittings, tools and equipment		1.249.837	1.547.344
Leasehold improvements		370.268	463.402
Property, plant and equipment		**1.620.105**	**2.010.746**
Deposits		540.584	704.986
Investments		**540.584**	**704.986**
Fixed assets		**2.160.689**	**2.792.293**
Short-term trade receivables		4.534.333	7.265.313
Contract work in progress		4.421.787	4.634.218
Short-term receivables from group enterprises		2.683.271	2.704.968
Current deferred tax		240.461	212.779
Short-term tax receivables		6.789.834	1.092.301
Prepayments		359.742	238.881
Receivables		**19.029.428**	**16.148.460**
Cash and cash equivalents		**1.202.396**	**1.877.005**
Current assets		**20.231.824**	**18.025.465**
Assets		**22.392.513**	**20.817.758**

Balance Sheet as of 31 March

	Note	2020 kr.	2019 kr.
Liabilities and equity			
Share capital	4	751.723	751.723
Retained earnings		3.680.455	-3.142.419
Equity		**4.432.178**	**-2.390.696**
Prepayments received for work in progress		1.870.167	1.253.741
Trade payables		2.666.911	1.786.186
Payables to group enterprises		1.261.967	8.958.824
Other payables		12.161.290	11.209.703
Short-term liabilities other than provisions		**17.960.335**	**23.208.454**
Liabilities and equity		**22.392.513**	**20.817.758**

Significant events occurring after end of reporting period	5
Contingent liabilities	6
Related parties	7

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 July 2017	751.723	-3.142.419	-2.390.696
Profit (loss)		-20.077.130	-20.077.130
Contribution from group		26.900.000	26.900.000
Equity 31 March 2020	**751.723**	**3.680.451**	**4.432.174**

Accounting Policies

Reporting Class
The Annual Report of Charlie Tango A/S for 2019/20 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.
In 2018/19 the Company changed its financial reporting period. As a result, the Comparative figures includes 15 moths.

Reporting currency
The Annual Report is presented in Danish kroner.

Translation policies
Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

Grants regarding consolidation
Grants provided to and received from the parent company are recognised in equity.

General Information

Basis of recognition and measurement
The financial statement have been prepared under the historical cost princip.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Accounting Policies

Income Statement

Gross profit/loss
The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operation income, cost of raw and consumables and other external expenses.

Revenue
Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the byer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive og VAT and net of sales discounts.

Income from delivery of services is recognised on a straight-line basis in net sales, as the service is delivered.

Revenue from construction contracts are recognised as revenue as production is carried out, whereby net revenue corresponds to the selling price of the work performed for the year. When the outcome of a contractual contact can be estimated reliably, revenue is recognized only in relation to the costs incurred, onsofar as it is likely that they will be recycled.

The completion rate for measuring the output of the production is calculated on the basis of the costs consumed in relation to the latest cost estimate.

Other external expenses
Other external costs include costs for distribution, sales, advertising, administration, premises. loss of debitors, operating leasing costs etc.

Staff expenses
Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimburdement, pensions and social security costs.

Depreciation and amortisation expenses
Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Useful life and residual value are reassessed annually. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5 years

Accounting Policies

Financial income and expenses
Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interestincome and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Dividends equity investments are recognised as income in the financial year in which the dividends are declared.

Tax on net profit for the year
Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Accounting Policies

Balance Sheet

Intangible assets
Acquired goodwill is measured at cost on initial recognition and subsequently at cost less accumulated amortisation and impairment losses.

An impairment test of goodwill is performed in the event of indications of a decrease in value. The impairment test is performed for the activity or the business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or business area to which the goodwill relates (recoverable amount) in the event that this one is lower than the carrying amount.

Tangible assets
Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

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

Cost includes the purchase priceand expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are seperately depreciated if the usefull lives of the individual components differ.

Receivables
Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Construction contracts
Construction contracts in progress are measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion at the balance sheet date and the estimated total income from the individual work in progress. The stage of completion is determined on the basis of costs incurred in relation to expected total costs.

Deduction for loss is determined as the total expected contract loss, irrespective of the share actually performed.

The value of the individual supplies in progress less invoicing on account is classified as receivables if the amounts are positive and as payables if the amounts are negative.

Accrued income, assets
Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Accounting Policies

Equity
Equity comprises the working capital and a number of equity items that may be statutory or stipulated in tha articles of association.

Proposed dividend for the year is recognised as a separate item in equity.

Deferred tax
Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities
Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities
Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the Income Statement over the life of the financial instrument.

Notes

	2019/20	2018/19
1. Staff expenses		
Wages and salaries	49.740.877	57.453.913
Pensions	2.574.389	7.151.682
Social security contributions	137.847	902.222
	52.453.113	**65.507.817**
Average number of employees	66	75

2. Financial expenses

Finance expenses arising from group enterprises	127.791	102.574
Other finance expenses	57.404	48.392
	185.195	**150.966**

3. Distribution of profit

Retained earnings	-20.077.130	-10.708.520
	-20.077.130	**-10.708.520**

4. Contributed capital

Balance at the beginning of the year	751.723	751.723
Balance at the end of the year	**751.723**	**751.723**

The share capital has remained unchanged from 2015-2017 on TDKK 751.

5. Significant events occurring after end of reporting period

No significant events have occurred after the end of the reporting period.

6. Contingent liabilities

The Company has rental commitments totaling kr. 9 million of which kr. 4.7 million is due within 1 year and DKK 8.7 million is due between 1 and 5 years.

Charlie Tango is jointly taxed with the other Danish companies in the KMD Group. The joint taxation also covers withholding tax in the form of tax on dividends, royalties and interest. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent corrections to the taxable income subject to joint taxation or withholding taxes may lead to a higher liability.

7. Related parties

Charlie Tango A/S is fully owned by KMD A/S which is a part of the KMD Group. The Company is ultimately a 100% owned subsidiary of NEC Corporation and is included in the consolidated financial statements of NEC Corporation.

A copy of the Consolidated Financial Statements can be obtained through the Company Secretary at Lautrupparken 40, 2750 Ballerup, Denmark.